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*The case for rentierism as a cause for  
underdevelopment in Malaysia: Tourism Planning  
from Mahathir to the present day*

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## **Abstract**

Classifying Malaysia as a rentier state is unusual but the label allows for new insight into the development state debate. Rentier states are considered to be developing states on the basis that their governments purchase the growth that improves wealth and quality of life at a cost to enterprise and citizens become accustomed to reward being unrelated to effort. Purchased growth (where governments create employment by investing in projects) creates challenges for true development (where an economy evolves and develops without continual governmental involvement) and recognising the breadth of this phenomenon is significant.

By looking at tourism planning in Malaysia, a case for rentierism being the cause of underdevelopment in Malaysia was made. Making particular reference to the Meetings, Incentives, Exhibitions and Conferences (MICE) aspect of the tourism market, the thesis demonstrates that Malaysia is not only a rentier state economy but that its tourism industry demonstrates purchased growth that is compatible with rentierism.

The main argument of the thesis is that the most significant component of what signifies a rentier state is a rentier state mentality. Four case studies of MICE tourism destinations are used to demonstrate attitudes that have emerged from a government policy of purchased growth. When the case for underdevelopment as emerging from rentierism is made, the rentier state mentality in Malaysia is used as evidence for the label and its application.

Tourism is a commonly proposed solution to the problem of underdevelopment but what this thesis demonstrates is that the way diversification of a rent-based economy is approached is more significant than what that economy diversifies into. Underdevelopment in Malaysia results from the tourism planning being based upon purchased growth not because tourism is an inappropriate industry for economic development in Malaysia.

Institute of Middle Eastern and Islamic Studies  
Durham University

**The case for rentierism as a cause  
for underdevelopment in Malaysia**  
**Tourism Planning from Mahathir to the  
present day**  
PhD Thesis: 2011



**Kathryn  
Ashcroft**

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'KL' will forever feel like a home I'm away from now and I left many wonderful people behind. Thanks go to Danielle, Qurratu, Guna and especially to Hussein. You were my family. Thanks also to my mum and brother for their much appreciated visits and to Trev who was a fantastic travelling companion for a number of weeks and with whom I shared a memorable tropical Christmas. Appreciation goes also to Jan and to Richard for our many msn conversations across the miles and time zones.

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Finally, thanks to James. You gave me the push I needed to move to Malaysia and then a reason to return.

*The copyright of this thesis rests with the author. No quotation from it should be published without the prior written consent and information derived from it should be acknowledged.*

## Preface

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Around the time I was writing up my MA thesis, *Confidence as a route to Economic Development in Post War Vietnam*, an advert was being aired on British TV. The advert was for Malaysia, a country I had previously given little thought beyond its diplomatic and economic relations with Singapore and Vietnam. What captured my attention was the slogan *Malaysia, Truly Asia*. The grandness of this claim led to an almost immediate fascination with this diverse nation with its passionate leaders, multilayered cultures and incredible ambition. I had always dreamt of living in a foreign country and was struck by a desire to move to Kuala Lumpur.

Less than 48 hours into my first trip to Kuala Lumpur I had signed the lease on an apartment with a view of the Petronas Towers. It was the most impulsive thing I have ever done and when the recession hit in the UK and the exchange rate saw my rent soar I almost regretted it. But KL for me reflects transition and resilience; I learnt many important lessons. A trip that started as fieldwork for a PhD ended up changing my life.

Is Malaysia truly Asia? I'd like to dismiss the claim as arrogant hyperbole but as I sit here today (on a train from Stockport to my new hometown of Gloucester) I'm struck by an inability to frame the country better. Malaysia was truly the Asia of my dreams. Arrogance and hyperbole is all part of the charm she holds for me.

## Acronym List

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ASLI	Asian Strategy and Leadership Institute
BMA	British Military Administration
BN	Barisan Nasional
CPPS	Centre for Public Policy Studies (part of ASLI)
EPU	Economic Planning Unit
ISA	Internal Security Act
KLIA	Kuala Lumpur International Airport
LCCT	Low Cost Carrier Terminal
MICE	Meetings, Incentives, Conferences and Exhibitions
MCA	Malaysian Chinese Association
MCP	Malayan Communist Party
MPAJA	Malayan People's Anti-Japanese Army
NEP	New Economic Policy
NRIC	National Registration Identity Card
OSA	Official Secrets Act
PA	Police Act
PPPA	Printing and Presses Act
TUA	Trade Unions Act
UMNO	United Malays National Organisation
UNDP	United Nations Development Program
UNWTO	United Nations World Trade Organisation
UUCA	University and University Colleges Act



## Malay-English Dictionary

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<i>Allah-u-akbar</i>	God is great
<i>Aurat</i>	Islamic law relating to parts of the body which may be shown
<i>BERSIH</i>	Malay for 'clean', <sup>1</sup> the electoral watchdog
<i>Bumiputera</i>	Sons of Soil; native people of Malaysia. See page 114 for the legal definition in Malaysia
<i>Cukuplah</i>	Enough, i.e. no more than that
<i>Fatwa</i>	'In Islamic jurisprudence a fatwa is an opinion that a Muslim is not obliged to follow. It is not a law.' <sup>2</sup>
<i>Mee</i>	Noodles
<i>Rakyat</i>	s. Person, pl. The People
<i>Rukunegara</i>	Basic principles of the nation
<i>Sharia</i>	Law based on the Qur'an; Islamic law
<i>Warung</i>	Small informal eatery, often outdoors

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<sup>1</sup> Ang, Helen, 'The Turning-Point Rally' in Chye, Kee Thuan, *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.83

<sup>2</sup> Surin, Jacqueline Ann 'Decision not to gazette law laudable' (21-22 Jan, 2006) in Surin, Jacqueline Ann, *Shape of a Pocket* (Petaling Jaya, The Edge Communications Sdn Bhd, 2008) p.p.24-25

# 1 : Introduction

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## 1.1 Aim of the research

A rentier state is characterised by highly valued national resources owned and controlled by the government. Beblawi and Luciani define a rentier economy as one which is 'substantially supported by expenditure from the state, while the state itself is supported by rent accruing from abroad.'<sup>3</sup> For Yates, the key thing about rentier state theory is that it looks as much to internal issues such as the emergence of a rentier mentality as it does to external issues.<sup>4</sup> This thesis focuses on the internal issues relating to rentier economies, in particular a feature of rentier economies being an influential welfare state. In the case of Malaysia (as with many other oil-producing states with rentier features) this enables special privileges for a selected ethnic grouping within the country.

A reliance on oil means that economic growth and development cannot be sustainable, and so diversifying into other sectors is important. For many nations, tourism is an attractive option. Malaysia's government despite being a liberal democracy in name, features strong elements of central planning and has attempted to affect markets in the past (activity following the 1997 Asian Financial Crisis is a prime example of this as discussed in Chapter 3.1). In encouraging tourism, Malaysia has demonstrated strong planning and given particular encouragement to the favoured ethnic group (the Malays).

This thesis critiques the way Malaysian tourism is being promoted and seeks to make the case for rentierism as a cause for underdevelopment in Malaysia<sup>5</sup> with particular reference to the Meetings, Incentives, Exhibitions and Conferences (MICE) aspect of the tourism market.

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<sup>3</sup> Beblawi, Hazem and Luciani, Giacomina, *The Rentier State* (New York, Croom Helm, 1987) p.11

<sup>4</sup> Yates, Douglas A., *The Rentier State in Africa – Oil Rent Dependency and Neocolonialism in the republic of Gabon* (Trenton and Asmara, Africa World Press, Inc., 1996) p.5

<sup>5</sup> For the purposes of this thesis, underdevelopment is used to describe the situation where resources (human and physical) are not used to their full potential resulting in lower levels of development than might otherwise be obtained.

## 1.2 Research questions

The aim of the thesis is approached through the consideration of four research questions: What has been the role of the Malaysian state in managing sustainable development? How has Malaysian society been manipulated by government policy? How has Malaysian tourism evolved and to what degree does it characterise rentierism? And to what extent has tourism in Malaysia reflected distorted development in the quest for identity?

These questions move the thesis through a metaphorical tunnel, narrowing the scope of the ideas to reach a conclusion about tourism as a tool for development in a rentier state economy.

*a) What has been the role of the Malaysian state in managing sustainable development?*

Every state is faced with the same decision regarding its economy; where to position oneself on the line between complete free market economics and a completely planned economy. This first question is tackled through a review of the literature concerning the growth of tourism and its role in the World economy which outlines the ways in which sustainable development has been conceptualised. This is put in a historical context which highlights the significance of Mahathir, Malaysia's fourth Prime Minister, before being examined within the outlines of questions about the legitimacy and effectiveness of Mahathir's 'mega projects.' The understanding of sustainable development and example of state involvement provide the backdrop to the two double case studies.

*b) How has Malaysian society been manipulated by government policy?*

All decisions made by a welfare state impact on and change the face of the society they seek to 'cure' but the Malaysian Government deliberately sought to change the pace and direction of race relationships in a particularly significant way. The degree of success of these policies and the responses to them reflect the nature of Malaysia

as a rentier state. As the role of the Malaysian state in managing sustainable development is being assessed, the impact of governmental involvement upon society begins to emerge and is described extensively in a sub-chapter on the equality and identity of the Malay people. The topic is then a central one in the two double case studies.

*c) How has Malaysian tourism evolved and to what degree does it characterise rentierism?*

Tourism in Malaysia has experienced massive change within a very short period from the leisure industry largely being the privilege of the colonists to a huge industry catering for vast numbers of local, regional and global peoples. One trade off of rentierism is generally considered to be benefits for the (selected) citizens so a pro-local industry could be understood not only as a characterisation of rentierism but also as a specific development tool as it supports the ideology of the state. The two double case studies examine the impact of MICE tourism upon the Malays in particular and the question is then addressed specifically.

*d) To what extent has tourism in Malaysia reflected distorted development in the quest for identity?*

This final question results from the teasing out of clues that reveal the core issue relating to Malaysian tourism. The key issue in tourism has been shown to be sustainability, the role of the Malaysian state has been assessed and the impact of this upon society considered, tourism as a reflection of rentierism has been examined leaving the issue of a Malaysian quest for identity and the extent to which tourism can reflect a distorted development as this is undertaken. Addressing this question makes the case for rentierism as a cause for underdevelopment in Malaysia.

### 1.3 Objectives and thesis outline

The objectives of this thesis meet the aim of making the case for rentierism as a cause for underdevelopment in Malaysia by addressing the above questions as the thesis progresses through the chapters. Chapter two, the methodology, outlines the hypothesis before describing the strategy and methods for the researching of the thesis' data and ending with acknowledging the limitations of the thesis and making some observations on the sources used within the thesis.

Chapter three, the historical perspective, individually charts Malaysia's governmental history then tourism industry history with an introduction of the MICE industry. The governmental history is split into three eras, from emerging independence to Dr Mahathir; the Mahathir Years and Mahathir's Aftermath. This both acknowledges the significance of Mahathir to Malaysian political history and sets the context for Chapter four. The tourism industry history is broad in focus and offers an overview of the sector from a wide variety of sources in order to create the best visual picture of what tourism in Malaysia is like. This separation of government and market sets a trend for the thesis whereby tourism planning is interpreted according to whether it is state or market driven.

In Chapter four a literature review begins to address what the role of the Malaysian state in managing sustainable development has been with regards to tourism. Attention is then given to two theoretical ideas in Chapter five: the first theoretical idea outlines who the Malays are, what their religion is and what their politics are before asking questions of equality and identity in Malaysia; the second theoretical idea questions the legitimacy and effectiveness of some of the policies of Malaysia's fourth Prime Minister, Dr Mahathir. These questions seek to get to the root of the issue of Malaysian rentierism and conceptualise the thrust of Malaysian political economy.

Chapters six and seven each consist of a double case study, the first on the resorts of Pulau Langkawi and Genting Highlands and the second on the cities of Kuala Lumpur and Putrajaya. The first double case study is focused on Pulau Langkawi

with Genting Highlands providing a comparison. Pulau Langkawi as the resort it is today is claimed as the brainchild of Mahathir and falls within the thesis' working definition of a mega project. Genting Highlands by comparison is a resort that responds to market forces and has evolved rather than been planned. The second double case study has the market-led Kuala Lumpur as its focus with the mega project of Putrajaya as its comparison. Both double case studies draw attention to the role of state involvement, impacts on Malaysian society and the significance of rentierism.

Chapter eight brings together the theoretical and empirical work to define Malaysia's Political Economy in terms of characterising rentierism in Malaysian tourism and assessing the distortion to development resulting from the quest for a Malaysian identity. The case for rentierism as a cause for underdevelopment in Malaysia is then made.

Chapter nine concludes the thesis by considering the solution to underdevelopment in a rentier state.

## 2 : Methodology

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This chapter outlines the hypothesis of the thesis before outlining the research strategies and methods employed in the thesis to address the questions outlined in the previous chapter. A final section provides an overview to the culture of Malaysia's laws and education which have led to a population with a specific style of expression which needs to be borne in mind when considering Malaysian source material.

### 2.1 Hypothesis

This thesis rests upon the idea that the development state requires sustainable solutions to the problem of how to achieve economic growth. Furthermore, a distinction is made between purchased growth (where governments create employment by investing in projects) and true development (where an economy evolves and develops without continual governmental involvement).

Previous research done on *Singapore's Technological Growth: The Government and Market Debate* (2004) and *Confidence and a route to Economic Development in Post War Vietnam* (2006) highlighted the significance of psychological factors upon economic development and defended Governmental intervention. In the Singapore study it was demonstrated that economic success was related to a state's culture and 'attributed to the economy's values, its institutional structures and its social relationships' in addition to economic strategy. While understood to be quasi or semi-authoritarian, the explanation of paternalistic government which while lacking toleration for dissent and reinforcing the party by political controls and limitations on free press nonetheless brought positive aspects 'such as the recognition of merit and encouragement of development on a national scale' was understood as legitimising central control. It was thus argued that it was justified for the Government to intervene to compensate for distortions as a form of neo-authoritarianism.<sup>6</sup>

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<sup>6</sup> Ashcroft, Kathryn, *Singapore's Technological Growth: The Government and Market Debate* (Durham University, Unpublished, 2004) p.p.4 and 10-11

In the Vietnam study, confidence theory was developed as a model for analysing routes to economic development. The model looked at external confidence (the confidence in a state by other nations and organisations for trade and aid), governmental self-confidence (the confidence a government has in its own abilities and in the capabilities of the nation) and citizen confidence (the confidence a states citizens have in their government and country). The thesis included a colonial history of Southeast Asia which while acknowledging positive elements of colonialism nonetheless reflected a process that engendered dependency. What was demonstrated in the work was that regardless of the nature of government policies, the perception of those policies by outside parties, the government itself and perhaps most crucially, the citizens was key to a post dependent economy.<sup>7</sup>

For a development tool to be successfully implemented in Malaysia therefore, it was considered necessary to characterise the government and citizens. It was recognised that there were at least elements of paternalistic intent in the Malaysian Government's motivation and that the Malaysian citizens suffered a crisis of confidence in not only the state but in their very identity. These factors when considered against development funded by rent, led to the definition of Malaysia as a rentier state economy.

The thesis seeks to demonstrate that concepts such as rentier states rests more upon the psychology of a nation than upon trade statistics and that by understanding the motivations and concerns of citizens, solutions to dependency can be raised. The conclusion of the Singapore study was that where the citizens of a nation are nurtured as a valuable commodity, there is a justification for government intervention.<sup>8</sup> The conclusion of the Vietnam study was that confidence can provide a framework for examining economic development:

By examining the feelings behind the motivations of external actors, one can better suggest actions to meet their perceived requirements which will of course enhance the relationship. By considering the feelings of the government in question and looking at how it perceives itself, one can read

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<sup>7</sup> Ashcroft, Kathryn, *Confidence as a route to Economic Development in Post War Vietnam* (Durham University, Unpublished, 2006) p.p.5 and 8

<sup>8</sup> Ashcroft, *Singapore's Technological Growth: The Government and Market Debate*, p.50



much into why certain policies have been chosen. This could be a useful tool when used in conjunction with other frameworks that cannot determine a solution. Finally, by assessing the feelings of the citizens of that state one can appreciate the motivations of the workforce. This enables one to understand why some seemingly good policies (such as the employment laws in Vietnam) do not deliver the required response.<sup>9</sup>

The thesis therefore features consideration for the identity of the Malays throughout.

The hypothesis for the thesis is that Malaysia is not only a rentier state economy but that its tourism industry demonstrates purchased growth that is compatible with rentierism and that for true development it is necessary to move beyond the rentier state to a post-rentier state such as Dubai.

## 2.2 Research Strategy and Methods

The research approach for this thesis utilised a number of different research strategies over three overlapping time periods with each strategy incorporating slightly differing research methods. A Gantt chart (Chart 2.1) showing the timing of the empirical research is presented at the end of this section.

### **a) Phase One**

*Strategy: Grounded Theory*

*Method: Observation and Documents*

Whilst still reviewing literature, I relocated to Kuala Lumpur. Residing in the country being studied contextualised both the literary material and the results that would later emerge from the case studies. Denscombe explains 'grounded theory' as a strategy where you 'develop the theories on the basis of empirical research and gradually build up general theories that emerge from the data.' This early fieldwork allowed for the unstructured following of leads as various ideas were explored. When using grounded theory, the researcher is expected to 'start research without any fixed ideas about the nature of the thing that is about to be investigated or how it operates'

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<sup>9</sup> Ashcroft, *Confidence as a route to Economic Development in Post War Vietnam*, p.113-114

and so in setting forth in this manner, all that is required at the beginning is that the site be relevant, 'the criterion for its selection need only be that it might reasonably be expected to provide relevant information on the situation, event or group the researcher is interested in investigating.'<sup>10</sup>

The main method used during the strategy period of grounded theory was participant observation. Several different aspects of Kuala Lumpur society were explored; most significantly the expatriated community; the children of both expatriate and local elites and those involved in the service industry sectors that cater for expatriates. These groups were those that touched upon my day to day life and their attitudes and experiences enabled some early theories to emerge. A second method was the use of documents. These sources included books published in Malaysia and Singapore, material sourced at a freedom of information event, expatriate magazines and local news (mostly via the site malaysiakini.com).

One outcome of the first phase of fieldwork was the recognition of a number of factors that must be considered when analysing the development of Malaysia. These factors were; the significance of race and religion (see Chapter 5.1), the controls over the media and the lack of freedom of expression (see this Chapter 3.3), and the contextual necessity of the views and actions of Malaysia's fourth Prime Minister, Dr Mahathir (see Chapter 5.2). The second outcome of the grounded theory phase of fieldwork was the framing of the second phase of the fieldwork.

### ***b) Phase Two***

*Strategies: Ethnography and Phenomenology*

*Methods: Interviews and Observation*

As themes began to emerge, a more planned approach was required. The strategies of ethnography and phenomenology overlap in several ways but there are some key differences. Ethnography has an emphasis 'on the need to look at the interlinkages between the various features of the culture and to avoid isolating facets of the culture from the wider context within which it exists,' an approach that Denscombe describes

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<sup>10</sup> Denscombe, Martyn, *The Good Research Guide for small scale research projects* (Berkshire, Open University Press, 2008) p.p. 89, 93 and 94

as 'holistic' in that it 'stresses processes, relationships, connections and interdependency among the component parts.' Phenomenology by comparison, rather than constructing an account that integrates many factors to provide a comprehensive overview, considers 'how social life is constructed by those who participate in it' and allows for 'multiple realities.'<sup>11</sup> I thus immersed myself and documented a myriad of aspects of Malaysian culture as witnessed through my eyes but also made study of the perceptions of the expatriated community, the children of both expatriate and local elites and those involved in the service industry sectors that cater for expatriates.

Ethnography and phenomenology often use similar methods. Interviews were unstructured and largely covert although at all times I was upfront about my motivations for being based in Malaysia. Conversations enabled both the development of my own ideas and the assimilation of the views of others. Interviews which contributed to my ethnographic strategy are listed in Appendix One by the individuals' job title, work location and date of interview. Interviews which contributed to my phenomenological strategy are listed in Appendix Two by the individuals' first name, what they did for a living and where they were interviewed. There is overlap with the phenomenological interviews with phase one of the research in that these interviews also contributed to my perception of Malaysia.

Observation was utilised in the same way. As such, using Riley and Love's paradigms of qualitative research, my approach can be conceptualised as constructivist.<sup>12</sup> Riley and Love note that research of a qualitative nature was most favoured by journals with a social science orientation while journals aimed at solving industry problems, 'applied journals' favoured quantitative research. Essentially this thesis seeks to assess the Malaysian tourism industry as a development strategy and suggest solutions to any 'problems' highlighted by that research. As such, a qualitative methodology is favoured. Riley and Love cite Denzin and Lincoln who describe qualitative methodology as 'multi-method in focus, involving an interpretive, naturalistic approach to its subject matter. This means that qualitative researchers study things in their natural setting, attempting to make sense of, or interpret

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<sup>11</sup> Denscombe, *The Good Research Guide for small scale research projects*, p.p.62, 78 and 79

<sup>12</sup> See Appendix Three

phenomena in terms of the meanings people bring to them' and it involves 'the studied use and collection of a variety of empirical materials – case study, personal experience, introspective, life history, interview, observational, historical, interactional, and visual texts – that describe routine and problematic moments and meanings in individuals' life.<sup>13</sup>

The outcome of the ethnography and phenomenology phase of fieldwork was a collection of data which enriched the documentary source material of the first phase of research. The experiences of both myself and my subjects provided illustration for the written material and both contextualised and confirmed (or raised questions about) the content. The second phase of research also raised questions which required addressing in such a way as to provide data that could be used in a comparative way.

**a) Phase Three**

*Strategy: Case Studies*

*Methods: Interviews, Observation and Documents*

Orientation visits were made to Pulau Langkawi and Genting Highlands during the first research phase. Later trips were made with the specific goal of testing theories borne out of the second research phase.

For both the resort case studies and the city case studies a primary subject was selected with the second for comparative purposes. Dual case studies were used in order to demonstrate differences between government and market led planning. For the resort case studies the lead study was the government was Pulau Langkawi with the market led Genting Highlands for comparison. For the city case studies the lead study was the market led Kuala Lumpur with the government led Putrajaya for comparison.

These case studies were selected for a number of reasons but the overriding factor was practicality. The most logical (and personally desirable) location for me to move

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<sup>13</sup> Riley, Roger W. and Love, Lisa L., 'The State of Qualitative Tourism Research' in *Annals of Tourism Research* (Volume 27, Number 1, 2000) p.p.175-176 and 168

to for my year in Malaysia was Kuala Lumpur. The capital city was not only the most convenient location for travel to other research sites and back to the UK but was also well supported by expat communities and English was far more widely spoken than in more rural locations. The choice of resorts was based upon Langkawi being cheaply and easily accessed by air and being a pet project of Mahathir's and Genting Highland's proximity to Kuala Lumpur. Each also offered the most complete and contained example of an island and a hill resort in the country (particularly with regards to MICE activity). In addition to the obvious convenience of studying Kuala Lumpur, Kuala Lumpur and Putrajaya offered the most interesting city comparison in the country based upon the replacement of one with the other for reasons beyond necessity. In this third phase of research, interviews were more structured, observation more specific and documents (such as sales packs) requested due to knowing what information was required rather than seeing what was available.

Pulau Langkawi is a small island and the list of hotels was short. As such, only nine interviews were conducted.<sup>14</sup> The main objective of the interviews was to discover how the tourism industry sat within the island. This was reached through a questioning strategy that incorporated open and closed questions. These questions provided a raw structure and enabled conversation to restart when the interviewee fell silent. The structure allowed for complete flexibility however and the interviewee's were encouraged to go off on any tangent they felt relevant. A wealth of qualitative data was collected with a quantity of quantitative data which enabled a visual representation of the islands tourism. Observation of facilities and services on the island was conducted simultaneously with documentary data collected from interviewees and tourist information. Interviews, observation and documentary source collection at Genting Highlands was organised to seek comparisons with Pulau Langkawi. The extent of the qualitative data collected allowed for analysis which could translate it into quantitative data.

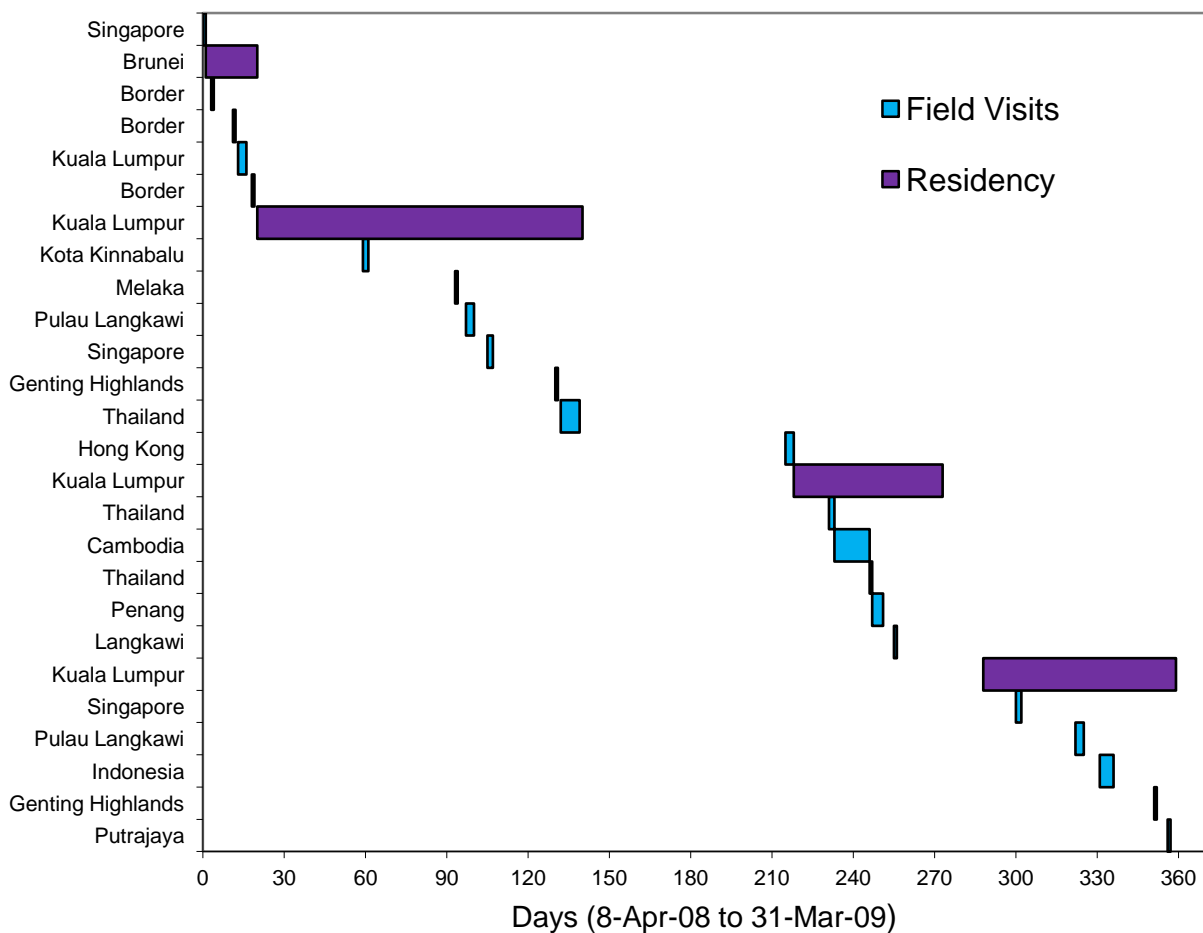
As I was based in Kuala Lumpur, my interviews there took place over a longer period and were less structured as a result. In many cases, I met people by chance or was

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<sup>14</sup> Four hotels were unable to provide anyone for interview as their sales teams operated from Kuala Lumpur. Much further accommodation was more hostel-style and was not relevant to the study due to responding to differing market needs.

introduced to people and the only opportunity was there and then. As a result, all data emerging from interviews and observations was qualitative. This was deemed acceptable as the second case study was a different type of case study. While Pulau Langkawi and Genting Highlands are both contained resorts, Kuala Lumpur and Putrajaya are multi-faceted cities where tourism is but one small dimension of their economy. As with Genting Highlands, research in and on Putrajaya was organised to seek comparisons with Kuala Lumpur. This was attained by the creation of a portfolio for each city that clearly identified trends and strategies for their development and promotion.

**Chart 2.1 : Gantt Chart showing the timing of the Empirical Research**



Source: Appendix Four

### 2.3 Review of the literature and writing of the thesis

The greatest strength to the methodology was the amount of time I spent in Malaysia. However, it is without question that the experience of spending such an extended period in the culture saw my identity, values and beliefs change. Prior to living in Malaysia, I had never framed my identity with regards to my race. Growing up in a homogeneous part of the UK, being Caucasian was something unexamined. During my time in Malaysia I was nicknamed “Whitey Katy” and was a minority among my new friends. Upon arrival I was firmly liberal in my views on ethnicity but over time began to adopt some of the views of those around me. Empathy for my Malay friends saw me see the wealthy Arabic tourists during “Arab season”<sup>15</sup> as intruders causing a rise in crime. Being subject to racist comments from Arabic men (and a single act of violence where I was pushed out of a man’s way as if I was of no consequence) and friendships with the people in my apartment building which was mostly inhabited by Persians saw me develop a slight distrust of Arabs and an inclination towards Persians as being “the good guys”. I began to see merit in the stereotypes that Malays are lazy (my Malay friends were certainly very laid back) and that the Chinese are aloof and keep to their own. One evening I met a tourist in a coffee shop who had lost the friends he was visiting. It shocked me to realise I knew which club on the street they would be in based upon their ethnicity. While I integrated into Malaysia, it was a specific segment of society; where young European, Persian and Nigerian expats socialised with upper middle class Malays and Indians. As such, any reading of the thesis needs to acknowledge that despite my best efforts, I now suffer from a bias I don’t believe I had prior to commencing the research.

The methodology also faces limitations due to the number of methods used. While each of the phases of research necessarily required different methods, this posed a challenge in bringing together the data to reach clear conclusions. The phenomenology of the second phase and the case studies of the third do not naturally fit together,

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<sup>15</sup> The months during the summer when the Arabic tourist population is said to rise sharply, bringing the poorest members of rural society into the city, tempted by pick pocketing opportunities. “You aren’t a target, they are really after the Arabs with their gold and cash but if you’re an easy target they’ll take your bag so take taxis until September.” (Jean, June 2009)

however, I defend the multi-faceted approach as being necessary to give the comprehensive coverage needed to analyse such a wide-reaching topic. In particular, the interview with James in Chapter eight provided data which is subjective, descriptive and interpretive<sup>16</sup> yet gives a vital and vibrant context to the case studies, demonstrating how a post-rentier state has evolved at the micro level.

While not a limitation per se this thesis draws heavily on literature published in Malaysia and it is necessary to consider that literature within the context of Malaysia. A number of factors affect written material such as the restrictions upon freedom of expression and the scope of Malaysian education and experience (for instance, university syllabuses need governmental approval<sup>17</sup>). These factors impact on the potential of development of schools of thought capable of objectivity. Matthias Chang's book *Will Barisan Nasional survive beyond 2010* is an example how hypersensitivity to criticism and an unrounded world view risks obscuring some potentially valuable insight. Chang served under Mahathir as his political secretary and is an unquestioning follower of the former Prime Minister, prone to conspiracy theorising<sup>18</sup> and expressing himself in a frustrated and combative manner. For instance, in referring to his article *Enemy within the Gates* he argues 'the responses from my critics were generally silly, childish and revealed glaringly their ignorance and state of denial. Not having done the relevant research, they postured as experts and proffered "words of wisdom," thereby ensuring their ignominy post the financial crisis.' Elsewhere he demonstrates his dismissal of those sharing differing views, arguing 'human nature is such that there will always be the minority who will invariably complain that their share is insufficient. They don't matter in the overall scheme of things.' One might sympathise were it not for his presentation of 'facts' including a graph for which he cites no source and a criticism of Prime Minister Abdullah centring on the 'undisputed facts' of football matches which he applies to

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<sup>16</sup> Denscombe, *The Good Research Guide for small scale social research projects*, p.75

<sup>17</sup> Rahman summarises the situation in saying 'We are letting our universities close the Malaysian mind. We have built glasshouses and installed our bread factories and circuses in it. We closed the minds of Malaysians when we let this government announce that the university is not a place for those who oppose the Government.' Rahman, Azly, 'Let a hundred flowers bloom' in Chye, Kee Thuan, *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.226

<sup>18</sup> His website [www.futurefastforward.com](http://www.futurefastforward.com) features a 'Countdown to civil unrest & armed resistance in America' (Chang, Matthias, [www.futurefastforward.com](http://www.futurefastforward.com), accessed 13/06/09)



leadership strategy and concludes that the Prime Minister is left wanting.<sup>19</sup> It is difficult to imagine any competent academic or journalist not finding at least some flaw in Chang's material as he regularly appears to find causality where there is only correlation.

Any value in Chang's writing to an academic thesis is evidently going to be severely limited (a shame as his connection to Mahathir gave him a privileged outlook) but what it can offer is a benchmark for the comprehension of the issues of politics, economics and law in Malaysia. Emerging from the tension of 1969, a national ideology called *Rukunegara* emerged. *Rukunegara* roughly translates as 'the basic principles of the nation' and contains five tenets that citizens are expected to accept: 'Belief in God', 'Loyalty to King and Country', 'Upholding the Constitution', 'Rule of Law' and 'Good Behaviour and Morality.' Baker states that 'when parliament reconvened in 1971 to end emergency rule, these principles were incorporated into legislation' and 'the Sedition Act of 1948 was amended to make political use of "sensitive issues" illegal. This amendment took questions of the primacy of the Malay language, the Malay royalty and the special position of the Malays out of the political arena.' Any challenge to these issues was deemed to be treason.<sup>20</sup>

However, the issue is more complex than merely what is allowed to be said. Syed Husin comments that 'the quality of individual freedom in this country has been marred by the existence of so many restrictive laws' such as the Internal Security Act (ISA), Printing and Presses Act (PPPA), Official Secrets Act (OSA), Police Act (PA), Trade Unions Act (TUA) and University and University Colleges Act (UUCA). It needs noting that despite making this criticism Syed Husin still subscribes to some very narrow views himself:

If the worst of the foreign cultures have swarmed this country, it is largely the fault of the government and its policies. The country should have a policy of encouraging good music and good movies from everywhere (the modern as well as the classical) to be appreciated by the people. Good artistic and cultural tastes should be developed among them.'

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<sup>19</sup> Chang, Matthias, *Will Barisan Nasional survive beyond 2010?* (Kuala Lumpur, 21<sup>st</sup> Century Strategic Studies, 2008) p.p. 27, 10, 28 and 58-61

<sup>20</sup> Baker, Jim, *Crossroads* (Marshall Cavendish International, Singapore, 2005) p. 324

Because Syed Husin conveys his views with far greater sophistication than Chang, it is less immediately evident that he lacks objectivity. Syed Husin appears in favour of freedom of expression, citing the then Prime Minister, Abdullah as saying 'if there is too much freedom then democracy will be destroyed' and arguing that 'in so far as the media is concerned, certainly there is hardly any freedom to talk about'<sup>21</sup> but what he really favours is what he considers to be the right kind of freedom which can appear not unlike O'Brien's explanation to Winston that the party wants individuals to choose to follow them in Orwell's, *1984*.<sup>22</sup>

On the 1<sup>st</sup> of June 2006, the journalist Jacqueline Ann Surin wrote 'an open letter to the PM' where she expressed her view that naming something 'sensitive' and 'dangerous' is 'just a disingenuous way of saying, "This is not open for dialogue and discussion. We might tolerate your views but only to a certain extent".' Surin goes on to raise the topic of sensitive issues within the context of race:

Really, I don't need to be a Muslim or a Malay to have a stake in this country. But even that might be delegitimized because in more ways than one, I'm a minority. And I'm constantly reminded that my views and concerns must give way to the privileges and rights of the dominant race, and a specific interpretation of the faith they profess. But really, what I want to ask you is this: Why do I have to constantly feel afraid in my own country? Why am I continuously told I have less right to discuss important issues affecting my community? You promised to be a prime minister for all Malaysians. We hope you will remember that promise.

Surin signs off as 'A Malaysian citizen.' Zainah Anwar, the Executive Director of *Sisters in Islam*, said in January 2008 that 'as a citizen and a journalist, she [Surin] claims her right to ask questions of Islam and its impact on the lives of Malaysians; she is tireless in holding those in power accountable for their words and actions and in pointing out the hypocrisy and illogic of their statements.' This support for Surin is significant in a time when 'there are cabinet ministers who can still think that journalists like Jacqueline who write passionately and critically on the state of the nation are being manipulated by the Opposition or are mere tools of non-

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<sup>21</sup> Husin Ali, Syed, *Ethnic Relations in Malaysia – Harmony and Conflict* (Petaling Jaya, Strategic Information and Research Development Centre, 2008) p.p.xi and 79

<sup>22</sup> Orwell, George, *1984* (London, Penguin Books, 1987) p.267

governmental organisations!' Anwar asking questions such as 'When will our leaders wake up to the reality that Malaysian journalists do have minds of their own, that they do have integrity and they write, not because they have been manipulated, but because they care and believe in the country and its future'<sup>23</sup> is hugely important for legitimising those seeking to speak honestly.

What then are the differences between Syed Husin and Surin? The critical distinction is the subscription to the concept of a universal truth or right. Surin allows for a variety of opinion and acknowledges subjectivity. Syed Husin opposes the extent of control in Malaysia yet sees a correct path that people will select if not corrupted (a highly idealised viewpoint). In criticising the censorship of alternative views (to those of Barisan Nasional or BN), Raslan argues that 'ironically enough' it is the government that is the loser:

Insulated from criticism by draconian press laws and a quasi-feudal culture of sub-servience, the BN has lost its sense of perspective: instead, they end up believing their own propaganda. Ministers are divorced from what is happening "on the street", ignoring price rises and public anxiety about rising crime. They have no inkling about issues that should occupy their immediate attention. Government leaders are robbed of genuine, useful feedback and are instead, like the public, spoon-fed with the same old platitudes and half-truths.<sup>24</sup>

Good decision making requires one to weigh up one's options and the dismissal of 'bad' options means the process will undoubtedly be compromised. Allowing for sensitivity essentially translates as allowing for emotionality. Syed Husin argues that the warnings received by the media regarding what to cover has 'almost destroyed' democracy in Malaysia<sup>25</sup> (while still personally favouring the 'good.')

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<sup>23</sup> Surin, Jacqueline Ann 'An Open Letter to the PM' (1 June 2006) in Surin, Jacqueline Ann, *Shape of a Pocket* (Petaling Jaya, The Edge Communications Sdn Bhd, 2008) p.p.27-28 and Anwar, Zainah, 'Introduction' in Surin, Jacqueline Ann, *Shape of a Pocket* (Petaling Jaya, The Edge Communications Sdn Bhd, 2008) p.4

<sup>24</sup> Raslan, Karim, 'Whither the mainstream media?' in Yeoh, Oon (ed.) *Tipping Points* (Petaling Jaya, The Edge Communications Sdn Bhd, 2008) p.p.84-85

<sup>25</sup> Syed Husin Ali, *Ethnic Relations in Malaysia – Harmony and Conflict*, p.79

Decision making is thus affected at all levels, from the right to consider one's religion<sup>26</sup> to judgements made in court. In 2007 Zaid reflected:

Public confidence in the Malaysian judiciary remains very low. To restore public confidence in and integrity of the judiciary to its pre-1988 glory, the first step is to implement a transparent system, where only the best qualified with the temperament are selected. To reinforce the impartiality of this mechanism, it should be administered by an independent Judicial Commission. Equally important, in the equation of judicial independence, is the need for 'brave' judges. Even if only meritorious candidates are appointed or promoted within a transparent framework and structurally conducive environment (security of tenure and a good support structure), what matters most is how judges live up to their oath of office: ... 'to preserve, protect and defend [the] Constitution' when they have to decide difficult cases.'

Zaid calls for judges to step back from the public's perception of a particular issue and that unlike politicians they needn't be politically correct, 'instead, they should only act according to the law and the dictates of justice.'<sup>27</sup> 1988, the date Zaid refers to, relates to a number of high profile cases where judgements were made against the government. These included a decision to declare Umno illegal<sup>28</sup> and a decision which overturned the Government's revocation of a foreign journalist's work permit, on the grounds of natural law.

These decisions angered Mahathir, the then Prime Minister, to the extent that he started making very public announcements attacking the Judiciary and expressing exasperation at how he thought it was getting in the way of government via judicial interpretations of the law. Attacks on the Judiciary were not, however, limited to verbal assaults. During this period, Parliament amended Article 121 of the Constitution taking the power of the Judiciary to determine its own jurisdiction away from it and placing it in the hands of the

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<sup>26</sup> Randhawa says 'We are, in theory, free to talk about that [religion] – although you can't (Article 11) try to get Muslims to change their religion.' Randhawa, Sonia, *Instant Expert: The Malaysian Media* (Kuala Lumpur, Centre for Independent Journalism, No date – purchased April 2008) p.21

<sup>27</sup> Zaid, Ibrahim, 'Attributes of an Independent Judiciary' (Speech delivered during the 'Dine in with Zaid Ibrahim & Company' session with law students at the University of Malaya, 29<sup>th</sup> January 2007) in Zaid, Ibrahim, *In good faith – Articles, Essays and Interviews*, (Kuala Lumpur, Zaid Ibrahim Publications Sdn Bhd, 2007) p.p.57-58, 59 and Zaid, Ibrahim, 'Judges must show courage' (27 March 2007, *The Sun*) in Zaid, Ibrahim, *In good faith – Articles, Essays and Interviews*, (Kuala Lumpur, Zaid Ibrahim Publications Sdn Bhd, 2007) p.81

<sup>28</sup> This was because a few Umno divisions were not properly registered with the Registrar of Societies

legislature. The Printing Presses and Publications Act was amended as well to remove any possibility of judicial review. There was a clear concerted effort to emasculate the Judiciary in any action that could be taken against the Government.<sup>29</sup>

Arguably the Malaysian judiciary's lowest moment came when Anwar released the Lingam Video<sup>30</sup> which showed illegal interference in the judicial appointment process. A Royal Commission of Inquiry was set up however, which reflects a certain degree of turnabout in policy regarding accountability of the judiciary.

Gan describes the internet as helping to break not only the mainstream media's 'monopoly on the truth' but also to break 'the government's monopoly on power.' He describes the news site *Malaysiakini's* involvement as follows.

Eight years ago, the few of us as Malaysiakini set about doing an unenviable task. Along the way, we gave Tun Dr Mahathir Mohamad a pain in the neck. We gave Anwar a voice and a ticket out of the political wilderness. We gave Abdullah's spin-doctors a run for their money. We gave Bersih and Hindraf the kind of coverage that they, no, Malaysians, deserved.<sup>31</sup>

Despite it being noted by the government that there is increasingly negativity online (particularly within the blogging community) and there being unhappiness over bloggers posting 'unverified information in their websites,'<sup>32</sup> the Malaysian government has refrained from censoring the internet. Raja Petra Kamarudin of *Malaysia Today* gave the below response in an interview when asked how he got away with what he writes:

For the simple reason that whatever I say is true. Sure, so you want to arrest me, charge me, put me on trial, no problem. Then we go to court and you have to prove all these documents which I put up on my website are actually OSA documents. Which means they have to admit that the original

<sup>29</sup> Sharom, Azmi, 'We need to correct, correct, correct the Judiciary' in Chye, Kee Thuan, *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.p.230-231

<sup>30</sup> Available at <http://video.google.com/videoplay?docid=-14483442994280800#>

<sup>31</sup> Gan, Steven 'The perfect storm' in Yeoh, Oon (ed.), *Tipping Points* (Selangor, The Edge Communications Sdn Bhd, 2008) p.45

<sup>32</sup> Limkokwing University of Creative Technology, *Abdullah: the remaking of Malaysia* (Cyberjaya, Limkokwing University of Creative Technology, 2008) p.9

documents exist. Which means it will prove what I'm saying about them is true and they did commit the things I said they did.'<sup>33</sup>

This kind of activity is difficult to dismiss as manipulation but Kamarudin is also a maverick and while his efforts are admirable, he doesn't necessarily represent a trend. In 2008 there was still an active ban on *Malaysiakini* from the UMNO Supreme Council and the police. As Gan phrases it, 'we're told every now and then that we are not wanted, not invited.'<sup>34</sup>

There are developments however. *A Haze of Secrecy*, a booklet distributed by the Centre for Independent Journalism makes their view clear.

Access to information is central to achieving political accountability through public participation, and to ensuring sound development approaches. Unless citizens can find out what governments are doing and how they spend their funds, governments have little incentive to improve performance, deliver on their promises, or even provide services at basic level. Access to information of direct relevance to their livelihoods helps citizens realise their right to life.'<sup>35</sup>

The organisation makes clear the rights of Malaysians, pointing out that 'Unlike freedom of expression, freedom of speech is guaranteed under the Constitution. Article 10 to be precise' and while 'there are provisions even in the Constitution for limiting free speech... they aren't as far-reaching as people think.'<sup>36</sup> *A Haze of Secrecy* is a positive move as it signifies an offline and therefore tangible resource for non-net users. It clarifies what freedom's Malaysians have in order to better enable them to make decisions. It also provides hope through sharing good news, such as there being 'various levels at which the impact of freedom of information can be felt' with one of the most evident of these being local communities, particularly those of indigenous people affected by large development projects.

The most progressive provisions for public consultation are in the Town and Country Planning Act (TCPA). The consultation process under the Act has several advantages over that of the Environmental Quality Act (EQA), at least

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<sup>33</sup> Chye, Kee Thuan, Sia, Andrew and Azizan, Hariata, 'How big are your balls?' in Chye, Kee Thuan (ed.), *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.142

<sup>34</sup> Chye, Kee Thuan, 'We stand with the underdogs' in Chye, Kee Thuan, *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.123

<sup>35</sup> Centre for Independent Journalism, *A Haze of Secrecy* (Kuala Lumpur, Centre for Independent Journalism, 2007) p.5

<sup>36</sup> Randhawa, *Instant Expert: The Malaysian Media*, p.21

in the area of drafting local plans. Local plans are designed to map out the land use in the area covered, including environmental protection, traffic management, landscaping and the preservation of open spaces. It also provides for cultural and heritage preservation. The plans often also include specifications on population density, allocation for parks and schools and similar provisions.<sup>37</sup>

This thesis was written across a significant time period. While many revisions have been made, the multiple references to my diary kept during the year residing in Malaysia take it continually between initial observations and considered interpretations. To a degree, this represents the information culture of Malaysia whereby the personal is continually referenced. It would be all too easy to dismiss the complexity of Malaysian academic and journalistic sources because of this but instead this thesis seeks to reflect the depth and human dimension that this gives to the books, articles and people consulted. Furthermore, the extent of the qualitative data allowed for analysis which could translate it into quantitative data. In Malaysia the issues are personal and taken to heart but this does not negate the value of their impassioned interpretation. Likewise, this thesis seeks to meet academic standards whilst highlighting the topics as they are and not simply as they can be modelled for analysis. This is a reflection on my personal journey perhaps, but arguably no less valid for that.

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<sup>37</sup> Centre for Independent Journalism, *A Haze of Secrecy*, p.p.65 and 45

## 3 : Historical Perspective

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This chapter considers the Malaysian Government and the Malaysian tourism market in turn. While economic developments necessarily feature in the charting of the Malaysian Government's evolution, as the tourism industry is the focus of the thesis it is considered separately as its later analysis will consider the degree of influence upon it by the government.

### 3.1 The Malaysian Government

On the 31<sup>st</sup> of August 1957, independence was declared in British Malaya and the new country of Malaysia was born. For the present day reader the history of Malaysia often appears centred on one man, Dr Mahathir. Opinion of Malaysia's fourth Prime Minister varies from ego-maniacal dictator to impassioned father of ideals but that his influence can be felt throughout the nation is without question.

#### **From emerging independence to Dr Mahathir**

The quest for nationhood in Malaysia was fraught with difficulty and arguably the struggle for genuine independence is still unresolved. From the signing of the Pangkor Treaty in 1874 which brought the Malay states under British protection there were 'sporadic, unorganised and uncoordinated' armed resistances to colonial rule.<sup>38</sup> These uprisings were generally led by Malay Chiefs 'disgruntled by their loss of power, prestige and privileges' but also represented local population resistance.<sup>39</sup> Yet it was British rule that acted as a catalyst for the evolution of Malay nationalism. Prior to World War II, British Malaya was 'more of a geographical than a political entity' with society traditionally revolving around 'the Sultan, the state and, more narrowly, the clan.'<sup>40</sup> It was the transformation of the economy under the British with

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<sup>38</sup> There had been resistance to both the Portuguese and Dutch but previous Europeans had been pre-colonial merchants. Musimgrafik, *Where Monsoons Meet – A People's History of Malaya* (Strategic Information and Research Development Centre, Selangor, 2007) p.p.11-36

<sup>39</sup> Ahmad, Zakaria Haji (ed.) *Government and Politics [1940-2006]* (Archipelago Press, Singapore, 2006) p.14

<sup>40</sup> *Ibid*, p.16



the huge inflows of Chinese and Indian immigrants<sup>41</sup> and the mass education system raising the consciousness of problems affecting the community as a whole for Malays (who the British attempted to confine to padi planting.<sup>42</sup>) that saw the development of early nationalism which can be viewed as the search for a solution to Malay society's economic short-comings.<sup>43</sup>

The 1929 depression in the West saw the value of tin and rubber plummet, thousands lost their jobs and many were repatriated back to China and India. However, some Chinese 'applied for land to grow padi during this period and it was out of political considerations that the British turned down their request. The British opinion was that padi was a Malay preserve and allowing non-Malays into this area would alienate Malay support for the British.' Arguably, had the Chinese been permitted to grow padi, Malaysia would have 'a multi-racial peasantry sector' now.<sup>44</sup> The Chinese instead prospered through playing a variety of other economic roles.

The British were interested in large-scale capital investment that could produce profits for their shareholders back home and in developing markets for their manufactured goods. This left a host of economic activities that the Malays were either unwilling or unable to undertake. Small-scale enterprises, such as trucking firms, ice factories, coastal shipping, buses, food processing, pawn shops, entertainment centres and rice milling, were taken over and eventually dominated by Chinese immigrants.

The Malays were also subject to a variety of economic limitations such as not being permitted to cultivate rubber. Such limitations were largely out of British fear for shortages of food crops but also supported the "Lazy Malay" myth.<sup>45</sup> The *Selangor Annual Report of 1902* includes the following statement from the British resident, 'It is a matter of history that it is a superhuman task to persuade a Malay to take up with interest work to which his personal inclination does not take him'. Baker states that

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<sup>41</sup> 'The Indian immigrant labourers were recruited by the British to clear the jungles and build roads. The Chinese worked in and opened tin mines.' Later Indian labourers were recruited to work the British rubber estates. Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.p.74 and 75

<sup>42</sup> Ibid, p.p.79-82

<sup>43</sup> Ahmad, *Government and Politics [1940-2006]*, p.16

<sup>44</sup> Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.p.84 and 90-92

<sup>45</sup> Husin Ali argues that race is a myth and 'constructed and manipulated by human beings themselves, often by small minorities greedy for wealth and power' Husin Ali, *Ethnic Relations in Malaysia – Harmony and Conflict*, p.156 Arguably this was the case for the British colonists as they sought justification for their actions.

'once the Chinese gained control of a particular service, skill or market, they were not about to give up easily' and cites some of Winstedt's examples. For instance, 'A Malay once tried to deal in rice in a state that was predominantly Malay, but the only motor transport system was owned by a Chinese firm, which gave the Chinese rice dealers cheap rates until the Malay interloper was driven out.'<sup>46</sup> One cannot help but wonder whether the lazy Malay myth was borne from the British restrictions and Chinese monopolies and these made it a self-fulfilling prophecy.

The Japanese occupation (1940-1945) arguably increased animosity between Chinese and Malay ethnic groups through discrimination against the Chinese who ultimately started viewing the Malays as 'instruments of the Japanese occupiers' since they 'dominated the bureaucracy and served in the defence forces that attacked the Chinese-dominated resistance movement.' It is interesting to note that it was the Second World War that saw migrant workers move from a position of transience to organizing themselves and seeking political representation. Prior to this the migrant workers experienced limited patriotism for Malaya. British re-occupation (the British Military Administration or BMA) came 25 days after Japanese surrender during which time groups such as the Malayan People's Anti-Japanese Army (MPAJA) made bids for power.<sup>47</sup> Musimgrafik alleges that the MPAJA (many of whom were Malayan Communist Party or MCP cadres) had been represented by all three races and their guerrilla tactics against the Japanese had gained British approval with members being decorated after the war. And that the MCP did not oppose British reoccupation and discontinued the armed struggle in favour of open organizations. Musimgrafik explains the failure of the BMA as being due to its dictatorial and corrupt nature, nicknamed the 'Black Market Administration.' In 1945 the MPAJA was disbanded and new leaderships emerged as a reaction to the BMA.<sup>48</sup> Whether or not the British faced opposing bids for power, for now at least, they were back in charge.

The Malayan Union replaced the BMA within a few months and merged the nine federated and unfederated Malay states together, effectively abolishing state

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<sup>46</sup> Baker, *Crossroads*, p.p.173, 168, 184-185 and 190

<sup>47</sup> Ahmad, *Government and Politics [1940-2006]*, p.p. 24, 18, 28

<sup>48</sup> Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.p.111, 114-116, 119 and 123-124

sovereignty. As the implications of this were realized, the scheme began to be condemned and 'many Malays were jolted into political activity and ethnic awareness and began to feel a heightened sense of nationalism.' Sir Edward Gent, governor of the Malayan Union elected to work with the United Malays National Organisation (UMNO) whose priority was for the British to 'consider their views and revise the constitutional structure.' UMNO was considered a safer option than the MCP or Parti Kebangsaan Melayu (Malay Nationalist Party) which wanted an end to British rule. The Malayan Union was replaced with 'a working committee representing UMNO, the Malay Rulers and the colonial administration' which set to work on creating a new federal structure.<sup>49</sup> What Ahmad et al. describe as a working committee, Musimgrafik labels a conspiracy.<sup>50</sup>

The exclusion of other organizations during the drafting encouraged fears for the perpetuation of colonialism and the first draft (approved in December 1946) confirmed doubts. The All Malaya Council of Joint Action (AMCJA), a coalition of the non-Malay opposition parties was formed and later joined the Malay Nationalist Party to form the PUTERA-AMCJA. The PUTERA-AMCJA drafted an alternative constitution ('The People's Constitutional Proposals') and when the British showed no interest in accommodating their views, the initial protest meetings, demonstrations and mass rallies escalated into a nationwide *hartal* (the complete stoppage of economic activity) on the 20<sup>th</sup> of October 1947. The *hartal* ultimately worked against the PUTERA-AMCJA since membership suggested to the British that it was under communist influence and therefore 'a subversive act and a challenge to its power and authority, rather than a legitimate demonstration of opposition to the federation.' On the 1<sup>st</sup> of February 1948 the Federation of Malaya was inaugurated.<sup>51</sup>

The development of what was labelled 'The Emergency' can be seen as the MCP taking advantage of the discontent with the Federation of Malaya which laid the foundations for their development from 'peaceful agitators' to perpetuators of the guerrilla warfare that broke out on 16 June 1948. A state of emergency was called and the MCP moved into the jungle where they found support amongst the Chinese

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<sup>49</sup> Ahmad, *Government and Politics [1940-2006]*, p.p.30-31

<sup>50</sup> Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.134

<sup>51</sup> Ahmad, *Government and Politics [1940-2006]*, p.p.34-35

but not the Malays. The British viewed the situation yet again as being criminal rather than political and sought to eradicate the guerrillas.<sup>52</sup> This suggests that it was the wish of the MCP to become violent. Musimgrafik suggests that 'experience proved that Colonial rule cannot be shaken by peaceful and open political struggle. In fact the British colonialist had always used violence to crush popular resistance.'<sup>53</sup> This development of what was arguably a civil war<sup>54</sup> crossed many boundaries of acceptable behaviour. Ahmad et al defend British action as being due to a lack of local knowledge when the entire Chinese community came under suspicion and their killing and destruction of their homes ensued (action which drove many to support the MCP).<sup>55</sup> However, Musimgrafik draws attention to Emergency regulations such as consorting with guerrillas being punishable by death.<sup>56</sup> This in an environment where the law was instantly upheld! Such action is difficult to defend on the grounds of lack of knowledge and instead suggests a desire to maintain power at any cost. 'New villages' were set up where Chinese squatters living on the fringes of the jungle<sup>57</sup> were relocated to and 'given land and homes' which 'Home Guard brigades comprising locals and the police were set up to protect.' These settlements were surrounded by barbed wire<sup>58</sup> and Musimgrafik doesn't mince his words when referring to them as 'concentration camps.'<sup>59</sup> This no doubt an extreme view since the new villages provided clean water, schools, community centres and basic medical care<sup>60</sup> which created jealousy in the Malays living without those services and created mistrustful resentment about the money being spent on potential enemies.<sup>61</sup>

The situation reached a stalemate as MCP attacks could not be sustained and the government could not eradicate them. The Briggs Plan aimed at a 'hearts and minds' approach aimed at isolating the guerrillas from their support network as the

<sup>52</sup> Ibid, p.p. 36-37

<sup>53</sup> Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.140

<sup>54</sup> Baker and Musimgrafik both attribute the naming of the war as The Emergency as being economic in order for businessmen to collect on insurance for property damage. Baker, *Crossroads*, p.240 and Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.144

<sup>55</sup> Ahmad, *Government and Politics [1940-2006]*, p.p. 36-37

<sup>56</sup> Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.146

<sup>57</sup> It is worth noting that these subsistence farmers living on the fringes of the jungle were forced there when the Great Depression saw demand for rubber and tin fall. Had the British not depended on only two commodities then this group of people would not have been living there. Baker, *Crossroads*, p.183

<sup>58</sup> Ahmad, *Government and Politics [1940-2006]*, p.39

<sup>59</sup> Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.152

<sup>60</sup> Ahmad, *Government and Politics [1940-2006]*, p.39

<sup>61</sup> Baker, *Crossroads*, p.244

grievances of Malaysians were finally addressed. It was an extreme and harsh approach that has two different interpreted endings. For Ahmad et al, the plan coincided with the MCPs decision to downgrade their offensive activity and as legitimate political parties began to grow, the MCP became increasingly irrelevant. The MCP sought to leave the jungle and become a legitimate party but its demands were not met and the Baling talks broke down. The MCP was totally isolated by the time independence was announced and by 1960 the Emergency officially ended.<sup>62</sup> For Musimgrafik, 'the British had to admit that "Police and barbed-wire cannot hold back communism" and that it would be suicidal to retain direct rule over Malaya' thus the British eased into a new political strategy that he labels neo-colonialism where '75% of all rubber plantation acreage were owned by Europeans (mostly British), along with 61% of all tin production and 75% of all services and trade.'<sup>63</sup> As late as 1970, 60.7 percent of the shares of limited companies were still owned by foreigners.<sup>64</sup>

As stated above the Malayan Union was replaced with a working committee representing UMNO, the Malay Rulers and the colonial administration. This committee developed the Federation of Malaya which was inaugurated in February 1948. UMNO was now the dominant political force and was led by Dato' Onn bin Jafaar. Onn's downfall has been attributed to his liberal attitude to racial matters.<sup>65</sup> Onn was replaced by Tunku Abdul Rahman Putra Al-Haj who led UMNO into Malaysia's first elections.

The holding of municipal elections before national-level elections was fortuitous. Since the majority of Malaya's urban residents were Chinese and Indians, UMNO was forced to seek cooperation with other groups in order to win. Equally fortuitously, at the time of the first local government elections, these new allies faced no other race-based parties. Their main rivals were ideologically based non-communal parties such as the Radical Party and the Labour Party of Penang (both of which contested the George Town Municipal Council in December 1951) and the Independence of Malaya Party, which

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<sup>62</sup> Ahmad, *Government and Politics [1940-2006]* p.p.38-39

<sup>63</sup> Musimgrafik, *Where Monsoons Meet – A People's History of Malaya*, p.p.161, 172 and 171

<sup>64</sup> Tan Teong Jin, Ho Wah Foon and Tan Joo Lan, *The Chinese Malaysian Contribution* (Centre for Malaysian Chinese Studies, Kuala Lumpur, 2005) p.57

<sup>65</sup> Ahmad, *Government and Politics [1940-2006]*, p.33

was the UMNO-MCA's main rival in the Kuala Lumpur Municipal Council elections in February 1952. The absence of other ethnically based parties contesting these elections was crucial to the decision by UMNO and MCA leaders to cooperate instead of competing with each other.'

This informal electoral pact was institutionalised with the formation of the Alliance coalition in 1953. Puthuchery explains that 'controversial issues that could have split the coalition were put aside' because 'the focus was upon gaining freedom from colonial rule.'<sup>66</sup> Shamshul acknowledges that 'in the longitudinal historic sense, Mahathir definitely occupies a special position in Malaysia's post-colonial history' but points out that 'he is far from being the only one to fit that revered position in Malaysia's history' and that 'there are a number of such personalities, each contributing to the layering of the country's foundation as well as the shaping of Malaysia into what it is today.'<sup>67</sup>

Tunku was Malaysia's first Prime Minister (1957-1970). Ye says of him that he was 'the leader the Malays needed at that particular juncture of Malaysian history.'<sup>68</sup> *Mission 2020 – The Final Stretch*, a publication by Limkokwing University of Creative Technology argues that he 'faced a daunting task of uniting a diverse population of multicultural, multilingual and multi-religious background' but that 'his personal charisma rallied a nation to join forces with him and build a nation that all Malaysians could be proud of' and that 'his tenure of 13 years laid a solid foundation of political stability that has lasted for half a century.'<sup>69</sup> The most noteworthy event under Tunku's leadership was the 1969 elections. In the mid-1960s a number of municipal and town council elections had brought opposition parties to local power. This challenged the credibility of the Alliance's claim that non-Malay opposition parties could participate only through its unequal power-sharing formula. The government's response was to suspend and then abolish local government elections in order to protect itself against the perceived threat to its survival. 'This move further

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<sup>66</sup> Puthuchery, Mavis C, 'Malaysia's "Social Contract" – The Invention and Historical evolution of an Idea' in Othman, Norani, Puthuchery, Mavis C. And Kessler, Clive S., *Sharing the Nation – Faith, Difference, Power and the State 50 years after Merdeka* (Strategic Information and Research Development Centre, Petaling Jaya, 2008) p.p.6 and 7

<sup>67</sup> Shamshul A.B., 'Foreword' in Ooi, Kee Beng, *Era of Transition – Malaysia after Mahathir* (Singapore, Institute of Southeast Asian Studies, 2006) p.p.xii-xiii

<sup>68</sup> Ye Lin-Sheng, *The Chinese Dilemma* (Kingsford, East West Publishing Pty Ltd, 2008) p.19

<sup>69</sup> Limkokwing University of Creative Technology, *Mission 2020 – The Final Stretch* (Limkokwing University of Creative Technology, Cyberjaya, 2007) p.13

exacerbated tensions. Unable to compete in local government elections, opposition parties mobilised support for elections at the state and national levels.’ As a result, despite the Alliance returning to power in 1969, defeats had occurred in some states and heavy seat loss in others. After inter-ethnic rioting broke out in Kuala Lumpur, UMNO reviewed the situation and ‘a new “realism” was arrived at. The multi-ethnic coalition would continue to exist in form, but UNMO political dominance within it would be secured through a number of specific actions.’ The first action was that ‘the electoral process would be managed, even manipulated, to effectively reduce the number of Chinese-majority seats in the national and state legislatures.’

This was done by creating large constituencies in the urban (Chinese) areas, and smaller rural (Malay) constituencies. Seats were allocated among the component coalition parties according to ethnic composition of the individual constituencies (not on the basis of the ethnic composition of the electorate as a whole). So UMNO, the only Malay-based party in the coalition (except for the short time when PAS was a member), was assured by far the largest number of seats, in some elections contesting more seats than all its other Barisan Nasional partners combined.

The second action was that ‘legislation was passed to restrict public discussion on important issues affecting the lives of ordinary people.’ The third action was that ‘radical policies were introduced aimed at restoring UMNO’s popularity among the Malay’s.’<sup>70</sup> This established a major trend in Malaysian politics.

With regard to foreign relations, Jeshuran says Tunku ‘favoured overseas diplomatic representation along preferential lines: first, selected Commonwealth capitals and the United States, and then second, Malaya’s neighbours in the region.’ While some younger UMNO leaders were ‘quite critical’ of his decisions, for the most part his cabinet was unified. Critics within and outside official Government circles did exist however and at a seminar in Singapore in 1971, Mahathir likened his ‘British influenced foreign policy’ to an ‘apron-string complex.’<sup>71</sup> The 60s saw the Ministry of Foreign Affairs promote Malaysia’s name in international circles became more and more and in 1966 Dean Rusk, then US Secretary of State, wrote in a memorandum

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<sup>70</sup> Puthuchery, ‘Malaysia’s “Social Contract” – The Invention and Historical evolution of an Idea’, p.p.10-12

<sup>71</sup> Jeshuran, Chandran, *Malaysia: Fifty Years of Diplomacy 1957-2007* (Singapore, Talisman Publishing Pte Ltd, 2007) p.p.29-30

to the President that 'Malaysia has become something of an economic and political showpiece in Southeast Asia.'<sup>72</sup> Western apron-strings or not, Malaysia was going global.

Tun Abdul Razak bin Dato' Hussein was Malaysia's second Prime Minister (1970-1976). Baker argues that he played a key role in helping Malaysia recover from the trauma of the 1969 riots:

He understood the frustrations of the emerging generation of Malays who wanted more economic opportunities. By including younger voices from outside UMNO's traditional pool of leadership in the decision making process, Abdul Razak was able to act as a moderating influence on their views and actions. His ability to reach out to diverse opinions was an important legacy during this emotionally charged time in Malaysian history.<sup>73</sup>

Abdul Razak's most noteworthy action was launching the New Economic Policy (NEP) in 1971 which addressed economic and social disparities. The NEP is discussed in greater deal in Chapter 5.1. *Mission 2020 – The Final Stretch* states he is 'remembered for his focus on rural development that enabled the country to diversify the economy from dependence on rubber and tin to include palm oil and other agricultural activities'<sup>74</sup> and Ye referred to him as 'a very experienced and astute politician, he was able to advance Malay interests and still command Chinese support.'<sup>75</sup>

Foreign policy review undertaken in 1971 was publically announced by Razak in 1974 as having laid out new directions in Malaysia's dealings with the rest of the world. There was renewed focus on making ASEAN a key factor in regional cooperation, Malaysia would follow a foreign policy of strict non-alignment ('as demonstrated by the Algiers NAM Summit in 1973 and as well as in opening ties with totalitarian states like North Korea, East Germany and North Vietnam'), new links were to be expanded with communist counties of Eastern Europe and non-aligned countries such as Yugoslavia, Algeria and Egypt, ongoing dialogue with China was reported as 'would be successfully concluded soon' and following the

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<sup>72</sup> Jeshuran, *Malaysia: Fifty Years of Diplomacy 1957-2007*, p.89

<sup>73</sup> Baker, *Crossroads*, p.332

<sup>74</sup> Limkokwing University of Creative Technology, *Mission 2020 – The Final Stretch*, p.15

<sup>75</sup> Ye, *The Chinese Dilemma*, p.20



Islamic Summit Conference in Lahore in February, 'Malaysia would be more active in cementing its ties with the Muslim world, too, beginning by hosting the next Islamic Foreign Ministers meeting in Kuala Lumpur in 1974.'<sup>76</sup>

Tun Hussein Onn was Malaysia's third Prime Minister (1976-1981). Baker says that in many ways, Hussein was viewed as 'a caretaker leader, while the factions within the party fought for supremacy' and he 'ruled in the moderate conciliatory style that was characteristic of Malaysia's first two prime ministers.'<sup>77</sup> Ye says that his reputation for being scrupulously honest and fair minded reassured the non-Malay community at a time of increasing Malay assertiveness under the NEP.<sup>78</sup> Hussein's main activity as Prime Minister was continuing with the objectives of the NEP as set in motion by Abdul Razak (who died whilst in office). He also launched the National Unit Trust Scheme just before he stepped down in 1981 and *Mission 2020 – The Final Stretch* states that it was during his tenure that Petronas grew in strength: 'his gentle demeanour contributed to smoothen the way for PETRONAS as it expanded its activities overseas.'<sup>79</sup>

Abdul Razak and Hussein continued the style of Tunku which Ye describes as 'patrician, humane, old-style *laissez-faire* politics' and served the Malays well at the time. Ye says that what the Malays also needed was a "new deal." Such a new deal would require 'a new brand of politics and a new type of politician.' Ye describes the fall of Tunku and the rise of Mahathir as 'marking the change from a gradualist, hands-off approach favouring multiracial compromise to an approach favouring far stronger state intervention and Malay-first policies.' The transition, he suggested, 'marked a Malay coming of age.'<sup>80</sup>

## The Mahathir Years

Baker describes Mahathir as having been 'in tune with the younger ascendant capitalist Malays and being 'in the vanguard of a group that was fiercely critical of the

<sup>76</sup> Jeshuran, *Malaysia: Fifty Years of Diplomacy 1957-2007*, p.131

<sup>77</sup> Baker, *Crossroads*, p.332

<sup>78</sup> Ye, *The Chinese Dilemma*, p.21

<sup>79</sup> Limkokwing University of Creative Technology, *Mission 2020 – The Final Stretch*, p.17

<sup>80</sup> Ye, *The Chinese Dilemma*, p.p.19-20

style and methods of the generation that had led UMNO for thirty-five years.' He had been thrown out of UMNO due to his criticism of the Tunku's conciliatory attitude to the non-Malays after the 1969 elections and the book he went on to write in 1970, *The Malay Dilemma*, was banned. In 1971, Abdul Razak brought him back to the party and made him minister of education. Baker attributes his then meteoric rise to be Prime Minister within a decade as being largely down to his ability to 'articulate the economic aspirations of a generation of Malays who had become much more assertive after the May 1969 events, as well as due to the success of the NEP.' While the older generation found Mahathir's confrontational style and impatience almost "unMalay," his outspoken manner 'reflected the views of the ascendant generation, which felt that Malays had to discard the self-effacing, non-confrontational values that held them back in the modern world.'<sup>81</sup> Even so, Ye says that Hussein sprang a surprise when he chose Mahathir to be his deputy for not only did Mahathir have a rebellious past but he was the first Prime Minister to lack aristocratic roots and a British education in law.<sup>82</sup> It was a move which Jeshuran says 'clearly set the stage for a period of domestic infighting.'<sup>83</sup>

Mahathir had a very clear idea about Malaysia's development. Where Razak had instituted the Red Book project which aimed at encouraging the people to take part in programs seeking poverty eradication, a trickle-up strategy which sought to ensure that 'development and growth with equity' would be the basis of Malaysia's development strategies,<sup>84</sup> Mahathir sought the creation of a core group of millionaires in a trickle-down strategy. Ahmad is nostalgically biased but the defendability of Mahathir's policies is a key topic and one addressed in Chapter 5.2. Shamshul says of his methods:

Many of us in Malaysia would have liked Mahathir to always have played along with the common idealism of "the means justifying the end." But sometimes, Mahathir preferred the reverse, and the end would be used to

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<sup>81</sup> Baker, *Crossroads*, p.p.335-336

<sup>82</sup> Ye, *The Chinese Dilemma*, p.21

<sup>83</sup> Jeshuran, *Malaysia: Fifty Years of Diplomacy 1957-2007*, p.136

<sup>84</sup> Hassan, Ahmad Mustapha, *The Unmaking of Malaysia – Insider's Reminiscences of UMNO, Razak and Mahathir* (Petaling Jaya, Strategic Information and Research Development Centre, 2007) p.270

justify the means. For that, Mahathir has been both revered and resented, by his countrymen and others.<sup>85</sup>

Gatsiounis says that ‘in the West, he was seen as little more than a churlish bigot – this was after all the man who blamed the 1997 Asian Economic Crisis on a “cabal of Jews”’ and that ‘People’s Justice Party secretary Jayakumar said that ‘Mahathir, in more than two decades of iron-fisted rule, virtually legitimised intolerance and even encouraged it among younger Malay leaders.’<sup>86</sup>

Yet as argued before, Malaysia was ready for a new kind of leader. The Malaysia of the 1990s was very different from the country which produced the 1969 riots.

Huge foreign investments and massive government intervention in the 1970s and 1980s created a country that was recognised as one of Asia’s emerging “tiger cub” economies. Malaysia changed fundamentally from an economy that reflected its colonial role as an exporter of raw materials and an importer of manufactured goods to that of a diversified newly industrialising country.

Baker summarises this by saying ‘the days of mentioning Malaysia and immediately thinking of rubber and tin were long gone.’ Economic growth reached 8 percent as manufacturing and commerce almost doubled and accounted for close to half of the nation’s wealth (see Chart 3.1)

By 1990, manufacturing alone made up 27 percent of the Malaysian economy, and even more indicative of the change, it made up 61 percent of the nation’s exports. Even with the discovery of new deposits of oil, Malaysia had become more dependent on worldwide demand for computer chips, cellular telephones and air conditioners than oil, rubber and tin.’<sup>87</sup>

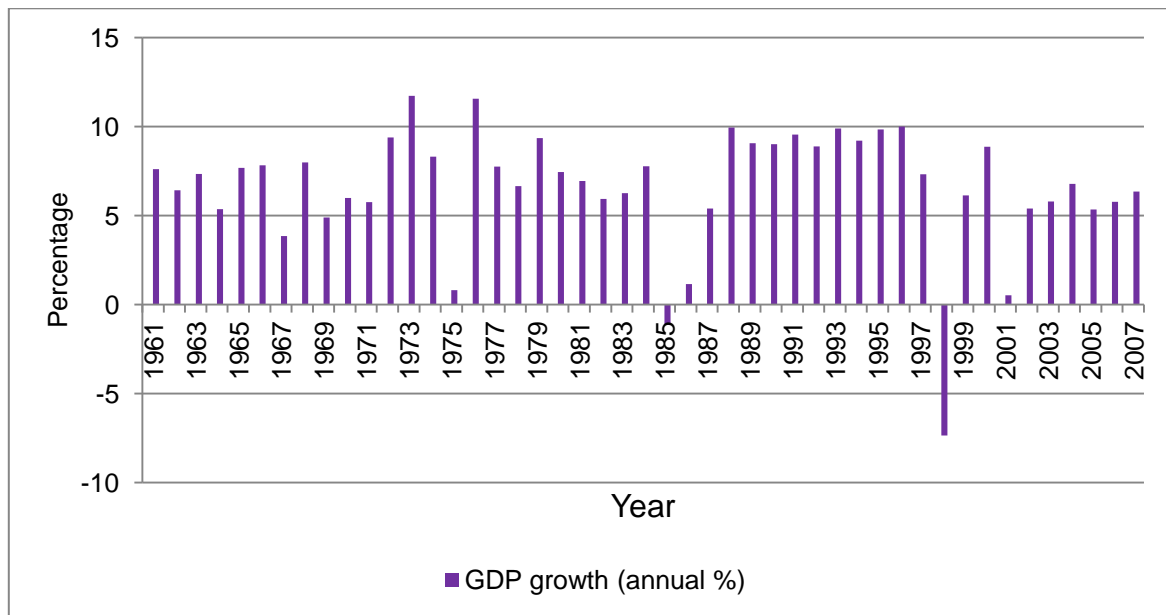
Chart 3.2 shows the increased significance of manufacturing in Malaysia through not only the increase of manufacturing exports but the percentage of GDP that they represent.

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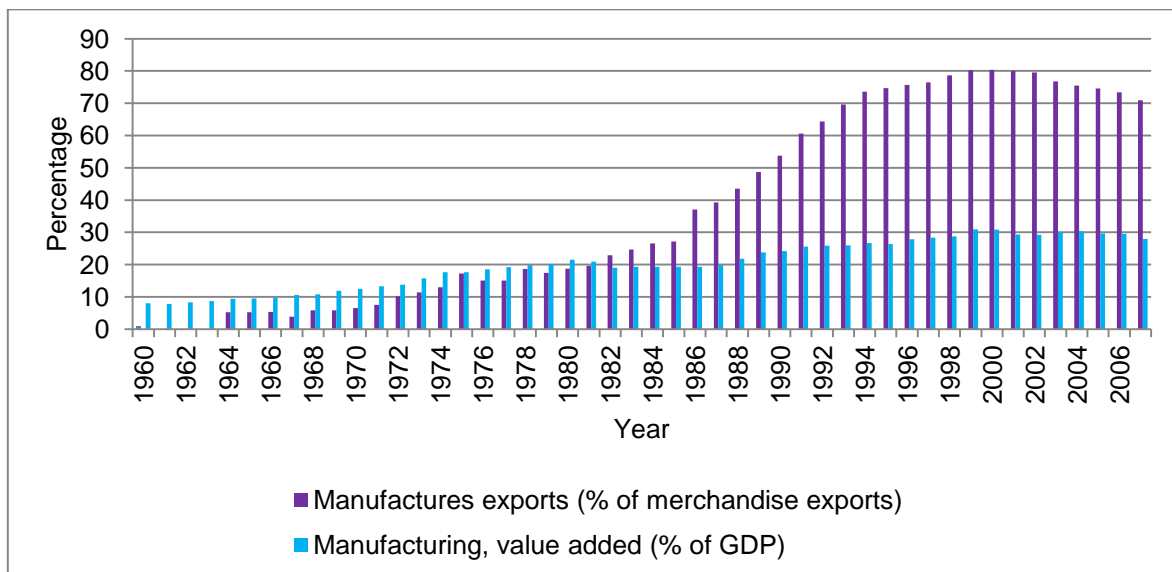
<sup>85</sup> Shamsul A.B., ‘Foreword’, p.xiii

<sup>86</sup> Gatsiounis, Ioannis, ‘Malaysia under Mahathir’s Shadow’ (November 12 2004, Asia Times) in Gatsiounis, Ioannis, *Beyond the Veneer* (Singapore, Monsoon, 2008) p.p.101 and 103

<sup>87</sup> Baker, *Crossroads*, p.p.339-340

**Chart 3.1 : Growth rate in Malaysia (percent increase or decrease in GDP)**

Source: esds.ac.uk, Accessed 14/08/09

**Chart 3.2 : The increased significance of manufacturing in Malaysia**

Source: esds.ac.uk, Accessed 14/08/09

By the late 90s Malaysia had joined Thailand and Indonesia in what was considered the second wave of dramatic Asian growth. The three countries appeared to be following the success of the Asian tigers (South Korea, Taiwan, Hong Kong and Singapore) and a massive victory for BN in 1995 reflected the optimism and prosperity of the time. With hindsight, the fuelling of the growth (some of which was illusionary) by what Baker terms an 'asset bubble' meant that stocks and property

inflated with foreign loans and overvalued currencies crashed in 1997 when the bubble burst. In the July, Malaysia's stock market lost about 60 percent of its value and the Ringgit fell from RM2.33 to RM4.87 against US\$1. It wasn't just Malaysia that was affected but Malaysia's boom and bust took place in the context of the NEP which added a racial dimension:

Malaysia was not only trying to grow its economy but create a new class of Malay entrepreneurs through government action. Some of the methods used to create this new class of Malay businessmen were through infrastructure projects, privatisation and corporate buyouts. All of these were quite dependent on rising stock prices and borrowing – a lot of it foreign. When the bubble burst, their businesses were worth half of what they had been, and their foreign debts were going to cost twice as much to pay back. Many influential and politically connected businessmen were hit hard.

Opinions for a way out were conflicting; the 'IMF approach' called for stabilising a currency through 'rising interest rates and to create greater efficiency through deregulation, market liberalisation and fewer government subsidies.' This was the course selected by Thailand and though considered painful, 'it appeared to lead to recovery.' Within Malaysia, this approach met the criticism that it would destroy many new Malay business empires and instead government bailouts and interventions in the markets should be made. This latter, racially motivated approach was the one that was taken.<sup>88</sup>

The currency was fixed at RM3.80 and heavy foreign exchange regulations were put in place. A fund of RM60 billion was established to buy up devalued stock and the Employee Provident Fund (the compulsory government savings scheme) was instructed to use its funds to purchase shares. Many privatised services were bought back at pre-crisis prices (for example, Malaysia Airlines was purchased for twice its market value). In sum, says Baker, 'Mahathir's answer was a massive government effort to re-float the economy while at the same time rescuing the Malay capitalist class he had worked so hard to build.' While in the good times people could overlook some of the inherent contradictions in Malaysia's political and economic systems, the bad times 'laid bare the inequities and inequalities, as well as the inefficiencies and

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<sup>88</sup> Ibid, p.p.389-390

corruption that were part and parcel of the operating structure.’ But in the wake of the crisis, the majority of Chinese and Indians stayed with the BN. Despite the government’s priority of protecting Malay political capitalists, it was still a moderate form of Islam at a time when PAS was growing in influence and ‘seemed to wave the flag of Islam with greater vigour’ and ‘the relatively moderate Islamic voice of UMNO added appeal for supporting the ruling coalition.’<sup>89</sup>

*Mission 2020 – The Final Stretch* states that Mahathir ‘brought the country to a new level of progress at a time when the world was rapidly transforming through technological advancement’ and that ‘he responded to the global changes with new policies that dramatically changed the landscape as well as the mindset of Malaysians to become more economically competitive.’<sup>90</sup> Ye simply describes him as ‘a man impatient to get things done.’<sup>91</sup> Unquestionably Mahathir was determined to meet his objectives. In 1987 Tengku Razaleigh Hamzah challenged Mahathir for the presidency of UMNO (effectively challenging for the position of Prime Minister) and following a defeat of 761 to 718 in Mahathir’s favour, he took the matter to court arguing that illegal party branches had voted where the court ruled that UMNO was an illegal organisation.

Mahathir’s opponents appealed to the courts to call for new party elections without the illegal branches. Lord President of the Supreme Court Tun Salleh Abas scheduled the appeal to be heard by all nine Supreme Court judges, a unique occurrence in Malaysia. Mahathir’s political fate was in the hands of the very men he’d been criticising. He struck back by prevailing on the king to suspend Salleh and to set up a tribunal to try him for undermining government authority. Salleh appealed to the Supreme Court on the grounds that the tribunal was illegal, and five members of the court issued a stay. All five were then suspended and another tribunal set up to investigate them. In the end, Salleh and two other judges were removed from the court, and the party’s election results remained in Mahathir’s favour.

This sent a strong message as to how independent the Malaysian judiciary could be.’ Mahathir felt that the judiciary was not meant to interpret the laws, merely to enforce

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<sup>89</sup> Ibid, p.p.390-391 and 386

<sup>90</sup> Limkokwing University of Creative Technology, *Mission 2020 – The Final Stretch*, p.19

<sup>91</sup> Ye, *The Chinese Dilemma*, p.21

them. Determining whether government actions and legislation were constitutional lay with parliament, not with the courts.<sup>92</sup> The effects of this continue to the present day and the courts arguably do not uphold the constitution as Parliament has the apparent right to 'make its own decisions about interpreting the rights guaranteed under the Constitution.'<sup>93</sup>

Mahathir also 'gagged the media' and Chye notes that 'reporting the news was never the same from the early 80s onwards.'

He would appear frequently on the front page or at least never beyond Page 3 (unless it was something not too terribly important). You could criticise the ministers (to a certain extent) but not the PM. After a while, criticising ministers also became rare. The Opposition came to be given little coverage. When there was any, it was usually to paint them in a negative light. The rules were never written down of course, but through practise, it became common knowledge what was acceptable and what was not.

This led to a situation where 'editors began to second-guess what would displease ministers.' They played safe and many stories 'came to be spiked as a result' which 'spawned a culture of self-censorship, which is arguably worse than censorship.'<sup>94</sup>

Beyond establishing near-absolute power, Mahathir sought huge economic advancement. Vision 2020 was originally presented at the inaugural meeting of the Malaysian Business Council on the 28th of February 1991<sup>95</sup> and sought the transformation of Malaysia into a fully developed country by the year 2020. *Mission 2020 – The Final Stretch* identifies Malaysia as needing to overcome nine strategic challenges to meet this goal:

1. Establishing a united Malaysian nation made up of one Malaysian race.
2. Creating a psychologically liberated, secure and developed Malaysian society.
3. Fostering and developing a mature democratic society.
4. Establishing a fully moral and ethical society.

<sup>92</sup> Baker, *Crossroads*, p.p.339 and 338

<sup>93</sup> Randhawa, *Instant Expert: The Malaysian Media*, p.22

<sup>94</sup> Chye, Kee Thuan, 'Change and hope and people power' in Chye, Kee Thuan (ed.), *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.16

<sup>95</sup> Sani, Rustam A., 'Melayu Baru: Facing the 21<sup>st</sup> Century' (December 1993, ISIS Focus) in Sani, Rustam A., *Failed Nation? Concerns of a Malaysian Nationalist* (Petaling Jaya, Strategic Information and Research Development Centre, 2008) p.p.83-84

5. Establishing a mature, liberal and tolerant society.
6. Establishing a scientific and progressive society.
7. Establishing a fully caring society.
8. Ensuring an economically just society, in which there is a fair and equitable distribution of the wealth of the nation.
9. Establishing a prosperous society with an economy that is fully competitive, dynamic, robust and resilient.

*Mission 2020 – The Final Stretch* describes Vision 2020 as capturing and encapsulating 'the dream of every Prime Minister before him and every Malaysian to see their nation achieve its full potential and earn a place among the most advanced nations of the world.'<sup>96</sup>

Sani says that 'there was widespread acceptance of Mahathir's views on the future of the nation' but that the Malay community had some hesitation regarding their ability to retain their competitive advantage within a fully developed industrial nation. Mahathir addressed these concerns in the November of 1991 at the UMNO General Assembly: basically his answer was that the Malays (and *Bumiputeras* generally) should be well prepared to be full and active participants in the fully developed industrial nation of 2020, but on one condition. And the condition is that they must be prepared to undergo a kind of socio-cultural transformation.'<sup>97</sup> This was *Melayu Baru*, 'an ethnic group whose culture is in keeping with the times, who is capable of facing all challenges, who is willing to compete without privileges, who is educated and learned, sophisticated, sincere, disciplined, trustworthy and efficient.' The concept did not catch on immediately. It was only in 1993 when a prospective candidate for the post of UMNO Vice-President, Selangor Menteri Besar Tan Sri Muhammad Haji Muhd Taib, adopted it as the basis of his political campaign. 'He offered his services to the members of the party as 'the voice of the New Malay' and the concept suddenly became the centre of controversy, especially in the Malay press. Reactions were divided between three camps; there were those who felt excluded by the concept, those who 'readily accepted it and felt it was worth developing and refining as a means of further encouraging the Malays to strive for greater achievement' and those who 'simply dismissed the concept as merely a political gimmick to be

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<sup>96</sup> Limkokwing University of Creative Technology, *Mission 2020 – The Final Stretch*, p.p.3 and 23

<sup>97</sup> Sani, 'Melayu Baru: Facing the 21<sup>st</sup> Century', p.p.83-84



exploited by irresponsible politicians out to gain votes.<sup>98</sup> The role of the Malays in Malaysia's economic development is addressed in Chapter 5.1 and a consideration of how Mahathir attempted to realise Vision 2020 is addressed in Chapter 5.2.

These moves had a huge impact on diplomacy. Where 'Malaya had taken a fairly moderate stand on most international issues at the UN since its admission as a member in 1957' and 'had, on the whole, gone along with the spirit of the Afro-Asian group,' Jeshuran argues that Mahathir's favourite theme was speaking on behalf of the Third World which he did in speeches that he wrote himself, 'usually couched in his scathing style and without any concern for diplomatic finesse.' Jeshuran notes the complexity of Malaysian foreign policy during the 1980s as 'Mahathir undoubtedly (and characteristically) kept most of his inner thoughts to himself whenever it suited his purpose' meaning that 'much of what people perceived from his deliberate comments when he addressed international audiences cannot be fully understood without also understanding his own game plan, if at all there was such a thing.'<sup>99</sup>

Ahmad says that 'eventually, Dr. Mahathir resigned as he felt that he had not succeeded in changing the mental attitudes of the Malays, after having ruled the country for 22 years.'<sup>100</sup> Instead it could be argued that Mahathir's resignation was a bluff and he appears to have gone on to regret his actions, regularly seeking involvement in the government and being a prolific blogger.<sup>101</sup> But by 2003 Malaysia was ready for a change and a more moderate leader was welcomed. For all the criticism that has subsequently been laid upon Mahathir, it would be absurd to suggest that Malaysia's problems were all of his making just as not all of its successes can be attributed to him either and as such, Ooi argues that 'structural changes many hope will come only through a process that can be clearly recognised as de-Mahathirism will not be enough.'<sup>102</sup> Post-Mahathir Malaysia is more complex than that.

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<sup>98</sup> Sani, 'Melayu Baru: Facing the 21<sup>st</sup> Century', p.84

<sup>99</sup> Jeshuran, *Malaysia: Fifty Years of Diplomacy 1957-2007* p.p.28, 179, 171 and 185

<sup>100</sup> Ahmad, *The unmaking of Malaysia*, p.85

<sup>101</sup> Mahathir's blog: <http://chedet.co.cc/chedetblog/>

<sup>102</sup> Ooi Kee Beng, 'Little choice for Abdullah in Cabinet reshuffle' (25<sup>th</sup> February 2006, *Straits Times*) in Ooi Kee Beng, *Lost in Transition: Malaysia under Abdullah* (Strategic Information and Research Development Centre, Petaling Jaya, 2008) p.12

## Mahathir's Aftermath

*Mission 2020 – The Final Stretch* was somewhat optimistic in stating 'the next stage now belongs to Malaysia's fifth Prime Minister, Dato' Seri Abdullah Haji Ahmad Badawi, to guide the nation through the next 15 years' in 2007.<sup>103</sup> Abdullah was only Prime Minister for a further two years before announcing his succession by Najib Tun Razak and for the first time in Malaysian history, the leader of BN now has a strong opponent in Anwar.

Jeshuran describes post-Mahathir foreign affairs as being closely linked to Abdullah in 'a very personal way.' This is due to what he describes as Mahathir's 'almost exclusive domination.' Malaysia's place in international affairs was centred on a personality and Abdullah therefore had a character to outline and play out.

His inherent Islamic credentials and his espousal of Islam Hadhari have no doubt greatly enhanced his role as the incumbent head of the OIC. Both in the case of the Philippines in its ongoing negotiations with the MILF, and Thailand with the new military Government's desire to finding a compromise in its troubled South, Abdullah has been almost instinctively perceived as a peacemaker.

The positive side of this perception was Abdullah's popularity among his political followers. Jeshuran cites the example of an Opposition MP raising the question of 'whether Malaysia should not deal directly with Israel in the search for peace in the Middle East.' The negative side was that there was 'a sense of one-sidedness in Malaysia's handling of these international issues among some segments of the non-Muslims in the country' who felt that 'there was an overemphasis of Islamic causes at the expense of legitimate needs for people of other faiths and ethnicities.'<sup>104</sup> Abdullah was also personable at home and the 'work with me' slogan of his election campaign is still memorable.<sup>105</sup> Abdullah sought to inspire genuine growth among his people in a move away from Mahathir's top-heavy development built on cronyism.

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<sup>103</sup> Limkokwing University of Creative Technology, *Mission 2020 – The Final Stretch*, p.23

<sup>104</sup> Jeshuran, *Malaysia: Fifty Years of Diplomacy 1957-2007*, p.p.345-346

<sup>105</sup> Ooi, Kee Beng, 'A year of ruling comfortably' (30<sup>th</sup> October 2004, *Straits Times*) in Ooi, Kee Beng, *Era of Transition – Malaysia after Mahathir* (Singapore, Institute of Southeast Asian Studies, 2006) p.p.13-14

If we are honest with ourselves, we will accept the fact that those who get something too easily have no real, no intrinsic, strength. There can be no self-worth for those who obtain positions, business opportunities and scholarships without real effort and qualification.<sup>106</sup>

But Abdullah's comparatively gentle nature was met with criticism, and 'work with me' lost its appeal as Malaysians began to feel they lacked strong leadership. Gatsiounis pointed out that many of Abdullah's more progressive policies were slowly implemented. 'His much-vaunted National Integrity Plan (NIP), which aimed at reducing inefficiency and corruption in government by imbuing Malaysians with a greater sense of right and wrong, has been poorly executed'<sup>107</sup> and the much-wished for Anti-Corruption Agency is not totally independent, which Ooi points out, 'does not help public perception of government inability to fight ingrained corruption.'<sup>108</sup>

Gatsiounis argues that BN won the 2004 election by a landslide because 'the populace felt they wanted to give the newly installed Prime Minister Abdullah Ahmad Badawi a chance to consolidate his leadership.' When BN went into the 2008 campaign, it was with great advantage. BN is rich, had the mainstream media behind it and made use of state facilities such as RTM and yet, the Opposition with its limited funds broke the monopoly.<sup>109</sup> Rajoo argues that 'if there is one person who can be credited for the spectacular results achieved by the Opposition parties, it is none other than Anwar Ibrahim.' Anwar brought together the Opposition parties to cooperate in order to deny BN a two-thirds majority in Parliament.

By avoiding arguments on the Islamic state and *hudud* laws and concentrating instead on a common platform for the advocacy of a clean, transparent and accountable government that was sympathetic to the people's problems, concerns and aspirations, particularly to the marginalised and underprivileged segments of society, they struck a responsive chord in the hearts of the electorate. Their pledge to use a multi-racial approach in the sharing of the

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<sup>106</sup> Ooi Kee Beng, 'UMNO smoothly alters the Malay agenda' (27<sup>th</sup> September, *Straits Times*) in Ooi, Kee Beng, *Era of Transition – Malaysia after Mahathir* (Singapore, Institute of Southeast Asian Studies, 2006) p.5

<sup>107</sup> Gatsiounis, Ioannis, 'Malaysia Moving Backward on Human Rights' (July 20 2006, *Asia Times*) in *Beyond the Veneer – Malaysia's struggle for dignity and direction* (Singapore, Monsoon, 2008), p.46

<sup>108</sup> Ooi, 'A year of ruling comfortably', p.13

<sup>109</sup> Chye, Kee Thuan, 'Merdeka on March 8' in Chye, Kee Thuan (ed.), *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.p.25-26

national economic wealth and opportunities and their promise to employ a consultative approach in governance without any one party dominating the others was in stark contrast to the actual practise of BN.'

Rajoo claims that 'nobody else could have forged a working relationship between parties with such disparate ideologies and memberships as PAS and DAP' and Anwar's achievement is certainly impressive. Anwar facilitated a mutual agreement on the allocation of seats which avoided competition within the Opposition for the same seats and in Anwar, 'the Opposition parties had a charismatic leader who was acceptable to all racial and religious groups, even as a possible candidate for Prime Minister.' Perhaps most interesting was the fact that Anwar would not be eligible to contest in elections until the 14<sup>th</sup> of April 2008, a date after the 2008 election.<sup>110</sup>

Anwar's ineligibility to run for office goes back to Mahathir-era politics. He joined UMNO in 1982 in a move which surprised his previously fellow liberals. He quickly rose through the ranks and became Mahathir's Finance Minister in 1992 and deputy Prime Minister in 1993. Anwar was Mahathir's golden boy and often referred to their relationship as that of a father and son. Quek states 'when the Thai Baht collapsed overnight on 2 July 1997, Anwar Ibrahim, the Deputy Prime Minister of Malaysia, could not in his wildest dream have imagined that that event would eventually cause his own down fall.'<sup>111</sup> But in a dramatic turn of events, leading to what Gatsiounis called 'a politically motivated conviction,'<sup>112</sup> not only did Anwar lose favour but he found himself jailed for sodomy and corruption (for attempting to cover up the sodomy). The Asian Financial Crisis had required solutions. For Daim Zainuddin (then treasurer of UMNO and former finance minister), who Quek describes as 'the maestro holding the strings of the business empire of UMNO and its leaders and their cronies,' this meant 'government intervention with rescue packages of cash and kinds.' This fit with Mahathir's pattern of governance but Anwar opposed using public funds in such a way. Anwar's view was that such bailing out of crony companies would ruin the national coffer, prolong the 'malaise of the tattering economy' and

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<sup>110</sup> Rajoo Kuka, 'Advantage Opposition' in Chye, Kee Thuan, *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.72

<sup>111</sup> Quek, Kim, *Where to, Malaysia? A future with Anwar's Reformasi or back to Mahathirism?* (Petaling Jaya, Strategic Information Research Development, 2005) p.44

<sup>112</sup> Gatsiounis, Ioannis, 'Pre-election hopes for Malaysian Opposition' (March 5 2008, Asia Times) in Gatsiounis, Ioannis, *Beyond the Veneer – Malaysia's struggle for dignity and direction* (Singapore, Monsoon, 2008) p.16

undermine investor confidence even further; 'As Anwar resisted Mahathir's dipping hand, friction between them grew.'

A prominent example was the bail out of Mahathir's eldest son Mirzam by Petronas. Anwar refused to approve the price of RM 2.2 billion in a cash deal for Mirzam's ships, and asked for an independent valuation. As a result, the price was reduced to RM 1.7 billion, for which Mahathir bore an undying grudge against Anwar, according to latter.

The conflict was irreconcilable. Anwar's favoured 'creative destruction' which called for an evaluation of companies with removal of the badly managed ones, a move that those at risk saw as a life or death issue. From this conflict, a conspiracy was borne. On the first of September 1998, Mahathir imposed currency control on the country, 'a move to forestall speculative attacks on the currency and emergency exit of funds that might result from the shock of Anwar' who he sacked from the Cabinet the following day. On the fourth of September Anwar was expelled from UMNO.<sup>113</sup>

Had Anwar gone quietly, his story may have been one of the many casualties of falling from favour under Mahathir. But Anwar led a demonstration. On the 20<sup>th</sup> of September tens of thousands of people filled the streets of Kuala Lumpur. The result was a team of commandos raising Anwar's house and him being taken into custody where, after being blindfolded and handcuffed, Quek reports that 'the Inspector General of Police, Rahim Noor walked in and beat Anwar until he was pulled away by two senior police officers.' When Anwar appeared in court on the 29<sup>th</sup> he was still sporting a swollen eye and bruised body.<sup>114</sup> The trial was farcical to the West. The defence was barred from submitting evidence of a political conspiracy which meant many key defence witnesses were unable to give testimony. The many rulings were in breach of legal norms and so overly prejudicial that Quek argues that 'they could have rendered the judge liable to dismissal and charges of judicial misconduct, if the trial were to take place in a democracy.' Anwar was sentenced to six years for corruption and nine for sodomy to run consecutively and not taking into account the months he spent in jail awaiting and during trial. The sodomy charge was overturned in 2004 but the corruption charge remained. The question posed by Quek and many others, that 'if there was no sexual misconduct, what was there for Anwar to cover

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<sup>113</sup> Quek, *Where to, Malaysia? A future with Anwar's Reformasi or back to Mahathirism?* p.p.45-46

<sup>114</sup> *Ibid*, p.47

up?' was never answered.<sup>115</sup> Anwar completed his term for corruption (reduced for good behaviour) but his failed attempt to remove the charges meant it would be five years until he could officially return to politics.

Despite not being able to stand as a political candidate, Anwar could still contribute to politics. Grass root support had been strong throughout his imprisonment with many who had previously seen him as just one of the corrupt leadership changing their view to him as being 'a principled leader, who was victimised for standing up against greed and corruption.' Support for Mahathir had fallen away and rather than reform to win it back, Mahathir elected to suppress opposition by force:

No sooner was the [1999] election over, than he started mopping up opposition leaders, charging them with one repressive law or another (police act, sedition act, OSA, printing press and publication act etc.). Pro-opposition journals were banned; HAKARAH was ordered to reduce publication from twice weekly to twice monthly, and prohibited from selling to the public. Universities were planted with spies, and students were warned to toe the line, at risk of punishment under the universities and university colleges act. Ceramah (political talks) were largely banned.'

A nation-wide crackdown came into force on the eve of the 14<sup>th</sup> April 2000 (called 'Black 14') and Kuala Lumpur 'looked like a city in a state of war with fully armed police and a paramilitary personnel outnumbering civilian demonstrators.'<sup>116</sup> As stated above, BN's landslide victory in 2004 may be attributed to a new BN leader that was very different from Mahathir but by 2008 the novelty of Abdullah had worn off and Anwar was set to change the face of Malaysian politics.

Abdullah may have been a more moderate leader than Mahathir but Malaysia was not sitting on her laurels and giving complete faith to BN. BERSIH, the election watchdog formed in 2005, organised a Rally on the 10<sup>th</sup> of November 2007 (the 10-Eleven Rally) in Kuala Lumpur. Prior to the gathering, the BERSIH website was hacked and a message posted informing of indefinite postponement but the organisers used other methods to publicise the event and Malaysia's biggest rally to date went ahead. PAS was heavily involved but despite its supporters shouting

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<sup>115</sup> Ibid, p.48

<sup>116</sup> Ibid, p.p.51-53

*Allah-u-akbar*, non-Muslims were put at ease by BERSIH. PAS both brought the largest numbers of people and provided security marshals to manage the crowd. As a PR exercise, the rally enabled the party to 'dispel its unwarranted image of fundamentalism in the eyes of the non-Muslims and showed how the concerns of the party meshed with those of their fellow and secular citizens.' Despite the crowds being greeted with tear gas, water cannons and arrests by the police 10-Eleven was a huge success.

This act of defiance by BERSIH in going ahead despite the Government's "No go" marked a seminal if not psychological turning point. The defiance represented by 10-Eleven marked the beginning of the process for Malaysians to reverse the long-term brainwashing that had conditioned them to defer to authority. It also made them start realising that there was a possibility for change in the country. The meaning of elections and taking part in them changed for the Malaysian public. More than anything else, the greatest import of BERSIH was in giving citizens the sense that they are stakeholders in their country.'<sup>117</sup>

Khairie, in recollecting the event, described the streets as being flooded with yellow (the colour of 10-Eleven) and the beauty of realising that the 'we' on the banners did not refer to the Malays or the Indians or the Chinese, but instead for the first time, to Malaysians. Khairie speaks of being infused with a misleading sense of unity as portrayed by PR campaigners and the rally showing him that it wasn't 'tall, pretty people with perfect teeth usually holding hands and smiling and speaking perfect Bahasa Malaysia' that showed who Malaysians were but instead 'it was the fact that all of us, on that day, trudged through the rain, through FRU officers with their shields and batons, to fight for the same thing.'<sup>118</sup>

Gatsiounis says that by many accounts the 2008 election campaign by BN was slicker and more ambitious than in the past.

At least, it was unabashed and relentless. One front-page headline called Malaysia's economy "booming," a description some economists would hardly endorse. Non-disparaging coverage of the opposition was often relegated to

<sup>117</sup> Ang, Helen, 'The Turning-Point Rally' p.p.82 and 79

<sup>118</sup> Khairie, Mohammad, 'We walked united in hope' in Chye, Kee Thuan, *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.p.84-85

the lower corners of inside pages. A frequently run television spot featured Malaysians extolling how tolerant, vibrant and blissful life is in Malaysia. The ad listed no sponsor but with the BN ruling since the 1950s, the message was implicit enough.<sup>119</sup>

The Opposition may have been kept away from the mainstream media but freed from political constraints; Anwar was free to tour the country giving speeches. For the first time blogosphere was truly influential and efforts by BN to discredit the Opposition seemed shallow and weak. BN won the 2008 election but lost their two-thirds majority, including four influential states (Kedah, Penang, Perak and Selangor). Immediately afterwards, free to take political office once more, Anwar became the official leader of the Opposition coalition.

On the 3<sup>rd</sup> of April 2009 Abdullah was succeeded by Najib Razak. Receiving 185 nominations out of a possible 191, the sixth Prime Minister of Malaysia was unopposed president of UMNO. Reviewing the change Paddy Bowie explained the 'new captain of the ship' had emerged from the 2008 election.

Make no mistake, the Barisan Coalition which had held this country for five decades was returned again with a very comfortable majority by any standard. But people behaved as if they had lost and an unexpectedly resurgent Opposition Coalition Pakatan had won. The latter was inspired by Anwar Ibrahim touted as the Prime Minister in waiting... The rakyat had spoken and we had the beginning of a Two Party system and a healthy opposition.

Bowie describes Anwar as 'impatient' and wishing to 'topple the Government now rather than wait three years to the next election.' To Bowie, this highlighted that 'political detoxification' was called for: 'First in the queue – UMNO itself, for its perceived flaws of patronage and money politics. We need to replace parochial ethnic policies, with a holistic national outlook – Country first and Party second with less emphasis on personality and more on policy.' Bowie claimed that Najib was expected to 'dump' a significant number of the cabinet, mainly Abdullah's loyalists and was optimistic that the Government could put its house in order as that the

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<sup>119</sup> Gatsiounis, Ioannis, 'Indonesia vs Malaysia: The Media and Democracy' (April 9 2004, Asia Times) in Gatsiounis, Ioannis, *Beyond the Veneer – Malaysia's struggle for dignity and direction* (Singapore, Monsoon, 2008) p.32



opposition created an attack based on 'performance, not rhetoric.'<sup>120</sup> Najib introduced the *Tenth Malaysia Plan 2011-2015* by saying 'Malaysia needs a new approach, a new enthusiasm and a new determination driven by the 1Malaysia spirit, to propel Malaysia into the next level of high growth.'<sup>121</sup> The 1Malaysia spirit refers to Najib's website which is 'intended to provide a free and open forum to discuss the things that matter deeply to us as a Nation.'<sup>122</sup> The core message of the plan is 'the aspirations of both the Government Transformation Programme and the New Economic Model, premised on high income, inclusiveness and sustainability.'<sup>123</sup> The main concern is that 'as an economy, Malaysia risks getting caught in a middle-income trap, being neither a low cost imitator nor a high value add innovator' with 'strategies, which were successful in driving our transformation from a poor country, reliant on rubber and tin at independence, into a diversified upper middle-income economy' being 'ill equipped for the next stage of our developmental journey.' Where 'carrying on with the status quo is not an option' the central themes of the plan have been encapsulated into 10 big ideas: 'These 10 Big Ideas, if vigorously and consistently implemented, will see Malaysia through these challenging times and enable the nation to be a high-income economy and developed nation by 2020.'<sup>124</sup>

The big ideas cover both the standard concepts ('Specific policy initiatives to be undertaken towards driving the competitiveness of the domestic economy include the implementation of Competition Law, removal of distortionary price controls and advancing liberalisation, especially in the services sector') and some more unusual plans ('The Government will establish a Talent Corporation, which will have as one of its key functions, the task of actively sourcing top talent including among the Malaysian diaspora') but significantly for this thesis, tourism is identified as a one of ten National Key Economic Areas and is covered under the seventh idea (Concentrated growth, inclusive development), eighth idea (Supporting effective and smart partnership) and ninth idea (Valuing our environmental endowment)<sup>125</sup>

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<sup>120</sup> Bowie, Paddy, 'By the time you read this' in *Expat Magazine* (April 2009) p.22

<sup>121</sup> Najib, Razak 'Foreword' in *Tenth Malaysian Plan 2011-2015* (The Economic Planning Unit, Prime Minister's Department, Putrajaya 2010) p.iii

<sup>122</sup> Najib, Razak, <http://www.1malaysia.com.my/> (accessed 20/12/2010)

<sup>123</sup> Najib, 'Foreword' p.iii

<sup>124</sup> *Tenth Malaysian Plan 2011-2015* (The Economic Planning Unit, Prime Minister's Department, Putrajaya 2010) p.p.3,5 and 7

<sup>125</sup> *Ibid*, p.p. 9, 13, 21, 24, 26 and 28

Throughout the report tourism is listed alongside infrastructure, education and health projects from being a priority area for a RM20 billion fund to be established to 'facilitate private sector investment in projects with high strategic value to the nation and multiplier effects' to comprising one of the two components (the other being logistics) for the Northern Corridor Economic Region which will promote agriculture, manufacturing and services in Kedah, Pulau Pinang, Perlis and the four Northern districts in Perak.<sup>126</sup> The focus of the plan seems to support Bowies call for detoxification however, as the 2010 Wikileaks scandals surrounding Singaporean officials have revealed, the perception of the Malaysian Government will take time to change.<sup>127</sup>

### 3.2 The Malaysian Tourism Market

*Malaysia is truly a microcosm of Asia, for it is the only country where the rich and intricate potpourri of Asian cultures and traditions form one proud and rich heritage that collectively mirror the heart and soul of Asia. And with a myriad of attractions ranging from the tallest buildings in the world to rainforests millions of years old, magnificent megamalls and some of the best diving spots in the world, Malaysia guarantees visitors a superb dream holiday compared to anywhere else.*<sup>128</sup>

#### **Tourism in Malaysia**

Malaysia's charm has long been noted and the beauty of the country has been much documented. Katharine Sim, then the 'young and recently married' wife of a customs officer based in Perak, whose book, *Malayan Landscape* was published in 1946 said:

Kedah Peak and the pale silvery paddy lands of Province Wellesley lay across the Straits: out to sea the sun shone through the clouds on some

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<sup>126</sup> Ibid, p.91 and 119

<sup>127</sup> See for example, 'Singapore's Wikileaks Gaffe's' in *Malaysia Today* (<http://www.malaysia-today.net/mtcolumns/special-reports/36621-singapores-wikileaks-gaffes>, 13/10/2010)

<sup>128</sup> Abdullah Bin Haji Jonid, 'Message from Director-General of Malaysia Tourism Promotion Board' in *Visitors Guide to Malaysia* (Tourism Publications Corporation Sdn Bhd, Kuala Lumpur and Penang 2001) p.22

fishing boats, and before us, vivid against the dark, misty blue of distant mountains, were the great scarlet-gold cups of a tulip tree. At dusk going down in the train, we watched the lights coming out in the town beneath and the moon rising above the clouds. Cicadas screamed and whirred, like Chinese food clappers and electric bells, while all the tree frogs boomed. *Penang was so beautiful.*<sup>129</sup>

Today Kedah Peak is known as Gunung Jerai. Described by a blogger as 'such a nice place' with 'the summit is cool and nice for a walk,' Gunung Jerai is nonetheless 'deteriorating very fast.'<sup>130</sup> Another blogger explains that 'The Kedah government is trying to promote Kedah Peak as a tourist spot' but considers the efforts to be 'amateurish.' He notes that 'some construction work is in progress' and that he hears that 'the main guest house is being refurbished' yet notes that 'It remains to be seen how much effort the state government will put into publicising it next year or will it eventually end up as the private playground of the Menteri Besar and his underlings?'<sup>131</sup>

The development of Malaysia's tourism industry appears to have been largely accidental. As with so many aspects of the economy, one can look at the lush country with its plentiful resources and wonder at why it has not done better. It can appear that just as the Malays feel their entitlement to wealth and success, so too Malaysia should bring tourists by sheer merit of its existence. Sitting at the Eastern and Oriental Hotel in Penang, I couldn't help but draw comparison with the Galle Face Hotel in Colombo, Sri Lanka. Both hotels are colonial institutions facing the sea but where the visitor to the Galle Face Hotel is greeted warmly and given the kind of service that creates nostalgia and a feeling of decadence, the visitor to the Eastern and Oriental Hotel is left to find a place to dine and then beg for food and attention.<sup>132</sup> Ce Qin reflects 'Malaysians are only speedy when it comes to driving... When it comes to an important urgent task, fellow Malaysians are still very laid back,

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<sup>129</sup> Shennan, Margaret, *Out in the Midday Sun: The British in Malaya 1880-1960* (London, John Murray (Publishers) Ltd, 2000) p.113 and p.p.111-112

<sup>130</sup> @lbert (bohe@streamyx.com), *Malaysia Plain Blog* ([www.absoft-my.com/blog/index.php?c=3&p=122&category=4&month=06&year=2004](http://www.absoft-my.com/blog/index.php?c=3&p=122&category=4&month=06&year=2004), 08/06/04, Accessed 29/01/08)

<sup>131</sup> Quah, Seng-Sun, *Anything goes* (<http://ssquah.blogspot.com/2007/10/gunung-jerai-kedah-peak.html> 23/10/07, Accessed 29/01/08)

<sup>132</sup> I had lunch at the Galle Face Hotel in October 2007 and lunch at the Eastern and Oriental Hotel in December 2008.

like a coconut leaf swaying gently with the wind, or walking slowly by the beach, as though there's no energy whatsoever.<sup>133</sup> The earliest tourists, such as John Dodd, arguably came through lack of an alternative leisure destination and perhaps this can account for a degree of *laissez-faire* planning. Dodd went to Kedah in the 1950s to pursue a career as a rubber planter. His book, *A company of Planters* is a collection of diary entries and letters written from Malaya and paints a picture of how Europeans of that era spent their leisure time. One of his first trips was to Penang in order to buy his 'kit,' the clothing and accoutrements that he would need as a planter.

We stayed at a Chinese hotel called the Paramount; all basic, hard beds but the rough white sheets were crisply clean and the toilets and cubicle showers down the corridor were clean too. It was not really all that far from the best hotel in town, the E&O hotel, and it faced the sea so the location was good. I guess my first surprise was when we booked in. The clerk at the front desk said, "Would you like a woman sir?"

In a letter to his father he notes that he hadn't met any married planters and suggested that 'an observer could be forgiven for thinking that planters here are some kind of monastic agricultural order.' Dodd's contract stated that he wasn't to marry, a situation which no doubt fostered the planters' many trips to Penang; 'I made another trip to Liam's and still found no sign of his "keep" but she's somewhere around. I want one too. It will save going to Penang' he wrote in his diary. In a letter to his father, Dodd reflected that 'very few of us have seen anything of Malaya even though it is now safe to travel in most places. Without a car it is difficult to travel and there are few places to stay in. All we see are the surroundings to our estates.' In an earlier letter he had written 'I had a trip to Penang recently with Jimmy. We didn't do anything very exciting but managed some bathing in the sea. We did not stay long as there are reports of fatal bites from sea snakes. We saw plenty of jellyfish too.'<sup>134</sup>

The tourist industry catering to the planters and other European staff was largely disorganised. Facilities catered to those that wished for them but that was the extent of things. In April/May 1981, a young British couple were honeymooning in Singapore and seeking a break from cityscapes, hired a car 'not really knowing

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<sup>133</sup> Ce Qin, Fu, *A different Chinese* (Strategic Information and Research Development Centre, Petaling Jaya, 2007) p.88

<sup>134</sup> Dodd, John, *A Company of Planters – Confessions of a Colonial Rubber Planter in 1950s Malaya* (Singapore, Monsoon Books, 2007) p.p. 35, 50, 107, 195 and 76

where we were going but it was "over the border".' A friend living in Singapore had recommended the fishing town of Kakup in Johor and they set off knowing little more than that it was 'doable in a day.' The wife said 'the journey seemed long and the roads were in very poor condition and there was nothing really on the way to Kakup except vegetation, there must have been some villages but not to stop at.' However, the journey made a strong impression on the 23 year old and 27 years later she recollected,

We drove through the most amazing monsoon, it was so bad we had to stop the car as the wipers could not cope with the rain and we couldn't see. I remember the smells after the rain, musty but fresh, we then drove through steam as the ground had been so hot, the roads were worse now but we carried on.

This trip to Malaysia represented a real adventure in a time when many of their contemporaries still saw South East Asia as an alien land. The experience was found fascinating, 'we passed pineapple and rubber plantations, stopped to watch the rubber being bled from the trees. The road into Kakup was lined with prawn crackers air drying' but was recalled not without a sense of humour as to how Kakup compared to their Western experience:

We stopped at a restaurant (well shack really) which was at the end of the road, built over the sea/river (don't remember which) and had Groupa fish. It was in a tank in the restaurant and we chose which one. It was delicious, the other people in the place were locals, don't think there were any other tourists - I know there were only a few cars around. I remember the bathroom well, one served all and it was a hole cut in the floor over the water - still in the restaurant but behind a door - and the fish were swimming below waiting, I was lucky to keep my lunch down as boys for the restaurant were fishing next to me. Now that's recycling!

23 years later in January 2004, I was conducting research in Singapore and decided to make a day trip to Kakup. Rather than hire a car and make the journey with 'some kind of map or just the instructions such as follow this road then that you can't go wrong kind of way'<sup>135</sup> it was simple and affordable to take a luxury air-conditioned coach direct from my hotel. This trip to Kakup was comfortable and passed easily,

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<sup>135</sup> Taken from responses to open questions sent to Alison Ashcroft by email, 29/01/08

the torrential rain on the return journey easily navigated. The scenery was equally changed with palm oil being farmed instead of rubber and pineapples and of course, the restaurant in Kakup had separate male and female western-style toilets. Not only that, but Kakup, if not yet a tourist town, was ready to meet the needs of tourists with the shops and stalls having clearly defined sections for chilled soft drinks, ice cream and souvenirs. In the three hours I spent in Kakup, three additional coaches appeared representing a total of some 80 tourists coming to Kakup for lunch.<sup>136</sup> This 4000 percent increase in tourism is still small scale, but reflects the changes in the development of Malaysian tourism. Images 3.3 and 3.4 reflect the development that has taken place in the small town; from 1981 showing a building built on stilts overlooking the quiet river and 2004 showing the extensive floating structures that stretch out onto the water to facilitate fishing and cargo loading.

**Image 3.3 : Kakup in 1981**



*Source: John Ashcroft*

**Image 3.4 : Kakup in 2004**



*Source: Kathryn Ashcroft*

Early tourism development occurred with minimal planning or consideration for its impact. Hitchcock et al describe the attitude of the Malaysian authorities since the late 1950s as being centred on the two concerns of projecting a positive image of the country abroad and promoting growth as a means of earning foreign exchange. It was assumed that local impact was positive, a sentiment borne from the remarks made by tourists, and that tourism was a harmless activity operating with few socio-cultural consequences. This changed in the 1970s when criticisms drew attention to 'environmental deterioration, moral decadence, and certain kinds of unacceptable behaviour by the stereotypical tourist.' By the early 1980s, the negative impact of

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<sup>136</sup> From notes from my diary

tourism on local communities was recognised and planning laws were established to manage the situation. The Town and Country planning act (1976) called for the submission of Structure Plans which, where applicable, addressed the impact of tourism on local residents and the Environmental Quality Act (amendment 1985) made mandatory 'the submission of Environmental Impact Assessment reports on tourism impacts (including the socio-cultural impact of tourism), prior to the approval of projects of certain scales and at certain locations.' This saw a major development from the previous attitude that was reflected in a statement made by the Kedah Chief Minister that 'we do not have to consult with the local people; we know what is good for them' in 1984.<sup>137</sup>

1987 saw the first 'Visit Thailand Year' campaign and its success saw other Southeast Asian nations follow suit. In 1987 Malaysia established the Ministry of Culture and Tourism. Although there had been the Tourist Development Corporation established in 1972 it was a rather passive organisation and the ministry represented the first real push towards tourism development as the American and Japanese markets were targeted for their potential tourists. Tourism expanded as Malaysia's traditional primary industries of tin and rubber were in decline. The 34<sup>th</sup> edition of Regional Surveys of the World for the Far East and Australasia states that 'Rubber, a principle export of Malaysia since colonial times, has experienced a relative decline over the past few decades. Since the 1960s there has been considerable replanting of rubber land with other crops... the trend in the real price of rubber has been a downward one' and that 'Since the 1970s, tin has sharply declined in importance as an export commodity in Malaysia and Thailand, which had traditionally been among the region's main producers... The depressed level of world tin prices since late 1985 has accelerated the industry's decline.'<sup>138</sup> Because tourism faces fewer constraints in the form of market protectionism and technological and human resource requirements are lower than with manufacturing and because it is less affected by infrastructural and environmental factors than agriculture, it is a very attractive development option. An effect of this was that tourism was an option for previously

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<sup>137</sup> Din, Kadir H., 'Dialogue with the hosts: an educational strategy towards sustainable development' in Hitchcock, Michael, King, Victor T., Parnwell, Michael J.G. (ed.'s), *Tourism in South-East Asia* (Routledge, London, 1993) p.329

<sup>138</sup> Regional Surveys of the World, *Far East and Australasia 2003: 34th Edition* (Routledge, 2002) p.p.1588 and 776

depressed areas such as Terengganu and Kelantan. But tourism is not confined to economic activity. In Kelantan, traditional Malay dances were stopped as tourist entertainment due to a potential conflict with *aurat*.<sup>139</sup> In 1990, the Malaysian Government hosted its own 'Visit Malaysia Year' where Malaysia was promoted as a tourist destination in North America, Europe and East Asia. The second 'Visit Malaysia Year' campaign was held in 1994, with similar intention but on a grander scale.<sup>140</sup>

Tourism that looked to Malaysia's past and the cultural riches conjured by that, has been subject to a degree of misrepresentation. Sarawak is the perfect example of commodified culture where the destination of the Iban longhouse lifestyle is promoted. The Iban (Sarawak's largest ethnic group) have a macabre past as head hunters who displayed the skulls of their victims in the longhouses. Tours marketed as adventure into an exotic realm showed a world of greater complexity noted Zeppel in 1997.

Tour guides direct tourist attention to the primary markers of Iban cultural authenticity, that is, the longhouse building, tattooed Iban men and fire blackened human trophy skulls. The reality is that tourists will also see Iban people in western clothing and sarongs, living under tin roofs, using outboard motors and chainsaws and other modern consumer items.<sup>141</sup>

Malaysia's history is still important and Cartier in her work on Melaka remarked that in the national tourism profile, 'Melaka is the country's 'historic city' where the visitor can connect with the past and escape some of the modern intensity characteristic of other major destinations.' Melaka is not imagined independently, argues Cartier, and instead is 'scaled in relation to and as a subsidiary to the nation.'<sup>142</sup> The real thrust of tourism in Malaysia, however, looks forward. Musa argues that 'mega-events' often act as a catalyst to urban developments.

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<sup>139</sup> Hitchcock, Michael, King, Victor T., Parnwell, Michael J.G., 'Tourism in South-East Asia: Introduction' in Hitchcock et al, *Tourism in South-East Asia*, p.p.4, 16 and 17, King, Victor T., 'Tourism and Culture in Malaysia' in Hitchcock et al, *Tourism in South-East Asia*, p.113 and Din, 'Dialogue with the hosts: an educational strategy towards sustainable development', p.227

<sup>140</sup> Eva Yong, *Tourism in Langkawi Island* (<http://www.american.edu/TED/langkawi.htm>, 13/08/99, Accessed 18/02/09)

<sup>141</sup> Meethan, Kevin, *Tourism in Global Society – Place, Culture, Consumption* (Basingstoke, Palgrave, 2001) p.129

<sup>142</sup> Cartier, Carolyn, 'Imaging Melaka's Global Heritage' in Teo, Peggy, Chang, T.C. and Ho, K.C., *Interconnected Worlds: Tourism in Southeast Asia* (Amsterdam, Pergamon, 2001) p.202



Extensive sporting facilities were built for the commonwealth games 1998. In Kuala Lumpur the government spent US\$5 billion (RM21 billion) on the combined cost of the megaprojects including the Kuala Lumpur International airport, roads, stadia and other facilities such as the International Broadcasting Centre in conjunction with the commonwealth games.<sup>143</sup>

On the 20<sup>th</sup> of February 2009, a member of the Ministry of Culture and Tourism wrote in her blog that the Tourism Ministry was asking for RM400 million to promote products such as the Malaysia My Second Home programme, eco-tourism, medical tourism and MICE. The move was announced at the launch of a jingle and quiz to promote *Zoom!* (an on-going domestic tourism campaign to encourage Malaysians to choose local tourist spots as their main travel destination). She reported the tourism minister, Azalina Othman Said, as saying the ministry's strategy was to create more spending among tourism players, consumers, domestic and foreign tourists: 'The whole idea of a stimulus package is to encourage spending. We want more spending. Spending on hotel, food, connectivity, transport and souvenirs. We want that kind of spending.'<sup>144</sup>

Szivas argues that 'only competent and motivated employees can deliver high-quality service and achieve competitive advantage for their firms and tourist destinations'<sup>145</sup> and herein lays a problem that Malaysia's tourism providers must address. Ce Qin says 'I have stayed in many hotels in various countries, and have eaten in many different restaurants. As compared to overseas in term of service sector; Malaysia tends to be slower in rhythm and low in quality.' Ce Qin, a Chinese Malaysian, working for a Japanese firm argues that fellow Malaysians would faithfully reply, 'Try my best! I try my level best!' when dealing with customers but to his boss this reflected a safe platform to stand on as such attitudes led to 'rough and poor' results – 'look at the number of visions we have that always ended up tragically and always because of the software, never the hardware.' For Ce Qin, Malaysia has good facilities but is let down by services, 'I once took the cable car up to Penang hill

<sup>143</sup> Musa, Ghazali, 'Tourism in Malaysia' in Hall, Colin Michael and Page, Stephen, *Tourism in South and Southeast Asia* (Butterworth Heinemann, 2000) p.146

<sup>144</sup> Pelancongan, Menteri, *Ministry seeks RM400 mil* (Menteri Panacongan's Blog, <http://www.menteripelancongan.com/?p=2182#more-2182>, Accessed 20/02/2009, the blog has subsequently been removed) – The package was announced in Parliament on the 10<sup>th</sup> of March.

<sup>145</sup> Baum, Tom and Szivas, Edith, 'HRD in tourism: A role for government?' in *Tourism Management* (Volume 29, Issue 4, August 2008) p.783

and it took me two hours just to wait for the cable car to arrive. When everyone questioned the attendants for the reason for the delay, they just acted apathetically and could not be bothered.<sup>146</sup> Organisations such as the Malaysian Association of Tour and Travel Agents (MATTA) allegedly exist in order to manage such problems. In 2004, Tunku Iskandar, President of MATTA, made the following statement:

The future of tourism lies in the hands of all of us who are in the tourism, travel and hospitality business. While governments fulfil their responsibility by enacting rules and laws to protect the environment, it is the private sector organisations like MATTA that have a crucial role to play in ensuring that members are educated on the steps to take to operate businesses profitably.<sup>147</sup>

Efforts are made but Malaysian culture is resistant. The problem appears to lie in coordinating the motivations of the government with those actually executing the industry's services.<sup>148</sup>

### **The MICE market**

MICE is the acronym for Meetings, Incentives, Conferences and Exhibitions. The International Congress & Convention Association (ICCA) expands on this definition and defines a meeting as 'general term indicating the coming together of a number of people in one place, to confer or carry out a particular activity' which can be held 'on an ad hoc basis or according to a set pattern, as for instance annual general meetings, committee meetings, etc.' An incentive is described as a 'meeting event as part of a programme which is offered to its participants to reward a previous performance.' A conference is explained as being a 'participatory meeting designed for discussion, fact-finding, problem solving and consultation' and 'though not inherently limited in time, conferences are usually of limited duration with specific objectives.' Exhibitions are simply 'events at which products and services are displayed.'<sup>149</sup> MICE tourism<sup>150</sup> has a demanding clientele with complex requirements

<sup>146</sup> Ce Qin, A different Chinese, p.p.88-89

<sup>147</sup> 'MATTA opens bids for Apeco' in *Hospitality Asia* (Volume 10, Issue 3, August-October 2004) p.16

<sup>148</sup> In March 2008 I visited a friend in Jakarta. Appendix Five is an extract from my blog illustrating the gap between the objectives of the Malaysian Government and the experience of tourists.

<sup>149</sup> ICCA, 'FAQs' at <http://www.iccaworld.com/aeeps/aeitem.cfm?aeid=29> (Accessed 3<sup>rd</sup> December 2009)

<sup>150</sup> Also referred to as 'Business tourism'

and high expectations. Companies specialising in the MICE market create packages for the differing needs of their customers. Doswell explains that they 'bring all the diverse facilities and services together' and that they do this 'in competition with other destinations.'

This means that they package hotel accommodation, meals, the use and organisation of the convention centre, the convention registration and administration, an entertainment and recreational programme, a formal programme of dinners and receptions, possibly a civic reception given by the city or local government, sightseeing, and a programme for spouses or those not attending the convention sessions. International competitive bidding is often employed.

Destinations put in bids for conferences and exhibitions with details of the clients' needs that they can meet. Incentive groups are a little different in that they are 'holidays organised by a company, usually for its highest performing distributors or sales people, for example, Ford Motor Company or Nikon cameras for their top agencies' but these are marketed alongside conference and exhibition provision and are conceptualised as part of the same market.<sup>151</sup>

The first page upon entering the MICE section of the Tourism Malaysia website sees the following question asked 'What makes Malaysia an ideal destination for business tourism?' The provided answer is the following:

A successful convention or event is not only about running meeting sessions efficiently and achieving objectives. It is also about creating networking and strengthening friendships through activities outside the boardroom. Malaysia offers you both. Making us an ideal destination for Business Tourism especially as we mark 51 years of independence, with many more golden years to come.'

Further reasons are given as 'Strategic location and accessibility' (citing Kuala Lumpur International Airport as the best in its class), 'World class meeting and conference facilities', 'Accommodation' (from 5-star hotels to rainforest chalets with an emphasis on hospitality: 'You will enjoy a brand of service that is rare because hospitality is not something that is learnt but a lifestyle. '), 'Socio-political stability',

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<sup>151</sup> Doswell, Roger, *Tourism: How effective management makes the difference* (Oxford, Butterworth-Heinemann, 1997) p.p.73-74

'Pre and post conference activities', 'Better value for money' and 'Unique cultural diversity.'<sup>152</sup> Seven destinations are featured for incentive group activity in Malaysia; Langkawi, Taman Negara, Kuala Lumpur, Melaka, Penang, Sabah and Sarawak. For ease of reference icons for various activities are listed with each location. The four activity groups are 'Island Life' (Diving, Golfing, Spa, Weddings & Honeymoons), 'City Excitement' (Food, Formula One, Golfing, Shopping, Education Tourism), 'Adventure' (Bird Watching, Cave Exploration, Golfing, National Parks, Ecotourism) and 'Culture & Heritage' (Food, Islam in Malaysia). What is a little perplexing is how the different icons were selected for each destination. For instance Langkawi features icons for 'Beach', 'City Excitement' and 'Culture & Heritage' despite being home to the only Geopark in Southeast Asia, a sure qualification for 'Adventure' one would think, especially since 'eco-adventures' are listed in the blurb. It is however, one of many copy-editing faults on the site as a brief scroll down reveals 'Island Life' in addition to 'City Adventure' for Kuala Lumpur's entry. 'Spectacular Parties' ranging from a 'Colonial Party' to a 'Murut Head-hunters Night' are presented enticingly but details are limited to vivid descriptions and a portfolio of 'partners and providers.'

Experience a wild adventure in the depths of a Borneo jungle! A wilderness trek through a tunnel of dark, moist tropical foliage leads guests into the ballroom that is transformed into the spectacular rainforests of Borneo. Ancient tribal guards stand guard in the forest as the primeval sounds of birds and other creatures create an exhilarating atmosphere. The mesmerising beat of drums announces the start of dinner featuring a spread of Sabah's ethnic specialties. Guests dine on floor cushions at low tables set with banana leaves.<sup>153</sup>

Despite these shortcomings, the marketing strategy is argued to be effective, despite the competitive market. A former Director-General of the Malaysia Tourism Promotion Board arguing that Malaysia is a highly sought-after convention and exhibition destination.

Having successfully hosted the 1998 Commonwealth Games, 1998 APEC Summit Meeting, the Islamic Conference of Foreign Ministries from 56 countries in June 2000, it has also successfully bidden to host other

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<sup>152</sup> Tourism Malaysia, 'Overview' <http://www.tourismmalaysia.gov.my/corporate/mice.asp> (Accessed 3rd December 2009)

<sup>153</sup> Tourism Malaysia, 'General Information' <http://www.tourismmalaysia.gov.my/corporate/mice.asp> (Accessed 3rd December 2009)

international conventions such as the World Orchid Conference and the Real Estate Confederation Conference, both in 2002. Thus incentive operators and corporate end-users should seriously consider Malaysia as their leisure and incentive destination in this new Millennium.<sup>154</sup>

In addition to the MICE Tourism website, Malaysia promotes her destinations in a number of ways. A 2007 edition of *Malaysian Tourism* featured a report on the Deputy Tourism Minister Dato' Donald Lim Siang Chai's delegation to the China International Business and Incentive Travel Mart (CBITM) 2006 held at the China World Exhibition Hall in Beijing, China from 1-13 July.

This was the second year that Malaysia has participated in the travel mart. After CBITM, the Malaysian delegation, which consisted of officers from the Ministry of Tourism, Tourism Malaysia, state tourism boards, travel agents, hotel operators and local media, embarked on a MICE roadshow to Beijing, Shanghai, Hangzhou, Nanjing and Guangzhou until 21 July 2006. Among the activities organised during the MICE roadshow were seminars, presentations, table-top sessions, press conferences, dinner with tour agents and industrial partners, and Malaysia Truly Asia cultural performances.

Such efforts are reflected in conference arrivals as the China MICE market to Malaysia is claimed to have experienced steady growth: 'Conference arrivals from China in 2003 registered 25,761 participants, while 32,538 arrivals were recorded in 2004. Last year, Malaysia registered 37,752 arrivals from China.'<sup>155</sup> Domestically, shows such as Global Meet Malaysia 2006 at Putrajaya promote MICE capabilities and 'Cuti-Cuti Malaysia travel fairs in Johor and Penang encouraged domestic travel.'<sup>156</sup> The statistics are impressive but as covered in Chapter 2.1, the key issue for effective strategies is how they affect the broader population. The people and the projects thus need considering in greater depth.

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<sup>154</sup> Abdullah, 'Message from Director-General of Malaysia Tourism Promotion Board', p.22

<sup>155</sup> 'China International Business and Incentive Travel Mart 2006' in *Malaysia Tourism* (Volume 21, Issue 5, 2007) p.4

<sup>156</sup> Mirza Mohamad Taiyab (Director General, Tourism Malaysia) 'Salamat Datang' in *Malaysia Tourism* (Volume 21, Issue 5, 2007) p.1

## 4 : Literature Review

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A tourist is typically understood as an individual who travels for pleasure. Urry is arguably one of the most significant theorists on what tourism is in essence and defines it as thus:

Tourism is a leisure activity which presupposes its opposite, namely regulated and organised work. It is one manifestation of how work and leisure are organised as separated and regulated spheres of social practise in 'modern' societies. Indeed acting as a tourist is one of the defining characteristics of being 'modern' and is bound up with major transformations in paid work.<sup>157</sup>

But it is important to note that tourism emerged from travel for other reasons including trade, pilgrimage and war and only later did the Industrial Revolution with its bringing together of large numbers of people in small areas, create a true concept of “getting away” for the masses. As a result of this, many former trade, religious, and rest and recuperation for soldier sites are still popular destinations in addition to the purpose developed sites that began with Victorian spa towns and seaside resorts. As the type of person that travels has diversified, so too has the transportation, accommodation, catering and entertainment aimed at meeting the needs of the traveller. Today tourism is one of the fastest growing economic sectors and is a driver for socio-economic progress through its impact upon related sectors.

Adam Smith is credited with coining the term, the tourist. ‘Tourism’ referred to the distinctive behaviour of tourists and the ideas or theories shaping that behaviour. Leiper argues that the suffix ‘ism’ meant that early ideas surrounding the tourist and tourism were about theories of behaviour rather than of an industry.<sup>158</sup> Tourism is still loosely conceptualised today. As Doswell states, 'no single organization runs the tourism sector' and 'tourism is not really an industry or a sector in itself' rather, tourism is 'an economic activity that runs through society involving many different sectors.' Doswell's view is that 'the tourist sector comes together only loosely, pushed forwards by market forces, controlled by a regulatory framework, and

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<sup>157</sup> Urry, John, *The Tourist Gaze* (London, Sage Publications, 2002) p.2

<sup>158</sup> Leiper, Neil, 'Why “the tourism industry” is misleading as a generic expression: The case for the plural variation, “tourism industries”' in *Tourism Management* (Volume 29, Issue 2, April 2008) p.239

governed by general economic conditions.<sup>159</sup> Leiper argues that the term 'tourism industry' is an 'overly simplistic, mistaken and misleading idea' which should be replaced by the plural term tourism industries:

No problem exists in references to 'the tourism industry' as a generic expression in everyday communication; there, the singular form is benign, in a context where superficial information is adequate. Problems can arise when the same expression is applied as a generic in research, education and policy making where precision is desirable for important concepts... the concept of 'the tourism industry' as a single entity directly linked with all tourists is unrealistic, stemming from flawed perceptions and defective understanding of business and industries. Clearer vision, alongside deeper knowledge of business theories and practices, recognises multiple tourism industries.<sup>160</sup>

Leiper attributes a number of factors as supporting the notion of the tourism industry (singular) but his argument is essentially one of simplicity. Singular industries are used at primary (e.g. mining) and secondary (e.g. manufacturing) levels and it is easier to maintain them at the tertiary level (e.g. entertainment industry). As this thesis is concerned with the political economy of tourism; the tourism industry will be referred to in the singular for ease of discussion when comparing to other industries. It is acknowledged however, that the topic is more complex than the rest of this work may, at times, imply. This sub-chapter reviews the growth of tourism and its role in the world economy in three sections. The first section looks at the theorising of tourism and considers the economic or micro and the (geo)political or macro approaches. The second section takes a (geo)political approach and considers tourism as a global phenomenon with particular attention to how tourism funding and planning has evolved. The final section introduces how tourism has been conceptualised as a tool for development within the focus of sustainability; the key development in tourism funding and planning evolution. This will highlight that a key topic in the study of tourism is that of the role of the state in managing sustainable human development; the topic of this thesis.

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<sup>159</sup> Doswell, *Tourism: How effective management makes the difference*, p.vii

<sup>160</sup> Leiper, 'Why "the tourism industry" is misleading as a generic expression: The case for the plural variation, "tourism industries"' p.p.237-238

#### 4.1 Theorising tourism; Economic and (Geo)political approaches

Tourism enjoys many compliments and is often credited with being a development tool and a driver of economies but as Urry notes, 'the economic benefits from tourism are often less than anticipated.'<sup>161</sup> Part of the reason for this is that it is poorly understood. Looking at 'key numbers' from the United Nations World Trade Organisation (UNWTO) website, we can learn that between 1950 and 2005, 'international tourism arrivals expanded at an annual rate of 6.5 percent, growing from 25 million to 806 million travellers' and 'the income generated by these arrivals grew at an even stronger rate reaching 11.2% during the same period, outgrowing the world economy, reaching around US\$ 680 billion in 2005.' Not only is tourism growing but it is diversifying, 'while in 1950 the top 15 destinations absorbed 88% of international arrivals, in 1970 the proportion was 75% and decreased to 57% in 2005, reflecting the emergence of new destinations, many of them in developing countries.' Clearly tourism is not only a great source of income, but it is open to anywhere with something to sell, whether that be an exotic climate, an intriguing culture or an exciting activity. Future predictions look ever more positive with international arrivals expected to surpass 1.5 billion people by 2020.<sup>162</sup> However, the numbers show a limited view of the situation due to matters such as leakages. Blake, Arbache, Saba, Sinclair and Teles argue that 'some of the receipts in developing countries have no impact on poverty relief because they are spent on imports or earned by foreign workers or businesses' and cite McCulloch, Winters and Cirera who estimate that between 55 percent and 75 percent of tourism spending leaks back to developed countries.<sup>163</sup> Additionally, the economic characteristics of tourism on a host country, such as those outlined by Mill, show tourism to be a somewhat of a gamble. Such characteristics include the fact that tourist product cannot be stored, that demand is seasonal, that demand is affected by unpredictable influences (from currency exchange rates to political unrest), that demand is a function of complex motivations (people travel for different reasons) and that it is price and income

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<sup>161</sup> Urry, *The Tourist Gaze*, p.57

<sup>162</sup> [www.unwto.org](http://www.unwto.org) (Accessed 15/01/08)

<sup>163</sup> Blake, Adam, Arbache, Jorge Saba, Sinclair, M. Thee and Teles, Vladimir, 'Tourism and poverty relief' in *Annals of Tourism Research* (Volume 35, Number 1, 2008) p.108 (See Doswell, *Tourism: How effective management makes the difference*, p.p.123-124 for a detailed explanation of leakages and their impact.)



elastic.<sup>164</sup> Urry attributes the appeal of tourism as a means to generate wealth as an attractive proposition, due to 'its seemingly exponential growth, its potential as an invisible export earner and its relatively low costs.' It is a gamble with potentially lucrative payouts. The difficulty arises when it comes to calculating the economic impacts of tourism due to the fact that 'tourism consists of a bundle of services and products which, unlike some other forms of commodity production, are not easily disaggregated.'<sup>165</sup> These difficulties have led Sinclair and Stabler to argue that 'there is no coherent theory of tourism supply and virtually no quantitative research on its determinants, its responsiveness to changes in them or on the complementary or substitutability of the capital, labour and environmental inputs used in production' and that 'investigations have gone little further than description.' The attempts at theorising tourism can largely be categorised as economic or (geo)political and will be considered briefly in turn.

Sinclair and Stabler state that 'economists posit that tourism demand is affected principally by income and prices and information about the extent to which changes in demand result from each of these variables is also important for both tourism suppliers and policy-makers.' In essence, tourist behaviour is calculable. So, if income rises while relative prices are at a constant, the effect on tourism is predicted to be positive as there will be an expected rise in tourism purchases in addition to other goods and services. However, it is not necessarily the case that with tourism, such patterns of 'normal good' follow since a rise in income can bring a fall in demand for mass market destination tourism, the 'inferior good.'<sup>166</sup> As Urry points out, 'travel is the marker of status'<sup>167</sup> and the factors at play are wide and varied. If income is at a constant and there is a change in price, we can suppose that the negative relationship can predict tourist behaviour. This has been widely demonstrated by the increase in the number of budget airlines, increasing the amount of travel. On a wider scale, the way we perceive travel is impacted. The 'substitution effect' sees cheaper tourism encouraging individuals to 'substitute relatively cheaper tourism for other goods, so that tourism demand rises and the

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<sup>164</sup> Mill, Robert Christie, *Tourism, The International Business* (New Jersey, Prentice Hall, 1990) p.p.153-155

<sup>165</sup> Meethan, *Tourism in Global Society – Place, Culture, Consumption*, p.p.43-44

<sup>166</sup> Sinclair, M. Thee and Stabler, Mike, *The Economics of Tourism* (London, Rutledge, 1997) p.p.9 and 21-22

<sup>167</sup> Urry, *The Tourist Gaze*, p.5

demand for other goods decreases.<sup>168</sup> This highlights how we can understand shifts in attitude to travel between generations, an example being the stag/hen rite of passage. In traditional British culture, on the night before his wedding, the groom celebrated his “last night of freedom” with male friends and relatives. The concept was taken up by the bride and her female friends and relatives. Over time, the cultural significance of these rites of passage has swelled and cheaper tourism has enabled the last night of freedom to extend to a weekend or even an entire week, in ever more exotic locations. There is a sense of entitlement for the stag/hen event to be the last adventure, a situation exacerbated by the travel industry. Of course, the change in real income, as tourism is now cheaper means that people are better off in real terms.<sup>169</sup> These examples are helpful in that they introduce the idea of tourism demand regarding the variable of expenditure budget.

Two main approaches have been used to model the role of expenditure; the single equation model which 'posits that demand is a function of a number of determining variables and the estimated equations permit the calculation of the sensitivity of demand to changes in these variables' and the system of equations model which uses 'the simultaneous estimation of a range of tourism demand equations for the countries or types of tourism expenditure considered' and 'attempts to explain the sensitivity of the budget shares of tourism demand across a range of origins and destinations (or tourism types) to changes in the underlying determinants.' The ultimate flaw with traditional demand theory, as Sinclair and Stabler point out, is that it 'does not explain how preferences and tastes are formed and change or the process by which decisions are made in the context of the social environment.' Clearly some effort has been made to model demand but has been limited by the research largely concentrating on 'individual self-interest with regard to the allocation of income to consumption and saving, and the choice of products which consumers purchase.' Sinclair and Stabler label it 'ad hoc, with inadequate microfoundations' and suggest that theoretical contributions from branches of economics other than the mainstream are what are needed.<sup>170</sup> Studies into motivation by social psychologists and geographers, they argue, make a useful contribution to economic development

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<sup>168</sup> Sinclair and Stabler, *The Economics of Tourism*, p.p.23 and 24

<sup>169</sup> Ibid, p.24

<sup>170</sup> Ibid, p.p.25, 29 and 55

modelling. They do this by seeking to 'explain the reasons for behaviour which economists observe only from preferences which are revealed in terms of expenditure on goods and services in the market' and so 'the study of motivation assists in making more accurate explanations and forecasts of the level and pattern of tourism demand.' Furthermore, the approaches 'compliment' the 'relatively recent and empirically orientated branches of economics' namely experimental economics<sup>171</sup> and economic psychology<sup>172</sup>. Experimental economics and economic psychology have, they claim, 'shifted attention towards the social context of decision-making and shed light on the determination of preferences and tastes for tourism consumption.'<sup>173</sup>

The second avenue for examining tourism is the (geo)political. Meethan states that 'since the late 1970s, there have been profound changes to what we might term the global system' and the impacts of this upon tourism is that 'global flows of information, capital, people and cultures are realised in specific socio-spatial forms as the development of new networks of places, and the emergence of new spaces of consumption.' These flows are important in two ways, firstly in that 'the internationalisation of businesses such as airlines, hotel chains and tour operators... have facilitated the growth in long-haul and overseas tourism' and secondly, 'the impact of new technologies in facilitating both the movement of capital and people such as the development of airline and hotel booking system... and the transmission of images of people and places by satellite TV and the internet.' More than ever before, markets seem to appear, grow and evolve under their own strength. For Meethan, this highlights the main issue concerning the global political economy, namely 'the degree to which the state either pursues interventionist policies, or deregulates and opens up development to the play of market forces, even if these are mediated at a number of spatial and administrative levels.'<sup>174</sup>

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<sup>171</sup> 'Experimental economics emulates the scientific laboratory method by conducting experiments to investigate consumer decision-making and is particularly appropriate for situations in which data relating to key interrelationships are not, otherwise, available.' Ibid, p.30

<sup>172</sup> 'Economic psychology provides a conceptual as well as methodological contribution by recognising that perceptions, information processing, attitudes, expectations, motivation, preferences and tastes, which are largely unexplained or ill-considered in utility-maximisation theory, are important and susceptible to measurement.' Ibid, p.30

<sup>173</sup> Ibid, p.30

<sup>174</sup> Meethan, *Tourism in Global Society – Place, Culture, Consumption*, p.p. 35 and 53

Hall sees a role for state intervention saying, 'the nation-state still serves as an important 'container' within which tourism is regulated and controlled.'<sup>175</sup> This is reflected by states using tourism as a way of reaching certain objectives, as Teo, Chang and Ho highlight: 'tourism has been used as an expedient and convenient instrument to reach development targets at a faster rate.'<sup>176</sup> Hall explains his position as 'tourism is often a significant component in the establishment of regional economic unions and the establishment of free trade agreements which aim to enhance the flow of goods and services and provide for increased mobility of investment and people.' He argues that tourism is 'enmeshed' in the processes of economic globalization in six forms. The first of these forms is 'the formation of regional economic and trading blocs, e.g. Asia-Pacific Economic Cooperation (APEC), and the development of formal links between those blocs (e.g. the Asia-Europe Meetings).' The second is 'the growth of "local internationalization" or "virtual regions"' which Hall explains as happening 'through the development of economic ties between contiguous, e.g. "border regions" or non-contiguous local and regional state authorities' for example, 'growth regions and triangles in different national economies which often bypass the level of the nation-state but which still retain support at the national level.' The third form is 'the widening and deepening of international and supranational regimes which cover economic and economically relevant issues and which may also provide for regional institutionalized governance.' The fourth form is 'the internationalization of national economic spaces through greater inward and outward flows of goods, services, communications and mobility' and the fifth is 'the extension and deepening of multinationalism by multinational firms, including tourism corporations.' Finally is the 'emergence of globalization proper through the introduction and acceptance of global norms and standards, the development of globally integrated markets together with globally orientated strategies and "deracinated" firms with no evident national operational base.'<sup>177</sup>

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<sup>175</sup> Hall, C. Michael, 'Tourism and Political relationships in Southeast Asia' in Teo, Peggy, Chang, T.C. and Ho, K.C. (ed.'s), *Interconnected Worlds: Tourism in Southeast Asia* (Amsterdam, Pergamum, 2001) p.18

<sup>176</sup> Teo, Peggy, Chang, T.C. and Ho, K.C., 'Introduction: Globalisation and Interconnectedness in Southeast Asian Tourism' in Teo, Peggy, Chang, T.C. and Ho, K.C. (ed.'s), *Interconnected Worlds: Tourism in Southeast Asia* (Amsterdam, Pergamum, 2001) p.2

<sup>177</sup> Hall, 'Tourism and Political relationships in Southeast Asia', p.15

These six forms of enmeshment of tourism within the processes of economic globalization can be used to form a model for the numerous, seemingly diverse, commentaries on globalization. For example, Sofield cites Urry in saying that

Tourism contributes to the globalization process by, *inter alia*, its dissemination of homogenous management systems; universal applications of service quality; repetition of 'touristic' architectural styles in different countries around the world; touristic marketing, promotions, and presentations; the spread of 'Western' values both through its business activities, personnel training and management; and of course through the contact travellers have with local peoples everywhere.<sup>178</sup>

This flow of homogeneity, sometimes referred to as McDonaliation or Disnification has implications upon a nation's own culture. Using Hall's forms of enmeshment, this can be identified as a fifth level globalization process.

Of these two attempts to theorise tourism, the (geo)political is the more useful for the purposes of this thesis. The economic approach is essentially a business model and considers tourism in a micro way. The (geo)political approach is more macro and incorporates themes of globalisation, diplomacy and nationalism. Richter is a proponent of an approach that looks beyond the economic, arguing that 'where tourism fails or succeeds is largely a function of political and administrative action and is not a function of economic or business expertise.'<sup>179</sup> The (geo)political approach does however, have a significant flaw. Coming from the (geo)political camp, Leiper asked why institutions interested in tourism don't use a supply-side view to identify and measure tourism industries and suggests that either those institutions 'have been pre-occupied with measuring the economic value of tourists' expenditure in regional and national economies... and the easiest way to measure tourists' expenditures is to survey tourists' or that 'identifying the value of tourism from a supply-side view is, in many places, impossibly complex' due to 'the huge range of suppliers of items such as transport, accommodation, entertainment, food, clothes, newspapers, medical treatment, and so on serves tourists and non-tourists.' It is understandable then that demand-side data tends to be used. 'The departure

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<sup>178</sup> Sofield, Trevor H.B., 'Globalisation, Tourism and Culture in Southeast Asia' in Teo, Peggy, Chang, T.C. and Ho, K.C. (ed.'s), *Interconnected Worlds: Tourism in Southeast Asia* (Amsterdam, Pergamum, 2001) p.104

<sup>179</sup> Richter, Linda K., *The Politics of Tourism in Asia* (Honolulu, University of Hawaii Press, 1989) p.11

from reality' says Leiper, 'occurs when demand-side data of expenditures are assumed to represent the value of an industry.' The significant point is thus:

If many suppliers of services and goods do not know or need to know how much of their income comes from tourism, there is no point in assuming that they have, or should have, business strategies and industrial affiliations for tourism. In many places, most suppliers are not hotels, tour operators and the like, for whom tourism is a distinctive focus of business strategies. Many restaurants and supermarkets, for example, do not need to do anything special just because there are tourists among their customers.<sup>180</sup>

Taking a different view, Riley and Love cite Cohen in arguing that 'rigorous quantitative touristological studies often yielded results of rather limited interest' compared to 'significant and lasting contributions' made by researchers employing 'an often-loose qualitative methodology.'<sup>181</sup> Reconciling the economic approach within a (geo)political approach would be an impossible task which no sane researcher would attempt, but it is important to note that in considering the growth of tourism and its role in the world economy from a (geo)political perspective there are oversights and generalisations which risk Leiper's departure from reality.

## 4.2 Tourism as a global phenomenon

While Lindberg, Molstad, Hawkins and Jamieson claim that tourism has long benefited from non-tourism funding programs (such as those focused on infrastructure)<sup>182</sup> tourism funding offers valuable insight to tourism as a global phenomenon. Hawkins and Mann describe the World Bank's tourism-related lending as being characterised within four phases which they see as a shift in policy focus from macro to micro. This shift arguably reflects a shift in tourism as a whole with planning becoming more specific and tailored over time. The four phases are Macro Development (1969-1979), Disengagement (1980-1990), Sustainable Development (1991-1999) and Micro Development (2000-2006).

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<sup>180</sup> Leiper, 'Why "the tourism industry" is misleading as a generic expression: The case for the plural variation, "tourism industries"', p.241

<sup>181</sup> Riley and Love, 'The State of Qualitative Tourism Research', p.164

<sup>182</sup> Lindberg, Greg, Molstad, Aril, Hawkins, Donald and Jamieson, Walter, 'International Development Assistance in Tourism' in *Annals of Tourism Research* (Volume 28, Number 2, 2001) p.509

In the Macro Development phase loan agreements were made which funded the construction of manufacturing and tourism businesses. Between 1966 and 1979, US\$590 million was delivered to 17 countries through 19 financial intermediary loans. The loans were effective in reaching the private sector as they were managed through national development banks but political interference and weak policy environments meant that assessment of projects was extremely difficult. A further \$525 million was lent between 1970 and 1979 via 28 loans of which 22 were labelled 'tourism projects.' These tourism projects aimed at creating a 'platform for international tourism through the development of destinations, or enhancing existing destinations.' Hawkins and Mann claim that many of these projects when combined with financing for private sector development were successful in launching destinations such as Bali, Kenya, Mexico, the Gambia, the Dominican Republic, and Tunisia.<sup>183</sup>

The Disengagement phase grew out of the rapid growth of tourism in the 70s. The tourism projects department of the World Bank was closed as lending was focused on what were considered to be the more 'appropriate' growth engines of markets and the private sector.

The three main reasons cited in the Memorandum to the Board for closing the projects department were: the high manpower costs and difficulties in coordination as a result of the complex and crosscutting nature of the projects; priorities for resources were judged to lie elsewhere and other sources of financing for tourism were said to be available; and the ultimate users of the investments were not poor people in the host country.'

During the 80s, tourism development was largely passed to the United Nations Development Program and the World Tourism Organisation. The European Community also emerged as a 'major development assistance player' through its Lomé Conventions.<sup>184</sup>

The Sustainable Development phase grew out of the 1991 partnership with the United Nations Development Program (UNDP) which created the Global

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<sup>183</sup> Hawkins, Donald E. And Mann, Shawn, 'The World Bank's role in tourism development' in *Annals of Tourism Research* (Volume 34, Number 2, 2007) p.p.353-354

<sup>184</sup> Ibid, p.p.355-356

Environment Facility. This 'opened the door for tourism dimensions to be included in a host of new projects that used the economic benefits to justify the sustainability of investments for environmental and cultural preservation.' During the 90s, 44 projects in 34 countries had direct or indirect tourism involvement orientated towards 'environmental, cultural, and social themes.' However, only one of the projects was explicitly tourism and overall 'the project documents reveal that the tourism content of these interventions were *ad hoc* and generally isolated from macro-level or cross-sectoral strategic thinking and planning.' Most significantly, few of the projects measured the tourism impacts.<sup>185</sup>

The Micro Development phase saw projects relating to tourism spread throughout the World Bank with activity ranging from technical assistance and micro finance supporting the creation of better linkages between large anchor investment and small-scale supply businesses to mitigation guarantees to entities like a large hotel investor in a politically turbulent destination. Investment promotion was also supported through an Enterprise Benchmarking Program which used 'ongoing bank-wide efforts to define investment opportunities and binding constraints more explicitly through firm-level analysis using tools like the investment climate assessments and the doing business indices.' The point of this, say Hawkins and Mann, is that 'the bank's analysis and subsequent lending were more geared toward issues never really thought relevant in the context of stabilizing macro-economies.' Analysis of new projects was now done through 'a value-chain methodology' ('where each value-adding transaction in the supply chain from consumers in markets to products in countries is examined through its constituent factors of cost and time'). This, say Hawkins and Mann is 'leading to important and more focused micro-level and policy interventions that are targeted at outcomes like raising the livelihoods of local people.' The significant change here is recognising the importance of firms in the supply chain rather than focusing on the structure of the industry and overall comparative advantages. They say that 'although it is still too early to determine the relative merits of this new approach, the success of other industry sectors such as manufacturing, horticulture, and telecoms in developing countries has been

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<sup>185</sup> Ibid, p.p.356-357



facilitated by this kind of detailed analysis.<sup>186</sup> This trend for movement from macro to micro level investment is echoed across other organisations. Since the early 1990s, the Inter-American Development Bank has moved away from financing 'mega development' (such as Cancun and Bahias de Huatulco) towards 'greater responsiveness to host communities and their sociocultural, built, and natural environments' with special emphasis placed on indigenous communities.<sup>187</sup>

Looking forward in 1997, Pigram and Sahab said 'Tourism in the twenty-first century must anticipate a future marked by changing global relationships and societal structures, technological innovations, and growing spatial awareness and environmental concern.'<sup>188</sup> For the World Bank, these changes mean that 'tourism has been judged unstable and volatile' and 'for the Board, individual country and project managers, and governments, these are challenging externalities on which to base the allocation of scarce development resources, particularly without a strong strategic rationale linked closely to the bank's core business of poverty reduction.' A stronger case demonstrating the positive linkages between tourism development and poverty reduction needs to be made.<sup>189</sup> Meethan has highlighted two developments to the tourism industry in recent years; 'the relative decline of mass tourism, and the consequent rise of more specialised holidays and short breaks' and 'Eco tourism [which] involves primarily affluent people travelling from developed countries to developing countries. These tourists are from a relatively higher income group with more leisure time and money to spend.'<sup>190</sup> Urry says that 'the tourist gaze is directed to features of landscape and townscape which separate them off from everyday experience'<sup>191</sup> and as everyday experience evolves so too, does the definition of that which is different. This was also picked up on by Weaver who says that ecotourism could be seen as 'an instrument of modernisation' and as such 'may be viewed as unsustainable.'<sup>192</sup> Hawkins and Mann list The Gambia, Tunisia and Kenya as just a few examples of places where 'tourism grew rapidly, aided by major European tour

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<sup>186</sup> Ibid, p.p.357-358

<sup>187</sup> Lindberg et al., 'International Development Assistance in Tourism', p.509

<sup>188</sup> Pigram, John J and Wahab, Selah, 'The Challenge of Sustainable Tourism Growth' in Wahab, Selah and Pigram, John J (ed.'s), *Tourism, Development and Growth* (London, Routledge, 1997) p.17

<sup>189</sup> Hawkins and Mann, 'The World Bank's role in tourism development' p.p.359 and 360

<sup>190</sup> Meethan, *Tourism in Global Society – Place, Culture, Consumption*, p.p.72 and 57

<sup>191</sup> Urry, *The Tourist Gaze*, p.3

<sup>192</sup> Meethan, *Tourism in Global Society – Place, Culture, Consumption*, p. 57

operators who invested in accommodation and transport, yet stalled 10–15 years later when these destinations became overcrowded and unfashionable, and the operators pulled out.<sup>193</sup> UNWTO's conclusion is that benefits of tourism to economic development 'are dependent upon the quality of the tourism and as such the sustainability of tourism is a key focus.'<sup>194</sup>

### 4.3 Tourism as a domestic tool for development

Wall describes development as 'a slippery term' meaning different things to different people with meanings that change over time. However, its basic form which he describes as being 'concerned with human betterment through improvements in lifestyles and life opportunities' is a good broad definition and shall be adopted here. Wall lists four types of development theory as relevant to tourism; Modernisation (whose theorists tend to view societies as passing through a series of development stages with strong state involvement), Dependency (whose theorists tend to view lack of development as being due to external rather than internal factors and who critique exploitation), Neoclassical Counter-Revolution (whose theorists look to free competitive markets and minimal state intervention) and Alternative Development (whose theorists look to human need and favour local involvement). Sustainable development, says Wall, 'can be viewed as a component of the alternative development paradigm.'<sup>195</sup>

Sustainable tourism fits with Leiper's view that there are multiple tourism industries in that rather than perpetuating tourism at any cost, the question is asked 'Whether and in what form might tourism contribute to sustainable development?' with focus drawn away from 'tourism as an undifferentiated phenomenon' and towards 'types of tourism which are appropriate to particular situations, and the means for assessing and ensuring that they are sustainable.' Wall cites Wood who attributes support to sustainable development as being down to it being 'an idea whose time had come' in that it reflected 'a convergence of scientific knowledge, economic, socio-political

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<sup>193</sup> Hawkins and Mann 'The World Bank's role in tourism development', p.356

<sup>194</sup> [www.unwto.org](http://www.unwto.org) (Accessed 15/01/08)

<sup>195</sup> Wall, Geoffrey, 'Sustainable Tourism – Unsustainable Development' in Wahab, Salah and Pigram, John J (ed.'s), *Tourism, Development and Growth* (London, Routledge, 1997) p.p.34 and 36-42

activity and environmental realities that would guide human development into the twenty-first century.' While Wall places sustainable tourism within the alternative development camp, it taps into characteristics of other development theories; sustainable development 'acknowledges the needs of the world's poor and the limitations which are imposed on development by current levels of technical ability, social organisation and environmental variability' (Modernisation and Dependency theory), 'it has received strong bureaucratic support at all levels... partly because it reinforces a world view of economic growth as the engine of both development and environmental protection' (Modernisation and Neoclassical Counter-Revolution theory) and 'it lends legitimacy to the free-market economy, belief in trickle-down economics and the benefits of technological progress' (Modernisation Theory).<sup>196</sup>

The main criticism for sustainable development is its ambiguity and while potentially this allows for 'flexibility and fine-tuning to meet the needs of different places and cultures, encourages greater consideration of the environment, and more effectively integrates environmental and economic matters in decision making by encouraging dialogue between individuals with different perspectives' the reality is that 'the emphasis of many Third-World governments is not predominantly on the poor but on large-scale projects, both in tourism and other economic sectors, and generally provides little opportunity for local input.'<sup>197</sup> As such, Pigram and Wahab call it 'a political slogan rather than an analytical tool.'<sup>198</sup>

Nonetheless, sustainable development answers the question posed by Urry, 'development for whom?' and seeks to redress the flaws he highlights relating to tourism:

Many of the facilities that result from tourism (airports, golf courses, luxury hotels and so on) will be of little benefit to the mass of the indigenous population. Likewise much indigenous wealth that is generated will be highly unequally distributed and so most of the population of developing countries will gain little benefit. This does of course depend on patterns of local ownership. Finally, much employment generated in tourist-related services is

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<sup>196</sup> Ibid, p.p.34 and 43

<sup>197</sup> Ibid, p.43

<sup>198</sup> Pigram and Wahab, 'The Challenge of Sustainable Tourism Growth', p.p.18-19

relatively low-skilled and may well reproduce the servile character of the previous colonial regime, what one critic has termed 'flunkey training.'<sup>199</sup>

Doswell points out that 'development cannot mean growth alone. Growth may make some people richer but it doesn't necessarily add to everybody's state of well being.' This attitude is spreading and progress is increasingly measured in ways such as the UNDP's human development index in addition to GDP. Where GDP 'does not reflect either the distribution of benefits or the quality of life, the human development index takes into consideration not only the *per capita* GNP but also people's life expectancy and rate of literacy. This gives a more complete view of people's well being.'<sup>200</sup> Moving away from looking at growth could be the key to assessing future tourism trends. Butler raises some interesting questions regarding sustainability and cites Plog as saying 'we can visualise a destination moving across a spectrum, however gradually or slowly, but far too inexorably, towards the potential of its own demise. Destination areas carry with them the potential seeds of their destruction, and lose their qualities which originally attracted tourists.' As such, sustainability might seem near impossible. Butler interprets Plog with the following scenario:

The mix of tourists is unlikely to be a contented one, since at the extremes they represent different preferences and tastes. The 'old' tourist will be longing for things to remain 'as they were,' or more as they were perceived when they first came to the location... whereas 'new' tourists are likely to want some additional development if they are to return. Faced with potentially losing both types of visitor, most destinations and their developers will opt for additional development, anticipating that this will not only ensure the return of the 'new' tourists, but will also attract more of them, thus increasing return on investment. Such a development will make the destination increasingly different and unattractive to any remaining 'old' tourists. In line with Plog's (1974) model, the destination will inevitably move through the market from allocentric to psychocentric<sup>201</sup>. Initially there will be an increased market, but ultimately the market will peak and decline, as the destination runs through its life cycle.'

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<sup>199</sup> Urry, *The Tourist Gaze*, p.57

<sup>200</sup> Doswell, *Tourism: How effective management makes the difference*, p.p.126 and 127

<sup>201</sup> A move from risk-taking tourists that like trying new things to tourists that like things being planned and prefer to travel to familiar environments.

Butler accepts that this might be viewed as deterministic and unidirectional but counters that few destinations do not follow this pattern. The continued success of what Butler terms 'fantasy worlds' such as Las Vegas and Disneyland are due to them being different from the natural world (the 'other' of Urry's understanding). As a created world they are better able to retain their attractiveness by continuously evolving. However ultimately 'they will run out of attractions, energy, space or money, or some combination of the above, and visitation will decline.' The trick says Butler is the achievement of one of two things: 'unlimited and indefinite growth, or sustainability. The latter is difficult, and perhaps unattainable; the former is impossible.'<sup>202</sup>

What then enables sustainability? Wahab and Pigram cite Serageldin who argues that real progress towards sustainable tourism growth requires the integration of the methods of three academic disciplines; of economists ('whose methods seek to maximise human welfare within the constraints of existing capital stock and technologies. Economists are currently relearning the importance of natural capital'), of ecologists ('who stress preserving the integrity of ecological subsystems viewed as critical for the overall stability of the global ecosystem. Environment is part and parcel of this global ecosystem') and of sociologists ('who emphasise that the key actors are human beings whose pattern of social organisation is crucial for devising viable solutions to achieving sustainable development'). These three sets of viewpoints have to be brought together 'under the guidance of tourist expertise to forecast future demand, plan effective typologies (forms) and induce values for the harmonious integration of tourism development projects into a framework that is sustainable' conclude Wahab and Pigram.<sup>203</sup> Butler argues that 'in the context of sustainability and development, the focus of models should surely be upon providing a means of assessing the appropriateness of the development within the principles of sustainable development.' For Butler, the forecasting of tourist numbers is more often marketing and predictive planning when what is necessary is description and explanation of the development progress:

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<sup>202</sup> Butler, Richard, 'Modelling Tourism Development: Evolution, growth and decline' in Wahab, Salah and Pigram, John J (ed.'s), *Tourism, Development and Growth* (London, Routledge, 1997) p.p.113, 119 and 120

<sup>203</sup> Wahab, Salah and Pigram, John J, 'Tourism and Sustainability' in Wahab, Salah and Pigram, John J (ed.'s), *Tourism, Development and Growth* (London, Routledge, 1997) p.281

Understanding the nature of growth and the ways it changes in tourist destination areas is of major importance, not only to those involved in the tourism industry, but also to those in the public sector who have to provide much of the associated infrastructure and are responsible for maintaining environmental quality and safety, and to those who reside in tourist destinations and have to live with tourism on a full-time basis.<sup>204</sup>

Baum and Szivas attribute the key motive behind government support for tourism (whether the country is a fully diversified developed economy or a less developed country) is 'tourism's ability to create employment opportunities and hence contribute to the overall economic and social development of a nation.' The merits of tourism employment are questioned however and in addition to queries over quality and sustainability, 'there is a lack of consensus as to what, if any, is the role of the state in supporting the development of human resources in the tourism sector.'<sup>205</sup> Vofanhove argues that 'one can state, on average, the impact of mass tourism on income and employment must be huge' but acknowledges that while employment in tourism is growing, many characteristics point towards it having a low image.<sup>206</sup>

State involvement is evidently a hot topic and a case can easily be made for the human resource dimension being of prime concern. Often tourism is considered within its role for growth. Development is distinct from growth<sup>207</sup> and as such, tourism has gained a reputation for providing solutions when potentially the wrong questions are being framed. Liu and Wall argued that 'the many studies of tourism development approaches, both theoretical and practical, provide no consolidation of useful recommendations to situate the human dimension as an integral part of a comprehensive planning framework for tourism.' The hopes for tourism are that it will promote upward labour mobility but the experience is varied ('partly because of the many forms that it can take and also because of the varying abilities of destinations to attract tourists and to cater to their needs'). There is also concern that there is

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<sup>204</sup> Butler, 'Modelling Tourism Development: Evolution, growth and decline', p.112

<sup>205</sup> Baum, Tom and Szivas, Edith, 'HRD in tourism: A role for government?' in *Tourism Management* (Volume 29, Issue 4, August 2008) p.783

<sup>206</sup> Vanhove, Norbert, 'Mass Tourism – Benefits and costs' in Wahab, Salah and Pigram, John J (ed.'s), *Tourism, Development and Growth* (London, Routledge, 1997) p.p.65 and 66

<sup>207</sup> As argued by Doswell (see p.19 of this thesis)

frequently a failure to recognise the needs of and encourage the participation of indigenous peoples during planning stages.<sup>208</sup>

To summarise: this thesis will use the 'macro' (geo)political rather than the 'micro' Economic approach because the 'macro' (geo)political approach enables the analysis of more general themes. The most significant theme borne from the 'macro' (geo)political approach is considered to be sustainability which is among the newer theories of development and has the greatest consideration of human need. A key topic in the study of tourism is considered to be that of the role of the state in managing sustainable human development.

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<sup>208</sup> Baum and Szivas, 'HRD in tourism: A role for government?', p.p.784 and 789

## 5 : Theoretical Perspective

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This chapter examines two key theoretical questions. The first outlines who the Malays are, what their religion is and what their politics are before asking questions of equality and identity in Malaysia. The second questions the legitimacy and effectiveness of some of the development policies of Malaysia's fourth Prime Minister, Dr Mahathir. These questions seek to get to the root of the issue of Malaysian rentierism and conceptualise the thrust of Malaysian political economy.

### 5.1 The 'equality' and identity of the Malays

*Malaysians are by nature a peace-loving people. Many marvel at how a multicultural society like ours can live in harmony. A spirit of tolerance and acceptance prevails throughout the country, as we respect our differences and celebrate our similarities. Diversity is what makes us a nation and this is evident to every visitor. Law and order is upheld by both the government and citizens alike, and a stable democratic political climate is maintained. Malaysians enjoy a good standard of living, the crime rate is low, and every precaution is taken to preserve the peace that is every person's right.<sup>209</sup>*

#### **The Malays; their religion and their politics**

At the beginning of the Encyclopaedia of Malaysia's volume on *Government and Politics*, when 'the quest for nationhood' is introduced, the racial diversity of Malaysia is the first topic mentioned.<sup>210</sup> The ethnic Malays of Malaysia are fascinating as 'the professed objective of UMNO is to protect and fight for the rights and privileges of the Malay community in a multi-racial, multi-religious and multi-cultural society, even though Islam is the national religion and Malays are the majority.'<sup>211</sup> No analysis of

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<sup>209</sup> Tourism Malaysia, *The Ideal Destination* ([http://www.tourismmalaysia.gov.my/corporate/mice.asp?page=why\\_malaysia&subpage=ideal\\_destination](http://www.tourismmalaysia.gov.my/corporate/mice.asp?page=why_malaysia&subpage=ideal_destination), Accessed 25/06/09)

<sup>210</sup> Zakaria, *Government and Politics [1940-2006]*, p.13

<sup>211</sup> Chang, *Will Barisan Nasional Survive beyond 2010?*, p.3



Malaysian politics or economics is complete without consideration for this arguably unique situation. This section will cover three areas of Malay religion and politics; firstly the fundamentalism of Islam in Malaysia will be considered with regard to the policy of Islam Hadhari, the complexity of a double court system (one civil, one religious) and whether Malaysia is a Muslim state or a Muslim country, secondly Malay culture will be discussed through the topics of compliance and the (in)ability of Malays to think and reason, finally the NEP will be addressed and four questions will be asked and answered of it: what the NEP is, where it came from, how it does (not) work and how it has (not) evolved.

While it is claimed that 'Islam Hadhari is Malaysia's contribution towards a better understanding of Islam from all sides' and 'reminds Muslims, and reveals to non-Muslims, that Islam in reality is a religion that is tolerant, progressive and peace loving,'<sup>212</sup> this is nothing but political spin. Islam Hadhari, one of the first acts by Abdullah Badawi as Prime Minister of Malaysia and a term clarified at the UMNO General Assembly in September 2004 (where ten principles were outlined) gets presented as 'an attempt to shift Islam's focus from its sanctioning function to its civilisation potential because just one of the principles (faith and piety in Allah). De-ideologising it to an extent, Islam is being presented as a generator of civilisation and culture, and not merely as a source of religious inspiration.'<sup>213</sup> The issue here is not about the positive or negative aspects of Islam but rather the appropriateness of religion's involvement in governmental matters. A defence that rests upon the benefits that Islamic culture can bring to a society avoids the actual debate. Kessler made a somewhat passionate statement when he argued,

Ten years ago people were obsessed with defining "Asian Values"; now in *Islam Hadhari* we see the latest phase of an intellectually banal preoccupation with "Islamic values." All this talk about "values" is the expression of a crippled, even defunct, sociology that is intellectually vacuous. It is circular, since it explains social reality in terms of supposedly determining values that

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<sup>212</sup> Limkokwing University of Creative Technology, *Abdullah: the remaking of Malaysia*, p.66

<sup>213</sup> Ooi, Kee Beng, 'Malaysia's Political Outlook for 2006-2007' (2007, *Regional Outlook 2007*) in Ooi, Kee Beng, *Lost in Transition: Malaysia after Mahathir* (Strategic Information and Research Development Centre, Petaling Jaya, 2008) p.4

are simply “shorthand” summaries of the realities that they are invoked to explain.<sup>214</sup>

Kessler highlights a key argument. Surely the very implementing of such a policy contradicts the claim that the government is being progressive? As such Islam Hadhari has been ‘apprehensively received’ at the international level and Ooi argues that ‘the careful and slow way in which information about it has been disseminated reveals something about the awkward intentions of the whole exercise.’

The most interesting aspect mentioned in Islam Hadhari is that about the mastery of knowledge. Apparently, knowledge in the fields of mathematics and the natural sciences is what Datuk Seri Abdullah is thinking about, especially given the fact that the recent reinstatement of English in Malaysian schools is limited to the teaching of these very subjects. However, the crux of the conflict between science and religion in modern governance does not lie so much in the natural sciences as in the social sciences.<sup>215</sup>

Sani argued that ‘universities in the country virtually became extensions of the public service’ and that ‘their academic programmes became very vocational in nature and dictated by manpower needs of the government and the private sector in an era of rapid economic development.’ This means that ‘administratively, the government assumes direct control (and responsibility) over matters such as finance, physical development, student intake (through the Unit Pusat Universiti-Universiti), appointment of the majority of the universities’ Council members, and the appointment of Vice-Chancellors.’<sup>216</sup> Sani relates a story of Anwar (who was Education Minister between 1986 and 1991) considering the teaching of economics ‘obsolete because Marxism and some other theoretical currents are still being referred to in courses on historical and comparative economic theories.’ Sani argues that ‘the latest perspectives or theories are not always and necessarily better than earlier ones in helping us structure, and therefore understand, reality’ and that ‘being “trendy” is never an adequate substitute to real understanding.’

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<sup>214</sup> Kessler, Clive C., ‘Islam, the State and Desecularisation in Malaysia – The Islamist Trajectory during the Badawi Years’ in Othman, Norani, Puthuchear, Mavis C. And Kessler, Clive S., *Sharing the Nation – Faith, Difference, Power and the State 50 years after Merdeka* (Strategic Information and Research Development Centre, Petaling Jaya, 2008) p.75

<sup>215</sup> Ooi, ‘A year of ruling comfortably’, p.14

<sup>216</sup> Sani, Rustam A., ‘Universities still awaiting the promised autonomy’ (1 January 1987, *New Straits Times*) in Sani, Rustam A., *Failed Nation? Concerns of a Malaysian Nationalist* (Petaling Jaya, Strategic Information and Research Development Centre, 2008) p.98

I find the initial reaction of the UPM vice-chancellor to Anwar's criticism quite amusing. He promised to bring the up at the university's senate which was to meet in two days, to ask the academic matter body to "discuss possible changes to the economics curriculum." If these "changes" were to take place soon, then it would be a classic example of a change in theoretical perspective brought about not by the exercise of intellectual deliberations by the practitioners of the field of science but by the exercise of power by a leader of the university establishment.<sup>217</sup>

Hardly the behaviour of a progressive government and as such Islam Hadhari as a political concept falls under the definition of religious fundamentalism.

Heywood comments that 'given religion's traditional concern with sacred, spiritual or 'other-worldly' matters, it is odd to suggest that religious doctrines and values can constitute a political ideology' and yet fundamentalism 'treats religious ideas not as a means of defending or embellishing political doctrines, but as the very stuff of political thought itself.'<sup>218</sup> However Euben points out that fundamentalism is a complex subject.

There is no word for fundamentalism in Arabic: the closest word in Arabic, *usuli*, was coined specifically to approximate the English "fundamentalism"... Many have argued that the specifically Western origin of the word, coupled with the pejorative connotations attached to it by journalists and academics who condemn the phenomenon, make it a term that "almost guarantee[s] misunderstanding."

For Euben, 'meaning is derived from function, and function is enframed by and deduced from Western analytic categories inattentive to cultural and historical difference.'<sup>219</sup> While fundamentalism may seem at odds to mainstream Western political thought, this is not to say that it is at odds or out of place in political discourse.

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<sup>217</sup> Sani, Rustam A., 'Shifting economic perspectives to the dictates of fashion or need' (22 May 1998, *New Straits Times*) in Sani, Rustam A., *Failed Nation? Concerns of a Malaysian Nationalist* (Petaling Jaya, Strategic Information and Research Development Centre, 2008) p.p.107-109

<sup>218</sup> Heywood, Andrew, *Political Ideologies – An Introduction* (Basingstoke, Palgrave, 1998) p.294

<sup>219</sup> Euben, Roxanne L., *Enemy in the Mirror: Islamic Fundamentalism and the Limits of Modern Rationalism* (Princeton, Princeton University Press, 1999) p.p. 17 and 42

Heywood explains that on one level 'fundamentalism is a manifestation of the politics of identity' in that 'it is precisely religious fundamentalism's refusal to accept that religion is merely a personal or spiritual matter that establishes its ideological credentials.'<sup>220</sup> As a group, Malays are unquestionably collectivist<sup>221</sup> as they struggle to compete in the dog eat dog world of Malaysian economics, lamenting the superior savviness of the Chinese who they feel the need to discredit for their ability to succeed in the modern marketplace.<sup>222</sup> Euben sees this rational actor interpretation as too simplistic as it necessitates the marginalisation of fundamentalist ideas.

The only relevant information is those aspects of the fundamentalist's so-called character - such as insecurity, immaturity, or intolerance of risk - that render fundamentalist membership and behaviour intelligible to market logic. In these instances, rational actor theory begins and ends with an image of Islamic fundamentalism as the refuge of the disenfranchised, with those unable to cope with the challenges and insecurity of modern life.<sup>223</sup>

For Heywood, turning ones back to the modern world is 'the most prominent feature of religious fundamentalism.' The face of anti-modernism as demonstrated through the endorsement of traditional values 'amounts to a form of moral conservatism' that is arguably an antithesis to Western society with its 'cult of the individual and a passion for personal gratification.'<sup>224</sup> But Euben argues a counter view.

Fundamentalism is itself evidence of the ways in which such a project has already failed significantly - in the West and elsewhere - to link individuals together in morally and politically meaningful ways. In such a light, fundamentalism appears to be less a cultural and political aberration than an extreme attempt to "reenchant" the modern world.<sup>225</sup>

While this thesis maintains that fundamentalism underlies Islam Hadhari, this does not mean that it is viewed as an immature response to the challenge of reconciling ones politics with ones religion. Rather it is acknowledged as a defensible political position with an ideology rooted in meeting the challenges of modernity. Islam

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<sup>220</sup> Heywood, *Political Ideologies – An Introduction*, p.296

<sup>221</sup> Heywood defines collectivism as 'the belief that collective human endeavour is of greater practical and moral value than individual self-serving.' *Ibid*, p.107

<sup>222</sup> Mahathir bin Mohamad, *The Malay Dilemma* (Singapore, Marshall Cavendish Editions, 2008) p.55

<sup>223</sup> Euben, *Enemy in the Mirror: Islamic Fundamentalism and the Limits of Modern Rationalism*, p.33

<sup>224</sup> Heywood, *Political Ideologies – An Introduction*, p.300

<sup>225</sup> Euben, *Enemy in the Mirror: Islamic Fundamentalism and the Limits of Modern Rationalism*, p.152

Hadhari is not fundamentalism turning its back on the modern world but instead fundamentalism seeking solutions for the modern world.

Heywood goes on to explain that ‘fundamentalisms differ according to the political causes they are associated with.’ They can be ‘used as a means of achieving comprehensive political renewal.’ He describes three categories for this renewal; it ‘is particularly attractive to marginalised or oppressed peoples’, can ‘shore up an unpopular leader or government by creating a unified political culture’ and can be used ‘as a means of strengthening a threatened national or ethnic identity.’ Islam Hadhari meets all three of these as it strengthens the allegedly economically oppressed Malays, the monopolistic UMNO and further develops the identity of Malaysia as Malay Muslim. Considering its use as a tool for maintaining Malay political power one can consider the example of Iran where ‘Friday prayers in Tehran became an expression of official government policy and a focal point of political life.’<sup>226</sup> Should Islam Hadhari develop along more fundamentalist lines and the mosque gain a place in Malaysian political life, non-Muslim participants would be conveniently isolated. However, it needs acknowledging that the form of fundamentalism that follows the above pattern is generally associated with Christian fundamentalists and not Islamic fundamentalists.

Islamic fundamentalists oppose regimes they conclude are fundamentally corrupt and concentrate on action designed to overthrow the status quo either by word or by sword. Christian fundamentalists in the United States do not generally seek the overthrow of the government but aim for increasing power in politics to legislate from beliefs they argue are fundamentally harmonious with what America “really is.”

While arguably a form of Islamic fundamentalism, Islam Hadhari does not follow the narrow definitions of what that means. Euben highlights that the topic is not only complex but that ‘current scholarship on fundamentalism is an exercise in power: the power to construct and control a subject that has little opportunity to contest either the interpretation or the terms of the discourse.’<sup>227</sup> As such, while this thesis uses the term fundamentalism and argues against its growth in what is alleged to be a

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<sup>226</sup> Heywood, *Political Ideologies – An Introduction*, p.p. 304 and 309

<sup>227</sup> Euben, *Enemy in the Mirror: Islamic Fundamentalism and the Limits of Modern Rationalism*, p.p.162 and 43

politically secular democracy, it is acknowledged to be a contentious term and any criticism here does not carry across the broader subject.

Islam features a number of laws that while potentially defensible within a religion; arguably have no place within a democracy. One of the most controversial subjects in Malaysia, one which has raged for a decade, is the Lina Joy case. Lina Joy is a Malay Muslim by birth and upbringing who converted to Christianity in 1990. In 1999 as she was legally changing her name and particulars on her National Registration Identity Card (NRIC), the National Registration Department (NRD) began placing the word "Islam" on the NRICs of those identified as Muslim. Joy's new NRIC featured her new name, Lina Joy, but featured the label of "Islam." The controversy centred around Joy's bypassing of the Sharia courts in her efforts to have this removed because as Tan and Lee explain, 'She argued that because she no longer considered herself a Muslim, she was no longer under the jurisdiction of the Sharia courts; the NRD however countered that under the law they could not change her legally registered religion from Islam to Christianity without her first receiving a certificate of apostasy from a Sharia court.' The case went to the Federal court and on 30<sup>th</sup> May 2007 it was ruled that Lina Joy was not entitled to an NRIC without the word Islam.<sup>228</sup>

Freedom of religion is written into the Malaysian constitution yet the 'by the Constitution, Malays are Muslims and subject to Islamic law. Constitutional guarantees of freedom of religion, it is held, must be read subject to that fact.'<sup>229</sup> What the Lina Joy case raised awareness of, was the confusion as to which law overrode the other at times of contradiction and particularly noteworthy is that the interpretation of both the Civil and Sharia's laws in this case was not without criticism from other Muslim groups. The World Muslim Congress cited Qur'an: al-Baqarah 002:256 'Let there be no compulsion in religion' and explained that,

Freedom of faith means not only freedom to choose a faith, but also freedom to change one's faith. While Islam regards apostasy a grave sin, but that is

<sup>228</sup> Nathaniel Tan and John Lee, 'Introduction' in Nathaniel Tan and John Lee (ed.'s), *Religion under Siege? Lina Joy, the Islamic State and Freedom of Faith* (Kuala Lumpur, Kinibooks, 2008) p.12

<sup>229</sup> Othman, Norani, 'Religion, Citizenship Rights and Gender Justice – Women, Islamisation & the Shari'a in Malaysia since the 1980s' in Othman, Norani, Puthuchery, Mavis C. And Kessler, Clive S., *Sharing the Nation – Faith, Difference, Power and the State 50 years after Merdeka* (Strategic Information and Research Development Centre, Petaling Jaya, 2008) p.42

between God and the respective individual. When it is a matter of simple apostasy, i.e., merely changing one's faith without any aggression or treason against an Islamic state or Muslims, the principle of freedom of faith in Islam requires that such apostate must be allowed to exercise their God-given freedom.<sup>230</sup>

Of course there are many arguments in favour of the ruling and the question that needed answering was whether Malaysia was a secular or an Islamic state. The answer to this would have profound implications for the two significant religious and religious minorities within the country.

In 2007 Prime Minister Abdullah Badawi stated that Malaysia was *Negara Islam*. The world press seized the shocking revelation that Malaysia had been declared an Islamic state but evasion ensued when it was revealed that *Negara Islam* can also be understood to mean Islamic country, which given that Islam is the official religion practised by over 60 percent of the population<sup>231</sup>, Malaysia unquestionably is. The topic is highly contentious with many non-Malays arguing that recent moves towards Islamic supremacy 'contradict the government's previous commitment to multiculturalism' and 'threaten their rights and full standing as citizens.' Puthuchery describes the spectre of Malay dominance as having taken on a more sinister dimension as apostasy cases highlight the overlapping jurisdiction of the courts and argues that 'the tendency for the civil courts to abdicate their adjudicatory powers to the *Sharia* tribunals is a matter of profound concern to all those who support religious pluralism and minority rights.'<sup>232</sup>

Fox looked at the effect that religion had upon human rights, not upon religious human rights which he identified as 'the freedom to practise one's religion without interference and the right to equal treatment of one's religion by governments and society' but on human rights in general. While he acknowledges that religious human rights and other human rights are not completely separate, Fox looked to whether the link made by many that religion links to intolerance and attested that 'religious

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<sup>230</sup> World Muslim Congress, 'Muslims must affirm the freedom of faith' (written May 30 2007) and published in Tan, Nathaniel and Lee, John (ed.'s), *Religion under Siege? Lina Joy, the Islamic State and Freedom of Faith* (Kuala Lumpur, Kinibooks, 2008) p.23

<sup>231</sup> This figure includes the many Muslims by law but not belief such as Lina Joy.

<sup>232</sup> Puthuchery, 'Malaysia's "Social Contract" – The Invention and Historical evolution of an Idea', p.18

exclusivity leads not only to intolerance towards minority religions but to intolerance in general.' Furthermore, 'Muslim states consistently have the poorest human rights records' and state religious exclusivity is 'linked to poorer human rights records even among democracies.' This situation says Fox, exists independently of the type of regime and suggests that 'showing that state religious exclusivity influences the human rights records of all states, including democracies, implies that other aspects of religion can potentially influence other aspects of state political behaviour.'<sup>233</sup> Malaysia breaks more than just religious human rights laws such as in the Subashini case where a Hindu woman's husband converted to Islam and she was forced to go through the Sharia court to stop her husband dissolving the marriage in the Sharia court and converting their children to Islam. Surin argues that 'Since marriage is a contract, then the terms of reference that both spouses agree to upon entering such a contract, cannot and should not be overturned by new terms of reference that are a result of one spouse's conversion to another religion' and that 'to suddenly impose new terms of reference on a spouse, who neither chose a new religion nor agreed to new conditions that are disadvantageous, is grossly unfair and contradicts Islam's exhortations for justice and fairness.'<sup>234</sup> 'How would we feel?' asks Zaid, 'if it were the other way round? How would Muslims feel if they had to submit to a Hindu court, or to any other religious court?' He argues that 'we should not do unto others what we would not want others to do unto us' and that 'that is the ultimate test of reasonableness. That is the test of a just legal system.'<sup>235</sup> Malaysia also breaks a variety of non-religious human rights as highlighted in Chapter 2.3, suggesting that Malaysia certainly shares some characteristics with Muslim states for reasons beyond the fact that Islam is practised in a fundamentalist way.

Islam is arguably a legal matter over a religious matter in the minds of some Malays. As a young western woman explained her reasons for refusing to commit to a Malay man she had been dating, 'ultimately I want marriage and I will never marry a Malay guy because that would require me to convert to Islam so it is best not to get too

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<sup>233</sup> Fox, Jonathan, 'State Religious Exclusivity and Human Rights' in *Political Studies* (Volume 56, Number 4, December 2008) p.p.928, 930, 944 and 945

<sup>234</sup> Surin, Jacqueline Ann 'Federal constitution must be respected' (20 March, 2007) in Surin, Jacqueline Ann, *Shape of a Pocket* (Petaling Jaya, The Edge Communications Sdn Bhd, 2008) p.36

<sup>235</sup> Zaid, 'Judges must show courage', p.81



attached in case my heart later overruled my head.<sup>236</sup> The man in question did not practise Islam, drank alcohol and lived a lifestyle identical to hers and understandably found the situation frustrating.<sup>237</sup> Another Malay man told the following story:

I'm very lucky that I look quite Chinese. I learnt a bit of the language and befriended some stall owners in Chinatown. It is forbidden for Muslims to eat during daylight hours during Ramadan and you can get into trouble with the police. But I go to Chinatown and if I see any police I would just smile and eat my *mee*. It is just a way to work around the rules. You can complain or you can just get on with things and a lot of Malays do not think too much about it.<sup>238</sup>

For many young Malays, the laws that govern their behaviours are merely things to work around, inconveniences to be tolerated. Their compliance with the rules that govern them is for an easy life. Not all Malays seek a quiet life however and organisations such as Sisters in Islam (SIS) speak out against religious and political infringements. In 2006, SIS executive director Zainah Anwar brought attention to the fact that Muslim women's rights had been eroded through amendments to Islamic law since the early 1990s, arguing that 'If *Sharia* law brings injustice, it is not *Sharia* law because Islam is a just religion.' Surin interprets this as the process of drafting Islamic laws in Malaysia as being seriously flawed. Surin lays much criticism at the lack of transparency in Islamic laws and talks of civil society only becoming aware of a law having been passed when it is enforced often in dramatic ways such as when Muslim women participating in a beauty contest were 'unceremoniously hauled away' and for the first time women's groups become aware of a *fatwa* making it a sin for Muslim women to participate in beauty contests had been gazetted into law.<sup>239</sup>

In July 2008, I was having a meal with a Muslim friend when he raised the subject of religion. His question was as to which church I belonged. Smiling I informed him that unlike in Malaysia where Malay was inseparable from Muslim, Chinese largely synonymous with Buddhist and Indian often translating as Hindu, for many parts of the world you cannot assume someone's religion by their ethnic background. I may

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<sup>236</sup> Conversation with Danielle, June 2008

<sup>237</sup> Conversation with Sayeed, June 2008

<sup>238</sup> Conversation with Shukri, July 2008

<sup>239</sup> *Ibid*, p.p.24-25

be Caucasian but I was not a Christian, in fact I followed no religion and did not believe in the existence of a pantheistic God. He paused, taking this in, before saying he found it interesting that someone could be raised without knowledge of a holy text. Perplexed, I replied that I had read the Bible. How then, he postured, could I not believe in God? My explanation that to me the Bible was not a particularly convincing source was met with a blank look. For the Muslim, faith was *a priori* and an absolute, to me everything is *a posteriori*. I then spoke of a Christian friend that had battled with his faith for several years before accepting that uncertainty and doubt was, for him at least, part of his life's journey and suggested that considered faith may be truer faith than unconsidered faith. Surely this was risky he countered, surely if everyone stopped to consider religion, a large proportion would lose faith? I felt it would be ill-judged to point out that the very holding of this idea suggested my companion did not really believe in a system he subscribed to through birth and politely changed the subject.<sup>240</sup>

Zaid comments that 'religious politics have taken centre stage' resulting in 'a creeping orthodoxy that, if left unchecked, might demolish this blessed country.' He puts forth the suggestion that rather than get upset when the West paints them as violent and fanatic, Muslims ought to show that they can deal with differences in matters of faith 'in a civilised and cordial manner.' It is widely accepted that actions speak louder than words and so demonstrating that Islam is a peaceful religion will go further than merely stating this. Zaid also calls for an acknowledgement of diversity within Islam.

By considering Islam as an entity, people forget that Islam has the same divisions as Christianity. We have Shia Muslims, we have Sunni Muslims, we have Yazidis, all kinds of orders. By keeping the unity of Islam we create the 'green menace,' the same as we used to have the 'red menace' (for communists), because we don't like to have any ambiguity or any differences that would show Islam has the same varieties as Christianity. The fact that we can't stand that variety shows weakness.

Zaid credits Malaysians as being 'open to dialogue and discourse and are more than able to sensibly address these issues' and asks 'enough already with the 'sensitive'

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<sup>240</sup> Conversation with Oz, July 2008

this and 'sensitive' that! There must be a stop to the automatic use of this 'sensitive' tag.<sup>241</sup> Malaysia already has the perception of it being a 'realistic and gentle Islamic country' that can be a role model for other Islamic countries and following 9/11 the United States once requested Malaysia to become the regional centre to combat terrorism.<sup>242</sup> But Zaid is lonely in his faith in his fellow Malays. Even (and arguably especially) among Malay writers, they are lamented for their lassitude. As my conversation above shows, a lack of freedom to consider Islam means that for many, the act of analysing a situation is alien. Put simply, the Malays through limitations placed upon them, are less able to be rational and to address 'sensitive' issues in an objective way.

The main reason for Malay *laissez faire* attitudes is arguably the same reason that religious constraints are tolerated; the special rights for the Bumiputera. The Federation of Malaya Constitutional Commission, the organisation responsible for the drafting of the Malaysian Constitution, spoke of two objectives in their 1956-57 report. The objectives themselves do not initially appear to be contradictory; 'the fullest opportunity for the growth of a united, free and democratic nation' and 'every facility for the development of the resources of the country and the maintenance and improvement of the standard of living for the people.' The execution of these objectives also reads as a reasonable attempt to level the playing field.

These objectives can only be achieved by the action of the people themselves: our task is to provide the framework most appropriate for their achievement. We must start from the present position as we find it, taking account not only of the history and tradition of Malaya but also of existing social and economic conditions.<sup>243</sup>

Shamsuddin describes the document as 'clear' that 'much effort was put in to ensure that it would afford equal rights to all citizens, and that there are structures in place to

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<sup>241</sup> Zaid, Ibrahim, 'The most scared of rights' (9 September 2006, Speech to Conference of Human Rights and Culture) in Zaid, Ibrahim, *In good faith – Articles, Essays and Interviews* (Kuala Lumpur, Zaid Ibrahim Publications Sdn Bhd, 2007) p.p.335, Forum 2000 Dialogue, 'Do religions offer a solution or are they part of the problem?' (10 October 2006, 10<sup>th</sup> Forum 2000 Conference) in Zaid, Ibrahim, *In good faith – Articles, Essays and Interviews* (Kuala Lumpur, Zaid Ibrahim Publications Sdn Bhd, 2007) p.p.297-298 and Zaid, Ibrahim, 'Pluralism and Democracy in Malaysia' (3 January 2007, Interview by Ong Kian Ming) in Zaid, Ibrahim, *In good faith – Articles, Essays and Interviews* (Kuala Lumpur, Zaid Ibrahim Publications Sdn Bhd, 2007) p.41

<sup>242</sup> Ce Qin, *A different Chinese*, p.103

<sup>243</sup> Shamsuddin, Suflan, *Reset – Rethinking the Malaysian Political Paradigm* (Petaling Jaya, ZI Publications Sdn. Bhd., 2008) p.40

ensure that the democratic objectives can be achieved.’<sup>244</sup> The Constitution is complicated by Article 153 which aims to ‘safeguard of the special position of the Malays,’<sup>245</sup> and according to Shamsuddin, is the reason for the breakdown of the delivery of these objectives.

The NEP emerged as a response to the riots of 1969 which fourth Prime Minister Dr Mahathir Mohamad attributed to policies that undermined the delicate relationship between Malays and non-Malays<sup>246</sup> and this enabled its discussion being limited due to its sensitive nature.<sup>247</sup> The NEP was established in 1971 with the goal of safeguarding this special position of the Malays, a move that Puthuchery describes as ‘The ascendancy of Malay nationalism over civic nationalism.’ Officially the NEP sought to level the playing field and reduce the inequalities which the Malays experienced socially and economically and Puthuchery explains its acceptance by most non-Malays who saw it as going beyond the original scope of privileges to Malay’s, as being on a par with their acceptance of previous privileges: ‘that these were necessary to close the economic gap between Malay’s and non-Malays and that there was a time period – of twenty years – after which it would no longer be necessary.’<sup>248</sup> Ooi claims that the NEP that grew out of the mayhem of the 1969 riots was a rational piece of work and that its main weakness was ‘the concentration on quantitative goals.’ This, he says, ‘may have been a sign of the times and of how most experts of the period were wont to think.’ The men he describes as the ‘architects’ of the policy, such as Tun Dr Ismail, were conscious of the long-term dangers of such a comprehensive affirmative action plan with Tun Dr Ismail considering it ‘a handicap program not unlike that found in his favourite sport – golf – and he made certain that a time limit of 20 years was put on it.’ Ooi suggests that the golf handicap idea can explain why the NEP goals were as quantitative as they were and that ‘incessant training is required for improvements to be made, and there is a definite system through which these improvements are measured. One works

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<sup>244</sup> Ibid, p.p.41-42

<sup>245</sup> Appendix Six

<sup>246</sup> Mahathir bin Mohamad, *The Malay Dilemma* (Singapore, Marshall Cavendish Editions, 2008) p.26

<sup>247</sup> The Constitution (Amendment Act) of 1971 – ‘prohibited public discussion of such racially sensitive issues as special Malay rights and the national language policy’ Ye, *The Chinese Dilemma*, p.160

<sup>248</sup> Puthuchery, ‘Malaysia’s “Social Contract” – The Invention and Historical evolution of an Idea’, p.12

towards getting rid of the handicap. Thus, the NEP succeeds by making itself irrelevant.<sup>249</sup>

In 1991 the NEP was replaced by the National Development Policy (with Vision 2020 introduced soon after) but for practical purposes people at all levels continue to talk of the NEP since its objectives are still sought and its affects still felt. Ooi says that 'What was significant about this shift was that the quantitative goals were exchanged for qualitative goals, and more importantly, this shift involved a movement from an inter-ethnic focus to a Malaysia-in-the-world perspective.' The downside of the shift was that Mahathir's fast-track development was weak and 'the authoritarianism of the times enhanced a culture lacking in accountability, lacking in an understanding of maintenance and sustainability of gains made, lacking in transparency and riddled with corrupt practises.'<sup>250</sup> This Malaysia-in-the-world policy is discussed in detail in the second part of this chapter.

Tan et al describes the NEP as 'one of the most ambitious programs of social engineering in the world'<sup>251</sup> and the present necessity of the policy is hugely debatable with some individuals and groups contesting government figures supporting its continuation. Bumiputera corporate equity ownership was targeted at 30 percent under the NEP but when The Asian Strategy and Leadership Institute's (ASLI) Centre for Public Policy Studies produced figures in 2006 which contradicted the governments' official statistics of ownership being at 18.9 percent, suggesting that ownership could be as high as 45 percent. ASLI's report was quashed rather than discussed by the government. Non-Malays largely acquiesced to the NEP out of recognition of economic inequality so if this inequality has been closed, it is understandable that its abolition would be more strongly pressed for. Shamsuddin says that today, there are many non-Malays who 'perceive that they are still being denied the proper enjoyment of equal rights of citizenship' and there are many Malays who 'perceive the failure to close the gap in economic disparity, in that it

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<sup>249</sup> Ooi, Kee Beng, 'Affirmative action part of economic progress' (10 August 2005, *Straits Times*) in Ooi, Kee Beng, *Era of Transition – Malaysia after Mahathir* (Singapore, Institute of Southeast Asian Studies, 2006) p.59

<sup>250</sup> Ibid, p.61

<sup>251</sup> Tan et al., *The Chinese Malaysian Contribution*, p.61

remains as large and ominous as ever.<sup>252</sup> It is worth noting that even amongst those that believe that the NEP is still necessary there are many that see its execution as flawed due to the many stories of corruption.<sup>253</sup> The poor management of the NEP becomes a focus rather than its goals.

Those that say it is no longer necessary (if ever it was) are clear in their criticism.

It has produced ambiguities and contradictions in the Constitution and in the judicial construal of its meaning. This lack of clarity has allowed those in power to interpret it in accordance with their known immediate needs at the time. In contrast, a Constitution aimed at fostering genuine inter-ethnic cooperation through a national consensus inclusively based on acceptance of basic human values – such as equality under the law, respect for individual freedoms and human dignity and equal rights and obligations for all citizens irrespective of race – is likely to provide the basis for the development of a more united nation in the future. No nation can be securely grounded if the founding charter of its existence is confused or contested. A frail or fractured foundation is no basis for “sharing the nation.”<sup>254</sup>

Ye is in a vast minority when he says he feels the NEP ‘has delivered the goods at what I believe is an acceptable price’ and ‘Whatever else you may think of the NEP, two things you can’t accuse it of are depressing the economy and destabilising the country.’ But even Ye has his limits and in a rare show of feeling says ‘as a whole the Chinese have been very tolerant and done their bit to maintain good race relations’ and that ‘now that the Malays are economically secure, maybe they should lift their game and set the nation’s sights on not just maintaining racial tolerance but promoting harmony.’<sup>255</sup>

Addressing the flaws in the NEP is fraught with difficulty, something which frustrates and angers many. Zaid insists that Malaysians ‘cannot continue to hide behind the smoke screen called ‘sensitive issues’ where fundamental issues are concerned’ and that ‘the government must stop skirting around these issues, and stop playing the

<sup>252</sup> Shamsuddin, *Reset – Rethinking the Malaysian Political*, p.p.112-114 and 16

<sup>253</sup> Yeoh, Tricia ‘Can Anwar replace the NEP?’ in Yeoh, Oon (ed.) *Tipping Points* (Petaling Jaya, The Edge Communications Sdn Bhd, 2008) p.116

<sup>254</sup> Puthucheary, ‘Malaysia’s “Social Contract” – The Invention and Historical evolution of an Idea’, p.26

<sup>255</sup> Ye, *The Chinese Dilemma*, p.p. 38, 164 and 158

racial or religious card every time such an issue arises in the public sphere.’ Zaid called (past tense: Zaid has since become an UMNO MP and now treads the party line<sup>256</sup>) for open rational discourse which he reminds us that Islam does not forbid or deny; ‘it is a compassionate religion. Islam is and Muslims are tolerant. They have been in the past, so why can’t we engage them in rational dialogue now.’<sup>257</sup>

In April 2008 Tricia Yeoh suggested that Datuk Seri Anwar Ibrahim, leader of the Pakatan Rakyat coalition party which is the leading opposition to the previously all-powerful Barisan Nasional, had set himself an impossible task in seeking the abolition of the NEP in Malaysia:

It means a complete revamping of every institutional structure: the public administration, procurement processes, amending the Securities Commission’s requirements for publically listed companies, banking and housing loans, not to mention the tedious process of redrafting policies to that end.’

Yet prior to the 2008 election on March 8, few had imagined a Malaysia not wholly dominated by the ruling coalition.<sup>258</sup> As such one might now argue that anything is possible. In what has been termed a political tsunami, the reshaping of Malaysia’s political landscape has once again brought into question of what it means to be Malay in Malaysia. The Pakatan Rakyat coalition now has control of five of Malaysia’s 14 states which gives real strength to Anwar’s Views on policy. The Barisan Nasional coalition party is dominated by UMNO, who have firm right-wing beliefs as to the intrinsic rights and special position of the Malay people. Anwar’s reasoning for the end of the NEP and its replacement by a New Economic Agenda is fourfold:

Anwar argued that after more than 35 years we find that (a) development is slower and per-capita income is much lower in Malaysia than South Korea, Taiwan and Singapore, although these countries were almost on par forty years ago, (b) Government figures show that the average incomes of Malays, especially at the lower and middle levels are smaller than average incomes of non-Malays in the same categories, (c) in the name of helping the Malays, the

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<sup>256</sup> See Chye, Kee Thuan ‘The reforms will come’ (an interview with Zaid Ibrahim) in Chye in Chye, Kee Than, *March 8 – The day Malaysia woke up* p.p.235-253

<sup>257</sup> Zaid, ‘Pluralism and Democracy in Malaysia’ p.43

<sup>258</sup> Yeoh, ‘Can Anwar replace the NEP?’, p.117

ruling Malay elite has used the NEP in order to enrich themselves and their cronies which include Malays and non-Malays, thus causing socio-economic inequity to widen, and (d) in an attempt to please the Malays, the NEP has been used to help the Malay poor but unfortunately excluding the poor from other ethnic groups, thus causing ethnic discrimination and dissatisfaction.'

Anwar's New Economic Agenda would seek to catch Malaysia up to Taiwan, South Korea and Singapore, reduce the gap between rich and poor within Malaysia and give equal opportunities to all, irrespective of their ethnic origins. The response of UMNO leaders ('especially some among the youth groups who have used the NEP and their relationship with top government leaders to enrich themselves') has been to accuse Anwar of 'selling out' to the non-Malays in order to gain political support.<sup>259</sup> Yeoh deems that Anwar's 'most realistic and viable option' is 'to phase out race-based affirmative action within a set number of years, with specific aims at each stage.' He will also need 'political buy-in from a critical mass of Malays.' Anwar 'cannot retract his move to abolish the NEP without losing credibility' but Yeoh predicts that 'negative Malay response will be a political setback' and he will be 'caught in a Catch-22 situation.' What will need to be done is that 'Anwar will literally have to reform the Malay psyche in such a way that the Malay identity does not draw its significance from a mere economic policy but rather confidently exist in its own right.'<sup>260</sup>

The argument for special rights for Malays can be a bit unclear. Ye summarises Mahathir's view as being that the Malays are 'ill-equipped by their racial traits, upbringing and conditioning to compete against the commercially advanced and acquisitive Chinese in their midst.'<sup>261</sup> It seems that view such as that of Bartlett (which sound sweeping and outdated), 'The Chinese must be about the most hard-working people on earth, and one cannot expect the Malays always to appreciate these newcomers,'<sup>262</sup> prevail in modern Malaysia.

Left alone, the Chinese may well deliver Malaysia faster to the common goal of national prosperity. But should the Malay stand aside and, poor but proud, watch his country prosper under the Chinese? Or should he demand a share

<sup>259</sup> Husin Ali, *Ethnic Relations in Malaysia – Harmony and Conflict*, p.p.93-94

<sup>260</sup> Yeoh, 'Can Anwar replace the NEP?', p.117

<sup>261</sup> Ye, *The Chinese Dilemma*, p.3

<sup>262</sup> Bartlett, *Report from Malaya*, p.25



in the prosperity, even at the cost of slowing down the economy? This Mahathir says, is the Malay dilemma.<sup>263</sup>

What is confused is that the argument uses two premises; that there ought to be a level playing field and that the Malays are somehow special. The core issue therefore, is the validity of the precepts upon which the NEP is built. Each is now considered in turn.

### **Are all Malaysians are equal but Malays are more equal than others?**

The question of a level playing field is one based upon three considerations; upon what principle is the concept of an unlevel playing field based upon, what are the objectives of the level playing field and what is the significance of the kind of equality sought? For the most part this is understood within the Malay-Chinese context but the Indian dimension also requires addressing.

The main problem with the equality argument is that it rests on the idea that the Malays are disadvantaged. The stereotype is that 'the Malays are poor but control the political power while the Chinese control the economy,'<sup>264</sup> that 'the Malays are in command and that's all there is to it.'<sup>265</sup> Syed Husin claims that the reality is (hardly surprisingly) that 'different ethnic groups are involved with the ruling political elite, although admittedly the Malays play a more dominant role politically' (while 'at the same time, a large number of Malays, as with the majority in the other ethnic groups, are denied any significant participation in political decision-making except only to vote once in every four or five years'). Regarding the Chinese, although they are 'comparatively more dominant in traditional businesses with some of them very rich, other ethnic groups also participate to form the economic elite.' Furthermore, 'a growing number of Malays, who are able to take advantage of the government policy of positive discrimination favouring Malays, have managed to become very wealthy.'<sup>266</sup> This problem is compounded by the government's refusal to consider whether or not Malays are still economically disadvantaged. There is evidence to suggest that they are; Ooi writes that while 'poverty rates have dropped greatly over

<sup>263</sup> Ye, *The Chinese Dilemma*, p.p.3-4

<sup>264</sup> Husin Ali, *Ethnic Relations in Malaysia – Harmony and Conflict*, p.158

<sup>265</sup> Ye, *The Chinese Dilemma*, p.p.43-44

<sup>266</sup> Husin Ali, *Ethnic Relations in Malaysia – Harmony and Conflict*, p.158

the last decades, recent figures show that there is entrenched poverty in predominantly Malay states' but points out that 'low-skilled Indians are also among those suffering badly from poverty.' While 'both the World Bank and the Asian Development Bank consider inequality of income to be relatively high'<sup>267</sup> the Government addresses this from within its own ideological standpoint. An example of this was mentioned earlier when instead of 'rejoicing that one of its major goals may have been accomplished' it 'vehemently denying this to be the case' when ASLI's Centre for Public Policy Studies (CPPS) produced their statistics about corporate equity ownership by Bumiputeras.<sup>268</sup> In an interview with the Sun on 9<sup>th</sup> October 2006 UMNOs vice-president Tan Sri Muhyiddin Yassin argued the government's case.

He described the findings of the "Corporate Equity Distribution: Past Trends and Future Policy" report, which was submitted to government in February, as "irresponsible", "rubbish", and one that challenges the government's authority. "The study is rubbish and is useless. As a Malay, I am also angry and believe that the report has an ulterior motive," he said. Muhyiddin, who is also the agriculture and agro-based industry minister, said ASLI must retract its findings, and acknowledge its mistake to prevent any polemic that could eventually affect racial unity. "I think the government needs to take serious action. Perhaps the EPU (Economic Planning Unit) or the government's policy unit should ask ASLI to justify its figures," he said, adding that the report sought to undermine Bumiputeras' rights to seek assistance under the New Economic Policy (NEP). He said that if ASLI's study states that Bumiputera already owned 45% of equity, it meant the government did not need to do anything more to assist the Malay community. Muhyiddin said it was also wrong for ASLI to include government-linked companies (GLCs) in its calculation of Bumiputera equity ownership. "These companies are owned by the government which in turn is elected by the people, which comprises both Malays and non-Malays," he said.

While ASLI was not interviewed with regard to the Mingguan articles, in an earlier press release the centre was reported as that that 'the official methodology, inherited from the 1970s, was "narrowly-based" and "unrealistic.'" A media statement given by

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<sup>267</sup> Ooi, 'Malaysia's Political Outlook for 2006-2007' p.p.5-6

<sup>268</sup> Ibid, p.56

DAP Parliamentarian Lim Kit Siang on 10<sup>th</sup> Oct (same year) throws some truly revealing light on the topic with the suggestion that ‘as there is dispute about the different methodologies used by EPU and CPPS in their different studies, the controversy should be resolved in an intellectual and professional manner with the publication of the methodology used by each and not on who has the louder voice and bigger muscle.’<sup>269</sup> If ASLIs methodology hadn’t been published, one wonders how Mingguan reached his conclusions. The answer sadly, is likely to be nothing more than its deviation from what the government wanted. A hypothesis backed by the immaturity and poor logic of Mingguan’s statements. Something important can be drawn from this debate and it is not one regarding methodology and ulterior motives as the government would have it<sup>270</sup>. Rather it is as Ooi points out, over ‘whether equity ownership shares distribution between the races is a viable way of measuring the successes of affirmative action.’<sup>271</sup>

What then are the true objectives of the government? Ye puts in a defence of building the confidence of Malays but it reads unconvincingly.

If you only ever see Malays as drivers of Chinese cars, you will never think of them as anything other than drivers. And even the Malays will believe this, and will live up (or perhaps “down” is the better word) to their own poor self-perception. But show them a few Malay tycoons and their dignity as Malays (their “racial ego,” as Mahathir calls it) will be restored ... Mahathir is arguing for the start of a virtuous cumulative circle through government intervention.’

Why must racial ego (if it even exists or is defensible) be raised by artificial role models and not actual achievement? Mahathir does not use the term role model but this is what he has in mind, claims Ye, when he defends ‘the appointment of token Malay directors in large non-Malay companies.’ Appointments made solely to meet the government’s positive discrimination requirements.

Everyone knows, he says, that these Malays are merely selling their names and cashing in on the government’s policies. Everyone knows that they are not “true” directors. But then you have to start somewhere. How else, other than by admitting a few Malays into the boardroom, are you going to wean

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<sup>269</sup> Shamsuddin, *Reset – Rethinking the Malaysian Political*, p.p.112-114, 115 and 119

<sup>270</sup> Although this is perhaps evidence for the inability of the Malays to be rational and objective when it comes to ‘sensitive’ topics.

<sup>271</sup> Ooi, ‘Malaysia’s Political Outlook for 2007-2008’, p.56

people from the idea that Malays can never sit on the boards of directors? Their mere presence, Mahathir suggests, is a breach in the walls of non-Malay bias and prejudice.

Ye argues that there exists a virtuous circle 'as greater prosperity produces greater self-confidence and greater self-confidence in turn leads to greater prosperity' but merely reports that 'the corruption in preferential treatment is the hidden incentive to be dependent on the government' and that 'there is a dilemma at the heart of affirmative action: it is supposed to be a spur, but it actually rewards its beneficiaries for falling behind'<sup>272</sup> without offering a rebuttal of these criticisms. Amzan cites Mahathir as saying the Malay view this that their crutches are symbols of their superior status in the country and says that 'the sad thing is that they are not even using the crutches properly. As a result, they gain nothing or very little from the availability of these aids.'<sup>273</sup>

On the 13<sup>th</sup> of January 2009, Micah Grimes, the basketball coach for The Convent School in Dallas led his girls' basketball team to a 100-0 victory and was promptly sacked. The school then apologised for the victory.<sup>274</sup> The question of what constitutes good sportsmanship can be applied to many types of human interaction. Ye, author of *The Chinese Dilemma* would undoubtedly appreciate the viewpoint that when one team or group of people has an advantage over another, it is reasonable for the stronger to consider backing down. *The Chinese Dilemma* takes its inspiration from Dr. Mahathir Mohamad's *The Malay Dilemma* quite deliberately.<sup>275</sup> Where Dr. Mahathir Mohamad's book lays down the need for the Chinese to step back in order to allow the Malays to take what he believes to be their rightful place in Malaysian society, Ye's addresses the Chinese dilemma of supporting this notion. Ye acknowledges that Chinese support for his view that they ought to step back is limited; saying that they see economics as a zero-sum game. The idea of the Chinese taking a back seat questions how we view equality. There is a choice to be made, equality of opportunity or equality of outcome. Ye states that the writing of *The Malay Dilemma* must have been difficult for Dr. Mahathir Mohamad since it required

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<sup>272</sup> Ye, *The Chinese Dilemma*, p.p.73,74 and 79

<sup>273</sup> Azman, Yazmin, 'Do we really need the NEP?' in Chye, Kee Thuan, *March 8 : The Day Malaysia Woke Up* (Selangor, Marshall Cavendish Editions, 2008) p.195

<sup>274</sup> <http://timesonline.typepad.com/schoolgate/2009/01/he-won-100-0-sh.html>, Published 27/01/09, Accessed 27/01/09

<sup>275</sup> Ye, *The Chinese Dilemma*, p.1

him to address the inadequacies of the Malays. To many Western scholars, the idea of affirmative action aimed at equality of outcome seems unfair as meritocratic systems lie at the heart of Western society. This is, of course, completely untrue. Class movement in the UK has largely been static for the last thirty years. You are far more likely to go to university if your parents attended university; educated parents read to their children more and professional parents can afford the private school fees that cultivate the greatest opportunity. In Malaysia, one could read educated professionals as Chinese and view the government as seeking to give everyone a fair chance.

Dr. Mahathir Mohamad concedes that this kind of equality is not the best option but argues it is the only equality available given the lack of four thousand years he says are necessary to change the racial traits, upbringing and conditioning needed for equality of opportunity. Mahathir's reading of Darwin's *Origin of Species* is arguably within the scope of the view he puts forward but this in itself raises interesting questions. While individuals from Dawkins to Attenborough will vehemently attest that Darwinism is not a theory but is concrete fact, the truth is that in conceptualising humanity, everything is open to interpretation. The problem with Mahathir's reading is that the *Origin of Species* is a biology book. The translation of Darwin's findings to form models for human society has occupied many theorists and it was both arrogant and unrealistic for Mahathir to hope to make a clear correlation between the situation of the Malays in 1970 when he published his book and the hereditary patterns of evolution as expressed by Darwin. In his book assessing Malaysia after Mahathir, Ooi wrote of Abdullah's call for increased meritocracy leading to a new atmosphere in Malaysia. This did not, however, mean an end to the era of affirmative action programmes and Ooi argues that 'meritocratic values are not necessarily opposed to affirmative action. The analogy of golf tells us that.' Ooi's explanation of how this works is however, somewhat unclear:

What is required instead, and what is increasingly possible given that Malaysians nowadays tend to locate themselves within a world economy and not an inter-ethnic domestic paradigm – as evidenced by the country's many global initiatives such as the East Asian Summit, to be held in Kuala Lumpur in December – is a implementation of affirmative action programmes built on mechanisms of accountability and performance management.

Ooi argues that 'affirmative action programmes should not be mistaken for social welfare programmes' defining the latter as needed 'humane measures and socio-political necessities to aid those who cannot fend for themselves' and the former as 'part of the game of economic progress'. This 'game' needs to be measurable and requires 'transparency, the involvement of all parties regardless of racial affinity and, most importantly, it must lead to the self-sustainability of achieved goals.'<sup>276</sup> This argument rests upon vague ideas and as Ooi fails to clearly identify what he means by the game of economic progress, it is inadequate as a defence of affirmative action.

Ye argues that the world's perception of the NEP is coloured by the current backlash against affirmative action. It is fair to say that 'equality means different things to different people' and Ye demonstrates a clear understanding of why the NEP is seen negatively:

I think that given the nature of their values, it is true to say that the notion of "equality of results" (rather than "of opportunity") strikes an unsympathetic chord in the American breast. To many Americans, adopting measures to ensure a predetermined result, even if that result is a more level playing field, is like rigging the vote or the market.'<sup>277</sup>

But this understanding has limitations. Malaysia wishes to engage globally and the world market operates on the US system. To play from one rule book domestically and another rule book internationally is surely a plan for disaster and arguably accounts for some of the difficulties outlined in the first part of this chapter. The topic is more complicated than the development of the Malays at a potential cost to the Chinese. Tate points out that 'in its essentials, the composition, structure and major problems of the Indian community remain very much the same in 2000 as they were on the eve of independence in 1957.' The NEP was not meant to occur at the cost to either the Chinese or Indian communities. The intention was that as the national economy expanded, the non-Malays 'would continue to keep the share they already enjoyed in the national economy, which would increase in size proportionately as the economy itself developed' and 'the foreign stake in the national economy would decline from just over 60 per cent in the mid-1970s to around 30 per cent by 1990'

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<sup>276</sup> Ooi, 'Affirmative action part of economic progress' p.61-62

<sup>277</sup> Ye, *The Chinese Dilemma*, p.90

meaning a 'win-win situation for all Malaysians.' None of the targets were completely met 'although considerable progress has been made towards reaching them.' This was mostly amongst the Malays, however, and 'for the Indian working class, particularly in the agricultural sector and in the context of eradicating poverty, the progress made fell far below expectations.' Tate states that currently 'many – if not most – Indian Malaysians are deeply concerned about the present status and future prospects of their community.' The Indian community is divided ('as it has always been') between 'a small, relatively affluent middle class on the one hand, and on the other a proletariat that accounts for by far the greater number of Indians in the community who hover on the borders of poverty.' Tate argues that the present system cannot overcome the Indian community's socio-economic problems and that what is required is 'a concerted national effort that is not based on race.'<sup>278</sup>

### **Is a Malaysian who defines himself by his ethnicity before his nationality a true Malaysian?**

Termed the Bumiputera which translates as 'Princes of soil,' the Malay people and their situation can be used as an introduction to questioning the link between a person or people and their environment and their rights upon that environment. This relationship between a person or people and the space they occupy lies at the core of how we understand and relate to our existence. The concept of rights over space and resources separates individuals into groups of have's and have-not's and in considering what separates those groups, that which unifies them and makes them distinctly and homogeneously human is highlighted. In honestly assessing the situation of the Malays one must take a dispassionate view. The reality is that the right of a race of people to a certain territory is a human construct. All animals necessarily battle to some degree for territory but the application of rights is, as far as we know, a uniquely human trait. Ownership is just one way that we imagine our world since through identifying ourselves with a territory; we are able to clarify our position within the world.

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<sup>278</sup> Tate, Muzafar Desmond, *The Malaysian Indians – History, Problems and Future* (Petaling Jaya, Strategic Information and Development Centre, 2008) p.p.106, 126, 179 and 181

Within Malaysia (as with most of Southeast Asia), people identified as tourists by locals are regularly asked where they are from. It's a topic of conversation that very quickly tires the expat or long-term visitor particularly since variations on a set answer are deemed unacceptable. At times I replied with the area of Kuala Lumpur where I had an apartment or, when outside the city, Kuala Lumpur. Without exception this response was met with confusion and a request to know where I was *really* from. Of course there was an answer for them since I am *really* from the UK. This promptly led to a question about my 'holiday.' While this is an irritation to the non-holidaying white visitor, it is insulting to the likes of Danielle who has lived in Malaysia for over thirteen years and has a mixed race child. She carries a British passport but her Malaysian education and entire adult life spent in Malaysia means that she sits somewhere between two cultures. She may not be from Malaysia originally but this is her home and where her family live. She understands and follows local customs far better than she would in the UK where her racial joking would seriously raise eyebrows. If insulting to Danielle, then it is downright offensive when turned to a Chinese person whose family may stretch back to several generations to think that only the Malays are *really* from Malaysia.

The term Bumiputera was coined by Malaysia's third Prime Minister, Tunku Abdul Rahman, to clarify the identity of the individuals that were to enjoy the special privileges owed to them by birth. To be Bumiputera is to be born of Muslim Malay parents, Orang Asli (indigenous people of peninsular Malaysia) parents, parents indigenous to the state of Sarawak or a father indigenous to the state of Sabah. Such special privileges are laid down in Article 153 of the Malaysian constitution and demonstrated through the affirmative action that enables ease of opportunity in education and the workplace due to quotas aiming for equality of outcome. This right of birth was contested by Lee Kuan Yew, the first Prime Minister of Singapore, who said 'Malays began to migrate to Malaysia in noticeable numbers only about 700 years ago' and so 'it is wrong and illogical for a particular racial group to think that they are more justified to be called Malaysians and that the others can become Malaysian only through their favour.'<sup>279</sup> Lee highlighted an important consideration as to how we establish a link between a group of people and a territory. Notions of

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<sup>279</sup> Ye, *The Chinese Dilemma*, p.43



whether seeking equality of outcome can rival meritocratic systems are therefore secondary to the question of the rights of one group of people over another group with regard to resources.

Ye has an usual attitude with regards to his 'gratitude' for having been raised in Malaysia rather than China and is perplexed by the small numbers of Chinese and Indians that share his view.

Some Chinese dispute the fact that the land was the Malay's to begin with. Others say it was the British who had opened the door to them, and their head of state is owed to colonial policy. Yet others say that they have helped to develop the country and have contributed to its prosperity, so they have a rightful share in whatever is on offer.<sup>280</sup>

Fu Ce Qin argues that in Malaysia, 'Malays are the host, and that made the Malay community very proud and also shaped the unshakable faith of fellow Malays.'<sup>281</sup> This kind of attitude along with statements such as, 'today's reality is that we are Malay, Chinese and Indian first, before we are Malaysian',<sup>282</sup> suggest that Malaysia is not a true nation. A nation is commonly understood as a body of people who *share* a territory and its history and culture. Citrin et al say that 'most Americans acknowledge that all of us 'here' now – Native Americans aside – originated from somewhere over 'there'. Indeed immigrants are often portrayed as 'foreigner founders', the quintessential Americans.'<sup>283</sup> As such the arrival of the 'quintessential Americans' is a part of America's history and they are not granted special rights based on an imagined right to that land. The NEP aimed to eradicate poverty independent of race and Ooi explains the twist in policy as being due to its coupling with 'the popular Malay imagination to the notion of inherent Malay rights.'<sup>284</sup>

Arguably the notion of rights actually stems from a sense of inferiority. Zaid has been called ungrateful for 'suggesting that Bumiputera rights and privileges are limited in

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<sup>280</sup> Ibid, p.p.42-43

<sup>281</sup> Ce Qin, *A different Chinese*, p.84

<sup>282</sup> Shamsuddin, *Reset – Rethinking the Malaysian Political Paradigm*, p.8

<sup>283</sup> Citrin, Jack, and Sides, John, 'Immigration and the imagined community' in *Political Studies* (Volume 56, Number 1, March 2008) p.34

<sup>284</sup> Ooi, Kee Beng, 'How the Leftist NEP Became a Rightist Policy' (March 2007, *Lexean Magazine* with the title: 'Curing the Malaysian Malaise) in Ooi, Kee Beng, *Lost in Transition: Malaysia under Abdullah* (Strategic Information and Research Development Centre, Petaling Jaya, 2008) p.49

scope and must not be used as a one-size-fits-all policy to discriminate against other races.’<sup>285</sup> This experience has been shared by others. Shukri and Amir are two Malay men in their late twenties who became friends while working at the same television studio in Petaling Jaya. Shukri did his degree at the University of Hertfordshire in the UK. His reason was that while he could easily have studied at Universiti Kuala Lumpur where Amir elected to go, he wanted his degree to be his own. If he attended Universiti Kuala Lumpur, he said, ‘I would get a degree because I am Malay. I wanted a degree for being me.’ Amir claims pride in being Malay and appears to feel that his specialness means that it is right that he has privileges. Amir argues that Shukri seems determined to make life difficult for himself, something that frustrates Shukri, ‘another thing I hate is the phrase “give a brother a break.” Why should I do Malay guys favours that I wouldn’t do for Chinese and Indian guys? But this makes me unpopular.’ When asked why Shukri thought Amir might hold the view he did the answer was the stereotype ‘he’s lazy. So damn Malay! He doesn’t want to work. I don’t respect him but he’s a nice guy so I’m his friend.’<sup>286</sup> Azman talks of his parents encouraging friendships with people from all races, ‘especially the Chinese, whose discipline and determination to succeed was something my mother wanted me to adopt.’ This resulted in him not feeling ‘at home’ with the average Malay and their ‘laid-back attitude and “*cukuplah*” philosophy smacked of a fat cat lazing in the sun, content with the knowledge that food would be in the rice bowl twice a day.’ He says he never understood their aversion to work and that ‘what I did see was how my non-Bumiputera friends struggled against a system that consistently forced them to work harder and harder without reward.’<sup>287</sup>

It’s not just the Malays that are expected to be grateful. Ye talks of a friend who asked what were to happen if he was to say to ‘the Malay’ that ‘It wasn’t by your leave that we prospered. If we’re supposed to feel grateful, what are we supposed to feel grateful for – for the fact that you were weak at the time of our arrival in your country? For the fact that, by being weak and powerless, you presented no

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<sup>285</sup> Zaid, Ibrahim, ‘Department of Bumiputra Affairs’ (Previously unpublished) in Zaid, Ibrahim, *In good faith – Articles, Essays and Interviews* (Kuala Lumpur, Zaid Ibrahim Publications Sdn Bhd, 2007) p.240

<sup>286</sup> Interview with Shukri, February 2009

<sup>287</sup> Azman, ‘Do we really need the NEP?’, p.195

competition?’<sup>288</sup> The crime of Chinese success it seems, was that they created enterprise where there was very little. As such the NEP caused much unhappiness among the Chinese and many businesses protested that NEP practises were unfair and bad for business. Baker explains that ‘the primary vehicle for bringing the Malays into the modern economy was the creation of government corporations that would initiate business ventures and offer these opportunities to Malays.’ Companies with aggressive Malay hiring were ‘given preference in government contracts, licenses and assistance’<sup>289</sup> and ‘overzealous government officers, being mostly Malays, would often require non-Malay investors to divest more than the stipulated 30 per cent of their corporate shares to *Bumiputera* shareholders’ (something argued to have ‘discouraged new non-Malay and foreign investments’ and ‘many businesses delayed their projects or scaled down their business plans because they lacked *Bumiputera* partners or because companies were unable to maintain the required levels of *Bumiputera* ownership.’)<sup>290</sup>

Tan et al point out that ‘the NEP unexpectedly resulted in establishing Malay-Chinese business alliances and encouraged many Chinese businessmen to develop close links with Malay political figures.’<sup>291</sup> Baker says that there were Chinese and foreign efforts to ‘skirt the spirit of the law’ and Ali Baba arrangements proliferated, These were business arrangements in which Malays (Ali) held ownership and management positions in Chinese (Baba) ventures but were participants in name only. The Malays were paid, and the Chinese ran the companies.’ There were also related inefficiencies when Malays were hired for the sole purpose of meeting quotas and profits were reduced by bloated work forces that met government rather than market requirements.<sup>292</sup>

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<sup>288</sup> Ye, *The Chinese Dilemma*, p.p.48-49

<sup>289</sup> ‘The National Corporation (PERNAS) and other organisations offered start-up capital for new companies in transportation, insurance, finance, shipping and manufacturing. The goal was to get these businesses going and then turn them over to Malay owners. The Urban Development Authority (UDA) was established in 1971 to provide an outlet for Malay participation in retail. Its goal was to build and buy shops and offices in predominantly Chinese areas and provide inexpensive entry for Malay small businessmen.’ Baker, *Crossroads*, p.p.325-326

<sup>290</sup> Tan et al., *The Chinese Malaysian Contribution*, p.p.62-63

<sup>291</sup> Ibid, p.61

<sup>292</sup> Baker, *Crossroads*, p.328

## A self-fulfilling rentier conspiracy

Ooi states that 'To be Malay, and therefore eligible for certain state-sanctioned privileges, you must be Muslim'<sup>293</sup> but Zaid argues that the constitution does not contemplate a two-tier citizenry where some citizens have more rights than others. What is stated is that some require more help and assistance and while preferential treatment is permitted, it is 'only in the limited instances outlined and in accordance with the qualifications stated in Article 153.'<sup>294</sup> Despite this, this help and assistance has become preferential treatment for Malays. Shamsuddin views this negatively; 'If a Malay becomes dependent upon preferential treatment, without which he has no independent means by which to pursue his happiness, how can he ever claim to be in control of his destiny? True independence means not being beholden to anything other than his beliefs and principles.'<sup>295</sup> Ye calls this the 'corruption' of preferential treatment, that there is 'the hidden incentive to be dependent on the government'<sup>296</sup>

Zaid asks that we remember the purpose of the NEP which was 'to eradicate poverty irrespective of one's racial origins and to eliminate the association of certain ethnic groups with specific economic functions' arguing that 'it is crucial for the government to fully clarify the scope of article 153.' Failure to do this would, he says, result in the Malays and the Bumiputera remaining 'under the illusion that they are a 'special' class of citizens, entitled to 'special' privileges all the time and under all circumstances. They will always think that the government has to help them in everything they do. This dependency culture will not be good for the Malays.' Not only is such a culture not good, but it is illegal.

A policy that mandates a 5 per cent discount for Bumiputera or Malay purchasers in a housing scheme is discriminatory and it is not within the remit of Article 153. So is the policy that requires a 51 per cent equity stake to be held by Bumiputera or Malay in law firms before they are eligible to carry out work for a bank. Requirements that companies must have 100 per cent

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<sup>293</sup> Ooi, Kee Beng, 'From Malay to Muslim to Melayu Baru... What Next?' (10 May 2007, *Straits Times*) in Ooi, Kee Beng, *Lost in Transition: Malaysia under Abdullah* (Strategic Information and Research Development Centre, Petaling Jaya, 2008) p.111

<sup>294</sup> Zaid, 'Department of Bumiputra Affairs', p.p.245-246

<sup>295</sup> Shamsuddin, *Reset – Rethinking the Malaysian Political Paradigm*, p.23

<sup>296</sup> Ye, *The Chinese Dilemma*, p.79

shares held by Bumiputera or Malays, before they are eligible to bid for government contracts, is also discriminatory and illegal.<sup>297</sup>

Shamsuddin describes this as a 'cycle' which needs to be 'purposefully brought to an end' in order to allow true independence.

Whilst in the past, the forces that determine his survival can be controlled by the government, today, that is no longer true. The world is fast becoming a global market place, which means that he can no longer hide behind the NEP or special Malay rights to compete. And even if he could, isn't there a risk that sooner or later this protective barrier might be breached because of stronger forces at play? Then where would we be?

He shares the view held by his grandfather that dependency on special rights is akin to colonialism; 'Except that instead of a white man who has control of what I think and what I do, it is someone else.'<sup>298</sup>

Shamsuddin calls for greater personal accountability and the development among the Malays of a capacity to independently understand and analyse problems. He accuses them of being too used to being spoon-fed their answers and of families, communities and the establishment perpetuating that there is only one way to look at a problem. His criticism of their inability to use rational thought and to consider without bias is harsh but the system which comes under his attack is, he argues, for the Malays to change: 'If they are not given full and transparent access to all the issues, they will not be able to identify the patterns, learn the art of abstraction and know how to contextualise the issues at hand. They therefore need to be willing to challenge the status quo and understand the limits to deference.' Shamsuddin cites a friend who retorts 'Malays are very proud people, and they might not be receptive to being told that the development of these qualities should be our overriding priority' but meets this avoidance of responsibility in stating 'I speak as a Malay. Proud of my heritage and culture. Proud of the blessings that my community has bestowed. But not afraid of saying what it is that I think we need to be doing better.'<sup>299</sup> He argues that even Mahathir has admitted the mistake of the preferential treatment.

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<sup>297</sup> Zaid, 'Department of Bumiputra Affairs' p.p.250 and 247-248

<sup>298</sup> Shamsuddin, *Reset – Rethinking the Malaysian Political Paradigm*, p.24-55

<sup>299</sup> *Ibid*, p.p.32, 35 and 36

Tun Dr. Mahathir remarked that he originally thought that if opportunities were provided to the Malays, whether by way of education, skills, jobs, business or financial opportunities, then the “New Malay” that is a brave, self-confident, determined and well-adjusted would emerge. In a speech he gave to the Harvard Club of Malaysia a few years back, he admitted, in not so many words, that he got it wrong. And that without addressing the cultural issues, giving all the opportunities in the world to the Malays would not yield the desired result.<sup>300</sup>

Ultimately the issue is one of accountability. Unless the Malays demonstrate otherwise, they will continue to be viewed as Sir Hugh Clifford, a former Governor wrote of them: ‘indolent, pleasure-loving, improvident, fond of bright clothing, of comfort, of ease, and dislike toil exceedingly.’<sup>301</sup> The philosopher Alain de Botton tackles the subject of success in his book *Status Anxiety* and his argument on western historical development has clear parallels with colonialism and post-colonialism.

To succeed financially without inheritance or advantages in an economic meritocracy lent individuals an element of personal validation that the noblemen of old, who had been given his money and his castle by his father, had never been able to experience. But, at the same time, financial failure became associated with a sense of shame that the peasant of old, denied of all chances in life, had also thankfully been spared<sup>302</sup>

The removal of the NEP is essentially a move towards meritocracy and one which the Malays fear. But Shamsuddin argues that this fear is felt by everyone, but that ‘what would be a cardinal wrongdoing is to replace one fear with another that is even more debilitating.’ Shamsuddin considers the fear of taking personal accountability to be one such fear.

Because that fear will lead you to leaving your welfare and well being in the hands of others. If the individual Malay person feels a need to always rely on special privileges, it will be hard for him to let go of this fear. And then he will

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<sup>300</sup> Shamsuddin, *Reset – Rethinking the Malaysian Political Paradigm*, p.30

<sup>301</sup> Bartlett, *Report from Malaya*, p.25

<sup>302</sup> De Botton, Alain, *Status Anxiety* (London, Penguin Books, 2005) p.86

have lost his battle for control over his destiny before the fight. True destiny begins and ends with personal accountability.<sup>303</sup>

De Botton cites the Scottish doctor Samuel Smiles who encouraged deprived young people to set themselves high goals, educate themselves and spend money carefully before rallying against any government that might help them along this path: 'Whatever is done *for* men takes away from them the stimulus and necessity of doing things for themselves. The value of legislation as an agent in human advancement has been much over-estimated.' For Smiles, 'no laws, however stringent, can ever make the idle industrious, the thriftless provident or the drunken sober.'<sup>304</sup>

## 5.2 The legitimacy and effectiveness of Mahathir's 'mega projects'

In chapter 2.1 Wall's four approaches towards development (modernisation, dependency, neo-classical counter-revolution and alternative) were discussed and sustainable development as part of the alternative development paradigm was identified as the most significant with regards to tourism development. While sustainable development is of vital concern to the Malaysian government of today, the path to modern Malaysia was laid in Mahathir's era through the model of modernisation. Modernisation models see progression through a series of stages of societal development, an arguably 'unidirectional path which all must follow in order to develop' which to Wall 'smacks of western ethnocentrism.'<sup>305</sup> What is interesting is that Mahathir was often very negative about the West and yet in the appealing choice between being 'an advocate for a totalising modernity that sweeps all in its path' or being 'a critical analyst decrying the iniquitous spread of capitalism,'<sup>306</sup> Mahathir sought to emulate the glittering skyscrapers of capitalist ideals.

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<sup>303</sup> Shamsuddin, *Reset – Rethinking the Malaysian Political Paradigm*, p.28

<sup>304</sup> De Botton, *Status Anxiety*, p.p.88-89

<sup>305</sup> Wall, 'Sustainable Tourism – Unsustainable Development', p.34

<sup>306</sup> 'The appeal of modernisation or dependency models lies in the fact that they reduce complexity to a single binary either/or choice' Meethan, *Tourism in Global Society – Place, Culture, Consumption*, p.46

## **Mahathir's development policies**

When Mahathir became Prime Minister there was a shift in the emphasis of government policy. Prior to 1981, large-scale Malay participation in the corporate sector had been through GLC's. Baker points out that 'as long as the state ran the companies, it was not creating independent businessmen but bureaucrats who ran the companies, hardly a way to prepare Malays to compete with non-Malays.' What Mahathir wanted was the creation of 'a powerful group of capitalists in the private sector in the belief that Malay entrepreneurs would help the Malay community as a whole.'

In order to create these new capitalists, state-run corporations were privatised. The Malaysian International Shipping Corporation, Malaysia Airlines, Edaran Otomobil Nasional, Cement Industries of Malaysia and Syarikat Telecom Malaysia were sold to Malay businessmen. Second, infrastructure projects, such as new highways, water supply, sewerage systems and mass transit projects, were turned over to Malay interests in the private sector. And third, licenses for new television stations, telecommunication services and power were granted to Malay-controlled private institutions.'

These efforts had mixed results as while the Malays came to occupy a more significant position in the private business sector, there was great economic inefficiency as 'projects, contracts and licenses were often dispensed without competitive bidding, which meant that political connections became important in obtaining them' and 'often Malay companies would receive government contracts and then subcontract them to non-Malays or foreign concerns.'<sup>307</sup>

Jumo and Gomez term this political capitalism as Malaysia then had 'a rising group of businessmen who were successful as much as a result of their political skills as of their business acumen.' This was beneficial for UMNO, as it tied the success of the emerging class of Malays to the political fortunes of the party. Furthermore, Baker argues that 'the withholding of government largesse was also a potent weapon in

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<sup>307</sup> Baker, *Crossroads*, p.327



maintaining part discipline and funds.’<sup>308</sup> Syed Husin highlights Mahathir’s ‘New Government Policies’ memorandum issued about two years after he came to office as being a key indicator of his modernist capitalist approach to development: ‘Four aspects of the new policies explained in the memorandum covered Look East, Malaysia Incorporated, Privatisation and Leadership by Example.’ These policies involved emulating successful Eastern nations, managing Malaysia as though it was a company where ‘the government and the private sectors are both owners and workers together,’ opposing nationalism through the transfer of government services to the private sector.<sup>309</sup> The reality was that this allowed for a significant amount of cronyism as government players elected to assist their family members and friends.

A defence for the preferential treatment of certain individuals in the allocating of contracts was that it met NEP objectives. Ooi summarises the two aims of the NEP as ‘eradicating poverty and increasing employment opportunities for all Malaysians; and accelerating the restructuring of Malaysian society to correct economic imbalance’ with the ultimate aim ‘to reduce and eventually eliminate the identification of race with economic function’ while ensuring that no particular group experienced any loss or felt any sense of deprivation in the process. Mahathir, he explains, ‘chose to focus on the creation of a small and wealthy class of Malays. Given that the Chinese were hitherto wealthier, this would, statistically at least, enhance income equality between the races.’ Poverty was left to take care of itself with the plan that a fast growing economy would trickle down wealth from this new class and the twin goals of the NEP would thus be met. Ooi’s assessment is that ‘such a belief in this process of wealth distribution has proved overly optimistic.’

The creation of a small and wealthy class of Malays involved the rationale that their individual well-being and that of their ethnic group overlapped. What was good for one chosen Malay was good for Malays as a whole. For the chosen individual, the ethical need to help in wealth distribution within the Malay community, which was the reason for his advantaged position in the first place, was minimised.

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<sup>308</sup> Ibid, p.328

<sup>309</sup> Husin Ali, Syed, *The Malays : Their problems and future* (Kuala Lumpur, The Other Press, 2008) p.141-142

Another problem with this strategy was that putting the NEP on this fast track also meant the dismantling of many of the checks and balances that had been in place. 'The concept of integrity for institutions and individuals alike was diluted. Notions of public ethics became blurred.'<sup>310</sup> Ye warns that 'too much concentration on economics... will blind us to another unquantifiable aspect of the NEP's success. What has often been overlooked is how far it has restored Malay self-confidence.'<sup>311</sup> Instead, perhaps it would be better to concentrate less on the emotional well-being of the Malays and actually look to the economics.

Syed Husin warns that looking at mean incomes does not 'tell the truth because they hide the fact that a large amount of wealth and capital are concentrated in the hands of only a handful of multi-millionaires and billionaires.' The question that matters he says is 'when the national per capita incomes rise from year to year, do the incomes of those in the lower strata, whether they are Malays, Chinese, Indians, Ibans and Kadazandusuns, also increase?' Syed Husin claims that the reverse happens and the poor become poorer. Those benefiting from the rising national incomes are largely based in the upper levels of society and the income gap between rich and poor is widening: 'so, whereas absolute poverty has improved over the years, relative poverty has worsened' as commodity prices have risen significantly.<sup>312</sup> Hassan also criticises Mahathir's approach:

Development became lopsided, as the principle strategy of the trickle-down approach was to create a more core group of multi-millionaires or even billionaires. We have seen that most of these newly-created millionaires do not really share their wealth with the people, but use it to create more wealth for themselves. And when they get into financial trouble, they expect the government to bail them out.<sup>313</sup>

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<sup>310</sup> Ooi Kee Beng, 'A case for tension between state and UMNO' (20<sup>th</sup> July 2005, *Straits Times*) in Ooi, Kee Beng, *Era of Transition – Malaysia after Mahathir* (Singapore, Institute of Southeast Asian Studies, 2006) p.p.48-49

<sup>311</sup> Ye, *The Chinese Dilemma*, p.169

<sup>312</sup> Husin Ali, *The Malays : Their problems and future*, p.111

<sup>313</sup> Hassan, Ahmad Mustapha, *The Unmaking of Malaysia – Insider's Reminiscences of UMNO, Razak and Mahathir* (Petaling Jaya, Strategic Information and Research Development Centre, 2007) p.270

This picks up on an idea discussed in the above section on the 'equality' and identity of the Malays. Created dependency upon governmental assistance is not beneficial to the Malays.

Ce Qin has some interesting stories about his work experience. On one occasion he was talking to a Managing Director from a Malaysian electronic manufacturing group at Chinese New Year.

We were talking until late at night, and Mr. Liu, sipping his whisky, said, "My company plans to invest in China, and everything looks well, all except a good east wind!" I anxiously asked, "What kind of wind?" He shook his head and said, "I wanted to send a team of people to Shanghai and Guangdong to kick start, but until now, I do not have enough people. Malaysians do not have the drive to go international, or if we want to be blunt, Malaysians do not have a sense of adventure! When our company wanted to send someone to start working or living in overseas, their excuse would be, 'boss, I have a family, and it's not convenient to travel out.' Or 'I have a mother who is very old and there is no one to look after her,' or 'The eating style there would be a problem (for some religious reasons)'... and many other unreasonable reasons."

By comparison, Mr Liu claimed that 'Taiwanese or people from Hong Kong have been successful overseas and they have people who are willing to be called upon, people who are ready to work hard for the company' and warned 'if Malaysians continue like this, we would definitely be left out of the game!' Another of Ce Qin's client's, this time from Hong Kong, said in a casual conversation, 'You Malaysians love to not answer your phone calls; if not, we leave messages with the voicemail and never receive any return calls, as for the silly excuse about having the right not to answer any phone calls after working hours, what kind of reason is that?'<sup>314</sup> These stories indicate the sense of entitlement that many Malays<sup>315</sup> experience and perhaps more importantly, how this sense of entitlement is perceived outside Malaysia.

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<sup>314</sup> Ce Qin, *A different Chinese*, p.p. 87 and 98

<sup>315</sup> Ce Qin is Chinese Malaysian and tends to use the term 'Malaysian' to specifically refer to Malay Malaysians.

Because the Malay political capitalists had been spoon-fed their success, they were hit especially hard by the Asian Financial Crisis of 1997. Daim Zainuddin, a former finance minister described the situation saying, 'A lot of fellows get privatised projects and they have no experience. They're only interested in getting a project and pumping it into a listed company, see those shares fly. And then they borrow against the scrip. They want to get rich quickly and they forget about management.'<sup>316</sup> In being handed their success, the political capitalists lacked the experience to handle difficulty. Ye states that in the aftermath of the crisis, Anwar wanted to pursue IMF-style policies and let inefficient companies go bust but this flew in the face of what Mahathir had sought to achieve. Instead, the government stepped in to support the political capitalists; Anwar was removed as Mahathir's finance minister and manipulation of the market allowed for Mahathir and his policies to continue. For Hassan such policies meant that Malaysia had become an imitator and that in wanting to copy and compete with the West, bearings were lost as the realities that confronted the nation failed to be seen.

The wheel's new direction was the creation of new programmes and new objectives. The emphasis was now on modernisation and technology. The target was not the 'WHO' (the people) any more and that is who would gain but the 'WHAT' and these are the tools like computers, the buildings, the cities and the urban areas. Malaysia had to compete with the developed world and the 'what' was a requirement to face this challenge.

Hassan's gripe centres on his belief that Independence was to right the wrongs of the British occupation where development was uneven as states like Perak and Selangor where rubber estates were located and tin was mined became wealthier than the states in the North and on the East coast where the economy was based on less lucrative agriculture and fishing. Standards of infrastructure and education were reflected in this uneven development. Good infrastructure and educational facilities were, argues Hassan, the aspiration of people in these less developed areas following independence and ought to have been priorities. But this was not to be the case under Mahathir.<sup>317</sup>

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<sup>316</sup> Ye, *The Chinese Dilemma*, p.176

<sup>317</sup> Hassan, *The Unmaking of Malaysia – Insider's Reminiscences of UMNO, Razak and Mahathir*, p.p.264 and 260

### **Are there any birds in Mahathir's gilded cages?**

The question arises of whether Mahathir's vision for Malaysia was purely egomaniacal or whether his approach to development is defensible and can provide a potential model for other developing nations. Mahathir rightly receives criticism for his arrogant attitude but to dismiss all of his policies because of this is to take an overly simplistic approach. While Mahathir undoubtedly changed the world's perception of the nation favourably, quantifiable economic improvements are less immediately evident but this is not to say that they are absent. Mahathir's most impressive gilded cage, the Petronas Towers, stands under-utilised (see Image 5.1 of empty office space being clearly visible from the observation deck<sup>318</sup>) yet fulfils the role of state icon and tourist attraction. This raises questions about how we understand the objectives of development strategies and how their successes and failures are interpreted. Mahathir's view for his country was that if Malaysia could appear to have the standards which he had identified among the world's key players then the world could see what Malaysia was capable of. While initially this could be argued as an elaborate show of smoke and mirrors and that the capabilities of a state and its citizens is something to be demonstrated rather than advertised, the analogy of a gilded cage can present a way of considering whether this could be an appropriate path to development.

**Image 5.1 : Empty offices in Petronas Towers 2008**



*Source: Kathryn Ashcroft*

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<sup>318</sup> See Quek, Kim, 'Justification of mega projects: PM fumbles again' (11 July 1999) in Quek, Kim, *Where to, Malaysia? A future with Anwar's Reformasi or back to Mahathirism?* (Petaling Jaya, Strategic Information Research Development, 2005) p.74

Throughout Southeast Asia's markets one sees simple bamboo cages which people buy for keeping birds. A number of traditions surround the keeping and releasing of birds for luck and fortune. If we imagine birds to represent increased trade and tourism, improved diplomatic relations and the other 'goods' which a government might identify, then we can visualise cages as the tools for containing and managing these objectives. To illustrate this idea we can compare Malaysia and Vietnam's conferencing capabilities. Conferences are part of the MICE industry and can represent a significant proportion of a nation's tourism revenue. Malaysia has a number of impressive conference facilities in the capital itself (such as Kuala Lumpur Convention Centre), the administrative capital of Putrajaya (such as Putrajaya International Convention Centre) and in various locations throughout the country (such as at Genting Highlands and on the island of Langkawi). These facilities are supported by a wealth of hotels spanning from budget to luxury, a range of restaurants and a variety of leisure and shopping activities. Malaysia's cages are well built and are often beautifully presented; they are truly gilded. Vietnam, while having the US\$268 million National Convention Centre in Hanoi, still lacked an international standard convention centre in Ho Chi Minh City in 2007 and both cities were considered by Cei Asia's Kate Nicholson to be in 'desperate need' of more luxury hotels and more rooms. Vietnam could attract the 'birds' and had hosted the ASEM5 Summit, the ICT Summit and the ATF and has held events for DHL, Motorola, VISA and Volvo but lacked the cages in which to keep them. While the APEC 2006 Summit in Hanoi had attracted 10,000 delegates, the venue hosted few international events in the following year. Eighteen months later the opinion of Cei Asia's Kate Nicholson was that Ho Chi Minh City was 'holding its own despite the uncertain economic climate.' The InterContinental Asiana was to open in September 2009 and the Ho Chi Minh City Convention and Exhibition Centre is hosting two international conventions in May 2009.<sup>319</sup> Vietnam has responded to the market demand and was building cages accordingly.

The question that this raises is whether the cages or the birds ought to come first. Mahathir thought the cages ought to come first. The matter of which it ought to be is an example of top down versus bottom up design. Here a top down approach is

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<sup>319</sup> Nicholson, Kate, 'Vietnam's Awakening' in *Cei Asia Pacific* (September 2007) and Nicholson, Kate, 'HCMC's new corporate offerings' [www.ceiasia.com](http://www.ceiasia.com) (23 April 2009)

understood to mean that a general overview of a strategy is formed with the details refined as necessary whereas a bottom up approach is understood that the strategy is formed from the details that are identified and then put together. A cages first approach is top down as it develops the strategy from theory, in Mahathir's case based on his understanding of the world. A bird's first approach is bottom up as it develops the strategy as a response to need, as in the case of Vietnam. Cages first is typical of government-led strategy whilst birds first is more market driven. Mahathir had a personal motivation for presenting Malaysia to the world in the way that he did. He believed in building the faith of his fellow Malays in their abilities and felt that creating a Malaysian identity based on Malayness was significant. He thought that providing his people with an impressive structure would inspire them to success. Gatsiounis, a journalist based in Kuala Lumpur in his book *Beyond the Veneer* has made a commentary on how this policy had played out.

To my eye Malaysia appeared placid and untroubled, good for an article or two but lacking in the tensions and dynamism to sustain a news narrative. But the longer I stuck around the more it felt like Malaysia was trying to run the rat race of globalisation on one good leg. This was the leg it showed to the camera's, in the form of Petronas Towers and superhighways, in what it touted as racial harmony and progressive Islam. But looking at social, political and civilisational factors one soon discovered that Malaysia had much in common with underdeveloped countries it appeared to be unlike. Corruption was rampant. The public had lost faith in key institutions like the police and judiciary. The poor-rich divide was the highest in the region. Politics were communal, ensuring that diversity was a weakness and not a strength. Restrictions on speech and conscience were undermining public reasoning and by turn development. Malaysia was dressed for success but there was something fishy about the fabric.<sup>320</sup>

That Gatsiounis found his perception of Malaysia changed over time is indicative of how Mahathir's gilded cages operate. The first-time visitor to Malaysia generally follows the same journey. One arrives at the award-winning KLIA (Kuala Lumpur International Airport), a stylishly impressive airport presenting a professional welcome. One then either takes a taxi along the smooth and quiet highway or the

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<sup>320</sup> Gatsiounis, Ioannis, 'Introduction' in Gatsiounis, Ioannis, *Beyond the Veneer – Malaysia's struggle for dignity and direction* (Singapore, Monsoon, 2008) p.9

KLIA Ekspres, a modern and fast train that gets you to KL Sentral in just half an hour. Key tourist destinations are the Petronas Towers, KL Tower and Merdeka Square (where beautiful buildings surround a large grassy square). Around these areas Kuala Lumpur has good roads and is well maintained. Many visitors could leave the city with this image.<sup>321</sup>

It is this kind of first impression that in theory can attract birds to cages. Quek claims in his book *Where to, Malaysia?* that 'Many foreigners are puzzled as to why a supposedly model developing country like Malaysia should embark on such glamorous but uneconomical mega projects' and that 'economic analysts and observers have expressed scepticism over the economic justification for projects such as Petronas Twin Towers, Bakun Dam (now halted), KLIA and Putrajaya.' He asks the question 'If these mega projects are not built for economic reasons, then for what reasons?' and suggests that 'the answer may lie in a combination of factors: the vanity of one person and the greed of cronies.'<sup>322</sup> Here lies the problem of building cages before you have birds, it is economic speculation and even if the speculation pays off, it will not necessarily see credit correctly attributed. Economists like quantifiable pay offs that can have their influences clearly sourced. The Petronas Towers can be likened to the Eifel tower or the Statue of Liberty in that each enables an immediate visual impression of its respective city location. Hassan, whose book, *The Unmaking of Malaysia* is a rather sycophantic tribute to Malaysia's second Prime Minister, Tun Razak and criticises Mahathir within a very narrow criteria, goes as far as to state 'there was nothing worth mentioning at all' and in a rare concession to Mahathir says 'a landmark of unsurpassed proportions would make the country the envy of the world.' The Petronas Towers were certainly that and Hassan mentions the film *Entrapment* which had a large part of its action based at the towers.<sup>323</sup> The film did well at the box office, was widely viewed and is regularly on offer on long haul flights to and from the region.

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<sup>321</sup> This opinion was formed after multiple conversations with people that had visited Kuala Lumpur but not spent any real length of time there.

<sup>322</sup> Quek, Kim, 'Mahathir's False Economic Theory and his Mega Follies' (2 July 1999) in Quek, Kim, *Where to, Malaysia? A future with Anwar's Reformasi or back to Mahathirism?* (Petaling Jaya, Strategic Information Research Development, 2005) p.71

<sup>323</sup> Hassan, *The Unmaking of Malaysia: Insiders Reminiscences of UMNO, Razak and Mahathir*, p.69



The Petronas Towers are on nearly every visitor's checklist and for many touring the region, are a reason to stop in Kuala Lumpur. This has a favourable impact on the city's hotels, restaurants and shops. Another reason for tourists visiting Kuala Lumpur is using Air Asia, a budget airline that has connections in Southeast Asia but which has many of the cheapest flights (see Chart 4.2 for Flights for city breaks en route from Bangkok to Bali for a possible set of trips from Bangkok to Bali via a Southeast Asian city leaving Bangkok on the 1<sup>st</sup> of August 2009 and the Southeast Asian city on the 3<sup>rd</sup> of August 2009) passing through their home airport of LCCT (Low Cost Carrier Terminal) at KLIA. A landmark and an airport give tourists both an ability to visit Malaysia and a must-have thing to see when they are there.<sup>324</sup>

**Chart 5.2 : Flights for city breaks en route from Bangkok to Bali**

	Malaysia Airlines	Air Asia	Singapore Air	Thai Airways
Kuala Lumpur	£94.94	£55.18	£445.42	£749.50
Singapore	£730.77	£99.29	£242.72	£1199.38
Jakarta	£316.69	£78.29	£432.45	£902.59

*Source: Appendix Seven*

But the case of Malaysia is complicated by Mahathir's uncertainty in developing his vision. Gatsiounis relays the story of the architect Cesar Pelli discussing plans with Mahathir for how the Petronas Towers would be designed. The Prime Minister

<sup>324</sup> It is worth noting that Dick views KLIA as having 'only modest success beyond the national courier MAS because of limited traffic and low frequency of connections' and 'therefore remains primarily a distributor for national traffic and short-distance flights with Singapore.' Dick, Howard 'Southeast Asia as an Open System' in Kratoska, Paul H. Raben, Remco and Nordholt, Henk Schulte (ed.'s) *Locating Southeast Asia - Geographies of Knowledge and Politics of Space* (Singapore, Singapore University Press, 2005) p.257

required one thing of him, that the building be Malaysian. 'What do you mean by Malaysian?' Pelli reportedly asked. 'We don't know' was the reply. Gatsiounis states that 'wowing became Malaysia's *raison d'être*, with eye-catching, high-tech-themed megaprojects sprouting almost as fast as banana tree's do here. The logic: that the push would define Malaysia.'<sup>325</sup> It is this kind of reporting that discredits Mahathir as having policies for reasons other than his personal agenda and suggests that the success of the Petronas Towers and KLIA were happy coincidence rather than a policy gone well.

Johns in his book, a collection of his articles, *Mad about Malaysia* addresses Mahathir's complexity and comments of him that 'as is aptly if unintentionally symbolised by his principle pre-mortem monument to himself, the Petronas Twin Towers, he's been a figure of towering duality and duplicity' arguing that he has been 'twin forces for both good and bad, right and wrong, unity and division, truth and lies, and almost any other pair of polar opposites it's possible to think of.' Johns describes Mahathir as 'a double-edged sword' which cuts 'equally effectively and destructively.' In criticising the crippling cost (which he attributes to 'the system of sweetheart deals, secret commissions and kickbacks he condoned and even cultivated. '), Johns acknowledges the first-world infrastructure ('or at least the facsimile of one') which Mahathir put in place. Johns, as a popular journalist, no doubt writes for effect when he says that Mahathir 'self-righteously posed as the economic, social and political messiah of Malaysia; at the same time mercilessly attacking and grievously wounding the Nation's most precious institutions like legitimate protest, freedom of expression and independence of the judiciary'<sup>326</sup> but his concept of duality is helpful. The double-edged sword in particular allows a more inclusive assessment of Mahathir and his policies by acknowledging that the positive and the negative are of the same origin. The allowance for complexity helps move the discussion away from the simplistic dismissal of policies of egomania.

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<sup>325</sup> Gatsiounis, Ioannis, 'Branding itself globally' (Previously unpublished) in Gatsiounis, Ioannis, *Beyond the Veneer – Malaysia's struggle for dignity and direction* (Singapore, Monsoon, 2008) p.211 (source)

<sup>326</sup> Johns, Dean, 'Dr M's last stand' in Johns, Dean, *Mad about Malaysia* (Petaling Jaya, Strategic Information and Research Development centre, 2007) p.p.127-128

Hassan is someone that falls into that trap. While his assessment of Putrajaya as 'like Disneyland minus Mickey and gang and the gaiety of fun and frolic' isn't entirely unfair and his opinion that every building is a landmark is accurate, he presents a very one-sided story. Hassan makes an interesting point in saying that 'this is a centre that could be anywhere in the world but possibly where domes were a common feature. It was a bit pseudo Middle-East, with its man made fresh-water lake that has now been turned into a tourist attraction.'<sup>327</sup> Putrajaya is a good illustration of another of Mahathir's policies that are highly contended. While the Petronas Towers and KLIA were one-off building projects that can be defended as valid for tourism, Putrajaya was part of a huge project that also included the technologically advanced city of Cyberjaya within what is termed The Multimedia Highway. Such a project required a diversity of industry from architects to town planners to builders. This of course boosted the economy. But it was an uneven boost. Mahathir used the project as a way of reducing the economic disparity between the Malays and the Indians and Chinese. Mahathir believed that a core group of Malay millionaires would balance the country and wealth would trickle down. 'Trickle down' economics may have a role in developed nations but in a developing state like Malaysia it was salt in the wounds of the non-Malays. Mahathir was right that Malaysia's wealth was largely held by the Chinese but in favouring the Malays but not the Indians he showed himself to want the success of Malays and not a balanced nation, otherwise he'd have been favourable to the Indians equally. While Malaysia's GNP has increased, it has largely been within the hands of a Malay minority. The case is not helped by the lack of success in Putrajaya. Take a drive around the city and one is struck by how quiet it is and can hardly believe one is still in Southeast Asia. The absurdity of the place hits on many levels from the stunning monorail bridge for which there is no monorail (one is apparently being planned but there is no real demand) to the lack of eateries. If anything embodies Malaysia it is the hawker stalls and restaurants one sees throughout the country. Even in the quietest place, if there are people, there will be food. "Have you eaten?" is the Malaysian equivalent of "Hi, how are you?" If there is no food, then there are no Malaysians. The Putrajaya International Convention Centre attracts conventions but there is little to do when compared with post-conference events at the Kuala Lumpur

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<sup>327</sup> Hassan, *The Unmaking of Malaysia – Insider's Reminiscences of UMNO, Razak and Mahathir*, p.69

Convention Centre. A taxi drivers' remark sums up the situation 'I like Putrajaya, it is better than KL. KL is all noise and busy and industry, people always doing things.'<sup>328</sup>

This section raised two general questions. The first was how we understand the objectives of development strategies and how their successes and failures are interpreted. For instance the Petronas Towers, stands under-utilised yet fulfils the role of state icon and tourist attraction. The second was whether the cages or the birds ought to come first. This is both a general question but also asks whether if a cages first approach is a valid option, whether Mahathir's specific type of cages first approach was a valid and defensible strategy. The question of how we understand the objectives of development strategies and how their successes and failures are interpreted is one that ultimately falls under being a value judgement. This section argues that objectives can be multi-faceted and reflect both selfish motivations of policy makers and reasonable assumptions about the world and how best to develop an economy within that world. The interpretation of success or failure is also a value judgement but one which can be facilitated through taking a broad perspective when considering the development of a nation's economy. In the case of Malaysia, the objectives relating to Mahathir's grand projects of Petronas Towers, KLIA and Putrajaya need to be assessed within the second question. The question of whether cages or birds ought to come first was addressed through the specific example of whether Mahathir's specific type of cages first approach was a valid and defensible option. While Mahathir's cages first has some positive elements and ought not be dismissed as mere ego mania, his personal ambition clouded his judgement. Cages first can be a defensible strategy but Mahathir's playing of it wasn't truly valid in terms of reasonable interpretation of success and failure. As such, the case of Malaysia gives strength to the argument that birds first is the better strategy because while there are some birds in Mahathir's gilded cages, they are not sufficient to warrant the scale of the cages.

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<sup>328</sup> Interview with Taxi Driver, 30<sup>th</sup> March 2009

## The impact and aftermath of Mahathir's policies

Hassan wrote that 'eventually, Dr. Mahathir resigned as he felt that he had not succeeded in changing the mental attitudes of the Malays.' Hassan is clearly bitter at the money that was spent on 'overseas and international travels and meetings' and on 'the development of the corporate sector and the new and modern facilities' to the detriment of 'the Malays and the rural population'<sup>329</sup> but the point he makes is important. When Abdullah took over as Prime Minister he was quick to declare that his government wouldn't 'waste public money on mega projects.' Syed Husin points out that this was soon contradicted as he later 'appeared to have been in a hurry to announce and implement, maybe in anticipation of the impending the 12<sup>th</sup> general elections in 2008, a number of mega projects.' One of these projects was the plan for a second bridge linking the island of Penang to the mainland, a project estimated to cost in the region of RM3 billion. Other projects included 'three corridors for economic development in the southern, northern and eastern parts of Peninsular Malaysia' which would cost an estimated RM25 billion. Syed Husin says that 'the government claimed that these projects would be of great benefit to the country' but 'cynics have expressed that those who would profit most would likely be capitalists or corporate figures, most of them relatives and cronies of the government and party leaders.'<sup>330</sup> It would appear then that Mahathir's top-down, cages first approach prevails.

Not everything is new and shiny however and the Abdullah administration looked to Penang and Johor Baru as areas worthy of government focus. For Ooi, looking at these 'old centres' changes direction from Mahathirism and 'may contribute to a redefinition of Malay progress.' Mahathir saw Malay progress as requiring 'clearly definable Malay cities, a Malay middle class and Malay-owned corporations' but Ooi suggests that newer ideas consider the success of Malaysia as a whole. With regard to Johor Baru, he says 'developing a region right next to Singapore, the richest city in Southeast Asia, from which sorely needed spending power and investments can come, makes very good economic sense. In fact, one wonders why it had not been

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<sup>329</sup> Hassan, *The Unmaking of Malaysia – Insider's Reminiscences of UMNO, Razak and Mahathir*, p.85

<sup>330</sup> Syed Husin, *The Malays : Their problems and future*, p.p.148-149

done earlier.<sup>331</sup> Developing Johor Baru would be a response to a need, a more birds first approach. Such an action would provide the balance that Syed Husin sees as necessary.

There is great need for change in plans and policies regarding the economy so that there can be greater emphasis on general socio-economic improvement of the poor and lower income groups than the creation of a small number of the new rich. This would ensure more equitable balance, which has become ever more skewed now owing to past policies and plans.

The wider context of development according to Syed Husin should and could promote greater equity and justice in eight areas:

1. Balance between growth and distribution.
2. Balance between centre and periphery; urban and rural, ethnicity and gender.
3. Balance between economic development and environmental protection.
4. Balance between physical development with social and moral development.
5. Balance between the needs of the individual with the needs of society.
6. Balance between economic and human development as well as material and spiritual values.
7. Balance between culture and tradition with science and technology.
8. Balance between the rights of the rich and powerful, with justice for the poor and weak.<sup>332</sup>

The Najib headed Government would undoubtedly contend that their “10 Big Ideas” will achieve this.

#### 4.4 Summary

Before looking at the case studies it is worth returning to the thesis’ hypothesis that Malaysia is not only a rentier state economy but that its tourism industry demonstrates purchased growth that is compatible with rentierism and that for true

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<sup>331</sup> Ooi, Kee Beng, ‘The Centre and the Periphery Must Meet’ (15 November 2006, *Straits Times*) in Ooi, Kee Beng, *Lost in Transition: Malaysia under Abdullah* (Strategic Information and Research Development Centre, Petaling Jaya, 2008) p.154

<sup>332</sup> Husin Ali, *The Malays : Their problems and future*, p.p.156-157

development it is necessary to move beyond the rentier state to a post-rentier state such as Dubai.

Chapter 4 made clear the significance of motivation and highlighted the significance of experimental economics which seek to investigate consumer decision making and economic psychology that recognises the importance of perceptions, information processing, attitudes, expectations, motivation, preferences and tastes.<sup>333</sup> Success in tourism requires empathy for customers and a desire to understand their wants and needs. It is also necessary to be reflexive and to develop and adapt according to tourism trends. For growth as opposed to development a cohesive outlook which incorporates not just economic but ecological and sociological perspectives is required for sustainability. Such a focus looks to the market and doesn't simply react to government instruction. The case studies are considered within this concept of what is needed for effective MICE provision.

Chapter 5.1 questioned the nature of equality. There are two distinct pathways; equality of opportunity (the level playing field) or equality of outcome (positive discrimination and a leg up on the ladder). This was best demonstrated by the pride of Shukri and Amir; Shukri's pride in his personal abilities versus Amir's pride in being Malay. Amir reflects a rentier mentality which Shukri does not. The case studies assess the degree to which Shukri-like attitudes are demonstrated (determined and responsible) as opposed to Amir-like attitudes (appreciative and dependant) to assess the level of rentierism.

Chapter 5.2 assessed top down versus bottom up theories of economic development, labelling Mahathir's top down strategy of megaprojects as birds before cages. Each of the two double case studies features a megaproject in order to better critique a policy of purchased growth which nevertheless aspired to true development. The significant question in this respect then, was whether in the case of Langkawi and Putrajaya (the two megaprojects) a rentier mentality emerged which limited development. Importantly the same question was asked of Genting Highlands

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<sup>333</sup> Sinclair and Stabler, *The Economics of Tourism*, p.40

and Kuala Lumpur (not megaprojects) for comparative purposes, recognising the likelihood of clear distinctions not being evident.

Thus three disparate theoretical concepts come together to draw focus to the research questions of the role of the Malaysian state in managing sustainable development, how Malaysian society has been manipulated by government policy, how Malaysian tourism has evolved and the level of rentierism it demonstrates and the extent to which tourism in Malaysia reflects distorted development in the quest for identity.



## 6 : Case Study – Pulau Langkawi and Genting Highlands

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The exotic island resort of Pulau Langkawi is in the very north of peninsular Malaysia in the state of Kedah. Langkawi is 478.5 square kilometres and since it is sheltered by the mountains of Peninsular Malaysia it escapes the north-eastern winter monsoon, only experiencing the milder western monsoon that lasts from April to September. Langkawi is one of Malaysia's largest tourist draws and embodies the essence of a tropical paradise. Langkawi, as it is today, is claimed as being the brainchild of Mahathir and falls within the thesis' working definition of a mega project.

The multi award winning Genting Highlands Resort, referred to as *Genting – City of Entertainment* is owned by The Genting Group<sup>334</sup>. The Genting Highlands Resort is often referred to as Genting Highlands and is located 51km northeast of Kuala Lumpur in the state of Pahang. It was established by the Chinese entrepreneur Lim Goh Tong. By comparison to Langkawi, Genting Highlands is a resort that responds to market forces and has evolved rather than been planned. This chapter gives an overview of these two locations, compares their role in the MICE market before considering them within the context of the role of state involvement, the impact on Malaysian society and the significance of rentierism.

The case studies illustrate the discussions in Chapter 5 by considering the profile of each resort within the context of MICE provision, by exploring Malay identity (as Langkawi is largely a Malay inhabited island) and because Langkawi is a megaproject. Langkawi and Genting Highlands are significant as case studies because as this chapter will argue, the resorts demonstrate two distinct developments of tourism resorts; one government led and one market led. This

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<sup>334</sup> The Genting group is the collective name for Genting Berhad and its subsidiaries and associates that comprises Genting International PLC, Resorts World Bhd, Asiatic Development Berhad and Star Cruises Ltd which have a combined market capitalisation of about US\$24.8 billion as of the 31<sup>st</sup> December 2007. The Genting Group's Leisure & Hospitality Division is led by 56.8 percent owned Resorts World Bhd (Resorts World). [www.genting.com/groupprofile/index.htm](http://www.genting.com/groupprofile/index.htm) and [www.genting.com/business/resorts.htm](http://www.genting.com/business/resorts.htm) Accessed 15/01/08

allows for an early assessment of the level of rentierism which leads into the concept of the need for a new identity for Malaysian economic development in Chapter 7.

## 6.1 Pulau Langkawi

*Your first glimpse of the island from the air reveals a tranquil hideaway with shimmering blue waters, sun kissed beaches and swaying casuarinas trees. This tropical paradise's landscape is painted with miles and miles of white sandy beaches, marbled mountains, vast paddy fields and rural villages, secret caves, and pockets of virgin rainforests dating back millions of years. Langkawi is a feast for your eyes and your soul.*<sup>335</sup>

**Image 6.1 : Eagle Square 2008**



Source: Kathryn Ashcroft

Langkawi is an archipelago of 99 islands at high tide and 104 islands at low tide in the Andaman Sea, just south of Thailand. Pulau Langkawi is the largest of the islands and is home to almost all of Langkawi's small population of Malay, Chinese, Indian and Thai descendents. The main town of Kuah is the commercial and administrative centre of the islands and home to Eagle square which faces the ferry

<sup>335</sup> 'About Langkawi' on the LIMA 09' website, [www.lima2009.com.my/about\\_langkawi.php](http://www.lima2009.com.my/about_langkawi.php), Accessed 18/02/09

jetty and greets visitors that arrive by sea. In 1999, Yong's assessment of Langkawi was that while agriculture was the primary economic activity of the local population, arable agriculture land was only 35 percent of the total land area and yields (40 percent rubber, 30 percent paddy, 10 percent coconut and 20 percent mixed crops) were low, particularly with regards to paddy. Yong attributed this to ownership being of small plots, inadequate irrigation facilities, traditional methods and the farming being of a subsistence-only nature. Fishing was also identified as a 'fairly developed' industry with salted fish and prawns as major products and Langkawi being the largest producer of *ikan bilis* in Peninsular Malaysia. Minor activities were noted as being timbering and quarrying of marble on the island of Dayang Bunting. With regard to attracting tourists, Yong commented that unlike on the east coast of Malaysia, handicraft and art work had not been developed and although the *Kampongs* were considered 'picturesque and attractive and features a distinctive, wooden house style' it was not expected that the 'social resources of the community' would be a primary attraction.<sup>336</sup>

Today the *Kompleks Budaya kraf* or Langkawi Craft Complex, a retail outlet and demonstration centre, located in the north of the island features products and techniques such as batik, wood carving and glass blowing. The centre is a professional presentation of art objects from different Malaysian ethnic groups and the static display of Malaysian wedding customs and ceremonies is well-laid out, if a little biased in its singularity of Islam as synonymous with Malaysian. Shopping is a major activity in Langkawi and craft purchases are advertised heavily across the numerous tourism websites.<sup>337</sup> The culture of the island as Yong describes it, has come together to create a charming tourism destination which very much sells itself on the social resources that were not expected to be significant. A pop-up booklet produced by the Langkawi Tourism Action Council (Image 5.2) sets the natural appeal of Langkawi firmly within the context of what its people have to offer. The booklet requests the reader to 'Come, be touched by our tropical paradise' which it describes as 'a community of Malaysian fisherfolk and rice farmers who... take pride

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<sup>336</sup> Eva Yong, *Tourism in Langkawi Island* ([www.american.edu/TED/langkawi.htm](http://www.american.edu/TED/langkawi.htm), 13/08/99, Accessed 18/02/09)

<sup>337</sup> For example: [www.langkawi-info.com](http://www.langkawi-info.com) and [www.best-of-langkawi.com](http://www.best-of-langkawi.com)

in our island, our religions, our way of life, our food and our knowledge of the jungle and the sea.'

**Image 6.2 : Langkawi Tourism Action Council booklet (2008)**



Source: Kathryn Ashcroft

Yong outlined the primary visitor resources of Langkawi as the 'excellent climate during peak European travel season', 'many sandy beaches of the islands' and 'attractive coastline and rich landscaping of the islands' arguing that the charm of the islands lay in their 'remoteness and physical beauty rather than the presence of commercial activities.' She suggested that since 'Langkawi offers a tropical island setting in which visitors could discover the Malaysian life-style of the isolated villages, as well as enjoy the beaches and related recreational facilities' it would be possible for Langkawi to offer 'a distinctive travel experience to visitors, based on the opportunity of discovering the islands and experiencing the life-style of an island community' compared to the more developed or commercial resorts such as Penang or Pattaya Beach.<sup>338</sup> What has emerged is a growing commercialisation but a retention of the physical beauty that Yong so applauds. The Langkawi International Maritime and Aerospace Exhibition (LIMA) '09 website sold to its potential conference attendees the 'geological masterpieces' alongside mangrove swamps

<sup>338</sup> Eva Yong, *Tourism in Langkawi Island* ([www.american.edu/TED/langkawi.htm](http://www.american.edu/TED/langkawi.htm), 13/08/99, Accessed 18/02/09)

and ancient rainforests abounding with 'rich flora and fauna.'<sup>339</sup> It was such natural features (combined with the multi-racial culture) that saw Langkawi awarded Geopark status on the 1<sup>st</sup> of June 2007, the first location in Southeast Asia to receive such branding from UNESCO (United Nations, Educational, Scientific and Cultural Organisation). A Geopark is described as 'territory encompassing one or more sites of scientific importance, for geological as well as archaeological or cultural values.' Geoparks seek to serve the three goals of conserving a healthy environment, educating in earth sciences and fostering local, sustainable ecology development. Kedah Mentri Besar Datuk Seri Mahdzir Khalid said in 2007 that the new status should help boost the island's profile and that 'we will work closely with the Tourism Ministry to promote eco-tourism in Langkawi'<sup>340</sup> thus confirming Yong's prediction. Other resources of the island that Yong identified as having potential for being developed into visitor attractions were the rubber fields and factories, the fishing villages and the Hindu temples. Additionally, Al-Hana mosque located at Kuah could become a major visitor attraction 'as it has a distinctive architectural style and is situated in a grove of coconut trees.'<sup>341</sup> These areas haven't been developed significantly but feature on the many excursions offered at Langkawi's international hotels.

Langkawi's development has been subject to significant government involvement. When the Tourist Development Corporation (TDC) was established in 1972 with the goal of promoting tourism in Malaysia, a study was begun to see which tourist centres needed enhancing and to identify new ones. The resulting Malaysia Tourism Development Plan was completed in 1974 and its conclusions included the view that Langkawi contained the physical potential for development as a resort destination area.<sup>342</sup> Langkawi has had visitors since 1642 when the Dutch started using the island as a recuperation destination purposes for their soldiers. The first hotel was built in 1948 with rest houses built in the 1950s and 60s and the island growing in

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<sup>339</sup> About Langkawi' on the LIMA 09' website ([www.lima2009.com.my/about\\_langkawi.php](http://www.lima2009.com.my/about_langkawi.php), Accessed 18/02/09)

<sup>340</sup> 'Langkawi given Geopark Status' (<http://thestar.com.my/news/story.asp?file=/2007/6/8/nation/17962886&sec=nation,07/06/07>, Accessed 04/06/08)

<sup>341</sup> Eva Yong, *Tourism in Langkawi Island* ([www.american.edu/TED/langkawi.htm](http://www.american.edu/TED/langkawi.htm), 13/08/99, Accessed 18/02/09)

<sup>342</sup> Ibid

popularity during the 70s.<sup>343</sup> In the early 1980s that the government began to pay serious attention to developing the tourism industry in Malaysia and in 1984 the first announcement was made that Langkawi was to be developed as a major tourist centre. An important early move was in 1985 when a redevelopment of Langkawi International Airport began. It had previously been little more than a landing strip and the creation of a true airport, operational in 1987 marked a key development. This was followed by the 1987 decision to make Langkawi a free port. The hope was that this would transform the islands economy from high dependence on agriculture and fisheries.<sup>344</sup> Complaints from the local population began to emerge based on the airport development and exploitation of Telaga Tujuh mountain stream as a source of water. Later complaints about environmental pollution, moral decadence and inflation (especially land prices) joined these and led to the development of the acts discussed in Chapter 3.2.<sup>345</sup>

Government involvement continued with the establishment of Langkawi Development Authority (LADA) in 1990. The function of LADA is to both stimulate and coordinate the socioeconomic development of the islands and to oversee the preservation of the natural environment during development. These objectives were incorporated by the state government of Kedah into the Langkawi Structure plan 1990-2005:

As a planning document, it stresses the preservation of the natural environment and landscape, keeping in line with the Langkawi Declaration on Environment to transform the island into a “nature paradise”. The Langkawi Structure Plan was prepared for encouraging, controlling and guiding development in Langkawi. Primary concerns are the established framework for planning tourism, land use patterns, environmental improvement measures, public facilities and utilities as well as transportation up to the year 2005.<sup>346</sup>

The Survey Report for the plan was completed and displayed for one month beginning on the 25<sup>th</sup> of February 1990. It was launched by Mahathir the following year (according to the Town and Country Planning Act) and exhibited in Kuah. In

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<sup>343</sup> Din, 'Dialogue with the hosts: an educational strategy towards sustainable development' p.330

<sup>344</sup> Yong, *Tourism in Langkawi Island*

<sup>345</sup> Din, 'Dialogue with the hosts: an educational strategy towards sustainable development', p.330

<sup>346</sup> Yong, *Tourism in Langkawi Island*

1993 Din published a discourse on the planning considerations affecting tourism with particular attention to the consideration of host (i.e. the residents of Langkawi) involvement. Din argued that the effectiveness of the review process depends upon how literate and vocal the community is and how objective the conduct of the review process is. He cited Jafari whose personal communication led him to conclude that the public were apathetic due to a combination of ignorance and lack of familiarity with procedures but Din's conclusion was different, seeing the method of gaining residents' opinions as lacking creative efforts to obtain information on the plan.

The standard procedure in the review process is to begin with the appointment of a Public Relations Sub-Committee which then arranges for a meeting with the representatives of the resident community. The minutes of the meeting are then used as a source for making necessary alterations to the draft plan before it is submitted for approval and assent by the State Executive Council, following which the Structure Plan comes into effect.<sup>347</sup>

The sub-committee was represented by the government which raised questions for Din as to the degree the body was independent in overseeing as public review process. The sub-committee received 39 protest letters with 32 of the complainants allegedly willing to participate in the meetings but over three separate sessions only 14 turned up. However Din notes that 'the total number of disagreements received was significantly more than the total received during similar public exhibitions held for Alor Setar (31 letters) and Kangar (23 letters) two to three years previously.' This could probably be attributed to the fact that when Mahathir launched the plan it was in the newspapers for three days supported by 'announcements on the radio and two television channels, plus a display of 100 poster and ten large cloth posters at strategic locations in Kedah.' 1,000 copies of the report were printed in English and Malay. The majority of protests came from individual farmers, fishermen and chalet operators, who have their stake in the future of Langkawi. Tourism-related issues predominated:

1. Land reclamation for tourism-related projects.
2. Acquisition of land from local residents for development.
3. The development of golf ranges.
4. Soil erosion problems at the hill sites for tourism.

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<sup>347</sup> Din, 'Dialogue with the hosts: an educational strategy towards sustainable development', p.331

5. Quota for *Bumiputera* involvement in the new projects.
6. Relocation of fishing communities.
7. Increases in ferry fares.
8. Problems relating to improper conduct of tourists.
9. Erosion of spiritual values as commercialism creeps in.

For many of the complaints, the sub-committee considered the issue to be beyond the scope of the study.<sup>348</sup> Further governmental intervention in Langkawi can be seen through the management of the Geopark. The importance of sustainable development is recognised and overseen by LADA, the Kedah state government and four committees (Scientific, Development, Promotion and Conservation) plus an advisory council 'to ensure that Langkawi Geopark always moving on the right track, i.e. promoting sustainable development and tourism hand in hand, without depriving the needs for local socio-economic development.'<sup>349</sup> However, like the Langkawi Structure Plan, considerations are largely for Langkawi's natural habitat rather than her people.

The Mahsuri International Exhibition Centre (MIEC) in Langkawi is considered to be 'one of the largest and most prestigious exhibition and convention venues in northern Malaysia.' The LIMA site describes it as 'strategically located at the centre of Langkawi Island and 30 minutes away from all major hotels, resorts and Kuah town.' Since opening in 1995, MIEC has been host for the Langkawi International Maritime and Aerospace Exhibition.

It boasts a built up space of 22,050 square meters and a further 49,400 square meters of outdoor display area. The exhibition hall caters to large and heavy exhibits through its triple volume ceiling and convenient purpose designed access. Its location adjacent to the Langkawi International Airport makes it suitable for aircraft display and eases logistics planning. MIEC also provides international standard ancillary facilities such as banquet and seminar rooms, offices and business centre. Langkawi Island is an hour's

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<sup>348</sup> Din, 'Dialogue with the hosts: an educational strategy towards sustainable development', p.p.331-332

<sup>349</sup> Kamarulzaman Abdul Ghani, Mohd Shafeea Leman, Norhayati Ahmad, Ibrahim Komoo and Kasim Othman, 'Development approach and management strategy of Langkawi Geopark' (<http://www.globalgeopark.org/publish/portal1/tab128/info2265.htm>, 28/02/2008, Accessed 16/01/2010)



flight from Kuala Lumpur and is also connected to the main land via regular ferry service.<sup>350</sup>

MIEC's development sits alongside that of Langkawi International Airport whose first international flights commenced in 1988. Further improvements were made to the terminal building, parking apron and taxiway in 1991 when the island hosted the biennial LIMA. Major renovations costing RM90 million were completed in 1995 (the year MIEC opened) to cater to the large number of travellers.

Airport users now enjoy a foyer four times larger than previously, more comfortable arrival and departure halls, a selection of 22 duty free concessionaires including a restaurant and a fast food outlet and a car park which can accommodate 500 cars as compared to just 100 previously. The renovation of the airport was justified based in the rapid increase of passenger movement from 17,359 to 888,291 over a 8 years period. This airport can now cater to 1,000 pph (passenger peak hour) two ways as compared to just 400 pph previously.<sup>351</sup>

Mahathir takes much of the credit for the development of Langkawi. When serving as a medical officer in the 1950s, Mahathir claims to have seen the islands potential as an international tourism attraction and that it was upon his initiative that the island became the venue for events such as LIMA.<sup>352</sup> Whether or not Mahathir ought to take as much credit as he does, the degree of governmental involvement as highlighted above and discussed further in Chapter 5.3 clearly demonstrate Langkawi as being a megaproject.

## 6.2 Genting Highlands

*Refreshing moments in cool mountain air is what every Malaysian yearns for when the heat becomes overbearing. And what a fortunate lot they are as the country affords them the luxury of escaping to not only one but several hilltop retreats. Locations such as these can be found along the main range*

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<sup>350</sup> [http://www.lima2009.com.my/visitor\\_general.php](http://www.lima2009.com.my/visitor_general.php), Accessed 18/02/09

<sup>351</sup> Eva Yong, *Tourism in Langkawi Island* (<http://www.american.edu/TED/langkawi.htm>, 13/08/99, Accessed 18/02/09)

<sup>352</sup> Mahathir, 'Newspaper cutting of Langkawi' on Mahathir's Blog, (11<sup>th</sup> July 1997) [http://pmproject.doubleukay.com/langkawi\\_newspaper.html](http://pmproject.doubleukay.com/langkawi_newspaper.html) - please note that the host has ceased service for this site since it was accessed on 16/01/2010)

stretching down the length of Peninsular Malaysia and the many mountains covering the East Malaysian states of Sabah and Sarawak (mostly found in international parks).<sup>353</sup>

**Image 6.3 : Hotel First World at Genting Highlands (2009)**



Source: Kathryn Ashcroft

For those Europeans working in Malaya on tours of duty lasting three to five years with home leaves of six months to a year, holidays consisted of visits to what Baker termed ‘that most colonial of institutions’ – the hill station. Frasers Hill and Cameron Highlands were established in the 1920s to provide a temperate climate retreat to which the Europeans ‘withdrew to recuperate from the efforts of trading, ruling and saving souls in the sweltering tropics.’ Baker describes Frasers Hill as ‘a little English village transplanted at 1,500 metres (5000 feet) in the Malayan jungle.’

It gave even the most ordinary European a taste of genteel country living, no doubt a somewhat ersatz version. Tudor-style cottages came with servants who cooked traditional English country fare. Afternoon tea was scones, strawberries and cream around a cosy fireplace. Gardens blazed with colourful roses, and there was even a village pub.<sup>354</sup>

<sup>353</sup> Visitors Guide to Malaysia (Tourism Publications Corporation Sdn Bhd, Kuala Lumpur and Penang 2001) p.79

<sup>354</sup> Baker, *Crossroads*, p.213

It was at Cameron Highlands that Lim Goh Tong first conceived of Genting Highlands. In 1963 he was a sub-contractor for the Cameron Highlands Hydroelectric Project and had dinner with a number of the main contractor's people. After a few rounds of drinks he stepped outside for some fresh air.

As I stood there taking in the enchanting highland night view, a cool breeze blew over me. It was so soothing and refreshing that I just closed my eyes and took a deep breath to savour the salubrious mountain air. Then a train of thought ran through my mind. The first thing that struck me was that in tropical Malaysia, everybody likes to retreat to a cool mountain resort for a holiday now and then. This could be seen from the popularity of Cameron Highlands with the local as well as foreign tourists. But Cameron Highlands was a good four or five hours' drive from Kuala Lumpur and the roads uphill were narrow and winding. It would be ideal if there was a mountain resort within one or two hours' drive from Kuala Lumpur.

Lim Goh Tong also predicted that the fast developing Malaysia would see a rise in the standard of living and that people would seek relaxation and recreation in mountain resorts in increasing number.<sup>355</sup>

The development of Genting Highlands was undertaken with careful consideration for the environment and its creator said he always insisted that there should be no development that will result in environmental damage. Lim Goh Tong's priorities were water supply and environmental protection; 'I take great care to preserve the forests. Unless it is absolutely necessary, I would not allow trees to be felled. Only a few areas are earmarked for high-rise buildings and through careful maximising of land use, few trees are felled.' While the vast majority of print material for Genting Highlands features the bright hotels and attractions, from many of the windows and balconies the view is of mountains and trees (image 5.4).

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<sup>355</sup> Lim Goh Tong, *My Story* (Subang Jaya, Pelanduk Publications, 2008) p.p.73-84

**Image 6.4 : View from Theme Park Hotel at Genting Highlands (2009)**



*Source: Kathryn Ashcroft*

Lim Goh Tong's efforts have been recognised and the Birdlife International Rare Bird Club held its world conference in Awana Hotel in October 1999 and invited him to be a member of the Birdlife International Rare Bird Club of the United Kingdom (he was the first Malaysian to join the club). In 2000 (after 35 years) only 148 hectares or 3.4 percent of the land of the highlands had been developed, the rest remaining virgin jungle. Lim Goh Tong understood that the surrounding jungle was one of the main attractions for tourists and that it contributes to the cool and soothing temperature.<sup>356</sup>

Where Langkawi was, to a large degree, led by governmental involvement, Lim Goh Tong needed to persuade the government to allow him to realise his dream. A key problem for the development of Gunung Ulu Kali was access. A road needed to be built from the foot of the mountain to the top. Preliminary surveys by the Public Works Department estimated 15 years of work at a period when the Government was funding confrontation with Indonesia<sup>357</sup>. It was feared that such an undertaking would attract criticism from the opposition and make the matter something political. So the matter was left to the private sector to manage.<sup>358</sup> While the development of Gunung Ulu Kali (hereafter referred to as Genting Highlands for simplicity) required

<sup>356</sup> Tan Sri Lim Goh Tong, *My Dream* (Resorts World Bhd, Kuala Lumpur, 2000) p.p.69-70

<sup>357</sup> The Konfrontasi was an undeclared war over the future of Borneo which took place between Malaysia and Indonesia between 1962 and 1966.

<sup>358</sup> *Ibid*, p.66

government approval, what is significant is that the environmental concerns came from Lim Goh Tong and the various legal loopholes utilised came from his initiative.

Tan Sri Lim has always played by the rules of the Government in his business operations and helped the Government fulfil its economic policy. He has successfully laid the groundwork for multi-racial joint ventures in our plural society, hence his contributions to the advancement of the nation's economy, especially in tourism.<sup>359</sup>

When a new access road was required at a later date, Lim Goh Tong's company RWB was quick to work with the government to ease traffic congestion from Batang Kali. The 17km road was built in conjunction with the Government's new move to promote tourism the convenience of tourists from the northern region and east coast of the peninsular. RWB bore RM22.5 million of the total RM51.5 million construction costs.<sup>360</sup>

The most controversial development at Genting Highlands is the casino. While Tun Dr Ismail, the home minister, allegedly told the Tunku that he supported the casino on the grounds that it would curb illegal gambling and assist the development of the tourism industry, concerns remain as to the moral degradation resulting from having a casino in a predominantly Muslim country. The Tunku laid the foundation stone for the first hotel, Highlands Hotel (now Theme Park Hotel) on 31 March 1969 and in his speech, Lim Goh Tong recounts him saying he was moved by Lim Goh Tong's efforts 'to develop, without Government help, a highland resort for all Malaysians' and in order to support the development of such a remote area would favourably consider the casino application. This gave Lim Goh Tong the encouragement to upgrade the hotel from having 38 rooms to having 200.<sup>361</sup> Under Malaysia's second Prime Minister Lim Goh Tong applied for pioneer status. Genting Highlands did not qualify but Lim Goh Tong believed that 'tax incentives at the early stage of development were not only vital for us but profitable for the Government later on.' As expected, the dialogue opened with a Government official stating that the resort's development did not fall within the definition of a qualifying industry and tax incentives were therefore not to be had. Furthermore, as a casino operator, Genting

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<sup>359</sup> Mahathir, Mohammad, 'Foreword' in Tan Sri Lim Goh Tong, *My Dream* (Resorts World Bhd, Kuala Lumpur, 2000) p.4

<sup>360</sup> Lim Goh Tong, *My Dream*, p.p.72-73

<sup>361</sup> Lim Goh Tong, *My Story*, p.p.85-86

Highlands (like casino operators across the world) should pay higher taxes. This was perfectly correct under prevailing laws in Lim Goh Tong's mind but he also believed that 'the laws of a country should be dynamic to keep pace with the requirements of changing times' and he 'had come prepared with an argument backed by a comparative analysis that showed how the Government could benefit by giving Genting pioneer status.'

Based on the annual taxable income of RM2 million, I argued, Genting would be paying RM800,000 income tax every year (the corporate income tax was 40%), or a total of RM4 million for five years. While this amount was relatively insignificant in the context of national revenues, it was critical to the company during the period when it had to invest heavily in resort infrastructure development. A five-year tax holiday would enable Genting to plough back all its profits into developing hotels and other tourist facilities, including a man-made lake, a cable car system, a golf course and the Chin Swee Temple. Upon completion, these facilities would attract more visitors and generate earnings many times what the resort would otherwise be able to. The tax that the company would be paying after the tax holiday would easily exceed the total revenue that the Government had forgone. More importantly, the Government would have fattened a revenue cow that promised to keep on giving good milk for a long long time. By granting pioneer status to Genting the Government would in effect be giving it a loan that would be amply repaid with a handsome interest.

The officials saw merit in Lim Goh Tong's argument and upon their recommendation; Genting Highlands was given pioneer status with effect from 8 May 1971. Lim Goh Tong recounts that later the Prime Minister told him that 'although the Government had given large sums to the various states for tourism development, not a single state had achieved the results like mine.'<sup>362</sup>

In 1989, RWB was set up as part of a restructuring exercise to consolidate tourism activities under the Genting Group and establish a listing on the Kuala Lumpur Stock Exchange. RWB offered 190 million shares at RM 2.30 each with 30 percent

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<sup>362</sup> Tan Sri Lim Goh Tong, *My Dream*, p.p.90-91 and 74

reserved for Bumiputeras.<sup>363</sup> This kind of diplomacy meant that Mahathir and Lim Goh Tong had a very good working relationship. In 1993 Lim Goh Tong took Mahathir's advice and his company, Genting Development Sdn Bhd, started developing a town around the site of the Genting Skyway cable car station. He credited Mahathir with providing many valuable ideas for the township. The respect was reciprocated and when Mahathir opened the First World Hotel and Plaza Complex on 26 July 2002 he noted that 'the growth of Genting reflects the growth of Malaysia.' An idea Lim Goh Tong shared in his 2008 memoir.

Many of the project developments that I have undertaken at Genting, such as Genting Skyway, the Chin Swee Temple and the latest First World Plaza, now stand as key tourist attractions. I am confident that tourism will continue to play a significant role as a net earner of revenue and foreign exchange for the Malaysian economy. And Genting, whose main activity of leisure and entertainment is closely intertwined with the country's tourism, has been and will continue to be a strong driving force behind such effort, by attracting visitors, both local and foreign, from all walks of life.<sup>364</sup>

While a close relationship with the Government has been significant throughout the history of Genting Highlands and the resort arguably has mega status, it is not a megaproject. Genting Highlands evolved from having a mere 38 room hotel to being the location of the world's largest hotel in 2006<sup>365</sup>; it didn't set out to achieve this goal from the outset, its goals developed.

The resort includes the 6000 seat Genting International Convention Centre (GICC), the 6000 seat Arena of Stars and the 1800 seat Genting International Showroom in addition to the Casino de Genting (Malaysia's only centre for legal gambling) the Genting Theme Park, the First World Plaza shopping arcade and six hotels. As the GICC website puts it:

GICC is indeed unique. As the premier destination for conventions it has all the 'ingredients' for success as a MICE venue provider. Top-of-the-line

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<sup>363</sup> Ibid, p.70

<sup>364</sup> Lim Goh Tong, *My Story*, p.p.105, 125 and 123-124

<sup>365</sup> 'With 6,118 rooms, the hotel was crowned 'The Largest Hotel in the World' by 'Ripley's Believe It or Not!' in June 2006. Then, in December the same year, the Guinness Book World Records recognised First World as the largest hotel under its 'Feats of Engineering for Big Buildings' category.' Salmah Nur Mohamad, 'First World Hotel – World's largest hotel, right here in Malaysia' in *Virtual Malaysia – Your Source for travel ideas* (Vol. 6, Issue no.5, 2007, Kuala Lumpur) p.p.44-45

conference facilities combine with a dazzling array of activities to fill in after business hours. Genting makes conferencing in the clouds a truly pleasant experience.<sup>366</sup>

### 6.3 Empirical research

As this thesis aims to critique the way Malaysian tourism is being promoted and to make the case for rentierism as a cause for underdevelopment, two case studies were selected to assess the understanding of tourism promotion and whether a rentier mentality was demonstrated. The island of Langkawi and the hill resort of Genting Highlands are each isolated communities. While it would be inaccurate to suggest that tourism represents the entirety of their economies, it is fair to consider each as a resort where tourism represents the thrust of economic focus. Considering the significance of any benefits to the local population within that promotion would then provide some initial conclusions as to the suitability of tourism as a tool for development in a rentier state economy.

#### **Method:**

Orientation visits were made to Langkawi in July and December 2008. During the July visit, I spent four days based at the Sheraton hotel and explored the island; visiting tourism sites such as Lang Square, the CHOGM garden and the Langkawi Craft Complex. The visit included trips to the islands' more exclusive restaurants and an upmarket spa. The December visit was spent in Pantai Cenang, an area popular with backpackers and local tourists. These visits laid the groundwork for the research trip in February as the geography of the islands roads was assimilated and the location of hotels and tourism sites noted. The objective of the fieldwork in Langkawi was to discover how the tourism industry sat within the island. This was reached through a questioning strategy that incorporated open and closed questions addressed to sales teams from selected hotels. Hotels were selected by size and services offered. Langkawi has two distinct styles of visitor accommodation; small beach-side hostels aimed at backpackers which are cheap and have little in the way

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<sup>366</sup> [mice.genting.com.my/about\\_gicc.htm](http://mice.genting.com.my/about_gicc.htm) Accessed 15/01/08



of facilities (they are interspersed with restaurants, shops and day spas) and true hotels which feature swimming pools, bars and restaurants, spas, concierge services and MICE facilities. Langkawi is a small island and only 15 hotels were identified as suitable for interview.

The 15 hotels visited were Awana Porto Malai, The Four Seasons, The Detai, The Andaman, Berjaya Langkawi Beach and Spa Resort, Hotel Helang, The Pelangi Beach Resort and Spa, The Sheraton, The Westin, Eagle Bay, The Seaview, The Bay View, Bella Vista, Ton Senik Resort and Holiday Villa. Despite the website for The Detai stating it did conferences the staff said they mostly catered for couples and only had one small meeting room. They gave me a brochure and suggested their sister company, The Andaman. The Pelangi was an unusual visit. I was told that the head of sales had the flu and her voice was not good enough to talk. No other solution was presented and when a sales kit was requested, only a standard booklet and room tariff slip were provided. Further research at a later date revealed impressive literature from the umbrella of Meritus but this is evidently not being executed at the subsidiary level. Nobody was available at the Sheraton. A stop was not made at the Eagle Bay hotel since it was a tiny place with a deserted lobby. The Seaview hotel was hosting the island's Iron Strongman competition. It was hardly bigger than the Eagle Bay and had used its car park to host the event, choking the surrounding roads with badly parked cars. It appeared to be in utter chaos and I decided not to create more with an interviewer's presence. Nobody was available at the Bella Vista. The other nine hotels each provided an interview.

The first question was a conversation starter, aimed at establishing a rapport and enabling a completely free response. The interviewees were simply asked what kind of MICE events they catered for. However, I took extensive notes in order to make a judgement on whether the welcome was professional or not, whether the understanding of the MICE industry by the interviewee was high, moderate or low and whether there was a conference on at the time.

The second question was open-ended as they were asked the three things that they felt best marked Langkawi out as a suitable destination for MICE activity. The interviewees were asked to rank their answers and a score of three was attributed to

their first response, a score of two to their second response and a score of one for their third response. The answers were then grouped; for example, the Sales Executive of the Awana Porto Malai's answer of 'Geopark' and the Sales Executive of the Berjaya Langkawi Beach and Spa Resort's answer of 'Flora and fauna' were both counted as 'Nature.'<sup>367</sup> This method enabled a qualitative answer to be turned into quantitative data. By counting both the number of instances of each response and the strength of the responses, it was possible to rate the significance of the things that MICE industry workers on the island believe draw people.

The third question was again open as they were asked how beneficial they believed their resort was to the local population. However a quantitative answer was sought to support this answer via them being asked to rate the resort 'very', 'somewhat' or 'not very.' In order to judge the extent to which this was a PR appropriate answer, the sub-question of what the primary transportation option recommended to guests was asked. This sub-question was added after the Sales Executive at the Awana Porto Malai listed benefits to the local population as being 1) Souvenir and craft sales, 2) Taxi services, 3) Tour guide operations, 4) Travel agencies and 5) Restaurants. While this sounded very positive, the impressive in-house pitch at the Sheraton hotel in July 2008 had meant I had eaten in on a number of occasions and most top restaurants are affiliated to hotels. The Indian beachside restaurant in Pantai Cenang where I wrote up my notes each day in December 2008, while serving excellent food, was unlikely to attract the kind of visitor that stays at the Awana Porto Malai. As such, any value attributed to island tourism by MICE providers needed qualifying.

Whilst at the hotels, copies of their conference packs (or what was provided when a conference pack was requested) were collected. This aspect of data collection is referred to as question or part 4 in the results and analysis for simplicity. Using the provided material I made a judgement on whether it was sufficient to plan the first stages of a MICE event based on the literature and whether the material "sold" Langkawi as a destination.

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<sup>367</sup> The results are in Chart 5.6.

Orientation visits were made to Genting Highlands in August and December 2008 prior to a fieldwork trip in March 2009. Genting Highlands resort consists of five hotels. Additionally Awana has a hotel in nearby Gunung Ulu Kali, making comparison between Awana Porto Malai Langkawi and Awana Genting Highlands Golf and Country Resort noteworthy. Genting Highlands is a different kind of resort to Langkawi in that it is a single brand bringing together the hotels within a single set of objectives and MICE activity allocated across the site. As such, there was no direct comparison to be made via interview questioning (although limited interviews were undertaken) and so a comparison was made against the results and themes of the Langkawi case study.

## Results:

### Pulau Langkawi

The judgements or responses to each question were entered into a chart to provide a quantitative result. This is followed by a brief description of what was discussed during that part of the interview in order to provide a qualitative answer that supports and builds on the quantitative data.

#### 1. *What kind of MICE events do you cater for?*

**Chart 6.5 : Results from Q.1**

<b>Hotel</b>	<b>Welcome</b>	<b>Understanding of MICE</b>	<b>Running a conference?</b>
Awana Porto Malai <i>Sales Executive</i>	Professional	Moderate	No
The Four Seasons <i>Sales Manager</i>	Professional	High	Yes
The Andaman <i>Reservation Manager</i>	Not Professional	Low	No
Berjaya Langkawi Beach and Spa Resort <i>Sales Executive</i>	Professional	Low	No

Hotel Helang <i>Sales Manager</i>	Not Professional	Low	No
The Westin <i>The Assistant Marketing and Communications Manager</i>	Professional	High	Yes
The Bay View <i>Director of Sales and Marketing</i>	Professional	High	Yes
Ton Senik <i>Front Manager</i>	Not Professional	Moderate	No
Holiday Villa <i>Food and Beverages Manager and Assistant</i>	Not Professional	Moderate	No

I deliberately arrived at each hotel unannounced as I wished to see how the hotels operated on a day to day basis rather than how they presented to customers. Reactions varied enormously from The Four Seasons where the receptionist knew exactly who to pass me on to and took me to a private reception area to wait to The Andaman where they explained that they were mostly organised from head office and when it came to staffing events everyone pulled together. The Reservations Manager at The Andaman was keen to be helpful but beyond saying they did 'very good packages' knew very little about MICE activity.

The Awana Porto Malai is modelled on what was described as a Mediterranean concept and is the only hotel on Pulau Langkawi with a marina. The Rebak (on another island) is the only other in the whole of Langkawi. The hotel has the largest ballroom in Langkawi laid out as a double room that offers complete conference flexibility but what the hotel really sells itself on is that it is built on reclaimed land with a stunning view of the sea. Having such a strong unique selling point was an important aspect of their MICE marketing. By comparison, The Four Seasons focuses on the incentives aspect of the MICE market (although they had a conference on at the time) and the Sales Manager explained that they tailored themselves to fit the island rather than create something new. Thus the mangroves were an important part of how The Four Seasons markets its provision. The Helang

and The Westin also made for an interesting comparison. The Helang, located next to MIEC, doesn't make MICE engagement a priority. The Westin on the other hand claims to receive 30 percent of the islands MICE business and hosted the Langkawi International Dialogue (LID). Furthermore, the Westin was the hotel used for LIDA. The hotel regularly hosts government ministers and was launched by the minister of tourism. It is also used for entertaining when the Saudi's are in Malaysia. Given the relative proximity of the hotel to MIEC, it is telling that The Westin is used for LIDA.

The Bay View and Ton Senik Resort both focus on the Malaysian Government Sector when it comes to MICE activity. The *Director of Sales and Marketing at the Bay View* said 70 percent of the hotel's MICE business was Malaysian Government Sector, mainly focused on incentives and conventions. This was because the local industry prioritises the city location whereas the global market is drawn to the beaches. When asked whether this was due to Kuah being the administrative centre and she said that was exactly right. Furthermore, the other MICE clients were mainly Thai, Singaporean, Vietnamese and occasionally from India as they prioritised shopping more than the wider global market. Ton Senik Resort mostly runs meetings and seminars for the government market. The Kampung-styled resort had been commissioned at Mahathir's request. Mahathir had a vision of providing a strong Malaysian identity within a resort and the "Kampung within a Kampung" had been built. All houses within the resort had been named, from personal names to the "Rubber tappers house" and "Imam's house." In Kampung fashion, they had a Warung (rather than a formal restaurant) on the road a little way up from the main resort. This reflected the location of a Warung in kampongs across Malaysia. Ton Senik Resort only serves local food and has developed a strong reputation doing outside catering for VIPs. When pushed for an example, the Front Manager admitted they did a great many of the Sultan of Kedah's banquets. He commented that good contacts meant that a lot of their business was repeat custom. Some people liked it because the isolation meant that attendees couldn't run away and skip meetings! Conversation was brought back onto the unique nature of the resort being very Malaysian compared to the arguably generic nature of the other locations on the island. The Front Manager liked this comment and said that their teambuilding activities were very much based in the surroundings with adventure/war games by

torch or candlelight being popular and their classroom/outdoor blend being 'very different.'

2. *What three things best mark Langkawi as a suitable destination for MICE events?*

**Chart 6.6 : Results from Q.2**

<b>Hotel</b>	<b>First</b>	<b>Second</b>	<b>Third</b>
Awana Porto Malai <i>Sales Executive</i>	Nature	Duty Free	Beach
The Four Seasons <i>Sales Manager</i>	Four Seasons	Nature	Accessibility / New Destination
The Andaman <i>Reservation Manager</i>	Beach	Nature	None
Berjaya Langkawi Beach and Spa Resort <i>Sales Executive</i>	Weather	Nature	Beach
Hotel Helang <i>Sales Manager</i>	Sightseeing	Duty Free	Nature
The Westin <i>The Assistant Marketing and Communications Manager</i>	New Destination / Nature	Government	Activities
The Bay View <i>Bell Captain</i>	Nature	Sightseeing	Duty Free
The Bay View <i>Director of Sales and Marketing</i>	City Location	Duty Free	Value for Money
Ton Senik <i>Front Manager</i>	Duty Free	Sightseeing	Nature
Holiday Villa <i>Food and Beverages Manager and Assistant</i>	Duty Free	Nature	Activities

For the most part the interviewees had a reasonable grasp of what they thought marked Langkawi as an appealing destination. The Sales Executive of Awana Porto Malai admitted to not having thought about the question in great detail but nevertheless provided three clear answers and only the Reservations Manager at The Andaman found the question particularly challenging and after suggesting the beaches and the nature, struggled to think of a reason why someone might wish to host an event, let alone visit the island. The Sales Executive at the Berjaya Langkawi Beach and Spa Resort was the only person to mention the weather as the main attraction. In promotional literature, this is a key area of attention. Langkawi Info (a site I used for planning the trips to Langkawi) describes it thus:

Langkawi has one of the more stable climates for an island in Malaysia. Located on the northwestern coast of Peninsular Malaysia in the Malaccan Straits, it is shielded from major winds and storms by the mainland on one side and Sumatra on the other. This makes Langkawi suitable to be visited all-year-round, with occasional rainfall and cloudy skies, but never too drastic weather.<sup>368</sup>

Followed by nature and the beaches, the Sales Executive reflected a confident grasp of what makes a destination appealing.

The Sales Manager at The Four Seasons explained that 'an understanding of the MICE market is tantamount to meeting the needs of users.' This point was reiterated by the Assistant Marketing and Communications Manager at The Westin who said that accessibility to the island was a major problem and a hot debate at the moment. Unfortunately plans to fly directly to Bangkok had recently fallen through. The Assistant Marketing and Communications Manager listed Governmental support and marketing with healthy competition for destinations within Langkawi as the second selling point explaining that Langkawi was marketed as a destination first and then hotels bid for individual contracts. The Sales Manager of Hotel Helang explained that they only really catered to Government booked MICE events. As such, while sightseeing, duty free and nature were provided as answers, the clear message was that the hotel had been selected for governmental support as such felt no need to be competitive or market aware (since their clients were guaranteed).

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<sup>368</sup> <http://www.langkawi-info.com/info/weather.htm>, Accessed 26/10/2010

3. *How beneficial has this resort been to the local population?*

and

*If visitors take a tour of the island, which primary mode of transportation is used?*

**Chart 6.7 : Results from Q.3**

<b>Hotel</b>	<b>Local Benefits</b>	<b>Transport</b>
Awana Porto Malai <i>Sales Executive</i>	Very	Agency
The Four Seasons <i>Sales Manager</i>	Very	In-House Service
The Andaman <i>Reservation Manager</i>	Somewhat	In-House Service
Berjaya Langkawi Beach and Spa Resort <i>Sales Executive</i>	Very	In-House Service
Hotel Helang <i>Sales Manager</i>	Not Very	Taxi
The Westin <i>The Assistant Marketing and Communications Manager</i>	Very	Agency Service / Taxi
The Bay View <i>Director of Sales and Marketing</i>	Very	In-House Service
Ton Senik <i>Front Manager</i>	Very	Taxi
Holiday Villa <i>Food and Beverages Manager and Assistant</i>	Very	Taxi

As explained in the method, in order to judge the extent to which a PR appropriate answer was given, the sub-question of what the primary transportation option recommended to guests was asked. The two negative responses came from Hotel Helang which is heavily supported by the government and The Andaman where the Reservation Manager admitted admitting that a good many staff were Indonesian and Filipino. The rest were all enthusiastic about the role they played within the local economy with the Sales Executive explaining everyone could “share the cake.” When asked about how this fit with the hotel providing a full service, he said that the



hotel spa was Javanese and he suggested that people might leave the resort to experience Malay treatments.

When asked about local populations the Assistant Marketing and Communications Manager of The Westin, spoke historically. The 'tourism industry brought up the island to what it is right now' she explained and said 'If it doesn't have us [tourism industry] I don't know what it would be.' 80 percent of employees came from Northern Malaysian states and she felt that training and exposure to tourism were positive. Furthermore, the potential for staff to travel elsewhere under the Westin umbrella was possible although when it was suggested that international travel might not rate highly among a society with strong familial ties, she found this a strange idea.

The Front Manager of Ton Senik also spoke about developments over time, explaining that 10 years ago there was nothing really in the area and nobody dared go on the road after dark. Now stalls line the road and new housing was being built. The village was safer and had employment opportunities. Unlike other resorts that said they employed from Langkawi and Malaysia, he stressed that a large number of staff came from within walking distance and that this really was a "kampong within a kampong." He made comparisons with other jungle resorts on the Peninsular where some were as far as 35 kilometres from the nearest home and everyone who worked there was imported and benefitted the people of that state not in the slightest bit. In comparison, their jungle trek leader lived in the village and through working at the hotel now spoke six languages. His personal development had been immense but importantly, he hadn't needed to leave his village nor even leave his village. In comparison to the view at the Westin where travelling for work is an opportunity, Malaysians like to stay where they are and in keeping with Mahathir's vision, every member of staff I saw was Malay.

When the topic to the effect on local populations was raised, the Sales Manager of The Four Seasons spoke enthusiastically spoke about working with the community leaders in the village and the schools on the island and stressed the importance of existing within a community and not apart from it. Wherever possible staff were sourced locally and the move to local produce was a recent and embraced trend.

The most interesting comment from the Food and Beverages Manager and Food and his assistant was regarding the local community. We ‘never forget the community’ they emphasised, saying that while 60-70 percent of staff were from Langkawi and most food was produced locally, the key thing to them was the community care. Both men said they were from very poor families on the island and were very happy that all of the hotels participated in a wealth and opportunities project each year. Since most wealth came from tourism, there was an annual investigation into the poorest in the community that did not benefit and food and clothing were distributed and homes fixed up. A common benefit has been proper rewiring of homes to make them safer and their electricity supply reliable. Both men were stunned when I informed them that this was the first she had heard about such a program after visiting hotels for two straight days. They said the impact was ‘very’ beneficial, saying that the hotel was ‘not just working here but we participate’ and local sponsorship was a fairly regular thing.

4. *What story do the conference packs tell?*

**Chart 6.8 : Results from Q.4**

<b>Hotel</b>	<b>Can you plan a MICE event?</b>	<b>Does it “sell” Langkawi?</b>
Awana Porto Malai <i>Sales Executive</i>	Yes	Yes
The Four Seasons <i>Sales Manager</i>	Yes	Yes
The Andaman <i>Reservation Manager</i>	Yes	Yes
Berjaya Langkawi Beach and Spa Resort <i>Sales Executive</i>	Yes	Yes
Hotel Helang <i>Sales Manager</i>	No	No
The Westin <i>The Assistant Marketing and Communications Manager</i>	Yes	No
The Bay View <i>Director of Sales and Marketing</i>	Yes	No
Ton Senik <i>Front Manager</i>	No	No

Holiday Villa <i>Food and Beverages Manager and Assistant</i>	No	No
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The Awana Porto Malai themes its MICE provision within the theme of 'relaxation' with Awana Genting Highlands Golf & Country Resort being themed 'freshness' and Awana Kijal Golf, Beach and Spa Resort being themed 'tranquility.' Each has a complementing booklet outlining the kind of event that can be hosted there. For Awana Porto Malai's 'Relaxing MICE' measurements and capacities (for classroom, boardroom, u-shape, theatre, cocktail and dinner layouts) are provided for the 11 rooms with clear maps of layouts that include how the rooms relate to each other. A section entitled 'Beyond Meetings, Incentives, Conventions and Exhibitions' introduces what is available but the Sales Executive stressed that packages are created for every booking and many things are possible. Most hotels offered packs with a similar level of detail (room layouts and capacities, facilities in offer) and a significant number offered Langkawi specific activities such as deep sea fishing at The Four Seasons and Sunset Bonfire Barbecue Dinner at The Andaman where the private beachfront is set up with bamboo torches and a Silat (a Malay martial art) ceremony performed. Evening events such as the Sunset Bonfire Barbecue Dinner feature heavily in the Government's marketing of the island.

The most surprising response was from Hotel Helang who were only able to provide a small standard hotel leaflet. Five meeting facilities were listed with the capacity for each in small print. For MIEC the capacity is listed as 280-1800 persons with no other details given. MIEC is the largest exhibition centre on the island and the hotel leaflet describes the hotel as strategically located near MIEC but no material is available regarding the centre. It is worth noting that while LIMA is hosted at MIEC, the hotel selected for accommodation and entertainment is The Westin.

### Genting Highlands

The nature of Genting Highlands meant that a range of interviews were not conducted at the hotels. To create charts for comparison for quantitative results that could be used in the analysis section to assess the level of rentierism a judgement

was made after witnessing MICE activity. A brief description follows each chart to provide a qualitative answer that supports and builds on the quantitative data as with the Langkawi case study.

1. *What kind of MICE events are catered for?*

**Chart 6.9 : Results from Q.1**

	<b>Welcome</b>	<b>Understanding of MICE</b>	<b>Running a conference?</b>
Genting Highlands	Professional	High	Yes

Genting Highlands regularly hosts high profile events such as concerts and features regularly in event and festival guides with items such as the Genting Premium Dining Event where 'Most recognised and influential Michelin star chefs from Europe... compete in cooking for an unforgettable gastronomic experience!'<sup>369</sup> Video screens between Genting International Convention Centre and various other meeting rooms had films with details of meetings including their times and directions of how to get them. A security guard doubles as a concierge at a desk to assist delegates. During my visit in March 2009 Genting Highlands was host to *Gems of the World*, an exhibition created within Genting Hotel's Grand Ballroom. The appearance of the exhibition was very impressive but the exhibition manager confessed less than ten people a day attended despite extensive marketing.<sup>370</sup> Nonetheless, it clearly demonstrated the capacity of Genting Highlands to create impressive spaces.

2. *What marks Genting Highlands as a suitable destination for MICE events?*

**Chart 6.10 : Results from Q.2**

	<b>First</b>	<b>Second</b>	<b>Third</b>
Genting Highlands	Nature	Genting itself	Weather

<sup>369</sup> Tourism Malaysia, *Spectacular Showcase of Events and Festivals 2008*

<sup>370</sup> Exhibition Manager of Gems of the World Exhibition (25/03/09)

Genting Highlands enjoys access to vast amounts of space. Each year the Genting Group works with the Malaysian Nature Society to host the Genting Trailblazer. While the objective is to 'raise awareness on the importance of preserving our treasured rainforest' there is a clear demonstration of the resorts capabilities for teambuilding events. The 2008 Genting Trailblazer saw 900 participants run a 14km 'route of terrains and slopes while being greeted by unique flora of the surroundings at every corner they turned.'<sup>371</sup>

3. *How beneficial has this resort been to the local population?*

and

*If visitors take a tour of the island, which primary mode of transportation is used?*

**Chart 6.11 : Results from Q.3**

	<b>Local Benefits</b>	<b>Transport</b>
Genting Highlands	Very	Taxi

The Resorts World Bhd (RWB) Scholarship awards began in 1995 as part of the group's corporate social responsibility initiatives. The Executive Director of RWB, Tan Sri Alwi Jantan says the organisation puts an emphasis on human capital development through the provision of opportunity for education to employees.

We strongly believe that no deserving student or employee should be denied a good education because of financial difficulties or work commitments. To show our commitment to lifelong learning and the pursuit of academic excellence, RWB formed the Financial Aid Committee whose primary objective is to support needy and deserving students and employees who wish to pursue higher education.

The initiatives won the 'Best Brand in Humanitarian' at Malaysia's 2008 Brand Laureate Awards.<sup>372</sup>

<sup>371</sup> 'Genting Trailblazer: More than a race!' in *Berita Genting – City of Entertainment* (Jan-Feb 2009)

p.8

<sup>372</sup> 'Scholarship Awards 2008' in *Berita Genting – City of Entertainment* (Jan-Feb 2009) p.32

Buses run regularly from KL to Genting Skyway Station where cable cars take visitors through the trees to the main resort. The majority of the site can be accessed on foot. There is a two-way bus shuttle service on an hourly basis from the lobby of Highlands Hotel to Goh Tong Hall (the 110 room hotel at Chin Swee Caves Temple)<sup>373</sup> but for visitors wanting to travel to the temple outside these times the only option is an expensive taxi.

4. *What story do the conference packs tell?*

**Chart 6.12 : Results from Q.4**

	<b>Can you plan a MICE event?</b>	<b>Does it “sell” Genting Highlands?</b>
Genting Highlands	Yes	Yes

The MICE concept is *Meet @ Genting* and has the tagline ‘Successful events begin when everything fits together perfectly.’ All literature is themed around a jigsaw puzzle featuring the benefits of ‘Accommodation’, ‘Food & Beverage’, ‘Cool Air & Panoramic Sights’, ‘International Shows, Concerts & Performances’, ‘Complete MICE Facilities’, ‘Shopping and Leisure’, ‘Sports and Relaxation’, ‘Theme Parks & Fun’ with a space in the centre saying ‘You.’ There is a Meet @ Genting leaflet shaped like a puzzle piece only printed in Bahasa with 5 listed offices (all in Malaysia) and an A4 booklet lists 14 offices; in Singapore, Thailand, Hong Kong, Indonesia, Vietnam, The United Arab Emirates, China and India as well as Malaysia. The MICE guide boasts of 150,000 square feet of convention space and offers a dizzying array of rooms. 40 rooms can be used in various ways to provide 68 listed room combinations (more are possible on request) each with options for theatre, classroom, hollow, buffet, u-shape, banquet and cocktail layouts.

**Analysis:**

The analysis falls into two sections. The first discusses the four questions, their significance and what their results say about the perception of the MICE industry in

<sup>373</sup> ‘Goh Tong Hall: Residence at Chin Swee Caves Temple’ in *Berita Genting – City of Entertainment* (Jan-Feb 2009) p.24

Langkawi. The second section takes Charts 6.5 to 6.12 and makes an assessment of the level of rentierism that the results demonstrate.

1. *What kind of MICE events are catered for?*

There was significant variation in the degree of understanding about what the MICE market is and what its demands are at the hotels in Langkawi which reflected the view put forward by Peter Gray in an article for the trade publication *Cei Asia Pacific*.

The all-consuming MICE acronym is often used to cover a person's lack of knowledge, so we have MICE managers and MICE coordinators, but ask them a question about anything specific and that's when the troubles start. Often anything to do with more than ten or so people is lumped under the term 'groups' without any respect for what each may need. Conference groups are focused on a specific event. It may be a corporate meeting where their employer is picking up the tab, or a public association convention. An incentive group, on the other hand, consists of 'high achievers' - highly motivated people who have earned their right to be part of this group by achieving or exceeding goals... If hotel staff cannot distinguish between these then what hope is there for each to receive the appropriate level of service. Organisers of meeting and incentive programmes need to be confident that the hotel they select does know the difference and can demonstrate this fact.<sup>374</sup>

The MICE market was understood to be important at each of the hotels with the majority of receptionists understanding the significance of that customer base even if they had no personal knowledge or experience.

The hotels clearly fell into one of two camps:

- Clear understanding of the MICE industry and their position within it (The Awana Porto Malai, The Four Seasons, The Westin, The Bay View and Holiday Villa).

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<sup>374</sup> Gray, Peter (Managing Partner of *Motivating People*), 'Knowing the difference between different groups' in *Cei Asia Pacific* (September 2007) p.21

- The MICE Industry recognised as important but unclear provision for it (The Andaman, Berjaya Langkawi Beach and Spa Resort, Hotel Helang and Ton Senik Resort).

What is interesting is how this positioning relates to whether the hotel is global (ie. part of an international chain) or local (either a unique hotel or part of a Malaysian chain). Of the four international hotels (The Four Seasons, The Westin, Berjaya Langkawi Beach and Spa Resort and Holiday Villa) only the Berjaya Langkawi Beach and Spa Resort failed to demonstrate a clear understanding of the MICE industry and their position within it and the Sales Executive interviewed made it clear that this was due to it not being his area rather than it not being an area the Berjaya Langkawi Beach and Spa Resort represented.

Of the local hotels, a clear understanding of the MICE industry and their position within it was split with the Awana Porto Malai and the Bay View responding favourably and The Andaman, Hotel Helang and Ton Senik Resort recognising the MICE Industry as important but having unclear provision for it. What is interesting about this split is that Hotel Helang and Ton Senik Resort each enjoy Governmental contracts and these count for almost all of their MICE provision whereas while the Awana Porto Malai and the Bay View both need to be competitive for at least some of their MICE market customer base. The Andaman does not specifically target the MICE Industry. While this is clearly a small sample, the MICE events catered for on the island of Langkawi support the idea that special treatment through Government support is counterproductive to fostering successful enterprise. Ton Senik Resort and Hotel Helang base their success upon continued governmental support and should this cease, they risk being in a weak position within a demanding market. Richard Willis, a MICE consumer argues that many hotels 'claim to handle MICE groups but they execute it only as an extension of their leisure business.' For Willis, elite teams need 'not just expertise but skills in language and communication' and 'to do lots of checks and risk assessment, think about health and safety issues' and 'expect the unexpected.'<sup>375</sup>

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<sup>375</sup> Willis, Richard (Chairman of *Sky Travel*), 'A clear understanding of what MICE really means' in *Cei Asia Pacific* (October 2007) p.29



Genting Highlands has an exceptionally professional MICE provision. It is worth noting that the Awana hotels are part of RWB and that Awana Genting Highlands Golf and Country Resort was the first property in the group. The Senior Vice President of Hotel Operations of RWB, Y.O. Wong describes the trio of resorts (Awana Kijal Golf, Beach and Spa Resort is in Terengganu) as each having a distinct appeal that begins to broach the gaps in Malaysia's MICE provision.

The full potential of the MICE market in Malaysia has yet to be tapped in the international front. However, industry players are happy to note that it is now an important facet in the agenda of the new Ministry of Tourism Malaysia to strategically and vigorously promote Malaysia as a preferred MICE destination. With our modern transportation well in place – air, road and sea – Malaysia certainly ranks high as a premium MICE destination.

The three Awana resorts are 'comprehensively facilitated in terms of MICE options' with their 'large conference halls and meeting rooms amply equipped with state-of-the-art audio-visual technology, and banqueting facilities are second to none.' This arguably demonstrates the significance of the government's involvement in Langkawi as the Awana group only extended from Genting Highlands in 1998.<sup>376</sup>

2. *What things best mark the destination as a suitable destination for MICE events?*

The comparison between the two sets of answers from the Bell Captain and The Director of Sales and Marketing highlights awareness of the distinction between tourists and MICE customers.<sup>377</sup> For many of the interviewees, the appeal of Langkawi was understood but the requirements and desires of MICE customers was largely presumed to be synonymous with those of other tourists. Charts 6.13 and 6.14 present the responses to the question of the three things that best mark Langkawi as a suitable destination for MICE events in two ways.

Each answer was ranked with the first answer being given a score of three, the second of two and the third of one. Chart 6.13 shows how many times each

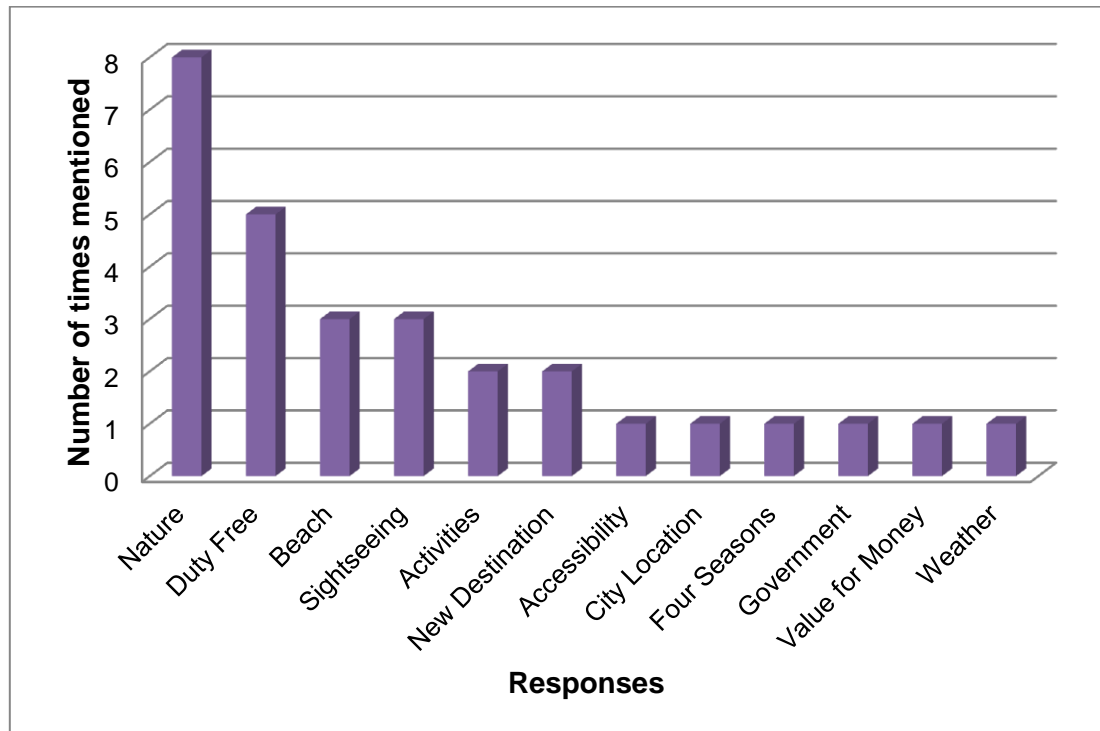
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<sup>376</sup> 'Awana Hotels & Resorts – 3 Different Locations, 3 Different Worlds' in *Hospitality Asia* (Volume 10, Issue 3, August-October 2004) p.p.35 and 37

<sup>377</sup> The Director of Sales and Marketing, The Bay View (27/02/09)

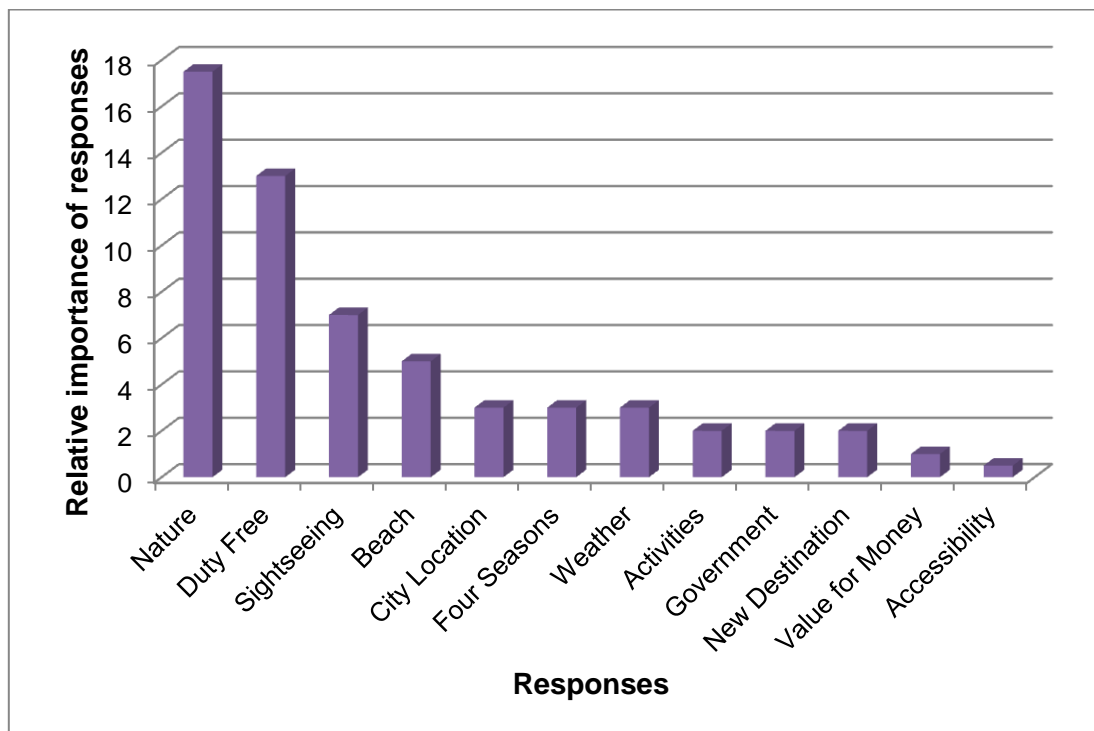
response was mentioned while Chart 6.14 shows the relative importance of these answers by totalling the scores given.<sup>378</sup> Nature, Duty Free, the Beaches and Sightseeing scored in the top four for both charts; they were all both commonly mentioned and high ranking. Activities and Langkawi being a new destination were mentioned twice but given less importance.

**Chart 6.13 Number of each response to Q.2 of the Langkawi interviews**



<sup>378</sup> See Appendix 8

**Chart 6.14 : Comparative strength of each response to Q.2 of the Langkawi interviews**



From this, while the two hotels (The Four Seasons and The Westin) showed awareness of what the MICE market is about, ultimately they support the views of the less knowledgeable providers that Langkawi is an ideal MICE destination due to the natural habitat. This is supported by the literature in the industry press. Nigel Gaunt writing for the September edition of *Cei Asia Pacific* highlighted the importance of provision for incentive groups staying ‘one step ahead of the pack.’

I remember when a set of steak knives or a colour TV was enough to spur on a sales force, but now even modern goods like iPods are too freely available to really provide motivation. Is low-cost travel for the masses going to send our once sacrosanct travel reward the same way? As low-cost carriers disgorge their ever-growing lists of passengers into burgeoning hotel and resort developments across our increasingly crowded landscape, the once novel travel experience is at risk of becoming as ho-hum as the Sunday afternoon drive.

For Gaunt, the solution is ‘experiences that money can’t buy’ and delivering ‘an environment that’s exclusive, special and, above all, not the sort of thing you buy on-

line?<sup>379</sup> Arguably Langkawi meets that need and is described by *Cei Asia Pacific*'s editorial team as 'a hot spot for group adventures' and 'a true incentive destination, a naturally beautiful island where tourism development has been contained.' Activities that can't just be found include barbecues on deserted beaches reached by chartered boats.<sup>380</sup>

Genting Highlands meets this challenge through the sheer scale of what can be provided. Events such as the Genting International Show which features 'a truly world class performance of illusions, acrobats, dances and showcase of exotic animals'<sup>381</sup> highlight that anything that can be imagined can be provided.

### 3. *How beneficial has this resort been to the local population?*

This question was posed to the Langkawi interviewees simply with one of three responses presented to select from; Very, Somewhat or Not Very (shown in Chart 6.15). It was immediately clear that few interviewees were likely to give a positive response to the question of rating the benefit of their resort to the local population. Most significantly the two answers that were not a resounding 'very' came from the nervous Reservations Manager at The Andaman whose understanding of the MICE Industry was that all staff pulled together for events and the Sales Manager at Hotel Helang who explained that they only catered to the Malaysian Government. As this was recognised during the first interview (with the Sales Executive at the Awana Porto Malai) a sub-question to qualify this answer was asked.

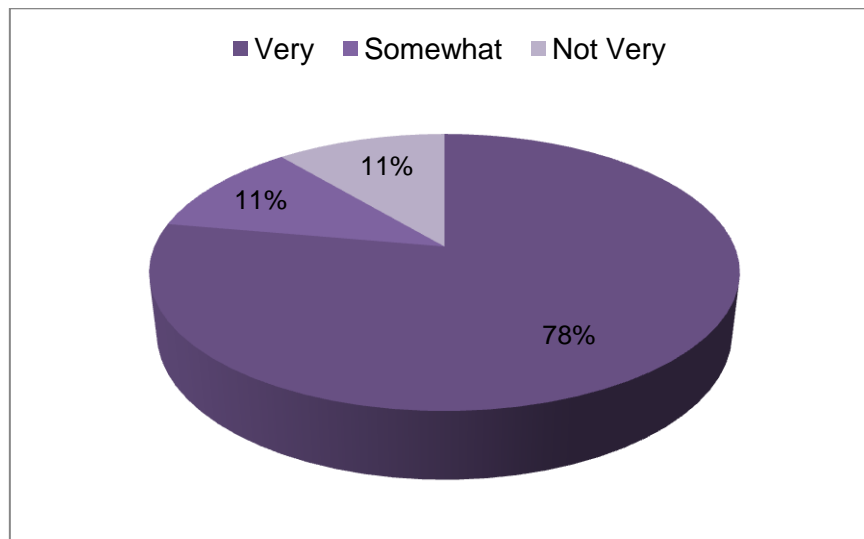
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<sup>379</sup> Gaunt, Nigel (Managing Director of the MINT Organisation, a member of BI Worldwide) , 'Incentives need to stay one step ahead of the pack' in *Cei Asia Pacific* (September 2007) p.21

<sup>380</sup> 'Malaysia's small island incentives' in *Cei Asia Pacific* (July/August 2007) p.44

<sup>381</sup> Tourism Malaysia, *Spectacular Showcase of Events and Festivals 2008*

**Chart 6.15 : Percentage of responses to Q.3 of the Langkawi interviews**



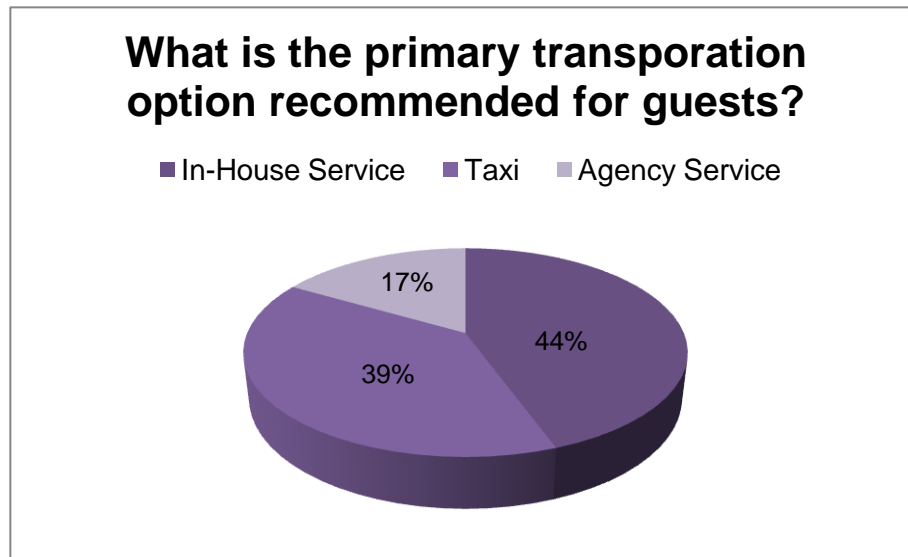
The question did lead to three very helpful conversations however. Firstly, the Assistant Marketing and Communications Manager at The Westin revealed a commitment to local support via employment statistics but a lack of cultural understanding about those employees. This suggested a tick box attitude to development objectives rather than true integration into a society. The Front Manager of Ton Senik Resort provided a fascinating insight to low-level realisation of Mahathir's birds first strategy which is demonstrably effective and finally the Food and Beverages Manager and Assistant Food and Beverages Manager of Holiday Villa were able to give genuine examples of tourism supporting local development. As with Gray's criticism that many MICE providers lack understanding of the industry, so too is there an issue with the understanding of what benefits a MICE provider can bring to the local area.

*If visitors take a tour of the island, which primary mode of transportation is used?*

Immediately following a question about the benefits for the local population, this question led to a degree of awkwardness for several of the interviewees as they were forced to acknowledge an area where their establishment could potentially benefit the local population but wasn't. The most telling response came from the Reservation Manager at the Andaman whose statement 'we do not engage with local

taxis' sufficiently surprised I that she gave away her feelings and immediately saw the Reservation Manager quickly backtrack to give a more PR appropriate response.

**Chart 6.16 : The transport provision in response to Q.3 of the Langkawi interviews**



What these two charts show is that while service providers are quick to describe the impact of their hotel upon the local population as very beneficial, nearly 40 percent don't engage in any kind of transportation out-sourcing.

Genting Highlands shows a greater awareness of corporate social responsibility (CSR), a key concern to MICE customers.

I think CSR should be of paramount concern for event organisers. The whole purpose of staging an event is to communicate something positive about your company or brand. If you are doing something at the expense of your social or environmental responsibility, then it's only going to have a negative effect on the company and the brand.<sup>382</sup>

However, benefits are largely limited to charitable acts which could be accused of lessening the continual negative PR surrounding the resort.

<sup>382</sup> Patterson, Anna, (General Manager of Off-Site Connections), 'How important is CSR when organising an event' in *Cei Asia Pacific* (October 2007) p.29

#### 4. *What story do the conference packs tell?*

The conference packs on the whole demonstrate a clearer understanding of MICE requirements than hotel staff demonstrate. However a message that came across in the interviews was that the involvement of creative teams is significant. In June 2007 Nokia held a product launch party for 48 delegates in Langkawi with a budget of US\$60,000. The Westin hosted the event but the ideas and execution were largely down to Nokia itself with the corporate communications manager remarking ‘the hotel really helped us out and made sure our concept was well executed.’ The story of a chef that saved the day marks the distinction between hotel staff and organisers: ‘Just two days before the event, the organisers still hadn’t found a suitable box when a chef at the Westin came up with the idea of presenting the phones in dim sum boxes.’<sup>383</sup> While a large number of local staff were involved, the key staff were from the Finnish company. This gives an explanation for the limited understanding of those working in Langkawi’s hotels, put simply, MICE doesn’t involve them beyond the serving of food. The opposite is true at Genting Highlands where a team of employees work to create spectacular shows.

#### *What do the results show about levels of rentierism?*

A rentier mentality is considered to be passive (ie. assuming that business will be provided and as such doesn’t require working for). A judgement of a low level of rentierism therefore reflects a less considered and less reflective engagement in tourism provision. A judgement of a high level of rentierism by comparison seeks to demonstrate a highly considered and highly reflective engagement in tourism provision. Where the results showed a somewhat considered and somewhat reflective engagement in tourism provision, the judgement of a moderate level of rentierism was made. See Chapter 8.1 for a detailed discussion of the rentier mentality.

Charts 6.5 to 6.12 were used to create Chart 6.17. For Q.1 a professional welcome was considered to suggest a low level of rentierism and a non-professional welcome

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<sup>383</sup> Nicholson, Kate, ‘Nokia holds launch in Langkawi’ in *Cei Asia Pacific* (September 2007) p.32

to suggest a high level of rentierism, a high level of understanding of MICE was considered to demonstrate a low level of rentierism and a low level of understanding of MICE was considered to demonstrate a high level of rentierism. Running a conference was taken to reflect a low level of rentierism.

The Assistant Marketing and Communications Manager at The Westin said that shopping and duty-free status might be considered as a benefit but the government really needs to extend their list as there isn't actually much to buy, just alcohol, chocolate and perfume. Cars were included but she said few foreigners came to Langkawi. The question was posed that shopping seemed undeveloped and she said that there would be a real market amongst the partners of delegates if Langkawi were to have a fashion and clothing element to its status. It was as though the status was named for the sake of being able to call Langkawi duty-free. This fit my own impression of Langkawi's marketing and so hotels mentioning duty-free in Q.2 as an attraction for MICE consumers were taken to suggest a high level of rentierism and those that didn't to reflect a low level of rentierism because the answer reflected whether they were going along with government marketing or paying attention to the wants and needs of MICE customers.

Q.3 was judged as follows; taxis as the primary recommended transport option reflect high levels of rentierism, agencies as the primary recommended transport option reflect moderate levels of rentierism and in-house services as the primary recommended transport option reflect low levels of rentierism. This judgement was made on the basis that in-house services require deeper engagement with customers whereas taxis fit the more passive attitude that reflects a rentier mentality.

Finally, for Q.4 answers of yes to the ability to plan a MICE event and whether the destination was "sold" was taken to demonstrate low levels of rentierism and answers of no to demonstrate high levels of rentierism. This judgement as with Q.1 was made on how keen the hotel was to pursue business.

This method is imperfect but it provides an overview that is nevertheless helpful. In isolation a single member of staff in a single hotel talking on a single topic cannot accurately portray a level of rentierism but taken as a number of individuals at a



number of hotels talking across a range of topics plus my assessment of the way the hotel presents itself both onsite and in its literature, a conclusion is possible. A total of 36 ratings were made on the Langkawi interviews; 15 instances of high levels of rentierism, 6 instances of moderate levels of rentierism and 15 instances of low levels of rentierism.

**Chart 6.17 : Rating of hotels based upon their interviews**

	<b>Q.1</b>	<b>Q.2</b>	<b>Q.3</b>	<b>Q.4</b>
Awana Porto Malai	Moderate level of rentierism	High level of rentierism	Moderate level of rentierism	Low level of rentierism
The Four Seasons	Low level of rentierism	Low level of rentierism	Low level of rentierism	Low level of rentierism
The Andaman	High level of rentierism	Low level of rentierism	Low level of rentierism	Low level of rentierism
Berjaya Langkawi Beach and Spa Resort	Moderate level of rentierism	Low level of rentierism	Low level of rentierism	Low level of rentierism
Hotel Helang	High level of rentierism	High level of rentierism	High level of rentierism	High level of rentierism
The Westin	Low level of rentierism	Low level of rentierism	Moderate level of rentierism	Moderate level of rentierism
The Bay View	Low level of rentierism	High level of rentierism	Low level of rentierism	Moderate level of rentierism
Ton Senik	High level of rentierism	High level of rentierism	High level of rentierism	High level of rentierism
Holiday Villa	High level of rentierism	High level of rentierism	High level of rentierism	High level of rentierism
Genting Highlands	Low level of rentierism	Low level of rentierism	High level of rentierism	Low level of rentierism

What Chart 6.17 demonstrates is that in Langkawi there is a significant degree of rentierism when it comes to the MICE market. Compatible with the concept of Langkawi as a megaproject, there are elements of purchased growth as opposed to true development. The instance of a high level of rentierism for Genting Highlands is considered an anomaly. The majority of visitors to Genting Highlands wishing to

travel across the wider site do so via scheduled shuttle buses and there is arguably little need for alternative transport provision, hence the taxis. As such, Genting Highlands is considered to demonstrate low levels of rentierism and that all development is true development and not purchased growth.

#### 6.4 The role of state involvement, the impact on Malaysian society and the significance of rentierism

Between the 18<sup>th</sup> and 24<sup>th</sup> of the October 1989, Malaysia hosted CHOGM (Commonwealth Heads of Government Meeting). Nearly fifty heads of state visited Kuala Lumpur, followed by a retreat to Langkawi. Jeshuran said, 'with the battery of foreign and local media in attendance, it was without question Mahathir's moment of glory.' Mahathir was able to demonstrate the successes of his eight years in office but more significantly, it offered him a platform for his desire to convince other developing countries that 'a Third World country need not be backward.' By hosting the delegates on Langkawi in addition to Kuala Lumpur, he hoped that particularly the Commonwealth members in Africa would see this fact for themselves. Other world leaders also had their opportunity to speak on a variety of issues and 'it was the consensus that the Kuala Lumpur CHOGM "ranked among the most productive" in the series.' Hosting CHOGM was a costly affair involving thirteen main committees that had specific tasks ranging from securing meeting facilities to organising transport logistics and total costs of RM 35 million but 'the general feeling among the Malaysian public was that it gave the country a high profile and a great boost, both at home and abroad.' Langkawi continues to be a favoured location for Governmental meetings with the then, Prime Minister Abdullah arranging an important meeting with Singapore's Lee Hsien Loong on the island in May 2007.<sup>384</sup>

Yet while this is impressive, the results demonstrate that the purchased growth has had limited impact in terms of the cohesive outlook which incorporates not just economic but ecological and sociological perspectives considered necessary for sustainability. A focus looks to the market and not simply reacting to government instruction was mainly demonstrated by the international hotels and benefits to the

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<sup>384</sup> Jeshuran, *Malaysia: Fifty Years of Diplomacy 1957-2007* p.p.199-200 and 346

local population have been limited. By comparison during his speech at the 25<sup>th</sup> Anniversary Celebrations of Genting Highlands on August 11<sup>th</sup> 1990, Mahathir said 'Genting is really a story of Tan Sri Lim Goh Tong, a story of success that is quite unprecedented even in Malaysia, where people have met with a great deal of success'.<sup>385</sup> A video playing in the Visitors Galleria in the Lobby of Hotel reminds visitors that 'Tan Sri Lim Goh Tong has received considerable praise including Datoship and Tunship'.<sup>386</sup> Tan et al state that 'Genting emerged stronger after the Asian Financial Crisis' and that Mahathir remarked on the ability of the Chinese business community to recover from the crisis. 'He said, if partly in jest, that if the Chinese were to leave the country and take with them all the buildings they owned in Kuala Lumpur, the Malays would be left only with Kampung Baru'.<sup>387</sup> While coming under endless praise, what its clear is that the success of Genting Highlands rests within the company. Even the tax break that allowed the organisation to grow was fought for by Lim Goh Tong. As part of this process, empathy for customers is high as a strong understanding of MICE reflects a low level of rentierism.

The key question here is Urry's, development for whom. Langkawi reflects his criticism that 'much employment generated in tourist-related services is relatively low-skilled and may well reproduce the servile character of the previous colonial regime'.<sup>388</sup> The government's response has been to attempt to build the profile of the Malays through confidence building measures. I argued in support of this kind of policy in *Confidence as a route to Economic Development in Post War Vietnam* citing Paul Wolfowitz, President of the World Bank as saying in 2005 that 'perhaps the most important determinant for reducing poverty is leadership'. Effective leaders, he argues, 'recognise that they are accountable to their people' and 'effective leaders listen.' Accountability is of key importance as it 'nurtures the soil in which a robust civil society and an energetic private sector can flourish'.<sup>389</sup> Clearly, the way the Malaysian government approaches confidence building (megaprojects to inspire and positive discrimination to overcome hurdles) deviates from the effective leadership

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<sup>385</sup> Written on the wall at the Visitors Galleria in the Lobby of Hotel Genting at Genting Highlands.

<sup>386</sup> Information video played at the Visitors Galleria in the Lobby of Hotel Genting at Genting Highlands (March 2009)

<sup>387</sup> Tan et al., *The Chinese Malaysian Contribution*, p.p.83-84

<sup>388</sup> Urry, *The Tourist Gaze*, p.57

<sup>389</sup> Wolfowitz, Paul, *Charting a Way Ahead – The Results Agenda* (World Bank - Address to the Board of Governors, Washington D.C. September 24, 2005) p.p.6-7

Wolfowitz argued for. A key area of weakness is the limited understanding of MICE activity and empathy for customers, a situation exacerbated by a government not leading by example.

Malaysian society in Langkawi has been significantly impacted by practical issues. Din states that 'pursuant to Section 34A of the Environmental Quality Act (Amendment, 1985), the Department of the Environment published the Handbook of Environmental Impact Assessment Guidelines which contains specifications for tourism-related projects.' This included 'any area with tourism potential':

1. Construction of coastal resort facilities with more than 80 rooms;
2. Hill station resort or hotel development covering an area of 50 hectares or more;
3. Development of tourist or recreational facilities in national parks;
4. Development of tourist or recreational facilities on islands in surrounding waters which are gazetted as national marine parks.

Din explains that only one of the three components contained in the Environmental Impact Assessment checklist for studies covers 'the human aspects, which include aesthetic, cultural, socio-economic, health and safety aspects' and stated, 'I am not aware of any serious attempt to observe these provisions (first published in 1987), in all the new tourism projects on Langkawi.' Furthermore, he accuses that the environmental aspects were cause for concern.

It should be emphasised at this point that the problems relating to environmental deterioration on the island of Langkawi also arose from the rapid growth of chalets which were not built with proper sewage disposal and beach protection measures. Although individually these premises may fall outside the scope of the relevant Acts (being less than 50 hectares, or having fewer than 80 rooms), when the combined effect of dozens of operators is taken into account, the gross effect can be a tyranny of the small, and clearly leaves room for concern.'

When complaints were made on moral issues relating to tourism development, nearly all were declared to be 'outside the purview of the Sub-Committee.'<sup>390</sup> The

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<sup>390</sup> Din, 'Dialogue with the hosts: an educational strategy towards sustainable development', p.p.331-333

bottom line was that Langkawi was being developed as the Government saw fit and there was limited opportunity for disagreement.

Such disinterest in citizen's concerns supports the continuation of separation of reward from effort. Amir-like attitudes of appreciation and dependency are sought to be fostered rather than Shukri-like attitudes of determination and responsibility for the islands' future. So while the result on the balance sheet has been positive, it comes at the cost of consolidating a rentier mentality. More concerns stem from Genting Highlands with its exacerbation of what Husin calls 'the process of urbanisation' and the effect of this process on the Malays.

There is a tendency for religious values not to be strongly adhered to by urban people... Unlike those living in rural areas, urban people normally do not impose strong sanctions on those, for instance, who do not pray. A person in town feels more free to do whatever he likes, whether walking hand in hand with a girlfriend into a cinema during the time for Friday prayer, drinking beer or stout in a coffee shop or consuming one glass of whiskey after another in a hotel, gambling in a small way in an amusement park or on a big scale in Genting Highlands.<sup>391</sup>

The idea that some resorts don't help local populations (as suggested by the Front Manager of Ton Senik Resort) because they aren't located where people are and staff have to be moved there is supported by the need for Genting Highlands to create a town. In 1993, Genting Development Sdn Bhd, a private company of Lim Goh Tong's began to develop Gohong Jaya on a 81-hectare piece of land at the seventh milestone of Jalan Genting Highlands.

Gohtong Jaya was opened by the Sultan of Pahang on March 25, 1999. Gohtong Jaya is a township complete with apartments, shops, restaurants, hotels, educational institutions, a clubhouse and a police station. With its year-round mild weather, it is an ideal place to live or holiday in. It is only about 45 minutes' drive from Kuala Lumpur. I have plans to add other facilities such as schools and a medical centre in Gohong Jaya in the next phase of its development. Being a commercial-cum-residential area, Gohong Jaya will

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<sup>391</sup> Husin Ali, *The Malays – Their problems and future*, p.69

eventually become a prosperous township as suggested by its name in Bahasa Malaysia.<sup>392</sup>

As a new town for employees of a resort with bars and a casino, Gohong Jaya undoubtedly changed the face of Malaysian society. Work and opportunities were tied to a new location with a new moral code, quite unlike the evolved opportunities in Langkawi where the village is still at the heart of people's lives. Yet the running of Gohong Jaya isn't imperialistic in the way the government can appear in Langkawi. Developments react to the needs of the people rather than the desires of the governing body. Gohong Jaya reflects a birds first policy in comparison to a cages first policy in Langkawi. The key result of this is that confidence is built in Gohong Jaya as needs are met whereas rentierism is fostered in Langkawi where needs are anticipated.

A booklet provided at the casino at Genting Highlands potentially addresses the concerns about the detrimental effect of gambling. Entitled 'Problem Gambling? Not Sure? Call Us!' the booklet defines gambling as 'a form of entertainment' where 'you can measure opportunity with the same yardstick that measures the risk involved.' Characteristics of compulsive gamblers are taken from Gamblers Anonymous and based on this cited material RWD has developed its 'Self-Exclusion Option' which it describes as 'a Responsible Gaming Initiative.' Under the Self-Exclusion Option, individuals can request a bar being placed upon them which prevents them from entering the casinos based at Genting Highlands. The bar is valid for six months and may be revoked after three months from the date of application. The conditions of the Self-Exclusion Option are loose and 'RWB, its employee(s) or representative(s) reserve the absolute right and discretion to withdraw the Self-Exclusion Option request at any time without assigning any reason thereof.' Additionally RWB states that 'in the event of non-compliance of the Self-Exclusion Option by either party, both parties hereby agree not to take any legal or moral action against each other and the policy shall be considered null and void.' While RWB claims its objectives to be the creation of 'a conducive and responsible gaming environment to the general public' and the minimisation of 'potential harm to individuals,' the initiatives would arguably be the same if the objectives were to appear to demonstrate responsibility yet

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<sup>392</sup> Lim Goh Tong, *My Dream*, p.p.70 and 72

acknowledge no culpability.<sup>393</sup> The message to the people is ultimately confused. In 2005 Abdullah urged the Malays to stop wasting time and develop themselves into “towering” personalities.

The Malays need to change their attitude to one that is more constructive. We need to use our time wisely so that we can better ourselves and become more successful. We should have the objective to better ourselves, our families, our race and country... spend time to look for good ideas. Look at how you can write that working paper for a business project, or plan how to get your child to succeed in school. Stop wasting time, wasting your energy and wasting your effort.

But Gatsiounis argues ‘the government ignores or supports efforts that seem to outright emasculate its calls for positive change’ and draws attention to a headline stating ‘Genting theme park to woo more Malay visitors’ and highlights the Education Ministry’s support for co-curriculum programs at the theme park for school children.<sup>394</sup>

The significance of rentierism to this is that while growth is evident, development is not happening at the same pace. The key argument from Chapter 4.1 was that sustainable development was more important than mere growth and this requires the integration of the local people at all stages and not as mere service providers. Reacting to this after the fact (the Langkawi example of confidence building) is far less effective than integrating confidence building into the citizen experience (the Genting Highlands example of confidence building) at creating a workforce that is engaged economic outcomes.

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<sup>393</sup> Resorts World Berhad, *Problem Gambling? Not Sure? Call Us!* (Picked up 2009)

<sup>394</sup> Gatsiounis, Ioannis, ‘Malaysia’s Blind Path to Progress (February 11 2005, Asia Times) in Gatsiounis, Ioannis, *Beyond the Veneer – Malaysia’s struggle for dignity and direction* (Singapore, Monsoon, 2008) p.84

## 7 : Case Study – Kuala Lumpur and Putrajaya

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Kuala Lumpur is the Bahasa word for *muddy estuary* and dates back to the 1850s when tin mines developed the area into a trading post. Today it is one of the rising stars of what are termed Global cities by Rimmer and Dick.<sup>395</sup> The city has responded and evolved to stay at the forefront of Malaysian politics, economics and society, taking on an impetus that at times seems organic and beyond the constraints attempted by the leaders who claim sovereignty over her. The heat and humidity of the city are exacerbated by the pollution and the diversity of ethnicities and religions mean that a back to back diary of festivals creates immense crowding on public transport and the roads.

Putrajaya is the planned and managed new city that Mahathir created to represent the new Malaysia of his imagination. It is one of two cities within the Multimedia Super Corridor (MSC) which was launched on 27<sup>th</sup> June 1998. The MSC connects Kuala Lumpur City Centre (KLCC) to Kuala Lumpur International Airport (KLIA) in Sepang.<sup>396</sup> While the focus of the case study is on the necessity and relevance of a city to compete with Kuala Lumpur (like Kuala Lumpur, Putrajaya is a federal territory), discussion of the MSC and its sister city of Cyberjaya are invariably tied to Putrajaya and will therefore also be touched on.

The case studies illustrate the discussions in Chapter 4 by considering the profile of each city within the context of MICE provision, by exploring Malay identity (as Putrajaya is often considered to be a Malay city) and because Putrajaya is a megaproject. Kuala Lumpur and Putrajaya are significant as case studies because as this chapter will argue, the cities demonstrate rentierism via purchased growth to the benefit of a particular ethnic group. This leads into the concept of the need for a new identity for Malaysian economic development in Chapter 7.

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<sup>395</sup> Rimmer and Dick, *The City in Southeast Asia* (Singapore, NUS Press, 2009) p.51

<sup>396</sup> 'A hub for Business and M.I.C.E. events' in *Visitors Guide to Malaysia* (Tourism Publications Corporation Sdn Bhd, Kuala Lumpur and Penang, 2001) p.147



## 7.1 Kuala Lumpur

*Kuala Lumpur, the capital city, is the heartbeat of the nation. Historically it started from a humble beginning as a Chinese tin-trading settlement of wooden thatch houses at the confluence of the Gombak River and Kelang River which were rich in tin. The settlement has never ceased to grow and it is now an impressive city with many skyscrapers, several of which are among the tallest in the world. Its current population is almost two million, and it is the base of many international corporations operating in the region.<sup>397</sup>*

**Image 7.1 : View of Kuala Lumpur from KL Tower 2008**



*Source: Kathryn Ashcroft*

Baker describes Kuala Lumpur as originally being a town ‘similar to many western towns in the United States, which popped up as boomtowns with the discovery of gold and silver.’ The mineral of Malaysia was tin and the growth of the small town owes much to a Hakka immigrant, Yap Ah Loy. Yap made his fortune in the mines and in property and by 1868 was the recognised leader of the Chinese community.

When the Selangor Civil War and a concurrent drop in tin prices devastated the town, Yap virtually revived it, spending his entire fortune and going deeply

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<sup>397</sup> ‘Welcome to Malaysia’ in *Visitors Guide to Malaysia* (Tourism Publications Corporation Sdn Bhd, Kuala Lumpur and Penang 2001) p.38

into debt. His gamble almost failed when the entire town burned down in 1881, but Yap built it again. His efforts were rewarded when Kuala Lumpur became the state capital in 1880 and later the capital of the FMS. Since he owned a significant part of the city, Yap quickly rebuilt his fortune.

Kuala Lumpur grew to have a central position within the administration of the Federated Malay States due to the British unifying the land with roads and railway lines and 'by the early twentieth century, people could travel from Butterworth to Johor by rail.' Kuala Lumpur had become the hub of this new rail system as 'the economic and political centres of the peninsular were moving away from Malay towns to new urban areas created by tin and rubber, populated by Chinese and run by the British.'<sup>398</sup>

Rimmer and Dick describe the Kuala Lumpur of today as resembling a very small Los Angeles. They argue that it 'stands out as the one city in Southeast Asia which from the 1960s has been built according to the needs of the motor car' and its suburban rail network is sufficiently inadequate that the city's landscape is 'disarticulated, multinucleated and polarised.'<sup>399</sup> Hassan argues that the state of the buses and taxis are representative of a rural town rather than a city and argues that 'one sees buses that have broken down and abandoned by the road side.' The city needs 'to be spruced up' as there are areas which 'are dirty and most unbecoming of a capital city of a leading nation among the countries in the ASEAN region. Parks are not properly maintained and only areas where dignitaries pass will get the right and proper attention.' For Hassan, the visual development of Kuala Lumpur has been neglected in favour of the city authorities' electing of themselves as guardians of morals. He claims that 'no attempt has been made to really making Kuala Lumpur into a capital that is the envy of Asia' and that 'beautification is done on a sporadic basis.' Hassan conceptualises Kuala Lumpur's shortcomings as being rooted in a desire for excellence: 'I have travelled to several cities and countries, both developed and developing. They did not pride themselves on having achieved world record status but they did concentrate on improving amenities that could resolve the people's problems like efficient and affordable public transport.' For Hassan, achievements' such as the twin towers obscure the reality of the city.

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<sup>398</sup> Baker, *Crossroads*, p.p.143-144

<sup>399</sup> Rimmer and Dick, *The City in Southeast Asia: Patterns, Processes and Policy*, p.20 and xvii

Kuala Lumpur may have the world's tallest twin towers but the view from the top of Kuala Lumpur is not necessarily a satisfying one. Kampong Bharu continues to remain an eye sore till today. It has become more like an 'Indian' reservation in America. Plan after plan to modernize the area have remained as plans. Kuala Lumpur has grown but there is still this enclave which has defied time and development. Surely there could emerge a formula that could resolve this eye-sore. Since this issue was not going to be easy to be solved, it had to be depoliticised.'

Hassan isn't against the making and breaking of records but feels that that glorification of competitiveness and the immortalisation of those who make it into the Malaysian Book of Records is misguided

Yes we do need to compete and we do need to break and create records. But let us be more focused. And let us be more innovative and create records that help the nation as a whole and the poor in particular. Monumental achievements were easy to come by. There is no difficulty in building the tallest or the highest building in the world. Technology and money would see to it, that such a feat would be achieved. There are international and professional people who are willing to take the responsibility to satisfy your passion if the money is right. In no way, is this any big deal. But if the country and especially the capital city are to achieve a five-star status, the record breaking feats must be of a different nature in a qualitative sense.'

Hassan argues for a focus on public transport, safety, freedom from chronic diseases, a real fight against corruption and an end to shanty towns.<sup>400</sup>

It is important to remember however, that Kuala Lumpur has grown quickly. Until 1957 when Kuala Lumpur 'emerged from the shadow of much larger Singapore' upon Malaya attaining nationhood the city was 'essentially a Chinese town with a colonial overlay.' While the Globalisation and World Cities (GaWC) study group and network count Kuala Lumpur as a 'gamma' or minor world city based upon their criteria of 'advanced producer services,' this criteria assesses accountancy, advertising, banking/finance and law. A consideration of narrowly selected corporate services which Rimmer and Dick argue can be misleading: 'although the

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<sup>400</sup> Hassan, *The Unmaking of Malaysia – Insider's Reminiscences of UMNO, Razak and Mahathir*, p.p. 258, 261, 219-220, 262

concentration of these services is a good marker of the main centres of the world economy, their instances become more erratic at the next level' by which they refer to the fact that Kuala Lumpur has a large stock exchange and a degree of prominence in international aviation. The city's development has often reflected a distinct lack of planning. In 1957 *The Straits Times* reported that 'one of the most noticeable features of post-war Kuala Lumpur... has been the erection of high office blocks in the central area – on land already over-crowded and with a street pattern which existed in 1895' and asked what was to become of the city:

The past few years have seen the completion of a number of blocks varying from five to ten floors in height and schemes for even higher buildings are awaiting planning permission, or are on the drawing boards. What is to be the limit of the height? Are our children to walk in the shadow of rows of Malayan Empire State Buildings? ...Are we to have a maze of subways to enable us to cross the roads in safety? Where are we to park the great increase in motor cars, bicycles and trishaws to be expected in the Kuala Lumpur of 2000 A.D.?<sup>401</sup>

The situation in the new Millennium is that skyscrapers dot the skyline and one can walk across large sections of the city at midday without ever leaving their shadows. Crossing the roads is a somewhat hazardous activity to which no real solution has been provided, although the swollen bureaucracy does allow for a transport police force that attempts to assist. Underground car parks are everywhere, negating the need for the wealthy at least to ever step out onto the cracked and decaying pavements of the city.

The result is an increasing division between the classes with air conditioned BMWs and Audis taking the rich between the shining structures of the malls, hotels and office blocks where they take elevators up from secure car parks and the heaving buses and trains that provide an alternative to the polluted streets for the poor. Rimmer and Dick make the case for the restructuring of urban space as developing from 'the first homogeneous new middle-class communities' that emerged in Kuala Lumpur, Singapore and Manila.

As these "new towns" acquired a threshold population of mobile consumers

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<sup>401</sup> Rimmer and Dick, *The City in Southeast Asia: Patterns, Processes and Policy*, p.p.62-63 and 52-53

with relatively high disposable incomes, there arose market opportunities for entrepreneurs to build workplaces, and shopping and entertainment facilities in adjacent locations well beyond the old town core. In the 1970s and 1980s, as real incomes grew rapidly because of export-oriented industrialisation, new centres proliferated around the urban fringe.

In Malaysia where the middle-class is 'disproportionately ethnic Chinese' fear for personal security means that 'Gated residential communities, condominiums, air-conditioned cars, patrolled shopping malls and entertainment complexes, and multi-storeyed offices are the present and future world of the insecure middle class.'<sup>402</sup>

The response of UMNO was the creation of The Urban Development Authority, established to implement the positive political and economic discrimination against the Malays 'through the construction of industrial centres and housing estates' which led to the fostering of a close relationship between the government and private business. This was reinforced by Mahathir through projects such as Putrajaya.<sup>403</sup>

## 7.2 Putrajaya

*Spanning an area of over 4,000 hectares is the government's electronic administrative centre, Putrajaya. Located 25 kilometres from Kuala Lumpur to disperse development away from the capital city and centralise government offices, it can be accessed by expressways, urban highways and rail. Putrajaya is minutely planned to become an indigenous city with the backbone concepts of a Garden City, Intelligent City and Smart Home with facilities ranging from public services, utilities and teleservices to intelligent buildings and transportation, providing a conducive infrastructure for paperless administration and high quality living by its population.*<sup>404</sup>

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<sup>402</sup> Rimmer and Dick, *The City in Southeast Asia: Patterns, Processes and Policy*, p.39 and 46

<sup>403</sup> Ibid, p.72

<sup>404</sup> 'Multimedia Super Corridor' in Visitors Guide to Malaysia (Tourism Publications Corporation Sdn Bhd, Kuala Lumpur and Penang 2001) p.147

**Image 7.2 : Putrajaya 2009**

*Source: Kathryn Ashcroft*

Putrajaya began to emerge in the 1990s, a city of great symbolism. Baker describes Kuala Lumpur as ‘a city originally settled by the Chinese and then turned into an administrative capital by the British’ where ‘to this day a majority of the population of the city is Chinese and it is a traditional stronghold of the opposition parties.’ By comparison, Putrajaya was ‘a new capital named after Tunku Abdul Rahman Putra and built by a Malay government, and the very nature of the Malaysian bureaucracy made it a largely Malay city.’ While acknowledging the controversy Baker argues that there were compelling arguments for moving the government:

Besides the symbolism of the new capital... KL is a congested city with horrendous traffic. Government offices were dispersed all over an increasingly commercial city. Consolidating them all in one place would definitely improve intra-governmental communication. Moving the bureaucracy out of the city would also help ease the population pressure in KL. To the average civil servant his or her work environment was surely going to improve.<sup>405</sup>

Putrajaya is built on a ‘Garden City Concept’ with ‘beautifully maintained natural surroundings’ that include ‘botanical gardens, a wetland area and a 400-hectare artificial lake.’ In 2001 the stated objectives for the city were employment opportunities for 250,000 people and 67,000 units of housing ‘administered and

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<sup>405</sup> Baker, *Crossroads*, p.p.408-409

managed on behalf of the Federal Government by the Perbadanan Putrajaya (Putrajaya Corporation), a statutory body to ensure the success of Putrajaya towards 2020 and beyond.<sup>406</sup> In 2010 the population was 85,000 people and there were 21,000 units of housing. Over 90 percent of the residential units were occupied by civil servants.<sup>407</sup>

Ohmae considers the MSC comprised of Putrajaya and Cyberjaya to be the centrepiece for Malaysia's 'opening up to the global economy.'

It is described as a "garden corridor" 15km by 50km (9 miles by 31 miles), dedicated to the creation of an optimal environment for businesses engaging in IT activities. It is fully serviced with the most up-to-date technology and fibre-optic cables, as well as access to satellite communications. In 1997, there were 94 companies operating in the corridor. In April 2004, the figure had jumped to 1,016, with 287 foreign owned, including such giants of IT as Nokia, Ericsson, NTT, DHL, Fujitsu, Microsoft and Cisco Systems.<sup>408</sup>

Of all Mahathir's strategic projects established to compete with Singapore for global-city status, Rimmer and Dick claim the Multimedia Super Corridor to be the most ambitious who describe its aim as being the creation of 'a test bed for developing both information and communications technology' in order to attract 'global control functions and producer services catering to a supranational clientele' while generating 'socially responsible "intelligent citizenship" within an Islamic state engaged in cyber-age activities.'<sup>409</sup> Ohmae states that the religious conservatives had concerns over the potential of the internet for spreading pornography and immodest material but that Mahathir 'was stern in his dedication to the Multimedia Super Corridor vision, warning those who feared the intrusion of new technology that they had the opportunity to control such innovations, in a way that would be denied them were they to choose to turn their backs on it,'<sup>410</sup> The time scale for the development of the MSC was 20 years which sets the original target for completion at 2016. Cyberjaya is 'a 2,894-hectare model cybercity housing MSC companies and

<sup>406</sup> 'Multimedia Super Corridor', p.147

<sup>407</sup> Cheah Chor Soi, 'Growing Putrajaya's Population' in *Malaysian Business* ([http://findarticles.com/p/articles/mi\\_qn6207/is\\_20100901/ai\\_n55039878/](http://findarticles.com/p/articles/mi_qn6207/is_20100901/ai_n55039878/), 1<sup>st</sup> September 2010)

<sup>408</sup> Ohmae, Kenichi, *The Next Global Stage – Challenges and Opportunities in our Borderless World* (New Jersey, Wharton School Publishing, 2005) p.p. 213-214

<sup>409</sup> Rimmer and Dick, *The City in Southeast Asia: Patterns, Processes and Policy*, p.39

<sup>410</sup> Ohmae, *The Next Global Stage – Challenges and Opportunities in our Borderless World*, p.214

world-class facilities including the Multimedia University' located to the west of Putrajaya, it is approximately 20 minutes from Kuala Lumpur.'<sup>411</sup> Dick acknowledges that the realisation of Cyberjaya as an 'Asian Silicone Valley' has been slow to progress but points out that 'other Southeast Asian countries have yet to progress beyond basic infrastructure.' That Malaysia is taking initiatives to position itself in telecommunications and information technology is significant.<sup>412</sup> In a review of the bridge that was once intended to replace the causeway that links Malaysia to Singapore, Quek argued that the issues of pollution, traffic and tourism were genuine reasons for requiring improvements in the city of Johor Bahru but that a bridge was not the best way to solve these challenges. Quek proposed some alternative ways of spending the RM 2.26 billion budgeted for the bridge.

1. Install sewerage treatment for the city of Johor Bahru to stop the discharge of untreated sewerage to the sea. That will effectively cut off the source of pollution in the straits.
2. Allocate more manpower at the checkpoint to ensure all immigration booths are opened during peak hours, and implement electronic smart card system for commuters. These measures alone will largely eliminate the daily traffic queues.
3. Plan for expansion of the checkpoint with additional booths. Construct when necessary.
4. Develop tourist attractions of international standards in the State. At the moment there is none.
5. And finally, spend the balance of the RM 2.26 billion on low cost housing, and that will go a long way towards achieving full house ownership for the lower income people of Johor.<sup>413</sup>

For Quek the matter was simple. A bridge would be a grand gesture costing funds that could be used far more effectively elsewhere. While the proposed (and neglected) straits bridge scheme was many miles South of Putrajaya, the similarities are clear. Kuala Lumpur is flawed, crowded and polluted but a grand scheme for something new was arguably unnecessary and the money could have been better

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<sup>411</sup> 'Multimedia Super Corridor', p.147

<sup>412</sup> Dick, 'Southeast Asia as an Open System', p.258

<sup>413</sup> Quek, Kim, 'Which is better: Causeway or bridge?' (25 August 2003) in Quek, Kim, *Where to, Malaysia? A future with Anwar's Reformasi or back to Mahathirism?* (Petaling Jaya, Strategic Information Research Development, 2005) p.320



spend addressing the problems of Kuala Lumpur than diverting attention away with the creation of something new. The hub that is KLIA is an example of this. Quek argued that 'the old Subang Airport could still serve the needs of the country for years to come, with improved efficiency and timely upgrading and expansion' and states:

With the investment sum of RM 9 billion, financing cost (or opportunity cost) alone, at 10% per annum, is already RM 900 million per annum or RM 75 million per month. This must be added fully to the operating costs to get a true picture of the comparative financial return of the investment. And the operating costs must be very high in view of the size of the Airport. Hence, there is no way these costs can be matched by the operating incomes, which are mainly airport tax and rentals. In fact, for a grossly oversized airport such as this, it is not envisaged to make profits for many years to come and the chances of financial payback is nil.<sup>414</sup>

Still, while Chye considers Putrajaya to be 'a white elephant, a surreal Disneyland for tourists to gawk at,'<sup>415</sup> the city and its environs are significant.

Companies with MSC status enjoy benefits such as a Five-year exemption from Malaysian income tax which is renewable to 10 years or a 100-percent Investments Tax Allowance (ITA) on new investments in Putrajaya and Cyberjaya, duty-free importation of multimedia equipment and R&D grants for local small and medium-size enterprises.' There are three criteria for companies seeking MSC status and in addition to providing or using multimedia products and services and employing a substantial number of knowledge workers, the company must:

Either transfer technology and/or knowledge to Malaysia or contribute to the MSC and the Malaysian economy: Applicant companies should state their overall objectives, then present specific plans on how they will affect the transfer or contribution, demonstrating that their programmes are practical and will promote the development of the MSC and Malaysia.<sup>416</sup>

In essence, the MSC becomes a new source of rent.

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<sup>414</sup> Quek, 'Mahathir's false economic theory and his mega follies' p.69

<sup>415</sup> Chye, 'Change and Hope and People Power' p.17

<sup>416</sup> 'Multimedia Super Corridor', p.150

### 7.3 Empirical research

#### **Method:**

An advantage of the Langkawi and Genting Highlands case study was that the two resorts experience a degree of isolation. In comparison, Kuala Lumpur and Putrajaya are a mere fifteen miles apart and occupy and represent a shared geographical space for the people that live, work and are educated in the area. Seeking comparison between the two therefore required an approach which accounted for this overlap. While the first case study sought to demonstrate differences between government and market led planning by examining the activities of resorts and the attitudes of the people working in them, these case studies look at the marketing of and self perception of the service providers within each city; taking greater account of the influences of the Malaysian government and the market forces of the MICE industry.

An advantage regarding this case study was that I was residing in Kuala Lumpur and so a portfolio for the city was established over an extended period of time and reflects a city over the course of a year rather than a snapshot of a particular moment in time. As with the Langkawi and Genting Highlands case study where the primary case study was studied in depth with the second for comparison, Kuala Lumpur was the driving force for the creation for the portfolios with Putrajaya examined against the criteria set out against it. In order to best encapsulate the cities within a limited set of definitions and assessments, comparisons were also made with the cities of Singapore, Jakarta and Bangkok. These other cities do not have portfolios, rather they are referred to when they have something to highlight about the Kuala Lumpur and Putrajaya portfolios within the analysis section.

The portfolio elements were outlined during the second phase of research where ethnography and phenomenology strategies were explored through interviews and observation as explained in Chapter 2.2. These elements were decided to be Infrastructure, MICE Market Engagement and Government Engagement. Each element was examined through the methods of interviews, observation and

documents that were used for the first dual case study of Langkawi and Genting Highlands. In this third phase of research the following further breakdowns were defined:

1. Infrastructure
  - a. The transportation hub for the city
  - b. The public transport system for the city
  - c. The taxi system for the city
2. MICE Market Engagement
  - a. Conference centres in the city
  - b. Hotels in the city
  - c. Entertainment in the city
3. Government Engagement
  - a. Government buildings in the city
  - b. Development of the city
  - c. How the city is marketed by the government

The descriptive aspect of the portfolios was taken to make a judgement to the extent of the rentierism demonstrated. In each of the above areas a rating of low, moderate or high level of rentierism was given. The ratings were determined by the degree of separation between effort and reward and the significance of market forces on development. This analysis (in table 6.3) then formed the basis for assessing the role of state involvement, the impact on Malaysian society and the significance of rentierism in Chapter 6.4.

## **Results:**

### **Kuala Lumpur Portfolio**

Gatsiounis states, 'If there's one thing the Malaysian government wants visitors to know, it's that a modern, multiethnic harmonious society radiates out from its gleaming capital of Kuala Lumpur.'

It doesn't take long for guests to get the message. It's unfurled on huge banners in the futuristic, hub-aspiring airport that declare, "One legacy, One destiny" and depict children of the three main races (Malay, Chinese and Indian) holding hands. It comes at you in video's showing ethnic dancers twirling with glee on the air-rail train into town. It's on a wall facing the country's most recognisable symbol of modernity, the twin Petronas Towers: "In celebration of independence, unity, and harmony." And it's in every tourist brochure.<sup>417</sup>

Kuala Lumpur is at the heart of the country's tourism marketing as the point of arrival and the majority of adverts based upon the appeal of nature still feature the cityscape at some point.

## 1. Infrastructure

Kuala Lumpur's infrastructure here is largely concerned with matters of transportation. A complex public transportation system sees multiple providers whose services do not link up. From my apartment in Bukit Bintang it was a five minute walk to my nearest KL Monorail station which took me to KL Sentral for my connection to the airport via the Express Rail Link. For the city centre, it was the RapidKL Rail station in nearby Chinatown. Understanding how to navigate Kuala Lumpur by public transport is confusing and realising that the services cannot necessarily be combined without short walks or taxi trips is frustrating. The significance of this to the portfolio is the illustration of a city that is large, complicated and competitive.

### a. The transportation hub for Kuala Lumpur

KL Sentral is the large, in some places chaotic (with areas when one would be forgiven for thinking one was in a shopping mall) and in other places deserted (on the huge and perplexing platforms, accessed by a maze of poorly identified walkways), home to Kuala Lumpur's rail services. While claiming to be a centre point for transport, the KL Sentral Monorail station is a short walk from KL Sentral and

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<sup>417</sup> Gatsiounis, Ioannis, 'The Year of the Rat' (May/June 2008, American Interest Vol III No 5) in *Beyond the Veneer*, p.90

other services are poorly managed with taxi and limo services competing vocally and physically with bus services.<sup>418</sup> Puduraya, the main bus station located in Chinatown is arguably a second hub and is the main cause for congestion in that part of the city.

b. The public transport system for Kuala Lumpur

Many aspects of public transport in the city are excellent; The KL Ekspres from KLIA to KL Sentral is fast, immaculate and near silent and the Monorail runs regularly with Singaporean standards of air conditioning. By comparison the bus stations are noisy and polluted crime hot spots.

c. The taxi system for Kuala Lumpur

Taxis in Malaysia are, according to Marybeth Ramey, a 'stubbornly entrenched and highly tormenting aspect of Malaysian life' based on the fact that 'the majority of taxi drivers believe that we, the taxi passengers, actually work for them and not them for us.'<sup>419</sup> This common complaint by expats and locals alike rests upon the refusal of the majority of drivers to use the meter (as dictated by law), the lack of road knowledge (which requires that the passenger give directions) and the general rudeness. At the taxi ranks the drivers smugly inform would-be passengers that their extortionate flat rates are non-negotiable, requiring one to hail passing cabs and negotiate fares with those drivers.

## 2. MICE Market Engagement

Kuala Lumpur is arguably the heart of the Malaysian MICE industry; where luxury hotels, well-tended parks, impressive malls and entertainment locations present a bubble of sophistication.

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<sup>418</sup> In a memorable instance, a member of the Air Asia shuttle bus team had to reclaim my luggage from an overzealous taxi driver as I stopped to purchase a bus ticket. The taxi driver claimed I had placed the bag down in order to be assisted to his car and complained that the shuttle bus sales team were stealing his customers.

<sup>419</sup> Ramey, Marybeth, 'Taxi Turnaround' in *The Expat* (October 2008) p.26

#### a. Conference centres in Kuala Lumpur

KLCC has been described as a state-of-the-art first class venue; 'fully integrated, with an extensive range of facilities under one roof and with 1,500 rooms on-site and another 10,000 within a ten-minute walk, KLCC has set the standard for the next generation of purpose-built and exhibition centres in Asia.'<sup>420</sup> Cultural experiences on offer include batik-painting, pewter-smithing, basket-weaving and songket-weaving and entertainment includes the gamelan (traditional Malay orchestra). Peter Brokenshire, General Manager of KLCC said the objectives of the centre are to provide 'fresh and exciting cultural exposure and insights to our growing legion of international visitors. In addition, we want to give back to the community by promoting traditional art.'<sup>421</sup> All four and five star hotels in the city have 'fully-equipped conference halls-cum ballrooms' suitable for 'Conventions, meetings, product launches, and seminars' while a number of shopping complexes are 'suitable venues for consumer targeted trade fairs featuring health and fitness equipment, bridal photography, tours and travel, beauty products, education and just about everything else.'<sup>422</sup>

#### b. Hotels in Kuala Lumpur

In 2007 *Cei Asia Pacific* reported some hotels having to turn visitors away due to the success of the Visit Malaysia campaign. Ed Brea, general manager of the Traders Hotel in Kuala Lumpur, said 'Everybody finished in excess of 85% (occupancy), we closed the month with about 96%.' This led to the almost unheard of response by the tourism minister, Tengku Adnan Mansor who advised tour operators to 'cool off' on their marketing. A significant proportion of the increased tourism is linked to KLCC with Brea commenting that 'the shoulders around the big holidays are now filled with the conference and incentive groups, which is a very positive sign that the convention centre is doing a great job in bringing large groups into the city.'<sup>423</sup>

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<sup>420</sup> Nicholson, Kate, 'KLCC shows its flair for big events' in *Cei Asia Pacific* (July/August 2007) p.43

<sup>421</sup> 'More Than A Convention Experience' in *Hospitality Asia* (Volume 14, Issue 3, August-October 2008) p.74

<sup>422</sup> 'A hub for Business and M.I.C.E. events', p.145

<sup>423</sup> Gell, Megan, 'Visit Malaysia campaign success leads to saturated hotel capacity' in *Cei Asia Pacific* (October 2007) p.12

### c. Entertainment in Kuala Lumpur

Travel writer Naomi Lindt wrote that ‘while Phuket and Angkor Wat are tourism anchors in South-East Asia, jetsetters in the region are heading these days to Kuala Lumpur ... that’s quietly evolved into one of the area’s coolest and friendliest cities.’<sup>424</sup> Dining options are extensive and the city is famous for its spas.

## 3. Government Engagement

Merdeka Square is still a deeply visual tie to Malaysian nationalism. There is significant development in the surrounding area with hibiscus flowers adorning street lights, well maintained gardens around the National Monument and an ASEAN Sculpture Garden where Malaysia’s sculpture (called ‘Growth’) is located with KL Tower in its background.

### a. Government buildings in Kuala Lumpur

While the majority of government administration has moved to Putrajaya, the Malaysian Houses of Parliament and Kuala Lumpur City Hall are still located in the capital.

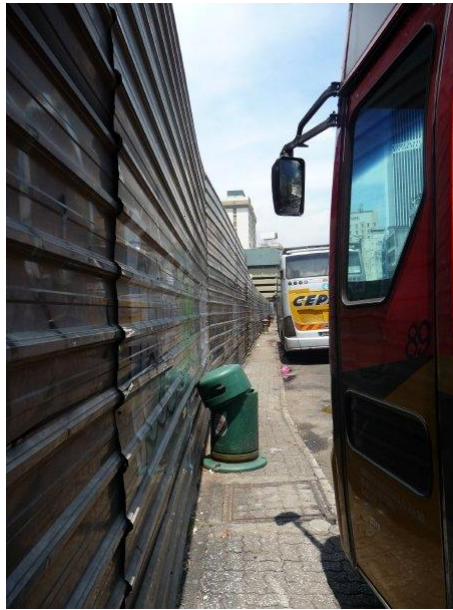
### b. Development of Kuala Lumpur

While areas of the city are well maintained, these form a facade that little reflects the reality of everyday life in the city. A trip to Putrajaya station involved significant risk of injury due to insufficient space for the many buses. The approach from Bukit Bintang (the centre of the city with regard to shops, hotels and KLCC) involves a walk alongside a metal barrier on a path that buses often pull up on, requiring you to either trace your steps back or step out into traffic (see Image 7.4).

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<sup>424</sup> Lim Ai Lee, ‘Americans find Kuala Lumpur cool’ in *The Star* (16<sup>th</sup> January 2010, <http://thestar.com.my/news/story.asp?file=/2010/1/16/focus/5474316&sec=focus>)

**Image 7.3 : Puduraya bus station 2008**



*Source: Kathryn Ashcroft*

c. How Kuala Lumpur is marketed by the government

The pre-race gala dinner for the 2007 Formula One World Championship at Sepang International Circuit was held at KLCC. Petronas Malaysian Grand Prix Fantasy Gala Dinner 2007 was sponsored by Tourism Malaysia and Petronas with an undisclosed budget where a theme of fantasy 'saw the grand ballroom transformed into a glittery and enigmatic cavern of black, blue, grey and silver, complete with mythical decorations.' The dinner on 6 April 2007 for 650 guests was followed by a post-gala concert for 3,500 performed by Earth, Wind and Fire. Christies of London were brought in to conduct a charity auction. The objective of the event was to 'impress the VIPs and international press.'<sup>425</sup>

### Putrajaya Portfolio

Evidence of Putrajaya being a created city is apparent everywhere and the streets are saturated with meaning.

The 300 metre circle of Dataran Putra is the centrepiece of the Precinct.

Designed as a recreation of Eden with four quadrants and four rivers, it is

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<sup>425</sup> Nicholson, Kate, 'KLCC shows skills for F1 gala dinner' in *Cei Asia Pacific* (July/August 2007) p.30



divided into a 11 segmented star (to represent the 11 Malay states at the declaration of independence in 1957) with an inner 13 point star (to reflect the 13 states that formed Malaysia in 1963) and within that a 14 point star which includes the federal territories.<sup>426</sup>

Despite the focus officially being Malaysian, the immediate impression is of a city built upon Islam.

## 1. Infrastructure

Putrajaya's infrastructure is a clear example of Mahathir's birds before cages approach. Two of Putrajaya's architecturally accomplished bridges sit adjacent to each other. Upon viewing them, I remarked to my taxi driver that this seemed unusual. He explained that one was a road bridge and the other was for the monorail. The light transport system for the city was brought to a halt in 2004 and plans to reignite them are yet to be announced so the bridge stands, leading nowhere.

### a. The transportation hub for Putrajaya

Putrajaya station joins the Express Rail Link (ERL) to KL Sentral Station. It is also the bus station for the city. The station is huge and almost deserted.

### b. The public transport system for Putrajaya

NadiPutra bus service provided by Perbadanan Putrajaya runs four bus lines around Putrajaya and out to Cyberjaya, Klang and Kuala Lumpur. Upon my arrival I discovered there were no buses leaving within the next half hour and the attendant informed me that everyone took taxis. The city is easily navigable on foot once reached.

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<sup>426</sup> *Putrajaya Malaysia* – Official guide produced by Tourism Malaysia (August 2007)

### a. The taxi system for Putrajaya

The quiet streets of Putrajaya lack the jostling competitiveness of taking taxis in Kuala Lumpur. At Putrajaya Station a booth takes fare bookings and supplies a ticket which is then given to the taxi driver. This method avoids money changing hands between the passenger and the driver, making the top-up fares of KL<sup>427</sup> non-existent.

## 2. MICE Market Engagement

MICE activity is largely government linked. Because of the activity in Cyberjaya and medical developments such as telemedicine<sup>428</sup> this translates to significant numbers of meetings, conferences and exhibitions. There were 1.18 million MICE arrivals in 2009, a 150% increase since 2005.<sup>429</sup>

### a. Conference Centres in Putrajaya

Putrajaya International Conference Centre (PICC) opened for private functions in April 2006. Spread over nine levels, PICC offers 135,000 square metres of space with a naturally lit plenary hall that can hold 3,000 delegates. The Heads of State Hall features 'a circular seating arrangement for 59 in the inner circle and 121 in the outer circle for advisors and secretaries.' The luxuriously appointed room 'leaves many of the region's five-star hotels in the shade with its opulent carpets, boardroom chairs and wall panels.'<sup>430</sup> The building takes its shape from 'the *wau bulan* (moon kite) and the *pending perak* (silver royal belt buckle) with the main halls set in the

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<sup>427</sup> The driver will begin to build his case immediately into the journey, lamenting the rain that requires him to drive more slowly, the traffic and so forth. Upon arrival at the destination he will then ask for extra money due to the inconvenience he has suffered.

<sup>428</sup> 'The telemedicine flagship was launched in November 2000 and consists of two components: Continuous Medical Education (CME) and Mass Customised Public Health Information and Education (MCPHIE). CME, which it utilised by hospitals, comprises a virtual library with electronic medical journals and distant learning services. The MCPHIE system targets members of the public, offering a list of hospitals and clinics in the country as well as information and advice on health, disease and remedies. A third component, Lifetime Health Plan (LHP) is scheduled for launch later in the year and will enable patients' medical records to be accessed online by hospitals and private clinics. Built upon Sun Microsystems Inc's Java programming language, the telemedicine flagship will also be available for access by WAP (Wireless Application Protocol) phones.' 'Multimedia Super Corridor', p.150

<sup>429</sup> 'Tourism Malaysia targets mice market' in *Travel Blackboard* (<http://www.etravelblackboard.com/article/109110/tourism-malaysia-targets-mice-market>, 23 September 2010)

<sup>430</sup> 'Stylish facilities, modern expertise' in *Cei Asia* (July/August 2007) p.44

“eye” of the *pending perak*<sup>431</sup> but the Philosopher Alain de Botton describes it as resembling ‘an aggressive beetle.’<sup>432</sup>

#### b. Hotels in Putrajaya

There is a Marriott hotel with MICE provision and a spa located close to a golf course. The Shangri-La Putrajaya also offers MICE facilities and features a golf club on site. To disguise the lack of accommodation options Cyberjaya Lodge is often listed as being a Putrajaya hotel.

#### c. Entertainment in Putrajaya

There is little to recommend Putrajaya in terms of entertainment and the Marriott Putrajaya and Shangri-La Putrajaya both list Kuala Lumpur attractions in their what to do sections.

### 3. Government Engagement

Government engagement in Putrajaya is seamless. It would perhaps be more accurate to look to areas where there isn’t government involvement.

#### a. Government buildings in Putrajaya

Putrajaya is split into two major areas, the core (which comprises of the Government Precinct, the Mixed Development Precinct, the Civic and Cultural Precinct, the Commercial Precinct and the Sports & Recreation Precinct) and the periphery (which comprises of the residential areas, parks and public amenities) which are separated by a large manmade lake. The Government Precinct is the most prominent which Tourism Malaysia describes as ‘being in line with its role as the administrative centre of the Federal Government, pioneers of the concept of an electronic or e-government.’ Three key buildings and Dataran Putra form the crux of the precinct. Perdana Putra is located at the highest point and houses the offices of the ministers.

<sup>431</sup> *Putrajaya Malaysia* – Official guide produced by Tourism Malaysia

<sup>432</sup> De Botton, Alain, *The Architecture of Happiness* (London, Penguin, 2007) p.84

Overlooking Putrajaya Lake, its Islamic-Mogul inspired architecture and green pitched roof that meets the glazed dome makes it one of the new city's landmarks. Seri Perdana is the official residence of the Prime Minister and is used for official receptions and banquets. With its seven gardens and panoramic views of the city, it is one of the most grandiose Ministerial residences in the world.<sup>433</sup>

#### b. Development of Putrajaya

Putrajaya's development is continuous and set to very specific guidelines as reflected in Chart 7.4.

**Chart 7.4 : The Malaysian Government's breakdown of Putrajaya**

Total Area	:	4,932 hectares
Land Use	:	Government - 5.3%
		Commercial - 2.9%
		Residential - 25.8%
		Civic & Cultural - 2%
		Public Facilities - 10.1%
		Utility and Infrastructure - 18.2%
		Green Area - 37.5% <sup>434</sup>
Projected Population	:	350,000
Workforce	:	76,000 (public sector)
		59,000 (private sector)

Source: Putrajaya Malaysia – Official guide produced by Tourism Malaysia 2008

#### c. How Putrajaya is marketed by the government

In the official guide, Putrajaya is described as being 'the manifestation of the symbiosis of man, nature and science through detailed planning, innovative urban design and a respect for the environment.' For all Malaysians, Putrajaya is claimed

<sup>433</sup> *Putrajaya Malaysia* – Official guide produced by Tourism Malaysia

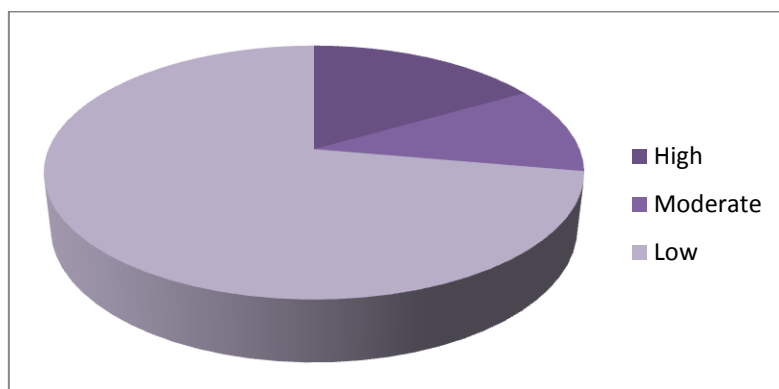
<sup>434</sup> The discrepancy in the figures is possibly a typing error as Green Area of 35.7 percent makes 100 percent elsewhere described as nearly 38 percent though.

to be 'the realisation of a vision and a heritage of Malaysia's future generations.'<sup>435</sup>

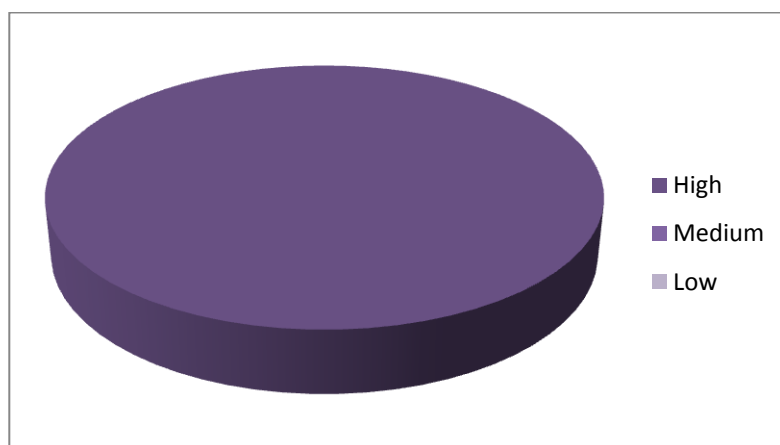
### Analysis:

The portfolio demonstrates a high level of rentierism in each of the 9 categories in Putrajaya (Chart 7.6) but it is important to recognise that Kuala Lumpur demonstrates high or moderate levels of rentierism in 2½ of the 9 categories (Chart 7.5).

**Chart 7.5 : Levels of rentierism in Kuala Lumpur across 9 identified areas**



**Chart 7.6 : Levels of rentierism in Putrajaya across 9 identified areas**



The incidences of high or moderate levels of rentierism in Kuala Lumpur are spread across the elements of Infrastructure and Government Engagement reflecting that rentierism in the city is not isolated anomalies but as significant to the culture within

<sup>435</sup> *Ibid*

the parameters of this thesis as its more market led characteristics.

The judgements on the level of rentierism (shown in Chart 7.7) were made, as stated in the method, as being determined by the degree of separation between effort and reward and the significance of market forces on development. So the taxi system in Kuala Lumpur sees Malay drivers often operating outside the dictates of the law with drivers preferring to sit at ranks rather than take fares demonstrates a rentier attitude based upon an unwillingness to work unless on their own terms and an assumption that the government will provide ranks and customers (which it arguably does). However, it also sees enterprising Indian and Chinese drivers that circuit the popular areas of the city who will usually follow the law to gain fares and who take responsibility for their business (I was regularly given business cards by Chinese and Indian taxi drivers and never by Malay drivers). Two distinct levels of rentierism were evident. Areas where a judgement was less clear was where both rentier and market forces were evident within the same organisation such as at KLCC, a government linked conference centre which nevertheless demonstrates a clear understanding of the industry and is competitive for non-Government MICE activity.

**Table 7.7 : Rating of case studies based upon their portfolios**

	<b>Kuala Lumpur</b>	<b>Putrajaya</b>
The transport hub for the city	Low level of rentierism	High level of rentierism
The public transport system for the city	Moderate level of rentierism	High level of rentierism
The taxi system for the city	High and low levels of rentierism	High level of rentierism
Conference centres in the city	Low level of rentierism	High level of rentierism

Hotels in the city	Low level of rentierism	High level of rentierism
Entrainment in the city	Low level of rentierism	High level of rentierism
Government buildings in the city	High level of rentierism	High level of rentierism
Development of the city	Low level of rentierism	High level of rentierism
How the city is marketed by the government	Low level of rentierism	High level of rentierism

With regards to MICE provision it is worth looking at Singapore, which is currently ranked fifth by the International Congress and Convention Association (ICCA), the only Southeast Asian city in the list of 'meetings organised by international associations which take place on a regular basis and which rotate between a minimum of three countries.' The data is limited by ICCA's own admission as the database is 'a sales and marketing resource for its members to target future international association meetings, which is why it does not include one-off events or those which do not move between locations.'<sup>436</sup> However, in 2004 *Hospitality Asia* listed Singapore (then ranked third) as 'the only Asian city in the Association's top 10 ranking of preferred convention cities.'<sup>437</sup> The 2010 database lists Beijing in 10<sup>th</sup> place, a rise from obscurity demonstrating the comparative growth of competing MICE providing cities. What Singapore achieves is a blend of entertainment with accommodation and MICE provision by encouraging competitiveness. In 2007 for the inaugural Formula One (F1) Singapore Grand Prix (GP) a five night levy was applied to 'total revenues from hotel rooms and room packages from September 24 to 28' with the 11 trackside hotels paying 30 percent while all other tourism hotels will paying 20 percent. Rather than purchase growth via F1 engagement, Singapore funded the event through tax. The local organiser, Singapore GP, offered corporate

<sup>436</sup> Vleeming, Mathijs, *ICCA publishes country and city rankings 2009*, <http://www.iccaworld.com/npps/story.cfm?nppage=2175> (Accessed 14/03/11)

<sup>437</sup> 'Singapore Ranked 3<sup>rd</sup> as International Convention City' in *Hospitality Asia* (Volume 10, Issue 3, August-October 2004) p.12

hospitality to provide additional funding.<sup>438</sup> While Kuala Lumpur was rated to have low levels of rentierism in the three elements relating to MICE provision compared with Putrajaya it needs recognising that compared to Singapore it is far from competitive.

Similarly, the Indonesian government encourages MICE activity in a way that encourages competitiveness. In 2007 the Indonesia Department of Culture and Tourism allocated a budget 'to support associations in the bidding process as part of its effort to boost conferences and incentives in Indonesia.' US\$5,000 of support per international bid of an event was offered with the organiser only obliged to return the money if Indonesia won the bid.<sup>439</sup> Such support provides opportunities for genuine development as it doesn't foster a rentier mentality. It is also a reflection of a cages first strategy as highlighted by Kate Nicholson in *Cei Asia*: 'This month, the Bali International Convention Centre (BICC) will host PATA Travel Mart 2007 while the United Nations Climate Change Conference in December will welcome 2,000 delegates. What Bali now needs is more flight connections to get the delegates here.'<sup>440</sup>

What Singapore and Indonesia show is that governments can invest in development (Indonesia spent money on ten destinations including Jakarta and Bali to raise their profile in 2007<sup>441</sup>) in a way that is conducive to development rather than merely being purchased growth.

#### 7.4 The role of state involvement, the impact on Malaysian society and the significance of rentierism

Kuala Lumpur is not only the capital of Malaysia but lies at the heart of the goals and ambition of the country. In an interview with *Visitors Guide to Malaysia* in 2001, the Minister of Culture, Arts and Tourism described the vision for Malaysia as an introduction to a report of recent activity in the capital.

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<sup>438</sup> Donough-Tan, Geraldine, 'Singapore hotel levy for first Formula One' in *Cei Asia Pacific* (September 2007) p.4

<sup>439</sup> 'Budget boost for Indonesia's events' in *Cei Asia Pacific* (September 2007) p.5

<sup>440</sup> Nicholson, Kate, 'Bali is back in business' in *Cei Asia Pacific* (September 2007) p.45

<sup>441</sup> 'Budget boost for Indonesia's events', p.5



We have decided to make Malaysia a tourism country. By this I mean that tourism is going to be the main pillar of our national economy. In other words, tourism is going to permeate the whole economy both directly and indirectly. To do that, we want to take advantage of our multi-cultural population. We want to portray an image of a country that is perpetually in festival and merry-making all the time. Having created that image, we want to invite the whole world to come and join in the fun and be happy.<sup>442</sup>

Hassan acknowledges that, 'that there would be people who would benefit was definitely there' but argues that 'these were those who were in control.'<sup>443</sup>

The role of state involvement in Kuala Lumpur and Putrajaya suggests a continued desire to build new rather than fix old. The benefits to this strategy are that it boosts employment in a large number of sectors from construction to administration. While Putrajaya is a clearer indicator of purchased growth, there are multiple examples in Kuala Lumpur such as the Petronas Towers and the International Broadcasting Centre. Purchased growth often appears to be genuine development as employment increased and the average standard of living rises but the crucial difference and a significant negative is that it requires continuous government involvement and significant cash investment. In the past the government has funded its purchased growth via rent from its oil and gas reserves. Alternative solutions were required and the government followed a similar rent based economic structure with the MSC. The MSC has its successes but the government continually provides incentives for investors. On the balance sheet, this doesn't present an immediate problem as tax breaks for company's still means revenue for the government but it is a created situation and is arguably less stable than one built on genuine growth.

It is important to recognise that government has its place in building an economy. In my 2004 dissertation, *Singapore's Technological Growth: The Government and Market Debate*, I made the case for what Pye called 'quasi-authoritarianism'<sup>444</sup> which

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<sup>442</sup> 'Exclusive Interview with Y.B. Dato' Abdul Kadir bin Haji Sheikh Fadzir, Minister of Culture, Arts and Tourism' in *Visitors Guide to Malaysia* (Tourism Publications Corporation Sdn Bhd, Kuala Lumpur and Penang 2001) p.26

<sup>443</sup> Hassan, *The unmaking of Malaysia*, p.p.260-261

<sup>444</sup> Pye, Lucian W., 'The New Asian Capitalism: A Political Portrait' in Berger, Peter L. and Hsiao, Hsin-Huang Michael. (ed.'s), *In Search of an East Asian Development Model* (Oxford, Transaction Books, 1988) p.82

contradicted Wade's assertion that a reduction in government interference is a requisite for the prevention of the poor getting poorer<sup>445</sup> and cited Goh Chok Ton's words as Prime Minister.

In Singapore, government acts more like a trustee. A custodian of the people's welfare, it exercises independent judgement on what is in the long-term economic interests of its people and acts on that basis. Government policy is not dictated by opinion polls or referenda. This has sometimes meant overriding populist pressures for "easier" economic policies. Indeed implementing the right policies has on occasion meant administering bitter medicine to overcome economic challenges.<sup>446</sup>

I made my defence of Singapore's quasi-authoritarianism partly on the basis on the attitude of the Singaporean people. Unlike education in Malaysia which positively discriminates against the Malays, Singaporean schools are known for being some of the strictest and most challenging in the world. In his 2003 National Day rally Speech, Goh Chok Ton attributed much of Singapore's success to the resourcefulness of her people. Government intervention can be defended but requires a culture with a strong work ethic in order to turn mere growth into true development and my conclusion was that having established a successful economy, the government could begin to take steps to withdraw its involvement. This is not the case with Malaysia where government intervention ends at mere growth because a culture for a strong work ethic is undermined by the concept of special rights for the Malays.

The apparent goal of the Malaysian government for a celebration of multiculturalism and the sense of a country in continual festivities is little reflected in these case studies. Putrajaya is the face of new growth in Malaysia and the majority of its population are government employees and their families, which means the majority of the population are Malay. In seeking to raise the profile of the Malays, the government has essentially created them an identity based upon Saudi states and built them a city to compete with Kuala Lumpur that evolved from a Chinese settlement. The impact on Malaysian society is increased segregation. Prior to moving to Kuala Lumpur I spent three weeks in Brunei and became accustomed to

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<sup>445</sup> Wade, Robert, *Governing the Market* (Princeton, Princeton University Press, 1990) p.5

<sup>446</sup> Kausikan, Bilahair, 'Governance that works' in *Journal of Democracy* (8.2, 1997)

the call to prayer that could be heard regularly across Bandar Seri Begawan. I had been living in Kuala Lumpur for several weeks before I noticed on a map just how close I was to Masjid Negara, the national mosque. One Friday I was at the nearby Tasik Perdana park and noticed that even then the adhan couldn't be heard. In Kuala Lumpur, Islam is quiet. This differs hugely from the rest of the country; for example on Langkawi the entire island comes to a standstill each Friday with cars and motorbikes left blocking the roads for up to half a mile around each of the mosques with the call to prayer audible almost everywhere.

Perhaps it is understandable then that there was such a strong desire to create an Islamic city where the mosque was central to life and situated near the government buildings but it is not a development that welcomes non-Muslims into the city. The Prime Minister's office and residence, Seri Perdana (Image 6.8) faces Putra Mosque and features mosque-like domes.

**Image 7.8 : Seri Perdana 2009**



*Source: Kathryn Ashcroft*

The significance of purchased growth by the government at a cost of true development and the supported segregation of Malaysian society is that this increases rentier mentalities among the Malays. The government secures its position by being continually necessary to both intervene in the economy and to referee the

ethnic unrest that it exacerbates.

## 8 : A New Identity for Malaysian Economic Development

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This chapter brings together the theoretical work to define Malaysia's Political Economy in terms of characterising rentier mentality and assessing the distortion to development resulting from the quest for a Malaysian identity. These are then brought together to make the case for rentierism as the cause of underdevelopment in Malaysia.

### 8.1 The characterisation of rentier mentality

There are a number of problems that present themselves to the western scholar who with their meritocratic education system, workplace and society (in theory if not practise) can struggle to appreciate the nuances of alternative systems. Bourdieu went some way to addressing alternative paradigms for economics when he addressed the forms of capital:

Economic theory has allowed be foisted upon it a definition of the economy of practises which is the historical invention of capitalism; and by reducing the universe of exchanges to mercantile exchange, which is objectively and subjectively orientated towards the maximisation of profit, i.e. (economically) *self-interested*, it has implicitly defined the other forms of exchange as noneconomic, and therefore *disinterested*.

Bourdieu asks that one looks beyond the 'world of the bourgeois man, with his double-entry accounting' and recognise the complexity of capital and salvage it from the 'icy water of egotistical calculation.' In addition to economic capital ('which is immediately and directly convertible into money and may be institutionalised in the form of property rights'), Bourdieu counts cultural capital ('which is convertible, in certain conditions, into economic capital and may be institutionalised in the form of educational qualifications') and social capital ('made up of social obligations... which is convertible, in certain conditions, into economic capital and may be institutionalised in the form of a title of nobility'). The forms of capital can provide an interesting angle for looking at rentierism. Rather than simply look to rentierism as a concept that considers dependent behaviours and explains a lack of development,

one can instead question the economic system and see rentierism theory as a response to a challenging alternative system. In this way, the ethnic Malays of Malaysia might be seen as having social capital and their special treatment might be seen as an equivalent of titles of nobility. Bourdieu describes social capital as being reflective upon a subscribed to sense of entitlement not unlike that of the ethnic Malays.

Social capital is the aggregate of actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition – or in other words, to membership in a group – which provides each of its members with the backing of the collectively-owned capital, a “credential” which entitles them to credit.

Such a relationship may exist only in the practical state, or it might only exist in a symbolic state but whether socially instituted (such as by a name such as Bumiputera) or through instituting acts (such as through the NEP), it is maintained and reinforced. After all, ‘if the internal competition for the monopoly of legitimate representation of the group is not to threaten the conservation and accumulation of capital which is the basis of the group, the members of the group must regulate the conditions of access.’<sup>447</sup> What Bourdieu shows is that views of entitlement to the greater capital are far from unique to rentier state economies. Taking this idea, rentierism becomes akin to a new form of feudalism rather than something unique to states deriving significant income from rent. Nonetheless, while rentierism arguably shares characteristics with other societal structures, the key element that marks rentier state economies as being distinct is that they face ‘the prospects of resource depletion and a future without oil.’<sup>448</sup>

Yates introduces the theory of the rentier state by highlighting the failure of previous theories of development to explain the problems associated with oil dependency and suggests that the significance of the theory of the rentier state lies in its development in the Middle East where scholars were ‘studying the effects of oil on the nature of

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<sup>447</sup> Bourdieu, Pierre, ‘The Forms of Capital’ in Richardson, J.E. (ed), *Handbook of Theory of Research for the Sociology of Education* (Greenwood Press, 1986) p.p.15-16, 21 and 23

<sup>448</sup> Yates, *The Rentier State in Africa – Oil Rent Dependency and Neocolonialism in the republic of Gabon*, p.2

Arab states' and that 'a theory which emerged out of historical studies of the Middle East can be applied to historical realities of sub-Saharan Africa says something.'

The "*theory of the rentier state*" is useful to scholars who are interested in patterns and problems of development specific to petroleum-rent-dependent states, not only in Africa, but throughout the developing world. Rentier Theory posits that the conditioning factor of economic stagnation and political authoritarianism in oil-dependent states is the corrosive effect of external rent. Rentier theory is as concerned with internal developments (such as the emergence of a rentier mentality and a rentier class) as with external.

Yates brings attention to Beblawi and Luciani's criticism that an exclusive focus on the state, independent of the economy, is 'a rather restrictive definition that says little about the economy' and as a result preferred to conceptualise a rentier economy with the rentier state as a subset of a rentier economy.<sup>449</sup>

This thesis uses the term rentier state economy and rather than focusing on Beblawi's four characteristics of a rentier economy: Where rent situations predominate; Where the origin of the rent is external to the economy (ie. from foreign sources); Where a minority are engaged in rent generation (but a majority are involved in distribution and consumption); Where the government is the principal recipient. Or Luciani's focus on the concept that 'external rent liberates the state from the need to extract income from the domestic economy' and looks instead to the idea of a rentier mentality and a rentier class. In Chapter 4.1 the special relationship of the Malays was explored with the idea of special entitlement being returned to on a number of occasions. By understanding rent as a gift of nature as Ricardo did it is hoped that the connection between Malaysia's good fortune in terms of her natural resources and the feeling of entitlement amongst the Malays makes Malaysia's inclusion in the rentier state economy classification understandable.<sup>450</sup>

Like tourism, petroleum economics raises complicated questions regarding theory. Yates defines rent (or oil surplus) as:

...the difference between the price of a given quantity of oil sold to consumers in the form of petroleum products "and the total average cost incurred in

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<sup>449</sup> Ibid, p.p.6 and 13

<sup>450</sup> Ibid, p.p.14-16

discovering, producing, transporting, refining and marketing this crude” – which unfortunately blurs the distinction between rent, royalty, and profit in a way that classical Ricardian theory had not.

Tourism is of course very distinct from petroleum economics based upon Beblawi and Luciano’s above definitions. Even where an economy depends predominantly on tourism from outside the economy, the number of people within the economy actively involved in the creation of the money means it is not rentier. However, Chapter 2.1 highlighted the importance of a macro-economic approach to tourism and Yates explains that the neoclassical approach to petroleum economics which focused on the micro-level and ‘divorced rent from its social context’ thus failing to ‘account for rent on the macro-scale’ paved the way for rentier theory which filled this gap by returning to ‘the classical emphasis on macroeconomic rent’ which ‘reintroduces the social dimension of the ownership of land and its natural resources.’<sup>451</sup> The approach taken for conceptualising tourism in this thesis fits Yates’ interpretation of rentier theory and as such, tourism is posited as a tool for development in rentier state economies.

While Malaysia is not traditionally labelled a rentier state or rentier economy, conceptualising Malaysia in this way is defensible. The World Bank states oil and gas as accounting for approximately 40 percent of total revenue and jumping from 5.1 percent of GDP in 2004 to 8.6 percent of GDP in 2009 (due to the increase in commodity prices). The situation is deemed to be one of ‘overdependence of the revenue base on oil and gas’ with recommendations that the revenue base be expanded in order to prepare for reserve depletion.<sup>452</sup> The core argument for inclusion under the rentier state economy umbrella rests, however, with the rentier mentality of the Malays.

The rentier is a social agent who does not actively participate in the production process yet still shares in the fruits of the product. Leaving aside the question of the origins of rent, be it physical or social, it is clear that rent is

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<sup>451</sup> Ibid, p.17 (quote from Chevalier, J.M., ‘Theoretical Elements for an Introduction to Petroleum Economics’ in Jacquemin, A.P. and deJong, H.W. (ed.’s), *Market, Corporate Behaviour, and the State* (Hague, Martins Nijhoff, 1976)

<sup>452</sup> World Bank, Malaysia Economic Monitor - Repositioning for Growth (<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/MALAYSIAEXTN/0,,contentMDK:22390542~pagePK:1497618~piPK:217854~theSitePK:324488,00.html>, November 2009) p.74



a factor income unlike the other traditional costs of production. Wages are paid for labour, interest for capital employed, profits for the successful management of risk. For each of these factor incomes some element of sacrifice and effort is involved. But the rentier is a member of a social group that is devoid of such value added. The purest rentier is but a parasite feeding on the productive activities of others.

For the classical economists such a situation 'violates the most sacred doctrine of the liberal ethos: hard work.'<sup>453</sup> Such words echo Sir Hugh Clifford's sentiment that the Malays were 'indolent, pleasure-loving, improvident, fond of bright clothing, of comfort, of ease, and dislike toil exceedingly.'<sup>454</sup> The inertia of the rentier is understandable, 'the existence of relatively ample resources deludes the rentier into an expectation of ever-increasing revenues in the future' and as the elites become satisfied with their material conditions, 'Instead of attending to the task of expediting the basic socio-economic transformations, they devote the greater part of their resources to jealously guarding the status quo.'<sup>455</sup> As such, Beblawi argues that reward becomes windfall gain and an isolated fact where 'income and wealth are seen as situational or accidental, rather than as the end result of a long process of systematic and organised production.

The rentier mentality is a psychological condition with profound consequences for productivity: contracts are given as an expression of gratitude rather than as a reflection of economic rationale; civil servants see their principal duty as being available in their offices during working hours; businessmen abandon industry and enter into real-estate speculation or other special situations associated with a booming oil sector, the best and brightest abandon business and seek out lucrative government employment; manual work and other work considered demeaning by the rentier is farmed out to foreign workers, whose remittances flood out of the rentier economy; and so on. In extreme cases income is derived simply from citizenship.<sup>456</sup>

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<sup>453</sup> Yates, *The Rentier State in Africa – Oil Rent Dependency and Neocolonialism in the republic of Gabon*, p.p.17-18

<sup>454</sup> Bartlett, *Report from Malaya*, p.25

<sup>455</sup> Yates, *The Rentier State in Africa – Oil Rent Dependency and Neocolonialism in the republic of Gabon*, p.21 (citing Mahadavy, Hossein, 'The Pattern and Problems of Economic Development in Rentier States: The Case of Iran' in Cook, M.A., *Studies in the Economic History of the Middle East* (Oxford, Oxford University Press, 1970) p.437)

<sup>456</sup> *Ibid*, p.22

Given the significance of oil to the economy and the rentier mentality of the Malays (outlined above and demonstrated in Chapter 4.1), Malaysia sufficiently fulfils the criteria for inclusion as a rentier state economy for the means of this thesis, if not beyond.

The characterisation of rentier mentality in Malaysian tourism tackles the difficulty of diversifying the revenue base of the rentier state economy. The World Bank recommendation for diversification in Malaysia was based upon the procyclicality of government revenue due to the volatility of oil prices.<sup>457</sup> For Yates, the complexity of the issue is based upon the very structure of a rentier state:

Diversification is the answer for most rentier states, but what is the question? If you begin with the question, “How should a rentier state allocate its resources?” then you already deny one of the central hypotheses of rentier theory – i.e., “that the development policies of the structure of expenditure are a function of the structure of revenue.”

A diversification of the sources and structures of income means that one will no longer have a rentier state. In theory this is the objective but Mahadavy’s observation on this is that the free gift nature of oil and the input from local industries and the consumption on a domestic scale are so insignificant that as a result, ‘the petroleum industries in the oil-rentier states tend to be enclave industries that generate few backward or forward linkages.’ Rentier states essentially become acquisition states. The huge inflows of rent allow for the purchase of goods and services so that everything from food to medicine to the technology for advanced industrial modes of production is bought in resulting in ‘costly balance-of-payment crisis and problems with inflation to acquire these goods and services.’ The problem exists at every level as ‘one consequence of the large amount of external rent available in a rentier economy is that its state tends to relax constraints on foreign exchange.’ This means that ‘the availability of foreign currency in such relative abundance means that the rentier states can acquire foreign goods without the unsurious costs of exchange’ and that ‘imported goods have the tendency to replace domestically produced

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<sup>457</sup> World Bank, Malaysia Economic Monitor - Repositioning for Growth (<http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/EASTASIAPACIFICEXT/MALAYSIAEXTN/0,,contentMDK:22390542~pagePK:1497618~piPK:217854~theSitePK:324488,00.html>, November 2009) p.74

goods, particularly in agriculture and manufacturing, which often cannot compete with foreign goods producing under economies of scale.'

The state purchases foodstuffs, which then compete with domestically produced foodstuffs on the local markets. Combined with the attraction of rural workers to the urban areas (where the rents are concentrated) this input-output imbalance results in a decline in agricultural production. Net exporters suddenly find themselves net importers of food, with dire consequences for those poorer groups left outside the booming oil economy.

Similarly, governments can afford impressive development projects that provide short-term employment domestically but ultimately exacerbate the situation and rely upon constant imports for their upkeep. Actual success becomes separated from the project with 'unprofitable but prestigious development projects' enjoying government allocation while 'successful projects may lose government investment when state revenues decrease – unrelated to the success of the projects themselves.'<sup>458</sup>

James, a British Executive Consultant based in Dubai identified Yates' definition of a rentier mentality as applying to the Emirati's. Originally from the UK, James describes Dubai as 'a very old-fashioned society, based on tribal law and customs - why would you give the work to a foreigner rather than your "brother"?' Dubai was built on oil money and although is no longer a rentier economy, certain attitudes prevail and it therefore has important lessons to teach about development. James describes the economy as being entirely centred on what Bourdieu described as social capital.

The royal family drives the country through its development; the powerful local families (who in reality own the place anyway) will ipso facto be awarded the contracts as they have ownership of either the companies capable of undertaking the work or will have involvement through the local sponsor system. Don't forget that out here, there would be no reason for the locals to buck the trend as it suits them very nicely. Plus the royal family (as in Thailand) are revered here. Obviously you'll get some manner of enterprise but it won't be outside the parameters of the grand plans for the region.

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<sup>458</sup> Yates, *The Rentier State in Africa – Oil Rent Dependency and Neocolonialism in the republic of Gabon*, p.23 (citing Beblawi and Luciani, *The Rentier State* and Mahadavy, 'The Pattern and Problems of Economic Development in Rentier States: The Case of Iran') and 24-26

Desire to engage in the public sector is limited as the private sector allows for a silent partner role 'rather than anything operational.' For James, the Emirati 'don't have a working ethic culture. This is changing with the young generation, but very slowly.' He describes the Emirati as 'invisible' and outlines a hierarchy of employment with those from the West occupying middle to upper management, those from the Middle East occupying lower management and those from India and the Philippines running the service industries. With a system so focused on imported human resources, the question of fragility requires addressing. James sees the solution as being simple, 'they need to make it attractive for us to live here.' He raises the concern of many expats that once Dubai is 'finished' they won't be required any more but he dismisses this as 'a stupid and illogical viewpoint.' He claims, 'it's natural to continuously develop. Not at the ridiculous pre-recession rate Dubai was, but not developing or expanding is unnatural.' The way to continual growth is considered obvious: 'Diversification started some time back. It's an attractive location for head offices in terms of company ownership and taxation, tourism is on the rise, they introduced foreign ownership of property a few years back so that's another demographic they're trying to attract.' James identifies Dubai's assets as being its location and climate and notes that 'it doesn't make sense to actually produce things here.'<sup>459</sup>

Dubai's main sources of revenue are now the tourism, real estate and financial services that James identifies. This successful evolution from a rentier economy whose citizens still demonstrate a rentier mentality highlights the importance of tertiary industries to the future of rentier state economies. This thesis takes the tourism industry for its model while acknowledging the alternatives of real estate and financial services.

## 8.2 Distorted development; finding a Malaysian identity

Theories of development states can be complex to reconcile with practice, with the living reality for the citizens of those states. Malaysians particularly face grand statements from their Government which are little reflected in their personal

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<sup>459</sup> Interview with James, October 2010

experiences. Different experiences depending on ethnicity, megaprojects that are incomprehensible and endless secrecy mean identity is problematic. New developments raise questions as to who it is for and what it means.

There are those that argue the ethnic dimension is overstated. Salmah Nur Mohamad, writing for a local travel guide, explains that ‘when the Alliance sought Independence for the country 50 years back, many among the British were sceptical that it would work; not with the large ethnic blocks that made up our nation’ and that this has been overcome, that ‘not only could we live together in harmony, but we could even thrive together.’<sup>460</sup> Problems with development and racial issues sometimes seem cast upon Malaysians by the Government in the minds of some writers.

Racial friction did not seem to exist, certainly not within my circle of Malay, Chinese and Indian friends and colleagues. Instead there was much camaraderie. There was frank and robust ribbing of each other’s racial traits: Malays were “indolent and free-spending,” Chinese were “cunning and grasping,” Indians were “devious” and so on. No offence was meant or taken, it was just harmless teasing. In our immediate circle, remarks such as “*Keling balik India*” (“[You] Indians, go back to India”), “*Cina balik Tongsan*” (“[You] Chinese, go back to China”) and “*Melayu balik kampong*” (“[You] Malays, go back to your village”) were merely good humoured banter and not the taunts they could, and did, become in the context of street quarrels.<sup>461</sup>

This matches my own experience of racial humour within my friendships in Kuala Lumpur. Coming from uptight politically correct British society, nicknames such as “Mutton Curry Boy” initially seemed shocking. This reaction was met with amusement, ‘Andrew is Mutton Curry Boy though. If we want food later he will only be able to find mutton curry restaurants.’ That evening led into the early hours and at 4am the group was seated at a roadside restaurant eating the ubiquitous mutton curry. The speaker winked and was duly cuffed around the ear by the long-suffering Andrew.<sup>462</sup>

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<sup>460</sup> Salmah Nur Mohamad, ‘Faces of Success’ in *Virtual Malaysia – Your source for travel ideas*, p.10

<sup>461</sup> Ye Lin-Sheng, *The Chinese Dilemma* (Kingsford, East West Publishing Pty Ltd, 2008) p.p.8-9

<sup>462</sup> Evening spent with Danielle and Andrew, June 2008

Bartlett's 1954 report on Malaya included a description of the nation's flag:

The flag included the Islamic star and crescent and eleven stripes to represent the eleven fragments (including the new nations) into which Malaya had been shattered by the British nation-builders since 1948. The arms contained krisses representing the traditional profession of Malay rulers, and two tigers as supporters.

But he pointed out that 'there was not a single thing to suggest the existence of a Chinese, Indian or Eurasian. Yet these, be it noted, were the symbols of unity that the peoples of the several communities were called upon to revere.'<sup>463</sup> When Shukri, the young Malay man who travelled to the UK for his university education, was asked about the flag he shrugged and threw the question back, asking how what I knew about the union flag. To Shukri, the flag was just a flag, the krisses something he had never thought about. The reaction was the same by Andrew, a young Indian man, 'This isn't stuff we think about. It's our flag, you see it everywhere. Sure some people read meaning into it but it's just a flag.' The focus for these young Malaysians was less on meaning and theory and more on matters of opportunity and employment. I suggested that their comments reflected a sense of disconnection which they both agreed was fair.

An interview with the Minister of Culture, Arts and Tourism on a Megasale Carnival in 2001 reveals how the Government's top-down policies have created a sense of disconnection. The event was deemed a success because 'for the first time, we have introduced Malaysia as a shopping paradise.' However, advertising was extensive in China, India, Saudi Arabia, Thailand, Hong Kong, Taiwan and Indonesia but half of the 1.9million visitors were day trippers which was acknowledged as 'not as successful as had we expected.' What is most interesting is how the Government responded. As the targets were not reached, the targets were adjusted and the focus maintained on what was desired ('to be known all over the world as one of the leading international shopping destinations'). Blame was laid at the feet of the private sector, 'Unfortunately, the attitude of the private sector has been disappointing. Maybe, they are used to being mediocre. Now we want to make them champions but they don't know how to go about it.' The problem appears to rest on the Government

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<sup>463</sup> Bartlett, *Report from Malaya*, p.106

having a vision but not equipping the people with the skills, knowledge and support to execute the plans.

At the initial stage of this carnival, we had this problem. But when we talked to them and explained to them, they started decorating their premises and organising the sales. So towards the end it was quite alright. I am sure at the next sale, the private sector will be more prepared. They probably thought the Government was not serious but when they realise the government is very serious in spending lots of money to promote Malaysia as a leading international shopping destination, I think they will play their role.

The interviewer asked a direct question at this point: 'What plans does your Ministry have to encourage the private sector to decorate their premises during future Merdeka celebrations?' to which the minister replied:

Yes, there was a disappointment. The August Megasale Carnival coincided with Merdeka Month. We asked the private sector to decorate their premises but again they were disappointing even though a few of them joined in towards the end. But I like to forgive. Every time we do something for the first time, it is not easy to convince people to be aware of the importance of the event. So the next one will be very much better.<sup>464</sup>

No lessons were learned from the shortcomings of the event; responsibility continued to be laid with the private sector and not the government itself. This continues today as demonstrated in Chapter 5.4 where Abdullah is cited as wanting the Malaysian people to develop "towering personalities" whilst his government developed education partnerships with a theme park.

These examples are evidence of the focus on growth and not sustainable development in Malaysia. As discussed in Chapter 4.1 and argued in Chapter 5.4, the key distinction is engaging the people in the process. There are significant successes for Malaysia:

As the world gradually shifts its eyes towards Malaysia as one of the emerging 'dragons' of the East, Malaysia's corporate entities strive to do the country proud. For four years in a row, the KL International Airport was voted best airport in the world by Skytrax, an independent research advisor for the

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<sup>464</sup> 'Exclusive Interview with Y.B. Dato' Abdul Kadir bin Haji Sheikh Fadzir, Minister of Culture, Arts and Tourism' in *Visitors Guide to Malaysia*, p.27

air transport industry. The Sepang F1 Circuit is distinguished among racing aficionados as one of the most gruelling in the world. The debut of the Petronas Twin Towers in 1999 introduced what would later become an international icon of Malaysia, and in early 2007, the Financial Times cited Petronas as one of the seven most influential oil and gas players in the world, referred to in the industry as the ‘Seven Sisters.’

However, the significance of these successes is misunderstood. The defence of glorification is largely given as being ‘very necessary for they illustrate the fact that Malaysians too can achieve what people of other more advanced countries have achieved.’ It considered encouraging to the average Malaysian to aspire to something better; ‘In the eyes of the average Malaysian, the possibility of personal success and achievement becomes clear and inarguable. These individuals inspire the common people.’<sup>465</sup> In 12 months of my time in Malaysia, I was unable to find a single Malaysian that agreed with the idea that such successes inspired them (although one young Persian man said they inspired him). The majority said they found such statements absurd. This supports Yates’ argument about purchases with rent money and James’ statement that it doesn’t make sense to make things in Dubai. The Malaysian government has bought Malaysia’s alleged growth with oil money with the hope of this producing development. On the surface things look impressive but crucially, Malaysia is still a developing nation.

The culture of Malaysia’s Government has evolved little since Mahathir was in power and laying blame for the 1997 Financial Crisis with the West.

Mahathir refused to see the writing on the wall by, once again, blaming only the Western capitalist bogies under his bed and totally refusing to admit to his own excesses. It was, therefore, a classic performance when he spoke to the Annual Seminar of the World Bank in Hong Kong on 20<sup>th</sup> September 1997. Simple-mindedness would be the most appropriate term to use in describing his attempt to understand what had happened. While still holding the developed countries to account for allegedly not wanting Malaysia and others to “prosper,” he hammered viciously at Western “fund managers” and the media; in other words, the perfect conspiracy theory. Even more incredible

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<sup>465</sup> Salmah Nur Mohamad, ‘Faces of Success’ in *Virtual Malaysia – Your Source for travel ideas*, p.p.10 and 12



was his assertion that all the multibillion ringgit (equivalent also in USD) projects that he had embarked upon or supported without proper financial controls – from the lavish and imperious new administrative capital called Putrajaya to the iconic Petronas Twin Towers – were ludicrously referred to as “non monuments but *basic* infrastructure.”

Jeshuran says that ten years after the speech when asked whether the post-crisis action had made sense at the time Mahathir replied that ‘you cannot always work [it] out like it’s a business deal... we may not get the return[s] but we have a good image.’ That, for Jeshuran is ‘the extent of the delusive nature of Malaysian foreign policy for most of the period of Dr. Mahathir’s tenure of office as Prime Minister.’<sup>466</sup>

Quek’s issue with the Government’s outlook is also based on a lack of accountability. ‘Mahathir said he was building for the future generation. We agree that it is a good idea to plan for the future or to develop with an eye to the future. But that does not mean we must spend now to complete something that will only be needed and utilised sometime far into the future.’ The funding for the projects came mainly from Petronas whose cash flow is not included in the national budget so Quek concedes that ‘Mahathir is right in saying that the national budget is not affected by the spending on these Projects.’<sup>467</sup> But this is a technicality and highlights the view that the Government does not consider itself answerable to the people. Kuka’s article on the peacefully intended BERSIH demonstration in 2007 and the police violence captured the Government’s position. ‘Then Information Minister Zainuddin Maidin gave a poor impression of himself and, by extension, Malaysia when he was interviewed by Al Jazeera about the BERSIH demonstration.’

“This is a democratic country!” he yelled. Which prompted the reporter to ask: “So why can’t people protest then, if it’s a democratic country?” His reply: “YES, PEOPLE PROTEST! People do-do... of course they protest. We are allowing them protest, and they have demonstrated. But we just trying to disperse them, and then later they-they-they don’t wanna disperse, but later our police compromise. They have compromised and allowed them to proceed to Istana Negara!”

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<sup>466</sup> Jeshuran, Chandran, *Malaysia: Fifty Years of Diplomacy 1957-2007* p.p.270-271 and 272

<sup>467</sup> Quek, Kim, ‘Justification of mega projects: PM fumbles again’ p.p.69 and 74

“Why did you not break up these protests more peacefully?” asked the reporter.

“No we-we are! We... this protest is illegal! We don't want this... this.... the... NORMALLY...”

“Why is this protest illegal?”

“YA! It's a illegal protest because we have the election in Malaysia. It's no-no point on having a protest! We are allowing to every election... every five years never fail! We are not our like, like Myanmar, not like other country. And, and you are helping this. You Al Jazeera also is helping these, these forces. The, you know, these forces who are not in passion, who don't believe in democracy! ... Ya, you, Al Jazeera, this is, is Al Jazeera attitude. Right?”

For Kuka, 'he totally lost control and was more bent on attacking Al Jazeera than calmly answering the questions put to him. It was conduct unbecoming of a minister.'<sup>468</sup> That the minister considered illegality to be the same as being without point or purpose demonstrates the gulf between the Government and the people.

Development is completely distorted by the agenda from above; a culture perpetuated to the current scale by Mahathir's megaprojects and his defence of them as being at the core of his vision for raising the Malay people. Quek doesn't hold back in judging this:

After four decades of political hegemony by the ruling UNMO has ravaged this country into a land of rampant racism, corruption and cronyism, practised in favour of the political cronies under the guise of the affirmative action policy to assist the bumiputras. This misrule has devastated the nation, and thwarted the natural growth of entrepreneurship and productiveness of the nation.<sup>469</sup>

So growth has come at a cost to true and sustainable development. The price paid for the iconic Petronas Towers and a city to define a nation have resulted in little as the impressive apparent development of Langkawi reveals an island run by international companies fuelled by cheap Malaysian labour. The only resulting identity is one that is almost wholly rentier.

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<sup>468</sup> Rajoo Kuka, 'Advantage Opposition', p.81

<sup>469</sup> Quek, Kim, 'PM's attacks on WTO, West ignoble' (10/10/02) p.273

### 8.3 The case for rentierism as a cause for underdevelopment in Malaysia

Tourism is an industry unlike any other. Not only as stated in Chapter 2.1, is it not a single industry but instead runs through society but consumption of its products and services works differently. With primary (eg. mining) and secondary (eg. manufacturing) industries competitiveness is based upon factors such as price, expertise and product quality. Where a state lacks linkages and its population lacks the requisite training, the only solution is the purchase of these things as discussed above. Tourism is distinct as a key component is novelty. As the Assistant Marketing and Communications Manager of The Westin in Langkawi explained, part of the appeal of the island as a destination was that people were “bored of Bali.”<sup>470</sup> Malaysia’s tourism industry began with Portuguese soldiers and plantation workers. It emerged from a demand by foreigners residing in the host nation for something which unlike the food imported and sold in the supermarket chain *Cold Storage* could not be provided elsewhere. By its very nature, tourism is rooted in the state as it requires a specific geographical location for its execution<sup>471</sup>. In rentier state economies the oil brings the human resources who can bring their own manufacturing and buy in everything they need with one exception, their leisure.

Pretes cites Anderson who argues that maps, censuses and museums are the three institutions used by nationalist movements to help achieve their aims. Maps outline the territory, censuses define who is included as belonging and museums ‘giving the nation a history and sense of common heritage, present the defining characteristics of nationhood and display historical evidence of its existence.’ Museums incorporate the foundation ‘myth’ of the nation. Taking this into consideration Pretes considers the possibility of ‘sites of significance’ helping to create a common identity. As the official goal of many countries with diverse immigrant cultures is a shared identity:

A hegemonic discourse of nationalism may manifest itself in tourism sights, both public and private, encouraging tourists to embrace national goals.

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<sup>470</sup> Assistant Marketing and Communications Manager, The Westin (27/02/09)

<sup>471</sup> With the exceptions of cruise ships and trains.

These sites may be official government-sponsored constructions with such clear aims, but may also be privately-established enterprises that play on tourists' own national feelings.<sup>472</sup>

Sofield agrees, saying that 'we live in a world where 'culture' is increasingly the province of the state as well as the community, and its definition rendered not by its peoples but by its national tourism authorities to create a signature image and differentiate the nation from its neighbours for perceived market advantage.'<sup>473</sup> Tourism can thus become a valuable tool for nation building. Pretes explains that because the United States had no 'American' archaeological sites (as Native American sites are arguably distinctive), such site needed to be 'invented' in order to provide 'a deep history and connection to the land.' Pretes argues that 'when imbued with national values, modern attractions may serve the same purpose as the Egyptian Pyramids, the Greek Parthenon, or the Indonesian Borobudur in shaping the conception of a glorious shared past.'<sup>474</sup>

As demonstrated in Chapter 7.1, Dubai is proof that a nation can be both rentier and can diversify. Dubai's tourism falls into two main visual areas; absolute luxury and the magic of the desert. Burj Al Arab Hotel has been named the world's first 7 star hotel. The Jumeirah group who own the hotel has not advertised this (officially there is not higher classification than 5 star) but does describe the Burj Al Arab Hotel as 'the world's most luxurious hotel.'<sup>475</sup> The desert provides the backdrop for sporting adventures such as sandboarding and fantasy based safaris.<sup>476</sup> The execution of these tourism provisions are largely in the hands of expats, with the Emirati in charge. In an article for *The Expat* magazine, Davoid Lavoie questioned his contact list on what they knew about Malaysia. His conditions were 'that the respondent had never been to Malaysia' and 'that answers were spontaneous rather than researched.' 30 people answered the question of 'What is the first visual image which comes to mind when you hear the word, Malaysia?'

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<sup>472</sup> Pretes, Michael, 'Tourism and Nationalism' in *Annals of Tourism Research* (Volume 30, Number 1, 2003) p.p.125 and 127

<sup>473</sup> Sofield, 'Globalisation, Tourism and Culture in Southeast Asia' p.107

<sup>474</sup> Pretes, 'Tourism and Nationalism', p. 140

<sup>475</sup> <http://www.jumeirah.com/en/Hotels-and-Resorts/Destinations/Dubai/Burj-Al-Arab/> (Accessed 05/03/11)

<sup>476</sup> <http://www.dubai.com/> (Accessed 05/03/11)

Answers varied, but most were a combination of dense, lush humid rainforest, colourful flowers, beautiful beaches, and sophisticated urban skylines. Several people attributed these images to the striking series of ads promoting Malaysia as a tourist destination in the “Malaysia Truly Asia” marketing series. Quite a number of people mentioned the Petronas Towers as the first image they thought of.<sup>477</sup>

While a small sample size, Lavoie’s survey reflects the appeal of Malaysia to potential tourists. The problem is that Malaysia has competition for lush exotic holidays and sophisticated cities, on her borders alone Thailand and Singapore offer similar experiences. But a solution is presented within the Malaysia, Truly Asia campaign; Malaysia’s diversity is potentially a valuable asset. Where else can you stay in Kampong accommodation and eat Nyonya cuisine?<sup>478</sup> Malaysia’s unique appeal as a tourism destination lies with her people, not with creating a mini Arabia in Putrajaya or building projects to break records.

That is where a case for rentierism being the cause for underdevelopment emerges for Malaysia. As Malaysia looks forward to Yates’ prospects of resource depletion and future without oil, the path to post-rentierism becomes determined by the need to remove the isolation that Beblawi identifies between wealth and production. Rather than focus fostering a positive identity through purchased tourism, Malaysia needs to look to indigenous and evolved strengths. By allowing rentierism to determine growth in tourism, the result is underdevelopment in tourism.

Tourism is a commonly proposed solution to the problem of underdevelopment but what this thesis argues is that the way diversification of a rent-based economy is approached is more significant than what that economy diversifies into. Underdevelopment in Malaysia results from the tourism planning being based upon purchased growth not because tourism is an inappropriate industry for economic development in Malaysia.

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<sup>477</sup> Lavoie, David, ‘A Question of Knowledge’ in *The Expat* (October 2008) p.30

<sup>478</sup> Largely Chinese in style using South East Asian ingredients, a blend of Chinese and Malay cooking.

## 9 : Conclusion

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This chapter returns to the core issue of rentierism and takes the definitions and examples of the preceding chapters to test the central concept of the thesis, namely the case for rentierism as a cause for underdevelopment in Malaysia.

### 9.1 Summary

This thesis sought to address a variety of topics in tackling the question of tourism as a tool for development in Malaysia as a rentier state economy. While Malaysia shares a number of characteristics with the commonly defined rentier state economies, she rarely gets listed alongside them. As such, the thesis was as much an exploration into the idea of rentierism as it was about testing the hypothesis that tourism is a valuable tool for development in nations where a potential overreliance on rent bringing commodities (usually oil) requires a new industry to be developed and promoted. This exploration ran throughout the thesis and was only given the spotlight in the preceding chapter. The decision to do this was based on the idea that the story of Malaysia was the essential feature and that the story of rentierism needed to be told against this backdrop.

The focus of the historical perspective and the theoretical framework were therefore placed upon the theme of tourism and the case study of Malaysia. A number of approaches were adopted; from the research questions which moved the thesis through a metaphorical tunnel, narrowing the scope of the ideas to the framing the historical perspective as part of the market versus state debate. The first question of what has been the role of the Malaysian state in managing sustainable development? highlighted the degree to which growth has been purchased and development is limited. The second question of how has Malaysian society been manipulated by government policy? demonstrated that by promoting equality of outcome (positive discrimination and a leg up on the ladder) rather than equality of opportunity (the level playing field) has engendered a rentier mentality. The third question of how has Malaysian tourism evolved and to what degree does it

characterise rentierism? was answered with a focus on MICE provision which showed a clear connection between the evolution of the tourism industry and continuing forms of rentier mentality. The final question of to what extent has tourism in Malaysia reflected distorted development in the quest for identity? picks up on the second question and supported the argument for rentierism being the cause for underdevelopment in Malaysia.

The number of angles considered was arguably ambitious but were necessary to provide the required breadth of coverage for conceptualising Malaysia's tourism as existing within a rentier state economy. With the breadth covered, Chapter seven allowed for more intricate consideration of the topic where the depth of the issue lay. Taken in three stages, the chapter characterised Malaysian rentierism, considered the challenges rentierism presents and finally made the case for rentierism being the cause for underdevelopment.

Significantly it is the way that tourism planning has been approached that has led to underdevelopment and not tourism itself. Approached in a non-rentier way, tourism is maintained to be a valuable tool for economic development.

## 9.2 The solution to underdevelopment in a rentier state

Despite their wealth, rentier state economies tend to be developing rather than developed nations. This is because rent allows governments to purchase the growth that improves wealth and quality of life at a cost to enterprise and citizens become accustomed to reward being unrelated to effort. To create development, the rentier mentality needs to evolve. There are multiple possible models for development in rentier states and tourism is not argued to be preferable to real estate or financial services. The reality is that just as the solution for Dubai was an amalgamation of the three, so too is it likely to be the case for other rentier states aspiring to Dubai's post-rentier status.

However, in terms of moving beyond purchased growth and achieving development in tourism in Malaysia, there are three areas where a rentier mentality is considered

necessary to evolve. These areas were suggested in Chapter 4 where the significance of motivation highlighted the importance of empathy, the significance of the nature of equality highlighted the importance of pride and the significance of purchased growth highlighted the importance of responsibility.

### **1) Empathy**

Malaysia is aspirational and wants to emulate successful nations but to achieve development this needs to take second place to understanding customers and partners. Mahathir saw the West as an 'other' to be conquered and this has seeped into Malaysian culture where an attitude of proving greatness is celebrated. Rather than boost the confidence of the Malays, an honest appraisal of the nation's capabilities and a focus on genuine training to be globally competitive is required.

### **2) Pride**

Nationalism has a vital role to play but Malaysians are not nationalistic; rather they identify themselves by race. Malaysia is not special as a destination because the Malays are special and deserve to be recognised, but because of a host of other reasons. As with empathy, an honest appraisal of the nation's attractions and a focus on genuine presentation of them is required.

### **3) Responsibility**

The government needs to make people take responsibility for their future. The divide between effort and reward needs destroying and an equality of opportunity (level playing field) approach taken. As with empathy and pride, an honest appraisal of the special position of the Malays needs to be made and a strategy put in place for them to evolve out of dependency.



## Appendices

One : Table of Interviews (Ethnography)

<b>Date(s)</b>	<b>Interviewee</b>	<b>Location</b>
26/02/2009	Sales Executive, Awana Porto Malai	Langkawi
26/02/2009	Sales Manager, The Four Seasons	Langkawi
26/02/2009	Reservation Manager, The Andaman	Langkawi
26/02/2009	Sales Executive, Berjaya Langkawi Beach and Spa Resort	Langkawi
26/02/2009	Sales Manager, Hotel Helang	Langkawi
27/02/2009	Assistant Manager, The Westin	Langkawi
27/02/2009	Assistant Marketing and Communications Manager, The Westin	Langkawi
27/02/2009	Bell Captain, Bay View	Langkawi
27/02/2009	The Director of Sales and Marketing, Bay View	Langkawi
27/02/2009	Front Manager, Kampung Ton Senik	Langkawi
27/02/2009	Food and Beverages Manager and Assistant Food and Beverages Manager, Holiday Villa	Langkawi
25/03/2009	Manager	Genting Highlands
30/03/2009	Taxi Driver	Putrajaya

## Two : Table of Interviews (Phemonology)

<b>Name</b>	<b>Bio</b>	<b>Location</b>
Jean	Homemaker (British)	Kuala Lumpur
Danielle	Student (British)	Kuala Lumpur
Sayeed	Student (Malay)	Kuala Lumpur
Shukri	TV Studio employee (Malay)	Kuala Lumpur
Amir	TV Studio employee (Malay)	Kuala Lumpur
Oz	Student (Nigerian)	Kuala Lumpur
Hussein	Asylum Seeker (Kurdish)	Kuala Lumpur

Three : Riley and Love's paradigms of qualitative research

<b>Alternative Paradigms</b>	<b>Ontology</b>	<b>Epistemology</b>	<b>Methodology</b>
Positivism	Realism: truth exists and can be identified or discovered	Objectivism: unbiased observer	Hypothesis testing, falsification, quantification, controlled conditions
Post-positivism	Critical realism: truth exists but can only be partially Comprehended	Objectivism is ideal but can only be approximated	Modified quantification, field studies, some qualitative methods
Critical Theory	Value-laden realism: truth shaped by social processes (e.g. feminist, ethnic, neo-Marxist)	Subjectivism: values influence inquiry	Interactive process that seeks to challenge commonly-held notions
Constructivism	Relativism: knowledge is socially constructed, local, and specific	Subjectivism: knowledge created and coproduced by researcher and subject	Process of reconstructing multiple realities through informed consensus

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<sup>479</sup> Reproduced from Riley and Love, 'The State of Qualitative Tourism Research', p.172

## Four : Table from Gantt chart

Location (bold denotes residence)	Start date	End date	Duration
Singapore	08/04/08	09/04/08	2 Days
<b>Brunei</b>	<b>09/04/08</b>	<b>28/04/08</b>	<b>20 Days</b>
Border	11/04/08	11/04/08	1 Day
Border	19/04/08	19/04/08	1 Day
Kuala Lumpur	21/04/08	24/04/08	4 Days
Border	26/04/09	26/04/09	1 Day
<b>Kuala Lumpur</b>	<b>28/04/08</b>	<b>26/08/08</b>	<b>121 Days</b>
Kota Kinabalu	06/06/08	08/06/08	3 Days
Melaka	10/07/08	11/07/08	2 Days
Pulau Langkawi	14/07/08	17/07/08	4 Days
Singapore	22/07/08	24/07/08	3 Days
Genting Highlands	16/08/08	16/08/08	1 Day
Thailand	18/08/08	25/08/08	8 Days
Hong Kong	09/11/08	12/11/08	4 Days
<b>Kuala Lumpur</b>	<b>12/11/08</b>	<b>06/01/09</b>	<b>56 Days</b>
Thailand	25/11/08	27/11/08	3 Days
Cambodia	27/11/08	10/12/08	14 Days
Thailand	10/12/08	11/12/08	2 Days
Penang	11/12/08	15/12/08	5 Days
Pulau Langkawi	19/12/08	20/12/08	2 Days
Genting Highlands	23/12/08	23/12/08	1 Day

<b>Kuala Lumpur</b>	<b>21/01/09</b>	<b>02/04/09</b>	<b>72 Days</b>
Singapore	02/02/09	04/02/09	3 Days
Pulau Langkawi	24/02/09	27/02/09	4 Days
Indonesia	05/03/09	10/03/09	6 Days
Genting Highlands	25/03/09	25/03/09	1 Day
Putrajaya	30/03/09	30/03/09	1 Day

Five : Blog Extract

### **A lesson in Indonesian Airport Hospitality**

There's little getting away from the general stupidity of tourists. Intelligent capable people when engaged in a holiday mindset promptly become helpless mindless sheep. An invitation to visit a friend in Jakarta was sketched into my diary and since she was sending her driver to collect me from the airport I promptly gave the matter no further thought. I cannot account for heading to the airport with a bag and no other plans; I'm usually so prepared.

I arrive at immigration and am told I need a visa. Fortunately you can purchase them upon arrival and the immigration official points me in the direction of the visa counter with a friendly smile. Considering that he must do this dozens of times every day I was astounded at the lack of eye rolling, sighing and general sufferance that is so familiar to me in Malaysia. When I return and am lacking an address for my friend's apartment he makes a judgement call (an event unheard of in Kuala Lumpur) and allows me to merely write "Jakarta."

At the visa counter I need US\$10. Everyone is handing over crisp notes. I ask hesitantly whether I can pay in ringgit and receive a broad smile, "Of course madam, I will just check the exchange rate." I pay with a fifty note and she apologises that my change is in rupiah. I also need proof of my return flight and it is sheer luck that I had booked my Skybus from KL Sentral to LCCT online and printed my voucher to show the driver as usually I don't bother and just turn up at the check-in desk with my passport. At every stage I am thanked. Sitting over breakfast brought by our friend's maid, I ask the other friend visiting what the word for thank you is. The same as in Malaysia she replies and I comment that I don't know it since it's not a phrase used in Kuala Lumpur.

Once through immigration, rather than pay attention I follow the herd and struggle to find my friend's driver who was due to meet me with a name card. I spy a phonebox and head to a cafe and ask whether they could change my rupiah note, I got as change when I bought my visa, for coins for the phonebox. The woman smiles and asks who I'm calling. I explain I want to call my friend's driver and she asks for the number. Taking out her mobile, she dials, talks to the driver and then locks up

the cafe and walks me to the other arrivals lounge exit and hands me over personally. I greet the driver and turn to thank the woman who shakes my hand broadly and wishes me a good stay. When my access card that operates the lifts in my apartment building broke, it took me a good ten minutes to persuade the security guard that had greeted me every day for three weeks to get up and walk the twenty metres to activate it for me.

Malaysia markets itself as a friendly country but particularly within the capital, this is far from the reality. Malaysians are unhelpful and self-motivated, you will be served when the waiter feels inclined to get up and it is the only country I've ever known where taxi drivers will refuse to lower their price and instead will stand smoking in the sun while they wait for someone to make it worth their while to move.

Malaysia has the hardware for global business but its human resources leave a lot to be desired. If KLIA (Kuala Lumpur International Airport) continues to struggle to be a regional transport hub, then a look beyond Changi's shiny surface at Singaporean standards might reveal some reasons for Changi's success. I'm yet to encounter anyone at Changi that is less than scrupulously helpful. At Suvarnabhumi Airport a two-tiered system operates by the taxi rank, at the first desk your destination is written in Thai for the driver and at the second your fare is calculated. You then take your receipt and are delivered to your address. When I met my mother from KLIA we bought a pre-paid taxi journey and after 90 minutes (it's an hour's drive) the driver asked to drop me at a destination some 30 minute walk from my apartment. After an argument where I convinced him that I knew KL, he sulkily allowed me to direct him, grumbling throughout.

Indonesia is for me, more than anything, a holiday away from the Malaysian attitude. Needless to say I'd better be concentrating when I land home because there'll be no smiles and helpfulness waiting for me in Kuala Lumpur!<sup>480</sup>

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<sup>480</sup> Ashcroft, Kathryn, 'A lesson in Indonesian Airport Hospitality' in Ashcroft, Kathryn, [www.creationsforwealthofnations.blogspot.com](http://www.creationsforwealthofnations.blogspot.com) (06/03/09)

Six : Article 153 of the Malaysian Constitution

1. It shall be the responsibility of the Yang di-Pertuan Agong to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and the legitimate interests of other communities in accordance with the provisions of this Article.
2. Notwithstanding anything in this Constitution, but subject to the provisions of Article 40 at the end of this Article, the Yang di-Pertuan Agong shall exercise his functions under this constitution and federal law in such manner as may be necessary to safeguard the special provision of the Malays and natives of any of the States of Sabah and Sarawak of such proportion as he may deem reasonable of positions in the public service (other than the public service of a State) and of scholarships, exhibitions and other similar educational or training privileges or special facilities given or accorded by the Federal Government and, when any permit or license for the operation of any trade or business is required by federal law, then, subject to the provisions of that law and this Article, of such permits and licenses.
3. The Yang di-Pertuan Agong may, in order to ensure in accordance with the Clause (2) the reservation to Malays and natives of any of the States of Sabah and Sarawak of positions in the public service and of scholarships, exhibitions and other educational or training privileges or special facilities, give such general directions as may be required for that purpose to any Commission to which Part X applies or to any authority charged with responsibility for the grant of such scholarships, exhibitions or other educational or training privileges or special facilities; and the Commission or authority shall duly comply with the directions.
4. In exercising his functions under this Constitution and federal law in accordance with Clauses (1) to (3) the Yang di-Pertuan Agong shall not deprive any person of any public office held by him or of the continuance of any scholarship, exhibition or other educational or training privileges or special facilities enjoyed by him.
5. This Article does not derogate from the provisions of Article 136.



6. Where by existing federal law a permit or license is required for the operation of any trade or business the Yang di-Pertuan Agong may exercise his functions under that law with the grant of such permits or licenses, as may be required to ensure the reservation of such proportion of such permits or licenses for Malays and natives of any of the States of Sabah and Sarawak as the Yang di-Pertuan Agong may deem reasonable, and the authority shall duly comply with the directions.
7. Nothing in this Article shall operate to deprive or authorise the deprivation of any person of any right, privilege, permit or license accrued to or enjoyed or held by him or to authorised a refusal to renew to any person any such permit or license or a refusal to grant to the heirs, successors or assigns of a person any permit or license when the renewal or grant might reasonably be expected in the ordinary course of events.
8. Notwithstanding anything in this Constitution, where by any federal law any permit or license is required for the operation of any trade or business, that law may provide for the reservation of a proportion of such permits or licenses for Malays and natives of any of the States of Sabah and Sarawak; but no law shall for the purpose of ensuring such a reservation:-
  - a. deprive or authorise the deprivation of any person of any right, privilege, permit or license accrued to or enjoyed or held by him;
  - b. authorise a refusal to renew to any person any such permit or license or a refusal to grant to the heirs, successors or assigns of any person or permit or license when the renewal or grant might in accordance with the other provisions of the law reasonably be expected in the ordinary course of events, or prevent any person from transferring together with his business any transferable license to operate that business; or
  - c. where no permit or license was previously required for the operation of any trade or business, authorise a refusal to grant a permit to any person for the operation of any trade or business which immediately before the coming into force of the law he had been bona fide carrying on, or authorise a refusal subsequently to renew to any such person any permit or license, or a refusal to grant to the heirs, successors or assigns of any such person any such permit or license when the

renewal or grant might in accordance with the other provisions of that law reasonably be expected in the ordinary course of events.

- d. (8A) Notwithstanding anything in this Constitution, where in any University, College and other educational institution providing education after Malaysian Certificate of Education or its equivalent, the number of places offered by the authority responsible for the management of the University, College or any such educational institution to candidates for any course of study is less than the number of candidates qualified for such places, it shall be lawful for the Yang di-Pertuan Agong by virtue of this Article to give such directions to the authority as may be required to ensure the reservation of such proportion of such places for Malays and natives of any of the States of the Sabah and Sarawak as the Yang di-Pertuan Agong may deem reasonable, and the authority shall duly comply with the directions.
9. (9) Nothing in this Article shall empower Parliament to restrict business or trade solely for the purpose of reservations for Malays and natives of any of the States of Sabah and Sarawak.
- (9A) In this Article the expression “natives” in relation to the States of Sabah and Sarawak shall have the meaning assigned to it in Article 161A.
10. The Constitution of the State of any Ruler may make provision corresponding (with the necessary modifications) to the provisions of this Article.<sup>481</sup>

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<sup>481</sup> Cited in Shamsuddin, *Reset – Rethinking the Malaysian Political Paradigm*, p.p.47-51

Seven : Flights for city breaks en route from Bangkok to Bali<sup>482</sup>

	Malaysia Airlines <sup>483</sup>	Air Asia <sup>484</sup>	Singapore Air <sup>485</sup>	Thai Airways <sup>486</sup>
Bangkok to Kuala Lumpur	Direct Flight ฿3,260 (£59.25)	Direct Flight ฿960 (£17.45)	Flight via Singapore ฿17,215 (£312.86)	Flight via Bangkok ฿9,630 (£176.78)
Kuala Lumpur to Bali	Direct Flight RM200 (£35.69)	Direct Flight RM211.50 (£37.73)	Flight via Singapore RM743 (£132.56)	Flight via Bangkok RM5,203 (£572.72)
Bangkok to Singapore	Flight via Kuala Lumpur ฿11,395 (£207.01)	Direct Flight ฿1,170 (£21.26)	Direct Flight ฿4,635 (£84.23)	Flight via Bangkok ฿9,035 (£166.03)
Singapore to Bali	Flight via Kuala Lumpur S\$1230 (£529.76)	Direct Flight S\$181 (£78.03)	Direct Flight S\$368 (£158.49)	Flight via Bangkok S\$2,395 (£1,033.35)
Bangkok to Jakarta	Flight via Kuala Lumpur ฿12,920 (£234.72)	Direct Flight ฿2957 (£53.74)	Flight via Singapore ฿10,170 (£184.81)	Flight via Bangkok ฿16,210 (£297.88)
Jakarta to Bali	Flight via Kuala Lumpur US\$74 + RM200 (£46.28 + £35.69)	Direct Flight Rp406,400 (£24.29)	Flight via Singapore S\$207 + S\$368 (89.15 + £158.49)	Flight via Bangkok US\$965.36 (£604.71)

<sup>482</sup> Tiger airways doesn't fly to Bali, Garuda Indonesia is domestic only and Jetstar doesn't fly to Bali.

<sup>483</sup> Column's data from [www.malaysiaairlines.com](http://www.malaysiaairlines.com) (accessed 27/05/09). Currency conversion from [www.xe.com](http://www.xe.com) (accessed 27/05/09).

<sup>484</sup> Column's data from [www.airasia.com](http://www.airasia.com) (accessed 27/05/09). Currency conversion from [www.xe.com](http://www.xe.com) (accessed 27/05/09).

<sup>485</sup> Column's data from [www.singaporeair.com](http://www.singaporeair.com) (accessed 27/05/09). Currency conversion from [www.xe.com](http://www.xe.com) (accessed 27/05/09).

<sup>486</sup> Column's data from [www.thairways.com](http://www.thairways.com) (accessed 27/05/09). Currency conversion from [www.xe.com](http://www.xe.com) (accessed 27/05/09).

## Eight : Responses to Q.2 (Chapter 6)

	First	Second	Third
Awana Porto Malai	Nature	Duty Free	Beach
The Four Seasons	Four Seasons	Nature	Accessibility/New Destination
The Andaman	Beach	Nature	None
Berjaya Langkawi Beach and Spa Resort	Weather	Nature	Beach
Hotel Helang	Sightseeing	Duty Free	Nature
The Westin	New Destination/Nature	Government	Activities
Bay View (Bell Captain)	Nature	Sightseeing	Duty Free
Bay View (The Director of Sales and Marketing)	City Location	Duty Free	Value for money
Ton Senik	Duty Free	Sightseeing	Nature
Holiday Villa	Duty Free	Nature	Activities

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