

Malaysia: A Growth Faction Battles Colonial Backwardness and Exxon

Last month, the Malaysian parliament repealed several clauses in Malaysia's Petroleum Authority Act which were of central importance to the overall nationalization and growth policy pursued by the country's Prime Minister, Katuk Hussein Onn. The relevant clauses, which empowered the state-owned Petronas oil company to cheaply purchase "management shares" in the foreign-owned oil majors, fell victim to a destabilization operation against Onn conducted by right-wing intelligence networks under the highly visible management of the Rockefeller family Exxon Corporation.

Malaysia's petroleum controversy is part of a profound political battle over economic development raging throughout the region. With strategic rubber and tin resources as well as oil, Malaysia is potentially a most important member of the Southeast Asian "Peace and Development Sphere" envisaged by the Onn government and Indonesian, Filipino and Japanese progressives, who have sought detente with Indochina's Communist states to secure a basis for such co-development. The stratum of intellectuals, nationalists and commercial and business spokesmen gathered around Onn have fostered economic cooperation with Malaysia's neighbors and a policy of domestic investment control inclusive of some outright nationalizations of foreign companies to bring Malaysia's economic activity into line with national and regional development needs.

Last month's reactionary parliamentary vote against state control of petroleum would have been inconceivable without the preceding six months of anti-government activity organized by Exxon, including direct economic sabotage and an intense "red scare" campaign directed at the leading figures in Onn's growth faction, and carried out by the right-wing intelligence faction in Onn's own ruling UMNO party. The campaign featured a rampage by Malaysia's "Special Branch" security police who arrested or "watergated" many of the Prime Minister's closest party and government colleagues as "communist agents."

The rightists, whose program is unqualified support for raw materials extraction under multinational control, heavily interface with the Malaysian intelligence and security establishment, created and trained in the use of the most advanced, socially destructive counterinsurgency technology by the post-World War II British special forces. Not coincidentally, Onn's contrasting development perspective is a continuation of the New Economic Program of 1969 which his late predecessor, Tun Razak, introduced as the only permanent solution to "communal" bloodletting between "poor" ethnic Malaysians and "rich" emigrant Chinese — a periodic rioting whose manipulation has historically been the most powerful weapon at the disposal of the imperialists' counterinsurgency.

Razak demanded a broader industrial growth for Malaysia based on a public sector, thus singling out the preponderantly Rockefeller-controlled raw materials multinationals — not the Chinese "Jews" — as the enemy of the Malaysian. In the current Exxon-led operation to crush Onn's continued adherence to the Razak perspective, speculation is naturally rife that the "communal riots" which have marred Malaysia's modern history will recur under the guiding hand of those domestic intelligence services specially trained in provoking them.

Tun Razak and his development faction, including Hussein Onn, took over the Malaysian government in the spring of 1969, at the close of a weeks-long period of Chinese-Malay communalist bloodshed provoked by the rightist intelligence faction in an effort to maintain their dominance after serious election reversals in May of that year. Right UMNO faction leader Harun Idris, who has been prominent in the most recent "red scares," is said to have organized the 1969 rioting. Razak, however, then Deputy Prime Minister, mobilized his supporters around broad disenchantment with the conservative UMNO's policies to take command of the situation, easing out Prime Minister Rahman and assuming the premiership himself. Almost immediately, he advanced high-growth policies as the means to resolve the discrepancy between "rich" Chinese businessmen and poor Malays, between the poverty-stricken Malay laborer and his Indian communal counterpart. Forming a National Front coalition with former opposition parties, Razak launched his New Economic Program on the proposition that 30 per cent of commercial and industrial ventures must be brought into Malaysian hands, meaning a battle with the raw materials multinationals who then owned 61 per cent of the country's corporate sector.

Hussein Onn was, at this time, one of Razak's chief supporters in the party. Onn's father had been the founder of the UMNO, but had left the organization, by that time heavily infiltrated by British intelligence, in 1953 to found a new non-communal, interracial party. This goal, unity of the races and religions, has inevitably been the special concern of the Malaysian intelligentsia from the beginning.

The sordid, bloody tradition of communalism, which continues to represent a potential for social holocaust in the hands of Rockefeller agencies, is an original product of the British colonial administration. Malaysia, in particular, became the social laboratory for Tavistock Institute and related counterinsurgency technologies perfected for the enforcement of backwardness throughout the empire. The nature of the legacy with which pro-growth Malaysians must deal is capsulized in an official British report on colonial education. Malaysian schools, said the report, must be designed "to teach Malays so they do not lose their skill and craft in fishing and jungle work." The colonial policy largely

shaped by the Rothschild interests emphasized special care to avoid "the trouble which has arisen in India through over-education."

Like the Maharajah system of India, Malay Sultans ruled the rural population for the British, who brought in Chinese commercial interests, coolie laborers, and to a lesser extent, Indian laborers for use in the tin mines and rubber plantations. The Chinese were kept politically disenfranchised and separated from the ethnic Malay "community." British success in creating and exploiting such communal tensions were almost singly responsible for the defeat of a post-war revolutionary upsurge in Malaysia.

When Tun Razak became premier, the ethnic problem was necessarily his foremost concern, and he surrounded himself with individuals who shared his commitment to a resolution of the colonial legacy through industrial differentiation and growth. One such colleague, Dr. Mahatir Mohammed, authored a controversial book. The only solution to the Malay ethnicity problem, he wrote, is "social revolution" predicated on urbanization through both government and private development projects, and special programs to give Malays industrial skills, "destroying the old ways and replacing them with new ideas and values." Mahatir Mohammed's book, *Malay Dilemma*, is now banned from the country.

Razak's first steps included the formation of such state-owned holding companies as Pernas (tin) and Maras (rubber), empowered to buy into foreign owned companies. Razak subsequently set up Petronas, now the state oil company. Tengku Razaleigh, who was named the first chairman of Pernas, was also named chairman of Petronas, which was modelled on Indonesia's Pertamina oil company.

Razaleigh, whose resignation from Petronas Exxon demanded and recently won, played a principal role for Razak in the New Economic Program, most importantly in the government's takeover of Sime Darby, up to that point one of the largest British owned multinational companies in Southeast Asia. Denouncing Sime for taking profits from its lucrative Malaysian mining and plantation interests to invest elsewhere in disregard of the country's crying development needs, Razaleigh worked through Pernas which owned 9.9 per cent of Sime stock to organize shareholders in Hong Kong, Singapore and the Philippines as well as Malaysia to force a change in the Sime Board of Directors.

The Rockefeller Assault

Razak did not secure the passage of the Petroleum Development Authority Act until April, 1975. It immediately prompted cries of "backdoor nationalizations" from the Seven Sisters cartel and the Lower Manhattan financial community. Then, following Prime Minister Razak's death last spring, the Exxon-led oil majors went on the offensive.

First, Exxon delayed a new production-sharing agreement with Petronas by demanding an 80-20 split in Exxon's favor. The stalling of the agreement brought enormous financial pressures to bear on the new Onn government, which was already shouldering heavy payments on a new tanker fleet scheduled to come on stream early this year, which depended on the government's share of the oil revenues. (The tankers are to carry liquified natural gas from Sarawak, East Malaysia to Japan.) Exxon also suspended all expansion

and exploration plans, and withheld critical information on oil reserves from the Malaysian government.

In short order, the economic sabotage was complemented by an all-out political campaign against Onn's development faction. Lee Kuan Yew of the neighboring Singapore city-state, a close associate of the Rockefeller brothers, announced the arrest of two men who were closely connected to the noted Malaysian journalist, Samad Ismail, editor of the *New Straits Times* and an Onn supporter. With Samad's colleagues in Singapore detained for "communist subversion," Malaysian "special branch" police seized Samad himself, placing him under arrest as a "Communist agent" on the added strength of his detention by the British from 1951-53 as a card-carrying Communist Party member. Only one day before his arrest, Samad had been awarded a special literary prize by Prime Minister Onn.

Samad's arrest signaled a broad "McCarthy Era" type "anti-Communist" purge of growth-advocates from both the Onn government and the UMNO party, supervised by Harum Idris, 1969's communalist provocateur. Those arrested in the government included Datuk Abdullah Ahaad, Onn's Deputy Minister of Science and Technology, once a personal aide to Razak and a major proponent of the Petroleum Authority Act; and Abdullah Majid, Deputy Minister for Labor and Manpower, both of the UMNO. Leading figures in the Malaysian People's Socialist Party, and the Malayan Chinese Association, a key part of Onn's National Front coalition, were also arrested — all as "Communist agents." The intelligence networks deploying the "special branch" security police have also rumored the arrest of Razaleigh, Dr. Mahatir Mohammed, and others, the core of Onn's nationalist inner circle.

Oil Question Unresolved

Despite the gutting of the Petroleum Authority Act and dismissal of Tengku Razaleigh from the chairmanship of Petronas, Exxon cannot claim victory. In the international atmosphere defined by OPEC defiance of the Rockefeller cartel, Petronas was able to secure a 70-30 per cent production sharing agreement in its favor. Like the Saudi Arabians (who have frequently taken Petronas officials to OPEC meetings as part of their delegation), the Malaysian company is actively seeking independent development and marketing channels, to secure those crucial aspects of oil supply control now exercised by the Seven Sisters.

Petronas is carrying on development discussions with the Norwegian National Oil Company, and technical experts from West Germany are scheduled to arrive in the country soon. Pertamina, the more developed Indonesia state oil company, has already sent 40 advisors to Malaysia. Onn himself has repeatedly hinted he may nationalize oil to put an end to the multinationals' power. This month, Onn made a special official visit to the Middle East, to discuss policies of oil and development with Egyptian and other Arab counterparts. Though not a member of OPEC, Malaysian prospects depend on OPEC's current round of discussions with Europe and the Soviet Union. A counteroffensive by Onn can still succeed against Exxon intelligence operations, if Europe and the Third World agree on a new world economic order.