Ruling Elite Coalitions and State Bureaucratic Capacity: Accounting for Developmental and Predatory States in Malaysia and Nigeria

By
Samuel Zalanga
Department of Sociology
University of Minnesota
909 Social Science Building
267-19th Avenue South, Minneapolis
MN 55455
zalanga@soc.umn.edu
**Background To The Research Project:** In the immediate postwar period there was general agreement among Third World economists that compared to advanced capitalist societies, the state in postcolonial societies would have to play a more active role in development because of a serious lack of prerequisites for capitalist development in such societies (Toye 1993). In response to the mixed results from two decades of state intervention during the development decades, two broad research traditions emerged to diagnose and prescribe solutions for productive state intervention in the process of economic development. Neoliberals asserted that the state should be dismantled to the tolerable minimum because state intervention creates more problems than a free market (Toye 1993). Comparative institutionalists countered that the mixed performance from state intervention in the economic development of postcolonial countries is not a product of state intervention per se, but of the specific nature of the internal structure and effectiveness of state institutional organizations (Evans 1995).

Each of these research traditions is limited in some ways. Neoliberals discuss free market in abstraction without taking the history, culture, religion, and political realities of a people into consideration (Jesudason 1990). Comparative institutionalists ignore how the historical past, ethnic politics, nature of ruling elite coalitions and cultural attitudes and practices affect the process of institutionalizing Weberian / effective state bureaucracies for successful development policy formulation and implementation. They work with an image of the bureaucracy that is essentially Weberian, haphazardly historical, and culturally neutral. This research tries to go beyond the comparative institutional theory. It does so by asserting that institutionalizing effective / Weberian state bureaucracies is historically modified by the unique nature of context of colonial legacies, ethnic-religious politics, and elite political mobilization of the masses in different postcolonial countries.
This research has two broad objectives. The first objective is to find out how the strategies adopted by the ruling elite coalition in Malaysia and Nigeria to pursue their social and material interests, and that of their followers affects the effectiveness of their state bureaucracies. The second objective of the research is to examine how the ruling elite's impact on state bureaucracy in turn, affects the capacity of state bureaucratic-organizations to formulate and implement development policies. The central thesis of the research is that effective development policy formulation and implementation depends on the emergence of a transformative ruling elite coalition into power, which leads to the creation of a developmentalist state bureaucracy. *Transformative ruling elite coalition* has national development as its main agenda; consequently, it creates effective state bureaucratic organizations that will ensure the realization of such a goal. On the other hand, *destructive ruling elite coalition* is primarily concerned with using the state to accumulate wealth, power, and prestige for personal uses. In the process it destroys state bureaucratic capacity by negatively interfering in its activities, thereby undermining its efficiency. This leads to the emergence of a predatory state bureaucracy. The results of this research transcend both the neoliberal and comparative institutional research traditions. With regard to the neoliberal research tradition, this research provides a more nuanced theoretical insight by asserting that it is not state intervention in general that is bad, but the kind of ruling elite at the center of state intervention i.e., destructive or transformative. The research also transcends the comparative institutional theory as used by Evans (1995). It does so by asserting that creating Weberian / effective state bureaucracies in reality is shaped by the uniqueness of colonial history, cultural heritage, ethnic politics, and nature of ruling elite strategies of political mobilization for development.

**Introduction**

The specific departure point of my research project is Evans' argument in his book the
"Embedded Autonomy" (1995). In brief, Evans' central argument was that developmentalist states are what they are because they have Weberian type of bureaucracies. On the other hand, predatory states are what they are because the characteristics of their bureaucracies fall far short of Weberian type bureaucracy. Indeed, their characteristics are virtually the reverse of that of developmental states. My research agrees with the central argument made by Evans that to have a developmental state, we need an efficient and effective bureaucracy. Whether that efficient and effective bureaucracy is Weberian or something else is to me an empirical question. I raise three issues that I think were ignored by Evans (1995) in his effort to account for the nature of developmental and predatory states. Evans analyzed bureaucracies in their existing structural types. The issues of interest to me that were ignored in Evan's effort to account for developmental and predatory states are: the historical genealogy of the bureaucracy, ruling elite coalitions and other social groups in for instance postcolonial societies; the existence of ruling elite coalitions over and above the bureaucracy and their ability to impact the performance capacity of the bureaucracy; and what about Weberian or effective bureaucrats makes them to behave the way they do? In this paper, I only attempt to illuminate the critical importance of examining the nature of ruling elite coalitions and the quality of leadership they provide in explaining bureaucratic efficiency and effectiveness, with implications for effective development policy formulation and implementation.

I begin by describing how Evans conceptualize developmental and predatory states and then I present a rationale for analyzing ruling elites' coalition by way of providing a critical evaluation of some of Evans' main arguments that are pertinent for mention here. Next, I analyze the emergence of Prime Minister Mahathir's regime in Malaysia, showing how the quality of leadership he provided (notwithstanding his mistakes), has had decisive effects in transforming the Malaysian civil service and
the role of the state in economic development. I then draw some important lessons from the Malaysian experience in the area of the relationship between ruling elite coalitions and state bureaucratic capacity. Given time and space constraint, in the concluding part of the paper, I only reflected on the implications of the Malaysian experience for Nigeria, by trying to highlight why Malaysia, because of its impressive economic performance, exemplifies to a large degree a second generation of developmental state, while Nigeria exemplifies a predatory state.

Developmental and Predatory States

Evans (1994, Pp.84-111) outlines a description of the internal structure of developmentalist and predatory states. Developmental states are generally distinguished by the following characteristics:

a. They foster long-term entrepreneurial perspective and orientation within the business communities.

b. They provide incentives to individuals and entrepreneurs (which many a times they create) ready to make investments that will transform the economy.

c. They effectively institute rules and social control mechanisms that drastically reduces risks in business and investment (i.e., providing a predictable and reliable business environment).

d. The bureaucrats are not self-maximizers, and so therefore they promote rather than impede economic development.

On the other hand, the characteristics of predatory states are:

a. They extract for personal uses large economic surplus that is investable, but in turn, provide very little in the form of collective or public goods.

b. They plunder the economy and exploit the people with irresponsible disregard for even the minimum welfare of the citizens.

c. The bureaucrats are self-maximizers, consequently they impede economic transformation, because the decision-making rules they use are not capitalistically rational.

Evans notes that even in developmentalist states, there might be some elements of predatory
behavior, but overall the states provide more public goods to the society than the resources they extract from the population. Similarly, predatory states might provide some public goods, but generally, they provide the public less than what they extract.

It is important we note how these different state-type characteristics affect the conduct of state business. First, rent-seeking behavior is very prevalent and high in predatory states, in contrast to developmentalist. The predatory state bureaucracy conducts its business in a patrimonial manner. However, because developmentalist states are vigorous in their attempt to create a strong capitalist economy, they as a rule try to institutionalize a strong rational bureaucracy, which is necessary for successful capitalist development (Weber 1958). Related to the preceding point, the lack of rational bureaucracy makes development planning difficult for a predatory state; while for developmentalist states, because they gear their effort to production for the world market with all its uncertainties and competitiveness, planning is inevitable, and their rationally oriented bureaucracy makes this task relatively easier to accomplish by accumulating relevant data bank. The bureaucrats of predatory states use their official position in development policy making and the allocation of public resources to make money for themselves as individuals or their relatives. In doing so, they market their official position and professional discretion to the highest bidder. Collection of bribes and kickbacks become ordinary normal behavior among the high ranking government officials of a predatory state. Since the high ranking government officials engage in such behavior (i.e., self-maximizing), it becomes very difficult for them to control their subordinates who really engage in such acts (Evans 1994; Sandbrook 1985; Joseph 1987).

Given the fact that the real implementation of state policies and programs are carried out by the lower ranking bureaucrats, the inability of the high ranking civil servants and politicians of a predatory
state to control their subordinates creates failure and inefficiency in the implementation of government projects and programs. Consequently, predatory states are unable to transform the structure of underdevelopment. The states (i.e., predatory) are better in extracting resources than in providing public goods. Yet even in the area of resource extraction, they are unable to do that effectively on their own on a sustainable basis. Rather they extract resources through the collection of royalties from foreign companies or the nationalization of such companies. Gradually, the citizens of predatory states become pessimistic and lose confidence in their governments and public officials. They react by adopting disengagement from the state as a coping strategy (Davidson 1992; Chazan and Azarya 1987; Young and Turner 1985). In some cases, the reaction is in form of riots, persistent attack of government officials and establishment. Evans cites Zaire as the typical case of a predatory state, and Japan, South Korea and Taiwan as typical cases of developmentalist states. In between there are intermediate states i.e., Brazil and India. In effect, Evans uses predatory and developmental states, as two conceptual categories for measuring variation in the internal structure of states. He treats the conceptual category as a continuum and measuring rod along which all states could be located. He thus attempts to develop an encompassing generalizing comparative research strategy with room for variation finding. Evans' conceptualization of developmental and predatory states is essentially based on Weberian bureaucracy. I now want to critically evaluate his conceptualization of the two types of states based on Weberian bureaucracy, from another reading of Weber's work.

**Evans' Conceptualization of Developmental and Predatory States: A Critical Evaluation**

A deficiency in Evans' evaluation of Weber, which ultimately leads him to making an analytical mistake, is that he focuses only on the bureaucratic dimension of Weber's analysis of what makes the
modern state effective. The other dimension Evans ignores in Weber's analysis of the state is the political which focuses on the political leadership on top of the bureaucracy, the nature of politics and the kind of politicians that are the most preponderant in the ruling elite political coalition. Since the nature of ruling elite coalitions is the critical focal and departure point of this comparative study, I want to specifically dwell on how Weber underscores this, while Evans gives it little or no attention. My central argument in this research is that one of the most critical conditions we can use to explain and understand variation in the success and failure of development policy formulation and implementation in postcolonial societies is the nature of their ruling elite coalitions. Weber's analysis of the role of political leadership in nation building and national development is directly tied to the German state of his days. Yet I believe we can derive significant lessons and implications from his analysis of the German state that are analytically useful to us in accounting for variation in the success and failure of development policy formulation and implementation among postcolonial societies.

Weber asserts that Germany became politically united at a time when it began experiencing industrial development. The social origin of the power base that facilitated German unification was the Junker landowners. Yet, he strongly believes that if Germany was to become a powerful nation-state in Europe, this could not be achieved without industrialization. However, Germany to him could not sustain a high momentum in its industrialization under the continued leadership of the Junkers (landowners). It should be observed that unlike Britain or France, Germany industrialized when power was still essentially under the grips of traditional landowning elites. He sees the need for that leadership to be changed because its power was based on land ownership and that was a decaying power base in any case. But by 1895, Weber thought neither the German bourgeoisie nor the working class could provide viable alternative leadership for Germany at that time, even though the Junkers' power base
was moribund. He sees the relative backwardness of Russia's industrialization as explained by similar reasons as for Germany i.e., no developed bourgeoisie and the existence of a traditional agrarian elite that was moribund (Giddens 1972).

For Weber, the fundamental issue in German politics of his time was how Germany as a nation could assert itself in international politics. His problem regarding this is that the leadership that could accomplish this task was lacking in Germany. He argues that leadership ability requires more than just having wealth or economic power. He sees political maturity as a crucial leadership quality (cited in Giddens 1972, p.17). By political maturity, Weber meant whether the leadership "possess respectively the understanding and the capacity to place the political power-interest of the nation above all other considerations" (Giddens 1972, p.17). The danger he sees in general is for state leadership to be occupied by a declining class or on the other hand an economically emerging and secure class, that does not possess the requisite political maturity to lead the nation. He insists that lack of political qualification to lead could not be replaced by any amount of economic power of a group. In such situations, he believes only the emergence of a "Caesar" could forestall the dangers of leadership by an unqualified bourgeoisie or working class.

Thus by 1895, the main issue for Weber is whether the German bourgeoisie could develop the appropriate consciousness that would enable them to lead the nation. He fears the consequences of bureaucratic organizations ruling society in the absence of a qualified and effective political leadership. The only remedy Weber sees to the domination of society by bureaucratic organizations, such as political parties, which act as machines, is the emergence of a charismatic leader who has "political
expertise and initiative". Where there is no powerful leader who is charismatic and politically qualified, Weber sees "uncontrolled bureaucratic domination" as a great threat to the effective functioning of the modern state. He sees bureaucrats as people to whom politics is not their vocation, but who could be dominant in the absence of a politically qualified leadership. He thus sees the qualification of bureaucratic positions and leadership as different (Giddens 1972).

Weber emphasizes the need for a leadership capable of independent initiative, which can thus guide the fortunes of the state. The furtherance of the nation-state must take primacy over all other objectives. The criteria for judging political policies were the interests of the German state (Weber 1958; Giddens 1972, p.24). In this respect, he enumerates what he considers the most important qualities of a politician and a leader. These are devotion to a cause, a feeling of responsibility engendered by devotion to a cause, ability to maintain inner concentration and calmness even when reality opposes one. Others are distance from things and people (i.e., relative autonomy), and having an objective in the pursuit of power, instead of using power for personal self-intoxication i.e., with no substantive goal or purpose in mind (Weber 1958, p. 115).

From the foregoing brief review of Weber's analysis of political leadership in Germany of his time, I deduce several lessons that have bearing on my current research as follows:

a. In studying the politically dominant group or ruling elite coalition we must identify the social base or origin of their power given that the nature of the power base constrains or facilitates the kind of development policy that is formulated and implemented, the speed of implementation and its future sustainability.

b. A social group could initially be successful in leading a nation into economic transformation but
later prove incapable, incompetent, or constitute a hindrance or obstacle to steering the nation through advanced stages of economic development. This is especially the case where the social group that spearheaded the initial process of economic transformation is a historically vanishing class because of its diminishing power base or role in history. Yet, the process of economic development could be in a quagmire if the group that spearheaded the transformation process is dying and the material and social conditions (class-consciousness) for a new class that can lead are not ripe yet. In such a situation, a vacuum is created with devastating consequences for political stability and economic development. Thus effective and qualified political leadership is not always in supply, let alone be in excess supply. Furthermore, societal transformation always requires a social group that is committed to the agenda and is ready to spearhead the process of transformation by providing appropriate leadership.

c. Nationalism or nationalist commitment in form of putting national interest above all other interests representing particularistic interests of social groups is an essential condition for an effective and qualified political leadership that can lead a nation through the tough process of economic development.

d. An effective and qualified political leadership requires independent initiative, having strong vision and devotion to the pursuit of that vision in the face of resistance. The leadership must also be relatively autonomous from social groups in the society.

This insight from Weber suggests that focusing on the bureaucracy is not enough. We need to examine how political leadership plays a fundamental role in leading and inspiring the bureaucracy to formulate and implement development policies.

The above discussion has brought out the centrality of political elites in the explanation of bureaucratic capacity and effectiveness in national development from Weber's work. I intend now to examine the effect of the political leadership of Prime Minister Mahathir Mohamad on the Malaysian civil service, in order to further buttress my extension of Evans (1995) work.

**Development Planning and Implementation Under the Leadership of Prime Minister Mahathir**
Mahathir Mohamad had a different interpretation of the New Economic Policy\(^1\), which I reviewed in the preceding chapter. He was not satisfied with its design and conceptualization notwithstanding the fact that the ideas he presented in the Malay Dilemma informed the formulation of the policy and presumably the implementation too.

For instance, in the mid-term review of the 4th Malaysia plan, the first under Prime Minister Mahathir's regime, there was a call for "changes in the existing working and institutional arrangements", "new values", in order "to build a better society which will be united, self-reliant and progressive" (Malaysia 1984, P.11). The government report criticized the "subsidy mentality" that had become a way of life among farmers and businessmen under the New Economic Policy that was implemented from 1971, after the May 13, 1969 race riots. The report praised and held in high esteem the virtues of thrift, hard-work and individual self-reliance. It further expressed strong confidence and faith in private enterprise and competition. In an evangelistic manner, the 4th Malaysia Plan mid-term review emphasized to the Malaysian public the virtues of accumulating capital through productive and innovative capitalist enterprise, instead of accumulating money through unproductive economic activities such as selling assets and collecting tribute i.e., get rich quick mentality.

The Mid-term review of the fourth Malaysia Plan asserted clearly Prime Minister Mahathir's

\(^1\) After the May 13th 1969 riots in Malaysia, the government felt there was need for Malaysia to formulate and implement a new development program. The government call the new development program the "New Economic Policy" (NEP), which is a euphemism for affirmative action, Malaysian style. It was launched in 1971. The New Economic Policy had two main goals and objectives (Crouch 1996, P.25). ‘The first prong was to ‘reduce and eventually eradicate poverty, by raising income levels and increasing employment opportunities for all Malaysians irrespective of race’. The second aimed at ‘accelerating the process of restructuring Malaysian society to correct economic imbalance, so as to reduce and eventually eliminate the identification of race with economic function’” (Crouch 1996, P.25)
government preference for large enterprises, large population, urbanization, and heavy industrialization.

To realize all these goals, the development plan made a vehement appeal for "responsible, strong and firm leadership with clear policies and instruction at all levels of society" (Malaysia 1984, P.30). It also stressed the need for "leadership by example" and creating a clean and efficient administration. In addition to the above goals, the development program document asserted that:

With Muslims forming the majority of the population in the country, aspects of the religion, particularly for accelerating economic development, receptiveness and readiness to utilize advancements in knowledge, especially scientific knowledge, and toleration of diversity in religious practices will have to be harnessed for the good of the nation" (Malaysia 1984, pp.28-29).

Mahathir was of the view that the protection of the Malay he suggested in "The Malay Dilemma" was not aimed at creating a permanent stratum of Malay businessmen who are dependent on the government for subsidy in order to survive. His intention was that once the Malay capitalists received support and became strong enough to stand on their feet, the government will withdraw its protection so that they can compete on their own.

These new innovations and ideas introduced by Prime Minister Mahathir became concretized in form of reduction in public expenditure, change in the manner public enterprises were controlled and managed, the deregulation of he economy, privatization and the regulation of labor relations. In one of his scathing critique of Malay society, Prime Minister Mahathir asserted that the Malays were colonized by the British because of their laziness. In defense of the idea and policy that the Malays must raise themselves by their bootstrap, he made the following assertion:

If Malay workers and students are over-protected, they will bring adverse consequences to
their people, the nation, religion and to themselves ........ we must guard against over-indulging the Malay because there is nothing more destructive than pampering..... When the Malays become conceited and arrogant because of the power in their hands, when they do not want to pursue knowledge because power can control other people's knowledge, when the Malays do not want to work or carry arms to defend themselves, these are signs that the Malays are halfway down the road to destruction. Initial symptoms of these destructive values among the Malays are discernible (cited in Ismail 1983, Appendix D).

Prime Minister Mahathir's development policy was a decisive departure from that of his predecessors because the New Economic Policy was now to be implemented with significant economic rationality. Prior regimes emphasized political criteria at the expense of economic rationality. Under his regime, development and investment projects were no more going to be treated as social enterprises, where even though they were unprofitable, the state continued to fund them for social reasons such as achieving equity and creating an avenue for Malays to acquire job and skill experience. The investments and developments projects were now going to be evaluated not based on political criteria but economic (Khoo Khay Jin 1992; Jesudason 1990).

Mahathir's development reform initiative was primarily and essentially a product of his deep values and commitment to the national development of the Malay people in particular and Malaysia in general. However, his ability to institutionalize the reform ideas and values were further made possible by the economic bust in the Malaysian economy in the mid-1980s. In the 1970s, the Malaysian state expanded its role using the increased resources at its disposal from the sell of petroleum, the raising of loans from internal and external sources, and the favorable prices for its primary commodities. Indeed, the expansion of the Malaysian state was reflected in the fact that real Gross Domestic Product (GDP) growth averaged 7.6 per cent for the period 1970-1980 and 8.6 percent for the period 1975-1980. The
per capita income of the economy rose from M$1,100 in 1970 to M$3,700 in 1980. This excellent economic growth was achieved without negatively affecting national budget and balance of payments because of the increased revenue (Khoo Khay Jin 1992, P.51).

However, in the mid-1980s, these favorable conditions for expansion disappeared. The Malaysian economy specifically started experiencing a downturn from 1980/81, and in spite of sporadic effort to avert the situation; the recession persisted up to 1987. By 1989, however, the economy had recovered. The crises caused fluctuations in the per capita Gross National Product (GNP) of the country. While in 1984 the GNP per capita was $4,800, it dropped to $4,600 in 1985 and to $4,100 in 1986. It rose again to $4,500 in 1987 (Treasury Economic Report 1988; Bank Negara Annual Report 1988).

Thus in the 1980s, the Malaysian economy was in crisis and the crisis situation provided a conducive environment and atmosphere for reform which was seized by the administration of Prime Minister Mahathir Mohamad. The reforms his administration introduced were two prongs. First, he introduced reforms that were purely macro economic in nature, and second he introduced reforms in cultural values and organizational management (Jesudason 1990). The reform initiatives by Prime Minister Mahathir's regime created many unpleasant social and political consequences in the Malaysian society. Unemployment rose from 5% in 1982 to 8.6% in 1987. Between 1982-1986, unemployment rose to over half a million people. Unemployment among people aged 15-24 was worst and indeed "about three times" more than the average for the whole society (Malaysia 1986, P.140). Graduate unemployment rose to very high proportion. Many companies became bankrupt or unable to operate
because of lack of financial capital (Khoo Khay Jin 1992, Pp.54-55). The property and construction industry was seriously affected and this situation affected particularly Malay contractors who were mostly operating in the industry and dependent on government contracts (Jayasankaran 1988). Consumption by private individuals dropped drastically affecting commercial businesses. The tin industry was drastically affected. Many mines were forced to close. They later reopened in 1988. All people whose income was dependent on sell of primary commodities got their income drastically reduced. Employment in manufacturing sector dropped because of retrenchment in the Malaysian economy.

As the economic recession in the Malaysian economy deepened, the government of Prime Minister Mahathir became under greater and thorough scrutiny. The aspects of his administration that came under scrutiny were: policy decisions, corrupt practices regarding award of contracts, and decision to embark on over-ambitious projects etc. (Khoo Kay Jin 1992, Pp.56-57). The resolute reform policies of Prime Minister Mahathir’s government turned the economy around. Yet even when the economic recession ended, the reforms, which were introduced with the deliberate intention of revamping the economy, persisted. It must be stressed that Prime Minister Mahathir's government demonstrated great courage in institutionalizing the different series of reforms, given that the reforms decisively affected UMNO's political constituency. Thus, political expediency in the crude sense of it was not a paramount consideration for him, given his long-term vision for the country. The reform movement and vision of his government was indeed supported by some reputable Malay intelligentsia. For instance, while addressing a seminar on the New Economic Policy after 1990, Professor Mokhzani
Rahim counseled the Malaysian government to discard the requirement that the Bumiputra (i.e., daughters and sons of the land) must own 30% of all business investments of certain sizes. He asserted that "ownership of corporate wealth does not matter". Rather than focus on corporate ownership, the professor suggested that Bumiputra should pursue economic growth through the creation of new industries as that would create greater employment opportunities. He felt restructuring (i.e., redistribution) should follow growth. In effect, the professor privileged economic growth strategy over ownership restructuring strategies (The Star, 27 March 1988).

Malek Merican (1987, P.20) provides another view similar to Professor Mokhzani Rahim's. In a presentation at the same seminar, he suggested that the New Economic Policy development programs should be jettisoned and in its place, a "National Growth Policy" should be pursued. The national growth policy will discard the ideal of compulsory restructuring. Compulsory restructuring of the economy through selling cheap shares to Bumiputra would according to him, ultimately, lead to national economic stagnation, because the Bumiputra were just concerned about sharing wealth instead of creating or producing it (Malek Merican 1987, P.20).

Similarly, an influential Malay businessman who shared this view and tried to articulate it before becoming Malaysian Finance Minister was Daim Zainuddin. His argument was subtle, given that instead of placing priority on ownership restructuring, he shifted the focus of the development policy debate to poverty eradication (AsiaWeek May 20, 1988; Rosnah Majid 1985, P.285-305 cite in Khoo Kay Jin 1992).

Although Prime Minister Mahathir got many members of the Malay intelligentsia supporting
his economic reform, there was serious political fall-out as a direct consequence of the bitter consequences of the reform program. The Malay community after the implementation of the New Economic Policy since 1970, had become internally more socially differentiated into social classes or at least interest groups. Because of the internal differentiation, the different social classes were affected differently by the economic reform programs. The primary support for UMNO comes from the Malay community. But Mahathir's reform movement disoriented the “normal pattern” of political support within UMNO, resulting in even a split of the party (Jomo 1988; Khoo Kay Jin 19992; Crouch 1996).

The New Economic Policy resulted not only in an internally differentiated Malay capitalist class but also in a bureaucratic elite that was internally differentiated in terms of role allocation. There was also as a result of the New Economic Policy two broad capitalist social groups and two bureaucratic social groups that had emerged (see Khoo Kay Jin 1992; Malek Merican 1987; Jesudason 1990). These social groups were:

a. Large Capitalists: The origin of the wealth of this category of capitalist was either state political patronage or sponsorship. However, the group gradually matured into an independent capitalist class that did not find state intervention helpful. They preferred the state not to intervene anymore in the economy because doing so distorted the market and inhibited economic growth. Given this, the group does not support equity and wealth restructuring, in that it curtailed the rate of economic growth in the society. The group generally did not participate in politics but channel existed for them to convey their opinion and preferences on economic policies to the government without doing so publicly. Their objective economic interest dictated that they support only policies that can promote economic growth.
This group was therefore very supportive of the reform initiative and movement (Khoo Kay Jin 1992, Pp.64-65).

b. Small and Medium Capitalists: The second group of capitalists in the Malay community after the implementation of the New Economic Policy was of small and medium capitalists. Most of the members of this group were contractors, and were primarily surviving in business through state political patronage, in form of contracts. Unlike the first social group, members of this group were very active in UMNO politics, and criticized Prime Minister Mahathir’s government reform initiatives, which according to them, favored certain individuals and big companies in the provision of patronage. This group of capitalist detested state expansion and participation in the economy because the state enterprises competed with their own (see Khoo Khay Jin 1992, Pp.62-63). They preferred the state to purchase shares and give it to them instead of handing it over to state trust agencies for management. This group of capitalists was strongly supportive of wealth / economic restructuring and were seriously affected by the reduction in state public expenditure because of the economic recession and the austerity measures it introduced (The Sunday Star May 10, 1987; Far Eastern Economic Review, March 13, 1978).

c. Control Functions Bureaucrats: A third social group emerged within the bureaucracy. This group is differentiated from others because of its distinctive role of performing control functions. Examples of such departments included the treasury department in the Ministry of Finance, the Economic Planning
Unit (EPU), or the Implementation-Co-ordination Unit (ICU) of the Prime Minister's department. There was also the Ministry of Public Enterprises, the Ministry of Trade & Industry, and Bank Negara. Under the New Economic Policy, these control bureaucrats amass a considerable amount of power (Jesudason 1990; Khoo Khay Jin 1992, P.64). The control bureaucrats were able to use their powers, and the privileges they derived from that to make decisions and to accumulate wealth. However, Prime Minister Mahathir's reform movement required the control bureaucrats to be discipline. Furthermore, the wide range of discretionary powers they had was drastically curtailed. They were now held to a higher level of public accountability standards (Khoo Khay Jin 1992, P.64).

d. Implementation Functions Bureaucrats: The fourth social group was also composed of a branch of the bureaucracy, which performed implementation functions. This was in the area of public enterprises where government officials were seconded to manage public enterprises. For the most part in the 1970s, the public enterprises developed a "subsidy mentality", because of their inefficiency. Many of them were evaluated based on political criteria (Malaysia Business, May 16, 1987; Asian Wall Street Journal, June 27, 1987. The bureaucrats managing public enterprises had developed substantive interest and agenda in running the organization, independent of the government's use of the enterprises for patronage and winning political support among the Malay people. While some of the bureaucrats used the enterprises to enrich themselves and their relatives (Jesudason 1990), others especially at the state level were successful, and indeed, resisted the equity restructuring and preferred to operate as "private sector enterprises but with public funds" (Mohamed Ali bin Hj Hashim 1987, cited in Khoo
The group of bureaucrats who were very successful in managing public enterprises asserted that wealth restructuring should be carried out only if it would ensure economic growth through the creation of new economic activities. This position is in contrast to economic restructuring in form of just changing assets between different ethnic groups (Mohamed Ali bin Hj Hashim 1987, Pp.24-25 cited in Khoo Kay Jin 1992). According to Mohamed Ali, whose view represented a segment of the Malaysian bureaucracy at both state and federal level, the government in appointing and terminating the services of managerial bureaucrats, should strictly use commercial and performance criteria in evaluating the bureaucrats (Mohamed Ali 1987, p.28 cited in Khoo Kay Jin 1992). He vehemently advised the government not to protect public enterprises at all cost. He asserted that the main philosophy that should guide the restructuring of wealth must not be redistribution, subsidization and the provision of patronage. Mohamed Ali was of the view that public enterprises must accept the idea of competitiveness in business, and entrepreneurship as the main engine of economic growth. Creation of growth should be the focus of government economic policy and the government should remove anything that will inhibit growth, even if that meant not achieving the 30% equity for Bumiputra in all businesses.

As highlighted above, Prime Minister Mahathir's economic reform movement created great stir and catharsis within UMNO, which resulted ultimately in a split of UMNO party. While the Prime Minister headed one faction, which was the reformist, Tengku Razaleigh Hamza headed a splinter group committed to either returning to, or maintaining the status quo. The split within UMNO was at
is core a split about policy differences, about how to implement the New Economic Policy, about economic growth strategies and strategies for the distribution of scarce resources. Tengku Razaleigh's faction nearly succeeded in dethroning Prime Minister Mahathir as UMNO's president during the 1987 delegates’ conference of UMNO general assembly. During the delegate conference 25% of the delegates were businessmen, 23% civil servants, 19% members of parliament and state assemblymen and women, 5% community development officers, 19% teachers, 1% professionals and others, 8% miscellaneous (Shamsul A.B. 1988, P.180). Razaleigh's faction drew much of its support from the social groups that were badly affected by Prime Minister Mahathir's social and economic reform policies. Over a period, teachers have lost a strong voice in UMNO politics. From a time when they were an influential voice constituting 40% of delegates in 1981, by 1984 their size was reduced to 32%. By late 1990s, the businessmen have become more dominant and vociferous in UMNO politics (Shamsul A.B., 1988, P.180; Interview UMNO secretariat, May 1997).

Once Prime Minister Mahathir managed to defeat Tengku Razaleigh’s party in the 1990, and 1995 general elections, the Prime Minister was able to consolidate himself further and emerged as a national leader. His political survival ensured the continuation of the implementation of his economic and socio-cultural reforms. The first phase of Prime Minister Mahathir’s tenure was the period 1981-1987. 1987 was the year of UMNO split and his hold on power continued to be shaky until after the 1990 elections. The second phase is from 1990 to date, i.e., after he successfully neutralized the threat of the Razaleigh faction which broke away from UMNO and formed an opposition party namely Semangat 46. The 1990 general election was one of the most bitterly contested in Malaysian history
given that Tengku Razaleigh used the UMNO faction supporting him to mobilize other opposition parties in order to defeat Prime Minister Mahathir's UMNO. However, Tengku Razaleigh and the opposition failed in removing the Prime Minister from office, and therefore the election became synonymous with a referendum approving Prime Minister's leadership and his policies and development vision for the nation. With this development, Mahathir even continued to implement his reforms programs with great vigor. In doing that, he realized that developing the country successfully requires an effective state machinery and institution. Consequently, he set in motion institutional reforms and processes that would transform the Malaysian economy and society into a developed nation status by the year 2020 (Jomo 1994). The institution that he thought was at the center of state policy formulation and implementation was the civil service. He therefore embarked on a process of reforming and transforming it. I intend to provide a description of a sample of the numerous civil service reform policies that have been implemented.

Reforms of the Malaysian Civil Service Under the Leadership of Prime Minister Mahathir Mohamad: A Sample of Relevant Themes

The philosophy guiding the reforms introduced into the Malaysian civil service were the brainchild of Prime Minister Mahathir Mohamad’s government and the ruling elite coalition supporting it. He had a vision for transforming his country into a form that can earn it respect among the comity of nations. These reforms were on a critical note, an application of the numerous ideas of the Prime Minister which were publicized in his two well known books which I have reviewed above i.e., "The Malay Dilemma" and "The Challenge". The Prime Minister's thinking and actions appear to illustrate an important conclusion from Hagen’s “theory of status withdrawal”. The theory’s main argument is
that people who genuinely and strongly feel they deserve due respect and recognition, but were denied because they lacked certain essential qualities, are willing to put in extraordinary effort to acquire the essential qualities, in order to earn the respect they strongly desire from social groups they consider superior in terms of their achievement (Hagen 1963). An examination of Prime Minister Mahathir’s views demonstrates that he had no doubt in his mind that backwardness and underdevelopment was a stigma. He was determined to do anything possible within the limited opportunity he has, to remove that stigma and shame. He further strongly believed that human effort could remove shame and stigma or at least drastically reduced it (i.e., human agency). The reform of the Malaysian civil service under his regime should be seen within this context. Because of space limitation, I will just present a sample of three areas of reforms out of the numerous introduced into the Malaysian civil service:

a) The Look East Policy: In some way, the "Look East" policy emerged out of Dr. Mahathir's disillusionment with the Western model of development. The policy content and implementation was two-prong. At the international level, countries defined as Eastern i.e., Japan and South Korea were going to be invited to provide governmental and private sector technical assistance and training to Malaysia. Malaysian students were also going to be sent to Japan and South Korea as a deliberate policy of training them in the vocational and tertiary institutions of those countries.

At the domestic / national level, the Malaysian government embarked on a deliberate policy of inculcating the work ethics, values, and managerial style of leadership of the "Eastern" countries. The process of inculcating these new ethical values of work was through various mass media publicity, and specific policies designed and implemented in the Malaysian private and public sectors.
According to the Prime Minister "for us there is definitely work methods, system of management, techniques and planning which we feel are suitable for emulation and adaptation into our situation...... We hope that this cooperation with Japan and South Korea would result in understanding regarding work methods, culture, and thinking..... We also wish to learn from the shortcomings and problems that have arisen as a result of industrialization which they have overcome so that we will avoid these pitfalls" (Prime Minister Mahathir Mohamad, Sunday Star July 25, 1982). Justifying the policy further, the Prime Minister asserted that "although we differ in terms of ethnicity, language, history, tradition and culture, there is sufficient commonality in terms of political philosophy and economic thrust that cooperation would be easy to achieve (The Star February 9, 1982). One of the goals of the "Look East" policy was to discourage the Malaysian people from a habitual appreciation of everything Western. This goal of the policy was articulated clearly in the Prime Minister's assertion below:

Whatever you used to do before with the West I think you should also do with the East. That is the "Look East" policy. And if you have learnt all the bad work ethic of the West before, it is about time you learn some of the good work ethic of the East...... Look East means we should resort to other sources than just the West and the West entirely. What is good in the West, we will still follow but here is a source of ethical values, systems and everything else which are useful to us. So why shouldn't we make a deliberate effort to acquire this from the East? (New Straits Times, July 16, 1982).

Supporting the Prime Minister's policy of "Look East", the Straits Times Newspaper in its editorial asserted that:

Only anglophiles are likely to be flabbergasted. But even they should know that the days of the colonial straitjacket are over. Their bias has been inherited from another era under pax Britannica. The world has changed a lot since then. Now only Arabic is taught as a third language in residential schools as a bridge to West Asia. Surely, we need similar bridges to the
Such an editorial provides us a picture of the relationship between the mass media and government officials, especially, the top echelons of UMNO. Generally, unlike the West, where the mass-media could put the government constantly on the defensive, by and large, in Malaysia, the major newspapers, television and radio stations act as just mouthpiece of the government. Indeed they are all in one way or another owned by the government through investment by political parties of the ruling elite coalition. Thus in the above quotation, the Prime Minister’s views not only got an overwhelming publicity and support but was also treated virtually as a command.

The Malaysian Prime Minister attributed the success of Japan to three main factors: work ethics, management system (having faith in and integrating group achievement), and technology. He further asserted that "Looking East means we are also looking towards what we consider and what the world considers --- as the best technology. If we are going to learn, we should learn from people who are the best in the field" (New Straits Times July 28, 1982).

In addition to the work ethic of the Japanese, their group orientation was also considered by the Prime Minister a superior strategy for success vis-a-vis the Western emphasis on individual achievement in managerial style. Explicating this issue clearly, the Prime Minister asserted that:

We feel the Japanese dedication and Japanese belief in group-achievement rather than personal achievement is good for us to emulate ..... Because it is a good approach, most of the people would be committed to it, rather than just the head or the manager. This kind of management could be applied not just to the private sector, but also the government sector. If we can get this kind of management system we would be more likely to succeed" (Prime Minister Mahathir, New Straits Times July 28, 1982).

There are legitimate criticisms that can be raised about the Look East policy. However,
whatever its deficiency, it elevated several themes to the center stage in Malaysia's public discourse. Furthermore, the debate about those themes pushed the development agenda to a greater level of importance in the public sphere and consciousness. Some of the public debates it generated were on:

a. The relationship between a people's culture and history and the development strategy they adopt and adapt.

b. The role of values and work ethics in capitalist development in the same manner as Weber's "Protestant Ethnic and the Spirit of Capitalism" generated much debate and reflection on the development of capitalism in Western Europe.

The relationship between culture and managerial style within organizational setting. This issue is connected to the nature of social structure in different societies. The modernization theory assumes that there is an inevitable change from collective orientation to individual orientation as societies develop. Contrary to this assumption, the Japanese experience that Malaysia wanted to emulate, unequivocally assumes collective orientation as an intrinsic feature of Eastern cultures and societies.

The "Look East Policy" in its practical application gave birth to the Malaysia Incorporated Policy, another policy reform that was geared towards changing the methods of conducting business between the public and private sector in Malaysia.

b. **Malaysia Incorporated Policy**: The central goal of the Malaysia incorporated policy was forging partnership between the public and private sectors in such a way that all end up benefiting. This is in contrast to a situation where the two sides treat each other as adversaries. The best official explication of the concept of Malaysia Incorporated policy was made by the Chief Secretary to the Government of Malaysia, Ahmad Sarji:

> The Malaysia Incorporated Policy represents a new way of approaching the task of national development. This policy is based on the premise that successful national development, particularly, facing global competition, requires the public-private sector collaboration and
cooperation and the adherence to the perception of the nation as a corporate or business entity jointly owned by both sectors. As partners, both sectors should work in tandem in pursuit of shared corporate goals. The ensuing benefits of this cooperation is in the form of higher dividends to the private sector leading to spins-offs in economic investments, expansion and growth. The rapid economic growth will, in turn, generate more job opportunities and further increase in revenue which could be channeled to finance socioeconomic development projects and public administration improvements (Ahmad Sarji bin Abdulhamid 1994, Pp.767-768).

The Prime Minister of Malaysia himself who originated the policy asserted in his address to the UMNO General Assembly that:

We have introduced many changes to the administrative system. If previously we cooperated less with the private sector, today we consider the public and private sector as a team that works together to develop the country (Prime Minister Mahathir Mohamad's Speech to UMNO General Assembly, November 4, 1993).

The origin of the idea of Malaysia incorporated was derived from the experience of “Japan Incorporated” i.e., a situation where the private and public sectors in Japan cooperated with each other. Indeed every retiring Japanese bureaucratic official was as a matter of formal arrangement provided job in the private sector. The implementation of the policy in Malaysia was not however exactly as in Japan. Over a period extending more than a decade since the policy was introduced, the implementation focused on six essential areas:

a. Strengthening consultation between the private and public sectors. Concrete forums were created for this kind of interaction. The two sides meet regularly to discuss policy issues. The ruling elite set the broad development agenda and policy and expects the private sector to organize their projects within the broad framework set by the government. Representatives of the private sectors are also expected to provide constructive criticisms and input to the government on the best way to ensure the success of the development agenda in a manner that satisfies all parties. Such interaction has led to reformulation of development policies in a manner that will easily facilitate implementation.

b. Putting in place a mechanism for creating and enhancing much closer relationship between the public and private sectors. This include both groups attending the same seminars, playing
sports together, and the arrangement where senior civil servants are assigned to do internship in the private sector for some years in order to learn how the private sector operates. This makes it easier for the civil servants to serve the private sector after they return to their position in the civil service.

c. Improving the quality of public services rendered to the private sector. This involved what is commonly referred to as reinventing the Malaysian civil service by making a paradigm shift. Paradigm shift is a very common concept used by Malaysian government officials. To them, it simply means that in order for the Malaysian civil service and government to succeed in transforming the country, the officials have to develop a new mode of thinking and ways of doing things outside the old parameters of thinking and ways of doing things.

d. The government devised ways for better dissemination of information to the private sector. If the private sector was to succeed, the government needs to provide it with all the necessary information that will enhance its ability to make fast, intelligent, smart, and effective decisions, in order to promote the competitiveness of the Malaysian economy in the world market. This has led to the publication of two books, which are sold in the open market. The content of the books is aimed at helping any person who cares to know the Malaysian government departments, their responsibilities, the duration it takes to process a case, the appropriate telephone numbers to call and the level of integrity expected of public servants.

e. The government through special training programs in the Malaysian National Institute of Public Administration, the design and distribution of public policy implementation guidelines, committed itself to educating civil servants of all categories about the “Malaysia Incorporated” policy. Special organizational structures composed of officials from various government departments and the private sectors were created to facilitate the implementation of the policy.

f. Under the policy, the government deliberately promoted the ability of the private sector to be effectively competitive in international trade. This focus addresses all problems that are inhibiting Malaysian companies from being competitive in the world market. All policy bottlenecks are removed, infrastructure provided, and cost saving devices introduced.

The Malaysian government in an attempt to enhance the speed of executing public and private sector business decision making introduced several forms of electronic databases. For instance, the “civil service link” was introduced as a data base that contain all important information about the Malaysian Public Service administration which is of great use to the private sector. The system could
be accessed by the private sector at anytime they desire from their computer terminal. It became fully operational in 1994 (Ahmad Sarji bin Abdulhamid 1996, Pp.118-119). The overall philosophy under which the Civil Service Link was implemented was "information moves the nation" (Ahmad Sarji bin Abdulhamid 1996, P.98). It was also planned that the civil service link will be connected to other network services on the Internet so that people could internationally access the databases.

A special database was also established for "South Investment Trade and Technology Data Exchange Centre" (SITTDEC). Countries of the South that are members of the organization provide information about their investments, trade, and technology. The information is not only up-to date but also reliable. Since the database contains information on product, trade, investment, technology and industry, it helps Malaysian companies to study foreign markets in developing countries and plan effective strategies for accessing the markets while still at home (Ahmad Sarji bin Abdulhamid 1996, P.97).

Another very useful database was the SIRIM LINK. The online information provided in this database contains "abstracts of articles on technical subjects, patents approved in Malaysia, bio-data of Malaysian scientists and technologists, as well as about SIRIM products" (Ahmad Sarji bin Abdulhamid 1996, p.97). SIRIM Link information is focused on science and technology. All Malaysian engineers, researchers, scientists and industrialists are easily brought in contact with each other because of the on line information. This facility promoted cooperation and partnership among Malaysian scientists, engineers, researchers and Industrialists. Furthermore, it also promoted the progress of science and technology, which becomes critically important as economies are undergoing
industrial transformation from their agrarian base.

C. Reinventing the Malaysian Civil Service Through Improving the Quality of Public Services

One of the reform policies that has brought decisive transformation in the Malaysian Civil Service was the "Client's Charter". Explaining what this specific reform was, Ahmad Sarji asserted that:

The "Client's Charter" is basically a written assurance on the part of government departments as to the quality and standards of the goods and services rendered to their customers. These quality assurances are displayed permanently by the department for the information of the customers. Should a department be unable to fulfill the set standard, a service recovery mechanism is also made available for the recourse of the customer for remedial action" (Ahmad Sarji bin Abdulhamid 1996, P.119).

The "Client's Charter" not only gave a voice to the Malaysian people in terms of maximum expectation but it also provided the public an open opportunity to hold the public service accountable. It provided a measuring rod for evaluating the efficiency of government departments. This in no small way empowered the people. It decisively boosted efficiency in the public service. The efficiency of the Malaysian Civil Service has also been decisively transformed by the government's promotion of the use of computers to transact and conduct government business, (e.g., sending files and documents, storing data, and making important contacts through electronic mail). This has helped the government to reduce administrative cost and traffic congestion in the city streets given that instead of sending someone physically to another office, one could use electronic mail to contact the office. Similarly, the provision of an effective telephone system of communication in the country as a whole and in government offices in particular, decisively transformed the level of efficiency, given that contacts and decisions between government departments could easily be carried out through telephone. One way
computers have contributed to enhancing international trade was through expediting paper work. Foreign ships travelling to Malaysia send their paper work by electronic mail ahead of their arrival so that by the time of their arrival in Malaysia, the appropriate Malaysian government officials would have completed the paper work. This drastically reduced the delay in clearing foreign ships thereby enhancing international trade). As of 1997, there were talks by public officials of initiating a paperless bureaucracy, i.e., a bureaucracy that will primarily conduct its business using computer technology (Interview with director in Public Service Department).

The Malaysian government also reinvented the Malaysian Civil Service by institutionalizing quality consciousness among the workers. Describing the philosophy behind Total Quality Management (TQM), Ahmad Sarji asserted that it is "doing the right thing right the first time, on time, all the time; always striving for improvement and always satisfying the customer" (Ahmad Sarji bin Abdulhamid 1996, P.55). Total Quality Management according to him either eliminates or drastically reduces wastefulness, while increasing productivity performance to the highest level. To this end, the Malaysian government made it mandatory for all government departments and agencies to introduce Quality Control Circles in order to ensure quality. It also introduced several courses and organized several seminars on an ongoing basis to not only educate the people on quality but to internalize the idea, own it, and act on it. The focus of the educational training and seminars on total quality management was on six themes. These themes are focus on the customer; focus on prevention; focus on continuous improvement; building a sense of ownership among workers, leadership and commitment of top management, and measurement of performance. The vigorous pursuit of Total
Quality Management and the constant desire to see it institutionalized has in no small measure transformed the Malaysian public service, even though there is still room for further improvement.

Total Quality Management in Malaysia's public and private sectors has been entrenched further by the commitment on the part of the public and private sector under government encouragement (i.e., in order to make the Malaysian economy very competitive) to upgrade their management system to a level that they will receive the internationally recognized ISO 9000 certification. According to Ahmad Sarji the Chief Secretary to the Government of Malaysia:

ISO 9000 is an internationally recognized series of standards that specifies in detail good management practices for delivering quality goods and services to customers. It provides a comprehensive system of checks, controls and inspectors at every stage of the work process to ensure consistency in the quality of the goods and services produced. This series of standards improves operations by such methods as restructuring and eliminating non-value added activities such as rework, excessive inventory, unnecessary handling, duplication of effort and inefficient activities” (Ahmad Sarji bin Abdulhamid 1966, P.87).

The ISO 900 has twenty elements. While space constraints makes it impossible to describe all of them, listing some of them will help one see how they directly influenced administrative processes in the Malaysian public service and private sector. Some of the elements are: clear delineation of management responsibility, and contract review between the organization and its customer. Process control clearly states the mechanisms through which the management on a regular basis would identify, plan and control all work process that will affect quality. The inspection and testing element of the ISO 9000 requires all organizations to inspect and test material that is being processed; that has been produced; or that has been newly bought. A clear documentation for the inspection and test procedures must be stated and written records must be kept as evidence for verification purposes.
Another essential element of the ISO 9000 series requires that every organization fully create an adequate system of producing a quality standard that is embedded in the defined procedure for doing, rather than in the person doing it. Doing this results in establishing working procedures that are uniform. Uniform working procedures in turn create consistency in quality of products that are produced. In practice, this requirement resulted in each organization preparing quality manuals, procedure manuals and work instructions.

Two other related elements of ISO 900 series are controlling of non-confirming product, and corrective and preventive action. Control of non-confirming product requires that the organization must have a well defined, reliable mechanism, and strategy for identifying, separating and detecting products that do not conform to minimum standard quality, and how to dispose them. In concrete terms, this means the products must have a tracking symbol that helps identify them e.g., permanent marks, codes, labels, tags or stickers. The tracking symbols help in the production process to stop the processing of products that are faulty. Having corrective measures involves stating the procedures for eradicating, or at least, drastically reducing the chances of the repetition of the problem discovered with products produced. Preventive measures involves having an established mechanism for integrating and critically analyzing information from auditors or customer complaints in order to develop a strategy for totally eradicating non-conforming product quality.

The last of the sample of issues I want to describe in order to illustrate the transformation of the Malaysian civil service is the conscious effort by the Malaysian political leadership to institutionalize meritocracy and professionalism in the Malaysian civil service. I am only able to address one aspect of
the positive transformation of the Malaysian Civil Service out of the numerous I have documented because of space limitation.

One essential positive transformation that took place was in the form of the introduction of the "New Remuneration System" (NRS) which was introduced on January 1, 1992. Mahathir chairs the committee. The NRS brought about decisive restructuring of the Malaysian public service in specifically areas relating to the condition of service, salary structure, allowances, privileges and perquisites. One critical way the civil service was transformed was through reducing the layers of authority and supervision (i.e., hierarchy). This made the organizational structure of government departments amenable to faster decision making. The goal was to make the Malaysian Civil Service more competitive vis-a-vis its interaction with foreign capital and effective in meeting the needs of the Malaysian population in order to enhance the government’s legitimacy. Another decisive change brought about by the NRS was the rejuvenation and reinvention the motivation of a segment of the Malaysian public service. Its provision allowed people who hitherto stagnated in terms of promotion to now be promoted and experience continuous salary increase even when theoretically they had reached the end of the salary scale (Management Services Division 1994; Ahmad Sarji 1996b).

A major component of the NRS was the emphasis it placed on performance. In the new system, salary increase was inextricably tied to performance. Consequently, the pattern of salary increase was broadened and made flexible in order to accommodate different types of performance. The pattern of salary increment was structured to occur in four ways: diagonal, vertical, horizontal and static (Management Services Division 1994; Ahmad Sarji 1996b). The structure was described as the
matrix salary schedule. Salary increase in the Malaysian public service ceased to be automatic as it was in the past. In the NRS, an unsatisfactory work performance by a public servant denies him / her horizontal salary increase. A good performance enables one to receive a salary increase, which is truly a mark of progress. Excellent work performance however grants a public servant a diagonal salary increase, which is almost double the salary increase of someone with a simply good performance. This is in great contrast to the situation before the reform because whether one's performance was excellent or unsatisfactory, they experienced the same salary increase.

The NRS has an important element called the New Performance Appraisal System. In the New Performance Appraisal System, the evaluation of public servants involved a worker and the supervisory officer agreeing on and setting an annual work target to be accomplished. The evaluation of the worker was then based on the specific criterion of comparing the actual performance of the worker vis-a-vis the expected or target performance. This innovation introduced a shift in the work culture and thinking of the Malaysian civil service. In evaluating the performance of a civil servant, the key areas observed and evaluated are the person's contributions, the person's work output, knowledge and skills, personal traits, inter-personal communications and relations, and the person’s potentials. This new appraisal system was used to systematically evaluate workers for promotion, transfer and training (Ahmad Sarji bin Abdulhamid 1996b, Pp.197-224).

The advantages of the New Appraisal System was, unlike the past, it encouraged healthy competition among officers leading to improved quality of services provided by the government. The New Appraisal System was also better than the previous method of evaluating a staff once a year,
which contained many biases because of lapses in the supervisor's memory, and lack of specificity in items to be measured and evaluated. Under the New Appraisal System, superior officers were expected to keep proper and systematic records of the performance of a staff on an ongoing basis throughout the year (Ahmad Sarji bin Abdulhamid 1996b).

Although these innovative reforms and many others positively transformed the Malaysian civil service, there were resistances from within the public service against the series of reforms. This resistance is in spite of the fact that the Malaysian civil service was evaluated by foreign investors, the Malaysian public, and newspaper reports and editorials as having achieved decisive improvement. Traditionally, many civil servants in Malaysia were used to a bureaucratic culture that maintained the “status-quo”. They reported to office, and with or without performance in their work, their salaries continued to be not only paid, but also increased. In the New Remuneration System, however, the security that was enjoyed by civil servants used to the maintenance of status quo ended. Such status-quo civil servants that were sure of government salary up to their retirement became not only disconcerted and disoriented, but also disgruntled. It was difficult for them to comfortably fit-in within the new civil service structure which was aimed at transforming an inefficient work force and culture to one that was markedly characterized by qualities such as enterprise, discipline, industriousness, resourcefulness, efficiency and competitiveness (Ahmad Sarji bin Abdulhamid 1996b, Pp.200-201).

This reaction clearly indicates how transformative reforms in the civil service are difficult to realize. The difficulty is because there could be resistance from within the civil service by civil servants that feel they are loosing out or being uncomfortably challenged by innovations and new work culture.
Whether the tide of their resistance is able to reverse the momentum of the transformative and modernization agenda is an empirical question that is tied to the political dynamics in a society. In Malaysia, the political dynamics was largely under the control of the transformative ruling elite coalition that is led by Prime Minister Mahathir Mohamad. Thus, the emergence of Prime Minister Mahathir Mohamad and the political coalition supporting him in Malaysia in no small measure demonstrates how the emergence of a modernizing, transformative, and development oriented ruling elite coalition and leadership can result in social transformations. These transformations were in bureaucratic capacity, the content of development policies, and the strategies used for implementing the policies.

The Malaysian Ruling Elite Coalition Under Prime Minister Mahathir Mohamad: Reflections on the Implications of the Malaysian Experience for Nigeria

In the 1970s the Malaysian state was expansionary and interventionist. The main reason for doing so was the desire of the Malay-dominated multi-party ruling elite coalition to regain legitimacy after the May 13th riot was interpreted as caused by Malay feeling of relative economic and socio-cultural backwardness. When the state became interventionist, development policies were essentially justified on political/social grounds. State intervention was facilitated by increased petrol resources. Development policies were insulated from thorough public scrutiny by appropriate constitutional provisions. As the state lost economic rationality, by the late 1970s it was already running into economic crisis and recession. Although part of the reason for the economic crisis was world-systemic, the local expression of the crisis was directly connected to the nature of state intervention. Fortunately, Dr. Mahathir Mohamad emerged as the Prime Minister in 1981 and was willing and
capable of providing a reform leadership. Prime Minister Mahathir has been in power for 18 years now. Some cabinet ministers in Malaysia have also been in office for over ten years, and in the same ministry. This provided continuity in leadership. Though Prime Minister Mahathir's regime cannot be described as an outright fiscal conservative, his government was committed to restoring relative economic rationality as criteria for evaluating government development programs. Consequently, by the end of the 1980s, Malaysia was out of the economic doldrums.

The Nigerian government too became state interventionist and expansionist from the mid-1970s after receiving revenue windfall from the sale of oil after the Middle East oil crisis of the early 1970s. Similar to the Malaysian experience, development policies too in the 1970s became relatively insulated from public scrutiny, as it became the preserve of a small military elite and their civilian collaborators. Political / social criteria became the standard for evaluating development programs. Although in the late 1970s, and early 1980s, Nigeria began to experience economic recession and crisis, there was no leader with absolute commitment to initiate genuine reforms and consistently implement that. Consequently, economic rationality could not be restored. Nigerian leaders during the crisis period from the early 1980s never remained in power for too long as in the Malaysian case, and those that stayed in power for long (i.e., General Babangida and General Abacha) were never genuine nor consistent in their desire to reform the development process of the country. While Malaysia was able to restore a balance between economic rationality and political legitimacy, the Nigerian government remained at best ambivalent. At the end, by the early 1990s, the Nigerian ruling elite and government lost both legitimacy and the little economic rationality that existed in the conduct of its
Another way the ruling elite coalition of Malaysia differed from that of Nigeria is in the kind of strategies broadly used in bringing about the reform of development policy and implementation. In both countries, there is evidence that the leaders realized that reform of development policy needs to be carried out at both socio-cultural and macro-economic level. In Malaysia, the aggressive campaign for socio-cultural and macro-economic changes were initiated and vigorously pursued by Prime Minister Mahathir Mohamad's regime. Critical about the Malaysian government's approach to the reform was that Mahathir Mohamad, since in the early 1970s in his book "The Malay Dilemma" made socio-cultural reform especially of the Malay people an important prerequisite for the development of the country. This concern of his was further expressed and pursued in his second book "The Challenge". By the time he became Prime Minister, Mahathir Mohamad had already had nearly a decade of deep reflection and reasoning about the problems of Malay people and Malaysia in general. Once he assumes office, all he needed was the power to transform these deep thoughts of his into not only development policies but also applying them practically. Thus, the macroeconomic programs were successful because they were simultaneously and vigorously pursued with policies in the area of socio-cultural change. The two processes reinforced and supported each other.

In the case of Nigeria, six different programs of socio-cultural change were officially implemented but none was successful. The programs are as follows: Operation Feed the Nation (OFN); Jaji Declaration; Ethical Revolution; War Against Indiscipline (WAI); and Mass Mobilization for Economic Recovery, Self-Reliance and Social Justice (MAMSER). Moreover, the macroeconomic
reforms as I indicated above were never genuinely or consistently implemented. The leaders were ambivalent. Therefore, neither the mass mobilization program for socio-cultural and institutional change nor the macro economic reforms succeeded in Nigeria.

Malaysia's stable but modified parliamentary system of government endured since the constitutional overhaul that followed the May 13th 1969 race riots. There were definitely short periods of constitutional crisis and political repression under the leadership of Prime Minister Mahathir Mohamad, which started in 1981. But essentially, apart from the increasing centralization of power and the expedient use of the Internal Security Act (ISA), the political system in Malaysia has remained intact as a democratic one with regular elections at the various levels of government, and into the various political offices of government. Thus although the macroeconomic and socio-cultural reforms involved decisive and significant break with the past, there was continuity in the process of change. However, in Nigeria, there were changes of government from civilian to military and within military governments, there were frequent coups and either change of government or change of military leaders at the helm of affairs at both the federal and state level. Under General Babangida and Abacha's regime, Nigeria pursued political transition from military to civilian-democratic governments, and economic transition from state expansionary and interventionist approach to development to market reforms, which involved structural adjustment program (SAP i.e., economic deregulation). While the exact and universal relationship between economics and politics remains a debated issue among scholars, one issue is clear about Nigeria. The fact about the relationship between the economic and political reform processes in Nigeria shows that because of the leadership problem in the
implementation of the two reforms, the reforms were subversive of each other instead of being supportive. There is no law necessitating that the two reform processes have to be carried out at the same time, but in the case of Nigeria, it had to happen simultaneously, because of the result of the effect of cumulative economic, political and institutional decay since independence. Thus, the essential problem was the culmination of a trajectory of mis-governance that lasted over two decades.

As Malaysia ended the 1980s and started the 1990s, the civil service was made increasingly more professional. It was largely equipped with modern office equipment and training that will ensure professional functioning. The bureaucracy was made increasingly rational and accountable to the public. The "Client's Charter" reform empowered the public by letting them know the minimum to expect from public servants and how to petition the authorities if one received a substandard service or poor treatment. Indeed, the mentality of the Malaysian civil service and work ethic was increasingly transforming to be like that of the private sector in management style.

On the other hand, in Nigeria, since the first republic, positions in the bureaucracy were treated as part of the "national cake" to be shared, not as a means for running an effective government and providing political stability to the country. This situation was further accentuated under the Shagari civilian administration where bureaucrats saw their positions as fiefs. Under Babangida and Abacha regime, as economic difficulties increased, bureaucratic appointments were increasingly used for personal enrichment. This is not surprising because evidence suggest that a substantial amount of proceeds from Nigeria's oil sale in the world market was not paid into the national account but kept for personal uses i.e., patronage distribution by the ruling elite (i.e., military leaders). Indeed, for a
considerable number of years under Babangida and Abacha, huge budget deficits were recorded because of government programs that were implemented outside the official national budget. As the leaders increasingly lost popular legitimacy, they resorted to buying legitimacy through personal distribution of patronage, and as they continued doing that, public policies increasingly lost rationality. Given that only a small fraction of the national population can get access to personal patronage, the political repression and illegitimacy of the regimes increased among the greater segments of the Nigerian population.

One of the effects of the reform programs of Prime Minister Mahathir Mohamad is that the latent suspicion and antagonism between the private and public sector that existed for almost two decades after independence disappeared. Under his regime, the two work together for the betterment of the country. On the other hand, the predatory nature of the Nigerian ruling elites and bureaucrats makes the two sides still far apart. People in the private sector in Nigeria pay numerous irrational, unofficial, and arbitrary taxes without getting anything in return. Indeed, this issue is enough to scare foreign investors. Thus the Nigerian bureaucracy is not only incapable of effectively implementing development policies, but it is also worsening the situation by making it impossible for genuine investors to invest.

The Malaysian ruling elite coalition have introduced reforms that have boosted capitalist accumulation by helping private capitalist individuals and organizations to make effective, fast, and smart decisions. These reforms are in the area of providing infrastructure and organizational forum for the private and public servants to interact, understand, and trust each other better. The infrastructure
here includes the adequate provision of electricity, roads, telephone service, and information technology. Indeed even in the area of quality housing, the government has established institutional procedures for realizing that and it is fairly doing well. Organizational forum such as seminars, training sessions, internship and regular meetings between government officials and people representing private sector industries have played a critical role in boosting capitalist accumulation in Malaysia.

In Nigeria, the government is not even able to maintain the quality of existing infrastructure. Predatory behavior has led to the deterioration of infrastructure e.g., oil refineries. Electricity supply has worsened from erratic supply to rationing. Major roads have deteriorated. Telephones are not really functional. Computers are a reserve of a privileged few. Indeed, manual typewriters instead of word-processors are used in virtually all government ministries except a select few. The Nigerian government is unable to provide useful economic intelligence information to the private sector on a large scale as I described the Malaysian experience. The government does not have the capacity to collect accurate data. Thus, most capitalist individuals in Nigeria need their own means of gathering economic intelligence information in order to survive.

Malaysia has created a solid pro-growth ruling elite coalition. The pro-growth ruling elite coalition puts premium on economic growth first followed by distribution. Thus as Prime Minister Mahathir's regime came under strong scrutiny from the opposition parties, and members of his own party affected by the economic, socio-cultural and organizational reforms, he still had a strong backing to remain in power. Part of the explanation for this is the fact that the reform program was implemented in such a way that many realized that they and the country at large could benefit from the
process. In effect, although some people lost out, there were many who gained or who thought they could gain. But in Nigeria, the implementation of both the economic and socio-cultural reforms were done in a manner that put the burden on the majority, while the ruling elite remained unaffected. Indeed, if there is any coalition in Nigeria, it is that of the distribution of the "national cake", but not producing it. At the end, there was just a small fraction of the population supporting the reforms, while the majority opposed it with riots, sabotage, and disengagement for the state. Most of the general public felt there was no fairness in the distribution of the cost of implementation. Furthermore, the perception of the Nigerian elites by the general population as those who have squandered the nation's wealth and brought about the problems that necessitated the reforms made most Nigerians feel the reforms were illegitimate.

The ruling elite coalition in Malaysia under the leadership of Prime Minister Mahathir Mohamad made religion (Islam) a central issue in the process of transforming the Malay people in Malaysia who constitute over 50% of the population of the country. The Prime Minister in his two books provided a rational, theological, and cultural critique of "traditional Islam" in Malaysia i.e., Islam as it is practiced or integrated. Mahathir had no doubt in his mind that Islam as practiced in Malaysia was a hindrance to modernization and development of the Malay people. He was sure that no one could transform Malaysia and the Malay people in particular while ignoring the role of Islam in the lives of the people. As a result of this development, notwithstanding the fact that there is a conservative Malay Islamic party in Malaysia, my interview of members of that party and my evaluation of their historical evolution leads me to conclude that even the conservative Muslims in Malaysia are modern
by northern Nigerian standard. As for the Malaysian government, though commitment to Islam is a cardinal pillar in UMNO's constitution, the government does not allow people to use Islam for crude political purposes in such a way that it can create conflict within the Malay community or between Muslims and non-Muslims. It has created a directorate of Islamic affairs in the Prime Minister's department. Indeed, the Malaysian government has endogenized Islam in its mobilization strategy for development. The desire is that Malaysia will be the first Muslim nation to become fully industrialized. Furthermore, for Muslims to work hard and succeed in all desirable areas of human endeavor is to glorify Islam as a religion. On the other hand, to remain backward is to discredit Islam. Malaysian Islam is not only open to science and modern technology but also very accommodating of diversity.

On the other hand, in Nigeria, as the ruling elites have not developed any all-inclusive agenda for the whole nation, religion is used to divide and rule the country. Nigeria has had experiences of numerous sectarian crises, which are connected to economic hardship and the manipulation of religion by the elites in both government and society. For instance, under Babangida's regime, Nigeria was secretly admitted into the Organization of Islamic Conference (OIC) without the issue going through the regular public policy formulation channel i.e., tabling the issue before the federal executive council, which was composed of both Christians and Muslims. The debate about Nigeria's admission into the OIC threatened the foundation of the national coexistence of Nigeria as a multi-religious nation. Yet, it was Babangida and a few of his ministers that privately decided on the issue. The manipulation of religion in Nigeria has retarded the process of nation building, continuously threatened political stability, and seriously affected the security of economic investment of Christians in Northern Nigeria.
by raising the risk of such investments. Mostly, ordinary Nigerians from different religious groups get along very well, but the ruling elites lacking any serious agenda for the nation, secretly use religion to divide and rule the people.

Malaysia has been generally a trading nation since independence and therefore even during the era of intensive state intervention in the economy in the 1970s, foreign capital continued to be counted as a significant partner in the development agenda. The relative openness of Malaysian economy to the world capitalist system has exerted great discipline on its policies. It has also encouraged Malaysia to upgrade the quality of its administrative and production system to the level of receiving international recognition in form of the ISO 9000 certification. There is no doubt that the Malaysian government is doing everything possible to make the Malaysian economy not only competitive in the Southeast Asian region but in the world. It desires to maintain a competitive edge and this puts great pressure on the government to upgrade its infrastructure and services. On the other hand, Nigeria compared to Malaysia ranks far lower as a trading nation. The Nigerian economy is compared to Malaysia, virtually a closed economy. The extreme form of closure came during the regime of General Sani Abacha when Nigeria assumed the unenviable position of a pariah nation. The relatively closed nature of the Nigerian economy means that it did not receive constant pressure to modernize and upgrade its infrastructure, and administrative services. The idea of being competitive is not part of the vocabulary of the Nigerian ruling elite, let alone the civil service. Thus the country's institutions and services are not only experiencing inertia but also actually declining at an alarming rate.

Finally, the Malaysian ruling elite differ from Nigeria's because under the leadership of Prime
Minister Mohamad, Malaysians was constantly made to see the fact that underdevelopment and economic backwardness was a national stigma, which need to be removed if Malaysians are going to be respected in the world community. Malaysian leaders compare the country with countries that are higher than Malaysia in the development ladder. As the "Look East Policy" indicates, when Prime Minister Mahathir assumed office, he was not ambivalent about the backwardness of Malaysia or about the need to modernize, develop and get rid of the backwardness of the country. The ambivalence in his mind and indeed, the debate among the Malaysian ruling elites and intelligentsia was on the best way to develop or get rid of backwardness. The official speeches of Malaysian leaders are replete with this concern. The concern has now developed its own independent momentum, once the Malaysian public realized that the achievement they have made so far has earned them recognition and respect from all parts of the world. In Nigeria, however, even if there was realization among the ruling elite that Nigeria is backward and underdeveloped, it has not been considered a stigma in any significant way compared to Malaysia. Indeed, it is not only the Nigerian ruling elite that is lukewarm about the phenomenon of national backwardness and underdevelopment, but even a part of the popular press seems to be at fault on this. It is a segment of the Nigerian popular press that popularized the idea that Nigeria is the "giant of Africa". Many Nigerian elites compare Nigeria with its poor neighboring countries and therefore feel relatively satisfied as a "rich" country that can even donate money to its neighbors or other African nations. The Nigerian ruling elite and a large part of the popular press do not strictly compare Nigeria with the countries that are higher up on the development ladder. Consequently, the need to strive and overcome the stigma of underdevelopment is not personally felt as
a challenge.

In view of this comparison of the two countries, one can conclude that the mere existence of underdevelopment in a country is not enough to challenge a nation to get rid of it. Rather, the ruling elites of the nation have to strongly feel the stigma that backwardness brings upon the nation, before there can be hope for a serious effort to work towards removing the phenomenon. Furthermore, in so far as backward and underdeveloped oil rich countries like Nigeria compare themselves with more backward nations instead of developed or more developed ones, they would remain self-conceited, arrogant, and in the illusion of being successful.

From the foregoing brief reflection on ruling elites' coalition in Malaysian and Nigeria, it is evident that in order to better understand developmental and predatory states, we need to go beyond studying the bureaucracy. We need to examine as my brief review of Weber suggests, the political / ruling elites of a society and evaluate how they have affected the bureaucracy and the development process ultimately.

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