The Role of the State in Managing Ethnic Tensions in Malaysia

A Critical Discourse

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In most multiethnic developing societies, the state attempts to play a crucial role in managing ethnic tensions and reconciling diverse ethnic interests by undertaking relevant policies and programs. Malaysia is a classic case where there is a coexistence of some major ethnic groups with distinct identities and where the state has used wide-ranging preferential policies to manage ethnic problems. In fact, the formation of the state itself is largely founded upon ethnic politics and characterized as an "ethnocratic state" or "ethnic democracy." This article examines the origin and rationale of ethnic preferences, major domains of ethnic contestation and state intervention, critical impacts of such ethnic preferential policies, and possibilities to replace such preferential policies by alternative policy measures in Malaysia.

Keywords: *Malaysia; state; ethnicity; politics; critique*

In human societies, there are multiple layers of identities and interests, including class, race, gender, caste, religion, and occupation, which largely shape the nature of state formation and affect the agenda of state policies. Because the composition and primacy of these diverse categories of human identities and interests vary among societies and epochs, the formation and mission of the state also differ depending on the concrete sociohistorical conditions. Conversely, based on its relative autonomy from the contending group interests, the state itself plays a critical role in forming and transforming the social and national priorities of each of these categories, especially race, class, and gender. In the current age, with the collapse of the state-centric Cold War, diminishing role of nation-state under intensive globalization, and declining significance of class question under all-pervasive market ideology, there has been a worldwide revival of social strife and violence due to the clashes of human interests or preferences based on ethnic or racial identities (Berberoglu, 2000; Chirot, 2000; United Nations Research Institute for Social Development [UNRISD], 1994).

AMERICAN BEHAVIORAL SCIENTIST, Vol. 47 No. 3, November 2003 240-266
DOI: 10.1177/0002764203256186
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The well-known examples of such conflicts include Afghanistan, Bosnia, Chechnya, Ethiopia, India, Indonesia, Kosovo, Liberia, Palestine, Rwanda, Somalia, Sri Lanka, Sudan, and so on (Bowen, 1996; Chirot, 2000; Young, 1994). Many of these conflicts represent a complex mixture of various dimensions of ethnicity, including race, religion, and language.[1]

Although the origins of most of these multiethnic societies in the developing world can be traced back to the forced colonial migration, postwar reconfiguration of political geography, and postcolonial nation-building based on territorial integration, the recent eruption of ethnic conflicts coincided with the sudden dissolution of a hegemonic ideological structure of the Cold War (Bowen, 1996; Young, 1994). However, the form and severity of ethnic strife may vary among states and territories depending on the past legacy of interethnic tension, geographic distribution of ethnic groups, degree of intergroup differences and intragroup cohesion, and more importantly, capacity and commitment of the state to resolve such conflict through appropriate policies and programs. Due to these variations in factors affecting the possibility of conflict and harmony among ethnic groups, the same set of state policies may have different outcomes in terms of the success and failure of such policies depending on these varying contexts (Bowen, 1996). The remedial ethnic policies (affirmative action) practiced by the United States are unlikely to produce similar outcomes in Sri Lanka, which is characterized by a different pattern of ethnic legacy, territorial ethnic distribution, availability of resources to assist minority groups, and so on.[2] As mentioned above, the nature of the state itself is a reflection of ethnic realities in society.

Despite the fact that the state often represents or reflects the prevailing structure of ethnicity in society, in general, a relatively autonomous and strong state can play a critical mediating role to manage interethnic fissure, especially by undertaking necessary constitutional, legal, and administrative measures to guarantee an equitable distribution of economic resources and political power among various ethnic groups and the recognition of their social, cultural, and religious identities. Although each multiethnic state, in the ultimate analysis, is managed by individuals with specific ethnic identities—which questions the Weberian notion of state as a legal-rational actor—it can still maintain some degree of neutrality, play the role of a neutral arbitrator among contending interests of various ethnic groups, and accommodate their diverse needs and demands (UNRISD, 1994). Unfortunately, in many instances, the state itself is engaged in serving the interests of dominant ethnic group(s), undertaking policies that exacerbate rather than mitigate racial tensions, and pursuing violent acts against ethnic minorities. This has been one of the main reasons behind some of the recent ethnic uprisings in various cases.

Among ethnically diverse, developing countries, there are cases such as Malaysia, which experienced the colonial and postcolonial construction of a

multiethnic society but remained relatively free from any severe conflict based on race, religion, and language in the post–Cold War period. In fact, Malaysia is a classic case that represents the coexistence of some major ethnic groups with distinct racial, linguistic, religious, and cultural identities and perceptions (S. J. Abraham, 1999), and it has used wide-ranging state policies and rules in various sectors to address critical problems and issues related to ethnicity. According to Crouch (2001), since the 1960s, almost all policy issues in Malaysia have been affected by ethnicity, including "language, education, government, employment, business licenses, immigration, internal security, foreign policy, or virtually everything else" (p. 230). In fact, the structural composition and ideological legitimation of the state itself—including its political and administrative spheres—is largely founded on ethnic identities. The expansive role of the state in managing, reinforcing, and reengineering ethnic identities in Malaysia is considered one of the major research interests in the realm of Asian politics.

Because of this ethnicity-laden nature of the state in Malaysia—especially in terms of its role in practicing ethnic preferential policies in favor of the ethnic majority (Malays)—it has been characterized as "ethnocratic state" and its political system as "ethnic democracy" or "consociational democracy" (Chua, 2000; Yeoh, 1999). Geoffrey Stafford (1999) considers the ethnicized political approach in Malaysia a classical example of consociationalism articulated by Arend Lijphart—the model interprets such a political system favorably, because under this system, the structure of ethnic composition in society is reflected or represented in the structure of political parties and institutions to reduce interethnic tension and enhance social harmony (Lijphart 1977; Stafford, 1999). However, according Yeoh (1999), after decades of practicing this so-called consociational politics, Malaysia remains a "deeply divided society" with intensive socioracial cleavages. At this point, it is necessary to mention that among the local scholars, with few exceptions, there is a common tendency to support or oppose these ethnic preferential policies depending on the ethnic backgrounds of scholars themselves.[3] Thus, despite the availability of ample literature on the issue, there is still a need for its further study from a relatively neutral or objective perspective.

The main focus of this article is on the role of the state in managing ethnic issues and problems in such a significant case as Malaysia, where ethnicity affects almost every dimension of life. More specifically, the article includes the following major components: (a) a brief background of the origin and nature of an ethnic polity in Malaysia and the rationale of its ethnic preferential policies; (b) an analysis of the major domains of ethnic contestation and state intervention (e.g., in politics, administration, business, education, culture, and religion) in this country; (c) a critical evaluation of the effectiveness and impacts of such ethnic preferential policies; and (d) an examination of major causes and constraints in relation to the possibility of replacing these preferential policies by alternative policy measures in Malaysia.

FORMATION OF A MULTIETHNIC POLITY IN MALAYSIA: BACKGROUND

In general, for each social group, the racial identity is observable from its physiognomic features, religious identity is discernible from its dominant religious beliefs, linguistic identity can be found in its spoken dialects, and caste identity is defined in terms of its inborn position in the caste structure. In different societies, these identities overlap in diverse combinations. For instance, the same race may speak different languages (India) or various races may speak the same language (United States); the same religion can be practiced by various races (South Africa) or different religions may be followed by the same race (Sudan); and the same language can be used by various religious groups (Sri Lanka) or diverse languages may be used by the same religious group (Pakistan). In the case of ethnic identity, however, the same group of people usually possesses similar racial, religious, linguistic, and even cultural backgrounds. In other words, ethnic identity is much deeper or more intensive in the sense that it comprises identical multiple features in terms of race, religion, language, and culture. Thus, each of these categories represents only one aspect of ethnicity (Eriksen, 1993).

In Malaysia, according to Census 2000, of the total population of nearly 22 million, 94.1% were citizens. It is estimated that of the total number of Malaysian citizens, the Malays and other indigenous groups constitute 65.1%, the Chinese 26.0%, Indians 7.7%, the remaining others 1.2% (see Department of Statistics, 2002). In terms of religion, about 60.4% of the population is Muslim, 19.2% Buddhist, 9.1% Christian, 6.3% Hindu, and the remaining accounts for various minority faiths (Department of Statistics, 2002). In addition, there are major languages spoken by these distinct ethnic groups. In general, Malays speak Malay and practice Islam, most Chinese speak Chinese dialects and are Taoist-Buddhists, and Indians usually speak Tamil and follow Hinduism (H. G. Lee, 2000). The linkages of race, religion, and language in the formation of ethnic identity in Malaysia became evident in its Constitution, which defined "Malay" as a person who followed Islam, habitually spoke Malay language, conformed to Malay customs, and was born in the federation of Malaya or Singapore (before independence) (Snodgrass, 1978). There is, however, a broader ethnic category used in major policy matters, which is known as "Bumiputera" or the "sons of the soil": It refers to Malays and other indigenous people, such as Sino-natives, natives of Sarawak, Ibans, and so on, who constitute the majority of the population (Mehta, 2000). It is reported that by 1998, as a percentage of total population, whereas the number of these Bumiputeras increased to 62.3%, the number of Chinese declined to 26.8% and Indians to 7.6% (Crouch, 2001, p. 249).

Due to the composite of identities (race, religion, language, custom) affiliated with various sections of the population in Malaysia, the society is divided into major ethnic groups, each with its respective racial, religious, linguistic,

and cultural identities. These distinct ethnic divisions in the country have not only affected the formation of the state and its policy agenda but it has drawn the state into the role of mediating and managing interethnic tensions arising from contestations among major ethnic groups for sharing economic resources, political power, and cultural and religious space. What is known as “affirmative action” in other countries—referring to a corrective measure for reducing discrimination and ensuring proportional representation of the underprivileged (especially minority) ethnic groups—has taken the form of “preferential policies” or “special rights” in Malaysia. The genealogy of such ethnic preferential policies can largely be traced back to the colonial period.

The formation of ethnic structure and ethnicized mindset in Malaysia, especially in terms of language, religion, and royalty, is inseparable from the past legacy of British colonial rule (Derichs, 1999). The British rulers expanded the number of Chinese and Indian immigrants; created an artificial occupational segregation on ethnic lines (Malays in agriculture, the Chinese in commerce, and Indians in plantation); reinforced a sense of interethnic divisions; and, thus, prevented any kind of solidarity among these major ethnic groups (Sarji, 1989; Stockwell, 1982). In facilitating this colonial rule, the British made treaties with the Malay rulers (Sultans) to assist them in governing their Malay subjects, planted the seeds of fear among Malays about the threats and challenges from non-Malays, and assumed a role of self-proclaimed protector of Malay interests and rights in various spheres of society (Mah, 1985, pp. 252-254; Means, 1986, p. 96).

Beyond this colonial factor, there were major local forces that also led to the formation of the state and its constitution based on the principle of special rights for Malays, even prior to Malaysia’s independence in 1957. For example, although the year 1946 was the year of inaugurating the Malayan Union model of nationhood that hardly guaranteed any special privileges to Malays, the same year also marked the formation of the United Malays National Organization (UMNO) as a political organization that rejected the Malayan Union concept, opposed the excessive recognition of non-Malays at the expense of Malay rights, and eventually led in 1948 to the replacement of the Malayan Union model by the Federation of Malaya that provided only limited citizenship status to non-Malays (Derichs, 1999). In fact, it is this ethnicized model of nationhood designed by the UMNO that came to be one of the core components of the 1957 Constitution and that would continue to shape the state policies for decades to come.

In the Malaysian Constitution, Article 153 provides “special rights” to Malays in education, business, and the public service, and these rights are to be safeguarded by the *Yang di-Pertuan Agong* (i.e., the paramount ruler or the King) (Government of Malaysia, 1977). In fact, in presenting the 1957 Constitution (amendment) Bill, the first Prime Minister Tun Razak emphasized that these Malay special rights would become a part of Malaysia’s culture and nationhood (Puthucheary, 1978). However, these constitutionally guaranteed

special rights became a major source of discontent among both Malays and non-Malays; whereas Malays considered it insufficient, non-Malays took it as a discriminatory measure (H. G. Lee, 2000). In 1969, this discontent with the special rights policy heightened the degree of tension among major ethnic groups and eventually led to the racial riots, suspension of parliament, and declaration of emergency. The state responded to this alarming situation by adopting the so-called New Economic Policy (1971-1990) to further expand the Malay special rights in investment, capital ownership, and education (Means, 1986, p. 104).

Thus, the state tried to play its role in managing ethnic tensions by expanding the interests of Malays as a dominant ethnic group rather than mediating the interests of all ethnic communities. This policy stance goes against the traditional thesis that in multiethnic societies, the state often enjoys a considerable degree of autonomy in mediating the conflicting interests of major ethnic groups, which results in the further expansion of the state apparatus (Yeoh, 1999). In the case of Malaysia, because the state was already under the political command of the dominant ethnic group after independence, in the subsequent years, it played an instrumental (rather than autonomous) role in expanding the interests or privileges of Malays as the dominant group in terms of its greater special rights or preferences.

The state provided a set of altruistic rationales for ethnic preferential policies. It is pointed out that under the British rule, the colonial policy makers tried to justify these preferential policies in the name of ensuring the welfare of the Malay rulers and their subjects and preserving the traditional way of Malay lifestyle disrupted by the immigrant communities and cultures (Means, 1986, p. 98). During the current postcolonial period, the agenda of preferential policies has been advocated by the state on the ground that these policies would assist the economically disadvantaged Malay population, eliminate rural (mostly Malay) poverty, and reduce interethnic income inequalities (H. G. Lee, 2000; U.S. Department of State, 2000; Yeoh, 1999). But how effective or successful has this policy agenda been to achieve such objectives? What are its adverse outcomes? Is there any better alternative? Before addressing these questions, the next section examines major domains within which the state plays an interventionist role in mediating ethnic contestation in Malaysia.

DOMAINS OF ETHNIC CONTESTATION AND STATE INTERVENTION IN MALAYSIA

As mentioned above, the basic foundations of the Malay special rights or preferences are the Constitution and the New Economic Policy. These special rights encompass almost all major areas, including politics, administration, business, education, language, and even religion (U.S. Department of State, 2000). Thus, unlike affirmative action programs in other countries, which are limited mainly to the question of representation in public sector employment,

the ethnic preferential policies in Malaysia are more all-pervasive, affecting most domains of society. There is even an interdomain equation in the original formation of ethnic policies in Malaysia; whereas Malays agreed to a liberal provision of citizenship extended to non-Malays (largely non-Muslim and non-Malay-speaking), non-Malays came to accept the policies of making Islam as the official religion, recognizing the Malay rulers as heads of states and endorsing Malay language as the national language (S. J. Abraham, 1999; Crouch, 2001). At this stage, it is good to have an overview of such a multidimensional nature of the state's ethnic policy agenda in this country. Thus, this section examines the political, administrative, economic, educational, linguistic, and religious dimensions of ethnic preferential policies in Malaysia, especially in terms of their origin, scope, and structure.

POLITICS AND ADMINISTRATION

In the realm of politics and administration, there is a clear structure of ethnic composition in Malaysia. The origin of this ethnicization is often traced back to the above-mentioned British colonial rule that showed concerns to restore the diminished power of the Malay rulers and ensure social stability by favoring Malays in the state's politico-administrative domains because they were marginalized in other domains of power such as business and industry (Means, 1986, p. 97). In the realm of politics, however, preferential policies have become more pronounced since 1946, when the UMNO was formed as a major political force advocating the special rights of Malays vis-à-vis other ethnic groups. It is interesting to note that ethnicity largely shaped the origin, foundation, and legitimation of major political parties in Malaysia, including the UMNO for Malays, the Malayan Chinese Association (MCA) for the Chinese, and the Malayan Indian Congress (MIC) for Indians (Derichs, 1999; Jesudason, 2001). These three major ethnicity-based parties formed a coalition known as the Alliance, which won the first federal election in 1955, formed the government in 1957, and subsequently incorporated other parties to expand the coalition, now known as Barisan Nasional or the National Front (Derichs, 1999; Means, 1986).

It is mentioned by Means (1986, p. 100) that the Alliance was based on an informal secret negotiation or agreement among the top leaders of UMNO, MCA, and MIC in terms of sharing power, with political power to Malays and economic power to non-Malays. It is also pointed out that the Alliance was to be understood in terms of the above-mentioned interethnic exchange of rights and benefits, that is, non-Malays were given the assurance of citizenship and limited political role in exchange of their acceptance of the special rights of Malays in politics, education, and language (Means, 1986, pp. 100-101). In any case, this coalition, which always held two-thirds majority in the legislature, has always been led or dominated by the Malay-based UMNO. According to H. A. Lee (1999), the UMNO, being the party of the majority Malays, can win a simple majority, but it needs to form a coalition with other parties, especially with the

MCA and the MIC, to obtain a two thirds majority required to make any constitutional amendment. Beyond this ethnicized structure of the governing coalition (National Front) led by the UMNO, the Malay dominance in politics is also evident in the influential positions of the Malay rulers as the political and religious chiefs in their respective states and in their role to elect (from among themselves) the King—who is the constitutional monarch at the federal level—every 5 years (Derichs, 1999).

In public service, the ethnicization process also began during the British colonial rule that arranged English education and training for the sons of aristocratic Malays to join certain positions in the Malayan Civil Service (MCS) and created the Malay Administrative Service (MAS) for these privileged Malays, while the ordinary Malays were left out and non-Malays were allowed to join only the professional and technical services (Mah, 1985, p. 254; Means, 1986, p. 97). Although the colonial administration announced the provision in 1952 that non-Malays could enter the MCS, the proportion of Malays and non-Malays entering the MCS was required to be 4:1. This special ethnic quota in the public service in favor of Malays, which was to ensure that they were not marginalized by non-Malays, took a more expansive and systematic form immediately after the independence. More specifically, based on the above-mentioned Article 153 of the Constitution, the following ethnic ratio between Malays and non-Malays emerged in the civil service—4:1 in the MCS and 3:1 in External Affairs Service, Custom Service, and Judicial and Legal Service, whereas no quota was assigned to various professional and technical services (Gibbons & Ahmad, 1971, p. 334). The overall Malay proportion of ethnic quota, in fact, expanded further as the government merged the MCS with External Affairs, Customs, and Judicial and Legal Services to create the Malaysian Administrative and Diplomatic Service with an overall recruitment ratio of 4:1 between Malays and non-Malays (Means, 1986, p. 105). The ethnic preferential policy, thus, has led to the possession of most senior political and administrative positions by Malays and created a pattern of Malay dominance over major institutions of the state, including the legislature, cabinet, bureaucracy, defense, police, judiciary, and so on (Crouch, 1996).

ECONOMICS AND BUSINESS

The ethnic preferential policy also is practiced in the domain of economics and business in Malaysia. As far as land ownership is concerned, the precolonial tradition of rights to land only for Malays was replaced by the British colonial system of land tenure (based on the Torrens Land Laws) that allowed the British and Chinese miners to purchase and own land as transferable private property at the expense of Malay peasants (Mah, 1985, p. 252). Due to the growing unhappiness with this land tenure system among Malays, the British introduced the Malay Reservation Act that designated certain areas as the Malay Reservation Land, which allowed only Malays to own, lease, and mortgage land in such

designated areas (Means, 1986). However, it is mainly after independence in 1957 when Malaysia adopted a more comprehensive and expansive ethnic preferential policy with regard to economic and business matters. For example, the 1957 Constitution authorized the King to give directions to any relevant authority to reserve certain quota or proportion of business and trade licenses for Malays (Government of Malaysia, 1977). On the other hand, the First Outline Perspective Plan (1971-1990) aimed to raise Malay ownership and participation in industrial and commercial activities to 30% by 1990. Similar agenda to develop a Malay commercial and industrial class was continued in the Second and Third Perspective Plans.

In this regard, the government introduced the Industrial Coordination Act of 1975, which required that any non-Malay firm with capital and reserves funds worth more than M$250,000 (Malaysian dollars) and more than 25 employees must demonstrate at least 30% Bumiputera equity ownership or participation to get business licenses approved or renewed (H. G. Lee, 2000). The state could deny any non-Malay firm a license if it failed to satisfy this requirement. Such special rights of Malays with regard to business licenses encompass sectors such as construction, mining, transport, timber industry, and so on (Crouch, 2001, p. 234; Mah, 1985, pp. 258-259). In addition, the government has not only created institutions such as the Bumiputera Commercial and Industrial Community, Majlis Amanah Rakyat (MARA), Bank Bumiputra, Perbadanan Nasional Berhad (PERNAS), and the State Economic Development Corporations to provide credit and technical assistance to Malay business entrepreneurs, it also asks major business firms and corporations to facilitate the promotion of Malays to higher management positions (Chua, 2000; Economic Planning Unit [EPU], 1991). In the property market, Bumiputeras also are given a considerable percentage of discount on the original price, and in the business sector, they are awarded extra business incentives, especially tax incentives (U.S. Department of State, 1999).

During the 1970s and 1980s, the government established various state trust funds for Malays to expand their ownership of corporate assets, and during the period since the mid-1980s, it has practiced privatization policy, awarded 61.2% of privatized assets or companies (equivalent to M$8.1 billion) to Malays, and thereby created a number of Malay tycoons who could compete with the Chinese counterparts (Economic Planning Unit [EPU], 2001; Jayasankaran, 1999). Thus, the Malay special rights or preferences in the economic and business sphere have been intensified by the state since the early 1970s, and such an agenda encompasses a broad range of policy measures discussed above. This ethnicized policy framework is not only guided by the objective of rectifying the historical exclusion of Malays from the business sector, it is also based on the assumption of "Bumiputeraism" that tends to justify the special rights of Malays as the rightful owners of the national economy in reference to their "indigenous" status (H. G. Lee, 2000).

EDUCATION AND LANGUAGE

Since the colonial period, there have emerged various ethnic preferences in education and language in Malaysia. During the colonial rule, Malays enjoyed special rights in education: Although the state assumed direct responsibility for Malay primary schools, it excluded the Chinese and Indian education systems from such a responsibility (Means, 1986, p. 98). In the postindependence period, the state took expansive measures to deepen these special rights of Malays in education by offering them generous scholarships, expanding their admission quotas, lowering their admission requirements, and creating institutions for their professional training (Chua, 2000, p. 20; Mah, 1985, p. 257).

In the formation of education structure in Malaysia, there were significant historical events. Although the Razak Report (1956, cited in S. J. Abraham, 1999) emphasized the creation of a unified education system based on a gradual and negotiated approach responsive to the aspirations of all major ethnic groups, the Majid Ismail Report recommended university admission based on racial quotas rather than merit (S. J. Abraham, 1999). On the other hand, the Malay special rights in education is protected by the Malaysian constitution: Its Article 153 empowers the King to direct the relevant authority to reserve some proportion of places in universities, colleges, or similar educational institutions for Malay students (Government of Malaysia, 1977). In addition, after the 1969 riots, the government not only introduced constitutional amendments (1971) to empower the King to reserve these admission quotas in higher education, it also established two universities (National University of Malaysia and Islamic University) mostly for Malays with a certain portion of admission allocated to non-Malays (Means, 1986, p. 107). Recently, the intention of the education ministry to extend this Bumiputera-based quota system further to private colleges has come under criticism ("KL Plan," 2001).

A considerable part of ethnic policy in education in Malaysia has been related to the choice of language as a medium of instruction, which has involved a considerable amount of contestation and negotiation among the major ethnic groups. Under colonial rule, the proposal for a "uniform education system" (1949) with English as the medium of instruction was rejected by both Malays and the Chinese: The prescription of the Education Ordinance (1952) for a "national education system" with Malay and English as the medium of instruction was strongly opposed by the Chinese; and the recommendation of the Education White Paper No. 67 (1954) for setting up English classes in the Chinese schools was not successful due to no responses from these schools (Parti Gerakan Rakyat Malaysia [PGRM], 2001). At the time of independence, there were other major developments regarding the medium of instruction in education. For instance, the Razak Report (1956, cited in S. J. Abraham, 1999) advocated the unification of education system based on the objective of Malay-English bilingualism, and the Education Ordinance of 1957 (reflecting the Razak Report) aimed to replace Chinese with English in examinations held in

Chinese secondary schools (Booth, 1999; PGRM, 2001). Similarly, the Rahman Talib Report (1960, cited in PGRM, 2001), which eventually led to the Education Act of 1961, recommended the conversion of all Chinese secondary schools into English secondary schools—out of 71 Chinese secondary schools, 54 were converted, whereas 17 opted to be Independent schools (PGRM, 2001).

The language policy intensified further with the passage of the National Language Act (1967) and the related Constitutional amendment, which made Malay as the national language, although Chinese and English continued in the education system (S. J. Abraham, 1999). During the 1970s and early 1980s, the government gradually converted English schools into Malay schools, gave options to Chinese schools either to convert into Malay schools or remain as private schools (outside the National System of Education), and moved to gradually replace the four major education streams (Malay, Chinese, Tamil, and English) by a unified education system with Malay as the medium of instruction (S. J. Abraham, 1999; Means, 1986). On the other hand, in the mid-1980s, the government tried to adopt the so-called integrated school projects or programs to bring together some Malay, Chinese, and Tamil schools under the same building, which hardly succeeded except for a few cases. Similar efforts to bring together schools with these three languages of instruction also were made during 1995-2000 under another government initiative known as the "vision school programme" (PGRM, 2001). The above historical events and initiatives demonstrate how the state has played a significant role to reinforce the special rights or preferences of the majority Malays in the domain of education and language in Malaysia in its colonial, postcolonial, and modern periods.

RELIGION AND CULTURE

In Malaysia, Muslims constitute the largest percentage of population and they are mostly Malays. In terms of religious rights, although Article 11 of the Constitution provides freedom for all religions practiced by various ethnic groups, Article 3(1) defines Islam as the official religion of the country (Government of Malaysia, 1977). However, the Constitution does not prescribe an Islamic state, and other religious groups, including the Buddhist, Christian, Hindu, and Sikh communities, are free to practice their respective religions. But in general, the followers of Islam (Muslims) enjoy certain preferential treatments in religious matters in comparison with the followers of other religions. First, in terms of legal repercussion, if Malay Muslims convert themselves to other religions, and if individuals preach Christianity among Muslims, they may have to face some consequences, although the conversion of non-Muslims to Islam is not discouraged. There also has been a growing tendency to apply the example of the Kelantan state, which uses Islamic laws to determine the levels or kinds of penalty for committing acts such as stealing, drunkenness, rebellion, and illicit sex, to all other states in Malaysia (J. Hamid, 2002; U.S. Department of State, 2000). This constitutional and legal system in favor of Malay Muslims

often has been a source of unhappiness among non-Malays who are mostly non-Muslims.

Second, the state in Malaysia also has been accused by its critics for actively pursuing the Islamization process through various Islamic programs, institutions, and provisions. Examples of such state initiatives include the establishment of Islamic Bank and International Islamic University, expansion of *Shariàh* courts and religious schools, and allocation of greater spaces for building mosques compared to the worship places for other religions (Hamayotsu, 1999). There are observers who point to the fact that these state initiatives in favor of Malay Muslims often have been undertaken by the ruling coalition in response to the growing popularity of Islam and the spontaneous growth of politically influential religious groups or parties such as the Muslim Youth Movement of Malaysia, the Islamic Representative Council, the Jamaat Tabligh, and the Islamic Party of Malaysia (A. F. A. Hamid, 1999). In other words, beyond the constitutional-legal framework discussed above, the state has these religious programs and institutions in favor of Malay Muslims.

Third, despite the universal nature of Islam that rejects any form of ethnic identities with its basic principles, in Malaysia, the state has gradually moved toward an ethno-religious nexus in which the Malay ethnic identity is often equated with adherence to Islam (U.S. Department of State, 2000). In fact, the traditional Malay cultural artifacts have been considerably changed, if not replaced, by Islamic religious symbols. The two identities, Muslim and Malay, have increasingly become intertwined (Derichs, 1999; Hamayotsu, 1999). In this regard, Hamayotsu (1999) mentions an interesting paradox: Although the expansion of Islam has helped Bumiputeras in creating a sense of national identity, the two identities are relatively incompatible; whereas Islam represents universal and international norms and values, Bumiputeraism often is considered particularistic and local in perspective. Despite this apparent dilemma, Islamic symbols have become a basic component of Malay cultural identity together with the elements of Malay language and education discussed above.

Finally, according to some critics, since the 1980s, although the state has attempted to expand Malay arts and cultures through media and public display, especially in Islamicized forms, it has imposed regulations and controls over Chinese cultural symbols and practices (H. G. Lee, 2000). The declining autonomy of the Chinese cultural sphere, for H. G. Lee (2000), has been accentuated by the rise of "Malay Islamic nationalists," who have gained greater influence on the state's cultural policies in recent decades. In addition, certain symbols, such as those of pigs in Chinese culture, have been strongly regulated or eliminated from the public space, and the teachers in Christian schools have been asked to replace crosses by star symbols (H. G. Lee, 2000). Thus, in reconciling the religious and cultural dilemma between Malays and non-Malays, the state has allegedly played a significant role mostly in favor of the religious and cultural beliefs of Malays.

REEXAMINING THE EFFECTIVENESS AND IMPACTS OF ETHNICIZED STATE POLICIES

From the above discussion, it is clear that there are major domains of ethnic contestation in Malaysia, including politics and administration, business and economics, education and language, and religion and culture. What appears to be a common trend in these domains of interethnic tension is the dominant role of the state in negotiating among main ethnic groups. It is also evident from the above analysis of these domains of ethnic preferential policies or special rights that during the colonial, postcolonial, and modern periods, the major objectives of the state behind such policies were the following: (a) guarantee of equal representation of Malays in education and employment through preferential ethnic quotas; (b) eradication of poverty, especially among Malays, through various forms of economic assistance; (c) reduction in economic inequality among the major ethnic groups in terms of income and ownership through special preferences in business and industry; (d) enhancement of national identity or nation-building through education, language, and cultural policies; and (e) maintenance of political stability through all these measures adopted to reduce interethnic inequalities and tensions.[4] This section of the article examines the achievements and failures of ethnic preferential policies in terms of whether these objectives of such state policies have been effectively realized.

EFFECTIVENESS OF ETHNIC PREFERENTIAL POLICIES

First, with regard to ethnic representation in education and employment, preferential policies have made considerable progress in Malaysia. In terms of ethnic composition of students in the University of Malaya, between 1964 and 1970, the number of students (as a percentage of the total) changed from 21% to 40% for Malays, from 60% to 49% for the Chinese, and from 19% to 11% for Indians (Mah, 1985, p. 258). Between 1970 and 1985, the proportion of Malay students at the tertiary level increased from 40% to 63% of the total, although it declined for Chinese students from 49% to 30%. By 1999, this percentage rose to 72.7% for Malays while it dropped to 27.3% for non-Malays (Booth, 1999; Stafford, 1999). At the upper secondary level, the share of Malay students reached 68% of the total by 1985 (Booth, 1999). This significant increase in the percentage of Malay students was related to the state policy of setting intake quotas assigned to various ethnic groups. According to Kim (2001), although the official quota of student intake is set at 55% for Malays and 45% for non-Malays, in practice, such quota in public universities may well be 75% and 25%, respectively. It shows that the state provision of special preferences in education has been very effective to increase the representation of the traditionally underrepresented Malays in education. As the figures show, in fact, the policy has led to an overrepresentation of Malays in the public education system while adversely affecting non-Malays, especially the Chinese. However, in private

institutions of higher learning, there is an underrepresentation of Malays (36.1%) and an overrepresentation of non-Malays (63.9%) (EPU, 2001).

With regard to ethnic representation in public sector employment, the Malay special rights or preferential policies have considerable impacts. By 1968, the percentage of Malays reached 86.6% in the elite Malayan Civil Service (with the Chinese and Indians 6.4% each), although they remained underrepresented in professional services such as the education service (32.2%) and the medical service (10.1%) (Puthucheary, 1978). By 1984, in relation to other ethnic groups, the percentage of Malays considerably improved in some professional public services, including the education service with 55% Malays, 36% Chinese, and 7% Indians; the medical service with 29% Malays, 24% Chinese, and 38% Indians; and the accounting service with 51% Malays, 35% Chinese, and 7% Indians (Sarji, 1989, p. 151). In terms of combined public and private sector employment in professional services such as accounting, architecture, dental, engineering, law, and so on, between 1990 and 1999, the ethnic percentage changed from 20.7% to 28.9% for Malays, from 59.3% to 53.9% for the Chinese, and from 17.5% to 15.5% for Indians (EPU, 2001, p. 106). Thus, despite some recent increases in the percentage of Malay employment in these high-income professions, they still remain underrepresented in comparison with the continuing overrepresentation of the Chinese and Indian ethnic groups.

Second, a major objective of ethnic preferential policy in Malaysia has been to reduce the level of poverty among the Malay households, which also has certain historical roots in the British colonial rule. For example, the British rule introduced the above-mentioned Malay Reservation Act and the Rice Land Act, allocating certain land areas exclusively to Malays for rice cultivation. Under this system, poorer Malays often lost their land to richer Malay aristocrats, and it prevented them from using such land for more profitable cash crops and rubber plantation (Mah, 1985, p. 253). In addition, the colonial rule reinforced the structure of occupational segregation with Malays in agriculture, Indians in plantation, and the Chinese in trade and industry (Crouch, 2001, p. 225). Given this colonial occupational pattern, it was not surprising to discover that in the year of independence (1957), the total Malay workforce consisted of 73% agricultural workers and fishermen, 10% industrial workers, 3% sales workers, and 3% administrative professionals (Mah, 1985, pp. 255-256). This occupational identity of Malays with low-income agricultural activities perpetuated their poverty, and this legacy continued in the postcolonial period.[5] However, after decades of practicing Malay special rights or preferential policies, there have been some positive changes in this occupation structure. Between 1990 and 2000, the proportion of the Malay population involved in agriculture decreased from 37.0% to 21.5%, whereas it increased from 10% to 13.6% in professional and technical services, from 6.5% to 8.0% in sales, from 22.8% to 28.5% in production, and so on (EPU, 2001, p. 104).

In terms of the level of poverty, it is observed that in 1970, about 50% of the overall population was considered poor, although in terms ethnic groups, the

proportion of poor among Malays was 65%, Indians 39%, and the Chinese 26% (Crouch, 2001, p. 229). With the continuing decline in the overall incidence of poverty in the country—from nearly 50% in 1970 to 15% in 1990 to 9.5% in 1995—the condition of poverty improved for each ethnic group, especially for Malays (Jesudason, 2001; H. G. Lee, 2000). In this regard, Crouch (2001, pp. 251-252) mentions that with its unprecedented growth rate of more than 8% for almost a decade (1988-1997), Malaysia became a relatively wealthy society, the income levels considerably improved for all ethnic groups, and the economic condition improved more drastically for the Malay population. Thus, one may safely conclude that the state's preferential policies in education, business, politics, and administration considerably helped mitigate the high incidence of poverty among Malays. But there is no concrete explanation about the extent to which such a reduction in Malay poverty has been caused by the overall growth of national economy and the extent to which it is achieved by preferential policies. It is because the average poverty levels of both Indians and the Chinese also have declined, although they did not receive any preferential treatments.

Third, a central objective of preferential policies advocated by the state has been to reduce socioeconomic inequalities among the major ethnic groups in Malaysia. This goal of preferential policies is not without reason: It was found in 1957 (the year of independence) that there were serious inequalities among the three major ethnic groups in terms of their average levels of income, including M$139 for Malays, M$237 for Indians, and M$300 for the Chinese (Mah, 1985, p. 256). This scenario hardly changed, even in 1970, when the mean household income per month was M$172 for Malays, M$304 for Indians, and M$394 for the Chinese (Crouch, 2001, p. 229). During the past three decades, although the income level increased for all ethnic groups, the income gap among these groups has widened rather than diminished. For instance, the levels of average income of Malay and Chinese households were, respectively, M$172 and M$394 (gap of M$222) in 1972, M$492 and M$938 (gap of M$446) in 1979, M$940 and M$1631 (gap of M$691) in 1990, and M$1600 and M$2896 (gap of M$1296) in 1995 (H. G. Lee, 2000). Thus, in terms of absolute amount, the income difference between these ethnic groups has considerably expanded, although for Jesudason (2001, p. 90), the average Malay income as a percentage of average Chinese income increased from 44% in 1970 to 55% in 1995. Even this lopsided income ratio (i.e., the average income of the Malay population is only 55% of that of the Chinese) represents serious interethnic inequality in Malaysia. This continuing interethnic inequality in income creates doubts about the effectiveness of preferential policies to rectify such inequality.

With regard to corporate ownership, the extent of interethnic inequality is also quite staggering despite some improvements made in recent years. It is observed that whereas the Malay ownership of share capital increased from 2.4% in 1970 to 19.1% in 1985 to 20.6% in 1995, the Chinese ownership of share capital increased from 27.2% in 1970 to 33.4% in 1985 to 40.9% in 1995 (H. G. Lee, 2000). These figures demonstrate that compared to the growth rate

of Chinese ownership of share capital, the Malay ownership expanded at a much faster rate during 1970-1985, but it was very marginal during 1985-1995. In addition, according to Mehta (2000), a greater portion of this increase in the Malay share of corporate wealth was due to acquisitions made by state-led banks, trust agencies, and public enterprises. Thus, in 1990, although the overall equity ownership of Malays showed considerable progress, the individual ownership of Malays as direct investors was only 8.2% (EPU, 1991). In other words, the state policies to provide special preferences to Malays in business and industry are yet to achieve interethnic equality in income and ownership in Malaysia. According to some analysts, the relative ineffectiveness of these preferential policies lies in their improper use by Malays themselves.[6] However, other scholars believe that despite such limitations, the preferential treatments (loans, contracts, concessions, and scholarships) have accelerated social mobility among Malays, created a pool of Malay entrepreneurs, and expanded the Malay middle class (Crouch, 1996; Jesudason, 2001; Jomo, 1986).

Fourth, the state's ethnic preferential policies in Malaysia need to be evaluated in terms of another goal of these policies, which is to enhance national identity and unity. In pursuing the goal of nation-building, the government adopted ethnically based education, language, and cultural policies with a view to integrate various ethnic groups under the dominant Malay language and culture. Although there is a relative lack of literature on the effectiveness of such policies in achieving national unity and identity, according to one study, the Malay language is considered the most frequently spoken language for three major ethnic groups (Malay, Chinese, Indian) in Malaysia (see S. J. Abraham, 1999). However, this study found that in educational institutions, although students from each ethnic group speak Malay in formal occasions and in communicating with other ethnic groups, they tend to speak their own dialects (with some use of English and Malay) when they interact informally among themselves. In other words, although the Chinese and Indians seem to have no serious opposition to the use of Malay as the national language, they strongly cling to their own languages and decline to make any compromise in this regard (S. J. Abraham, 1999).

In fact, within the Chinese community, there has been an increasing tendency among parents to send their children to the Chinese primary schools rather than the English primary schools and then enroll them in the national secondary schools that use Malay as the medium of instruction (except some parents who still prefer to educate their children in the independent Chinese secondary schools) (H. G. Lee, 2000). Despite this continuing interethnic division in terms of language and education, according to the abovementioned study, almost 100% of the Malay and Indian students and 78% of the Chinese students interviewed selected Malaysia as their first choice in terms of the country in which they wanted to reside (S. J. Abraham, 1999). Although this might indicate a strong sense of national identity, the main reason for choosing Malaysia is not necessarily its language and culture but its fast-growing economy, job

opportunity, stability, and peaceful living environment (S. J. Abraham, 1999). Instead of strengthening the national identity and unity of various ethnic groups, the current education and language policies may have, in fact, weakened such identity and unity. This point is elaborated further in the next section on the adverse consequences of preferential policies.

Finally, the state in Malaysia often has used the rhetoric of maintaining political stability to justify its ethnic preferential policies in various sectors discussed above. The argument is that without the provision of special rights or preferential policies in favor of the majority but backward Malays, their representation in education and administration would be marginalized, interethnic inequality in business and industry would worsen, social cohesion and national unity would be weakened, and interethnic tension would increase and political stability would be compromised. In this regard, there are arguments both for and against this political-stability rationale of preferential policies. According to H. G. Lee (2000), although most Malays (irrespective of their class affiliation) strongly support and welcome ethnic preferential policies for their role in equalizing ownership and income, the Chinese perceive these policies as discriminatory (H. G. Lee, 2000). These ethnic differences in the perception of preferential policies could be a major source of interethnic tension challenging political stability in Malaysia. In this regard, Crouch (2001) mentions that, in fact, "there is little progress toward ethnic assimilation. Malays remain Malays, and non-Malays remain non-Malays, with their own distinct senses of identity and their own political parties to defend their interests" (p. 227).

At the same time, Crouch (2001, p. 256) seems to have certain positive impressions about the preferential policies: Despite the injustices and resentments created among non-Malays, these policies have contributed to conflict management and social cohesion in Malaysia, which became evident in the relative absence of racial tension after the 1997 economic crisis and the growing support of Chinese voters to the National Front government. On the other hand, he suggests that the main factors behind this absence of racial tension and presence of political stability in Malaysia include its uninterrupted economic growth and its repressive measures against racial violence, such as the Sedition Act (Crouch, 2001, pp. 226, 253). These mutually conflicting arguments of Crouch regarding Malaysia's ethnic configuration—that there has been little ethnic assimilation, that ethnic preferential policies have eventually led to social cohesion and political stability, and that political stability is rather an outcome of high growth rate and tough legal measures—indicate the need for reexamining the effectiveness of preferential policies as briefly pursued in this section. This analysis shows that although there are some indicators demonstrating the effectiveness of these preferential policies in achieving some of their objectives—including the expansion of Malay representation, participation, and ownership, and the reduction in Malay poverty, income inequality, and political tension—the extent of such achievements is not that substantive. In fact, there are certain adverse consequences of these preferential policies discussed below.

ADVERSE OUTCOMES OF PREFERENTIAL POLICIES

First, with regard to interethnic income inequality, although there are studies claiming that preferential policies have diminished such inequality in Malaysia, some indicators contradict these claims and show a worsening situation of inequality between various income groups within the nation as a whole and within each ethnic group. In terms of nationwide inequality, between 1990 and 1999, the average monthly household income for the top 20% increased from M$2,925 to M$6,268, whereas for the bottom 40% it increased from M$424 to M$865 (EPU, 2001, p. 89). Thus, the gap between these income groups has expanded during this recent decade from M$2,501 to M$5,401. The income gap between the rural and urban households also has expanded: Between 1990 and 1999, whereas the average monthly income of the top 20% of urban households increased from M$3,982 to M$7,580, such income for the top 20% of rural households increased from M$2,277 to M$4,124 (EPU, 2001, p. 89). Thus, the urban-rural income difference increased from M$1,605 in 1990 to M$3,456 in 1999. This indicates that although the overall level of interethnic inequality might have been reduced a bit, the interclass inequality across all ethnic groups has worsened in recent years in Malaysia. As Means (1986) pointed out earlier, for many critics of preferential policies, "greater interethnic equality has been achieved by creating greater economic and class differences within ethnic groups" (p. 113).

This is quite obvious in the contemporary trends of income inequality within each ethnic group. It was found that between 1957 and 1976, whereas the income of the top 10% Malays increased by 9.9%, the income of the bottom 40% Malays declined by 6.9%; whereas the income of the top 10% Chinese increased by 8.5%, the income of the bottom 40% Chinese dropped by 4.6%; and whereas the income of top 10% Indians increased by 10.5%, the income of the bottom 40% Indians decreased by 6% (Grove, 1986). In the 1990s, according to H. G. Lee (2000), the income gaps between the poorest and the richest sections have worsened in all ethnic groups. It is pointed out that all Chinese are not rich, that smaller Chinese businesses have minimal access to capital, and that only a small number of Malays have gained from equities ownership (Boo, 2000; Mehta, 2000). Thus, if one transcends the simple ethnic divisions in national wealth and income, the condition of inequality may appear to be worsening rather than improving. The unilateral focus of the state on interethnic inequality without much attention to intraethnic inequality has led to the adoption of such a preferential policy agenda that has not benefited all Malays. It is pointed out that during the current decade, the state's emphasis on generating a Malay corporate business class has led to the expansion of economic inequality within the Malay community itself (H. G. Lee, 2000).

Second, although preferential policies often have been portrayed as measures to increase social cohesion, such policies, according to some critics, have reinforced ethnic divisions, antagonized the less-favored ethnic groups (especially

the Chinese), and thus exacerbated ethnic tensions (Means, 1986; Stafford, 1999). More specifically, since the enforcement of the National Cultural and Educational Policies in 1971—which favors the Malay language and culture, especially in terms of government support—there have been growing tensions between the Malay and Chinese communities (H. G. Lee, 2000). As Cordingley (2001) mentions, after the two decades of Mahathir's administration practicing preferential policies, the mission of building a multicultural society remains unrealized in Malaysia, and today, the country seems to be more divided along ethnic lines. Thus, if the racial riots of 1969 could be considered as an outcome of the failure of preferential policies (Mah, 1985, p. 256), one cannot rule out the potential of similar racial violence caused by these policies in the future, especially if the levels of living standards in Malaysia deteriorate to the levels of the 1960s.[7]

One of the most sensitive issues related to such ethnic contestation and tension has been the choice of language in the education system in Malaysia. The Chinese Education Movement (*Dongjiaozong*), which played a significant role in continuing the Chinese medium of instruction at various levels of education, was reactivated during the 1970s and 1980s (H. G. Lee, 2000). The Chinese community has always resisted government attempts to replace Chinese with English or Malay in education. The situation took violent forms (boycotts and rallies) in 1987 when the (then) Education Minister Anwar Ibrahim tried to post non-Mandarin-educated teachers and headmasters to the Chinese primary schools; the government responded by declaring the so-called *Operation Lallang* (1987), which led to about 150 arrests (H. G. Lee, 2000). There have always been tensions between Malays and the Chinese in this regard; although the cultural nationalists within the Malay community are unwilling to accept the continuity in the Chinese primary schools, most members of the Chinese community do not want to give up their language and tradition in education. These deep-rooted ethnic identities and divisions among students may exacerbate ethnic tensions and represent a serious obstacle to the process of nation-building in Malaysia. One study shows that only 10% of the students interviewed considered themselves as "Malaysians first," whereas the remaining tended to identify themselves as Chinese, Indians, and Malays (Cordingley, 2001).

Third, preferential policies have the potential for politicizing the public sector and expanding the scope of patronage or patron-client relationship in Malaysia. It is pointed out that because top civil servants are overwhelmingly with Malay background due to the ethnic quota in recruitment, they are more likely to be politicized under the current ruling coalition led by the Malay-dominated UMNO, especially in terms of forming partnerships with elected politicians in policy formulation and implementation (Lim, 1999; Puthucheary, 1978). This politicization based on a common ethnic bond between the political and administrative realms represents a deviation from the Westminister model of governance in Malaysia that prescribes the political neutrality of civil servants. In fact, there are allegations that whereas some senior civil servants hold positions in the

ruling parties to become full-time politicians, the lower level civil servants often act as party activists and are engaged in election campaigns for the ruling parties (Crouch, 1996; Lim, 1999). Thus, ethnic preferential policies in the civil service allegedly have adverse implications in terms of its politicization.

In addition, the critics suggest that under the ethnicized civil service in Malaysia, public servants are accused of practicing "racial discrimination" in their attitudes toward non-Malay citizens and delivering services to them (Lim, 1999). On the other hand, many non-Malays, under the unfriendly atmosphere created by the ethnic preference system, tend to rely on the patronage networks that provide them improper channels to pursue businesses in alliance with their Malay partners (Means, 1986, p. 114). According to some analysts, under the facade of preferential policies, there are linkages among the political, bureaucratic, and business elites from various ethnic groups who possess an overwhelming percentage of ownership, wealth, and income in Malaysia (C. Abraham, 1999). Thus, for critical observers, the ethnic preferential policies have not only led to the politicization of the Malay-dominated public sector and the exacerbation of ethnic discrimination practiced by public officials, these policies also have expanded the networks of interethnic patronage, especially in business activities.

Finally, ethnic preferential policies also have considerable implications for public sector efficiency and economic competitiveness in Malaysia. Although the government has become increasingly concerned for administrative efficiency and performance, the preferential policies in public agencies, which emphasize the ethnic identity rather than ability of public employees, may have adverse implications for such efficiency and performance (Lim, 1999; Stafford, 1999). In addition, these preferential policies favoring the Malay applicants and employees create an environment in which many talented non-Malays feel so alienated or demotivated that they often choose to look for alternative careers or emigrate to other countries (Means, 1986, p. 114). This implies a loss of valuable human resources and, thus, a decline in organizational efficiency. In fact, the pro-Malay quota system in education and employment, according to Kim (2001), has led to an exodus of non-Malay students (especially Chinese) to universities in foreign countries where they pursue their education and career. This "brain drain" has critical implications for organizational performance in both the public and private sectors in Malaysia.

Critics also argue that although Malaysia wants to be a major player in the global markets, its competitiveness is often compromised not only because ethnic preferential policies work as disincentives to non-Malay employees and entrepreneurs but also due to the fact that under these policies, Malays themselves become overdependent on the state for various ethnic privileges (Stafford, 1999). This concern has become increasingly pronounced in the aftermath of a recent economic crisis that requires greater economic efficiency and competitiveness based on rational policies rather than ethnic rights. Even some Malay political leaders, such as Daim Zainuddin, recently expressed strong

concern for administrative slack or inefficiency (Lim, 1999). In short, the principle of special rights or preferences in favor of Malays—which may compromise the criteria of merit and efficiency—is less suitable for the competitiveness of Malaysian economy that is so essential in this postcrisis period.

CONCLUDING REMARKS: TRENDS AND FORCES OF CHANGES IN ETHNIC POLICIES

The above discussion shows that preferential policies in Malaysia have some success in terms of increasing the representation of Malays in education and administration, expanding their ownership and participation in business and commerce, and reducing their poverty levels. However, the original targets of these policies to increase Malay ownership to 30%, and to substantively reduce income inequalities between major ethnic groups, have not been achieved. In addition, the role of preferential policies to enhance interethnic unity and political stability still remains questionable. On the other hand, according to many critics, preferential policies may have produced adverse outcomes, such as the worsening economic inequality within the Malay community, growing dissatisfaction of non-Malay citizens, rising cases of patronage-based relations between ethnic groups, and falling standards of national competitiveness and efficiency.

These findings demonstrate that the ethnic configuration in Malaysia is quite complex, that the outcomes of ethnic preferential policies are ambiguous, and that some of the existing studies on these issues require careful reexamination. For instance, the use of Lijphart's consociational model (mentioned early), which oversimplifies the level of complexity in contemporary state-society relations and political structures in Malaysia, is quite insufficient (Stafford, 1999). The conclusion drawn by Crouch (2001, pp. 247-260) that the non-Malay communities have come to accept the pro-Malay preferential policies as an investment in security and stability are based on speculative and weak empirical foundation. Similarly, the application of the Westminister model to explain democratic governance in multiethnic Malaysia also has major limitations (Young, 1994). In addition, most early studies on the structures and impacts of ethnic preferential policies have become questionable due to the recent changes in such policies themselves.

Some of these contemporary policy shifts are quite significant. For example, whereas the Universities Act of 1971 prohibited the formation of private universities and enabled the government to exercise control over the admission quota, curriculum, and language in higher education, the recent Education Act of 1995 allowed the establishment of private universities with English as the medium of instruction, which created greater opportunities for non-Malay students (Stafford, 1999). In the business sector, the government has moved away from the rigid Industrial Coordination Act (1975) and given more opportunities for

non-Malay business firms—the requirement of 30% Malay equity ownership now applies only to very large non-Malay firms each worth M$2.5 million or more (rather than M$250,000 stipulated earlier) (Stafford, 1999). Similarly, in the sphere of culture and religion, in the current decade, the state has scaled down its advocacy of Malay and Islamic culture, language, and symbols while allowing more autonomy for expressing non-Malay cultures and symbols in public places (H. G. Lee, 2000). These are few examples of how the state in Malaysia has adopted considerable changes in its preferential policies in recent years. Any future study of the ethnic policy framework in this country must take into account some of these major policy changes.

With regard to these recent shifts in preferential policies, it is also necessary to examine the major forces or causes of such policy shifts. According to some authors, the contemporary process of globalization and its concomitant regional economic forces have considerably affected the ethnic policy framework in Malaysia. More specifically, under economic globalization, the increasing need for national competitiveness in international markets has forced the Malaysian government to promote efficiency by de-ethnicizing certain components of economic policies (Stafford, 1999; Welsh, 1999). In addition, the recent rise of China as a global economic power and its role as the largest market in Asia have encouraged the Malaysian government to adopt a more favorable policy orientation toward its own Chinese community so that Malaysia's image in China is improved and its access to China's market is expanded (H. G. Lee, 2000). In addition, under the pressure of such global market forces, the adoption of promarket policies such as privatization, deregulation, and liberalization has diminished the scope of the public sector's preferential treatment of Malays and created greater business opportunities for Chinese entrepreneurs (Sani, 1999; Stafford, 1999). Similar trends toward diminishing the intensity of ethnicized policies and expanding the scope of rational market-led policies have been created by other forces, including the Asian economic crisis that requires economic performance rather than ethnic representation and the rise and expansion of the Malay middle class that believes in Western lifestyle based on consumerism rather than Malay ethnic rights and cultural values (Hamayotsu, 1999; Sani, 1999).

Despite the above internal and external forces challenging the ethnic preferential policies in Malaysia, there are various constraining factors that prohibit a complete policy reversal. In this regard, in addition to the historical legacy of ethnic division, segregation, and special rights introduced under the British colonial rule, which continue to affect all domains of state policies in Malaysia (Mah, 1985, p. 251), there are many prevailing issues that prevent the state from taking any drastic measure to de-ethnicize the whole policy regime. For example, according to the Malaysian Constitution, any change in Malay special rights or preferential policies requires the approval of the Conference of Rulers (composed of all Malay rulers and governors), which is almost impossible to attain because the very task of such Malay rulers is to protect these Malay special

rights (Means, 1986, pp. 102-117). In fact, the constitutional amendments and the Seditious Act (1970) introduced after the 1969 racial riots make it illegal and punishable to publicly discuss "sensitive issues" such as the special rights of Malays and the power of Malay rulers to protect such rights (Derichs, 1999; Means, 1986). In addition to these rulers, there are other vested interests, including the high-income Malay families benefiting from Malay special rights, the members of ethnicized ruling parties gaining from preferential policies in terms of their long hold on state power based on promises made to the respective ethnic constituencies, and the non-Malay business elite enjoying some degree of stable market atmosphere allegedly maintained by such ethnic policies. These beneficiaries of preferential policies found in politics, administration, business, and industry are less inclined to adopt any major shift in this policy tradition.

But the question is whether a complete reversal of ethnic preferential policies is really essential in Malaysia. In this regard, it is necessary to stress that despite the criticism of these ethnic policies—especially by non-Malay citizens, politicians, and academics—it was an obligation of the state to address the colonially inherited poverty, backwardness, and underrepresentation of the Malay majority and rectify the existence of gross interethnic inequality in Malaysia. In fact, despite the unhappiness of non-Malay communities with ethnic policies, they have done relatively well during the policy period. For example, between 1970 and 1990, the proportion of Chinese shareholding increased from 34.3% to 46.2%, and the percentage of Chinese employed in middle-class occupations increased from 28.6% to 43.2% (Crouch, 2001, pp. 240-242). In the current decade, there have emerged many new business tycoons in both Malay and non-Malay communities, the government has increased its support to Chinese businesses, the elected representatives from Chinese and Indian communities are serving as the members of federal and state legislatures and cabinets, the Chinese and Tamil primary schools are still functioning, and all non-Malay ethnic groups continue to speak their own languages (Crouch, 2001; Stafford, 1999). For Crouch (2001), the non-Malay communities, in fact, have come to accept the special privileges extended to Malays as an ethnic group due to its rapid demographic expansion and dominance.

In short, although there are concrete indicators and forces of change in the state's ethnic preferential policies in Malaysia, there are also strong constraints against any complete reversal of these policies. In addition, there are reasons as to why the total elimination of preferential policies is not necessarily a wise option at this stage of Malaysian society that has apparently done well in terms of economic growth, poverty eradication, and political stability. A sudden and drastic policy shift may risk some of these positive developments in the country. At the same time, one should not overlook the fact that these preferential policies have been hardly effective in achieving their objectives, such as the reduction in interethnic and intraethnic inequalities, formation of national identity, and elimination of ethnic tensions. In this paradoxical context—characterized by the danger of a total withdrawal of preferential policies on one hand and the

relative ineffectiveness of these policies to attain their original objectives on the other—the top policy makers in Malaysia may seriously consider two alternatives. First, they may adopt massive redistributive policies and programs to help all low-income or underprivileged citizens irrespective of their ethnic backgrounds. Such a policy change would directly address the conditions of poverty and inequality that exist within and between ethnic groups, although this de-ethnicized option may not be practically feasible when the policy stakeholders (political parties, administrative structures, and business networks) themselves are highly ethnicized in the country.

Second, if the preferential policies have to continue in one form or another, they could be used as "redress mechanism" or "affirmative action" rather than "special right" with a view to rectify the historically inherited Malay poverty and underrepresentation without arousing the non-Malay sensitivity. It is usually the idea of Bumiputeraism—which defines Malays and other indigenous groups in terms of higher social status and ascribes them with special rights and privileges—that alienates other ethnic groups such as the Chinese and Indians. By redefining these state policies as parts of affirmative action to overcome ethnic inequalities and injustices rather than as taken-for-granted (inborn) ethnic rights, it is possible to moderate the emotional ethnic overtones attached to these policies without compromising their original intent to assist the underprivileged Malays. Once this strategic shift is introduced to redefine and restructure ethnic policies as redress mechanisms instead of Bumiputera rights, the government will still need to undertake necessary measures to reduce inequality within each ethnic community among various income groups. It is increasingly crucial because after more than four decades of preferential policies practiced since achieving independence, the income gap or interclass inequality has hardly improved within the Malay community itself.

NOTES

1. There are controversies over concepts such as race, racism, and ethnicity that require some clarifications. Whereas racial identity may imply physiological features without any positive or negative connotations, racism is a value-laden social construct based on prejudiced assumptions held by some members of a particular racial group that their race is superior to other races. On the other hand, ethnicity represents a form of human identity based on a sense of "we-feeling" among the members of a group, which largely emerges from their shared commonalities in terms of race, language, religion, and cultural heritage (C. Abraham, 1999; S. J. Abraham, 1999). The concept is elaborated further in the next section of this article.

2. In this regard, it has been pointed out that due to such diversity among nation-states in various factors and issues related to ethnicity, it is hardly possible to have a universal set of policy prescriptions (United Nations Research Institute for Social Development [UNRISD], 1994).

3. Among more educated citizens in Malaysia, although the Malay students consider ethnic preferential policy essential to ensure political, economic, and educational equality, the Chinese students are quite dissatisfied with such a policy based on the principle of "special rights" as the "inherent rights" of Malays (Ong, 1990).

4. Among the most recent government documents, these policy objectives are evident in *The Third Outline Perspective Plan 2001-2010* (Economic Planning Unit [EPU], 2001).

5. Until the end of the 1960s, the ratio of Malays and non-Malays was 3:1 in the traditional rural sector, whereas it was 2:5 in the modern sector (Crouch, 2001, p. 229).

6. For instance, according to Mah (1985, p. 259), there is a problem of a "sleeping partnership," often known as the Ali-Baba or Ali-John approach, under which although Malays are granted special business licenses, they often resell or sublease such licenses (for a fee or tribute) to non-Malays who run the actual businesses.

7. Although there was no major event of racial violence in Malaysia during the recent economic crisis, one must remember that even after this economic crisis, the living standards in Malaysia still remain much higher than those in the 1960s and 1970s when the level of poverty was much more critical.

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