MAHATHIR'S SUCCESSORS
SHARPENING DILEMMAS IN MALAYSIAN POLITICS

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TABLE OF CONTENTS

I. INTRODUCTION: MALAYSIA'S ELECTORAL AUTHORITARIANISM .................................................. 2
   United Malays National Organization's (UMNO) Single-party Dominance ........................................ 7
II. MAHATHIR'S PROGRESS AND GROWING DILEMMAS ................................................................. 14
III. ABDULLAH BADAWI: FAILED REFORMER AND UNIFIER ....................................................... 18
   "Money Politics" in UMNO and the Bureaucracy ............................................................................. 19
   "Crony Capitalism" in Connected Conglomerates ........................................................................ 27
   Rising Communal Resentments ....................................................................................................... 31
   The 2008 General Election ........................................................................................................... 33
IV. NAJIB RAZAK: SECOND-TRY REFORM AND UNITY ................................................................. 47
   1Malaysia: New Social Campaign ................................................................................................. 50
   Economic Models and Transformers ........................................................................................... 52
   The Sarawak Election ................................................................................................................ 59
   Bersih 2.0: A Walk for Democracy ............................................................................................ 61
   Frustrated Reforms .................................................................................................................... 62
   Diminished Opposition ................................................................................................................ 66
V. CONCLUSIONS .............................................................................................................................. 69
   LIST OF ABBREVIATIONS .......................................................................................................... 72

The great puzzle about Malaysia’s politics is how, amid the country’s rapid economic expansion and evolving social structure, authoritarian rule has persisted, basically unchanged, for more than three decades. Civil liberties have long been constrained by

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“draconian” amendments to the constitution. Elections, though regular and somewhat competitive, have been heavily manipulated. In this context, the country’s dominant party, the United Malays National Organization (UMNO), while presiding over a vast, but reasonably stable coalition of ethnically-based vehicles labeled Barisan Nasional (National Front), has been iteratively returned to power. And UMNO’s president, then, has always served in virtually an ex officio capacity as the country’s prime minister.

But a closer look reveals that the very social structures and political practices that underpin Malaysia’s politics have also produced irresolvable dilemmas. Indeed, societal discontents over ethnic inequalities and corruption cumulate ever more frequently today in shrill new media commentary and large-scale rallies and street protests. Factional rivalries also simmer eternally with UMNO and Barisan, sometimes erupting in open warring. In these conditions, Malaysia’s two most recent prime ministers, Abdullah Badawi and Najib Razak, have been sorely tested.

One aim of this monograph is simply to characterize the kind of “hybrid” approach to authoritarian politics that has prevailed in Malaysia, conceptualized in term of electoral authoritarianism and single-party dominance. It seeks also to review the historical legacies and social structures that have long perpetuated this regime type and party system, but now produce significant strains. Against this backdrop, analysis turns to its most central task, focusing on the efforts made by Abdullah and Najib to manage rising societal tensions and factionalism within UMNO. The monograph concludes by rehearsing key lessons and gauging the prospects in Malaysia for political change.

I. INTRODUCTION: MALAYSIA’S ELECTORAL AUTHORITARIANISM

Although democracy’s third wave, unlike earlier political swells, has not collapsed in any “reverse” wave,¹ it has nonetheless lost kinetic force, prompting Larry Diamond to describe global conditions of worrisome democratic “recession.”² Many countries that appeared on democratic trajectories during the final quarter of the last century have thus stalled in their progress or yielded to

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rollback, seeking equilibration in what Diamond has characterized as hybrid politics, with civil liberties and electoral competitiveness in some measure limited.  

It is clear why many governments in developing countries find hybrid strategies appealing. Having been pressed to democratize more fully than they had wished, they calculate afterward that they might most efficiently preserve some of their prerogatives by constraining, but not extinguishing civil liberties and elections. In this way, they may avoid the uncertainty of democracy, but also the high costs of repression that hard authoritarianism imposes. Apart from the historic exemplar of Malaysia, Levitsky and Way cite Armenia, Botswana, Cambodia, Cameroon, Gabon, Kenya, Mozambique, Senegal, Zambia, and Zimbabwe as cases that have persisted for 15 years or more. Russia and Belarus pose more recent arrivals. But notwithstanding these many cases, Andreas Schedler warns also that hybrid regimes may be no more stable than their harder authoritarian predecessors were, with the new levels of electoral contestation that have been introduced, though limited, as likely to be "regime-subverting" as "regime-sustaining." Diamond suggests similarly that weak institutionalization leaves these regimes "personalized, coercive, and unstable." And Samuel Huntington once bluntly intoned that "the halfway house does not stand." Thus, a roster of countries has grown in which governments have been defeated in elections held under hybrid regimes, including Taiwan, Senegal, and Mexico.

But in Malaysia, political hybridity has found far sturdier bedrock than the mere preferences of autocratically-minded governments. Put simply, its regime has long been anchored in a countervailing set of historical legacies and structural forces, pressing at once in both democratic and authoritarian directions. On the democratic side of the ledger, Malaysia remains influenced by a legacy of British "tutelage," distinguished by rule of law and merit-

based advancement, as well a graduated introduction to electoral process and party systems. Over time, Malaysia has also acquired a class structure that features a reasonably dynamic bourgeoisie that valorizes property rights, a relatively large urban middle class which, in making some of the most significant tax payments in the region, frets over public sector governance, and a sizeable industrial working class that labors in major export production sites. Thus, with its comparatively high level of development, sustained as much by manufacturing and services as state-controlled extractive industries, its social differentiation, and its increasingly vibrant civil society, Malaysia would seem to be well inside the "zone" of modernization and prosperity identified by Huntington wherein democratization grows imminent.

But on the authoritarian side of the ledger, we recall the darker "vice-regal" side of British colonial rule that bristled with emergency regulations and security apparatuses. Most notably, an important legacy of British colonial rule remains a counter-insurrectionary principle of detention without trial, introduced under the Malayan Emergency during the late 1940s. Further, much of Malaysia's bourgeoisie, however dynamic, still demands a strong role for the state in local markets, seeking government contracts, state bank loans, and privatized assets during boom cycles, and bailouts, pegged currencies, and low interest rates in times of crisis. In addition, the ethnic Malay segment of the country's middle class remains dependent on smaller state favors and bureaucratic employment. And both of these classes are wary of the potential momentum of the country's large numbers of workers, inhibiting any formation of the cross-class coalition that democratic transitions typically require. Industrial workers are also hampered by the foreign-invested and gendered nature of many of their workplaces.

But what most underpins Malaysia's authoritarianism is its communal social structure which, in its classically "divided" or "plural" configuration, pits the "indigenous" Malays, roughly 60 percent of the population, against "immigrant" non-Malays, a residual and stigmatized category composed principally of ethnic Chinese and Indians. The Malays enforce their identification through constitutional requirements that the community's members adhere to their Islamic heritage and norms of adat (culture). But they seek also to

align with a rich variety of indigenous identities in the East Malaysian states of Sabah and Sarawak through a political construction of *bumiputra*, a Sanskrit term through which to acclaim their standing as “sons (even "princes") of the soil.” Thus, the Malays, motivated by a sense of sovereign entitlement and wrongful “backwardness,” have laid claim to state positions and power. In turn, the Chinese and Indians have grown correspondingly resentful over their political marginalization as “second class” citizens. However, though this bipolar communalism may be inimical to democracy\(^{11}\), the ethnic baffles and foils posed by so large a social minority as the non-Malays equally frustrate the imposition of hard authoritarianism.\(^{12}\)

Amid these countervailing pressures, Malaysia’s politics have settled into a particular kind of hybrid regime. To apprehend this, it is useful to begin by recalling Robert Dahl’s twin dimensions of polyarchy—liberal participation and electoral contestation.\(^{13}\) A regime is at least minimally democratic when both of these dimensions are present. It slips into some form of authoritarian rule when either or both of these dimensions are seriously curbed. Malaysia’s approach to political hybridity can best be cast in terms of electoral authoritarianism.\(^{14}\) Under this regime type, we find that both of democracy’s dimensions, though at some level functional, are severely truncated.

On the liberal dimension, Malaysia’s Home Ministry has usually permitted opposition parties, professional associations, labor unions, cultural groupings, and other kinds of advocacy groups to form and to recruit reasonable levels of membership and support. In addition, these organizations have been able respectively to enter parliamentary arenas and to hold popular forums through which to give voice to mass-level grievances, sometimes obliging the government to respond. In this way, Malaysia has come over time to acquire a reasonably vibrant civil society.\(^{15}\) However, the government has also reacted by systematically weakening civil society, preventing social forces from gaining such transformative weight

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that they shape public policy more autonomously. The government begins by registering and monitoring advocacy groups through the provisions of the Societies Act, making a sharply policed distinction between those that are political and non-political in their activities. Further, after demarcating these organizations, the government has weakened them by instigating the formation of competing entities. Thus, Malaysia’s independent Bar Association, the Malaysian Trades Union Congress, and a plethora of revivalist *dakwah* (Muslim missionary) movements came respectively to be confronted by the state-promoted Islamic Lawyers Association, the Malaysian Labor Organization, and the Institute for Islamic Understanding, thereby co-opting leaders and dividing memberships. Further, when strategies of registration and obfuscation fail, the government has turned more squarely to force. To reign in investigative journalists, for instance, it has enforced the Printing and Printing Presses Act and the Official Secrets Act, resulting in the suspension of newspaper licenses and the detention of dissident writers. And to discourage opposition leaders and dissident activists and bloggers, it has relied on defamation suits and even the dreaded Internal Security Act (ISA) and the Emergency Orders Act (EO). The ISA and the EO, in sanctioning preventive detention, remain the most fearsome weapons in the government’s armory. Thus, while civil society in Malaysia has enjoyed some organizational autonomy, its leaders have largely been barred from using it to shape policy outputs significantly. The result in Malaysia has been meaningful, yet tightly restricted liberal participation.

In terms of electoral contestation, Malaysia’s government has regularly held contests at the federal and state levels. What is more, balloting, vote-counting, and reporting have been reasonably fair and efficient. Election day mostly presents a snapshot of propriety, then, featuring reasonably clear procedures and outcomes. In these conditions, opposition parties have been able to contest elections robustly, thereby gaining seats in parliament and the state legislatures. However, since the mid-1970s, they have also been systematically prevented from gaining enough seats that they could hope plausibly to form a new federal government. Electoral competitiveness has instead been checked by a continuing malapportionment of districts and partisan use of state resources, hurried campaign periods, bans on open opposition rallies, arbitrary controls on the media, and on-the-spot development grants lavished by government candidates during campaigning. Balloting has also been sullied by error-ridden electoral rolls, with the names of some qualified voters
inexplicably missing or transferred to other polling stations, while non-qualified "phantom" voters have successfully registered.¹⁶ In these conditions, Harold Crouch once concluded that "the Malaysian electoral system... was so heavily loaded in favor of the government that it was hard to imagine that the ruling coalition, as long as it remained united, could be defeated in an election."¹⁷

**United Malays National Organization’s (UMNO) Single-party Dominance**

As mentioned above, many autocratically-minded governments today have sought to install hybrid regimes today. But in order best to ensure that elections are regime-sustaining rather than regime-subverting, they might, in fashioning an electoral authoritarian variant of political hybridity, also institute a single-party dominant system. In this way, governments can more readily win electoral favor among ordinary citizens, even while permitting some multiparty competitiveness. They can also more reliably refresh the loyalties of elite-level members, mostly be regulating the competitiveness between factions over patronage. But to understand fully the resilience of Malaysia’s electoral authoritarianism and single party dominance, we must also at least briefly rehearse the origins, support bases, tribulations, and recovery strategies of the United Malays National Organization (UMNO), one of East Asia’s most enduring and dominant political parties.

After the Second World War, as the British readied the Malayan territory for independence, they tried to rationalize their quilt work of administrative units and the inequalities between ethnic communities into a more uniform and equitable arrangement that they labeled the Malayan Union.¹⁸ Under the union’s provisions, the sovereignty of the Malays would be scaled back. The “sojourner” status of the Chinese would be remedied with equal citizenship rights. However, the Malays responded with fury, staging rallies across the peninsula that in 1946 prompted their aristocratic

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leaders to form UMNO. Taken aback by the vehemence of the Malays, the British rescinded the union proposal, instead unveiling a federalist system through which the “special rights” of the Malays were reasserted.

As the British proceeded next through their tutelary approach to introduce elections at the municipal, state, then federal levels, UMNO evolved swiftly from a “vehicle of protest” into a “full-fledged Malay political party.”19 The Chinese and Indians were prompted to do likewise, their leaders forming the Malaysian Chinese Association (MCA) and Malaysian Indian Congress (MIC) respectively, then joining with UMNO as subordinate partners in a coalition badged as the Alliance, the precursor to the Barisan Nasional, in order more effectively to contest elections. Thus, throughout the 1950s-60s, the leaders of UMNO, the MCA, and the MIC collaborated closely, sharing out positions and resources in ways that preserved distinct, but in crude terms, roughly equal sets of communal prerogatives. UMNO, in asserting the birthright of its followers, claimed state power, with Malay politicians and functionaries operating most government ministries and the state bureaucracy. Further, in more widely upholding special rights, ordinary Malay citizens, most of them village cultivators and fishermen, were given preference in the granting of modest government contracts and licenses, as well as settlement opportunities under sundry agricultural schemes. Meanwhile, top Chinese politicians controlled the ministries of finance and commerce. In this way, Chinese tycoons and ordinary citizens, most of them city dwellers, retained control over those economic sectors not held by foreign, mainly British investors. In this context, the UMNO prime minister after independence, Tunku Abdul Rahman, declared,

The Malays have gained for themselves political power. The Chinese and Indians have won for themselves economic power. The blending of the two with complete goodwill and understanding has brought about peace and harmony, coupled with prosperity to the country.20

The Alliance triumphed in federal and most state elections held during the 1950s through the mid-1960s. Thus, on one side, it regularly defeated the Pan-Malaysian Islamic Party (PMIP, later PAS) which, in avowing a more avowedly religious and pro-Malay

posture, had broken from UMNO in 1951. The coalition also “con-
signed to oblivion” the Independence of Malaya Party (IMP) 
which, in striking a multiethnic tone, tried to appeal to both the 
Malays and Chinese.\(^{21}\) UMNO, then, in centering the Alliance, ap-
peared to reassure Malay elites and ordinary citizens, without alien-
ating the non-Malays, enabling the party to prevail in elections, 
notwithstanding their competitiveness within at least a minimally 
democratic context.

By the late 1960s, however, many Malay peasants had gravi-
tated from the rice fields and fishing villages to the city fringes, 
there to gaze on the relative prosperity of the non-Malays, oper-
ing in more modern business and professional sectors. And as com-
munal identification and frictions sharpened, ordinary Malays 
began to doubt the worth of the UMNO’s holding state power, with 
Tunku Abdul Rahman, their temporizing prime minister, appearing 
less keen to remedy their backwardness than to conciliate his non-
Malay partners in the Alliance. At the same time, many ordinary 
Chinese grew more resentful over their exclusion from public sector 
opportunities and resources.

Thus, when Malaysia’s third election after independence was 
held in May 1969, many Malay voters turned from UMNO to PAS. 
An even greater proportion of the Chinese electorate abandoned 
the MCA, voting instead for new, largely non-Malay parties in op-
position, the Democratic Action Party (DAP) and Gerakan. Thus, 
while the election returned the Alliance to power at the federal 
level, the coalition was gravely weakened, losing the two-thirds ma-
jority in parliament required to amend the constitution, as well as 
control over several state assemblies. The Chinese in Kuala Lumpur 
celebrated, mounting “victory” processions that even penetrated 
Malay neighborhoods. The Malays, initially dumbfounded over the 
electoral outcome, were roused to violence, sparking the fearsome 
ethnic rioting known locally as the “May 13th incident.”\(^{22}\)

After parliament was closed and the National Operations 
Council was formed, Tunku Abdul Rahman was gradually eclipsed 
by his deputy, Tun Abdul Razak, as national leader. And though 
Tun Razak agreed to reopen parliament, he so limited civil liberties 
and electoral competitiveness in the ways enumerated above that 
Malaysia’s democracy contracted into electoral authoritarianism.

\(^{21}\) Horowitz, *Ethnic Groups*, p. 401.

\(^{22}\) Karl von Vorys, *Democracy without Consensus: Communalism and Political Sta-
Indeed, Tun Razak captured the regime’s new posture expertly, observing that “so long as the form of democracy is preserved, the substance can be changed to suit the conditions of a particular country.”^23

UMNO’s leaders then determined that many Malays had voted against the government because of the disparities in economic stakes. They soon focused most intently on quantifiable share markets, with the Malays estimated during the 1960s to hold about 1.5 percent of the country’s corporate equity, the Chinese approximately 23 percent, and foreign investors the rest.^24 Accordingly, UMNO proposed to use its enhanced political hegemony to fuse its apparatus more closely with the state bureaucracy, then “uplift” the Malay community, ennobled by the bumiputra shibboleth. Thus, through a comprehensive program of affirmative action denominated as the New Economic Policy (NEP), 75 percent of all local university places would henceforth be reserved for bumiputra, imbuing them with new training and qualifications. New state enterprises were set up to employ Malay graduates, therein providing them with managerial skills. Private businesses, further, both Chinese-owned and foreign-invested, were required to set aside 30 percent of their positions at all levels for Malay executives and workers, or risk losing their operating legions. State contracts for construction and procurement were awarded almost exclusively to Malays who had already been aided in setting up contracting and supply firms, helping transform managers into owners.

However, the measure of Malay advancement given most priority involved corporate equity, with a broad target of 30 percent imposed. To facilitate this, listed firms were ordered to make 30 percent of their equity available to the Malay community at discounted prices. However, just as many Malays marked time in state managerial roles while en route to more entrepreneurial pursuits, so too was their equity held “in trust” while they learned how to operate as investors. Indeed, in early allocations of share issues, many Malay beneficiaries simply sold off their windfall to local Chinese buyers. Similarly, many of those who received state contracts and business licenses merely “fronted” for Chinese-owned companies, arrangements that were disparaged as “Ali-Baba” schemes.

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Accordingly, the government formed great holding companies through which to manage equity, including Pernas (National Trading company) and Permodalan Nasional Berhad (PNB, National Equity Company), with the latter eventually becoming one of Malaysia’s largest firms. It also formed a bumiputra unit trust, Amanah Saham Nasional, through which to dispense high dividends to the Malays. In this way, the Malays could be prevented from selling the assets that were held in their name, but still benefit directly from corporate earnings. And then to celebrate their rising social mobility, they were offered bumiputra discounts of 10-15 percent on the purchase of new homes and cars. Accordingly, UMNO greatly reenergized its constituent support. Indeed, after the May 13th incident, it would for the next three-and-a-half decades lead its Barisan partners in contesting elections and reliably renewing the government’s two-thirds parliamentary majority.

In sum, Malaysia’s hybrid regime can be categorized as electoral authoritarian because the government has constrained (though not banned) societal organizing, and it has dominated (but not monopolized) electoral avenues to state power. In this context, opposition parties, occupational associations, and advocacy groups have served mainly as safety valves for societal grievances, rather than as organizational vehicles able to give these discontents transformative force. But this is no way to argue that under Malaysia’s electoral authoritarian regime, however skewed, liberal participation and electoral contestation have been meaningless. Indeed, if elections were utterly vacuous, they would provide the UMNO-led government with neither the legitimating benefits that it seeks, nor the “feedback loops” that harder forms of authoritarianism lack, enabling it to spotlight strongholds of opposition support, then more efficiently deliver special incentives or deterrents. Thus, even when voters have withheld their support, they have historically done less to weaken the government than to validate its unshakeable hold on state power. After winning elections, UMNO and its partners in Barisan have been able to claim with some plausibility they have been rightly returned to power, having gained the assent of the majority, even while ceding scope for registering dissent. Accordingly, Malaysia’s electoral authoritarian regime has long displayed a resilience which, in its emulation by many countries today, has gained the attention of comparativists.25 However, as we shall see too, in

25. See, eg., Jason Brownlee, Authoritarianism in an Age of Democratization Cambridge: Cambridge University Press 2007; Thomas B. Pepinsky, Economic Crises and the Breakdown of Authoritarian Regimes: Indonesia and Malaysia in Comparative Per-
acting so boldly to redress the grievances of the Malays, UMNO also planted the seeds for new dilemmas involving communal alienation and surging corruption.

**Key Political Events in Malaysia**

1946: Formation of UMNO (in opposition to British imposition of Malayan Union) and the MIC
1948: Inauguration of Federation of Malaya and start of Malayan Emergency
1949: Formation of MCA
1951: UMNO and MCA begin cooperating in contesting local elections.
1954: UMNO and MCA formalize their cooperative arrangement as the Alliance, which the MIC then joins
1955: The Alliance wins 51 of 55 seats in the first federal election
1957: The Federation of Malaya gains independence; Tunku Abdul Rahman named prime minister
1963: Peninsular Malay joins Singapore, Sabah, and Sarawak to form Federation of Malaysia
1965: Singapore expelled from Malaysia
1969: Elections held in which the Alliance suffers a grave setback at the hands of PAS, DAP, and Gerakan; ethnic rioting in Kuala Lumpur leads to emergency rule and parliament is closed
1970: Tunku Abdul Rahman replaced as UMNO president and Malaysian prime minister by Tun Abdul Razak
1971: Parliament reopened, but only after passage of sedition laws that prohibit questioning of Malay “special rights”; the New Economic Policy is introduced
1974: Barisan Nasional replaces the Alliance
1976: Tun Razak dies and is succeeded by Tun Hussein Onn; Mahathir Mohamad named deputy prime minister
1981: Mahathir succeeds Hussein Onn as UMNO president and Malaysian prime minister.
1982: Mahathir leads Barisan to victory in his first general election as prime minister
1983: Yusuf Rawa, committed to revivalist notions of Islam, gains presidency of PAS

1987: UMNO is deeply divided by factional infighting between “Team A,” led by Mahathir, and “Team B,” led by Tunku Razaleigh Hamzah.

1988: Fractional conflict leads to a court case in which UMNO is briefly de-registered as a political party

1990: PAS wins control over Kelantan in general election

1993: Anwar Ibrahim, former student activist and Islamic youth leader, named UMNO deputy president and deputy prime minister

1995: Barisan wins election by highest vote margin since independence

1998: Malaysia severely affected by the Asian economic crisis; Anwar expelled from UMNO, arrested for sexual misconduct, and beaten by inspector general of police, giving rise to a new social movement known as reformasi;

1999: Anwar found guilty of corruption and sentenced to six years imprisonment; PAS, in cooperating with the DAP and the newly formed National Justice Party (Parti Keadilan Nasional), makes great gains against UMNO in the general election, winning control over state of Terengganu; Keadilan wins only five seats, while DAP suffers a serious setback

2003: Mahathir succeeded as UMNO president and prime minister by Abdullah Badawi

2004: Abdullah introduces National Integrity Plan and Malaysian Institute of Public Ethics; several high-level officials and a prominent businessman, Eric Chia, are charged with corruption; Abdullah calls election which Barisan wins by even greater margins than in 1995, taking 198 out of 220 seats and wrestling back Trengganu; the Federal Court overturns Anwar’s conviction on sexual misconduct, leading to his release, but lets stand his conviction for trying corruptly to cover up his behavior, hence banning him from contesting public office for five years

2007: Eric Chia acquitted, signaling the end of Abdullah’s anti-corruption campaign; V.K. Lingnam scandal erupts; Bersih mounts mass protests; HINDRAF leaders detained under the ISA

2008: After Abdullah’s failed reforms, Barisan loses its two-thirds parliamentary majority in the general election; opposition parties coalesce as Pakatan Rakyat; Anwar charged for a second time with sexual misconduct
2009: Abdullah is succeeded as UMNO president and prime minister by Najib Tun Razak; death of Teoh Beng Hock after Malaysian Anti-Corruption Commission (MACC) interrogation; HINDRAF detainees released; 1Malaysia campaign inaugurated

2010: Government Transformation Program (GTP), the New Economic Model (NEM), and the Economic Transformation Program (ETP) introduced; resistance to easing of bumiputra privileges mounted by Perkasa; Tenth Malaysia Plan introduced

2011: Barisan wins Sarawak election opposition makes gains; Bersih 2.0 mounts demonstration; Najib pledges to repeal Internal Security Act

II. MAHATHIR'S PROGRESS AND GROWING DILEMMAS

A decade after the New Economic Policy (NEP) was introduced, a fast rising politician, Mahathir Mohamad, became UMNO president and Malaysian prime minister. Unlike his predecessors, Tunku Abdul Rahman, Tun Razak, and Tun Hussein Onn, Mahathir enjoyed no aristocratic Malay lineage. He had instead been born in modest circumstances in Kedah, one of the heartland "Malay states," though had been talented enough to secure a scholarship for medical training in Singapore. Afterward, in his resentments over stolid social hierarchies, he aimed to use the party that he had joined and the state bureaucracy with which it had fused to hasten the "breeding" of Malay business entrepreneurs. Indeed, he set out to promote a cohort of "Malay millionaires" whose status and acumen might match that of the country’s Chinese tycoons.26

To this end, under the guise of the NEP, Mahathir encouraged UMNO itself to spearhead the entry into business, setting up companies and acquiring assets. In these circumstances, many ambitious Malays calculated that they could best enhance their business careers and portfolios by participating more directly in UMNO. They began by contesting positions in the party’s branch and divisional elections which, when won, led to Barisan nominations for legislative elections at the federal and state levels. And hence, as party officials and legislators, whether parliamentarians or state assemblymen, they gained access to the contracts, licenses, lending, and

share issues that bolstered their new enterprises. But even more than this, as Mahathir sought to accelerate the production of Malay millionaires, he began personally to select candidates he identified as talented, nurturing them with infrastructural projects and operating monopolies. But either way, whether dispensing state resources or those more nominally its own, UMNO emerged as the principal edifice through which ambitious Malays might rise up through the twin hierarchies of politics and business.

At the same time, though the NEP remained in force, Chinese tycoons learned directly to interact with top UMNO officials, thereby retaining at least hidden access to government contracts and licenses. To be sure, in forging these bonds, Chinese tycoons bypassed the MCA, leaving the party increasingly to drift. But even so, James V. Jesudason concludes that under the NEP, “Chinese business [did] not appear to have lost out markedly, certainly not as much as they initially feared.” However, at lower social levels, where ordinary middle and working class Chinese lacked any such conduits to top UMNO officials and state resources, resentments simmered, particularly during recessions. Their bitterness over the NEP’s quotas was accentuated also by imposition of the New Cultural Policy’s strictures, further elevating the status of Malay language and incorporating such everyday markers as Malay architectural flourishes and village artifacts into public buildings, official symbols, and currency. Even more troubling from their perspective was the country’s growing pace of Islamization. With rapidly urbanized and uplifted Malays thought by the government to be so stricken with emotive dissonance by their class and spatial mobility that they grew receptive to the religious solace offered by PAS, Mahathir countered with his own Islamist appeals and programs, made manifest in new Muslim state agencies, grandiose mosque-building, subsidized religious schools, and an array of religious banking and financial instruments. But these strategies tended also to restrict approvals for the construction of churches and temples. They also dramatically altered the content of state-owned media and the curricula of schools and universities. Thus, in everyday encounters with middle and working class Chinese, one

27. Crouch, Government and Society, p. 208-211.
increasingly heard the acid lament that “everything is for the Malays.”

So long as Malaysia’s economy continued rapidly to expand, tensions could be kept from crystallizing in sharp dilemmas. But during the late 1990s, the intense cronyism that had come to be practiced in UMNO, as well as the highly speculative activities undertaken by foreign portfolio investors, produced such asset bubbles and bank indebtedness that the country’s growth engines were put at risk. Foreign investors were prompted suddenly to take flight, plunging the economy into crisis. The government responded initially by trying to provide bail-outs for some of the Malay millionaires that it had favored.\textsuperscript{30} But in drawing upon the country’s superannuation scheme, the Employee’s Provident Fund (EPF), to which workers are obliged to contribute, many ordinary citizens, including Malays, were soon roused from their reverie.

As resentments deepened, they paved the way for a leadership challenge with UMNO, mounted by Mahathir’s charismatic and ambitious deputy, Anwar Ibrahim, at the party’s General Assembly in 1998.\textsuperscript{31} But Mahathir retaliated so ruthlessly, bullying the members of the party’s executive committee, the Supreme Council, then deploying the police and the judiciary in order to purge and imprison Anwar, that he triggered the formation of new NGOs and social movements. To be sure, few political elites dared to defect from UMNO. But civil society activists mobilized voters and aided opposition parties to the extent that they began even to cooperate across communal frontiers.\textsuperscript{32} Thus, when an election was held in 1999, the opposition, spearheaded by PAS, made startling gains, winning upward of half of the Malay popular vote, a large presence in parliament, and control over two state assemblies.\textsuperscript{33} Accordingly, one could even imagine the opposition winning the next election at the federal level outright, an outcome that through “democratization-by-election,” would have transformed Malaysia’s electoral authoritarianism into a new democracy.\textsuperscript{34}

Much has been written about Mahathir's long tenure as prime minister, making it unnecessary to rehearse fully his momentous record of rapid developmental gains, astonishing scandals, and political upheavals.\textsuperscript{35} For the purpose of this analysis, it suffices to highlight two major themes, for they bear heavily on the parameters imposed on his successors. First, in strengthening single-party dominance, UMNO so fused with the state bureaucracy and accumulated patronage resources that while ordering relations among top Malay politicians and business elites, it sank ever more deeply into corrupt practices. Indeed, the party attracted legions of avaricious new members who sought to scale its rich edifice.

Second, in justifying its business activities by the need to redress communal inequities, UMNO placated most of the Malay community throughout Mahathir's tenure. But it did little to mitigate the longstanding grievances of the Chinese and Indians in any lasting way. Mahathir counted on continuing prosperity, then, to blunt the discontents of the non-Malays. Further, during the early and mid-1990s when growth was at its most robust, he even fostered a new sense of national unity and shared citizenship through a concept of \textit{bangsa Malaysia} which, translated variously as "Malaysian nation" or "Malaysian people," came to rival the exclusionary notion of bumiputra.\textsuperscript{36} But when recession hit, as it did during the mid-1980s and again during the late 1990s, Mahathir turned viciously to repression. He ordered the detention of opposition leaders and dissidents under the ISA in the first instance, then the arrest of his own deputy prime minister and the beating of protesters by riot police in the second. Mahathir finally blackened his legacy, then, by further tightening the dimensions of electoral authoritarianism, though still suffered a great setback in his final election, held in 1999. Accordingly, severe dilemmas have been created with which Mahathir's successors, Abdullah and Najib, have struggled to contend.


III. ABDULLAH BADAWI: FAILED REFORMER AND UNIFIER

With economic recession finally abating, Mahathir declared in mid-2002 that he would step down as prime minister in a year-and-a-half. His deputy, Abdullah Badawi, appointed after Anwar’s ouster, thus succeeded to the premiership in October 2003. In his demeanor, Abdullah, a former official in the Foreign Ministry, had often been adjudged as too timorous to manage the pressures of top office. Speculation thus mounted from the start over when he might soon be swept aside by UMNO’s topmost vice president, Najib Tun Razak. But Abdullah’s cautiousness, when placed in relief by Mahathir’s record of ruthlessness and personal abrasiveness, gained popular resonance. With his “Mr. Clean” imagery and reformist pledges, he soon earned a public approval rating of 91 percent. Indeed, he called on citizens to unite through “people power” and to “work with me” in order to curb the corrupt practices that so infested the conduits between UMNO, the state bureaucracy, and connected business conglomerates.

Further, in shifting gears from Mahathir’s breakneck industrialization, Abdullah unveiled new developmental initiatives in the northern Malay “heartland” through which to reenergize support among rural Malays. But he promised also “to be a prime minister to all Malaysians,” therein seeking to placate the non-Malays. His appeal was enhanced too by his more convincingly projecting Islamic learnedness and piety than his predecessor had done. And by articulating his religiosity through a new concept of Islam Hadhari (“Civilizational Islam”), he etched fine contrasts with PAS, the latter having grown so strident in response to America’s war in Afghanistan, even calling for jihad, that it jarred many of the new supporters it had attracted.

Abdullah was thus welcomed by citizens at the start of his term. But he faced two imperatives that would sorely test his standing over time: first, to reign in the corrupt practices of UMNO politicians and the rapaciousness of the Malay millionaires; second, to fully regain the trust of the non-Malay communities. But additionally, he would at the same time seek in this context to widen the dimensions of electoral authoritarianism that had grown so con-

stricted under Mahathir. As we will see in the sections below, Abdullah made little progress in terms of limiting corruption or re-assuring minorities. And hence, his loosening of electoral authori-
tarian rule incurred consequences that would dismay him.

“Money Politics” in UMNO and the Bureaucracy

Early in his tenure, Abdullah promised greater transparency of the dealings of party and state officials. Thus, a month after coming to power, he led a two-day seminar on the Barisan’s 198 federal parliamentarians, unveiling a Code of Ethics through which to em-
bed new norms of professionalism and personal honesty. He ad-
vised also that henceforth Members of Parliament (MPs) would be
made to declare their assets.39 Indeed, the terms of disclosure were
stringently specified, requiring that they enumerate their corporate
interests and business activities, while revealing the value of their
portfolios. These same terms were then extended to family mem-
bers and other persons who might operate as trustees or proxies. A
deadline was imposed of May 31, 2004.

With the constitution requiring that elections be held by 2004, Abdullah pledged next to revamp the Barisan’s slate of candidates. Thus, a number of incumbent UMNO parliamentarians and state assem-
bleymen with reputations for corruption were denied re-nomi-
nation. Likewise, in preparing for UMNO’s party election after-
ward, Abdullah tried to depoliticize procedures in hopes of
deterring corrupt aspirants. Specifically, he ensured through the
Supreme Council that he and the party’s deputy president, Najib
Razak, would be returned unopposed to the leadership posts, while
placing a ban on “campaigning” for lesser positions, seeking to
dampen the party’s notorious “money politics.”

Next, in extending his drive against corruption from UMNO to the
state bureaucracy, Abdullah vowed also to restore integrity in the
public sector, many of whose agencies have coupled habitually
with unsavory clients. Thus, in his first prime ministerial address to
parliament, Abdullah intoned that “our resolve to have a civil ser-
vice that is corruption-free should not be weakened by unhealthy
practices in the private sectors. . .that contribute to this disease.”40

news2003110300112890.php.

Shortly afterward, Abdullah inaugurated the Malaysian Institute of Public Ethics, duly grounded in the National Integrity Plan. He also ordered spot checks on those “front-line government departments” most linked to corrupt practices, namely, immigration and customs, the transport department, land registration offices, and perhaps most egregiously, the police.

Just prior to the election, the government appeared to begin seriously to enforce Abdullah’s new strictures. To recount, the minister for Land Cooperatives Development, Kasitah Gaddam, was arrested, allegedly for having been involved in an illegal sale of shares in a state-owned enterprise. Eric Chia, a former managing director of the state-owned steel company, Perwaja Terengganu, was also arrested, suspected of having approved illicit payments to a Japanese partner. And Shaharin Shaharudin, a former chief executive of the state-owned investment company, Pernas, was charged with illegal dealings. Apart from Anwar Ibrahim, whose arrest in 1998 seemed to have turned more on political enmity than corrupt practices, these cases marked the first in several decades in which high public officials were committed to trial. The government then tantalized Malaysian citizens also by warning that some eighteen other cases were being investigated by a newly vitalized Anti-Corruption Agency (ACA).

Abdullah then turned to Malaysia’s police force, widely perceived to be “suffer[ing] an ‘image crisis’, due to corruption, brutality, and poor service.” Indeed, with a record flecked with corrupt practices, soaring crime rates, and deaths in custody, the Royal Malaysian Police had probably become the most distrusted element in the state apparatus. An unprecedented review was thus ordered, formally denominated as the Special Commission to Enhance the Operations and Management of the Royal Malaysian Police. The commission was to be led by the former Federal Court chief justice, Mohamed Dzaiddin Abdullah, widely perceived as at least moderately reformist. And its membership included a former head of the Supreme Court who had been sacked during Mahathir’s tenure,

several prominent lawyers, some NGO activists (including Tunku Abdul Aziz, the head of Malaysia’s Transparency International chapter), and a number of former high-level political, corporate, and police figures. The commission was ordered to deliver its interim report in six months, then a final report in a year.

In this context, when the general election was held in March 2004, a year after Abdullah had come to power, the UMNO-centered Barisan won its greatest victory ever, capturing a record 63.5 percent of the popular vote which, when transcribed through a plurality system of single-member districts, snared 90 percent of the seats in parliament.45 The government also wrested away control over Terengganu’s state assembly, one of those that had been held by PAS, while making deep inroads into Kelantan, PAS’s northern stronghold. To be sure, a grossly partisan redistricting exercise had been carried out before the contest, helping to strengthen the government’s majorities. But its margins were so great that they were more correctly attributed to Abdullah’s own likeability, heralded locally as the “Pak Lah factor,”46 as well as to his having been seen to act vigorously in curbing corruption. In turn, leaders of PAS, stunned by the magnitude of their party’s defeat, alleged first that the Barisan had cheated (“tipu-tipu”). But on reflecting more deeply on the realignment that had taken place, they blamed their party’s having accepted so many non-clerics into its leadership positions that it had lost “God’s blessing” and “assistance from the angels.”47 Lim Kit Siang, chairman of DAP conceded too that “the new PM’s anticorruption drive is populist and making it very difficult for us this time around.”48

Nonetheless, there had been fears even before the election that while the drive against corruption might re-energize support among Malaysian citizens, both Malays and non-Malays, it would inversely deepen resentments among factional bosses in UMNO. Indeed, in journalistic accounts, some party officials seemed so alienated that fears arose that they might undermine the government’s campaigning. The Far Eastern Economic Review thus speculated that “long accustomed to patronage in the form of contracts and licenses from

the government in return for political support, the warlords of UMNO could work against the party in the coming elections." 49

Thus, in trying shortly after the contest had been won to reenergize the loyalties of UMNO’s members, Abdullah slowed his drive against corruption. As an adviser to the prime minister confided, “we can’t take on the whole system—that’s too hard. But we are hoping for a demonstration effect.” 50 More charges over corruption were thus leveled, with two former UMNO executive councilors in the state governments of Selangor and Perak, earlier denied re-nomination by Barisan for the election, arrested by the ACA in April on bribery charges. 51 But these actions grew rarer and, even when carried out, targeted lesser officials for smaller offenses.

In addition, Abdullah did very little after the election to shake up his cabinet. Public scrutiny focused closely on another four ministers alleged to be corrupt. 52 Nonetheless, Abdullah left two of them in their posts, while the remaining pair were simply shunted to other portfolios. Viewed as most vulnerable to prosecution was the minister of Entrepreneur Development, Nazri Aziz, who had undergone widely-publicized questioning by the ACA over his issuance of taxi licenses. However, he was merely transferred to the Prime Minister’s Department, a body made capacious by Abdullah’s increasing the number of ministers it housed from four to six. Indeed, the ranks of ministers, deputy ministers, and parliamentary secretaries now swelled to nearly one-third of the government’s cohort of federal legislators.

At the same time, Abdullah kept for himself the key ministries of finance and internal security, thereby producing a “strong sense of continuity from a prime minister who had appeared bent on differentiating his administration from Mahathir’s.” 53 But in intimating the need to avoid so deeply ordering UMNO’s dealings that its members might grow alienated, an aide to Abdullah lamented, “we had to balance many factors: gender, state representation, and the

49. Ibid.
component parties [with Barisan] themselves. It was the best we could do." 

Likewise the code of conduct that Abdullah had earlier declared was laxly administered, requiring only that government parliamentarians assess themselves, then submit their electronic "report cards" on a quarterly basis. In addition, their asset declarations would not be disclosed publicly, while the penalties for failing to make them at all were left unspecified. The end-of-May deadline, just two months after the general election, was thus roundly ignored, prompting Abdullah to offer an extension.

Furthermore, in the last weeks before UMNO's assembly election, Abdullah relented on the campaign ban, enabling money politics to flourish. With Abdullah and Najib having secured their posts beforehand, delegates tended to view the party contest as trivial. Thus, in the assembly's proceedings, sundry 'debates' and motions, while variously conducted with booming charisma or village humor, remained stale in their content. Speakers revisited Malay special rights (now hailed as the "Malay Agenda"), Islam Hadhari, and the traitorousness of Anwar Ibrahim. But when the polling finally took place, the unregulated bidding produced "shock results." Many front-runner candidates were ousted, while "has-beens" were returned, results that for many observers could only be explained by resurgent money politics. But as one party delegate queried, "what's the fuss about. . . . Whatever money given helps us recoup some cost. I do not think the leadership should be too worried." And given the refusal of delegates to disclose their involvement, Abdullah seemed to concur, asking "what can I do?"

The police review commission also made scant headway. Indeed, the commission's head, Dzaidinn, in failing to gather testimony, declared openly his "disappoint[ment] with the response

from senior police officers.”61 But while acknowledging the “public’s disappointment,” Dzaiddin then granted an extension to officers in preparing answers to his queries. Further, whatever its findings, Dzaiddin advised that the commission’s mid-term report would not be made public. In assessing this mixed progress, a senior lawyer outlined the dilemma that Abdullah faced: while the government sought to maintain the public support that it had garnered in the recent election, it had to balance this against police loyalties, most efficiently gained by its turning a blind eye to the force’s corrupt behaviors.62 Indeed, after much delay, a surprisingly robust set of recommendations was made by the commission over the formation of a body to be christened the Independent Police Misconduct and Complaints Commission (IPMCC). But even as its report was then passed to the government for action, the police made known their contempt, even threatening through a posting on an internal web system to switch their allegiance from UMNO to PAS.63 Abdullah promptly retreated, burying the commission’s recommendations until the end of his prime ministership. And as we will see, only then did he consent even to the formation of a much diluted body, one that the police could easily stomach.

Thus, even before Abdullah had completed his first year in office, his government lost much of the commitment it had declared early on to tackle corruption. With the general election over and the UMNO party election completed, politics in Malaysia fell back into their earlier contours. Accordingly, in the Transparency International Corruption Perceptions Index for 2004, Malaysia was ranked 39th out of 145 countries, with a CPI score of 5.0 out 10, falling two places from its previous year’s ranking, while its CPI score declined by two-tenths of a point.64

Over the next several years, the government officials and lone business tycoon who had been charged with corruption, an action that had so electrified citizens, were successively acquitted. In the case of Eric Chia, the presiding Sessions Court judge, in handing

down his ruling in June 2007, blamed the outcome on the prosecution’s shoddy performance, “as the material witnesses were not even called.”65 Lim Kit Siang, leading the parliamentary opposition at this stage, described Chia’s acquittal as a “major setback, as Abdullah’s anti-corruption drive has never really taken off.”66 Needless to say, the other eighteen persons who had been expected to be charged were never summoned.

That Abdullah’s campaign against money politics in UMNO was faltering grew evident also in the party’s powerful Youth wing, with its leaders taking nearly two years before agreeing even to start drafting a schedule for implementing the National Integrity Plan. At the same time, Barisan MPs slackened in declaring their assets. Indeed, one UMNO legislator, Mohd Said Yusof, his private company having been discovered by the Malacca Customs and Excise Office to have smuggled illegally sawn timber from Sumatra to Kuala Linggi, an obscure port on Malaysia’s west coast, was reported to have asked agents to “close one eye.” And in defending himself afterward before parliament and the media, he made plain the futility of Abdullah’s efforts to instill probity in the party, asking, “I don’t know whether my company was involved. Maybe yes, maybe no. If yes, so what? Why can’t an MP take care of his own interest.”67

In 2007, an advocacy group, Gerak, disclosed reports that had been made by a retired official in the Sabah office of the ACA, Mohamad Ramli Manan.68 Ramli had written in his report that the current director of the ACA at the national level, Zulkipli Mat Noor, while serving some years before as head of Sabah’s Police Special Branch, had acquired property holdings far in excess of what had been listed in his asset declaration. Revelations were made too of Zulkipli’s owning residences and a string of petrol stations in the peninsular state of Johor, as well as of his involvement in a sexual assault case. However, in mid-year, the Attorney General’s Chambers blithely announced that after investigation, Zulkipli had been cleared on all counts. Ramli observed bitterly,

66. Ibid.
however, that the attorney general, Abdul Gani Patail, had also served in Sabah, where he and Zulkipli had allegedly become “buddies.” 69 Even so, the case simply faded away as the government declined to renew Zulkipli’s contract. But it made sure also to suspend Ramli’s state pension, making clear the costs of whistle blowing.

Allegations had also been made in 2007 that the Deputy Internal Security Minister, Mohad Johari Baraum, had accepted payments in return for ordering the release of some triad “kingpins” who had been detained without trial by the police under the Emergency Ordinances Act. As this “freedom for sale” scandal gathered pace, the Inspector General of Police, Musa Hussan, “assisted” investigations conducted by the ACA against the deputy security minister, under whose authority the police force is placed. However, as with Zulkipli, the Attorney General’s Chambers ordered the investigation to be halted in the middle of the year. But despite this outcome, Johari retaliated, castigating the police for having “abused” their powers under the Emergency Ordinance Act. He also filed a report with the ACA against Musa, the inspector general, citing fresh allegations that Musa had been paid some Malaysian Ringgit (RM) 27 million (approximately USD8.5 million) to free gangsters. In late July, though, Musa was cleared by the ACA. 70

These ructions in Malaysia’s police shed rare light on the political skirmishing and pursuit of wealth in which many top officers seemed to engage. But soon afterward, yet another scandal shifted public attention to the judiciary. In September 2007, an extraordinary video was posted on the web in which a senior lawyer, V.K. Lingam, was recorded holding a phone conversation with the chief justice of the Federal Court, Ahmad Fairuz. Together, they appeared to be brokering judicial promotions and even court rulings. And amid the outcry that followed, peaking in a protest march by hundreds of lawyers upon the Palace of Justice in Putrajaya, demands were made that a royal investigative commission be formed. Instead, Abdullah consented only to the formation of a three-person panel whose narrow terms of reference were solely to verify the video’s authenticity. After some weeks, the panel’s head intimated it was unable to reach a decision and that three different reports would be forwarded in confidence to the government. And in after-

ward meting out punishment, the government simply did as it had done with the ACA director-general, leaving Fairuz’s contract to lapse as he slipped from public scrutiny.

It was not clear that corruption was any better contained under Fairuz’s successor, Zaki Tun Ami. A former legal adviser to UMNO and chairman of the party’s disciplinary committee, he had risen at a rapid pace, becoming a Federal Court judge in September 2007, president of the Court of Appeal just three months later, then chief justice in October 2008. But it was not only his association with UMNO that raised controversy. An audio recording was released in February 2009, a month before Abdullah stepped down, by a DAP member of parliament, Karpal Singh, of a person reported to be Zaki who admitted that while practicing as a lawyer, he had frequently bribed court officials.”

“Crony Capitalism” in Connected Conglomerates

It was not just abuses by politicians in UMNO that citizens in Malaysia had hoped to see reined in. They remained mindful too of the rapacious Malay millionaires, sometimes coupling with non-Malay magnates, who had helped to precipitate the crisis and recessionary hardships of the late 1990s. To be sure, by the time that Abdullah had ascended to the prime ministership, most of these Malay corporate figures had been swept away, their bail-outs rescinded or squandered. But with memories still fresh of the patronage that had given rise to them, Abdullah was as obliged to prevent the resurgence of “crony capitalism” as he was to tamp down money politics.

Thus, in seeking to contain crony capitalism, Abdullah cancelled several large infrastructural projects early in his tenure. They included an electrified double-tracked railway that was to run along Peninsular Malaysia’s west coat. He also ordered a review of the Bakun hydroelectric project in Sarawak. And against the express wishes of Mahathir, he cancelled plans for an elevated bridge link between Malaysia’s southern state of Johor and neighboring Singapore, the folly of which had been ensured by Singapore’s having pulled out of its half of the project. With the project’s rump then dubbed the “crooked half bridge” by Mahathir’s detractors, its can-

cellation signified a return to more prudent development policies. Indeed, Abdullah declared that henceforth, all government contracts would in future be subjected to open tender bidding processes. 73

One of the few Malay millionaires to have survived the economic crisis was Syed Mokhtar Albukhary. He had made his start under Mahathir, appealing to the former prime minister with his corporate “ambitiousness” and “lavish” contributions to Islamic causes. He thus emerged during Mahathir’s final years as the “fastest rising businessman in corporate Malaysia,” holding assets that included “former state-owned companies that no one without connections could have acquired.” 74 But now, with Abdullah in office, Syed Mokhtar found that several of the large infrastructural contracts held by his companies were either cancelled outright or placed under review.

However, with most Malay millionaires having vanished—and even the star of Syed Mokhtar having dimmed—too precipitous a decline in Malay corporate ownership had to be avoided, lest indigenous discontents over class inequalities mutate into ethnic ones. Thus, in order to improve governance in the corporate sector, yet preserve communal stakes, many of the assets of failed Malay businessmen were acquired during this period by a government investment vehicle, Khazanah Nasional. Efficiencies were also sought when other vehicles such as Ministry of Finance Inc. sold the equity stakes that they held either to Khazanah, the state-owned petroleum company, Petronas, or the EPF. 75 At the same time, in order to revitalize Khazanah and key Government-Linked Corporations (GLCs), such as Telekom Malaysia and the energy utility, Tenaga Nasional, Abdullah recruited corporate leaders from a new generation of professionally-trained Malays.

But though this rationalization may have reenergized ordinary Malay citizens prior to the election, aspiring Malay millionaires grew proportionately alienated. Complaints were soon openly declared over the loss of the high-level access and government largesse that had been so roundly enjoyed under Mahathir. The dearth of state contracts held by Malay millionaires threatened also to trig-

ger grievances in UMNO, with "a big donor" like Syed Mokhtar less able to make his usual contributions to the party.76

Accordingly, after the 2004 election had been held, some of the projects that had been placed under review were quietly restored. Abdullah insisted, however, that his government was not reacting to pressures from business elites, but was bound instead by the legal requirements of the many letters of intent that had been signed prior to his coming to office.77 Indeed, some of Abdullah's own family members appeared to have been advantaged by these contracts. Scrutiny focused first on the dealings of Abdullah's brother, Ibrahim Badawi, whose company, Gubahan Saujana, had received contracts from a catering subsidiary of Malaysia Airlines, the national carrier.78 Analysts observed also the "meteoric rise" of a newly listed oil and gas company, Scomi Group, in which Abdullah's son, Kamaluddin, held a majority interest.79 With the government having announced the formation of a new consortium to develop small oil fields, expectations mounted that Scomi would be the "chief beneficiary" of state related state contracts, driving up the firm's share prices by "an astronomical 588 percent" over its listing price four months earlier.80 Kamaluddin's personal worth would thus come to be estimated by industry analysts at US$90 million.81 Further, Abdullah's son-in-law, Kairy Jamaluddin, while serving as deputy leader of UMNO's Youth wing, was also involved in the dealings of several investment companies linked to the government, including Khazanah Holdings and Avenue Capital Resources.82 It appears too that Kairy was Abdullah's first choice as Khazanah's chief operating officer.83 But after criticisms of nepotism, Abdullah relented, yet still appointed Kairy's close friend from university days, Ganendran Sarvananthan, as the sovereign fund's executive director of investments.84

80. Ibid.
82. Ibid.
84. Gatsiounis, "Anti-Graft War."
Moreover, scarcely three months after Abdullah gained the prime ministership, commitments to governance agendas wore thin, with state agencies intervening briskly on behalf of Scomi. In brief, a company subsidiary, Scomi Precision Engineering, grew embroiled in a scandal over it exporting centrifuge parts to Libya, allegedly through a black market in nuclear equipment that had been organized by Pakistan’s Abdul Qadeer Khan. Malaysia’s foreign ministry dutifully asserted that Scomi was blameless. So too did a hastily organized police investigation. However, in the view of Wan Azizah Wan Hamzah, wife of Anwar Ibrahim and president of the opposition Keadilan (Justice) party, such “abuse[s] of diplomatic machinery and resources to defend a private company owned by the son of the prime minister is clear proof of how cronyism and nepotism [have] been shamefully institutionalized. . . in Malaysia.”

In addition, a month after the 2004 election, Abdullah consented to Mahathir’s serving as company adviser to Proton, Malaysia’s struggling automobile manufacturer. Several members of Proton’s board, hopping to better the firm’s image as it confronted new market competitiveness under AFTA (Association of Southeast Asia Free Trade Agreement), threatened in turn to resign, arguing that the prospect of Mahathir’s nationalist interventions would hinder their search for a much-needed joint venture partner from abroad. Indeed, Proton’s longstanding partner, Mitsubishi, had recently sold off its stakes in the firm. But Abdullah remained adamant, arguing that Mahathir’s wise counsel would surely help to revive the government-linked corporation.

To summarize these sections, Abdullah had come to power with a promise to limit money politics in UMNO and the bureaucracy and to restrain the crony capitalism of aspiring Malay millionaires. Thus, in the wake of Mahathir Mohamad’s long tenure, he emerged quickly as a popular prime minister. But shortly after the election of 2004, it became clear how little reform Abdullah would be able to introduce, given the resistance mounted by UMNO factional leaders. Indeed, more than acquiescing in the corruption of UMNO politicians, state functionaries, and aspiring Malay millionaires, he appeared to join in, promoting his family members. In these circumstances, Tian Chua, a leader of the People’s Justice Party (PKR), the successor to Keadilan, opined that “Abdullah has

learned that this is the way to do business in UMNO if you want to stay in power."87 Accordingly, polling conducted by Merdeka Centre a month before the fateful election of March 2008 reveals that extent to which citizens, including many Malays, had grown disillusioned. Briefly, more than 60 percent of Malay respondents agreed that while "UMNO and BN say that they are fighting for Malay rights, [they] spend more time making money for themselves and giving contracts to friends and family members." In addition, only a minority of 30 percent agreed with the statement that "UMNO and BN say that they are fighting for Malay rights and voting for the opposition will only weaken Malays politically."88 But before scrutinizing the 2008 election, let us turn now to the question of whether Abdullah was any better able to maintain the support of the non-Malays that he had energized at the start of his tenure.

**Rising Communal Resentments**

After coming to power, Abdullah, in vowing to be a prime minister to all Malaysians and in parsing a moderate vision of Islam, gained new support among the non-Malays. He declared,

> let all citizens of Malaysia, without feeling inferior, without feeling sidelined, irrespective of race or religion, rise to become statesmen in our land. We are equal, we are all Malaysians. No individual in this country is more Malaysian than another.89

Yet just as Abdullah had been forced quickly to abandon efforts to contain money politics and crony capitalism, so too did he yield finally to communalist pressures. At the UMNO's general assembly in 2005, barely a year after coming to power, UMNO Youth leaders Hishammuddin Hussein and Khairy Jamaluddin called for the inclusion of what they now termed the "Malay Agenda" in the 9th Malaysia Plan. At the 2006 assembly, televised nationally, Hishammuddin, serving also as education minister, then unnerved non-Malay audiences, concluding his rousing speech by suddenly

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87. Gatsiounis, "Anti-Graft War."
waving a keris, a long ceremonial Malay dagger, over his head. Hishammuddin then repeated this provocative display at the UMNO meeting in 2007, delighting the 2500 delegates in attendance by again raising his keris. Afterward, Abdullah meekly defended this display, stating that “the keris is a weapon, but it is a weapon to protect yourself and your friends.”

Throughout the year, a number of other incidents had taken place that deepened suspicions among the non-Malays over “creeping Islamization.” In July, Najib Razak, the deputy prime minister and deputy UMNO president reiterated a claim once made by Mahathir, stating that “Islam is the official religion and we are an Islamic state.” A month later, Abdullah affirmed this declaration, though tried to reassure the non-Malays by citing the moderation of his own Islam Hadhari interpretation. The Federal Court ruled against an appeal made by Lina Joy, a woman who sought to have a civil court rule on her plea that her conversion from Islam to Christianity recorded on her national identity card, enabling her to marry her Christian finance. The Federal Court ordered instead that her case be taken before a Shari’a court. The Malacca Islamic Religious Department seized the 15-month-old daughter of a woman who had converted from Islam to Hinduism when marrying a Hindu man. Department officials then placed the daughter in the care of the woman’s Muslim mother, while the Malacca Shari’a Court ordered the women held for Islamic “rehabilitation.” Several other incendiary rulings involving the conversion of family members and the banning of Christian publications were handed down by various elements of the judiciary during the period.

But probably most disturbing to communal relations was the demolition of two Hindu temples ordered by the Selangor State government in order to make way for a development project. The timing of the demolition worsened the tensions, taking place in November shortly before the major Hindu holiday of Deepavali. The president of the MIC, Samy Vellu, had asked futilely for the action to be delayed. Enraged, the leaders of a new ethnic Indian NGO, the Hindu Rights Action Force (HINDRAF), issued a letter to the British prime minister, complaining of the “ethnic cleansing of Indians” and demanding that their community’s grievances be heard by

the International Criminal Court. They then defied the police by organizing a large-scale demonstration in Kuala Lumpur, attended by upwards of 50,000 Indians "from all class backgrounds." The protest was "violently suppressed" by the police, with nearly 200 persons arrested. Malay media outlets then vilified HINDRAF for its daring to challenge Malay special rights PAS leaders denounced the NGO for its "extreme demands and accusations" and called for "the government to take action." Abdullah duly followed up by ordering that five of HINDRAF's top leaders be detained under the ISA. Indeed, he had warned earlier that "the ISA is a preventive measure to spare the nation from untoward incidents that can harm the prevailing peace and harmony. . . . When it is appropriate to use it, it will be used." In October 2008, HINDRAF was banned as a national security threat.

The 2008 General Election

During 2007 and early 2008, popular grievances over corruption gave rise to protest actions that overlapped with demonstrations over communal resentments. Demonstrations thus took place in the capital's downtown areas, its suburban environs, and even in the rural Malay states. They were mostly led by officials in PAS, the DAP, and the People's Justice Party (PKR), the latter vehicle traceable to the time of Anwar Ibrahim's arrest in 1998 and now mostly recruiting young reform-minded Malays. Their protests took on new dynamics, spreading from the usual interethnic tinderbox to new sites of intra-ethnic disparity, especially within the Malay community. Though Malaysia's economic recovery from the crisis continued during these years, anxieties mounted among citizens over living costs. Increasingly, then, protests were joined by "low-income Malays," decrying the patronage that their community's "conspicuo-

ously consuming elite” so habitually extracted from the bureaucracy and justified through the NEP.98

In this context, an umbrella organization labeled Bersih—a Malay word for “clean,” but also an acronym for Coalition for Clean and Fair Elections—took shape. And though Bersih articulated sundry grievances over corruption and inequality, it focused most intently on the time-tested manipulations that it anticipated would mar the conduct and results of the next election. In late 2007, Bersih was denied a permit by the Kuala Lumpur police to hold a public rally. Yet the movement’s leaders, Anwar Ibrahim and top officials in PAS, pressed ahead. They took care, however, to cunningly portray themselves as conforming Malaysia’s rightful political and socio-cultural order. In particular, after announcing their demands, Bersih’s leaders and its estimated 60,000 followers moved on to the royal palace to petition the country's king, high symbol of constitutional restraint and arbiter of traditional Malay culture.

To be sure, illegal public protests have regularly punctuated Malaysia’s political record, with upsurges taking place during the late 1980s and the late 1990s. But their pace grew quicker during 2007-2008. As Chin and Won observe, “to have such big protests within a short span was unheard of.”99 The character of these protests also grew qualitatively different. Earlier ones had sprung from economic recession, shortfalls in patronage, and ructions with UMNO itself, motivating fractious politicians to compete with each other by mobilizing citizens in top-down ways, sometimes through communally-ordered appeals. Accordingly, during the late 1980s, rivalries between factions in UMNO denominated as Team A and Team B, then again during the late 1990s between Mahathir and Anwar spilled from the party and into the streets. But during 2007-2008, there was no serious split in UMNO, much less any loss of single party dominance. Nor was their any precipitating economic crisis. Rather, it was instead the ways in which elites were maintaining their privileges and their party’s dominance, left uncontained by Abdullah’s hapless reformism, that now motivated citizens to rise up spontaneously. It is a indication of their new autonomy also that they began to breech the communal walls by which they had for so long been bound. Inter-communal participation in protests organized by PAS, the PKR, and even the DAP rose markedly. Of

course, ethnic identification did not simply dissolve. In 2009, PAS leaders would split over their party’s collaborating with the DAP, with one faction even seeking engagement with UMNO. But during 2007-2008, citizens had grown so alienated over issues of corruption and inequality that they began to trump ethnic communal loyalties, making for surprising electoral outcomes.

Malaysia’s twelfth general election has become one of the most studied contests ever to have been waged in the Southeast Asian setting. Given the great number of excellent analyses, then, that are available, only a short account is necessary here. Although the UMNO-led Barisan won this election, it was dealt a severe setback. The government’s share of the vote fell from the approximately 55-60 percent of the total that it has usually commanded to a bare majority nationally, even less on the peninsula. Notwithstanding, then, the knock-on effects of the plurality-based single-member district system, it won only 140 of parliament’s 222 seats, leaving it shy for the first time since 1969 of a two-thirds majority. The government thus lost its capacity unilaterally to alter institutional functioning. Even more strikingly, it lost control for the first time also of four state governments (including Malaysia’s two most industrialized, Selangor and Penang), while failing to retake a fifth.

With a significant part of even the Malay community reevaluating the government’s record on corruption and intra-communal distribution, it produced a swing of 5 percent against the UMNO-led Barisan. And more than fleeing to PAS, they greatly boosted the PKR, then even reached out in some constituencies to the DAP


(Brown, 2008; Ong, 2008). The non-Malays, concerned also about corruption, but inflamed over UMNO’s unbridled communalism, shifted more profoundly in their voting behavior. Because balloting is secret, of course, the precise pattern of ethnic voting cannot be known. But using methods of ecological inference, Ong Kian Ming (2008) calculates that in peninsular Malaysia, Barisan won only 58 percent of the Malay votes, 35 percent among the Chinese, and 48 percent among the once staunchly loyal Indian community. Overall, then, on Peninsular Malaysia, the UMNO-led Barisan won slightly less than a popular majority. Only its stranglehold on East Malaysia, especially on Sarawak, enabled it win nationally.

In casting their ballots, citizens sought mostly to continue with their protests that had begun in the street. But in hindsight, it is also plain that some citizens were drawn more positively to visions of multi-ethnic tolerance and equality. To this end, Anwar, though prohibited from standing for office himself at this point because of an earlier corruption conviction, campaigned tirelessly across the country, appealing to multiethnic audiences, while portraying the opposition parties as amounting to a viable alternative. Thus, in appealing to reform-minded Malays, while addressing some of the resentments of the non-Malays, the PKR served as the linchpin between the Islamic PAS and the secular, largely DAP, therein forging electoral agreements.

Thus, in 2008, the PKR made striking advances, the DAP meaningful gains, and PAS at least held steady, enabling then collectively to deny the government its extraordinary majority in parliament. When the government had been dealt a similar blow in 1969, we have seen that it regained its footing by absorbing most opposition parties into its new Barisan coalition, then firmly subordinating them. But in 2008, the opposition was so energized by the results that its three parties drew more closely together as the Pakatan Rakyat (People’s Alliance), then aspired take power at the national level in its own right. Thus, even as leaders of the Pakatan bargained over the formation of the state governments that they would now control, Anwar continued so stage rallies, striving to heighten pressures for change among citizens. He sought also to fore by-election in constituencies where the government had won. And he tried to entice some of the government’s returned parliamentarians to defect, thought principally to be members of parties based in East Malaysia who were disgruntled over their peripheral standings.
### 2008 General Election Results

<table>
<thead>
<tr>
<th>Parliament</th>
<th>Votes</th>
<th>% of Votes</th>
<th>No. of Seats</th>
<th>(+/-) Seats</th>
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<tr>
<td>UMNO</td>
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<tr>
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<td></td>
<td>-16</td>
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<tr>
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<tr>
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<td>No. of Seats</td>
<td>% of Seats</td>
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<td>SNAP</td>
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<td>505</td>
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</tbody>
</table>

Sources: Election Commission of Malaysia; The Star; Malaysiakini
Notes:
* Seat won uncontested
** Sole independent candidate winner, Ibrahim Ali, contested under the PAS ticket
Meanwhile, the UMNO-led Barisan was quite stunned, with top politicians in all the component parties engaged in uncharacteristic introspection, then canvassing reforms. Accordingly, in a front-page editorial, the *New Straits Times*, widely regarded as the government's English-vernacular mouthpiece, intoned that “the people have long been disgusted with the kind of boorish and loutish behavior that UMNO leaders have exemplified because of their grip on power since independence in 1957.”\(^\text{102}\) And former UMNO chief minister of Selangor, succeeded now by a PKR assemblyman, contended that the “election results [were] a reflection of UMNO having lost touch with reality. This leaves the party with no option but to tread the path of reform.”\(^\text{103}\)

Hence, in recognizing now how deep popular grievances had grown, UMNO politicians canvassed a striking new round of reforms. Proposals included separating the ACA from the prime minister’s department, thus placing new checks on the executive, while setting up a judicial appointments commission, giving still more independence to the courts.\(^\text{104}\) Proposals were also made to ease requirements for the annual licensing of print media, the restrictions on student participation in politics, and even the conditions under which dissidents were detained under the ISA, therein strengthening civil liberties. At this juncture, then, with the opposition forging ahead, while the government pondered reformist concessions, speculation mounted that, however slow moving, Malaysia’s twelfth general election had precipitated a peaceful transition from single-party dominance and competitive authoritarianism to two-party alternation and democratic politics.\(^\text{105}\)

But even as reforms were posed, bitterness crept in among UMNO politicians, who began increasingly to blame the Barisan’s setback on the lackluster leadership of Abdullah and the disloyalties of the non-Malays. Thus, Khir Toyo initially refused Abdullah’s call to serve as opposition leader in Selangor’s state assembly. At the same time, in two rural states where the Barisan had won, UMNO politicians disfavored by Abdullah defied him by flattering


\(^{105}\) See Baradan, “Two-Party System.”
their respective sultans and seizing the chief ministership post. Next, Mahathir and his son, Mukhriz, a top position holder in UMNO’s youth wing, demanded that Abdullah resign, a call that resonated among factional leaders throughout the party’s apparatus—even though it had been their very defiance of Abdullah’s earlier attempts to curb their corruption that had so eroded their party’s standing. Abdullah wavered, offering first to transfer power to his deputy, Najib, but then vowing to defend his position at the party’s next general assembly.106 Mahathir derided Najib as a “coward” for failing to confront Abdullah107, prompting Najib to round on Mahathir. The former prime minister then abruptly resigned from UMNO, while urging other members to do the same, then return to the fold after Abdullah had been forced out. Abdullah’s law minister, Zaid Ibrahim, a celebrated attorney, also resigned, protesting the security minister’s having detained under the ISA opposition figures, journalists, and bloggers who had been emboldened by Pakatan’s rise. And in mid-2009, Zaid joined the PKR.

This fractiousness among top politicians in UMNO reverberated throughout Barisan. A key official in Gerakan, still a component in the ruling coalition, but voted out now from its longtime governing position in the state of Penang, agreed to serve in a new state administration led by the DAP. In addition, some twenty Gerakan division and branch leaders, finding their prospects in Barisan bleak, defected to the PKR.108 And the Sabah Progressive Party (SAPP), an East Malaysian vehicle, tried to act even more decisively, seeing in response to Anwar’s entreaties. More than defecting, SAPP attempted to topple the Barisan government of which it was member at the federal level by spearheading a parliamentary vote of no confidence.109 Though this vote never took place fractiousness had so deepened within UMNO and the Barisan that Abdullah agreed finally to step down at the party’s next assembly.

A question over this trajectory involves its timing. The alienation of Malaysian citizens, the rhetoric to which UMNO politicians

resorted, and the public protests and voter behaviors that followed had plainly intensified. But why were these sentiments so much more heartfelt in 2007-2008 than they had been during earlier decades? What had changed, so bringing grievances to the boil? This is intriguing because if anything, political controls under Abdullah had grown laxer with respect to electoral contestation, parliamentary procedures, and judicial functioning.

Many factors have been cited by observers, especially the opposition’s usage of the internet in energizing support. But while new media technologies may have aided the opposition in reaching new audiences, the underlying grievances to which appeals were made must be attributed to two major factors. First, after pledging more intently than any previous prime minister to roll back corruption, Abdullah’s utter failure to deliver bred deep alienation. Second, while also promising greater communal equality, the persistence of pro-Malay programs and symbols of supremacy exacerbated the disillusionment felt by the Chinese and Indians, though without fully retaining support among the Malays. On this count, a five percent swing among the Malays against the government, even while the NEP’s quotas remained in place, must be regarded as significant. Thus, while in 2004, Abdullah had led the Barisan to its greatest victory ever, just four years later, he led it to its worst performance, starkly registering the shift in assessments made by Malaysian citizens.

With Abdullah agreeing to hand over leadership to Najib at UMNO’s next general assembly, he was permitted by the party to use what time he had left to try to salvage something of his legacy. The party thus supported him in tabling new legislation in his last parliamentary session, held in December 2008. And in declaring a new “integrity agenda,” Abdullah presented three bills to contain corruption. A first involved replacing the discredited ACA with a new Malaysian Anti-Corruption Commission (MACC). The new agency was portrayed as modeled after Hong Kong’s legendary ICAC (Independent Commission Against Corruption). It was also described as accountable to some five administrative panels. Opposition MPs soon noted, however, that the proposed MACC would be given no powers of prosecution. Rather, it could only recommend cases to the Attorney General’s Chambers, a notoriously

empowered to make, he also remained free to reject them. Thus, with judicial appointments remaining still in the hands of the prime minister, the opposition refused to support the measure. Indeed, few of its members even remained in the chamber as government MPs passed the bill into law.

The last piece of legislation in Abdullah’s integrity agenda involved his returning to the police complaints commission that had been proposed so long ago. We recall that in its initial guise, a comprehensive Independent Police Complaints and Misconduct Commission (IPCMC) had been canvassed, a body able to investigate and to prosecute individual officers and then, if finding them guilty of misconduct, discharge or demote them. But police resistance to this proposal had been so intense that Abdullah timidly buried it. And when reviving it now, he sought to placate the police over their claim that among the country’s many enforcement and regulatory agencies, they were being unfairly singled out. Abdullah’s bill thus canvassed a much broader body, provisionally christened the Special Complaints Commission (SCC).

However, in targeting some twenty agencies, the SCC’s scrutiny of police would be greatly dispersed. Thus, the bill came under such swift attack from opposition MPs, ex-royal commissioners, and human rights groups that the government withdrew it. Only in June 2009, some three months after Abdullah left office, was legislation creating a somewhat stronger body, the Enforcement Agencies Integrity Commission (EAIC), passed by parliament. Even this agency, however, was widely dismissed by observers as lacking the autonomy and focus that the original IPCMC would have possessed. Upon the bill’s passage, then, the parliamentary opposition leader, Anwar Ibrahim, stated plainly that the aim of the EAIC was “to protect Malay police officers.”

Thus, Abdullah Badawi, Malaysia’s fifth prime minister, had rightly diagnosed what ailed his party and government, as well as the extent to which Malaysia’s citizens had lost patience. And in swiftly proposing a great variety of administrative remedies, he had earned a handsome electoral victory for Barisan and a high approval rating for himself. But throughout the rest of his tenure, whenever encountering resistance among UMNO politicians, cabinet ministers, ordinary government MPs, judges, civil servants, or the police, he quietly backed away. Many observers attributed this

during elections sometimes grows fierce, although the party has survived the factional battles that have resulted. Mahathir was succeeded by Abdullah Ahmad Badawi as UMNO president and prime minister in 2003. Abdullah was succeeded in turn by the current president and prime minister, Najib Tun Razak, in 2009.

The MCA is the second largest party in Barisan, but remains a junior partner to UMNO. It was formed in 1949 during the Malayan Emergency in order to provide the Chinese community with an alternative to the Malayan Communist Party. Because of its subservience to UMNO, however, and frequent allegations of corruption, its support among the Chinese community has historically been modest. Its performance in election has thus been uneven, triggering lengthy battles over leadership positions that have further weakened the party. The MCA’s candidates traditionally fare best in the Malay constituencies that are ceded to it by UMNO. Since the formation of Barisan, it has controlled only the Transport and Health ministries. The party’s current president, elected in 2010, is Chua Soi Lek.

The MIC was formed in 1946 in order to represent the Indian community. It was led by Dato’ Seri Samy Vellu from 1979-2010. During his tenure, the party strongly supported Barisan, retained a half-dozen seats in parliament, and controlled the Ministry of Public Works. But it is perceived as having done little to advance the standing of Malaysia’s Indian community. It has also been wracked by episodic corruption cases. The party was nearly wiped out during the 2008 election, with even Samy Vellu losing his seat. He was succeeded in 2010 by the current MIC president, Dato’ G. Palanivel.

Gerakan was formed in 1968 in order to contest as an opposition party in Penang, where it won most of the seats in the state assembly. It was recruited in 1973 into Barisan, where it has remained. Gerakan is the only major party in the ruling coalition that professes to be multiethnic. But as it never really expanded much beyond Penang, its membership remains 80% ethnic Chinese. Until the 2008 election, Gerakan’s president served as Penang’s chief minister. In this election, the party lost control of the state. Its seats at the federal level were also reduced from ten to two, thus denying it also the single ministry it had held. Tan Sri Dr. Koh Tsu Koon, elected party president in 2008, remains Gerakan’s leader, despite his losing Penang’s chief ministership.
tion, but later proclaimed its commitments to promoting democracy and fighting corruption. The DAP won its first seats in parliament in 1969, then remained as the only party in opposition during the 1970s when Barisan absorbed PAS and Gerakan. It professes to be multiethnic, but in tireless criticizing Malay privileges under the NEP, its draws its support overwhelmingly from the Chinese and, to some extent, the Indian communities. The party’s electoral fortunes have fluctuated, but it won 28 parliamentary seats in the 2008 election. Its long time general secretary, Lim Kit Siang, stepped down in 1999, then became national chairman until 2004. His son, Lim Guan Eng, became secretary general in 2004 and is currently chief minister of Penang.

PKR was formed in 2003 through a merger between the Parti Keadilan Nasiona (National Justice Party), organized by Anwar Ibrahim’s wife, Wan Azizah Wan Ismail, after his arrest and expulsion from UMNO in 1998, and the Parti Rakyat Malaysia (Malaysian People’s Party), which traced its roots to the 1950s. The party was led by Anwar’s wife, Wan Azizah Wan Ismail. Still unregistered by the time of the 2004 election, PKR contested for the first time in 2008. It won 31 seats and hence, suddenly became the largest party in opposition. PKR brands itself as a multiethnic vehicle, enabling it to serve as the lynchpin between PAS and the DAP. But though its leadership does include non-Malays, PKR draws most of its support from progressive Malays in urban areas. After the 2008 election, a ban on Anwar’s standing for public office expired, enabling him to win a by-election and take his place as opposition leader. However, he has again been placed on trial for sexual misconduct, which will likely lead to another term of imprisonment. Further, his charismatic, but authoritarian leadership style has alienated many former allies. PKR’s prospects for leading Pakatan to victory in the next general election have thus grown clouded.

IV. NAJIB RAZAK: SECOND-TRY REFORM AND UNITY

UMNO’s General Assembly and party election were held in March 2009, having been rescheduled from December in the previous year. During the run-up, Najib Razak was challenged for the party presidency by one other candidate, Tengku Razaleh Hamzah, a perennial aspirant for the leadership position. But Najib, as designated successor, gained so many divisional nominations even before the polling took place that his bid grew unstoppable. The Minister of International Trade and Industry, Muhyiddin Yas-
these allotments seemed sooner to fall into the hands of the party’s long-time leaders than to benefit its mass-level constituencies, the MIC continued to flounder. In these circumstances, Najib began to look to a new ethnic Indian vehicle, the Malaysia People’s Power Party (Partai Makkal Sakti Malaysia), formed in early 1999 as an alternative fount of support, notwithstanding its having been involved in staging anti-government protests. So striking a departure from the “Barisan way” of sometimes uneasy, yet steadfast coalescence demonstrated clearly how strained the management of politics and social forces in Malaysia had grown.

To be sure, many observers had seen in the outcomes of the 2008 election a new readiness of citizens to reach accommodation across ethnic lines. But even if true, Najib was at the same time confronted by starkly traditional, communalist challenges that plumbed into new depths of sordidness. Most notably, Malaysia was rocked in August 2009, just four months after Najib had come to power, by the notorious “cow head incident.” After a proposal had been made to erect a Hindu temple in Shah Alam, the state capital of Selangor, a group of Muslim activists retaliated by parading the severed head of a cow through the city’s streets.\textsuperscript{115} They concluded their procession by stamping on the cow’s head, then tossing it defiantly against the wall of a government office building. Hishammudin Hussein, now serving as home minister, then exacerbated the fury that had erupted in the Indian community by appealing to the public to understand the deep frustrations of the Malays. But so great was the outcry that the government eventually brought chargers against 24 of the activists for illegal assembly, though soon afterward dropped half the cases. Of the remaining dozen protesters, all pleaded guilty in mid-2010, incurring fines of RM 1,000 each. In addition, two of them identified as the ringleaders were found guilty of a separate charge of sedition for “inciting racial tension,” leading to a more noteworthy fine of RM 3,000 each, as well a week’s imprisonment for one. These proceedings helped to ease, though hardly to extinguish, the deep seated resentments that the Indian community had come to harbor.

In addition, during Najib’s first year in office, a series of Syari’a court rulings and police actions further aroused communal suspicions. In December 2009 the High Court of Malaysia ruled that The Herald, a weekly Catholic magazine, was permitted to use the word

media, addresses and seminars, an innovative use of blogs and Facebook, and even songs and live dance performances.

Yet even within Najib’s own inner circle, the aims of 1Malaysia came under swift challenge. His deputy, Muhyiddin, openly queried, “How can I say I am a Malaysian first and a Malay second? All Malays will shun me and say it’s not proper as Indians will also say they are Indian first. . . . It is not wrong for any leader to struggle for the interest of his own race. Don’t tell me that [DAP leader] Kit Siang does not struggle for the Chinese community.”119 And when questioned afterward at the Malaysian Student Leaders Summit, even Najib refused to declare that he was “Malaysian first”, protesting that he did “not want to respond in a way that will divide me from my deputy. In Malaysia, that can be very dangerous.”120 In addition, Nasir Safar, a special advisor to Najib, reportedly suggested during a seminar held in Malacca entitled “Rapat 1Malaysia” that the Chinese and Indians were mere immigrants (pendatang) and that Chinese women had come initially to Malaysia for the “flesh trade” (jual tubuh).121 The editors of Utusan Malaysia, the country’s leading Malay-language daily, urged the Malays to unite against “extreme demands” made by the non-Malays.122 Mahathir and Razaleh weighed in, respectively criticizing the 1Malaysia campaign as in need of “explanation” and “hollow.”123 Accordingly, polling by Merdeka Review revealed that most non-Malays dismissed the shibboleth as a “gimmick.”124 It soon appeared, then, despite the resources invested in it, Najib’s 1Malaysia, like Abdullah’s Islam Hadhari before it, might slip rapidly into obscurity.


KPI. Koh had long demonstrated his administrative abilities while Gerakan chief minister of Penang had been defeated in the 2008 election by the DAP, leading to his appointment afterward by the government as a Senator and Minister in the Prime Minister’s Department. But he soon came under fire from the opposition over the RM66 million (approximately USD20.9 million) that had been allocated to setting up Pemandu, the bulk of which went to foreign consultants, including McKinsey and Company and the Hay Group, in order to run information seminars and consultative “labs.”

In March, Najib lent yet more institutional scaffolding to his initiatives by unveiling the first stage of what was hailed as the New Economic Model (NEM). While assuring core Malay constituencies that their special rights would be protected, the program also stressed the importance of adopting more merit-based strategies for improving governance and expanding the economy. A number of entry-point projects (EPPs) were thus specified that would benefit from private-sector catalyzing. But additionally, in order to aid citizens who fell behind, the NEM advocated new welfare distributions. These were to be determined, however, on the basis of need, rather than ethnic affiliation, an approach that even if continuing mostly to benefit the collectively poorer Malay community, was roundly applauded by the non-Malays.

In September, these socioeconomic aims were made still clearer, with Najib unveiling the Economic Transformation Program (ETP), placed like the GTP under the direction of Pemandu, managed now by a charismatic CEO, Idris Jala. According to its “roadmap”, the ETP’s aim, in advancing Vision 2020 and the GTP, was to drive growth rates of 6 percent per annum in order to double Malaysia’s Gross National Income (GNI) on a per capita basis to RM48,000 (approximately USD15,000) by 2020.130 After two months of brainstorming by some 500 “experts” invited from both the public and private sectors, 12 National Key Economic Areas (NKEAs), 60 “business opportunities,” and 131 EPPs, were identified.131 As an example, one of the NKEAs, in focusing on Kuala Lumpur and the Klang Valley, sought through 10 designated EPPs


meeting labeled the Bumiputra Economic Congress was organized in May 2010 by the Malay Consultative Council, an association involving many dozens of Malay NGOs. It criticized the New Economic Model openly, demanding that Najib remain closely attuned to the Malay community’s special rights and redistributive quotas. Most notably, Ibrahim Ali, the head of Perkasa (literally, “Powerful”), a “Malay rights” organization that had formed after the 2008 election and now anchored the Malay Consultative Council, delivered a memorandum to Najib while attending the Congress, reminding the prime minister of the deprivation from which the Malays continued to suffer and their entitlement to ongoing quotas. In giving his address, Najib appeared to yield, inviting the Malay Consultative Council to participate in his government’s authoring of the New Economic Model (NEM), seemingly ensuring that reforms would now slow.

Shortly afterward, the government unveiled the Tenth Malaysia Plan, the country’s most important medium-term planning document.¹³⁷ Its provisions quickly revealed the extent to which Najib had backtracked from his liberalizing and unifying aims. In its 428 pages, the document lauded the original New Economic Policy (NEP) for “overcoming past obstacles and driving the national forward economically and socially.” The GTP and the NEM were mentioned only in passing. The document declared that the government “will continue to support Malaysian companies to emerge as regional champions,” affirming the central role that the state would retain in driving the economy. And though blurring the notion of stark quotas that had been imposed through earlier programs of affirmative action, the document vowed also that in advancing the “Bumiputra agenda,” attention would now be given to promoting the “new Bumiputra middle class.” But still, though the record and underlying principles of the NEP may be sacrosanct, the Tenth Malaysia Plan did note the need for “fresh approaches” and “market friendly mechanisms” by which to aid Malay entrepreneurs in capitalizing on “pro-growth” policies. Reasonably clear commitments were also recorded for helping Malaysia’s bottommost 40 percent of income earners irrespective of ethnicity.

However, when Najib introduced the budget for 2011 in Parliament, he again recoiled from his liberalizing aims by outlining vast new public spending commitments. The reforms specified in the

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tutions which, in catering overwhelmingly to the Chinese or Indians, teach in these communities’ respective vernaculars of Mandarin and Tamil. Perkasa’s secretary general, Syed Hassan Syed Ali, stated bluntly that “parents who don’t trust the nation’s school system and send their children to vernacular schools should not ask for scholarships from the government.”

As mentioned above, Perkasa had been formed in the wake of the 2008 election, a contest which had weakened UMNO’s standing while emboldening many non-Malay groups to reissue demands for equality and merit-based advancement. Perkasa’s declared aim, in defending the country’s “indigenous sons,” was to safeguard Article 153 of the constitution wherein Malay special rights were enshrined. And as it had done in the case of Wee Ka Siong, it called frequently for usage of the ISA against those who might question these provisions, on one occasion even presenting an insistent memorandum to Hishammuddin Hussein, the Home Minister. Perkasa’s leader, Ibrahim Ali, a veteran politico who during his career had switched party affiliations often, was elected to parliament in 2008 in the Kelantan constituency of Pasir Mas, having run on the PAS ticket, though standing as an independent. In March 2010, he persuaded Mahathir to open Perkasa’s inaugural general meeting at the Putra World Trade Center, next door to the UMNO headquarters building in Kuala Lumpur. Mahathir, in then emerging as Perkasa’s “patron,” attributed the “mushrooming” of nativist groups like Perkasa to UMNO’s feebleness in having defended the birthright of the Malays. In his own address, Ibrahim Ali blamed the opposition Pakatan Rakyat for “dividing the Malays and failing to defend Islam.” Perkasa drew most all its members from the ranks of UMNO, including many of the party’s MPs, concerned over their privileged access to state contracts and licenses.

In April 2011, Perkasa’s economic director, Zubir Harun, announced the groups intention to send another memorandum to Najib, demanding that “tight conditions” and “unfair criterion” im-


The Sarawak Election

Against this background, a state election was held in Sarawak in April 2011. The chief minister, Haji Taib Mahmud, in return for his support of the Barisan government in Kuala Lumpur, had been left to control Sarawak since 1981, making him the country’s longest serving chief minister. Taib traces his lineage to the ethnic Melanau, one of the state’s many designated indigenous identities. He heads the Parti Pesaka Bumiputra Bersatu (PBB), which centers the state-level Barisan coalition. Throughout his long tenure in office, allegations had been made of Taib’s corrupt practices through which he had enriched himself, his family members, and friends. But more concretely, many of his misdeeds have recently been documented on a website, the Sarawak Report, founded by Clare Brown, the sister-in-law of former British Prime Minister Gordon Brown. Ms. Brown has also joined with Peter John Jaban, a local activist, to form Radio Free Sarawak, further exposing the chief minister’s corrupt activities.¹⁵⁰

New revelations were thus made almost daily during the run-up to the 2011 election, greatly animating Sarawak’s voters. Many of the state’s Christians, who make up nearly half of the population, were also angered when the home minister, Hashammuddin, impounded some 35,000 Malay-language Bibles that had been imported through Port Klang because they contained the word “Allah.”¹⁵¹ Before releasing the Bibles, the Home Ministry instructed that each of them be stamped with an official seal declaring that they were “For Christians Only,” then given a serial number. Many Christians in Sarawak came to view this as desecration of their holy book.¹⁵²

In these circumstances, candidates for Pakatan Rakyat’s three component parties, PKR, PAS, and the DAP, campaigned avidly in the state. Anwar, while on bail for sexual misconduct charges, drew large audiences by focusing on local issues of indigenous land rights and rural poverty. DAP candidates appealed to non-Malay grievances over corruption, unequal treatment, and religion. Further, in displaying new capacity, the three parties contested in all of the

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¹⁵⁰ Sarawak Report is available at www.sarawakreport.com.
defeated by a DAP newcomer, Ling Sie Keong. Indeed, in 14 straight contests between the DAP and SUPP, all of them waged in urban or semi-urban constituencies, DAP won 12 of them, demonstrating the extent to which non-Malay grievances on Peninsular Malaysia had begun to percolate into Sarawak, at least in urban areas. Meanwhile, PKR increased its seats from one to three, two of them in rural districts. PAS failed to win any, though margins in several constituencies were close. Thus, in winning 55 percent of the popular vote and 77 percent of the seats in the assembly, most all of them from the rural areas upon which it still kept a grip, Barisan easily retained its two-thirds majority. But the ruling coalition had won 62 percent of the popular vote in 2006, suggesting to many observers that Pakatan, in winning better than 40 percent in 2011, had revealed the government’s mounting vulnerabilities. To be sure, there would be no “tsunami” in Sarawak any time soon as had occurred at the national level in 2008, for the rural poor in the state remained dependent on the government’s welfare largesse, however meager. But the DAP and even the PKR, in garnering the best results for the opposition in Sarawak since the 1980s, would continue chipping away at non-Malay votes in urban constituencies, perhaps taking still more seats in the next parliamentary election.

**Bersih 2.0: A Walk for Democracy**

Bersih, the civil society umbrella group, had petitioned the government to allow it to place observers in Sarawak in order to monitor the voting, but was refused. In July, then, though considering that general elections were no longer imminent, its leaders renewed the organization in 2011 as “Bersih 2.0.” It claimed also that the Election Commission had failed to redress any of the problems that had first been enumerated in 2007, leading it now to reiterate its demands, in particular, cleaning up the electoral roll, extending the campaign period to a minimum of 21 days, reforming postal voting, and requiring the use of indelible ink by voters. And chaired now by Ambiga Sreenevasan, a former Bar Council president and recipient of an International Women of Courage Award from the US State Department, Bersih 2.0 prepared for a major rally that it christened “A Walk for Democracy.”

After meeting with the king and negotiating with the police, Bersih 2.0 leaders believed that they had obtained permission to stage the event in Kuala Lumpur’s Merdeka Stadium, thereby easing the risk of street protests and violence. But the police then withdrew their permission, a retraction that Najib refused to overrule.
detention. But in only targeting terrorists, these laws would "ensure that basic human rights [were] protected." Najib also announced that the annual licensing required of mainstream media outlets by the Printing Presses and Publications Act 1984 would be replaced with a one-off licensing procedure. And though large-scale street protests would remain restricted, the laws that limit rights of assembly would otherwise be amended in order better to accord with the guarantees of association contained in Article 10 of the Constitution.

Najib's reformist messages were widely applauded, with some civil society groups anticipating that other "draconian" laws that restricted assembly like the Societies Act of 1966, the Police Act 1967, and the Universities and University Colleges Act (UUCA) of 1971 might also be abolished or amended. And indeed, in late October 2011, the Court of Appeal ruled in a case brought by four students from the National University of Malaysia that the UUCA violated constitutionally enshrined freedoms of expression. But one local analyst, Ong Kian Ming, doubted the substance of Najib's pledges, not least because of the prime minister's previous reluctance to face down the Home Ministry and groups like Perkasa which, as noted above, often called for detention under the ISA of those who questioned Malay special rights. Ong recollected too how Najib's predecessor, Abdullah Badawi, had raised hopes for reform, only to abandon them when pressured by factional bosses in UMNO. Further, the National Union of Journalists, while extolling the proposed scrapping of annual printing permits, fretted still over whether any revocation ordered by the Home Ministry or indeed, its refusing to issue any permit at all, could be challenged in court.


161. "Malaysia Court Rules Against Student Politics Band," Agence France-Presse, November 1, 2011 http://www.google.com/hostednews/afp/article/ALeqM5j_gQpsEwg5_6OtM2vuJMsR5Lohxg?docId=CNG.d957d0999e1088b0ce61729ecb6c9f7.731.


2011, the government alleged that Mohamad had praised communist guerrillas who, in an attack on a police station in the southern state of Johor in 1950, an event recalled as the “Bukit Kepong incident,” had killed 25 officers.\textsuperscript{168} He was thus charged with having criminally defamed the names of the dead officers and their families. Mohamad pleaded not guilty in Penang district court, asserting that his speech had been distorted by reporters aligned with UMNO. Trial hearings were scheduled for December, with Mohamad threatened with two years imprisonment if convicted. Accordingly, though the government might contemplate formally abolishing the ISA, its resorting instead to harsh defamation laws over a reference to Communist activities during Malaysia’s Emergency period was telling.

Finally, events associated with the Seksualiti Merdeka (Sexual Liberation) festival, scheduled during the first two weeks of November 2011, were suppressed by a “blanket ban” imposed by the police.\textsuperscript{169} The festival, mounted by NGOs, activists, and artists, had been held since 2008 to promote better understanding of the gay, lesbian, bisexual, and transgender community in Malaysia. Its events involved sundry forums and workshops, one of which, entitled “Nine to Five: Sexuality Rights in the Workplace,” had been organized in the Annexe Gallery of the Pasar Seni (the former Central Market) in order to educate participants on how to “manage their gender identity” while on the job. With 20-30 police arriving to confront the same number of workshop participants, the workshop and the festival were abandoned. The Malaysian Bar Council and well-known NGOs like Suaram and Sisters in Islam duly declared their opposition to the continuing violations of free communication and assembly. Perkasa responded, however, by mounting a protest after prayers at the National Mosque where it denounced Ambiga Sreenavasan, the Bersih 2.0 leader who had been invited to officiate the festival, as the “antichrist” and demanded her arrest under the ISA.\textsuperscript{170}


favored cronies. However, Lim’s successes, even if bolstering employment, economic growth, and new welfare spending in Penang, have probably done little to strengthen relations between the DAP and its partners in Pakatan.

At the same time, Pakatan’s weaknesses have been exacerbated by the strategies that the federal government has adopted since recovering from its shock over the 2008 election. In states controlled by Pakatan, it has withheld or delayed the disbursement of central development funds upon which all state-level governments in the federation depend. Even in Penang, the federal government has cut funding, with Lim Guan Eng observing its “ambivalence” toward his leadership: “They don’t want us to get any credit, but they can’t afford to see us fail.” The new MACC, although its formation toward the end of Abdullah’s tenure had been supported by Pakatan, targeted nearly all the coalition’s executive councilors in the Selangor state government for investigation. In Perak, the defection of Pakatan’s assemblymen mentioned above had been induced by the federal government, after which it worked through a compliant judiciary to legitimize Barisan’s retaking control. Prior to Najib’s pre-Merdeka Day proposal to revise annual licensing requirements, temporary bans were imposed on the opposition publications, including PKR’s Suara-Keadilan, PAS’s Harakah, and the DAP’s The Rocket.

But most egregiously, the trial of Anwar Ibrahim on a second charge of sexual misconduct, having commenced in early February 2010, but then repeatedly interrupted by court maneuverings and subsidiary scandals, was perpetuated throughout 2011. Whatever the trial’s duration, however, it appeared towards the end of the year to be leading inexorably to Anwar’s conviction and subsequent return to prison, leaving Pakatan without any clear overarching leader or agile mediator. Meanwhile, Anwar made clear the desperation into which Pakatan was slipping by appealing suddenly to chauvinist Malay sentiments. Specifically, he alleged that Najib’s 1Malaysia slogan had been copied from “One Israel,” a slogan adopted by an Israeli political coalition during the late 1990s. In December, then, the government retaliated, with its members voting to suspend Anwar from parliament for having “misled” the

172. Ibid.
Shifting gears, Najib turned next to “the young,” hoping to win away some of the youthful cohorts who had flocked recently to the Bersih 2.0 protest. During a two-week period in late September, Najib mounted a “cool campaign,” appearing unannounced at a local rap concert, offering free drink coasters to his estimated 200,000 followers on Twitter, and participating in a “radio prank call.” “Nice to know some of u think I am cool,” Najib wrote on his Twitter account. But even on this plane, the reactions that Najib drew were emblematic of the dilemmas that UMNO-led governments face in Malaysia today: “Stop trying to be ‘cool’ and pls get back 2 running the country. Ur the Prime Minister, not the High School President,” tweeted one widely-quoted user.176

In sum, though perhaps a more sophisticated and energetic prime minister than Abdullah Badawi had been, Najib was still stymied by Malaysia’s mounting socio-political contradictions. His many initiatives, then, intended to reenergize his government’s non-Malay supporters and to inspirit local and foreign investors drew swift resistance from core Malay constituencies, prompting him after each feint to draw back. Accordingly, just as his predecessor’s anti-corruption campaign and tolerant code of Islam Hadhari had fallen by the way, so too did it seem that Najib’s liberalizing programs and 1Malaysia campaign might peter out. And thus, after the Sarawak election and the Bersih 2.0 protest, the government grew wary of holding the general election any time soon.177 Still, Najib pressed on, striving to find balance on the ever narrowing middle ground between competing ethnic communities and economic imperatives. At the time of writing, it seems that Barisan will delay, but likely win the next election by greater margins that it did the last one. But the growing severity of the dilemmas that it confronts are obscured by Pakatan’s declining fortunes.

V. CONCLUSIONS

Malaysia has long taken a paradigmatic approach to political hybridity through its electoral authoritarianism and single party dominance, limiting, but not extinguishing civil liberties, while seriously skewing, but still regularly waging multiparty elections. Thus, many governments in other countries confronted by democracy’s

Yet for Mahathir’s successors, Abdullah Badawi and Najib Razak, new challenges have set in. Societal grievances over corrupt practices and electoral manipulations have mounted. So too have resentments among the non-Malays—and even among some liberal Malays—over special rights, distortive quotas, and the modest records of economic growth and the perceptions of grating injustice that result. Moreover, while public awareness has risen, the extensive foreign investment and rapid economic expansion enjoyed by Malaysia during the 1990s has declined, leaving it mired today in a middle-income “trap” from which only the state of Penang is seemingly able to escape.

In this context, the tensions that the government was long able to finesse have sharpened into dilemmas, robbing it of good choices. In trying to moderate corruption within UMNO, Abdullah triggered rebellions by factional warlords and their followings. In seeking to trim the distributions associated with the NEP in order to unleash market activities, Najib has rekindled the grievances of ordinary Malays. In veering back in order to placate UMNO politicians and core Malay constituencies, thereby restoring patronage and affirmative action, non-Malay resentments resurge. Doubts recur too among foreign investors, weary of quotas on ethnic hiring and ownership stakes. For more than a decade, then, economic growth in Malaysia has remained modest at the national level, much in contrast to the rising fortunes of many developing countries during this period. Further, in trying at the same time to dial back the regime’s authoritarian settings in hopes of gaining a more modern footing, space is created in which social forces, both Malay and non-Malay, organize in their numbers and declare their grievances over corruption and ethnic inequities, fomenting ever larger rallies and street protests. And when the security forces react with predictable ineptitude and harshness, they may tamp down upsurges, but further incite societal discontents. Accordingly, severe dilemmas have set in to bedevil Mahathir’s successors, rudely displacing the countervailing forces that were once so readily finessed.