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ETHNIC RELATIONS IN PENINSULAR MALAYSIA: THE CULTURAL AND ECONOMIC DIMENSIONS

Abstract

This paper looks at the changing ethnic relations in Peninsular Malaysia in terms of the interactions between the state's policies to advance Malay cultural dominance and reduce ethnic economic inequality and the aspirations and actions of the Chinese community. The state of ethnic relations partly will depend on whether the majority of the ethnic members, in particular the ethnic elites, are pursuing separatist or amalgamative strategies and goals, and on whether the rival ethnic groups stand in positions of marked inequality or near equality to each other. In this sense, since the 1969 ethnic riots, ethnic relations have eluded out right conflicts in part because the rival ethnic communities have pursued mainly amalgamative strategies and goals, and in part because the economic inequality gap has narrowed between the Malays and non-Malays. However, the expanding place of Islam in the Malay personal, and hence collective, identity and the relative success in making social classes more multiethnic have added additional complexities to the future of ethnic relations.

Introduction

Ethnicity remains the most potent force in Malaysia even if of late its influence has been somewhat adulterated by other social stratification forces, principally class and gender. The potency of ethnicity lies in its ability to combine both affective and instrumental appeals. As members of distinct and self-conscious cultural communities, Malays, Chinese and Indians naturally were inclined to identify with and treasure their respective languages, cultures and religions, and thus actively strived to preserve and propagate them.¹ Since they share a common pool of generalized symbols and values, the ethnic members would primarily socialize and associate with their own. Ethnicity thus continues to constitute an integral constituent of the individual Malaysia psyche and ethnic membership critically demarcates his/her social life and taste. It follows that the effectiveness of affective appeals originates from the evident passionate

attachments to a particular ethnicity that continue to sway individual identification and pattern of social life.

Passionate attachments are readily excited for the purposes of galvanizing ethnic individuals to preserve, protect and promote their culture, language, and religion. Historically, in Malaysia, the affective appeals also became intimately intertwined with the instrumental pursuit of political and economic goals that aimed to manipulate the system and distribution of rewards in preference of the particular ethnic members. Consequently, because ethnicity combines “an interest with an affective tie”, ethnic groups were more effective and successful than social classes in mobilizing their members in pursuit of collective ends in Malaysia.

In post-independent Malaysia, ethnic relations became entangled and influenced by the rival ethnic communities’ struggle over the cultural constituents of national identity, the share of political power, and the distribution of economic wealth. This paper is divided into two parts. The first part examines the development in the cultural relations and the second part on the economic relations.

The Cultural Dimension

In the Western European experience, the process of nation building was preceded by or coincided with the cultural process of collective identity formation that was grounded in ethnicity. If and when ethnicity formed the basis of nationality, the construction of a national culture/identity almost always would be based on the dominant ethnic group’s culture with the concurrent marginalization, and usually annihilation, of the minority ethnic groups’ cultures (Smith 1986). In most of the Western European nations, assimilation of the minority ethnic groups into the dominant ethnic group culture became the normative historical experience. The tacit conflation of nation and ethnicity largely arose from the emergence of European nations with relatively homogeneous national cultures. Indeed, the tacit conflation entrenched and perpetuated the notion of a nationalism that imagines the nation in terms of a people sharing a common history, culture, language and territory.

In the colonial world, the conflated conception of nationalism powerfully captured the imaginations of most of the national liberation movements. Inspired by

the image of a homogenous cultural nation led to efforts by the dominant ethnic groups in the postcolonial world to fashion national cultures out of their own. A result of this was the proliferation of assimilationist policies in many of the postcolonial nation-states. But, given the multiethnic character of nearly all the postcolonial nation-states, the imposition of assimilationist policies regularly resulted in accentuating the relations between the dominant and minority ethnic groups.

Although Malaysia is an exception to the rule in terms of not pursuing an outright assimilationist policy, the Malays, nevertheless, persisted on the construction of a national culture founded on their culture. The unequal relation between the Malay and non-Malay cultures was formally recognized and written into the 1957 Constitution². This was a radical departure from the colonial period where no one ethnic group's culture was given privileged status and there was no conception of a common national culture. The colonial state moreover practiced an essentially non-intervention policy in the cultural development of the colony and each ethnic group had equal access to and could freely practice their culture in the colonial public space. The postcolonial state played, in contrast, an increasingly interventionist role in the cultural development of the society and actively promoted the public presence of Malay culture.

In post-independent Malaysia, the site of cultural contentions was centered over the status and place of the different ethnic groups' cultures in the public space. To construct a national culture founded on Malay culture necessary would mean the construction of a public space where Malay culture is omnipresence with the non-Malay cultures relegated to the periphery. However, to advance the Malay cultural symbols and Islam in the public space, the state would have to roll back the historically expansive presence of non-Malay cultural symbols in the public space in general and in the urban space in particular. Constitutionally, since the assimilationist notion was abandoned in Malaysia, the predicament was how to advance Malay cultural dominance without alienating the non-Malay communities and violating their rights to practice and to propagate their cultures as guaranteed in the constitution. In short, the ambivalence around the inclusion and exclusion of the non-Malays' cultures constitutes the key predicament in the construction of the modern Malaysian nation.

In the 1960s, the cultural terrain was a fiercely contested arena. This was because, during this period, the majority of Malays and non-Malays held diametrically opposing stances on the cultural, religion and language issues. On the one side, the popular Malay opinion strongly backed the dominant and privileged position of Malay culture in the new nation and expected the state to uphold and promote Malay culture and the official status of Malay language. Consequently, the perceived slow progress made by the state in advancing Malay culture and language led to increasing numbers of Malays, especially the Malay cultural nationalists,³ to become disenchanted with the United Malays National Organization (UMNO) leaders. On the other side, the majority of Chinese vigorously and persistently advocated the equality of status for every culture in the society;⁴ Mandarin as one of the official languages, equal treatment of Chinese culture and religion, and equal recognition of and rights to education in their mother tongue. The Chinese demand for complete equality was powerfully captured in the notion of a “Malaysian Malaysia”. The heated cultural contentions considerably envenomed the ethnic relations in the 1960s.

In the immediate aftermath of the 1969 ethnic riots, the Malay-dominated state proceeded, aggressively, to reconstitute the public cultural landscape. The National Culture Policy was implemented in 1971 to amplify the symbolic presence of Malay culture and Islam in the public space. Also in 1971, the National Education Policy was executed to incrementally make Malay language as the medium of instruction at all educational levels. Indeed, after 1969, the preeminence of Malay culture in the society became a non-negotiable proposition, and questioning it could result in prosecution under the Sedition Act. Conversely, the pro-Malay cultural policies put the non-Malay communities on the defensive and prodded them to safeguard their cultural presence in and access to the public space. In particular, when the state imposed increasing regulations and restrictions on their rights to stage public cultural performances or to acquire land to build Chinese schools and places of worship and burial, it induced the Chinese to mobilize to defend and struggle for their cultural space and rights.

The impact of the state cultural policies on the ethnic relations over the years depends on several factors. One factor is connected to what was the prevailing conception of Malay culture and the elements of the non-Malay ethnic cultures that

could go into the national culture. Another factor has to do with the specific cultural policies formulated and the manner the Malay-dominated state had pursued them. The varying responses of the Malay and Chinese groupings to the state cultural policies constitute another important factor. In the 1970s, pressures from the Malay cultural nationalists pushed the state to strive aggressively to enlarge the presence and function of Malay cultural symbols in the official and public spaces. Since the 1980s, however, pressures from the resurgence of Islam among the Malays led the state to introduce more measures to enhance the “Islamicization” of the society. Simply put, the state allocated funds and established institutions to research on and propagate Malay arts and cultures, “altering them where necessary to fit current ideological and religious sensibilities” (Carstens 1998, p 20). From the Chinese community’s perspective, the cultural policies pursued in Malaysia have oscillated from almost intolerantly “assimilationist” to reasonably accommodating.

Broadly speaking, the impact of the state’s cultural policies and regulations on the relations between the Malay and Chinese communities could be divided into two periods. Between 1971-1990, the cultural relations between the state, thus Malays, and the Chinese were fraught with tensions. Since 1990, however, the cultural relations between the rival communities have turned markedly calm. The changing ethnic cultural relations is poignantly captured by the changing conflicts over Chinese education and by selected aspects of Chinese cultural symbols and practices.

Historically, the Chinese schools had been established, financed and managed by the Chinese themselves and the colonial state had, more or less, left the Chinese education system alone (Tan 1997). For various reasons, the Chinese in Malaysia developed and maintained a very passionate attachment to Chinese education.⁵ The Malays in general viewed, in contrast, Chinese education as detrimental to the development of a national culture and to fostering national unity. In the 1961 Education Act, partly due to the pragmatics of consociation politics, the ruling elites agreed upon a compromise solution; the state will recognize vernacular primary schools but not the Chinese-medium secondary schools. This solution was, however, rejected by a large number of Malay cultural nationalists and Chinese-educated Chinese, but for entirely opposing reasons. The Malay cultural nationalists objected

because they felt strongly that Malay should be the only medium of instruction and that a Chinese education would not help to promote national unity. Conversely, the Chinese-educated Chinese objected because, they argued, they have the rights, as guaranteed in the Constitution, to be educated in their mother tongue.

Chinese secondary schools thus were faced with the options of either giving up Chinese as the medium of instruction in order to be accepted into the national system or to continue to teach in Chinese and remained outside the national system. Faced with the prospects of losing state funding, among other things, 54 out of 71 schools, by the end of 1961 decided to accept the government's terms. The Chinese secondary schools that opted to remain community supported formed the independent Chinese secondary schools system. At the primary school level, the Chinese schools were preserved and converted into National-Type Primary Schools which are permitted to use Chinese as the medium of instruction. Significantly, however, the 1961 Education Act conferred upon the Minister of Education with the arbitrary power to convert the primary Chinese schools into national primary schools (1961 National Education Act, Section 21(2)).

Beginning in 1971, when the state started its gradual conversion of English schools into Malay schools, the demand for Chinese primary education among the Chinese started to gain momentum.⁶ For example, in 1971, 78% (or 413,270) of the total number of students receiving primary school education enrolled in the Chinese primary schools and that figure increase to 87.8% by 1978 (or 498,311) (see Table 1). In 1985, the number was close to 600,000 far exceeding the number of Chinese students enrolled in the national primary schools. The increasing preference for Chinese education is clearly illustrated by the falling enrollment in the "English" primary schools since the implementation of the New Economic Policy (NEP). Indeed, by the 1980s the demand for primary Chinese school education by Chinese of all social classes had broken down the traditional divisions between more urban, middle-class, English-educated Chinese and the Chinese-educated, who included both middle level Chinese businessmen and more rural and working class Chinese (Loh 1984).

At the secondary level, the same trend could be observed; the number of students enrolled in the independent Chinese secondary schools increased from 15,890

in 1970 to 25,047 in 1975, 44,600 in 1982 and 54,690 in 1990. However, even though the enrollment in the independent Chinese schools has increased, the majority of Chinese students continued to enroll in the national secondary schools where the medium of instruction is Malay. Thus, the pattern seems to indicate that the majority of Chinese would enroll their children in the Chinese primary schools and then in the national secondary school; only a minority opted to enroll their children in the independent Chinese secondary schools.

Table 1
Enrolments in Government-assisted primary schools, Peninsular Malaysia

Year	English-medium	Chinese-medium
1965	248408	340724
1970	338799	394166
1975	313060	480984
1978	300753	498311

Source: Ministry of Education

In the 1970s and 80s, the Chinese primary and independent Chinese secondary schools were regularly besieged by political and financial challenges. Politically, there were constant fears that the state would invoke the 1961 Education Act and convert the Chinese primary schools into Malay medium schools. This in effect would mean the death knell for Chinese-medium education as a whole. Also, during this period, the acceptance of Chinese education among the Malay community remained manifestly tenuous and there were determined pressures from the Malay cultural nationalists to abolish the Chinese primary schools. It did not help that the Chinese education issue was periodically exploited by both Malay and Chinese politicians within the ruling coalition and outside to garner political mileage. Financially, the Chinese primary schools, between 1971-78, received only about 7% (or 18 million ringgit) of the total public allocation for education even though they enrolled more than 25% of the total primary school students. The state, in addition, did not build nor allow the Chinese community to build new Chinese primary schools. This led to overcrowded schools in areas that have large concentration of Chinese. By the 1980s, the average number of students per classroom in Chinese schools far exceeded that for the national schools;

50 to 30. In terms of teachers, the schools faced perpetual shortage of qualified teachers and had to continue to depend on hiring temporary teachers. The predicament persisted and worsened as the state had no long-term plan to expand or deal with the issue of training teachers for the Chinese primary schools.

For the independent Chinese secondary schools, the outlook was even more dismal. Not only the government did not provide them with any funding, but instead imposed various restrictions; “refused to approve the establishment of new schools or branches for existing independent schools, replaced permanent permits with temporary permits that require yearly renewal, delayed and obstructed the approval of teaching permits.” (cited in Kua 1990, p.214) Indeed, throughout the 1970s and 1980s, the independent Chinese schools were financially in dire straits. Why underpaid and overworked teachers in the independent Chinese secondary schools persevere can mainly be attributed to their commitment to preserve Chinese education in the society. At the tertiary level, with the introduction of the quota system in 1971, the already limited opportunity of Chinese students to receive a tertiary education further shrank considerably (see Table 2). The fact that the state stopped recognizing the diplomas from independent Chinese secondary schools also meant that graduates from those schools could not enter the public local colleges and universities, unless the students sat for the national examinations.⁷

Table 2
Enrolments in public tertiary education by ethnic groups, Malaysia

Year	Malay Number (%)	Chinese Number (%)	Indian Number (%)
1970	6622 (49.7)	5687 (42.7)	678 (5.1)
1975	20547 (65.1)	9778 (31.1)	1038 (3.3)
1980	29094 (60.4)	15756 (32.7)	2926 (6.1)

Source: Ministry of Education

The rising concern over the future of Chinese education in general, and shrinking opportunities for Chinese students to gain admission into the local tertiary institutions in particular, led to the reactivation of the Chinese Education Movement (*Dongjiaozong*) from 1973-87 (Tan 1992). In the late 1970s, the *Dongjiaozong* led the campaign to establish the privately funded Merdeka University. The campaign gained very strong support from a wide spectrum of the Chinese community.⁸ Nevertheless, even though the *Dongjiaozong* efforts to establish the Merdeka University generated an overwhelming support from the Chinese community, the Malay-dominated state refused to the request on the grounds that it would impede national integration and unity. Subsequently, the Merdeka University Berhad, a company formed to manage the Merdeka University affair, filed a suit against the Government in September 1981. The suit was in the end rejected by the courts. The Chinese frustrations over this rejection were obviously not helped by the state approving the establishment of the English-medium International Islamic University in the early 1980s.

Chinese education became a major source of conflict in the ethnic relations precisely because the Malay-dominated state's attempts to regulate, control and marginalize Chinese education was resisted resolutely by the Chinese community in general and by the *Dongjiaozong* in particular. The conflicts were particularly acute between 1973-1990, and reached a climax in 1987. In September 1987, Anwar Ibrahim, the then Minister of Education, announced the posting of non-Mandarin educated headmasters and teachers to National-Type Chinese primary schools. The Chinese reacted passionately to this policy; they organized school boycotts and rallies, and a large protest meeting attended by Chinese political leaders from all the three major Chinese parties (Carstens 1998, p. 27). On the other side, Anwar's decision was praised and supported by various Malay intellectuals and groups. The UMNO Youth organized a large racially provocative rally held at the national stadium to support the Government's move, while threatening the Chinese with violence. This particular conflict occurred in the context of a growing disunity, and anxieties, within the Malay community arising from a split in UMNO. Claiming that the ethnic tensions were reaching a potentially dangerous level, the state launched Operation Lallang on

October 27 1987. Operation Lallang selectively arrested and detained nearly a hundred and fifty assortments of individuals, including a number of Chinese educationists. Two senior UMNO officials, Najib Razak, the then UMNO Youth leader, who led the provocative rally, and Muhammad Taib, the then Menteri Besar of Selangor, who made menacing remarks on a number of occasions, were not arrested for making racially incendiary statements.

Pressured by the cultural nationalists in the 1970s and then by the Islamic resurgence in the 1980s, the state implemented various policies and projects to advance the presence of Malay cultural and Islamic symbols in the public space. In order to expand the public presence of Malay cultural and Islamic symbols and practices, the state inadvertently encroached into spaces originally occupied by the Chinese cultural and religious symbols and practices. The public standing of Chinese culture became subjected to varying government regulations and control. Thus, the public display of a number of Chinese cultural and religious symbols was strongly discouraged, and gradually marginalized, by the state. In short, with the advent of the 1971 National Cultural Policy, Chinese culture lost much of its historical relative autonomy. This generated much anxieties among the Chinese about the future of their culture in the country. The cultural conflicts were especially heated in areas where there were large concentrations of Chinese, especially in the urban areas. In fact, in the urban areas, the increasing Malay migration from the rural areas further heightened the Malay demands to “Malayize” the urban environment.

Beginning in the 1970s, a resurgence of interests in their traditional performing arts emerged among the Chinese. However, under the new state cultural policies and regulations, in order to stage any public performance a permit had to be obtained from the police. The conflict over the Chinese Lion Dance from the late 1970s to the middle of 1980s best illustrate the differences of conviction between the Chinese community and the Malay-dominated state over the concept of national culture and the place of Chinese culture in the national culture.⁹ Symbolically, the lion dance appealed to the Chinese community on several levels, and it was widely performed during the Chinese New Year. The growing popularity of the lion dance among the Chinese led to the formation of lion dance teams all over the country. In 1974, when the Malaysian

Prime Minister arrived home from his historical visit to China, a lion dance performance was staged to welcome him back. Subsequently, considerable attempts were made by the Chinese to the Government to include the lion dance as a component of the national culture. However, vigorous objections of various Malay groups led the state to reject the Chinese attempts. In 1979, Ghazali Shafie, the then Home Affairs Minister, reiterated that the lion dance was foreign and could never be accepted as part of the national culture. Instead, he suggested changing the Lion Dance to a Tiger Dance accompanied by Malay music. Nevertheless, in spite of the official rejection, the lion dance continued to gain more and more support among the Chinese community and be performed regularly and widely.

While in the 1970s the state cultural policies were most influenced by the Malay cultural nationalists, in the 1980s the state became more pressured by the “Malay Islamic nationalists”. The pressure on the state to be more Islamic was largely due to the opposition Malay party, Pan-Malaysian Islamic Party (PAS), turning to using Islam as its main means to critique the state and to win the Malay votes. Partly to contain and counter the increasing influence of Islam among the Malays, the state expanded its Islamicization policy. The co-option of Anwar Ibrahim in 1981, then the leading Islamic youth leader, into the UMNO and Government was part of the state’s strategy to win over the more Islamic segment of the Malay community. The impact of the state Islamicization policy generated unease and anxieties among the non-Muslim population in general and the Chinese in particular. This was because as part of the expanded Islamicization, certain Chinese practices and symbols deemed offensive to the Muslims were either eliminated from or confined to the periphery of the public space. For example, in certain wet markets, the selling of pork was either banned outright or, if allowed to be sold, they were confined to spaces hidden from the public; frequently a little hidden corner in the car park level. Indeed, there was a generalized attempt by the state to erase the “pig” symbol from the public space, including text books, television, and government cafeterias.

It was the conflict over the places of worship that best illustrate the particular conflict between the Malay-dominated state and the non-Malay community arising from the state attempts to Islamicize the public environment. As part of its

Islamicization policy, the state allocation for building mosques throughout the peninsular increased significantly in the 1980s; as at December 1999 there are 4735 mosques in the peninsular. In contrast, not only non-Muslims efforts to build churches and temples usually did not receive funding from state, but, instead, local councils almost always refused to give permit to the non-Muslims to purchase lands to build new places of worship (Tan 1985). This experience especially affected the Christian community precisely because although their numbers increased significantly in the 1970s and 1980s, they had difficulties getting permits from local governments to buy the land to build their churches. It was because they could not get the land to build churches that resulted in the Christians buying or renting shop lots and converting them into “churches”. The “shop lot churches” phenomenon is most widespread in the Kuala Lumpur-Petaling Jaya areas. More surprisingly, when the Kuala Lumpur Masterplan blueprint was first unveiled, it did not allocate any spaces for the construction of new non-Muslim places of worship and burial. This was especially astonishing given that the majority of Kuala Lumpur residents are non-Muslims.¹⁰

Between 1971-1990 then, the enforcement of the 1971 National Cultural and Educational Policies generated much tensions in the relations between the Malay-dominated state and the Chinese community. On the one hand, the Malay-dominated state took aggressive efforts and steps to raise the presence of Malay culture, religion and language in the public space. The Malay language was gradually made the medium of instruction at all educational levels, and Malay cultural institutions and symbols received generous state support and funding from the public coffers. On the other hand, the state’s perceived prejudiced policies toward Chinese education and culture generated much resentments among the Chinese community. Ethnic anxieties were further worsened in the 1980s as a result of the state expansion of its Islamicization policy as a means to retain the support of the Malay community. A direct consequent of the expanded Islamicization policy was more restrictions imposed on the Chinese cultural practices and symbols in the public space.

Fortunately, in the 1990s, the cultural contentions between the Malays and non-Malays have turned remarkably calm, even cordial. Several factors have contributed to the relative tranquility in the cultural dimension.

An obvious contributing factor is because the state, in the 1990s, is no longer aggressively advancing Malay cultural and Islamic symbols and practices. The state has generally scaled down its promotion and propagation of Malay cultural symbols and language since the pre-eminent status of the Malay language and culture is publicly omnipotent and entrenched. While the Malays generally feel secure about the dominance of their language and culture in the society, the non-Malays have come around to accepting their languages and cultures subordinate position. Thus, despite the periodic objections from certain extreme elements of the Malay cultural nationalists, the state has largely refrained from threatening to deny the Chinese their existing cultural space.

In fact, for pragmatic reasons, there is a growing recognition among the Malay elites to regard the multiethnic character of the Malaysian society as an attractive advantage and asset in an increasingly globalized world in general and the increasing importance of China as a growing economic power in particular. This change in perception has directly benefited Chinese culture and education in the country.

For instance, the state has, more or less, permitted the non-Malay symbols and language to have reasonable access, and even presence, in the public space. In fact, as the state relaxed its intervention in the cultural arena, the Chinese community has taken the opportunity to reclaim more spaces for their cultural symbols and practices. The Chinese cultural revival was clearly enhanced by the globalization process which has enabled them to have access to and to communicate with their cultural counterparts in the world at large. In particular, the opening up of and expanding relations with China have amplified the cultural interactions between Malaysian Chinese and China. The gradual liberalization of Malaysia-China relations have offered the Chinese community more access to their cultural origins and traditions in China such as the regular visits by Chinese cultural troupes and art exhibitions. In addition, privatization of the telecommunications industry and the progress and spread of multimedia technologies have also opened up for the Chinese more avenues for and access to their culture.

In education, various changes in the Malay-dominated state policies and attitudes too have led to the waning anxieties among the Chinese about the future of Chinese education, especially at the primary level. In fact, for now, indications are that

the state generally recognized the value of preserving Chinese education in the country, at least up to the primary level. Indeed, there also seems to be a growing acceptance of Chinese primary schools in the Malay community as exemplified by the enrolment of 35,000 Malay students in such schools in 1999. An important factor is perhaps because the pragmatic Malaysian government recognizes that since China would be a major economic force in the next century, the Chinese-educated Malaysian Chinese, and Malaysians in general, would be a valuable human resource in developing and strengthening the commercial links between the two countries. Nevertheless, while the Chinese today feel secure about the future of Chinese education in the country, it remains difficult for the community to get permits to build new schools and the Chinese primary schools continue to receive disproportionately less public funding.

At the tertiary level, while it remains difficult for Chinese students to get admitted into the public colleges and universities because of the quota system, there are now more opportunities for them in the private education sector. By the latter half of the 1990s, there are nearly 600 private institutions in the country. The private institutions vary from private universities offering degree level courses to small shop lot colleges offering certificate and diploma programs. For degree level courses, there is also a wide variety of twinning programs that students could enroll and receive foreign degrees at a fraction of the actual costs. Moreover, the private colleges and universities are free to choose their own medium of instruction, usually English. Consequently, today, given the opportunities available, any qualified student can obtain a tertiary education — provided one can afford to pay.

Finally, although the state has significantly moderated down its Islamicization policies, the question of the place of Islam in the society poses the most complicated predicament. One factor is because UMNO's arch rival PAS continues to use a rather conservative version of Islam as its primary means to win support from the Malay community. A second factor is because, since the late 1970s, Islam has gradually become the defining source of the Malay personal and, thus, collective identity. The Malay-dominated state hence is pressured to act, or at least portray itself as, Islamic in its competition with PAS for the Malay community support. Thus, both UMNO and PAS have resorted to enforcing more Islamic practices upon directly the Muslims and

indirectly the non-Muslims. As such, further expansion of the Islamicization policies would only generate more anxieties among and alienate the non-Muslims, and probably the moderate Malay Muslims as well.

In the end, the cultural negotiations between the rival ethnic communities remain an on-going process. The two most important factors that would affect the cultural negotiations in the future are the fluidity of Malay identities and its impact on the non-Malays' cultures and the globalization of Malaysian society. In terms of the former, the question is how the changing identification with Islam among the Malays will influence the cultural negotiations in the future. In terms of the latter, the question is how the Malaysian society, the Malay community in particular, will respond to the cultural challenges posed by the globalization process.

The Economic Dimension

More often than not, an individual feels a sense of personal deprivation when one feels that one is receiving less than what one desires and deserves.¹¹ In Malaysia, the economic inequality between the ethnic groups and the prevalence of ethnic stratification and mobilization transformed the personal sense of deprivation into an ethnic collective sense of relative deprivation. This ethnic collective sense of relative economic deprivation was moreover circumscribed by the prevailing discourse that perceived and constructed inequality in the society in predominantly ethnic terms.¹² Malays, hence, routinely compare what they have, what they think they deserve or are entitled to with the other ethnic groups, particularly the Chinese. Accordingly, the Malay-dominated state classified and presented the official data on income and employment pattern in the society in primarily ethnic categories.

The Malays' sense of relative deprivation furthermore became inextricably intertwined with the *bumiputrais* doctrine and the desire to enhance their group worth. The *bumiputrais* doctrine sanctioned the view that Malays have special privileged access to a determinate share of the economy because Malaysia is their homeland and thus they are its rightful owner.¹³ The notion of group worth is a psychological construct rooted in the human requirement that feeling worthy is a fundamental human need (Honneth 1992). Since one's sense of self-esteem is

intimately linked to the social recognition of one's social group, then the systematic denigrative evaluation of one's group would raise doubts in oneself as a being whose characteristic traits and abilities are worthy of esteem. In Malaysia, Malays' experience of personal and collective disrespect because they belong to a "backward" group raised the normative goal of securing group recognition into a powerful driving moral force.¹⁴ Thus, for Malays, their striving for economic parity with the Chinese embodied both material and affective elements.

After independence, due to their historical exclusion from full participation in the economic development of the country, a shared sense of relative deprivation rapidly emerged among the Malays.¹⁵ By the mid-1960s, Malay feelings of being economically deprived had intensified noticeably, especially among the upwardly ambitious Malay civil servants and petty businessmen. The emerging Malay sentiment felt that circumstances were not providing the opportunities and benefits to which Malays were justly entitled as *bumiputras*. Increasing numbers of Malays gradually became disenchanted with and blamed the Alliance Government for not providing adequate assistance and opportunities to improve their life chances. By the late 1960s, the perception that the Government was being manipulated, if not controlled, by the Chinese gained considerable currency among the Malay population. Conversely, increasing number of Chinese also became disillusioned with the Government during this period as well, though for mainly cultural and political reasons.

After an exceptionally racially charged general election campaign, the worsening ethnic relations deteriorated into the ethnic riots on May 13 1969. While the ethnic riots could be attributed to a number causes, and missteps taken by the authorities, it was the shared sense of economic deprivation that evidently influenced the Malay political elites and intelligentsia to single out the ethnic inequality factor (National Operations Council 1969; Mahathir 1970).¹⁶ Indeed, since then, Malay economic backwardness was regularly used to buttress the argument that for Malaysia to enjoy stability and progress in ethnic relations in the future would require narrowing and rectifying the economic imbalances between the ethnic groups.

Economic restructuring along ethnic lines was thus included as one of the two objectives of the New Economic Policy (NEP) which was implemented from 1971-90

(Second Malaysian Plan 1971-75; Mid-Term Review of the Second Malaysian Plan 1971-75). The elimination of ethnicity with economic functions was to be accomplished through the implementation of preferential policies that benefit Malays disproportionately. In social stratification terms, the ethnic restructuring aim to make social classes more multiethnic (Abdul Rahman 1996). Two realities, one economic and the other political, shaped the strategy eventually adopted to redress the ethnic inequality. Economically, the political leaders were cognizant of the distributive limits of the then predominantly agricultural-based economy. Politically, the prevailing consociational politics would eschew any uncompromising means to narrowing the inequality gap. Awareness of the limited economic pie and impelled by the consociational politics led the political leaders to adopt a gradualist strategy to increase Malay economic participation. The gradualist strategy would incrementally uplift the Malay wellbeing such that it would not unduly overburden the non-Malays nor discourage the investments, especially foreign, needed to spur economic growth. In numerical terms, the NEP aimed to increase Malay economic participation to an arbitrary figure of 30% by 1990.¹⁷

The NEP's second objective aimed to eliminate poverty in the society, regardless of ethnicity. In practice, however, the poverty eradication policy deviated from its purported ethnic-blind objective. Given that rural poverty constituted the overwhelming majority of the poor, it was natural that most poverty eradication programs targeted the rural poor. But because inequality was predominantly constructed in ethnic terms, poverty became identified primarily with rural Malay poverty. This led to the formulation and implementation of poverty eradication programs that largely only benefited the rural Malay poor.¹⁸ The non-Malay poor hence were largely neglected in the government poverty eradication policies and were left to fend by themselves. For example, Indian estate workers and Chinese New Villagers in the rural areas have received barely any direct assistance from the government over the years.¹⁹ More importantly, the Orang Asli groups were neglected even though they are *bumiputras* and theoretically should have benefited disproportionately from the NEP (Dentan et al 1997).

Needless to say, the majority of Malays and Chinese had diametrically opposing

feelings about the NEP. While Malays across all classes generally supported the NEP and welcomed the preferential steps taken to increase their community's share of the wealth and economic participation, the Chinese, in contrast, strongly felt that the NEP discriminated against them. But, although the Chinese objected to the NEP, they put up with it because the NEP, it was generally believed, helps to preserve the peace and stability in the country — and thus avoid out right conflicts like that of May 13 1969.²⁰

In a sense, since the implementation of the NEP, the ethnic relation between the rival communities was significantly determined by the type of preferential policies formulated and the manner they were pursued to redress the inequality gap, and the economic circumstances when the policies were implemented.

In the first fifteen years, the preferential policies formulated and the manner they were pursued negatively impacted the ethnic relations. The state initial interventionist and highhanded implementation of the NEP did not do much to ease ethnic relations. The adopted strategy made the state appear inflexible and overbearing. Partly, this was because, to increase Malay ownership of capital and economic participation, the state directly intervened in productive activities and capital accumulation. The state thus established and operated a wide range of productive enterprises as well as set up various Malay equity funds (Jesudason 1988; Mehmet 1986). Consequently, the number of state owned economic enterprises (SOEs) grew from 109 in 1970 to 362 in 1975, 656 in 1980 and 1,014 in 1985, and the size of the public bureaucracy to manage and monitor the much expanded state economic activities ballooned from 140,000 in 1970 to 520,000 in 1983.

In addition, to increase Malay ownership and participation in the private sector, new business regulations were instituted and new bureaucratic bodies created to monitor and influence the behavior of private businesses. The new state regulations and bodies significantly alienated the Chinese in general, particularly the Chinese businesses (Jesudason 1988, pp.134-163). For example, a new general guideline made it harder for non-Malay firms to get new or to renew business licenses if they did not meet the 30% Malay equity ownership requirement. The Industrial Coordination Act (ICA) of 1975 provided the state with the means to implement the equity policy.²¹ The Act stipulated that all non-Malay firms with paid-in capital and reserves funds of more

than RM\$250,000 and more than 25 employees must have 30% Malay equity participation. The ICA also gave the state with wide discretionary powers to deny any firms a license unless the Malay share of its equity was satisfied. Thus, besides the stringent Malay ownership requirement, the implementation of the NEP also increased the direct bureaucratic intervention into the behavior and operation of the private sector.

Unsurprisingly, the adversarial view of the state had a depressing effect on the domestic private investments, which were mostly Chinese investments. Before the implementation of the NEP, Chinese investments comprised 66.9% of all investments in 1971. After 1972, Chinese investments averaged slightly just above 30% before the ICA was enacted in 1975. But from 1975 to 1985, except for 1984, Chinese investments in the manufacturing fell below 30%. Public investment increased, in contrast, dramatically from 1972-85, averaging close to 50% in the early 80s. Total government expenditure share of the GDP increased from 23.7% in 1971 to 40.4% in 1980, and the government sector share of total employment increased from 11.9% in 1970 to 14.4% in 1980, and, peaked, at 15% in 1981.

Nevertheless, despite the low percentage of private domestic investments, spurred by public and foreign investments the economy achieved healthy growth every year in the 1970s, except for 1974 due to the oil crisis. However, due to the world recession, the economic growth slowed down between 1980-1987; the economy grew at an average rate of 4.5% per annum and in fact registered a negative growth in 1985. A result of the slower growth rates during this period was that the unemployment nearly doubled when the jobs created fell short of the increased in labor force; 1.25 million jobs to 1.5 million persons between 1980-1988. Significantly, the slow down in job creation after 1985 fell unevenly on the Malays, especially Malay employment in the modern sector. The 1987 Labor Force Survey revealed that the most affected group was the young Malays with secondary education, including increasing numbers of university graduates.

The growing unemployment, especially among the young Malays with secondary education and above, between 1980-1987, was compounded by the fact that not much headway had been made in restructuring the ethnic pattern of employment.

The majority of the Malays continued to be employed in the agriculture and government sectors; Malay employment in the agriculture sector as a percent of the total Malay employed was nearly 51.3% of in 1980 and 40.7% in 1985 while the government services employed 14.3% and 16.3% respectively (Table 3). The fact that the employment pattern has been restructured but not to any great extent becomes more apparent when one looks at the occupational pattern (Table 4). As expected, a disproportionate number of Malays are still found in the agricultural occupations and, in contrast, they remained under presented in the administrative and managerial occupations. In the professional and technical occupations, while the number of Malay professionals and skilled labor has increased, they are still disproportionately represented in the lower unskilled categories. The glaring Malay under representation was clearly illustrated by the proportion of Malay registered professionals (such as accountants, engineers, doctors and lawyers); in 1985, Malays constituted 8.6% of the accountants, 27% of engineers, 18.1% of doctors, and 16.4% of lawyers (Table 5). As such, the Malay middle class remained an insignificant segment of the Malay community.

In terms of the ethnic ownership of share capital, although the Malay share has increased from 2.4% in 1970 to nearly 19.1% in 1985, the Chinese have also increased their share from 27.2% in 1970 to 33.4% in 1985 (Table 6). However, despite the credible increase in the Malay share, the number of Malay entrepreneurs remained unimpressive. This was because under the “trusteeship” approach the bulk of Malay ownership of share capital was held by the state, directly or indirectly; for example, in 1985, the trustee component took up almost 40% of the Malay share. In other words, the number of Malay entrepreneurs remained under represented. In its poverty eradication goal, the state did manage to bring down the incidence of poverty from 49.3% in 1970 to approximately 22.4% in 1987 (Table 7). Although the gains were impressive, nevertheless, the absolute number of Malays living in poverty remained uncomfortably high.

In the first fifteen years of the NEP then, despite the opportunities generated by the healthy economic growths, for different reasons, both the rival ethnic communities remained largely dissatisfied. While the state’s perceived highhanded intervention in

pushing the preferential policies alienated the Chinese, the Malays remained resentful of the fact that their community continued to receive much less than what they desire and believe they deserve. Progress in the restructuring of employment, one of the key elements in attaining greater ethnic economic equality, remained markedly slow. While increasing number of Malays have entered the modern and high paying sectors, the fact remains that the economic growth did not equally benefit the majority of the Malays. Consequently, large numbers of Malays continued to feel economically deprived and their shared sense of being economically deprived with respect to the Chinese remained very pervasive. As a result, between 1985 and 1987, when the economy was going through a bad patch, the ethnic relations deteriorated rapidly and reached a potentially explosive situation in 1987.

Changes in various policies were already beginning to take shape in the early 1980s when Dr. Mahathir Mohammed assumed the Prime Ministership in 1981. A fundamental shift was to recalibrate the relative importance attached to redistributive objectives with respect to stimulating economic growth. In other words, to encourage a more pro-growth environment a more flexible Malay equity and participation quota requirement was adopted. This was complimented in 1983 by the announcement and implementation of the Malaysian Incorporated (Malaysian Inc.) concept. The idea of a partnership between public and private sectors enjoyed overwhelming support from the business community, especially the Chinese businesses. And parallel to the Malaysian Inc. concept, the conducive environment for the private sector was further enhanced by the government's privatization policy. The main thrust of the privatization policy was to roll back the state's direct participation in the economic activities. The changes in the domestic economic environment fortuitously coincided with businesses in the industrialized countries, particularly Japan, looking to invest overseas. Thus, Malaysia received huge foreign direct investments from the mid-1980s up to mid-1997, before the financial crisis.

Consequently, the Malaysian economy grew rapidly from 1988 to mid-1997; for example, the real annual GDP growth rates averaged over 8% during 1988-1993. In terms of the structure of the economy, by 1989 the manufacturing sector contribution to the GDP had surpassed the agriculture sector; 26% to 20%. The

economic opportunities and wealth created raised discernibly the overall standard of living of most Malaysians. More importantly, this period witnessed both a dramatic jump in Malay capital ownership and participation in the modern sector, and as well as greatly benefited the non-Malay community.

In terms of ethnic ownership of share capital, the Malay share has increased from 19.1% in 1985 to 20.6% in 1995 and the Chinese share from 33.4% in 1985 to 40.9% in 1995 (Table 6). However, the official figure for the 20.6% Malay share, announced by the state, is hotly disputed by the non-Malays. The crux of the dispute is over where the nominee companies' share should be included. If the nominees' share were included in the Malay portion, then the Malay share would have reached nearly 29% in 1995 meaning that Malay ownership has pretty much reached the 30% target. Perhaps, more importantly, the implementation of privatization since 1983 has developed a sizable and vibrant Malay business community in general and a number of big-time Malay corporate businessmen in particular. The development of a vibrant Malay business community is shown by the fact that individual Malay ownership of share capital has impressively surpassed the Malay trustees ownership; in 1995, individual Malay ownership made up nearly 90.3% of the total Malay share (Table 6).

Since 1990, not only has the Malaysian economy achieved full employment but also that the economy has been experiencing a major of labor shortage problem. In 1997, the estimated number of foreign workers was nearly 2 million, including both legal and illegal workers, or about 20% of the total labor force. The overall trend in the employment pattern suggested that the objective to eliminate the ethnic group identification with economic functions has made considerable gains. Compared to the past when the overwhelming majority of Malays were employed in the agricultural sector, in 1995 the sector accounts for only 22.2% of the total Malay labor force (Table 3). Indeed, more Malays are now employed in the manufacturing (24.9%) and other services (24%) sectors. For the Chinese, the three largest sectors where the Chinese are found are wholesale/retail (27.7%), manufacturing (26.4%), and other services (13.8%). In terms of employment by occupations, production and agricultural workers constituted the two largest concentrations of Malay workers, 27.5% and 25.3% respectively (Table 4). For the Chinese, the two occupations with the largest

concentration of Chinese workers are production (37.2%) and sale (19.3%). Malays constitute the largest ethnic group in all occupations except for administrative and managerial and sale occupations where they made up about a third of the total work force.

Clearly then, the ethnic restructuring of employment has made impressive progress such that the ethnic identification with economic functions no longer exists. The trends in the registered professions by ethnic group clearly revealed the success in creating a professional Malay middle class (Table 5). In 1995, nearly one in three architects, lawyers, dentists, doctors and engineers are Malays, and there are more Malay surveyors and veterinary surgeons than Chinese or Indians. The only profession that Malays remained severely under presented is accountancy.

The mean household income has grown impressively for all ethnic groups; for the Malays from R172 in 1970 to R492 in 1979, R940 in 1990 and to an impressive R1600 in 1995, and for the Chinese from R394 to R938, R1631 and R2896 respectively (Table 8). Importantly, the difference between the Malay and Chinese household mean income disparity ratio generally has declined from 2.29 in 1970 to 1.74 in 1990, although the figure increase to 1.81 in 1995. State efforts to eradicate poverty in the country has also achieved credible success; the incidence of poverty has declined from a high of 49.3% (or 791,000 households) in 1970 to 15% (or 448,900 households) in 1990 and to 5.4% (or 183,100 households) in 1995 (Table 7). However, the progress made in the eradication of poverty assumed a single definition of poverty for the whole peninsular; it does not take into account the differential costs of living between the rural and urban setting.

Thus, in the 1990s, impressive progress has been made in terms of equalizing the economic disparities between the Malay and non-Malay communities, and as well as alleviating the standard of living of every Malaysian regardless of ethnicity. Malay horizontal and vertical participation in the economy has expanded substantially, especially in the modern sector. The preferential policies have created a more broad-based differential Malay employment structure and, above all, has successfully nurtured a significant Malay middle-class and business class (Abdul Rahman 1996). Nonetheless, while the state has successfully narrowed the inter-ethnic inequality gap

and reduced considerably the poverty level in the country, the income gap between the richest and the poorest groups has widened in the 1990s. A looming class inequality has plagued all the ethnic groups. Intra-ethnic group inequality has emerged as a result of the uneven distribution of benefits among the classes across all ethnic groups. For example, the intra-Malay inequity has grown very skewed and getting worse in the late 1990s largely because the state has unduly focus its energy on creating a Malay corporate business class (Jomo et al 1995).

How has the progress made in restructuring the employment and ownership pattern affected ethnic relations in the 1990s? Generally speaking, the frictions in the economic relations between the rival ethnic communities have eased during this period. The impressive economic growth has raised the standard of living of the population as a whole and greater ethnic economic equality has been achieved with the successful restructuring of employment and ownership pattern. The relative success in making social classes more multiethnic means that there now exists, among other things, a significant Malay middle class. Also, the existence of a discernible Malay corporate business class means that one can no longer simply accused the Chinese of hogging the wealth. An unintended consequence is that the growing class inequality within the Malay community has obviously contributed to weakening the solidarity within the community and thus vis-à-vis the Chinese community. Indeed, a growing Malay criticisms of corruption and cronyism in the Malay community has emerged and, since the Anwar crisis in September 1998, has gained considerable momentum. The criticisms appeared to have contributed to the declining support for UMNO precisely because the party is no longer perceived to be the protector and benefactor of the ordinary Malay interests.

Nevertheless, although the emerging class differentiation within the Malay community has introduced traces of class frictions in the community, the articulation of inequality in ethnic terms remains predominant. Partly, this is because the UMNO-Malay dominated state continues to subscribe to, use and apply the ethnic construction of inequality. While it is true that increasingly more Malays are critical of the way the NEP has, and is, been implemented today, it remains evident that the community's support for the preferential policies remains overwhelming. In fact, parallel to the

growing Malay criticisms of corruption and cronyism there is also a growing Malay support to revise the 30% quota upwards (Zainal Aznam 1991). Support for the idea of “ethnic proportional equality” that reflects the racial composition of the population has gained currency in the 1990s. Most importantly, the state has not made any substantive moves to remove and dismantle the instruments and institutions that were put in place to implement the NEP preferential policies.

The rationale behind the collective sense of relative deprivation is the subjective experience of the group comparing what they have to what they believe they deserve or are entitled to. In so far as the majority of Malay individuals continue to identify with their community’s feeling that there is an unacceptable gap between what they have and what they believe they deserve and are entitled to, an ethnic shared sense of relative deprivation will persist.²² It follows that the emerging Malay criticisms of corruption and cronyism must not be interpreted to mean a rejection of the preferential policies, but, rather, simply mean growing Malay resentments over the way the preferential policies have been used to benefit a few. Indeed, there is a growing Malay support for a larger share of the economic pie. Moreover, entrenched material and affective interests would ensure continual Malay support for preferential policies that benefit them disproportionately. The preferential policies that continue to discriminate Malaysians based on the color of their skin will remain a thorn in the relations between the rival ethnic communities.

Conclusion

Since 1990 then, the ethnic relations in Malaysia have been remarkably stable and even congenial. The rapid economic growth has enabled the state to pursue its ethnic redistributive policy without unduly overburdening the non-Malays. In the cultural arena, the state has relaxed its pro-Malay policy while allowing the Chinese culture more access and room in the public space. In general, out right conflicts have been avoided because both the rival ethnic communities were willing to give concessions and the economic inequality gap has discernibly narrowed between the Malays and non-Malays. Indeed, the ruling coalition party won an unprecedented victory at the polls in 1995, with substantial support from the Chinese community for the first time. The question, then, is the prospects of the ethnic relations in the future.

In the economic sphere, given the entrenched interests and the institutionalization of the pro-Malay policies, coupled with continued prevalence of the ethnic sense of relative deprivations, it would be extremely difficult for the state to reverse its ethnic-based formula without a backlash. Since growth will eventually slows down as the economy approaches maturity, it will become increasingly difficult for the state to maintain the existing pro-Malay policies without unduly overburdening the non-Malays. Perhaps, at some point down the road, when a reasonable ethnic economic parity has been realized the UMNO will have to convince itself and the Malay community that the pro-Malay redistributive policy be replaced with an income-based policy. If at that time the bulk of the poor continue to be Malays, then they would constitute the majority of those who would receive help from the government. The middle and upper Malay social classes, regardless of ethnicity, by and large should fend for themselves.

In the cultural arena, the biggest challenge to the stability of ethnic relations is the interrelated issue of how Islam will reconfigures the Malay identity as the community confronts modernity and how the state will response to the Islamic reconfiguration of Malay identity. The non-Malays would naturally be anxious of any moves by the state to further Islamicized the society. Perhaps, the continuing integration of Malaysia into the global society will encourage the state to maintain a more liberal and open cultural policy.

In general then, ethnic relations in Malaysia have been relatively congenial precisely because extremism and intolerance, factors that can undermine the stability of society, have been soundly contained in Malaysian society. Nevertheless, one must remember that when ethnic members are besieged by a sudden wave of anxieties and frustrations, they could become susceptible to extremists' ranting. And ethnic members become highly susceptible to extremists' ranting during periods of political, economic and cultural crises because crises would besiege a community with obsessive uncertainties and anxieties. If and when extremists' ranting assumed currency the society would experience the erosion of the foundation of tolerance without which the stability of ethnic relations would be severely tested — and might not be sustained.

NOTES

1. In 1991, Malays made up 57.4%, Chinese 29.4%, and Indians 9.5% of the total population in the peninsular. Generally speaking, Malays are Muslims and speak Malay, Chinese are Taoist-Buddhists and speak a variety of Chinese dialects (including Mandarin), and Indians are Hindus and Tamil is their dominant mother-tongue (Population and Housing Census volume 1, 1991). In the official discourse, the rivalry is presented in terms of *bumiputra* versus *non-bumiputra* which tacitly conveys the impression that all the indigenous groups share similar interests and objectives. This of course is not the case. For example, the non-Muslim indigenous groups in East Malaysia and the Orang Asli in the peninsular obviously do not subscribe to the Malays' cultural goals (Loh and Kahn 1992: chpt. 10).
2. Article 3 stipulates that Islam is the religion of the country, but other religions may be practiced in peace and harmony in any part of the country. Article 152 specifies that the Malay language shall be the national language but at the same time "no person shall be prohibited or prevented from using (otherwise than for official purposes) or from teaching or learning, any other language."

3. Malay teachers were perhaps the single most important source of Malay cultural nationalism. In the mid-1960s, the Malay National Language Action Front was formed to hasten the process of making Malay as the national language.
4. Most of the supporters for complete Chinese cultural equality came from the Chinese-educated Chinese. Pressures for the recognition of Chinese as an additional official language thus came from the Chinese school teachers and the various Chinese guilds and associations.
5. A few of the reasons are; Chinese want to preserve their mother tongue, want to know their roots, and want to their culture to continue and language is part of and a means to their culture.
6. In the sixties, the trend was more and more Chinese sending their children to the English schools because of the perceived material advantage of acquiring an English education. In contrast, the rising popularity of Chinese education since 1971 could be attributed partly to cultural loyalty and partly to material reasons.
7. This was compounded by the fact that the state also relinquished its recognition of Taiwanese degrees which was the major country where the Chinese-educated students could further their studies. In later years, the independent secondary Chinese schools redesigned their curriculum such that their students could sit for both the Unified Examinations and the national examinations. The irony is that today the Unified Examinations are recognized by numerous American, British, Australian, and Singaporean tertiary institutions but remained unaccepted by the Malaysian Government.
8. The idea to establish the Merdeka University was first broached in the late 1960s. The main aim of the Merdeka University was to cater mainly, not exclusively, for graduates from the independent Chinese schools. Though Chinese would be the main medium of instruction but not the sole medium as Malay and English would be used as the medium of instruction for certain course, for example, law. The *Dongjiaozong* launched an intensive fund raising and petition campaign to support the establishment of Merdeka University.

9. A lively debate over the notion of “national culture” and the place of Chinese culture in the national culture was conducted in 1984 in the pages of The STAR, an English daily. See Kua (1985) *National Culture and Democracy*.
10. Interestingly, the Putra Jaya Masterplan, the future administrative city, too does not allocate spaces for the construction of non-Muslim places of worship and burial. The difference here perhaps is that it will not affect the non-Muslims that much since it is a new township and most of the civil service employees are Malay Muslims.
11. Here I am using the concept of relative deprivation. Generally, relative deprivation refers to the gap between what people have and what they believe they deserve, or have a right, to have.
12. In the 1960s, the most important rival to the ethnic construction of inequality was probably the socialist class analysis. But, since the 13 May 1969 ethnic riots, the UMNO’s ethnic construction of inequality in the society has predominated.
13. The connection between special position and privileged access to economic goods is, more or less, spelt out in Article 153 of the constitution.
14. Horowitz (1985) used the concept of group worth to explain ethnic conflicts and Sloane (1999) provides an excellent analysis of the ways the ‘new Malays’ (*Melayu Baru*) used group worth as a means to pursue economic ends.
15. A salient historical feature of the Malaysian economy was the acute economic disparities between the Malays and the Chinese. In terms of ownership of capital, though the foreigners owned most of the private capital, Chinese as the “economic middleman” dominated the small and medium businesses and employment in most of the modern sectors and at nearly all occupational levels. The vast majority of Malays, in contrast, resided in the rural areas and worked in the traditional agricultural sector. Relatively then, the Chinese because of their location and function in the economic system were perceived by the Malays to be wealthy and in control of the economy.
16. Until today there is no thorough study of this tragic episode in Malaysian history. By and large the official version has remained unchallenged, although

in the aftermath of the Anwar crisis in September 1998 Marina Yusof, a former UMNO supreme council member, has alleged that certain elements in UMNO were responsible for instigating the rioting. This view was also suggested by von Vorys (1975), especially pp 308-338, and Slimming (1969).

17. Needless to say, 30% is an arbitrary indicator. The figure perhaps was needed by the bureaucrats for planning purposes. Bureaucratic rationality demands a quantifiable goal to work towards. Thus, if and when Malays' expectations increases then there is no reason they would not raise the question of why not a figure that commensurates with the ethnic demographic representation.
18. In the Malaysian Plans and various other government poverty studies — and poverty studies conducted by mostly Malay scholars — the overwhelming focus has been on rural Malay poverty, and Malay poverty in general, with hardly any mention of non-Malay poverty. Additionally, the electoral system in Malaysia is weighted in favor of the rural constituencies and thus to win the rural Malay votes UMNO would have to deliver the goods to some extent. In fact, studies have shown how the poverty eradication programs were used by the ruling coalition, especially UMNO, to reward their supporter disproportionately (Shamsul 1986; Mehmet 1986).
19. See Lim (1994) for an interesting study of poverty and household economic strategies in New Villages. Perhaps, today, the single most important neglected problem is that of the development of an Indian underclass in the urban areas. For a number of reasons, more Indians have migrated to the urban areas over the last ten years.
20. The NEP has achieved almost a taboo status in the interaction between Malays and non-Malays. Non-Malays would almost never express what they really feel about the preferential policies to their Malay “friends” precisely because Malays generally get very upset if the preferential policies are criticized. The almost diametrically opposing views are frequently and clearly articulated in the cyberspace.
21. Guidelines for Equity Participation under the Industrial Coordination Act, 1975.

22. The lack, and problems, of inter-ethnic class solidarity is illustrated in various studies, for example Boulanger (1992).

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Table 3
Employment by Economic Sector and Ethnic Group, Malaysia (percentages)

	Malays		1985 Chinese		Indians		Malays		1995 Chinese		Indians	
	a	b	a	b	a	b	a	b	a	b	a	b
	Agriculture	75	40.7	15.5	14.8	8.8	30.8	60.1	22.2	11.7	7.5	6
Mining	50.5	1	37.8	1	9.5	1	57.5	0.5	22	0.4	10.5	0.6
Manufacturing	45.8	12.1	42.8	19.9	10.9	18.5	49.8	24.9	30.4	26.4	11.2	36.5
Construction	42.2	5.6	51	11.9	5.8	4.9	37.4	6.4	41.1	12.3	4.7	5.3
Electricity	72.6	1	10.3		15.6	1.3	72.1	1.1	10.4	0.3	11.1	1.1
Transport	52.4	3.9	33.9	4.5	13	6.3	53.2	5.2	29.4	4.9	11.7	7.4
Wholesale	36.4	10.3	55.2	27.6	7.8	14.3	36.5	11.6	50	27.7	6.1	12.7
Finance	41.1	2.5	46.4	5	10.6	4.1	45.1	4.1	42.3	6.7	9.3	5.5
Government	66.7	16.8	24.3	10.8	8.5	13.8						
Others	66.8	6.4	24.2	4.1	8.5	5.2	64.4	24	21.4	13.8	6.8	16.5

Notes: a = percentage of ethnic group employed in sector as percentage of total employed in the sector.

b = ethnic group employed in sector as percentage of total ethnic group employed

Source: Mid-Term Review and Malaysian Plans, various volumes.

Table 4
Employment by occupation and ethnic group, Malaysia (percentages)

	1970						1985					
	Malays		Chinese		Indians		Malays		Chinese		Indians	
	a	b	a	b	a	b	a	b	a	b	a	b
Professional an technical (including teachers and nurses)	47.1	4.3	39.5	5.2	10.8	4.9	56.4	7.3	30.7	7	10.9	9.1
Administrative and Managerial	24.1	0.5	62.9	1.9	7.8	0.8	28	1.1	63	4.4	5	1.2
Clerical workers	35.4	3.4	45.9	6.3	17.2	8.1	55.1	9.2	35.5	10.5	8.9	9.6
Sale workers	26.7	4.7	61.7	15.3	11.1	9.5	36.9	6.6	57	17.9	6	6.8
Service workers	44.3	6.8	17.3	8.6	14.6	10.9	58.7	11.7	30.2	10.6	10	12.8
Agriculture workers	72	62.3	55.9	21.2	9.7	41	76.5	41.3	15.2	14.4	7.8	27.1
Production workers	34.2	18	55.9	41.6	9.6	24.7	47.5	22.8	41.3	35.1	10.8	33.3
	1990						1995					
	Malays		Chinese		Indians		Malays		Chinese		Indians	
	a	b	a	b	a	b	a	b	a	b	a	b
Professional an technical	60.5	10	29.1	7.8	7.7	7.9	64.3	12.7	26.2	8.9	7.3	9
Teachers and nurses	68.5	4.3	24.6	2.5	6.4	2.5	72.3	4.9	20.5	2.4	6.6	2.8
Administrative and Managerial	28.7	1.3	62.2	4.7	4	1.1	36.1	1.9	54.7	4.9	5.1	1.6
Clerical workers	52.4	9.7	38.6	11.6	8.6	9.8	57.2	11	34.4	11.5	7.7	9.3
Sale workers	29.9	6.5	58.4	20.7	6.8	9.2	36.2	7.8	51.9	19.3	6.5	8.8
Service workers	57.8	12.7	26.8	9.6	9.5	12.9	58.2	13.8	22.8	9.3	8.7	12.9
Agriculture workers	69.1	37	13.8	12	7.3	24.2	63.1	25.3	12.9	8.9	7.5	18.8
Production workers	43.6	22.8	39.6	33.6	10.8	34.9	44.8	27.5	35	37.2	10.3	39.6

Notes: a = percentage of ethnic group employed in this occupation as percentage of total employed in the occupation.

b = ethnic group employed in occupation as percentage of total ethnic group employed.

Source: Mid-term Review and Malaysian Plans, various volumes.

Table 5 : Registered Professionals by Ethnic Group (percentages)

	1980			1990			1995		
	Malays	Chinese	Indians	Malays	Chinese	Indians	Malays	Chinese	Indians
Accountants	7.4	77.9	7.2	11.2	81.2	6.2	16.1	75.2	7.9
Architects	10.7	86.5	1.3	23.6	74.4	1.2	27.6	70.7	1.5
Dentists	10.3	65.7	21.3	24.3	50.7	23.7	30.9	45.7	21.9
Doctors	9.7	43.7	41.7	27.8	34.7	34.4	33.4	32.1	32
Engineers	18.5	71.3	6.3	34.8	58.2	5.3	38.1	55.2	5.2
Lawyers	14.8	48.5	35.4	22.3	50	26.5	29	43.3	26.6
Surveyors	31.2	58.7	7.2	44.7	49.6	3.7	48.3	45.6	3.2
Veterinary surgeons	17.8	27.8	46.5	35.9	23.7	37	40.2	23.7	33.5

Source: Malaysian Plans, various years.

Table 6
Malaysia: Ownership of Share Capital (At par value) of Limited Companies (percentages)

Year	Total value Ringgit million	Malaysian residents			Nominee companies	Chinese	Others	Total	Foreign residents
		Malays/Bumiputeras Individuals	Trustees	Total					
1971	5329.2	2.6	1.7	4.3	6	27.2	0.8	38.3	61.7
1980	32420.4	4.3	8.1	12.4			40.1	52.5	47.5
1985	77964.4	11.7	7.4	19.1	7.2	33.4	14.3	74	26
1990	108377.4	14.1	5.1	19.2	8.5	45.5	1.4	74.6	25.4
1995	179792	18.6	2	20.6	8.3	40.9	2.5	72.3	27.7
1998	294576	17.7	1.7	19.4	7.1	38.5	3.2	68.2	31.8

1. Individuals includes institutions such as Amanah Saham MARA, Tabung Haji, Cooperatives .

2. Shares held by MARA, PERNAS, UDA, SECs, FIMA, Bank Bumiputra,

3. Excludes shares held by Federal, state and Local Governments.

Source: Malaysian Plans, various volumes.

Table 7
Incidence of Poverty, Peninsular Malaysia

	1970	Year 1980	1990	1995
Incidence of poverty (%)	49.3	29	15	5.4
Number of households (thousands)	791.8	635.9	448.9	183.1
incidence of hardcore poverty (%)			3.6	1.8
Number of hardcore poverty households			107.3	61
Total number of households	1606	2193	2986.4	3390.2

Source: Mid-Term Review and Malaysian Plans, various volumes

Table 8
Mean income "disparity ratios" and absolute difference in mean household
incomes of major ethnic groups, Peninsular Malaysia (ringgit/current prices)

Ethnic group	Year					
	1970	1976	1979	1984	1990	1995
Malay (M)	172	345	492	852	940	1600
Chinese (C)	394	787	938	1502	1631	2895
Indian (I)	304	538	756	1094	1209	2153
C-M Disparity Ratio	2.29	2.28	1.91	1.76	1.74	1.81
I-M Disparity Ratio	1.77	1.56	1.54	1.28	1.29	1.35
Differences of C-M mean incomes	222	442	446	650	691	1295
Differences of I-M mean incomes	132	193	264	242	269	553

Sources: Household Incomes Survey, various years.

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