学術研究リポジトリ アライド
ARRIDE
Academic Research Repository at the Institute of Developing Economies

Title	Critical connections : Islamic politics and political economy in Indonesia and Malaysia
Author(s)	Khoo, Boo Teik; Vedi, R. Hadiz
Citation	IDE Discussion Paper. No. 239. 2010. 6
Issue Date	2010-06
URL	http://hdl.handle.net/2344/900
Rights	

IDE-JETRO 日本貿易振興機構（ジェトロ）
アジア経済研究所

<アジア経済研究所学術研究リポジトリ ARRIDE> http://ir.ide.go.jp/dspace/

INSTITUTE OF DEVELOPING ECONOMIES

IDE Discussion Papers are preliminary materials circulated
to stimulate discussions and critical comments

IDE DISCUSSION PAPER No. 239

Critical connections: Islamic politics and political economy in Indonesia and Malaysia

KHOO Boo Teik and Vedi R. HADIZ*

June 2010

Abstract

This article explores Islamic politics in two Muslim-majority countries in Southeast Asia, Indonesia and Malaysia, by linking their trajectories, from late colonial emergence to recent upsurge, to broad concerns of political economy, including changing social bases, capitalist transformation, state policies, and economic crises. The Indonesian and Malaysian trajectories of Islamic politics are tracked in a comparative exercise that goes beyond the case studies to suggest that much of contemporary Islamic politics cannot be explained by reference to Islam alone, but to how Islamic identities and agendas are forged in contexts of modern and profane social contestation.

Keywords: Islam, Islamization, state, economic transformation, economic crises, populism, Indonesia, Malaysia

---

* Khoo is Executive Senior Research Fellow, Area Studies Center, IDE-JETRO; Hadiz is Professor of Asian Societies and Politics, Asia Research Centre, Murdoch University, Perth, Australia

The Institute of Developing Economies (IDE) is a semigovernmental, nonpartisan, nonprofit research institute, founded in 1958. The Institute merged with the Japan External Trade Organization (JETRO) on July 1, 1998. The Institute conducts basic and comprehensive studies on economic and related affairs in all developing countries and regions, including Asia, the Middle East, Africa, Latin America, Oceania, and Eastern Europe.

The views expressed in this publication are those of the author(s). Publication does not imply endorsement by the Institute of Developing Economies of any of the views expressed within.

INSTITUTE OF DEVELOPING ECONOMIES (IDE), JETRO
3-2-2, WAKABA, MIHAMA-KU, CHIBA-SHI
CHIBA 261-8545, JAPAN

©2010 by Institute of Developing Economies, JETRO
No part of this publication may be reproduced without the prior permission of the IDE-JETRO.

For all its claims to prescribe for social and individual as well as political behavior, the variety of practices in Islamic countries suggests that 'Islam' as such cannot explain how Muslims behave, or how they might/ought to behave. Other factors outside 'Islam' must be invoked. The resort to an all-explanatory 'Islam' is therefore circular. Moreover, these 'Muslims', as much as the rest of us, have multiple identities, the relative balance and character of which change over time …. The study of Islamic communities cannot be based on a 'sociology of religion' alone; it must, rather, involve a sociology of how religion interacts with other ethnic, cultural and political forces (Halliday 1995: 75).

When al-Banna saw the British living in luxury in the Suez Canal Zone, he was moved to tears by the contrast with the miserable hovels of the Egyptian workers. He saw this as a religious problem that needed an Islamic solution. Where Christians would often respond to the challenge of modernity by a reassertion of doctrine, Muslims have responded by making a social or political effort (*jihad*) (Armstrong 2000: 133).

This article explores Islamic politics in two Muslim-majority countries in Southeast Asia, Indonesia and Malaysia, by linking their trajectories from late colonial emergence to recent upsurge to broad concerns of political economy. The Indonesian and Malaysian trajectories of Islamic politics are tracked in a comparative exercise that goes beyond the case studies to suggest that much of contemporary Islamic politics cannot be explained by reference to Islam alone, but to how Islamic identities and agendas are forged in contexts of modern and profane social contestation.

The Indonesian and Malaysian trajectories, from their colonial starting-points, diverged at important points with consequences for the character and role of Islamic politics. A key divergence appeared when Islamic politics in Indonesia was expressed through parties and parliaments soon after independence, amidst a tumultuous process of

post-colonial state building that included insurgencies. In contrast, the comparatively smooth establishment of the post-colonial state in Malaysia more easily incorporated Islamic politics. With subsequent capitalist transformation and integration with processes of globalization, Islamic politics provided an ideological resource for articulating social and political discontent in both countries. Yet Indonesia's authoritarian state brutally 'demobilized' any such discontent until Soeharto's New Order itself was overthrown in 1998 while the state's official Islamization in Malaysia managed and constrained Islamic dissent until it was revived between two political crises of capitalism. A major outcome of the state and capitalist transformations that altered the socio-political landscapes of Indonesia and Malaysia was the emergence of new Islamic populism rooted in cross-class social bases.

I. Islamic politics: central issues

At least three reasons make it timely to examine how Islamic politics in Indonesia and Malaysia has changed as part of deeper socio-economic and political transformations.

First, since Southeast Asia emerged after 'September 11' as a 'second front' in the USA's so-called 'war on terror', the literature on Islamic politics, particularly in Indonesia but also in Malaysia, has been dominated by security concerns over 'Islamic radicalization' (Gunaratna 2002), the 'Talibanization' of Southeast Asia (Singh 2009) and issues of terrorism and violence. Academia, policy-making circles and the mass media are awash with discussions of purported links between Indonesian and Malaysian 'Islamic terror cells',[1] and between Jemaah Islamiyah and Al Qaeda, that connect 'radicals' in the two countries to Middle Eastern Wahabi money and ideology (Abuza 2003; 2007). Overshadowing this discursive development is a securitization of the study of Islamic politics by researchers who narrowly focus on such matters as pro-*Sharia* resurgence, terrorist bombings and anti-Western declamations. This preoccupation with the symptoms and not the social causes of shifts in Islamic politics hints of a hijack of the field of study. Motivating it is apprehension that organized forces of 'Islamic radicalism' – understood as an ideology and a movement that wants to establish an Islamic state hostile to 'free

[1] A few Malaysian citizens were implicated in high-profile bombings in Indonesia, most recently in July 2009.

markets', democracy, and 'the West' – may capture state power directly by electoral means or indirectly via the radicalization of the *ummah* (Muslim community). In common with Hamilton-Hart (2005) and Sidel (2007), we regard the security-oriented discourse as being littered with prognostications of the future of Islamic politics that are misleadingly alarmist especially when Islamic dissent in Indonesia and Malaysia has overwhelmingly abided by the rules of secular state authority.

Second, there is a tendency to monitor Islamic politics by distinguishing between 'moderate' (or 'liberal') and 'radical' (or 'hard-line') Muslims. Even if this distinction serves to stress that Muslims are mostly 'moderate' (Barton 2004), it belongs with an old debate over varieties of Islam (differentiated culturally or doctrinally) that pitted a plural peripheral 'Southeast Asian Islam' against a rigid core 'Middle Eastern Islam'. Thus Islam in Indonesia, despite the sporadic violence of Muslim militants, is held up as an exemplar of moderation, and Indonesia hailed as a country in which Islam and democracy co-exist admirably. Likewise, despite the unrelieved conservatism of its Islamic officialdom, Malaysia is touted as proof that Muslim nations can overcome economic backwardness by engaging with global capitalism. But separating 'good Muslims' from 'bad Muslims', as Mamdani (2002) has pithily put it, is flawed and forlorn, being premised on nothing more solid than their respective acceptance or rejection of Western security concerns and global capitalism.

Third, when compelled to explain why plural forms of Islam in the broader region have been challenged by 'fundamentalist' tendencies, observers of Islamic culture and politics proffer elaborate accounts of a 'battle of ideas', not between an imagined homogenous Muslim community and a simplistic Huntingtonian 'Western Civilization', but rather between the aforementioned 'moderates' and 'radicals' *within* Muslim communities. This scenario, by tracing 'radicalism' to the doctrinal influences and financial resources of external sponsors of religious fundamentalism – Iran, Libya and Saudi Arabia at different times – confers a certain 'exceptionalism' on 'Southeast Asian Islam': as it were, malignant foreign influences account for the rise of abnormally radical tendencies in its midst (Abuza 2003). Such a perspective, however, offers no advance on a distinguished academic literature that relates the belief systems and socio-cultural life of Muslim communities in Indonesia and Malaysia to political mobilization and organization that did

not exclude interaction with foreign doctrinal influences, and not all Islamic ones at that (Roff 1967, Geertz 1971, Kessler 1978, Shiraishi 1990, Farish 2004).

II. The approach

Against these tendencies, some of the most compelling analyses of Islamic politics have addressed the trajectories of socio-economic change in Muslim societies that generated tensions and conflicts over the control of resources and the exercise of power – the problematic of this article. Consonant with the idea that 'The study of Islamic communities cannot be based on a "sociology of religion" alone [but] must, rather, involve a sociology of how religion interacts with other ethnic, cultural and political forces' (Halliday 1995), several single-case and comparative studies have explained the circumstances that made some social agents bearing Islamic commitments more influential than others at particular junctures (Abrahamian 1991, Colas 2004, Halliday 2000, Hooglund 1992, Khoo 2006, Rahnema 2008). Following in this analytical path, we chart the trajectories of Islamic politics in Indonesia and Malaysia in relation to four basic factors:

- the changing social bases of Islamic politics
- capitalism and economic transformation
- the state and Islamization
- crises of political economy and a resurgence of Islamic politics.

The basic approach allows us to show where and how the Indonesian and Malaysian trajectories, from their geneses in the colonial period, have converged or diverged, and with what consequences for Islam as an ideological resource for mobilization by state agents and their opponents. A second point of comparison is to evaluate how industrialization and structural economic transformation from the 1970s have affected the social bases and the normative goals of Islamic politics. A third point is to examine the significance of state-centred religious authority for Islamic politics and the ideological identification of the state with 'Muslim interests'.

Making such comparisons differs significantly from extant comparative studies that contrast the paths of Islamic politics in Indonesia and Malaysia. For example, in explaining competing discourses of Islamic governance in the two countries, Stark (2004) contrasts the purportedly more liberal ideas of their new middle classes with the more rigid notions espoused by Wahabi-inspired activists having international links, especially with Saudi Arabia. Hamayotsu (2002) traces the tension between Islamic ideals and nationhood. In Indonesia, she suggests, nationalist leaders sought to confine Islamic politics to the periphery of the political system but failed to prevent Islamic ideas from resurging as a threat to the modern nation state. By contrast, nation-building in Malaysia has been more successful because the state acted 'flexibly' and 'pragmatically' as the guardian of Islamic ideals (Hamayotsu 2002: 356). These surprisingly rare comparative studies of Islam and politics in Indonesia and Malaysia creditably consider how state-civil society relations, changing political alliances, and social transformation have affected the ideas of the actors of Islamic politics. But their reliance on Islam as the key explanatory variable neglects other factors which might better 'explain how Muslims behave, or how they might/ought to behave' (Halliday 1995: 75; Rodinson 2007).

A summary comparative view of some of those 'other factors' as they affected Islamic politics in Indonesia and Malaysia should help to clarify the crux of the matter.

First, the direction of Islamic politics was conditioned by many social conflicts of post-colonial transition. There were contentions over the position of Islam and its social forces in the post-colonial state, but these coincided with the Cold War and violent anti-communist campaigns. Both the anti-communist massacre of 1965–66 in Indonesia and the 1948–60 colonial counter-insurgency ('Emergency') in Malaysia had long-lasting effects on politics, not least by limiting the ideological space open to dissent. From the 1970s, moreover, Malaysia and Indonesia rapidly industrialized with consequent changes to class structures and the social bases of Islamic politics. A traditional Islamic populism had durably grown out of rural and urban petty-bourgeois constituencies of the late colonial period, primarily moved to halt the steady decline in their socio-economic position. Now a newer populism emerged with the social changes wrought by capitalist transformation. The latter has a variegated social base, combining the traditional and somewhat peripheralized petty bourgeoisie, working classes denied the avenues of labor and leftwing mobilization,

and disgruntled sections of new urban middle classes bearing few liberal antecedents. Subjected to state surveillance and periodic suppression, the new Islamic populism overwhelmingly operates openly, through political parties, associations and non-governmental organizations. The espousal of a range of Islamic ideals related to issues of social equity and justice, reflecting the interests of a more diverse social base, pits the new Islamic populism against the state over the directions, outcomes and quality of economic management and political administration. A comparatively rare tendency has developed out of these clashes: the resort to terror by small underground groups bent on establishing an Islamic state through violence.

Second, the state in Indonesia and Malaysia has functioned as a vehicle of development and incubator of domestic capitalist classes. Thus economic policy has been variously shaped by statist-nationalist impulses and pro-global market interests. Economic policy was buttressed by state revenues from natural resources, including petroleum, but it was also influenced by a drive to attract foreign investment into a number of economic sectors. From the 1950s to 1970s, state policy was inclined to protect fledgling national industries and induce the formation of a domestic bourgeoisie. Its later thrust shifted towards closer integration with global markets, especially through export-oriented industrialization and the liberalization of banking and finance. Indonesia embarked on this shift in the 1980s, Malaysia a decade earlier. In each case, the socio-economic changes, inequalities and contentions arising out of expanded opportunities and statist, market-based or private paths of capital accumulation re-shaped the social terrain of Islamic politics.

Capitalist transformation affected the relationship between Islam and the state. In each country, Islamic identities were reshaped by the colonial legacies of a plural society and an ethnic division of labor, the latter being 'part of a class structure [that] has crystallized along ethnic lines' (Wheelwright 1965: 110). After independence, the state claimed a key role in protecting or advancing the socio-cultural position and commercial interests of the indigenous ethnic communities, *pribumi* in Indonesia and *bumiputera* in Malaysia, *vis-á-vis* domiciled ethnic Chinese capital, and foreign capital. The state has performed that role systematically and comprehensively in Malaysia, according to its New Economic Policy, but only sporadically and haphazardly in Indonesia, for example via the failed 'Benteng program' of the 1950s (Robison 1986). Since demography makes

'indigenous' predominantly 'Muslim', promoting *bumiputera* or *pribumi* interests has effectively harnessed Islamic identities to state political discourse and mobilization, but with one critical difference. The Indonesian state and its institutions have been staunchly secular but the Malaysian state has itself become an Islamizing agent while retaining essentially secular institutions.

More recently, integration with the global economy has stimulated new social contradictions. The rise of state-sponsored *pribumi* and *bumiputera* oligarchic fortunes – in association or rivalry with ethnic Chinese corporate wealth – has changed the tenor of public debates over social justice and especially the relative economic deprivation of the *ummah*. Since *Reformasi* in 1998–99, an aggrandizing advancement of politically powerful *pribumi* or *bumiputera* interests has been much criticized for their 'KKN' – *korupsi, kolusi, nepotisme* (corruption, collusion and nepotism), code for the abuse of state power to enrich and protect privileged interests. Indonesia's *Reformasi* started earlier in economic collapse and ended more dramatically with popular unrest overthrowing Soeharto's New Order. The core of the Malaysian *Reformasi* was a Malay cultural revolt against the Mahathir regime for its persecution of Anwar Ibrahim. Hence, appeals for social justice in the name of Islam – specifically its egalitarian ideals and a promise of the rule of the pious – resonate readily among the poor, dispossessed and disaffected who have been conditioned to dismiss other ideological alternatives. In this socio-political milieu of new state development, capitalist transformation and class formation, an array of parties and organisations thus parlay Islam as the answer to the degradation of secular rule and democratic politics.

It may seem paradoxical to maintain a distance from Islam to explain more clearly the trajectories of Islamic politics in Indonesia and Malaysia. But this stance is valid: the conflicts that delineated the trajectories were not primarily theological ones that flowed from Islam itself. Instead, the conflicts, marked by contests for control of power and resources, have much in common with the socio-political trajectories of competition between coalitions of power that take place in other, 'non-Muslim', societies likewise subjected to far-reaching capitalist development (Bellin 2002). To that extent, it is unsurprising, for example, that a leading representative of Hizbut Tahrir in Indonesia should envision that under an Islamic caliphate, the 'pious' would control key economic

activities.[2] More generally, a number of Islamic-oriented political parties in Indonesia, from the 1950s to the present, have oriented their struggles to shifting control over economic resources to *pribumi*, that is, predominantly Muslim, entrepreneurs. Similarly in Malaysia, strengthening *bumiputera* interests has been correlated with empowering the *ummah*.

III. Social bases, colonial legacies and post-colonial transitions

The earliest expressions of Islamic politics in Indonesia and Malaysia emerged in the early 20th century. In this era when nascent nationalism addressed the multidimensional problems of colonial encroachment, religious identity and economic conflict were intricately linked in the first forms of organized Islamic politics.

In Dutch-ruled East Indies, the Sarekat Islam (SI) was the first major mass organization.[3] Although it was founded by urban-based petty traders and was 'modernist' and 'purist' in its outlook, SI attracted support from rural Java where traditionally syncretic forms of Islam were prevalent. The SI was also supported by members of the Javanese nobility whose social status and authority had progressively declined during Dutch rule. Interestingly, SI had a distinct Left wing supported by workers in urban transport, manufacturing and Dutch-run plantations. This wing broke away to become the Indonesian Communist Party (PKI) (McVey 2006) which in the 1920s housed members who identified with Islam *and* communism. Even so, SI was essentially founded as a call to religious identity underpinned by the economic grievances of small trading and manufacturing interests. The latter was squeezed by increasing Dutch control over key sectors of the economy and ethnic-Chinese incursions into the spheres of business in the growing towns (especially of coastal Java) previously controlled by the traditional petty bourgeoisie.

In Malaysia, Penang- and Singapore-based Kaum Muda reformist *ulama* were the main actors at the turn of the 20th century. Like their modernist counterparts in Indonesia, they attacked customary and 'superstitious' accretions to orthodox Islam, and proposed 'rationalized formulations of Islamic practice which would better enable them and their

[2] Interview with Abdullah Fanani, Hiszbut Tahrir Indonesia, Jakarta, 26 January 2009

[3] The original name of SI was Sarekat Dagang Islam (Islamic Trade Association).

coreligionists to compete in the modern world' (Roff 1967: 78).[4] As urban Muslims who reformulated 'Islam in response to the economic and social pressures of contemporary life' (Roff 1967: 79), they criticized the Malay traditional aristocracy that had become dependent on British rule, which stripped the aristocracy of its other powers but extended its authority over religious affairs. Thus was created 'the concentration of doctrinal and administrative religious authority in the hands of a hierarchy of officials directly dependent on the sultans for their position and power' (Roff 1967: 72). For the Kaum Muda, the key issues were the loss of Malay political power, the decline of the Malay economy vis-à-vis colonial capitalism and an ethnic division of labor that rested on an influx of immigrants from China and India.

The Kaum Muda's modernizing tendency pitted its reformism in 'direct conflict with the state religious authorities on a wide range of ritual, doctrinal, and social questions' (Roff (1967: 78) while its purifying tendency alienated it from the Islam of the Malay peasantry. As such, it could not gain influence with the elite; nor did it secure a mass base that SI enjoyed before coming under intense colonial repression. Even as the SI was superseded in the independence struggle by the communists and secular nationalists (led most prominently by Soekarno), it evolved into a political party of the traditional petty bourgeoisie. The SI example and its part in the 'national awakening' encouraged other Islamic organizations and political parties to claim simultaneous allegiances to the *ummah* and to the nation. The Kaum Muda, however, left no such organizational legacy. Still, representing the Islamic variant of the 'hesitant beginnings of Malay nationalism', a 'modernist Muslim reaction against the native rulers' self-serving control of religion under the British' (Kessler 1978: 23–24), it outlined a template for the Islamic politics of the Hizbul Muslimin, Kesatuan Melayu Muda and PAS (Mohamed Nawab 2007: 11).

The paths of Islamic politics in Indonesia and Malaysia had exhibited greater divergences by the mid-20th century. Islamic politics in Indonesia came to be expressed

[4] If the Kaum Muda in colonial Malaya is typically juxtaposed against the Kaum Tua – *ulama* who represented the traditional, 'folk' Islam of the peasantry and who were backed by the nobility– the Muhammadiyah in Indonesia is contrasted with the Nahdlatul Ulama, a rival Muslim association that would defend the traditional syncretism of the Javanese hinterland.

through parties and parliaments but also insurgency, while being structurally incorporated into the evolving Malaysian post-colonial state. The colonial-era precedent of centralizing authority over religion certainly facilitated this development in Malaysia. Here too the victory of the colonial state over the Malayan Communist Party – always portrayed as a 'Chinese' party – allowed state authority to be effortlessly transferred to a coalition (Alliance) headed by a nobility-led political party (United Malays National Organisation, UMNO) that was self-consciously Malay and Muslim. Such a situation, suited to Britain's needs, was conducive to America's as well while the Cold War raged.

However, Indonesia's 1945–49 war of independence ensured that the development of the post-colonial state would be highly a contested process within which different representatives of Islamic politics were involved. At one extreme, Islamic politics was marked by the rise of the Darul Islam rebellion. Ostensibly launched to establish an Islamic state, the insurrection initially owed to the disaffection of independence fighters led by the legendary Kartosuwiryo – a former senior official of the Party of the Sarekat Islam Indonesia – over the ceding of West Java to the Dutch during diplomatic negotiations to end the war. Whether the Darul Islam rebellion was ideologically ill-defined (Van Bruinessen 2002), or whether Islam importantly influenced it (McVey 1981), it was conclusively defeated by the Indonesian armed forces in 1962. With the rebels cast as traitors to the nation, their political heirs were never absorbed into the body politic. Instead, they continued a tradition of struggles outside state parameters to advance the social position of the *ummah* – often by underground proselytizing activities, sporadically uncovered as those of 'terror cells', including lately, as part of the loose Jemaah Islamiyah network (ICG 2005).

But the mainstream of Islamic politics in Indonesia was represented by the 'modernist' party, Masyumi and the 'traditionalist' and 'syncretic' Nahdlatul Ulama. In the 1950s, Masyumi sought to advance the interests of *pribumi* entrepreneurs and, in vain, to enshrine Islam as the ideological basis of the state. Importantly, some Masyumi members were implicated in 'half-hearted' separatist rebellions (Harvey 1977) that expressed the grievances of commodity exporters in the 'outer islands' who felt undermined by the taxation and inflationary economic policies of the central state (Dick 2004). In response, Soekarno banned Masyumi in 1960. Masyumi's political and ideological descendants

continued to articulate the interests of an eclipsed old petty bourgeoisie based in small trade and manufacturing. They straddled formal (and informal) accommodation and haphazard resistance to secular state authority, especially during Soeharto's long New Order. Many ex-Masyumi members were encountered in groups that included Darul Islam-ists. By the 1980s and 1990s, though, their ideas found support among the new urban poor and middle class whose aspirations had grown because of access to modern education. The Nahdlatul Ulama, more pliant and ideologically amorphous, drew on the support of the patronage networks of rural elites and Islamic clerics mainly in Java and established a more secure position through decades of co-operation with the Soekarno and the New Order regimes.

In Malaysia, a critical point of Islamic mobilization came with the formation of Persatuan Islam Se-Malaya (Pan-Malayan Islamic Organization, or PMIP) from UMNO's breakaway religious wing. The PMIP embraced former members of the Malay Nationalist Party (MNP) and Hizbul Muslimin, the first 'Islamic party' in Malaysia, which roughly represented the radical strands of Malay nationalism (Kessler 1978: 172, Funston 1980: 87–91). The party's nucleus was 'a number of ulama, imams and conservative nationalists from both within and without UMNO' (Farish 2004: 72–73). PMIP's social base included the rural elite, religious teachers, the peasantry, and the lower ranks of the urban middle class. Its cadres were also found among graduates and teachers of the Malay educational stream who objected to educational policies that favoured the English-medium schools (Kessler 1978: 170–71). Moreover, PMIP gained mass support among the peasantry and smallholders because the UMNO elites' new wealth and land acquisition aggravated local 'peasant anxieties' (Kessler 1978: 121, 125). In the first post-independence general election of 1959, PMIP won control of two states (Kelantan and Terengganu) out of eleven and gained a respectable representation in parliament. Over the next decade, UMNO established itself as the party of the nobility, salaried officials, and party functionaries that had inherited state power from the British authorities. But as PMIP consolidated its rule in Kelantan its leaders became distinctly of 'urban, petty bourgeois origins', whose vernacular or Islamic education had disqualified them from the regime's high ranks that, retaining colonial, English-oriented, elitist features, were the preserve of an UMNO-linked 'politico-administrative bourgeoisie' (Kessler 1978: 170–71). Later renamed Parti Islam (PAS, or Islamic Party), PMIP, became UMNO's sole serious challenger for Malay-Muslim support.

IV. Capitalism and economic transformation

The social transformations engendered by capitalist development shaped the evolution of Islamic politics in Malaysia in Indonesia, notably by re-shaping the constituencies that were potentially available to it. At independence, the peasantries of both countries were locked into subsistence agriculture or unprofitable smallholder cash-cropping at best. *Pribumi* or *bumiputera* businesses were typically small and unable to penetrate the large-scale primary commodity sector and the import-export trade dominated by European capital. At the level of retail, urban services and small-scale industry, too, *pribumi* or *bumiputera* businesses lost out to Chinese-owned businesses. To the extent that the post-colonial economy in both societies was dualist – having a traditional, rural, agricultural sector and a modern, urban, service sector – the former was largely occupied by *pribumi* or *bumiputera* while the latter was not. Particularly in Malaysia, an ethnic division of labor and structure of wealth distribution was erected upon this dualism, creating a society more readily amenable to ethnic rather than class interpretations of socio-economic inequalities (Puthucheary 1960). Kessler (1978), for example, showed how a land-deprived and insecure Malay peasantry supported the PMIP in expressions of class interests and frustrations; yet neither class nor party pressed towards open class antagonism. The Malay peasantry tellingly played no part in the communist insurrection. Although the division of labor in the Dutch East Indies likewise marginalized the *pribumi*, it did not pre-empt class expressions of politics. In the 1960s, the PKI led poor peasant actions ostensibly directed against their better-off neighbors (Lyon 1970) and dominated the labor movement (Hadiz 1997).

However, the class struggle collapsed with the PKI's destruction in the massacres of 1965–66 (Roosa 2007) that the army conducted with the aid of many Islamic organizations, notably those related to NU, whose elites were distressed by the PKI's agenda of land expropriation. Subsequently, the army-led corps of state officials that took power built an authoritarian corporatist political structure based on ideas of the cultural authenticity of communitarian, organicist, and state-defined social harmony (Bourchier 1996). Where the forces of political Islam were invited to join in, they did so as mere junior partners unable to pursue their ideal of an Islamic state. Meanwhile the position occupied by the small but

economically significant Chinese minority became more critical. Its big-business component increasingly developed cronyistic and rapacious alliances with New Order officials. But the Chinese as a community served as a convenient target against which popular anger over social inequalities could be re-directed. In the absence of class struggles, it became habitual to pit Islamic-inspired notions of social justice against the politically vulnerable Chinese community. This tactic of rule exploited old animosities that petty bourgeois Muslim traders felt against Chinese businesses considered to have been privileged by the Dutch (Sidel 2006).

There was a different dynamic in Malaysia where the state was virtually Malay-Muslim by being UMNO-dominated. State officials had neither interest in nor need of an 'Islamic state'. But they reserved certain religious initiatives and projects for Muslims because the Malays were their principal electoral constituency. More importantly, they needed to maintain a stable apex of power-sharing between a Malay-led state apparatus, domiciled non-Malay capital and foreign capital. As the guardians of Malay-Muslim interests, they also had to address rural poverty and the commercial demands of the urban petty bourgeoisie. This was undertaken after the ethnic violence of 1969 by launching the NEP, a massive social engineering project to dismantle the ethnic division of labor. The NEP's *dirigiste* directions were capitalist, albeit moved by impulses of ethnic anxieties, social democracy and economic nationalism.[5] A crucial development took place with a push towards export-oriented industrialization (EOI), which pulled young Malay labor from rural areas into the factories in urbanized export-processing zones. Landless Malay peasants were relocated to state-organized land resettlements in a kind of land reform without the expropriation of landowners. Moreover, a massive expansion of public education at all levels drew young Malays into schools and tertiary institutions. Most graduates were absorbed by an expanding bureaucracy and state enterprise sector. In different ways, the state created untold business opportunities for the Bumiputera Commercial and Industrial Community, the official term for a state-sponsored class of mostly Malay capitalists and professionals. Thus were created a large Malay industrial proletariat and a large Malay urban middle class.

[5] Tun Abdul Razak, the NEP's architect, and a member of the Labour Party when he was a student in the UK, was proud to call state intervention a form of 'nationalist socialism' (Khoo 2003: 196).

What was the effect of these social changes on Islamic politics? As the spatial distribution of the Malay population was altered, PAS's chiefly rural-agricultural base was modified, even diminished. Ideologically and programmatically, PAS had no purchase on Malay nationalism, not with UMNO driving the NEP – reducing Malay poverty, providing educational, training and business opportunities to the Malays, and stringently regulating non-Malay (including some foreign) businesses. Nor did it help PAS that UMNO redefined the parameters of interethnic relations to privilege Malay culture, language and politics distinctly. And when it came to religion, the state safeguarded the preeminence of Islam vis-à-vis other religions in the country by expanding and deepening its 'official' Islam.

Indonesia's economic transformation took a more complicated route. The New Order broke with Soekarno's anti-imperialist and Third Wordlist stances and economic stagnation and introduced major policies to re-connect the economy with the Western powers through infusions of foreign capital and investment. More change followed when the oil price increases of 1973–74 provided the state with windfall revenues. Now the state began to act as an engine of growth, protecting import substituting industries (ISI) and providing largesse that aided giant, largely ethnic Chinese-owned but state connected businesses (Robison 1986). This phase of state-directed development lasted a decade before declining oil prices compelled Indonesia to conform to the dictates of the emerging neoliberal global economy by implementing EOI based on low-wage manufacturing.

The Indonesian social landscape, too, was greatly changed as rapid economic growth gave rise to a new urban middle class, a broader working class, and a *lumpenproletariat* sprawled over cities and towns. A predominantly new, Chinese bourgeoisie also emerged, as did wealthy families of officialdom. Old petty bourgeois animosities redirected at the former later merged with new hostility towards the latter. Thus, the potential grew for political Islam to widen its social base by incorporating those who became disaffected by the gap between rising aspirations, engendered by the experience of modernity, and the limits to social mobility constrained by access to economic resources and political power. By the 1980s, in urban slums, for example, mosques had become centers of new communal ties (Raillon 1994).

In Malaysia, the Malay community's experiences of far-reaching social change – urbanization, land resettlement, proletarianization, education, and *embourgeoisment* – created social tensions that opened new opportunities for Islamic politics. Yet PAS, the main representative of Islamic politics, failed to develop a program to compete for the support of a transformed Malay community. This was evident, for example, in PAS's attitude towards the growing, young, Malay proletariat (that had a sizeable female component) engendered by the EOI of the 1970s. The sole surviving party of the Left, Parti Sosialis Rakyat Malaysia (PSRM, or Malaysian People's Socialist Party) had tried to organize this new Malay Muslim working class based in the MNCs or the new industrial zones, but PAS seemed oblivious to their existence. In fact, PAS hardly had a role in the initial religious resurgence of the 1970s, which was associated with organizations of the new Malay urban middle class, such as the graduate-led, part-*dakwah*, part-activist and part-welfare-oriented Angkatan Belia Islam Malaysia (ABIM, or Malaysian Islamic Youth Movement). ABIM was influential among urban Malay youth and on university campuses where the Malay student population was rapidly rising.[6] Another movement, Darul Arqam, infused with 'sufi-millenarian ideals' (Ahmad Fauzi 2009), attracted graduates of university-level Islamic studies programs, professionals and even civil servants to its communitarian efforts at building an 'Islamic society', grounded in economically self-supporting settlements (Nagata 1984: 104–106).[7]

An analogous growth of religious consciousness took place among the Indonesian urban middle class of students, engineers, bureaucrats, clerks, lawyers and doctors who – like their Malaysian counterparts – were just one or two generations removed from rural origins and came to make sense of modernity and globalization in increasingly Islamic terms.[8] More ambitious and materially comfortable as the world opened up for them, they resented the New Order's rapacity, cronyism and blatant abuse of power that curbed their own prospects for upward mobility. But whereas repression could dispense with political

[6] Nagata (1984: 91) cited data showing ABIM's early membership to consist of 32 per cent white-collar office workers, 26 per cent teachers, 13 per cent students, 8 per cent self-employed workers, and 21 per cent of unspecified occupations.

[7] Darul Arqam was suppressed for being 'deviationist' in 1994. Some of its leaders were detained without trial for a short while.

[8] For comparisons with the Arab world, see Ayubi (1995).

liberalism, it could not 'eliminate' Islam culturally and ideologically. In fact, new social agents of Islamic politics, especially those nurtured in universities as higher education expanded, grew in confidence when Soeharto tried to accommodate them through the Association of Indonesian Muslim Intellectuals (ICMI). Formed in 1990, ICMI quickly became a conduit to bureaucratic authority and political largesse (Hefner 1993) and the site of further political socialization of a generation of activists that would form a host of post-New Order Islamic parties.

The above developments occurred in the context of sustained economic growth. In Malaysia, revenue from oil and other commodities streamed in with the EOI and the NEP, defraying rising state expenditure in the economic and social sectors. Thus, manufacturing transformed the economy while social engineering restructured society. Their combined outcome, rapid growth with meaningful redistribution, undermined PAS's challenge. Moreover, the state protected international capital by prohibiting the industrial working class from unionizing, but mitigated the latter's overall conditions with social policies and welfare measures which, disproportionately benefitting the Malays, secured their allegiance more firmly. In Indonesia, living standards generally improved before the 1997 financial crisis although largely without welfare-like policies. Even so, the Soeharto government was more frequently criticized for presiding over an unjust social order. It was perceived to favour a select group of capitalists with strong state connections through non-transparent policies, including preferential access to state credit and the creation of private monopolies. As the New Order was driven by the interests of a politically insulated politico-business oligarchy (Robison and Hadiz 2004), its stringent policies of demobilizing civil society prevented any effective anti-regime challenge from emerging until 1998. This was evident in the repression of the organizations of the new EOI-based industrial working class (Hadiz 1997) and the domestication of elements of the new urban middle class through ICMI.[9]

An impetus for ICMI's establishment derived from the growing criticism of the New Order in its first two decades made by Muslim groups, especially those informally linked to old Masyumi and Darul Islam networks. Such criticism had been previously suppressed. In

[9] It must be noted that ICMI primarily incorporated the Muslim intelligentsia and members of the new urban Muslim middle class created by capitalist development. In general, the Darul Islamists, for example, were not accommodated.

the 1970s, competing Islamic political parties had been forced to merged into one party, the PPP (United Development Party), whose name was bereft of anything remotely Islamic and which was suitably docile for most of the time.[10] A decade later, the state simply imposed its ideology of Pancasila[11] regardless that some Muslims derided it as a secular concoction (Prawiranegara 1984). Further, shadowy groups which the government claimed were pursuing the Darul Islam dream of an Islamic state were brutally crushed when they surfaced for a short while (Van Bruinessen 2002). Tensions between the New Order and political Islam exploded one night in September 1984, in the working class enclave of Tanjung Priok, North Jakarta. A large crowd of demonstrators, led by one Amir Biki, a businessman and former Muslim student activist, had emerged from a mosque where sermons allegedly combined with anti-government agitation were heard. Reportedly hundreds of the demonstrators, including Biki, were shot dead by units of the Jakarta military command (Bourchier and Hadiz 2003: 140).

Events such as the Tanjung Priok incident compelled many Indonesian Islamic activists to go incognito before ICMI's establishment. For example, in response to strict control over student organizations, Muslim groups on university campuses organized prayer and other religious activities that led to political discussion and cadre formation. From such activities the so-called Tarbiyah (educational) movement emerged, which was important in the development of the PKS (Justice and Prosperity Party), the most successful of the post-New Order Islamic parties (Rachmat 2008).

V. The state and Islamization

The Malaysian and Indonesian cases diverged most significantly on the matter of the state and Islamization.

[10] However, PPP parliamentarians confronted the government when it challenged a 1970s marriage bill that they thought contravened Islamic precepts.

[11] Pancasila, 'promulgated' by Soekarno in 1945, placed value on belief in God, humanism, national unity, deliberative democracy, and social justice. Potentially, Pancasila was grand and vague enough to accommodate Islamists, communists and nationalists.

In many Muslim countries, the failure of economic development fuelled the rise of Islamism – generally, ideologies and movements seeking socio-political solutions based on Islamic ideals. Unlike in other Muslim countries such as Egypt and Algeria, that was not the case in Malaysia where state-directed economic transformation enabled the successful absorption of rural, mostly Malay-Muslim, migrants within the urban industrial sector (Lubeck 1998: 313). Indeed, the Malaysian state did much more to hold back Islamic challenges. State policies in the 1980s had shifted the decisive arenas of Malay politics – from the countryside to the cities, from culture and language to economy and wealth, from peasant agriculture to the corporate sector, and from subsistence and small business to the commanding heights of the economy. The power of state enterprises, an emerging class of Malay capitalists, and UMNO's senior leadership had eclipsed the influence of Malay-medium schoolteachers, 'men of letters', civil servants, and low-level religious functionaries. Under Mahathir, Malaysia Inc. and privatization benefitted coalitions of political influence and financial power that won lucrative state contracts and projects. Money and power met and merged, and politics and business fused in UMNO, the 'party of the Malays'. The state managed an ethno-corporatist distribution of material benefits. Malay society was awash with state aid – contracts, shares and subsidies for new Malay capitalists; resources and funds for state enterprise managers; scholarships, shares, and support for professionals; and agricultural, infrastructural and other subsidies for the rural population. And, for all Muslims, there were the public construction of houses of worship, provision of religious classes, sponsorship of events, media broadcasts of programs on Islam, and offers of assistance for the performance of religious duties, including the *haj*. It seemed then that PAS could not mount a credible 'Islamic alternative' to those state policies. Nor did it appear that Malay society could be mobilized along lines of class antagonism, even when its elite captured social policy, intra-ethnic inequalities widened, and the lifestyles of Malay rich and poor diverged irreconcilably.

Ironically, if EOI and NEP indirectly held back Islamist challenges, the state itself advanced the course of Islamization. Of course, the state has always striven to shape 'Muslim consent', bolster regime legitimacy, and control Islamic dissent, opposition and, though rarely, militancy. The state possessed the power, resources and apparatuses to drive its own agenda of 'official' Islamization. Moreover, there were historical precedents: official Islamization in Malaysia, *as a process*, originated in colonial rule. British rule, by

depriving the Malay rulers and traditional elites of power in all areas save 'Malay religion and customs', concentrated doctrinal and administrative religious authority in the hands of officials dependent on the sultans (Roff 1967: 72). For 'Malay interested parties', this colonial institutionalization of Islamization was 'an opportunity to extend the reach of *Sharī'a* prescription (and their own writ)' (Roff 1998: 213). For two decades the post-colonial ruling elite maintained a decidedly secular and constitutional – if politically illiberal – regime. Their chief agendum was developmental but political and security concerns left room for discrete, small-scale and symbolic Islamic projects. These projects partly bound Malay allegiance that the state regarded as critical to its management of a multiethnic society. They partly affirmed an ideological role for Islam in the state's commitments to the anti-communist side of the Cold War.

From the 1980s, though, the state was as likely to extend as to contain the boundaries of Islamic law that weakened the framework of secular government. A critical moment came when the Mahathir regime chose to harness Islam to its nationalist-capitalist project by adding Islamization – establishment of Islamic institutions such as Bank Islam, International Islamic University and an Islamic insurance company – to its *Look East*, *Privatization* and *Malaysia Incorporated* policies. An exhortation to 'absorb Islamic values' made its way into official documents and events and served an ideological function with dual class emphases. 'Islamic values' were to imbue the emerging Malay capitalist and professional classes with an inoffensive equivalent of a 'Protestant ethic', and to impose upon the Malay working classes a strong work discipline required for late industrialization (Khoo 1995).

Up to that point, the state seemed able to steer the course of Islamization, retain secular government, restrain encroachment on the rights of the large proportion of non-Muslims in the populace, and limit the disapproval of foreign investors (and tourists). But Islamization reproduced a growing class of religious bureaucrats and professionals whose interests and power lay in de-secularizing public institutions and regulating social life (Ahmad Fauzi 2009: 7) beyond the ambit of Mahathir's own 'liberal' and 'instrumentalist' preferences. Thus, it was never simply that Islamic theology fused state and religion. For long periods, they had been separate enough in public affairs and the personal lives of

Muslims. But the state having *infiltrated* religion (Hischkind 1997: 13), religion *rebounded* by percolating through the state.

Nothing of the sort occurred in Indonesia. Dutch colonialism never had the effect of concentrating religious authority on the state (Hefner 2001: 24) so that Indonesian Islam could develop diversity and avert codification. The traditional nobilities, especially the Javanese ones, continued to represent cultural traditions far more syncretistic than Islamic. Their loss of political power was not compensated for by increased religious authority under Dutch colonialism. Hence, colonial experience provided no precedent to facilitate the incorporation of Islamic politics into the post-colonial state. Although Islam was a major pillar of Indonesia's nascent nationalism, as evident from the SI's legacy, Islam had to compete with many forms of secular populism. Islamic groups having failed to privilege Islam in the national constitution (Nasution 1992), Islam was superseded by Soekarno's nationalist populism in the independence struggle. Besides, the PKI reemerged with strong grassroots bases in the 1950s, developing a radical populism that threatened the material interests of the key rural and urban petty-bourgeois constituencies of Islamic politics. In response, the social agents of Islamic politics turned to the military and supported the bloody campaign against the communists in the 1960s.

In the event, the military turned around to curb its erstwhile Muslim allies for a clear reason: Islamic forces with strong grassroots would undermine the New Order's founding logic, that is, to undertake capitalist development based on the political demobilization of society. Not Islam, then, but a state corporatist version of Pancasila was exalted[12] – and this, despite the embrace of Islam by an untold number of peasants during the late 1960s to escape being branded 'communist-atheists', and the state's efforts to create a limited social space for Islamic activists in education by supporting the expansion of Islamic traditional schools (Sidel 2006: 51, 53). What Islamic organizational life there was, embodied in the PPP, for example, remained as 'Islamic representation' within a demobilized, state corporatist and rigidly controlled party system (Robison and Hadiz 2004). Unlike in Egypt, Algeria and Tunisia, where gradual Islamization as the state's Cold War, anti-Left and corporatist strategy (Ayubi 1996) allowed Islamists to control trade

[12] Indoctrination courses featuring a rigidly bureaucratized Pancasila devoid of traces of its origins in national, even revolutionary, struggles were regularly launched for different sections of the populace.

unions, the sheer destruction of the Indonesian Left made it unnecessary to Islamize state corporatist institutions.

The arrival of ICMI, under the aegis of Vice President B J Habibie, rekindled hopes for creeping Islamization within state institutions. But Habibie's brief Presidency only deluded those representatives of Islamic politics who thought their time had come. Habibie lost the 1999 elections. Since then, in a newly democratized Indonesia, Islamic political parties have had to contend, rather unsuccessfully, with a host of parties that keep alive the tradition of secular nationalist politics that Soekarno and Soeharto had nurtured in different ways. In the 1999 general election, even the most successful Islamic party, PKS (then Partai Keadilan or Justice Party), could not obtain the threshold two per cent of the total vote. Reconstituted as the PKS, the party did much better in 2004 and 2009, winning between seven and eight per cent. Significantly, the PKS had distanced itself from *Sharia* promotion and emphasized issues of integrity and good governance (Rahmat 2008), demonstrating the limited currency of ideas of dismantling the secular state.

VI. Crises of political economy and the resurgence of political Islam

A final divergence between the Indonesian and Malaysian trajectories may be located in crises of political economy that created opportunities for Islamic politics, though these may not always be seized so successfully.

While Mahathir used Islam for the purposes of legitimizing the Malaysian capitalist-nationalist project, PAS's transformation was leading nowhere. In 1986, PAS was reduced to a sole seat in Parliament, defeated in 75 out of 76 contests against UMNO. But the contradictions of NEP-based capitalism wrought their consequences and the Islamization of politics advanced at two moments when the Mahathir regime came close to imploding – not because of religious matters but power struggles within UMNO during economic recessions that compelled the state to reconstitute the market and Malaysian capitalism. Until the late Soeharto period, Indonesia saw a much less systematic attempt to use Islam to legitimize the process of economic development since the thorough demobilization of civil society made it less likely that economic crisis would destabilize the

New Order. Yet, the crisis of 1997–98 brought down the entire edifice of political institutions. As with the end of the Soekarno years, a post-Soeharto environment emerged that promised – but did not quite realize – opportunities for the representatives of Islamic politics to scale the commanding heights of the state and the economy.

In Malaysia, recession in 1985 had led Mahathir to a pro-market resolve to liberalize investment conditions, discipline the state sector, turn to the private sector for recovery, and suspend the NEP's redistribution objective in favour of growth (Khoo 1995). Opposed to this position was a pro-state alliance of smaller Malay business interests, civil servants, and managers of SOEs (Khoo 1992). The result was a political crisis of Malay capitalism. The challenge to Mahathir's team was narrowly defeated in UMNO's April 1987 election but it split the party. Not until 1996 would a breakaway faction concede defeat and rejoin the UMNO rump. The 1997 financial crisis found Mahathir leading the state's confrontation with the global financial market, choosing currency and capital controls over further liberalization and deregulation. His deputy, Anwar Ibrahim, was associated, correctly or not, with the pro-market reforms demanded by foreign investors and the money market (Khoo 2003). When Anwar was dismissed from government, expelled from UMNO, and imprisoned, popular outrage at his maltreatment spawned the *Reformasi* movement. The politics of the two crises of capitalism convulsed the Malay community, loosened UMNO's hold over its constituency, and discredited institutions of state, especially the judiciary, police and bureaucracy. At this juncture of weakened state legitimacy, a more effective Islamization of politics truly began.

These crises helped to revive PAS's electoral fortunes. Split in 1976, PAS quit the BN, lost Kelantan to the Federal government under emergency rule, and was defeated in the 1978 election. In turmoil, the party turned to the *ulama* – partly trained in foreign centres of Islamic learning – who recast the party's ideology and program in more radical forms. They Arabised their political idiom and upheld the universalism of Islam by denouncing UMNO's politics of *nasionalisme assabiyah* (ethno-nationalism or chauvinism). They insisted that an *ulama*-led system of government would have to replace 'secularism' with rule by Islamic law. It may not be redundant, thus, to say of PAS that it had Islamized itself. All the same, as PAS threw its 'Islamic state' gauntlet at UMNO, it did so over economic, social and political matters as much as moral and religious ones.

Between the two crises, PAS finessed its political deployment of Islam for an anti-statist project. It mounted an Islamic populist opposition based on an estrangement of a middle-class component from the state, demands of moral economy, and a model of pious living. During the 1980s, PAS's Islamist re-orientation won over many Malay students and graduates, trained locally and abroad, and urban activists who were Islamizing via *dakwah*, seeking solace from the effects of rapid capitalist development. PAS opposed the corruption linked to the state's non-transparent privatization of 'mega projects' to cronies and 'Umnoputras'. By personal example, the top PAS leaders enjoined pious living, pitting morality against *maksiat* (vices) – the corruption, arrogance and decadence – of the *tokoh korporat* and *Melayu Baru* elite. In 1990, PAS returned to power in Kelantan in a coalition with an UMNO breakaway faction. Nine years later, PAS, with the help of Muslim NGOs such as ABIM and Jemaah Islam Malaysia, rode an unprecedented Malay revulsion against the Mahathir regime's maltreatment of Anwar, to regain control of Terengganu and became for the first time the leading opposition party in Parliament (Khoo 2003). Today PAS is the best-organized component of a three-party coalition that credibly challenges the dominance of UMNO/BN in national politics. For PAS and many Muslims, as it has been for the non-Muslim voters who support PAS and its non-Islamic partners in Pakatan Rakyat (People's Alliance), the political crises of capitalism in the 1980s and the 1990s were shocking symptoms of a model of Malay modernization turned moral malaise.

Indonesia too suffered a crisis of political economy in the 1980s, when the fall of oil prices robbed the state of its most important financial base, and again in the broader Asian Crisis of the following decade, but Islamic political actors gained little from them. No doubt, in an otherwise highly orchestrated general election in 1982 (Suryadinata 2002), the PPP did benefit from broad-based disenchantment with an increasingly corrupt state, which led to a partial backlash against the state's electoral vehicle, Golkar. But the PPP, along with mainstream Islamic organizations and critical groups on the fringes of social and political life were largely mute on the issue of economic crisis itself; aside from some NGO stalwarts, they contributed little to debates on alternative policies. Yet this crisis led to selective 'deregulation' of the economy, mainly in trade and finance, and the promotion of EOI which signaled a new phase in Indonesia's incorporation into the global economy. Significantly, these policies would give the most politically-connected businesses access to

new international sources of finance; in time their borrowings would cause private-sector debt to spiral out of control. Consequently, the Indonesian economy fared the worst when the Asian Crisis struck (Robison and Rosser 2000).

It was in the latter context that Muhammadiyah leader (and ex-ICMI figure) Amien Rais became a public face of Indonesia's *Reformasi*, and KAMMI, a student organization linked to the Tarbiyah, took a leading role in student demonstrations which emerged when it became evident that Soeharto could not navigate Indonesia through its worst crisis. Afterwards, however, Islamic political actors did little to distance themselves from the corruption and rapacity of New Order elites who prolonged their political lives by reinventing themselves as democrats, via old and new political parties (Robison and Hadiz 2004). The PPP and new parties such as PBR (Reform Star Party) became immersed in elite-level wheeling and dealing, punctuated by regular elections and coalition-building that had more to do with disbursing the spoils of power than with proper governance for all their moralistic rhetoric. Even the PKS – idolized by sections of the upwardly-mobile urban middle class –has not been free of power-broking and allegations of corruption. If there has been a resurgence of Islamic politics it has occurred in Indonesia, unlike in Malaysia, without a true party of the pious.

Though modest, the PKS's electoral success can be taken as an indicator of this resurgence. Other indications come from such developments as Sharia-inspired local government ordinances that would regulate such matters as women's dress, but typically fail to address matters like corruption. The resurgence has been manifest, too, in the emergence of paramilitary organizations that deploy Islamic symbols and claim to protect the *ummah* from vice but are in fact manned by a multitude of street thugs (Van Bruinessen 2002). Among these organizations are the FPI (Islamic Defenders' Front), the FBR (Betawi Brotherhood Front) in Jakarta, and the Korps Hisbullah of Central Java, all known for conducting raids on night spots. In truth, such organizations can potentially draw large numbers of recruits from the sprawling *lumpenproletariat* of Indonesia's crowded and tough urban centres, where unemployment and underemployment remain rampant more than a decade after the economic crisis that claimed Soeharto. There is also the Yogyakarta-based Majelis Mujahidin Indonesia, a front organization for a range of Islamic political actors, including Darul Islamists, who bore the brunt of state repression in the 1980s and

were not absorbed into ICMI. Yet, all this is also indicative of the failure of the social agents of Islamic politics in Indonesia to mount a serious challenge for dominance over the higher reaches of state power and the economy: none can compare with the stature and credibility of PAS in Malaysian politics today.

VII. Conclusion

This essay made historically informed connections between Islamic politics and political economy to explain how trajectories of the former have reached quite different positions in Indonesia and Malaysia. The analytical result is a complex picture that defies easy assumptions about how political Islam has developed in either country, or may develop in any other.

Early political Islam in Indonesia had strong organization and substantial aims. Yet, overshadowed by state secularism and demobilized by brutal authoritarianism, no Islamic force emerged as a credible challenger for state power even when a crisis of capitalism produced mass dissent that replaced Soeharto's New Order with new parameters of formal political contestation. The beginnings of political Islam in Malaysia were marked by weaker organization and milder political tones. Yet, its principal bearer, PAS, although disadvantaged vis-à-vis a 'Malay-Muslim state' that launched socio-economic reform and imposed official Islamization, surged by seizing chances created at two moments of the ruling party's near-implosion. These divergences in trajectories may be traced to processes of state and capitalist transformation that reshaped the social bases of political contestation. Only when such processes and factors external to Islam as religion are taken into account does the rise of Islamic politics that combines populist mobilization with religious idioms and goals become comprehensible.

To explain political Islam in these neighboring Southeast Asian countries in such terms is not fundamentally different from treating political Islam elsewhere. As in Egypt, Tunisia, Algeria, Iran, or Pakistan – the political appeal of Islam and the power of Islamic populism cannot be separated from issues of post-colonial state transformation, pathways of capitalist development, and the destruction of ideological alternatives. The contexts are

comparable, even if historical peculiarities and local specificities add to the complexities of particular situations, as in Southern Philippines or Southern Thailand today. There, one must add the unresolved problems of severe regional inequalities, antagonistic state-Muslim minority relations, and subordinate social identities to see how 'jihadism' is such a terrible misnomer for political struggles rooted in unfulfilled socio-political aspirations.

Where new forms of Islamic populism threaten 'secularism', in Indonesia, Malaysia or elsewhere, it is not the foreignness of the idea of secular government or its 'alleged unintelligibility to the "Islamic masses"' that matters, but typically a regime's economic mismanagement, social failures and political implosions (Azmy Bishara 1995). Nothing in this reasoning vulgarizes Islamic politics as an epiphenomenon of economics: it is accepted that the devout and pious may view social problems in religious terms and seek religious solutions to them. But, precisely because Islam, 'like all great religions, [has] a reserve of values, symbols and ideas from which it is possible to derive a contemporary politics and social code' (Halliday 2000: 133), Islamic politics cannot be divorced from the contemporary and secular needs of those who articulate variants of that politics. To do so is to commit the common error of representing Islamic politics as a phenomenon that flows, as it were, from the religion of Islam itself. Here, hostile portrayal would depict Islamic politics as a defective outgrowth of a flawed religion. Conversely, idealized rendering would praise Islamic politics as an activity enjoined by a perfect religion. Avoiding those two sides of the same coin, it is necessary to see, as Armstrong (2000: 133) has succinctly expressed it, that the special character of Islamic resurgence lies in its political exertion, not so much its doctrinal reassertion.

References

Entries for non-western names are cited and arranged alphabetically according to surnames or first names, without the use of commas except where the first name is an honorific, or where the name follows western convention in the original source.

Abrahamian, Ervand (1991) ‘Khomeini: Fundamentalist or Populist?’, *New Left Review*, 186 (March/April): 102–19

Abuza, Zachary (2003) *Militant Islam in Southeast Asia: Crucible of Terror*, Boulder, CO: Lynne Rienner

_____ (2007) *Political Islam and Violence in Indonesia*, New York: Routledge

Achcar, Gilbert and Drucker, Peter (2004) ‘Maxime Rodinson on Islamic “Fundamentalism”: An Unpublished Interview with Gilbert Achcar’, *Middle East Report*, 233 (Winter): 2–4

Ahmad Fauzi Abdul Hamid (2009) *The New Challenges of Political Islam in Malaysia*, Perth, Murdoch University, Asia Research Centre, Working Paper No. 154 (June) (http://wwwarc.murdoch.edu.au/wp/wp154.pdf; accessed 14 August 2009). No pagination.

Armstrong, Karen (2000) *Islam: A Short History*, London: Phoenix Press

Ayubi, Nazih N (1996) *Over-stating the Arab State: Politics and Society in the Middle East*, London: I B Tauris

Azmy Bishara (1995) ‘Islam and Politics in the Middle East’, in *The Next Threat: Western Perceptions of Islam*, edited by Jochen Hippler and Andrea Lueg, translated by Laila Friese. London and Boulder, CO: Pluto Press, in association with Transnational Institute, Amsterdam, pp. 86–115

Barton, Greg (2004) *Jemaah Islamiyah: Radical Islamism in Indonesia*, Sydney: UNSW Press

Bellin, Eva (2002) *Stalled Democracy: Capital, Labor, and the Paradox of State-Sponsored Development*, Ithaca: Cornell University Press

Bourchier, David (1996) *Lineages of Organicist Political Thought in Indonesia*, PhD thesis, Department of Politics, Monash University

Bourchier, David, and Vedi R. Hadiz (eds.) (2003) *Indonesian Politics and Society: A Reader*, London: RoutledgeCurzon

Colas, Alejandro (2004) 'The Reinvention of Populism: Islamicist Responses to Capitalist Development in the Contemporary Maghreb', *Historical Materialism* 12, 4: 231–60

Dick, Howard (2004) 'The Indonesian Economy in the 1950s: Multiple Exchange Rate, Business Networks and Centre-Region Relations', in *Indonesia in Transition: Rethinking 'Civil Society', 'Region' and 'Crisis'*, edited by Hanneman Samuel, and Henk Schulte Nordholt, Yogyakarta: Pustaka Pelajar

Farish A Noor (2004) *Islam Embedded: The Historical Development of the Pan-Malaysian Islamic Party PAS (1951–2003)*, 2 volumes, Kuala Lumpur, Malaysian Sociological Research Institute

Funston, N. J. (1980) *Malay Politics in Malaysia: a study of the United Malays National Organisation and Parti Islam*, Kuala Lumpur: Heinemann Educational Books (Asia)

Geertz, Clifford (1971) *Islam Observed: Religious Development in Morocco and Indonesia*, Chicago: Chicago University Press

Gunaratna, Rohan (2002) *Inside Al Qaeda: Global Network of Terror*, New York: Columbia University Press

Hadiz, Vedi R. (1997) *Workers and the State in New Order Indonesia*, London: Routledge

Halliday, Fred (1995) '"Islam is in Danger": Authority, Rushdie and the Struggle for the Migrant Soul', in *The Next Threat: Western Perceptions of Islam*, edited by Jochen Hippler

and Andrea Lueg, translated by Laila Friese. London and Boulder, Colorado, Pluto Press, in association with Transnational Institute, Amsterdam; pp. 71–81

Halliday, Fred (2000) *Nation and Religion in the Middle East*, London, Saqi Books

Hamayotsu Kikue (2002) 'Islam and Nation Building in Southeast Asia: Malaysia and Indonesia in Comparative Perspective', *Pacific Affairs*, 75, 3 (Autumn): 353–75

Hamilton-Hart, Natasha (2005) **'**Terrorism in Southeast Asia: expert analysis, myopia and fantasy', *Pacific Review*, 18, 3 (September): 303–25.

Harvey, Barbara S (1977) *Permesta: Half a Rebellion*, Ithaca: Cornell University Southeast Asia Program Monograph No. 57

Hasan, Noorhaidi (2006) *Laskar Jihad: Islam, Militancy, and the Quest for Identity in Post-New Order Indonesia*, Ithaca: Southeast Asia Program Publications, Cornell University

Hefner, Robert (1993) 'Islam, State and Civil Society: ICMI and the Struggle for the Indonesian Middle Class', *Indonesia*, 56 (October): 1–35.

Hirschkind, Charles (1997) 'What is Political Islam?', *Middle East Report*, 205 (October–December): 12–14

Hooglund, Eric (1992) 'Iranian Populism and Political Change in the Gulf', *Middle East Report*, No. 174 (January–February): 19–21

International Crisis Group (2002) 'Al-Quaeda in Southeast Asia: The Case of the "Ngruki Network"', *Indonesia Briefing* (August 8): 3–9

_____ (2005) 'Recycling Militants in Indonesia: Darul Islam and the Australian Embassy Bombing', Asia Report No.92, 22 February**.**

Kessler, Clive (1978) *Islam and Politics in a Malay State: Kelantan 1938-1969*, Ithaca: Cornell University Press

Khoo Boo Teik (1995) *Paradoxes of Mahathirism: An Intellectual Biography of Mahathir Mohamad,* Kuala Lumpur: Oxford University Press, 1995

_____ (2003) *Beyond Mahathir: Malaysian Politics and its Discontents*, London and New York: Zed Books

_____ (2006) 'Islamic opposition in Malaysia: political idiom, moral economy and religious governance', in *Empire and Neoliberalism in Asia*, edited by Vedi Hadiz, London, Routledge, pp. 139–55

Khoo Khay Jin (1992) 'The grand vision: Mahathir and modernisation', in *Fragmented Vision: Culture And Politics In Contemporary Malaysia*, edited by Joel S Kahn and Francis Loh Kok Wah, Sydney: Allen and Unwin, pp. 44–76

Lyon, Margo (1970) *The Bases of Rural Conflict in Java.* Centre for South and Southeast Asian Studies Research Monograph No.3. Berkeley: University of California.

Lubeck, Paul (1998) 'Islamicist Responses to Globalisation: Cultural Conflict in Egypt, Algeria, and Malaysia', in *The Myth of Ethnic Conflict: Politics, Economics and Cultural Violence*, edited by Beverly Crawford and Ronnie D. Lipschutz, Berkeley: University of California Press: 293–319.

Mamdani, Mahmood (2002), 'Good Muslim, Bad Muslim: A Political Perspective on Culture and Terrorism', *American Anthropologist* 104, 3 (September): 766–75.

McVey, Ruth (1981) 'Islam Explained', *Pacific Affairs*, 54, 2 (Summer): 260−87

_____ (2006) *The Rise of Indonesian Communism,* Ithaca: Cornell University Press

Mohamed Nawab Mohamed Osman (2007) 'Towards a History of Malaysian Ulama', S. Rajaratnam School of International Studies Working Paper no.122, Singapore.

Nagata, Judith (1984) *The Reflowering of Malaysian Islam: Modern Religious Radical and Their Roots*, Vancouver: University of British Columbia Press

Nasution, Adnan Buyung (1992) *The Aspiration for Constitutional Government in Indonesia: A Socio-legal Study of the Indonesian Konstituante 1956−1959*, Jakarta: Pustaka Sinar Harapan

Puthucheary, J J (1960) *Ownership and Control in the Malayan Economy*, Singapore: Donald Moore for Eastern Universities Press

Rahmat, Imdadun M (2008) *Ideologi Politik PKS: Dari Masjid Kampus ke Gedung Parlemen*, Yogyakarta: LKIS

Rahnema, Saeed (2008) 'Radical Islamism and Failed Developmentalism', *Third World Quarterly*, 29, 3: 483−96

Raillon, Francois (1994) 'The New Order and Islam, or the Imbroglio of Faith and Politics', *Indonesia* , 57: 197−217.

Robison, Richard (1986) *Indonesia: The Rise of Capital*, Sydney: Allen and Unwin

_____ and Andrew Rosser. (2000) 'Surviving the Meltdown: Liberal Reform and Political Oligarchy in Indonesia', in *Politics and Markets in the Wake of the Asian Crisis*, edited by Richard Robison, Mark Beeson, Kanishka Jayasuriya and Hyuk-Rae Kim, London: Routledge, pp. 171−91

_____ and Vedi R Hadiz (2004) *Reorganising Power in Indonesia: The Politics of Oligarchy in an Age of Markets*, London and New York: Routledge

Roff, William R (1967) *The Origins of Malay Nationalism*, Kuala Lumpur: University of Malaya Press

Roosa, John (2006) *Pretext for Mass Murder: The September 30th Movement and the Suharto's Coup D'etat in Indonesia*, Madison: University of Wisconsin Press

Shiraishi, Takashi (1990) *An Age in Motion: Popular Radicalism in Java, 1921–1926*, Ithaca: Cornell University Press

Sidel, John T (2006) *Riots, Pogroms and Jihad: Religious Violence in Indonesia*, Ithaca: Cornell University Press

_____ (2007) *The Islamicist Threat in Southeast Asia: A Reassessment*, Washington: East-West Centre

Singh, Bilveer (2007) *The Talibanization of Southeast Asia: Losing the War on Terror to Islamist Extremists*, Westport: Praeger

Stark, Jan (2004) 'Contesting models of Islamic governance in Malaysia and Indonesia', *Global Change, Peace & Security*, 16: 2: 115–31

Suryadinata, Leo (2002) *Elections and politics in Indonesia*, Singapore: ISEAS.

Van Bruinessen, Martin (2002) 'Genealogies of Islamic Radicalism in Post-Suharto Indonesia', *South East Asia Research*, 10, 2: 117–54.

Wheelwright, E L (1965) *Industrialisation in Malaysia*, Parkville, Victoria: Melbourne University Press