



The state of the ‘state’ in globalization: social order and economic restructuring in Malaysia

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ABSTRACT *This article asserts that, instead of anticipating or searching for indications of the ‘end of the state’ in an era of neoliberal globalization, it is more fruitful to examine the relationship between the state and social order, because of the potential to discern the conditions and consequences in which occur the ruling elite’s and social forces’ resistance to and/or alliance with, transnational capital. A case study of Malaysia is presented to demonstrate the complex and even contradictory ways in which social order is regulated that allows the state to manage demands emanating within and beyond the country. Specifically, the analysis focuses on the different historical junctures in which changing bases of state power, paths of development, and official manipulation of social identities converge in the regulation of social order that facilitates capital accumulation while maintaining state legitimacy in a multi-ethnic context.*

The promotion of economic deregulation, privatization and liberalization policies throughout different regions of the world in the last two decades of the twentieth century signalled neoliberalism’s ascendance in shaping the latest phase of globalization, or the realization of the world-as-a-whole. Driven by neoliberal mantras such as efficiency, productivity and transparency, mutually constitutive changes in the production process and innovations in new communication technologies appeared radically to undermine state control of the movement of capital and people across national borders. Consequently, some observers came to anticipate the ‘global village’ or the ‘end of the state’ as a significant outcome of the emerging global capitalist order.¹

At the beginning of the twenty-first century, however, what is clear is that anticipation of the state’s demise is premature. Intellectual inquiry, instead, has examined why and how the state is being transformed rather than rendered obsolete by the processes of economic restructuring. Some posit the emerging form of the ‘competition’ or ‘courtesan’ state as a willing participant, or in the case of the ‘efficient capitalist’ state, as the author of neoliberal globalization. From this perspective, state economic power can be strengthened in partnership with, or in the service of, transnational capital.²

Others contend that state economic power is weakened by the transfer of

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sovereignty over key economic issues to international (eg World Bank, IMF), regional (eg EU, ASEAN) and/or transnational organizations (eg WTO). One outcome is the 'defective' state that has been hollowed out, leaving only the appearance of an outer form.³ Nevertheless, there are those who insist that this kind of deterritorialization of sovereignty masks the fact that the state remains a constitutive member of such international, regional and transnational organizations. It is argued that the transfer of sovereignty beyond the state should be read as a process of incorporating national states into a 'transnational state' structure.⁴

As the actor and/or the acted-upon, the state remains crucial to neoliberal globalizing structures and processes. Yet, while we may know more specifically of the complexities in changing state economic power, we still know less of the ways in which changing state-society relations are affected by, and affect, the conditions for transnationalized capital accumulation in this present era. Despite differences in the perspectives above on state transformation, together they elicit an important question of how social order is maintained in the midst of globalization, and with what consequences to the state and society. Even the World Bank and the IMF—arguably the international promoters and guardians of neoliberalism—affirm transnational capital's dependence on the state to perform regulatory functions in the economy and society, seen particularly in the aftermath of the Mexican, Asian, Latin American and Russian financial crises of the late twentieth century. As the World Bank admitted in 1997, 'the state's unique strengths are its powers to tax, to prohibit, to punish, and to require participation'.⁵

This article asserts that a key step in furthering intellectual knowledge of state transformation is to problematize the state's relation to social order, ie the manner in which social order is defined, constructed and regulated today that affects state legitimacy, the path of development, and social relations and identities. Given the contexts of national, regional, and global economic restructuring processes, the state's relation to social order is shaped by the need to educate the citizenry on the real and perceived advantages of open markets and free trade, but in ways that do not erode transnational capital's dependence on the state as the highest-level authority to protect its interests within geopolitically delineated borders.

Particularly in multi-ethnic-religious societies, the questions of state legitimacy and bases of state power arise as economic restructuring benefits some and marginalizes others, while the opening of the economic and immigration gates respectively to transnational capital and migrant labour can generate debates over national sovereignty and identity. In what ways, then, can and do those who dominate the state apparatus attempt to manipulate identities in the construction and regulation of social order that is able to take advantage of opportunities for wealth creation offered by a changing global political economy, while maintaining (or not) the legitimacy with which to govern? How do efforts at overt and/or covert social engineering in a context of economic deregulation, liberalization and privatization transform the bases of state power, and with what consequences in societies marked by histories of contestation over access to, and control of, material and symbolic resources? These questions and their answers should help us offer more nuanced conceptualization and contextualization of

state transformation in response to the restructuring and harmonization of the national with the regional and global economies.

The first section of this article presents a conceptual framework for examining the relationship between the state and social order. Following this is a case study of Malaysia, a multi-ethnic Southeast Asian country that has benefited from, and also has been adversely affected by neoliberal globalization. The article concludes with a summary of the historical phases characterizing the mutually dependent processes of state transformation and regulation of social order.

Coercion and consent: state regulation of social order

For over several hundred years the resilience of the modern state in its various forms has been premised on the regulation of social order commensurate with negotiations between the demands of forces within and beyond geopolitical boundaries. Different historical models of (re)arranging the economy and social relations and identities, justify and are justified by distinct structures and processes of governance. From the liberal welfare, the fascist, and the communist states, to the changing state today, the different forms taken are revealing of various ideologies and visions involved in regulating social order amidst changing modes of capital accumulation and new social forces.

There are two major perspectives on the state's relation to social order. While theorists working within the liberal pluralist and the more orthodox Marxist perspectives would agree that the state's role is to regulate social order, they differ on how this is to be achieved. The state, from a liberal pluralist perspective, is conceived as autonomous of any specific interest group in society, and functions exclusively to provide public goods, eg security.⁶ This form of state appears to be promoted by US foreign policy support for democracy movements emerging from civil societies throughout the world.⁷ Within the Marxist perspectives, the state is conceptualized either as tool of the bourgeois class to serve their interests, or as a protector of the capitalist system even at the expense of alienating the bourgeoisie.⁸

None of the perspectives above is able to capture the complexities of historical and contemporary state power. To assume that state power is neutral, or exclusively class-based, or even unconditionally oriented towards maintaining the capitalist system, respectively is to render the elite who control the state apparatus as disembedded from their communities' interests, or exclusively stratified along the class dimension of social life, or to assume that the history of relations between different groups can be subordinated readily and willingly to economics *per se*. As Antonio Gramsci asserted, the state is formed by a variety of social forces that come together in an 'historical bloc' led by a dominant group with a governing ideology. Building on this framework, Robert Cox wrote in the 1980s that the constitution of the state and governing ideology can be more or less commensurate with the dominant international political economic ideology of the time.⁹

Depending on the context then, state power that is crucial to the construction and regulation of social order is based on intersections of key identity dimen-

sions such as class, gender, race–ethnicity and religion. Analyses of different moments in history (eg the differences between early and later postcolonial states) can reveal why and how the bases of state power come to rest on particular intersections of identity dimensions that may and can transcend geopolitical borders.

According to Gramsci, the hegemony of the state is embodied in, and exercised through, the application of state power via a mixture of coercion and consent. Strategies of coercion (eg repressive legislation and the use of violence) are applied to silence dissent and to ensure acquiescence or compliance from social forces. Strategies of consent (eg civil servant wage increases and education policies) proceed less coercively, if not unobtrusively, in socializing and encouraging the citizenry to adopt different ways of thought, conduct and identities. The objective is to construct and regulate social order characteristic of a new geopolitically bounded ‘civilization’:

If every State tends to create and maintain a certain type of civilization and of citizen (hence of collective life and of individual relations), and to eliminate certain customs and attitudes and to disseminate others, then the Law will be its instrument for this purpose (together with the school system, and other institutions and activities) ... In reality, *the State must be conceived of as an ‘educator,’ in as much as it tends precisely to create a new type and level of civilization.*¹⁰

State hegemonic control over society is complete when the citizenry come to believe that control over their lives emanates from the self as opposed to an external source(s):

The assertion that the State can be identified with individuals (the individuals of a social group), as an element of active culture (ie, as a movement to create a new civilisation, a new type of man and of citizen), must serve to determine the will to construct within the husk of political society a complex and well-articulated civil society, *in which the individual can govern himself without his self-government thereby entering into conflict with political society—but rather becoming its normal continuation, its organic complement.*¹¹

Hegemonic control, however, can never be complete as it requires the participation of all the subordinate groups. The implementation of hegemony elicits resistance, or counter-hegemonic forces that Gramsci identified as ‘wars of movement’ (openly declared collective action such as labour strikes and guerrilla warfare) and ‘wars of position’ (non-violent resistance such as boycotts and sit-ins) against the state.¹² Contestations emerging from class, gender, racial–ethnic and/or religious differences over access to, and control of, the economy and the state can produce and congeal new historical blocs that distinguish state transformation and regulation of social order from one historical era to another.

Most notably today the state’s relation to social order is framed by neoliberal globalization’s promise and even insistence that open markets and free trade—brought about by economic deregulation, privatization and liberalization policies—are the preconditions for realizing the ‘good life’ in which citizen-consumers will benefit from a harmonized global market offering greater choices of products and services at competitive prices. How, then, is this characteristically consumption-oriented ‘good life’ incorporated into state regu-

lation of social order as economic and immigration barriers are gradually dismantled to better compete for, and to enable the flow of, transnational capital? Since old and new social forces are encouraged to share some version of this good life, then it has to be pursued in ways that do not disrupt the processes of capital accumulation and/or severely undermine state legitimacy. Hence, legislation and policies that seek to coerce some, while garnering consent from others, become important tools with which to regulate social order that is distinctive of what Gramsci called a new 'civilization'.

Arguably, the project of creating a new civilization within existing geopolitical borders in this neoliberal era might be free of class-based, gendered, racialized-ethnicized and/or religious biases, but it is not, because of historical and contemporary circumstances in which some are better positioned than others to reap the benefits of economic restructuring. In this context, when and under what circumstances do acts of resistance emerge, and against whom are they directed? Of particular import are analyses of the manner in which shifting bases of state power (and the corollaries of coercion and consent strategies) undergird the regulation of social order. Such analyses can contribute to deepening knowledge of how neoliberal ideology is adopted and contextualized in different countries, hence variations in capitalist development paths; and how expressions of resistance are related to, dependent on and/or fragmented by the changing bases of state power that shape the ruling elite's and different social forces' relation to one another, and to transnational capital. It is in this way that we might come to better comprehend the complexities that inform state transformation in the global political economy today.

Below is a discussion of the relationship between the state and social order in Malaysia. Specifically, the analysis delineates the state's definition and regulation of social order at different historical junctures in which converge the changing bases of state power, paths of development and official manipulation of social identities in the multi-ethnic country.

Malaysia

Colonial era

British rule in Malaya between the late nineteenth and early twentieth centuries, most evidently, was distinguished by the development of rubber and tin industries or the 'twin pillars' of colonial economy to serve the growing demands of US and British commercial and industrial (especially war matériel) interests. The rhetoric and practice of colonial 'good government' to create and regulate social order in the building of an export economy was exemplified by a divide and rule philosophy.¹³ Policies and legislation, especially with regards to immigration, labour, land and education, oversaw the construction of 'racial' traits and identities associated inextricably with specific geographic locations and economic functions.

Unable to attract local Malay labour either for the rubber plantations or tin mines, the British turned to migrant labour from India and China. British colonial rule in India facilitated the regulation of Indian migration that encour-

aged the inflow of entire families to Malaya as a key way of ensuring labour acquiescence and self-perpetuation for agriplantations and infrastructural projects. Initial colonial inability to regulate Chinese migration, however, left Chinese secret societies in charge of nearly every facet of migrant life—from the supply and control of labour for the tin mining industry to the repayment of migrant debt and the provision of recreational activities (eg brothels, gambling and opium dens). The mass migration of Chinese women, previously prohibited by the Ch'ing dynasty, accelerated exponentially during the 1930s because of economic depression in China and colonial restrictions on the in-migration of Chinese men.

In the midst of growing migrant populations, land legislation that set aside large tracts of Malay reservation land were designed conceivably to protect them from the vagaries of a nascent capitalist economy. Yet, when it became apparent that Malay smallholders presented a serious threat to the European-controlled rubber industry, the Rice Land Act 1917 was enacted to prohibit the cultivation of any cash-crop other than rice on reservation land that, in turn, was used to reduce the food import bill of feeding the migrant populations.¹⁴ Employers were also actively discouraged from hiring outside specific migrant groups in order to prevent horizontal linkages between the communities. Meanwhile, the colonial education policy secured the segregation of ethnic communities by establishing English-medium schools for the children of the Malay elite (who would come to staff the lower echelons of the bureaucracy), and vernacular schools respectively for the Malay peasantry, and the Chinese and Indian migrant communities.¹⁵

These colonial strategies of coercion and consent established the darker legacy of 'good government'. Constructed and naturalized traits and identities particular to each ethnic group ran concomitantly with the socioeconomic segregation of the Malay, Chinese and Indian peoples. The Malays, who mostly lived in the rural areas, were considered the lazy but peaceful heirs of the country. The Chinese and Indians who had come to populate the emerging urban areas or who were segregated in mining and agriplantation land, were seen as hardworking but respectively unscrupulous and unhygienic in the conduct of their everyday lives.¹⁶ While Chinese access to their community's pooled resources gradually produced traders and brokers who mediated between European capitalists and the Malay peasantry, Indians were mostly expected to provide low wage labour for infrastructural projects and agriplantations. Constructed gender traits, on the other hand, were constant remarkably across ethnic boundaries: beyond domestic labour in the household, migrant women especially were channelled into economic activities (including forced sexual services) that affirmed the belief of women's proclivity toward domesticity.¹⁷

By the early to mid-1900s colonial good government had adopted more overt strategies of coercion-repression in order to contain class conflict between workers and management in the industries. Wars of movement by organized labour since the 1930s economic recession were met ultimately with a British declaration of a State of Emergency (1948–60) that legitimized the use of physical force against those who disrupted capital accumulation processes. As a result, many Chinese workers refused to join unions because of the stigma that associated organized labour (especially the General Labour Unions (GLUS)) with

the Chinese-dominated Communist Party of Malaya.¹⁸ The authorities then encouraged greater Indian participation in unions because of the belief that unions peopled by the smallest and least influential of the ethnic groups would not pose a threat to industries.¹⁹ The markedly ethnic composition of unions mitigated unity between workers.

Trade union legislation was introduced and/or amended to delimit the conditions in which industrial action could occur, while the Internal Security Act 1960 (ISA) empowered authorities to detain any person(s) for a specified time period without recourse to legal representation or trial. In a move to co-opt and manage organized labour, the state established unions such as the Malayan Trades Union Congress (MTUC), the Congress of Unions of Employees in the Public and Civil Services (CUEPACS) and the National Union of Plantation Workers (NUPW).

This new civilization created by colonial good government necessitated the arrangement of a 'plural' social order consisting of three parallel and distinct ethnic communities, with their corresponding institutions and essentialized identities.²⁰ As the peoples and economy of British Malaya were gradually incorporated into the international division of labour at different positions and points in time, the primary emphasis placed on ethnicity by colonial legislation and policies not only would overshadow other identity dimensions but would also come to be seen and used as the justificatory cause for transforming the postcolonial state and the regulation of social order in the country.

Postcolonial era

The decolonization process was marked by contestation over which ethnic group would eventually assume control of the state apparatus and the country. Malays, including those in the community who had advocated a strict Islamic model of governance, overwhelmingly rejected the British proposal of a Malayan Union that would institute equal power sharing among the ethnic groups. The compromise solution was the 'Bargain of "57"' in which the Malays succeeded in ensuring political supremacy and what were called Malay Special Privileges, or MSP (such as Malay reservation land, Islam as the national religion, and Malay royalty as symbolic leaders) enshrined in the constitution, in return for the granting of citizenship to non-Malays.²¹ With British support, the Alliance Party (a coalition of United Malays National Organizations (UMNO), Malayan Chinese Association (MCA) and Malayan Indian Congress (MIC)), led by a conservative Western-educated male elite from the respective ethnic groups, formally assumed control on 31 August 1957. The immigration gates were closed officially to foreign migrant labour at independence, settling the ethnic distribution of the population at roughly 50% Malays, 37% Chinese, 11% Indians and 2% 'other'.²² By the early 1960s the Federation of Malaya became the Federation of Malaysia with the incorporation of Singapore, Sabah and Sarawak. The latter two British protectorates were included partly to maintain a Malay majority since the population of Singapore was overwhelmingly Chinese.

The first decade of postcolonial state governance, nevertheless, evinced relatively little change from its predecessor. The postcolonial state elite maintained a laissez-faire relationship with capitalists that allowed capital accumula-

tion processes to continue relatively uninterrupted; they were dominated by large European trading houses and a small but growing number of Chinese family firms.²³

Existing inter-ethnic socioeconomic gaps soon were matched by intra-ethnic material disparities as Malay urban in-migration occurred without the corresponding services or access to resources. New social forces, especially the Malay middle classes that had come to staff the state apparatus, began openly to question the leadership by demanding state intervention on behalf of Malays in the economy. It was during this period that the ethnicized and gendered noun, '*Bumiputera*' or sons/princes of the soil, filtered into mainstream public discourse as a reminder that the country belonged to the Malay community (the views of women were subsumed under their respective ethnic groups). Lee Kaun Yew's 1964 call for a 'Malaysian Malaysia', in which no ethnic group would have political supremacy, ultimately contributed to Singapore's expulsion from the federation a year later.

Intra-ethnic and inter-ethnic class tensions reached a climax in the aftermath of the May 1969 elections as the Alliance Party lost the coveted two-thirds majority that allowed for uncontested constitutional amendments in Parliament. Ethnic-class conflict, however, was channelled and interpreted through that which was painstakingly nurtured by the British and left unaddressed by the postcolonial state elite. On 13, May 1969 verbal altercations between some Malay and Chinese demonstrators in Kuala Lumpur quickly disintegrated into ethnic violence, to be accompanied by transformation of the state, development path and social order.

The NEP

The country emerged from nearly two years of emergency rule with Malay rejection of the 'Bargain' that had neatly apportioned control of formal political power to Malays, while leaving the structures and processes of capital accumulation in European and Chinese hands. In place of the Bargain was the New Economic Policy 1971–90 (NEP) with its dual-pronged objective of eradicating poverty and restructuring society to eliminate the identification of ethnicity with economic function and geographic location.

The NEP was a blueprint for a new postcolonial civilization in Malaysia: it was an affirmative action development programme designed to bring the Malay community (the numerically largest ethnic group) to socioeconomic parity with the Chinese (who were the more wealthy and powerful of the non-Malay groups in the country). Malays not only would retain political power, but would begin to take control of the economy as delineated by two of the NEP's main goals: the redistribution of corporate wealth from non-Malays to Malays, and the creation of a Bumiputera Commercial and Industrial Community (BCIC) or the Malay business and professional middle classes.

State strategies of coercion ranged from legislation governing the formal political process, to that of participation in the economy. In the political arena, for example, constitutional amendments were passed to restrict the parameters of public dissent in general, and public debate and discussion of the MSP in

particular. UMNO, which experienced a change of leadership and which became the undisputed senior leader in the revamped National Front (Barisan Nasional) coalition of mainstream political parties, now had relatively unobstructed control of the state apparatus responsible for implementing the massive social engineering programme. In the economic arena, legislation such as the Industrial Coordination Act 1976 (ICA) gave authority to the Minister of Trade to grant and revoke manufacturing licences. The ICA was interpreted widely within the Chinese community as a state tool to limit their participation in new and lucrative manufacturing industries (the ICA, however, would be amended several times in response to Chinese capital flight and the mid-1980s economic recession). Severely weakened by the NEP, the non-Malay mainstream parties of the MCA and the MIC created their own investment corporations to allay the fears, and to pool the resources, of their ethnic constituencies.

Direct state involvement in the economy and society was seen as necessary to right an historical wrong. The first decade of the NEP nurtured an interventionist state with parastatal limbs as Financial Public Enterprises (FPES) and Non-Financial Public Enterprises (NEPES), symbolized by a 'redistribute first, growth later' philosophy, were established on behalf of the Malay community. Structured to garner consent from its major social base, UMNO-state trusteeship that was armed with a host of policies proceeded to recreate a new civilization by disassociating Malay identity from rural subsistence and lifestyles.

Malay women's employment opportunities increased as the state apparatus expanded to serve the NEP objectives. Nonetheless, the women were restricted mostly to lower-level clerical staff positions. Quotas in education, the dispensation of loans, and public and private sector employment favoured Malays in general, and Malay men in particular. Only when it became evident that transnational corporations, which were in the process of relocating their manufacturing industries to Free Trade Zones (FTZs), wanted to employ young women instead of men, did the Federal Industrial Development Authority publish brochures advertising the 'natural' skills of Malaysian women: 'The manual dexterity of the oriental female is famous the world over. Her hands are small and she works fast with extreme care. Who therefore could be better qualified by nature and inheritance to contribute to the efficiency of a bench assembly line than the oriental girl?'²⁴

This increasingly gendered dimension of state power and apparatus complemented its ethnicized and secularized bases. The National Cultural Policy 1971 that ran parallel to the NEP was expected to create a national identity of one culture, one language and one citizenry, with Malay heritage at its core. The intent was to encourage non-Malays voluntarily, or guided by state institutions, to assimilate into Malay culture. Religion, however, would soon become a politicized issue with the rise of Islamic movements and their activities that threatened the more moderate Malay-Muslims, and non-Malays who were mostly non-Muslims.

During the NEP's first decade, the changing international division of labour, together with the rise of commodity and oil prices, facilitated state intervention in the economy and society without overtly invoking the zero-sum perception that gain for one ethnic group would mean total loss for the others. The path of

state-led capitalist development, however, generated contradictions that exposed other lines of social fragmentation. Expressions of class, gender and religious, differences were met with the deployment of a mixture of strategies of coercion and consent. In this way state power became even more class-based, gendered and overtly (but superficially) Islamicized.

During the 1970s and early 1980s, repressive legislation (eg, the University and University Colleges [Amendment] Act 1975, and the Printing Presses and Publications Act 1984) were used to ban demonstrations and to depoliticize university campuses as Malay and non-Malay students allied with the peasantry (who, increasingly, were made vulnerable to global fluctuations in commodity prices) to challenge state privileging of the industrial over the agricultural sectors. On the other hand, wage rises were given to civil servants to stem their support for the students, as an official Islamization programme was promoted to quell the complaints of 'fundamentalists' or Islamicists that the development path had become increasingly capitalistic, Westernized and secularized. Further, the National Population Policy 1984, promoted officially as a key solution to anticipated labour shortages in the twenty-first century, was announced in a social context distinguished by heightened public discussions of the demeanour and alleged immoral recreational activities of young women workers in FTZs, and Islamic groups' perceptions that capitalist development was a primary cause of men's real and perceived loss of control over their womenfolk.²⁵ Hence, this pro-natal policy would begin to legitimize the redomestication of women from certain classes as Dr Mahathir Mohamad, who ascended to the prime minister-ship in 1980, suggested that women should stay home to have more babies if they could afford to do so.²⁶

With the election of Prime Minister Dr Mahathir at the beginning of the NEP's second decade, a greater sense of Malay nationalism was introduced into the economy. Within the first few years of his leadership, the ownership and control of European corporations that date back to the colonial era (eg, Guthrie, Sime Darby and Dunlop) were secured and transferred to state agencies and corporations linked to UMNO. The 'Look East' and 'Malaysia, Inc' slogans encompassed a sharp shift to the East Asian (specifically South Korean and Japanese) models of industrialization. In this Malaysian state-led heavy industrialization programme, the much-needed capital increasingly came in the form of foreign loans. However, the global collapse of commodity and oil prices by the mid-1980s soon forced what was perceived as the state's retreat from the economy.

Postcolonial state efforts to redress the colonial legacy by officially levelling the playing field for Malays in an era of heightened interstate competition for transnational capital meant much more than the provision of jobs and the redistribution of corporate wealth. What could be called a 'Polanyian double movement' emerged in which old and new social forces mobilized to demand protective measures against the real and perceived consequences of a social engineering programme embedded in the capitalist development path.²⁷ For example, organized labour's demand for the right to protection at work; environmentalists' for the right to a toxic-free environment; indigenous peoples' for the right of control of ancestral land; the Chinese community's for the right to

cultural continuity (eg language and education issues); and Islamicists' for the right to religious lifestyles and national governance, assumed the forms of various wars of movement and wars of position against the state. The opposition parties also called for transparency, especially in economic privatization projects and oversight of FPES.²⁸ These distinctly issue-oriented activities collectively presented an assault on the UMNO-controlled state's legitimacy. By 1987 divisions within the rank and file of UMNO over control of the content and direction of policies for the Malay community resulted in a highly publicized legal battle, and temporarily threatened Dr Mahathir's control of the party and the state apparatus. Raising the spectre of the 'May 13 riots', the state deployed coercive-repressive force in the form of 'Operation Lallang' to maintain social order by weeding out alleged 'communist' and 'racial-religious' extremists. In that year, the ISA was invoked to detain a host of Malays and non-Malays from all walks of life, without recourse to trial.²⁹

As dissent was quelled, the state elite continued to adjust quickly to the changing global and regional economic environments. Ongoing and proposed infrastructural projects, privatization of FPES and NFPES, tax holidays, financial liberalization and tariff reductions were some of the policy responses aimed at attracting new flows of transnational capital redirected to Southeast Asia after the 1985 Plaza Accord that realigned G7 currencies.³⁰ Malaysia, with its improving transportation and communication networks, and the presence of a relatively depoliticized labour force, quickly became an even bigger host to foreign direct investment (FDI) in the region. Colonial and postcolonial era labour legislation, 'in-house' unions in the electronics industries, and the continued ethnically skewed union memberships in certain sectors, converged to ensure labour acquiescence. Despite, and perhaps because of the NEP, the association of ethnicity with economic function continues to a certain degree to characterize union membership. Although Malay union membership increased because of employment quotas, it was found that Malays dominated public sector unions such as those relating to civil defence and agriculture, whereas the percentage of non-Malays was higher in private sector unions relating to the banking and several service industries.³¹ Different industry issues then affected predominantly different ethnic groups.

Most of the NEP's restructuring targets were met towards the end of its term: eg the official poverty rate declined from 49.3% in 1970 to 15% in 1990, as the percentage of registered Malay professionals (eg architects, doctors, and so forth) and Malay ownership of corporate wealth within the two decades respectively rose from 47% to 58.8%, and from 2.4% to 20.3%.³² The Malay middle classes had become a major social base within UMNO, as the Malaysian middle classes became key social forces of the state.

'Wawasan 2020': building a modern Malaysian civilization

The post-NEP period challenged the postcolonial state elite's ability to negotiate a tenuous path between wholly giving into the demands of neoliberal economic restructuring and subsequent political reforms (hence risking destabilizing the social order), or emphasizing the particularities of state-led development (hence

risking alienating transnational capital required for development). The path chosen was to continue the NEP in the form of the National Development Policy 1991–2000 (NDP), albeit with four major policy shifts: to encourage private-sector led growth; to concentrate on eliminating serious poverty; to expand the development of BCIC; and to focus on human resource development.³³ Subsequently, Dr Mahathir's 'Wawasan 2020' (Vision 2020) offered a long-term comprehensive plan to realize 'a society that is democratic, liberal and tolerant, caring, economically just and equitable, progressive and prosperous, and in full possession of an economy that is competitive, dynamic, robust and resilient', by the year 2020.³⁴

Despite the NEP's apparent success in levelling overall socioeconomic differences between the Malay and Chinese communities, the perceived need for a social engineering programme remained because of major interrelated developments beyond and within the country. Increased interstate competition for transnational capital required forward-looking strategies, especially as the logic of capital accumulation in Asia by then had illustrated the fallacy of the 'flying geese' formation of first, second and possibly third-tier newly industrializing countries (NICs) led by Japan. Further, the expansion of the Malaysian middle classes elicited the question of how state transformation in the course of economic restructuring could occur without the loss of unprecedented power that was gained over the economy and society during the NEP era.

The net consequence was a social engineering programme designed to play down particularized identities even as it renewed them, and to demonstrate the state's retreat from the economy even as it remained somewhat entrenched in shaping and allocating the structures and processes of capital accumulation. The twentieth century's last decade witnessed state implementation of new strategies of garnering consent, and the invocation of old strategies of coercion that relied on the use of physical force and repressive legislation.

Given the earlier lesson of Singapore's failed Second Industrial Revolution, together with emerging low wage economic competition from the People's Republic of China and Vietnam, the state responded by participating in the establishment of subregional growth zones (eg Johor–Riau–Singapore growth triangle) that capitalized on the comparative advantage of each country's contributing region.³⁵ Equally importantly, preparations were underway in Malaysia to build a strong information technology sector while trying to maintain the competitiveness of the manufacturing and agriplantation industries. Malaysians were exhorted to upgrade their skills, most notably in the effort to nurture an 'IT' society that values and uses information technology as the means for capital accumulation in a globalizing world. The construction of the 'Multi-media Super Corridor' (MSC) outside Kuala Lumpur would be the region's geo-cyberspatial site for innovations in a variety of areas such as 'e-government' and 'e-commerce'.

One consequence of Vision 2020 in general, and the construction of the information technology sector in particular, was that Malaysian workers were increasingly reluctant to occupy low-wage and low-skill jobs. Yet the low wage labour demands of various industries had to be met even though the focus was primarily on developing human resource capabilities for an IT society. The

transnationalization of labour offered a ready-made solution. Malaysian employment of migrant workers from the Philippines and Indonesia had already begun as early as the 1970s because of low-wage jobs in domestic service and agriplantations made vacant by the NEP's pro-Malay urbanization policy and the relocation of transnational manufacturing industries to the country. By the late 1980s growing low-wage labour demands prompted official regulation and encouragement of construction, agriplantation, manufacturing, domestic service and travel-industry related workers from South and Southeast Asia.

The opening of the immigration gates, then, became an important state strategy for modifying the development path while garnering consent from Malaysian business and household employers. Yet the increasing population of foreign migrant workers threatened to undermine state regulation of social order. By 1998 there were some two million documented and undocumented migrant workers in a labour force of nine million. Every two in five workers were foreigners who occupied temporary low-wage jobs. Even in the midst of the 1997–98 financially induced economic recession, an earlier official announcement to repatriate nearly one million migrant workers had to be rescinded because of industry-related complaints that, despite the recession, Malaysian workers continued to reject such jobs.³⁶

The state continues to attempt to shape migrant identity and to regulate migrant movement in society by relying on immigration controls, and on discourses that construct migrants as ungrateful 'guest' workers who engage in extra-legal activities and who avail themselves of public services intended for Malaysians. Public management of migrant identities has produced an 'insider-outsider' distinction in society that enables the employment of foreign workers, yet mitigates overall Malaysian support for legitimate migrant complaints and rights.³⁷

As the economy experienced sustained growth at roughly 8% per annum, the entire country seemed immersed in helping to realize Vision 2020. The inflow of long- and short-term capital, hastened by the liberalization of financial services, provided a sense of unstoppable wealth creation that encouraged the Malaysian middle classes' consumption of high-end goods as a principal manner of differentiation from the working classes; speculative activities in real estate and shares of publicly listed corporations; and the construction of even more massive infrastructural projects.³⁸

The first half of the 1990s that celebrated Malaysian economic achievements also seemed to temper the gendered and ethnicized bases of state power. After nearly one decade of lobbying efforts by the Joint Action Group of 20 women's organizations, Parliament finally passed the Domestic Violence Act 1994 (DVA) that criminalized violence against women. There continue, however, to be difficulties in consistent enforcement of the DVA because of existing attitudes with regard to domestic violence.

The National Cultural Policy underwent revision as well. In 1991 Dr Mahathir introduced the concept of 'Bangsa Malaysia' or the Malaysian nation, in which the different ethnic groups would accept the constitution, speak Bahasa Malaysia (Malay language) and consider themselves equal citizens of the country.³⁹ Thus,

the Malay, Chinese and Indian peoples were encouraged to retain their respective cultural identities under the rubric of a Malaysian national identity.

The replacement of a cultural assimilationist stance with that of cultural integration was revealing of the manner in which the UMNO-controlled state could retain its legitimacy, which had been premised on the ability, first and foremost, to protect Malay interests. State production of difference—in this case, the redrawing and re-emphasizing of cultural boundaries—became a necessity in a time characterized as well by state production of similarity—eg nurturing consumption-oriented modern Malaysian middle-class lifestyles and identities to expedite the growth of capitalist markets, and promoting specific utilitarian values deemed conducive to realizing an industrialized knowledge-based economy.⁴⁰

The global ascendancy of neoliberalism that rejects overt state intervention in the economy posed an even greater challenge to UMNO state trusteeship. However, economic privatization projects in particular mainly fell into the hands of key politicians within UMNO, their major supporters and, to a lesser extent, MCA and MIC. This resulted in the emergence of a multi-ethnic group of politically connected Malaysian tycoons at the helm of publicly listed conglomerates gradually built from vertical and horizontal integration and control of industries. Transnational capital's initial willingness to overlook this as financial services were liberalized, and the World Bank's designation of Malaysia as a 'miracle' economy, especially encouraged the massive inflow of short-term portfolio funds. By 1996 the Kuala Lumpur Stock Exchange (KLSE) was ranked among the world's top 10 bourses in terms of market capitalization and volume transactions. Arguably then, the UMNO-led National Front ruling party and the state remained somewhat entrenched in the economy, albeit in proxy form.⁴¹

Patriots and traitors

The period of sustained economic prosperity was not without criticisms of the state's privatization projects and contracts, especially in relation to construction of the RM15 billion Bakun Dam. With a flood size of Singapore, the dam was to be a major source of hydroelectric power and national pride for the country. From the awarding of the contract without tender, to the projected amount of timber revenue and state compensation for displaced indigenous communities, the Bakun project would become an important issue around which a coalition of 40 organizations succeeded in transcending ethnic, religious, gender and class differences to stop construction of the dam.

The coalition, called Gabungan, consisted of several opposition political parties and non-governmental organizations (NGOs) that had specific constituencies such as the youth, indigenous peoples, women and labour, and that specialized in issues ranging from the environment, social justice, human rights, religion and trade. The coalition scaled down and across to link with various local community groups, and it also scaled up to link with foreign NGOs and states in order gain support from the domestic and international public against the Bakun project.⁴²

Gabungan's ability to tease out the potential interrelated consequences of the

Bakun project presented a very viable and collective threat to the state as it became extremely difficult for the authorities to revert to accusations of communist, or extremist religious and communal influences. The coalition's wars of position, especially in the form of write-in campaigns and non-violent demonstrations, were aimed at public and private sector institutions that had direct and indirect interests in the project.⁴³ On several occasions, state authorities relied on repressive legislation such as the Police Act 1967 to prohibit or to disperse public gatherings.⁴⁴

The clearly irritated Prime Minister said, in response to a lawsuit won by a group of indigenous people to stop work on Bakun, that 'It is about time that our NGOs think of themselves as Malaysians ... They are totally irresponsible. They do not love their country at all.'⁴⁵ Dr Mahathir and his cabinet members accused Western interests of inciting Malaysians to protest against what was considered necessary for continued rapid industrialization.⁴⁶ From the state elite's perspective, Gabungan threatened to betray over two decades of efforts to move the country from a developing to a developed status. Although the Court of Appeals overturned the verdict, the Bakun project would be postponed indefinitely because of the financial crisis that affected Asia in 1997.

As a key aspect of neoliberal globalization, the liberalization of financial services and capital accounts in the region and elsewhere occurred without adequate national and international oversight of financial flows. This had the effect of legitimizing the commoditization of currency and what could be called 'casino capitalism', especially in emerging markets.⁴⁷ The precipitating and structural causes of the 1997 financial crisis continue to be debated today, with emphasis placed on a combination of national and international factors.⁴⁸ At the height of the crisis in Malaysia, the ringgit was devalued by nearly 50% while the KLSE fell in value by roughly 70%. When the crisis led to an economic recession, ensuing political and social unrest threatened to fragment the state and undermine social order. Via a mixture of consent and coercion strategies however, UMNO was able to retain its leadership of the National Front ruling party, and its control of the state apparatus.

Of particular relevance here is the continuation of the 'patriot-traitor' theme in state regulation of social order. During the early phase of the crisis, expressions of particularized identities and interests were subordinated to the larger and more patriotic concerns of defending the currency and the economy. Extensive media coverage of the Prime Minister's call to regulate international currency speculation, and his criticism of IMF programmes in the worst-hit Asian countries, directed public discourse to the exclusively international causes of the sharp economic downturn in the country. Daily reports of foreign interests, especially Western corporations, purchasing the cheap assets of failed banks and finance companies from Tokyo to Bangkok bolstered his argument that the crisis in Asia was planned, at worst, to facilitate Western recolonization of the country and region.⁴⁹ Even opposition leaders voiced their support for the Prime Minister's call to regulate international foreign exchange transactions, as the 1998 Consumer International Conference identified the absence of international financial and monetary supervision as responsible for precipitating the crisis in the region.⁵⁰

Key social forces rallied to the defence of the Prime Minister. Wanita (women) MCA's campaigns for women to come together and demonstrate their national love and pride had seen the participation of between 5000 and 10,000 women in each state, while Wanita UMNO's Ehsan Wanita Campaign encouraged women to save for the country.⁵¹ Malay and non-Malay middle-class women especially pledged to save as much as they could, to donate their jewellery as a way to increase the country's reserves and, when possible, to buy only Malaysian-made products.⁵²

Public exhortation of patriotic acts shaped the responses of organized labour as well. The proposed MTUC and CUEPACS boycott of fish suppliers (for hiking prices) led to public criticism by the Federation of Malaysian Consumers' Association (FOMCA), which argued that, given the circumstances, a boycott of producers would be counter-productive since they too were Malaysians affected by the depreciating currency. Instead, FOMCA publicly suggested that the other two unions stick to their original missions of addressing worker rights.⁵³ Despite attempts to connect the issue of labour to consumer rights, coalition building between MTUC, CUEPACS and FOMCA was mitigated by the latter's sense of preserving and appealing first to national unity.

The seemingly smooth path that patriotism took in suffusing the public arena soon became conflictual when the state elite were faced with the need for effective economic policy responses. Their responses revealed contradictions inherent in trying to balance the spirit of the NEP with the requirements of and for an open economy. In his capacity as Finance Minister, Deputy Prime Minister Anwar Ibrahim introduced 'IMF measures without IMF assistance' to curtail sharply public expenditure, imports and credit growth.⁵⁴ Not only did the Prime Minister disagree with the measures, he also argued that relaxation of the NEP's Malay corporate equity rule would be temporary (to allow non-Malays to buy into Malay-owned corporations), as he preferred to keep corporate control in Malaysian, rather than foreign, hands.⁵⁵ However, in order to maintain foreign investor confidence in the economy, Anwar insisted that the relaxation of the equity rule was a permanent, and not a temporary policy. Torn between the need to lure back investment capital to prevent further economic downturn, and the need to protect Malaysian interests in general and Malay interests in particular, Anwar's choice of the former option projected him as pro-IMF and pro-West, especially in the light of the parameters of public discourse that had already been established.

This potential fragmentation of state power was reflected and exacerbated by the traditional mass media in which television and newsprint reports had the effect of creating two categories of public voice, ie what it meant to be a patriot and what it meant to be a traitor of an economically embattled country. The construction of this oppositional dyad in public discourse served to curtail criticisms and accusations of inequality and injustice arising from policies that had greatly benefited politically connected Malay, Chinese and Indian tycoons and their complex webs of corporate holdings. At the April 1998 UMNO general assembly, supporters of the Deputy Prime Minister called for an end to corruption and nepotism in the light of the state's proposed use of Employee Provident Funds to bail-out tycoons and their corporations that were linked

especially to the Prime Minister's sons. Dr Mahathir countered by insisting that, if he was guilty of nepotism, cronyism and corruption, then so was every Malay beneficiary of the NEP; and he also warned Malays of following a leader who would help foreigners recolonize the country. According to an UMNO member, the instant that such a connection was made between the NEP and favouritism, most of the prime minister's UMNO critics and potential detractors 'had no other way but to defend the NEP'.⁵⁶

In September 1998 the social construction of the patriot and the traitor in public discourse helped justify the simultaneous application of a unique strategy to garner consent from those who would consider themselves patriots, and a strategy of coercion-repression to purge the state apparatus, UMNO and society of those who were considered traitors. Capital control measures, eg withdrawing the Malaysian ringgit from international currency exchange markets, instituting a formal peg of RM3.8 to the dollar and severely restricting the out-flow of short-term transnational portfolio funds, were implemented to stabilize the economy. On the same day that the measures were announced, Anwar Ibrahim was sacked from his positions of Deputy Prime Minister, Finance Minister and UMNO's Deputy Vice President.

For the first four months after the imposition of capital control measures amidst political and social turmoil following the eventual arrest of Anwar, transnational portfolio fund managers registered their displeasure by refusing to invest further in the KLSE, and by downgrading public- and private-sector securities to junk bond status. By mid-1999, however, sensing that the region was poised for a slow but sustained recovery (the economies of the region had begun to exhibit signs of stabilization, and bourses from Japan to Singapore began to register huge percentage increases) the state gradually relaxed some of its capital control measures. Despite the existence of capital control measures, transnational portfolio funds that had ignored the KLSE began to return in order to be positioned to take advantage of a regional economic recovery. According to a fund manager from JP Morgan, 'politics is no longer the governing issue when you look at investing in Malaysia. It has a high stock of domestic savings, very little external debt and an economy that is heavily export-oriented'.⁵⁷ In brief, so long as social order was maintained, most forms of transnational capital would overlook some existing barriers to the flow into and out of Malaysia.

The Malaysian public's endorsement of state efforts to stabilize the economy was quickly subdued by mass demonstrations that erupted in response to the arrest of Anwar and his associates, and the discovery of the physical abuse to which he was subjected while in police custody. Key strategies of coercion-repression, such as the use of riot police armed with tear gas, and the ISA, were deployed respectively to disperse the demonstrators, and to silence dissent. Meanwhile, some strategies of garnering consent involved giving civil servants year-end bonuses despite the sharp economic downturn, and creating a government internet site to encourage the public to express support for Dr Mahathir.

In the light of the state's use of physical force as well as its direct and indirect control over traditional mass media, some Malaysians took their non-violent wars of position to cyberspace. More than 50 internet sites were set up for news, analyses and critiques of political economic governance in the country.⁵⁸

Although possibilities for censoring cyberspatial discourse were announced, the state elite remained constrained by their promise to long-term foreign investors that there would be no restrictions on the movement of capital and information within the MSC and the industrial sector. To do otherwise would be to risk disrupting FDI for the development of the high-technology corridor, and for deepening industrialization.

Three movements emerged in response to the political crisis in the country. Anwar's 'reformasi' movement, patterned after the successful Indonesian student-led movements that toppled Soeharto, was characterized by support from his Islamic constituency (established when he was the former leader of Angkatan Belia Islam Malaysia, an Islamic youth movement). The social base of Gagasan (Coalition of People's Democracy) consisted mostly of the urban multi-ethnic middle classes, whereas Gerak (Malaysian People's Movement) was dominated by rural and working class Malay-Muslims. Although the movements emphasized different issues, ranging from Anwar's case to political reform and/or social justice, they collectively agreed on a specific demand for reform of state regulation of social order, ie the repeal of the ISA. Members of the movements would later negotiate the formation of the Nasional Justice Party (NJP) or Parti Keadilan Nasional led by Dr Wan Azizah Wan Ismail (spouse of Anwar Ibrahim) in an attempt to win control of the state apparatus.

Significantly, oppositional discourse did not directly or consistently criticize the regional and global neoliberal economic restructuring processes that encouraged the Malaysian state's gradual opening of the economy during the past decade, nor the pressures on the entire region to heighten such processes during the late 1990s. Rather, the focus was primarily on the processes by which political favours were apportioned in the economy, and on state repression of dissenters. Given the history of the political economy of development in multi-ethnic Malaysia, this had the effect of fragmenting social forces along specific intersections of identity dimensions.

Major social forces' support for, or resistance to, a state apparatus led by Dr Mahathir depended, then, on their privileging of certain identity dimensions over that of others. In some cases, ethnicity was privileged over religion and/or class while, in other cases, ethnicity and religion were subordinated to class. UMNO's 1998 unofficial survey of the public revealed that seven out of 10 Malays were unhappy with the stewardship of the country.⁵⁹ The non-Malay middle classes were said to be supportive of Malay-led demands for political reform but this support was mitigated by concern over Anwar's overtly Islamic social base. Towards the end of 1998, and in the midst of mass demonstrations after Anwar's arrest, the Malaysian television stations reversed an earlier stance of refusing to broadcast images of ethnic and sectarian violence in Indonesia. The newly released images were thus intended to demonstrate to the Chinese and the more moderate Malays the potentially negative consequences arising from their participation in attempting to topple the UMNO-led National Front party, and from control of the state apparatus. The Malay, Chinese and Indian business elite continued openly to support Dr Mahathir and his policies aimed at ensuring social order and protecting domestic capital.⁶⁰

Ultimately, a perceived need to maintain Malay political hegemony in the

context of a semi-open economy was revealed in comments made by the respective leaders of UMNO and NJP. In his response to the demands of the Chinese-dominated opposition Democratic Action Party (DAP) for a 'Malaysian Malaysia', Dr Mahathir reminded Malays that the concept was a threat to their identity, and that 'it was a known fact that Malaysia previously was called "Tanah Melayu" [the Malay land]'.⁶¹ When asked about the Malay base of NJP, Dr Wan Azizah said 'but we hope it will also be supported by non-Malays. Remember: this movement started from the Malays. It is natural for the leader to be of Malay ethnic origin.' In reply to a question about her plan to continue or not the spirit of the NEP, she said that, 'Justice for all would include moving toward a society that values ability and excellence. But the main goals of the policy [NEP]—the eradication of poverty and the stabilization of ethnic relations through economic justice—must remain.'⁶²

The existing lines of social fragmentation, together with the UMNO-led ruling National Front's ability to manipulate them at crucial moments, helped prevent a change of political leadership in the general elections of November 1999. While Partai Se-Islam Malaysia (PAS) succeeded in gaining control of Trengganu, together with its previous stronghold of Kelantan in the northern part of the peninsula, the DAP would lose a number of parliamentary seats in the general elections because of Chinese retaliation for its collaboration with the overtly Muslim-based PAS in the formation of NJP.

Despite the financial crisis and consequent political and social unrest, the state in Malaysia is neither on the verge of disintegration nor on the precipice of transformation into one that unconditionally promotes private-sector economic competition that is blind to social differences. Transnational capital requires the state's existence to monitor orderly transactions in the economy and to regulate social order, as the state requires capital for domestic legitimation and pursuit of Vision 2020 in a multi-ethnic context. Increasingly, the UMNO-controlled state's *raison d'être* rests on an ability to enable most forms of globalized capital accumulation, while regulating social order that is characterized by moderate, as opposed to 'fundamentalist' Malay-Muslim political hegemony. While some social forces may look to the global arena for support against what they perceive as an unforgivingly authoritarian state, others continue to look towards existing state structures for protection of their varying interests and rights.

Conclusion

As analysed in the case of Malaysia, state transformation at every historical juncture has been paralleled by changes in development paths and the regulation of social order. During the colonial era, British 'good government' meant the establishment and naturalization of a 'plural' order that segregated Malays from Chinese and Indians in general, and that distinguished men's work from women's work in particular. In this way, the regulation of social order deemed pertinent to European control of the economy was promoted instead as protecting Malays or the heirs of the land, in a context of growing communities of the migrant Chinese and Indian labour.

After independence, economic inequalities that fuelled the 1969 ethnic riots

led to the expansion of an interventionist postcolonial state based on more overtly class-based, gendered, ethnicized and secularized power, and on a similarly conceived vision of society. The UMNO-controlled state proceeded to create a new civilization by pursuing an enormous social engineering programme to redress the colonial legacy of associating ethnicity with geo-economic functions. While the NEP may have levelled overall socioeconomic differences between the Malays and the Chinese, it also succeeded in generating and highlighting a host of differences along specific intersections of gender, ethnicity, class and religion in everyday life. The expressions of such differences were managed under the rubric of coercion and consent strategies.

Since the mid to late 1980s changing flows of transnational capital led to an apparent retreat of the state from the economy and society as economic intervention was replaced by policies favouring economic privatization, liberalization and, to some extent, deregulation, while cultural assimilation was relinquished in favour of cultural integration. This transformation from an interventionist to a seemingly competition state, however, masked what was the continuation of the social engineering programme in which the state sought to regulate social order by trying to manage the changing demands of forces within and beyond the country.

The 1997 financial crisis revealed deep crevices in the Malaysian economy and society. Even though rapid industrialization had expanded the Malaysian middle classes, wealth creation was inordinately biased towards key tycoons and their large conglomerates with ties to prominent politician-bureaucrats. By September 1998 domestic allegations and criticisms of state-sanctioned corruption, cronyism and nepotism were met by overt state re-intervention in the economy and society. Strategies of coercion and consent were applied, not from the perspective of mediating class contestations *per se*, but from the position of protecting Malaysians against an unregulated global financial system, against alleged covert Western attempts to recolonize the country, and against alleged domestic traitors who would help the latter complete their task. Physical force and repressive legislation were used to suppress mass demonstrations even though the silencing of critical discourse was made more difficult, in large part, because of continued efforts to create an IT-based economy and society.

It was during this period that state regulation of social order entailed imposing capital control measures to stabilize the economy in general and, in particular, to protect domestic capital against further financial instability. At the same time, it also entailed the manipulation of two layered and related sets of meanings in social identities: the civic responsibilities of citizen-patriots, and the resurrection of ethnic and/or religious-based affiliations that served to circumvent anticipated resistance from, and coalition-building between, different sets of social forces.

Thus, late twentieth century state regulation of social order in Malaysia evinced different strategies of coercion and consent applied or modified to help create a new multi-ethnic 'civilization' that can simultaneously embrace and reject different aspects of neoliberal globalization. So long as the key interests of the state elite, different forms of transnational capital, and various sets of social forces dovetail in the regulation of social order, resistance towards the state and/or transnational capital will then be fragmented. Despite, and perhaps

because of this, the path of capitalist development and state transformation that has to be mediated through historical legacies in Malaysia, cannot assume the wholesale adoption of neoliberalism in its economic and political dimensions.

The case study of Malaysia illustrates that the overall unfolding of the drama of neoliberal globalization is not predetermined, as previously anticipated in the 'end of state' and 'global village' perspectives. Further studies on state regulation of social order elsewhere in the world should advance our knowledge of the ways in which neoliberal globalization is affected by, and affects, state transformation.

Notes

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⁴ W I Robinson, 'Capitalist globalization and the transnationalization of the state', paper presented at the Annual Meeting of the International Studies Association, Los Angeles, CA, 14–18 March 2000, p 6.

⁵ World Bank, *The State in a Changing World*, Washington, DC: World Bank, 1997, p 25.

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⁷ For an analysis and critique of the causes underlying the shift in US policy from supporting authoritarian states to that of democracy movements in civil society, see W I Robinson, *Promoting Polyarchy: Globalization, US Intervention, and Hegemony*, New York: Cambridge University Press, 1996.

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¹⁰ A Gramsci, *Selections from the Prison Notebooks*, trans and ed, with an Introduction, by Q Hoare & G N Smith, New York: Lawrence & Wishart, 1971, p 246, emphasis added.

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 - ²⁵ Chee Heng Leng, 'Babies to order: official population policies in Malaysia and Singapore', in B Agarwal (ed), *Structures of Patriarchy: The State, The Community and The Household*, London: Zed Books, 1988; A Ong, 'State versus Islam: Malay families, women's bodies, and the body politics in Malaysia', *American Ethnologist*, 17(2), 1990, pp 258–276; and J Nagata, *The Reflowering of Malaysian Islam: Modern Religious Radicals and Their Roots*, Vancouver: University of British Columbia Press, 1984.
 - ²⁶ Chee, 'Babies to order', p 167.
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 - ²⁹ Committee Against Repression in the Pacific and Asia (CARPA), *Tangled Web: Dissent, Deterrence and the 27 October 1987 Crackdown in Malaysia*, Kuala Lumpur: CARPA, 1988.
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 - ³⁴ Mahathir Mohamad, 'Malaysia: the way forward', in Ahmad Sarji Abdul Hamid (ed), *Malaysia's Vision 2020: Understanding the Concept, Implications and Challenges*, Petaling Jaya: Pelanduk Publications, 1993, p 404.
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 - ⁴² *The Star*, 1 October 1996; 24 May 1997.
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- ⁴⁹ At the November 1998 APEC meeting held in Kuala Lumpur, comments by the US Vice President Albert Gore Jr in support of former Deputy Prime Minister Anwar Ibrahim's 'reformasi' movement, and later, global hedge-fund manager George Soros's suggestion that Malaysians ought to topple their leader, only strengthened the prime minister's allegations of foreign saboteurs' intent on destabilizing the economy and country.
- ⁵⁰ *The Star*, 31 March 1998.
- ⁵¹ *Ibid.*
- ⁵² The Minister of Transportation's comments that encouraged women to save for the country were revealing of the continued perception of women's work as located naturally and primarily in the private-domestic sphere of the household. He said, '[Women are] the ministers of finance, tourism, home affairs, education and consumer affairs in a household because they are the ones who decide on daily matters ... Men are considered foreign affairs ministers as they are not in the house most of the time and do not decide much on household matters.' *The Star*, 9 February 1998.
- ⁵³ *Ibid.*, 10 March 1998.
- ⁵⁴ *The Sun*, 13 January 1998.
- ⁵⁵ *The Star*, 26 February 1998.
- ⁵⁶ *Asiaweek*, 3 July 1998.
- ⁵⁷ Reuters, 19 May 1999.
- ⁵⁸ *Asian Wall Street Journal*, 30 March 1999.
- ⁵⁹ *Far Eastern Economic Review*, 12 November 1998.
- ⁶⁰ *Far Eastern Economic Review*, 3 December, 1998, and *Asiaweek*, 30 October 1998.
- ⁶¹ *Bernama*, 13 May 1999.
- ⁶² *Asiaweek*, 16 April 1999.