

MAHATHIR'S CORPORATISM VS RAZALEIGH'S LIBERALISM: CAPITALIST EXPANSIONISM, CLASS FRACTIONALIZATION AND INTRA-BOURGEOISIE PARTY FACTIONALISM*

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Kajian UMNO ini berkait dengan permasalahan kapitalisme negara; iaitu usaha yang gigih oleh birokrasi pusat bagi menghimpun nilai lebihan, termasuk pinjaman luar negeri, dan merubah bentuk kelas burjuis yang lemah dalam hubungannya dengan kelas-kelas yang lain, baik tempatan mahupun antarabangsa. Perlakuan ekonomi politik ini akan menonjolkan satu strata pentadbir atau 'elit kuasa' bagi membuat urusan-urusan strategis dalam proses himpunan nilai lebihan ini. Justeru politik menjadi satu pertarungan memenangi kedudukan kepimpinan dalam birokrasi di samping sebagai pertarungan antara kelas dan pecahan kelas-kelas strategis yang dicetuskan oleh penerusan kontradiksi. Kedua-dua pertarungan ini ternampak dalam perpuakan UMNO. Di dalam kapitalisme yang terbantut, perpuakan ini akan semata-mata menjadi rebutan kuasa 'tulin' atau kuasa birokratis. Keadaan ini hanya boleh berubah melalui 'memberi dan menerima habuan' atau tolak ansur dalam sebuah kapitalisme yang berkembang, di mana kelas burjuisnya mencapai satu tahap keyakinan yang kian membebaskan dari kawalan maha kuasa birokrasi tadi.

This study of UMNO is related to the problematics of state-capitalism which in fact denotes the concerted effort by a central bureaucracy to accumulate surplus; including via foreign loans, and to refashion a weak bourgeoisie vis-a-vis other classes; local or international. Inevitably there will emerge an administrative stratum or 'power elite' to manage this surplus accumulation process. Politics becomes the struggle to win a commanding position in the bureaucracy as well as the struggle among strategic classes and class fractions accentuated by the ongoing contradictions. Both of these struggles are manifested in UMNO factionalism. In a stagnated capitalism, factionalism will be reduced to 'pure' power struggle or bureaucratic politicking. This could only be rescued through 'trade-offs' or compromises in an expanding capitalism whereby its bourgeoisie gains confidence and be weaned away from this bureaucratic overlordship.

* This paper was originally presented in a seminar organised by Malaysia Social Science Association-Malaysia Society (ASAA) on June 29 - July 3, 1987. The contest in UMNO, after over a year now, has reached a new turn. Dr. Mahathir has almost singlehandedly refashioned UMNO into a new version of UMNO (Baru), a loyalist party. In the process he has purged from the party, many anti-Mahathir elements of Team B. Perhaps this further demonstrates what I called the 'Gramscian' thrust in Mahathir's political vocation.

I have said that the protagonist of the new Prince in modern times cannot be an individual hero, but the political party, that is that particular party which, at different times in the different relations of the various nations, aims (and is rationally and historically founded for this end) to found a new type of State

A. Gramsci: *The Modern Prince*

The politicians (of whatever culture) who appear in this book are all caught in the act of outmanoeuvring one another, of knifing one another in the back, of tripping one another up and they all appear to be engrossed in winning a victory over someone

F.G. Bailey: *Stratagems and Spoils*

THEORETICAL FOCUS AND THE SPECIFICITY OF MALAYSIAN CAPITALIST EXPANSION

On April 25 1987, all national newspapers splashed the news of UMNO's triennial election the day before. The results pointedly showed how close and intense¹ the contest was between what has subsequently been dubbed the "Team A" (of Mahathir-Ghafar) and the "Team B" (of Razaleigh-Musa)² for the supremacy of UMNO leadership for the next three years. The detailed results were:

TABLE 1
UMNO POLLS 1987 : HOW THE CONTENDERS FARED

Post	Contenders	Nominations(%) (133 divisions)	Votes(%)
President	Datuk Seri Dr. Mahathir	88(66.2)	761(51.45)
	Mohamad	37(27.8)	718(48.55)
	Tengku Razaleigh Hamzah	(no spoilt vote)	
Deputy president	Ghaffar Baba	74(55.6)	739(49.97)
	Datuk Musa Hitam	50(37.6)	699(47.26)
		Spoilt votes: 41	
Vice president	Datuk Seri Amar Wan Mokhtar	54(40.6)	935(21.07)
	Datuk Abdullah Ahmad Badawi	75(56.4)	879(19.81)
	Anwar Ibrahim	76(57.1)	850(19.16)
	Datuk Rais Yatim	15(11.3)	690(15.55)
	Datuk Seri Ramli Ngah Talib	40(30.1)	667(15.03)
	Datuk Harun Idris	10(7.5)	398(8.97)
		Spoilt votes: 18(0.41)	

(Names of winners given in bold)

Source: *The Star*, 3 May 1987

Note that Dr. Mahathir Mohamad the incumbent President of the party and the Prime Minister of Malaysia won by a majority of 43 votes. This meant that Tengku Razaleigh Hamzah, the challenger, needed only another 22 votes to pull through. Encik Ghafar Baba the Deputy Prime Minister beat Datuk Musa Hitam, the incumbent Deputy President of the party by 40 votes with the conspicuous 41 spoilt votes strategically or perhaps paradoxically unutilised. As for the posts of the three Vice-Presidents, the next leadership-echelon, they were equally shared, the Mahathir-Ghafar faction having a slight edge, especially with the victory of first-timer Encik Anwar Ibrahim, the Minister of Education.

Tunku Abdul Rahman, Malaysia's first Prime Minister, called the outcome as 'a moral victory for the challenger'. He was a Razaleigh sympathizer.³ Datuk Rais Yatim and Hajjah Marina Yusoff, members of the opposing faction, called for the investigation of "illegal delegates" in the recent party election (*The Star*, 3 May, 1987). There were demonstrations in Johore Bahru in support of Datuk Musa Hitam to be made the new UMNO State Chief.⁴ Datuk Sanusi Junid, UMNO Secretary-General disclosed that 'a group of millionaires and businessmen is trying to split UMNO and threaten the position of party President Datuk Seri Dr. Mahathir Mohamad' (*The Star*, 7 May, 1987).

How does one account for this split in UMNO? Remember that UMNO put up a stunning performance in the August 1986 National Election, winning 83 parliamentary seats (out of 84 contested) and 229 state seats (out of 243 contested) in the Peninsula. PAS, UMNO's main rival, won 1 parliamentary seat and 15 state seats (out of 265 contested).⁵ Despite the pre-election breakup of the 2-M leadership (Mahathir-Musa) and Musa's subsequent resignation, the party pulled through handsomely. *This demonstrated the efficiency of the UMNO party machine as well as their grasp of the rural class alignment;*⁶ *through the massive rural bureaucracy as well as the infusion of some degree of middle class mobility.*⁷ That same factor, though in a different guise, gave the Mahathir-Ghafar faction an extra edge in the April party election. Let us call this the Gramscian factor.⁸

CLASS FRACTION, PARTY FACTIONALISM AND CAPITALIST EXPANSION

The political thesis of capitalism is a thesis of political transformation, that is, it concerns the manner and consequence of the penetration of a capitalist mode of production upon a pre-capitalist mode. The force that integrates or disintegrates a polity is its mode of production, understood broadly as that particular way human beings acting upon nature create their societies. Classes and class reformation are the concrete manifestation of the problematics of this transformation. They can be measured, compared and projected upon the specificity of a capitalist situation.

In this respect a major legacy of British Colonialism in Malaysia must be the establishment of a capitalist sector that reconstituted the pre-colonial tribute-paying polities (negeri) and their class alignments. Even at the very initial thrust of capitalism in the Malay states, both their agrarian and mercantile class elements had become embourgeoisied.⁹ The peninsular agrarian economy which never achieved its dominant status, as compared to Javanese feudalism for instance, became peripheralised and through British help retained the structure of a stable subsistence economy with a strategic component of a smallholder class. Capitalism must expand, so must the process of *embourgeoisement-proletarianization* though unevenly. This "motion of capital" fragments the existing classes. In other words it throws up new class elements, new class fractions. What is the connection between fractionalization and politics? *Shifts in class relations are also shifts in power relations that may promote a new level of domination and even subvert the State. A political party is the vehicle for the expression of those shifts and counter-shifts in class and power relations.* T. Salem's assertion on the formation of the bureaucratic bourgeoisie as an emerging fraction in Malaysian politics is relevant to this point.

A central notion is that of the relative autonomy of the State: i.e. that the State in capitalist society is not a simple instrument of a *unified* capitalist class. This is so because the latter is composed of diverse class fractions, each posing contradictory relationships with one or more of the other fractions. For this precise reason, capital (in general) cannot always impose a common relation to other classes in society. In this context, the State, not being under the complete and direct control of any single class fraction, can serve to ensure the hegemony of the capitalist class as a whole over society. Hence the relative autonomy of the State reflects both the fractionalization of the capitalist class itself, as well as the contradictory relationships that the fractions of this class have with the other social classes in society (p. 81).

By the mid-1960's, the nascent Malay bourgeoisie began to make its presence felt. In 1965, the first Bumiputra Economic Congress was held; significantly, it was dominated by bureaucrats and politicians rather than the few already established private Malay Capitalists (p. 90).¹⁰

In his paper,¹¹ Zawawi Ibrahim writing within the same paradigm, focuses upon capital penetrating the rural peasantry and discovers new class fractions. He emphasises the process of proletarianization among the expanding landless class. UMNO in this article is seen as a political avenue for capitalist

expansion. Datuk Musa Hitam, a member of the opposing faction must have sensed this contradiction when in his speech to the UMNO Youth Assembly in September 1986, he warned that UMNO now has the tendency to forget its kampung roots (*The Star*, September 18, 1986).

Thus the notion "faction" in this article refers not just to divisions within a group seen as a system,¹² but to a wider dynamics of class formation and contradictions that may throw greater light upon the political direction, the leadership structure and above all the political transformation of Malaysia from a "dualistic" and dependent capitalist enclave to a more competitive and autonomous polity. Notwithstanding Bailey's sharp depictions of "the machiavellian game of politics",¹³ the problem of factionalism in UMNO can now be attested to by the germinating frictions *within* that bureaucratic bourgeoisie class-fraction itself. This must be so due to the very origin and character of the evolution of that class:

- (a) Its dependency upon the State's support and therefore subjugating itself to State control and regulations.
- (b) The Malaysian State's own "dependency syndrome" within global capitalism limits the State's capacity to support everybody equally at all times. Imported inflation, as we are witnessing now, erodes the State's financial resources. A case in point: The Federal Territory Malay Chamber of Commerce and Industry voiced concern over the recent large-scale legal action taken by several banks in foreclosing Bumiputera businesses which face loan repayment problems mainly due, they argue, to the economic slowdown (*The Star*, 23 May, 1987). *The Star* reported a bankruptcy petition against the Tambun Member of Parliament, Datuk Yahya Mohamed Shafie, who is also Pinji UMNO division Chairman. He stood guarantor for a company which is now facing problems (*The Star*, 23 June, 1987).
- (c) Its more successful elements in accord with non-state dependent capitalist fractions (Bumiputera or non-Bumiputera) may view regulations as too constraining now. This, I would call, the liberal tendency.¹⁴ Calls were made by successful Bumiputra entrepreneurs to deregulate the economy. Datuk Malek Marican, the Executive Director of Malaysia-Arab Merchant Bank has argued for the replacement of the stifling New Economic Policy (NEP) that caters more for redistribution, by a National Economic Policy that will generate growth. But Dr. Mahathir told the delegates in both the September 1986 UMNO Youth and Women Assemblies and the April 1987 General Assembly that the NEP must remain the cornerstone of his governmental policy.¹⁵

MAHATHIR'S CORPORATISM

In ordinary language 'corporate' means company. But here I am using it to refer more to the merging of the State and the company structure. As the State expands its regulative power, it merges its political ethos with that of the corporate ethos in leading (or remoulding) society. From a purely Weberian "effective-rational control" perspective it may produce some sub-extreme tendencies; but again looked at in historical context, these must be seen as part of the birth pang of Third World Liberalism. An extreme version of these tendencies is portrayed by G. O'Donnell (J. Saravanamuttu, 1987) in the case of many Latin American Bureaucratic-Authoritarian States¹⁶ that have found it difficult to dislodge themselves from the influence of the United States of America.

Dr. Mahathir dwelled at length with this problem of 'Economic Imperialism' in his April 1987 presidential address. He argued that:

Western countries do not want to raise taxes to finance their expenditure. Instead, they co-operate to get the rich exporting nations to raise the value of their currencies. With that, the value of the yen and the deutschemark have risen and have become a burden to the poor nations.

The worst sort of cheating is the depressing of commodities prices through modern technology. They raise the production of raw materials to reach a surplus state. At the same time, these industrialised countries use modern technology to reduce their dependence on raw materials from the developing countries. Last year, rich nations profitted by at least US\$70 billion because of the drop in commodity prices. Besides that, the poor nations again suffer losses because the product of the rich countries become more expensive.

Furthermore, the rises in the currency values of the lender-nations has caused the foreign debt of the poor nations to grow.¹⁷

Dr. Mahathir's policies of 'Malaysia Incorporated', 'Privatisation' and 'Look East' are all related to his commitment to free Malaysia from this "imperial clutch". The first shot was fired when he endorsed the policy of 'Buy British Last'. Japan and South Korea are models for Malaysian since both these capitalist states have emerged (with many adverse internal consequences) to be internationally competitive. Such success is accompanied by the interventionist role of the State.¹⁸ Dr. Mahathir's vision is one of this expanding capitalism supported by the State:

It is not uncommon for 10 billion ringgit to be required for one project alone. The rapidly growing sophistication of modern commerce and industry in Malaysia requires the most-up-to-date facilities. Failure to provide these facilities will retard growth (p. 5). The private sector must understand national policies, objectives and procedures in order to facilitate their dealings with the Government.¹⁹

This process of political and economic incorporation can also be gauged by the increasing share of public investment in total investment. (Refer to Table 2 which follows). Comparatively speaking, one could say that the share of investment by the South Korean government is reaching a plateau while for Malaysia, our government's share of the investment is on the increase:

TABLE 2
SELECTED DEVELOPING ESCAP ECONOMIES, SHARE OF PUBLIC
INVESTMENT IN TOTAL INVESTMENT, 1973 - 1982

	Percentage									
	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
Bangladesh	77.9	54.5	50.0	45.3	46.6	54.8	52.1	58.9	58.7	50.0
Fiji ^a	...	...	...	...	29.9	22.0	15.6	18.2	...	...
Hong Kong ^a	11.8	15.8	15.5	14.8	16.8	19.3	17.5	14.8	14.8	19.9
India	42.4	39.0	46.8	48.2	40.2	42.1	45.0	44.3	47.6	...
Iran, ^a Islamic Republic of	55.8	59.9	51.0	55.1	56.4	60.3	45.6	48.7	51.1	...
Malaysia ^a	30.0	28.4	37.7	40.4	41.2	36.4	38.2	37.2	42.3	45.6
Nepal ^a	...	...	...	...	...	...	34.9	39.8	42.4	47.4 ^b
Pakistan ^a	51.3	63.8	67.9	71.5	70.6	69.9	69.2	67.1	63.6	64.7
Republic of Korea ^a	17.6	16.7	18.8	20.0	19.5	17.2	18.3	21.8	24.8	24.0
Sri Lanka	25.9	39.5	36.3	40.2	35.3	31.8	27.7	25.3 ^b	17.0 ^b	17.0 ^c
Thailand ^a	24.2	17.3	23.4	31.6	30.1	31.5	29.8	35.2	36.3	37.0

Sources: National sources

- a. Share of government sector in gross domestic fixed capital formation.
- b. Estimated.
- c. Financed from budgetary resources, excluding investments financed from retained profits and borrowings of public corporations

Note: The table is taken from D. Mukerjee, 1986, p. 14.

I believe that Mahathir's "incorporation" is meant to consolidate the massive expansion of the State, in the guise of public agencies, state or party economic corporations. In the process of consolidation e.g. weeding away the unfeasible agencies and generously helping the more successful ones, a new parameter of relationships between the State and capitalism will be established aimed towards accelerating Malaysian capitalist expansion. *Thus in concrete terms, the policy refers to both the enhancement of internal control and coordination within the State, as well as the extension of the State into the fabric of the bourgeoisie class (and in consequence into the working class community as well).* As a corollary, the State and all its functionaries will gain greater importance.

When the Razaleigh-Musa faction alleged "a dictatorial tendency" within the high echelon of party leadership, this must be seen within that broader political scenario.

UMNO internal politics (and politicking) have been influenced by this development. Being a leading component in both the party-coalition setup and in the State organisation, both the bureaucratic bourgeoisie and the more independent bourgeoisie are brought into that development. They are swayed to either "left" or "right" (of the party's leadership) and "up" and "down" of their class hierarchy. 'After 1970 the establishment of public enterprises with generous financial allocations gave political factions access to extensive resources which could be used as patronage. The nature of Malaysian politics began to change as clientelist networks extended into the economy and government bureaucracy' (Bruce Gale, 1981).

Mahathir's corporatism is a version of state-capitalism. It incorporates 'the State' or "the powers that be", that awesome administrative power at its command and service. Thus Dr. Mahathir may be said to possess the "Gramscian factor" in his political orientation.

RAZALEIGH'S LIBERALISM

Tengku Razaleigh's use of the term "embourgeoisement", suggests a liberal thrust in his political orientation.²⁰ Tengku Razaleigh to my mind is "a boardroom warrior", an economist par excellence (in the Ricardian sense of

profit making). Along with other roles, he identifies himself as a "total banker".

In essence, therefore, the success of bankers will ultimately be measured not merely by the profits and impressive balance sheets that they strive so hard to impress their shareholders, but more so by the character and professionalism of the staff that fills the impressive edifices that make up any city's skyline.²¹

Mahathir comes from an urban lower middle class background. Razaleigh is a member of the Kelantan royal family.²² Since his immediate family was not completely absorbed into the royal salariat strata of the colonial administration, Razaleigh's father was pulled ("embourgeoisied" you may say) into the modern estate industries. By the time he became the Minister of Finance in March 1976, Razaleigh had long been a successful Bumiputera capitalist entrepreneur. Tun Abdul Razak, the second Prime Minister had all along utilised his organizational talent in the implementation of the New Economic Policy. In October 1970, Razaleigh was named chairman and managing director of Bank Bumiputera Malaysia Bhd. A month later he was appointed chairman of PERNAS (Perbadanan Nasional or the National Corporation). It was PERNAS that spearheaded the Malayanization of many established and foreign-owned multinationals through the buying up of their controlling shares. Of Bank Bumiputera he said:

I was determined to build the bank up as a commercial organization and not to be dependent on political considerations for its growth or its lending policies. Otherwise it would not be a viable commercial proposition.²³

In 1973, he helped to found the Fleet group of companies, UMNO's own investment arm. In August 1974, he was made the chairman of PETRONAS (the National Oil Corporation). Fleet like PETRONAS has since grown up to be a big corporation in Malaysia. PETRONAS' accumulated wealth running into billions over the years, has also helped the government bail out institutions in distress. Bank Bumiputera, facing a \$2.5 billion loss from excessive exposure to Hong Kong loans was rescued by PETRONAS. PETRONAS today is the bank's controlling shareholder.

Just before Tun Razak, Razaleigh's sponsor, died in 1976, he invited Razaleigh into the Cabinet. Razaleigh demurred as he had been refusing political appointment all the while despite the great political leverage that such positions give in UMNO and national politics. Instead he accepted the PETRONAS

chairmanship which could not equal a direct position in the Cabinet. Gill's comment in this respect is true:

Observers have suggested that by accepting a position, important though it was, that carried Cabinet rank but which effectively kept him out of Cabinet, Tengku Razaleigh yielded considerable political ground to latter-day contenders for the party leadership (and the prime ministership) such as Dr. Mahathir and Dato' Musa Hitam.²⁴

UMNO politics was in flux right after the passing away of Razak. Tun Hussein Onn succeeded Razak, with Dr. Mahathir Mohamad as his deputy and Razaleigh was made Malaysia's Minister of Finance. Gill reports then that the choice of Dr. Mahathir, though generally welcomed, did not sit well with some UMNO stalwarts who felt that Encik Ghafar Baba, or Tengku Razaleigh were the more logical choices, particularly as they had been elected vice-presidents much earlier.²⁵

Tun Hussein Onn stepped down just before the UMNO General Assembly of 25 June 1981. Dr. Mahathir was nominated for the presidency, and Tengku Razaleigh announced his decision to seek the deputy presidency. He was confident of victory since he regarded his promotion as long overdue. Then Datuk Musa Hitam, with the support of Dr. Mahathir, announced his candidacy. Razaleigh intimates that Musa's entry came as a "surprise". Gill comments that Tengku Razaleigh was lulled into a false sense of confidence, as were his advisers, by flattering media assessments. In the event he lost. He secured 517 votes against Musa's 722 votes. Dr. Mahathir persuaded Razaleigh not to resign and appointed him to the party Supreme Council. He held on to the post of the Minister of Finance. That post was soon to face more economic difficulties.

Unlike the previous decade whereby the Malaysian economy was doing very well,²⁶ the 1980's were full of signs of downturn. There were persistent rumblings of dissatisfaction among all quarters, not least among the bumiputera middle class. Ambitious projects of the 1970's were increasingly being seen as prestigious when viewed in the context of the recession of the 1980's.

Razaleigh made another bid for the deputy presidency in UMNO election of 1984 against the incumbent Datuk Musa Hitam. Again he lost. Though he promised to resign if he lost, somehow he was persuaded to take up the Ministry of Trade and Industry. The finance portfolio was passed to Encik Daim Zainuddin, a close associate of Dr. Mahathir.

In drawing a simple comparison between Mahathir and Razaleigh, one might say that for Mahathir "politics" is first and foremost, while for Razaleigh "economics" has always been his priority. In terms of politics and political development, their contrasting personal orientations found expression in the April 1987 contest.

In April 1987, Razaleigh decided to stand against Mahathir himself for the presidency of the party. He found a formidable ally in the very person of Musa Hitam himself. While Musa's role concerned the strategies and tactics to be used against the incumbents (mind you, of the established UMNO as a leading party with a time-tested party machine) it was Razaleigh who became the symbol for an alternative policy-shift towards liberalism.

THE ELECTORS AND THE CONTEST

First let us examine the composition of the delegates of the 1,479 electors who were going to decide the political fortunes of both Mahathir and Razaleigh. Maria Samad in her investigative journalism was able to secure two lists of candidates during the height of the campaign. One list belonged to Encik Anwar Ibrahim who was in Mahathir's faction. The other list was from the Musa-Razaleigh camp.

TABLE 3
THE DELEGATES

	Anwar's list (based on 1,000 delegates)	Musa's list
Teachers	19%	18%
Businessmen	25%	30%
Civil servants MPs/State	23%	25%
Assemblymen	19%	20%
Kemas	5%	6%
Professionals, Penghulus, others	9%	1%

Source: *The Star*, 29 March, 1987

The composition of the voters can be conveniently sub-divided into the pro-establishment bloc and the anti-establishment (or "TV4") bloc.²⁷ One should remember that Musa had accused the party leadership of being dictatorial and that the party was no longer in control of the government.²⁸

Knowing the facts and figures, I tried to criticise and question. But look what has happened to me. The government has embarked on "prestige and luxury projects like the Penang Bridge, the Proton Saga, the Dayabumi complex and projects undertaken by the Heavy Industries Corporation of Malaysia (HICOM)".²⁹

Razaleigh's announced his candidacy for the presidency in Penang on April 20. He cited his purpose as "to put the nation back on the right track" and mentioned the need to cure the nation's economic and political ills:

As a society which is intelligent and is exposed to positive aspects and modernization, we are aware that changes will not come about without any effort. Islam has also taught us that Allah will not change the fate of a race unless the race itself works towards change. Datuk Musa Hitam and I, together with our friends, urge all of you to bring about these changes. We also urge those who have gone overboard to repent and start afresh.³⁰

Using Maria's table, I believe that most of the categories in both lists were equally divided in their support of the two factions, perhaps with the exception of "penghulus" which tend more towards "the government that be". But again here, some of them if not all, from Johore (Musa's stronghold) and Kelantan (Razaleigh's stronghold) must have voted for the opposition under the persuasion of regional loyalty.

The most volatile, apart from the 20% "marginals" as estimated by Maria, must be the "businessmen" and the "professionals"; two bourgeois groupings linked closely to both the corporatism of Mahathir that sponsors their businesses and the liberalism of Razaleigh which appeals perhaps to the more successful professional group. Long before the April election, driven by the ills of recession, public and middle class outcry against public mismanagement, corruption in high circles - and more important holding on to his vision of an "efficient and clean corporatism", Mahathir promised (though perhaps too belatedly) a cleaning up. He declared to Malaysian students in London that Malaysia needed men of integrity. 'We have reached a level where we can no longer trust in people. We live in a society which no longer has any honour.' Addressing a Malay business community he proposed that the government would no more give direct aid to bumiputra entrepreneurs in order to make them more self-reliant.³¹ Such a "puritan" call might have frightened some businessmen who might then have voted with the Razaleigh-Musa faction.

Many expert observers believed that by the morning of the election day, the opposing faction was leading or at least holding on to a 50-50 position. What pulled the strategic 40 odd votes for both Mahathir and Ghafar could be the marginal voters or, perhaps, the old rivalry between Razaleigh and Musa in 1981 and 1984 contests, had not quite simmered down. In the final analysis it is corporatism and the State³² that won that day. One can contemplate how best the ideology of bumiputeraism can hold the two factions together now.

J. Halliday discusses in the Japanese context, how the ideology of "Tennoism" preaching the legitimate flow of authority and authoritarianism becomes the force that holds the various factions, each representing a set of class fractions in Japan's ruling Liberal Democratic Party.³³ One can equally postulate that in the Malaysian context when 'bumiputeraism' cannot anymore hold the factions together, a centralised and powerful party may take its place. Policy differences that may subsequently represent contrasting factions may then be discussed and resolved at the inner party-elite level. This is a possibility worth considering.

POSTSCRIPT

The contest in UMNO, after over a year now, has reached a new turn. Dr. Mahathir has almost singlehandedly refashioned UMNO into a new version of UMNO (Baru), a loyalist party. In the process he has purged from the party many anti-Mahathir elements of the Team B. Perhaps this further demonstrates what I called the 'Gramscian' thrust in Mahathir's political vocation. There were several options subsequently available for Razaleigh and Musa and their respective supporters: (i) get reabsorbed into the new UMNO and work within the constraints of a loyalist constitution, (ii) reorganise another version of UMNO with the aim of promoting a new national coalition of parties (Barisan Nasional Baru); this is a big task calling for a strong counter-leadership informed by a clear and fresh ideological format, and (iii) in the absence of (i) or (ii), Team B will become a splinter group (if not splinter groups). Indeed, what makes the April 1987 contest strategically important was that it marked the beginning in the evolution of Malaysian capitalism of the appearance (at least in the early stage of the struggle) of an ideological rift between the 'corporatism' of Mahathir and the 'liberalism' of Razaleigh-Musa, the main theme of my paper. I view that this current struggle has somewhat 'lost' its ideological meaning; it's now a 'state' drama overlaid.

NOTES

- ¹ During the height of the branch and divisional elections to select the 1,479 delegates to the General Assembly (It is these delegates that elect the Party Central Committee) the UMNO Code of Ethics Committee had received 131 complaints throughout the peninsular (*The Star*, 14 March 1987). These

complaints ranged from direct bribery, vote-buying, misuse of party position, personal slander, fights or heavy-handedness, the use of video-tapes and the infringement of the Civil Service Code. An incident of chair throwing and scuffle was also reported at a Kaum Ibu meeting. Fights broke out at the Rasah UMNO meeting near Seremban over "phantom members" (*The Star*, 16 March 1987). The Deputy Home Minister, a Mahathir supporter, issued a subtle warning that the Special Branch was concerned about the security threat over public disclosure of sensitive information by "some party members" (*The Star*, 22 March 1987).

² Datuk Musa Hitam resigned both his posts as the Deputy Prime Minister and the Home Minister in March 1986. He cited excessive control by the party headquarters and the lack of confidence of the Prime Minister in him, as his major reasons. Dr. Mahathir then appointed Encik Abdul Ghafar Baba, one of UMNO's Vice-Presidents as well as the Secretary General of the Barisan Nasional, the ruling coalition, as his new deputy. Encik Ghafar is indeed a great survivalist in Malaysian politics.

³ In the early seventies, the Tunku stepped down as UMNO President and Prime Minister after mounting pressure put up by the "Young Turks" and "economic nationalists" like Dr. Mahathir and Datuk Musa Hitam. As Chairman of the newspaper, *The Star*, and through his Monday column 'As I See It', the Tunku was able to hold attention and respect among the Malaysian middle class strata and many elements within UMNO itself.

⁴ A new Cabinet was announced on 20 May 1987, minus all members of the opposing faction. Tengku Razaleigh Hamzah and Datuk Rais Yatim had already resigned before that. Encik Lim Kit Siang the leader of the opposition, commented that 'it's a winner takes all Cabinet. Dr. Mahathir is determined to rid UMNO of influence of his opponents at national and state levels' (*The Star*, 21 May 1987). Perhaps Mahathir's hands were tied. With his margin of victory despite a high percentage of nomination by the divisions (refer to Table 1), he could not compromise, lest he would be seen as weak. The new Cabinet was thus 'defensive', and one can envisage that a tactic of 'carrot and stick' will continue to be carried out by the party headquarters. A long-run outcome for Mahathir would be that the election helps to weaken if not demolish his potential rivals in the party leadership, in the process, creating a leadership "sparsity" that will emplace Mahathir's own supremacy. It is yet to be seen how the opposition (in UMNO and outside UMNO) will utilise this leadership paradox in the ruling class.

- ⁵ The distribution of seats after the August 1986 General Election was as follows:

<i>Parties</i>	<i>Parliament</i>	<i>State</i>
BARISAN NASIONAL	148	299
DAP	24	37
INDEPENDENT	4	-
PAS	1	15
	177	351

- ⁶ As much as PAS lacks it. The 'Memali Incident' of 1985, a show of force by the State (with UMNO's backing) against a tenacious resistance by some elements of the middle and lower peasantry in Baling, Kedah, probably mesmerised the rural folk, including PAS, into docility.
- ⁷ Three days before the party election, Encik Ghafar Baba opened the Malaysian Smallholders Estate Co-operative Meeting. He promised to look into the misunderstanding between the co-operative and RISDA regarding the 110,000 acres of land allotted by the State to the co-operative, of which part of that allocation has been taken up by RISDA. Before he left he disclosed an increase in the revolving fund for co-operatives from the current \$5 million to \$50 million as incentives for them to participate in manufacturing projects (*The Star*, 22 April 1987).
- ⁸ Antonio Gramsci (1891-1937) was an Italian political theoretician who envisaged the unity between the 'industrial north' and the 'agrarian south' through a worker-peasant alignment. His central thesis was that it was only through a party (as 'the New Prince' which must replace Machiavelli's Prince) that such an alignment could be nurtured. He died in Mussolini's prison. See A. Gramsci, *The Modern Prince and Other Writings*, New York, International Publishers, 1957.
- ⁹ P.L. Burns, 'Capitalism and the Malay States' in *Capitalism and Colonial Production* by H. Alavi *et al.*, London, Croom Helm, 1982, p. 159-178.
- ¹⁰ T. Salem, "Capitalist Development and The Formation of the Bureaucratic Bourgeoisie in Peninsular Malaysia" in *Kajian Malaysia*, 1, 2 Disember 1983.

¹¹Zawawi Ibrahim, "Perspectives on Capitalist Penetration and the Reconstitution of the Malay Peasantry", *Jurnal Ekonomi Malaysia*, no.5, Jun 1982. Refer also to S. Husin Ali, *Kemiskinan dan Kelaparan Tanah di Kelantan*, Petaling Jaya, Karangkraf Sdn. Bhd., 1978.

¹²R.W. Nicholas, "Factions: A Comparative Analysis" in M. Banton (ed) *Political Systems and the Distribution of Power*, London, Tavistock Publications, 1965 gives a good resume from the system-functional perspective.

¹³Refer to his book, *Stratagems and Spoils*, Oxford, Basil Blackwell, 1977.

¹⁴I use the word 'liberal' in the historical sense associated with the emerging European bourgeoisie who fought for a feudal deregulation and a "free market" in order to establish its domination and ruling class hegemony. C.B. Macpherson's assertion "that in Britain liberalism came first, and then followed by democracy (franchise for the working class)" gives my meaning of liberalism. Refer to his *The Real World of Democracy*, Oxford University Press, 1972:

¹⁵Refer to his presidential speeches in both assemblies. The full texts were carried by *The Star*, 19 September 1986 and 25 April 1987 respectively.

¹⁶O'Donnell specified eight general characteristics of the BA state which, are summarised and regrouped in two main sets by Saravanamuttu (1987 : 22-27):

- i. (a) The BA state is guarantor and organizer of the domination exercised through a class structure subordinated to the upper fractions of a highly oligopolised and transnationalized bourgeoisie.
- (b) It corresponds to, and promotes, an increasing transnationalization of the productive structure, resulting in a denationalization of society in terms of the degree to which this process is in fact contained within the scope of the territorial authority which the state claims to exercise.
- (c) In as much as it is a system of economic exclusion of the popular sector, it promotes a pattern of capital accumulation which is highly skewed toward benefiting the large oligopolist units of private capital and some state institutions.

- ii. (d) In institutional terms, the BA state is comprised of two sets of organizations with their respective "specialists" committed by the state to accomplish "normalization" in the political and economic realms: restoration of "order" by means of deactivation of the popular sector, in the first instance, and normalization of the economy, in the other.
- (e) It is a system of political exclusion of a previously activated political sector which is subjected to strict controls in order to eliminate its earlier active role in the national political arena. Exclusion is achieved by capturing resources of class-based organizations and movements, which earlier supported the political activation. Order is a necessary condition for the social domination that BA guarantees and for the normalization of the economy and the transnationalised pattern of economic growth.
- (f) Exclusion involves the suppression of citizenship in a double sense: (i) the liquidation of the institutions of political democracy, i.e., a denial of popular political mobilization on a class-based issues, and (ii) the suppression of the recognised institutional roles and channels of access to the government characteristic of political democracy, such as political parties, that have served as avenues for appeals for substantive justice considered incompatible with the restoration of order and normalization of the economy.
- (g) Through its institutions, it endeavours to "depoliticise" social issues by dealing with them in terms of the supposedly neutral and objective criteria of technical rationality. This depoliticization complements the prohibition against invoking issues of substantive justice which allegedly introduces "irrationalities" and "premature" demands that interfere with the restoration of order and normalization of the economy.'

¹⁷The full address was carried by *The Star*, 25 April, 1987. It was a comprehensive speech written for an UMNO audience.

¹⁸The reason why the government has been able to play a strong directive role since the military day which brought Park to power in 1961 is the existence of a threat to the south from the northern part of the partitioned peninsula.' Dilip Mukerjee, *Lessons from Korea's Industrial Experience*, K.L., Institute of Strategic and International Studies (ISIS), Malaysia, 1986.

¹⁹Mahathir Mohamad *et al.*, *Malaysia Incorporated and Privatization*, Petaling Jaya, Pelanduk Publications, 1984, p. 3 and p. 5.

²⁰ In his speech "Private Sector and the New Economic Policy", he maintained that "the private sector - the non-bumiputras - can give a strong helping hand to our efforts of embourgeoisement of the Malaysian Society or if you like, for the attainment of middle class possessions for our people", p. 6.

²¹ T. Razaleigh Hamzah "Hallmark of a Total Banker", in Alias Mohamed (ed.), 'Tengku Razaleigh: Rintangan dan Cabaran: Obstacles and Challenges', K.L., Gateway Publishing House Sdn. Bhd., 1986, p. 29.

²² Ranjit Gill, *Razaleigh: An Unending Quest*, Petaling Jaya, Pelanduk Publications, 1986, gives a good picture of Razaleigh's royal background and his subsequent involvement in UMNO-PAS politics. At certain points, the book may sound "promotional", but as a brief political biography it is a delightful piece that conveys Razaleigh's liberalism, as I myself argue. Of the Tengku Hamzah family and its position in the old Kelantan politics, C.S. Kessler mentioned that the family 'was the scion of the state's wealthiest and most powerful princely family'. See Kessler's *Islam and Politics in a Malay State: Kelantan 1838 - 1969*, Cornell University Press, 1978, p. 187.

²³ *Ibid*, p. 107.

²⁴ *Ibid*, p. 116.

²⁵ *Ibid*, p. 148.

²⁶ In fact the Barisan Nasional was able to pump in money into Kelantan and finally captured the state from PAS in 1978. It was Razaleigh that led the attack, but again supported by the federal administrative power as well as the UMNO party machine.

²⁷ TV4 refers to closed-door meetings with state and divisional leaders, the using of video-cassettes, circulating underground newsletters, etc. adopted by the opposing faction.

²⁸ *The Star*, 20 April, 1987.

²⁹ *The Star*, 14 March, 1987. It has been reported also that the national car 'Proton Saga' is produced below capacity due to lack of market. The Direct Reduction Plant of a major steel mill (Perwaja Sdn. Bhd.) was shut down in Trengganu recently. The project is a joint venture of the State Government, Hicom and Mitsubishi - Nippon Steel.

³⁰ *The Star*, 16 January, 1987.

³¹ *The Star*, 25 March, 1987.

³² Encik Daim Zainuddin, the Minister of Finance announced on April 22, two days before the party election, a major policy-reversion. Pensions were to be restored to government servants. This single act must have pulled back some government servant electors to the Mahathir-Ghafar faction. It also demonstrates the administrative power of the State used by the ruling faction. Refer to *The Star*, 23 April, 1987.

³³ See his *Political History of Japanese Capitalism*, 1975, p. 263.

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