

THE *BUMIPUTERA* POLICY: CHINESE VIEWS AND PERSPECTIVES

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This paper takes the statements of various Chinese leaders and Chinese-based organizations to arrive at some general understanding of how the community responded to the *bumiputera* policy of the state. Of the Chinese and Chinese-based political parties, the paper considers the stand of the Malaysian Chinese Association (MCA) and Parti Gerakan Rakyat Malaysia, both being in the ruling coalition, and the opposition Democratic Action Party (DAP) especially over the New Economic Policy (NEP), introduced in 1971 which carried much of the aspirations of the *bumiputera* policy. It also refers to the position of the non-political organizations. Of these, the most important is the Associated Chinese Chambers of Commerce and Industry which represents the Chinese business community and the Suqiu whose statement just before the 1999 general elections was endorsed by over 2,000 of the Chinese associations in the country. It looks also at the political views of Tan Cheng Lock and Lim Lian Geok who articulated early Chinese position in a period of transition to an independent nation. In all, the individuals and the organizations represent a fair cross-section of the Chinese community.

Chinese views on the *bumiputera* policy are undoubtedly grounded upon a concern about their own rights and interest. What the *bumiputera* programmes are and how these were to be implemented shape the response of the Chinese. The reaction did vary over time and with different groups of Chinese as the *bumiputera* policy was implemented. Indeed as the nation develops, the Chinese recognized the need to adjust to the new political imperatives within which the *bumiputera* policy was located. Compromise was required to achieve inter-ethnic cooperation to attain independence from the British. Concessions on all sides were further expected to help maintain inter-ethnic understanding that was so fundamental to the stability of the new nation. There were debates among the Chinese as to what they had to give up and what they could

get in return. Indeed, it was this Sino-Malay interaction that came to be the main fault-line of inter-ethnic relations.

This fault-line is the result of how the different communities viewed their past as they sought to define the nation they wanted. Each side saw history as lending authority to the political demands of its communities. The Malays saw the country's history as of early antiquity and tracing it back to the 15th century Melaka sultanate. The coming of the West was seen as having led to the loss of Malay political power and a decline in economic welfare. Colonialism also brought a large influx of immigrants who consolidated a strong position in the economy and subsequently competing for political power.

The Malays sought political independence then, as a return to historical continuity and therefore, of political pre-eminence and sovereignty. The Melaka sultanate provided the symbols for the new state, while Hang Tuah and Tun Perak are evoked as cultural heroes. It was this history, a distinctive culture, and a sense of solidarity of the Archipelago people upon which the idea of *bangsa* Melayu and of indigenous status had evolved.

For the non-Malays, their understanding of the country's past date back to the mid 19th century. The arrival of the British and immigrants during this period was seen as the start of modern Malaysia and the beginning of all the modern institutions.¹ The role they played in the early economic development was their expectation to parity of rights. This interpretation of Malaysian history offers its own cultural figures such as Yap Ah Loy and Loke Yew.²

It could be tentatively argued here that the views of the different Chinese groups are not too far apart. There was some divergence of views in the early pre-independence years. But even these have narrowed somewhat over the years. Chinese education and language issues continue to define the Chinese position in response to the *bumiputera* policy and the NEP

¹ Wang Gungwu, June 1966, "1874 in Our History", *Peninjau Sejarah*, 1(1):12-16.

² Sharon A. Carsten, September 1988, "From Myth to History: Yap Ah Loy and the Heroic Past of Chinese Malaysians", *Journal of Southeast Asian Studies*, XIX (2): 185-207.

right up to the present period. The concern about economic and employment opportunities came to the forefront following the implementation of the NEP. Indeed, statements of the MCA, Parti Gerakan and the DAP, the three major Chinese-based parties, differ little. It is in the way in which the statements are couched that reveal that there are differences that are of some significance and deserve some attention.

PRE-WAR VIEWS

The Chinese in Malaya were a heterogeneous group. They were divided along dialect and district origin lines. There were also the guilds and associations that represented different trade and artisan groups. Some had formed state-wide organizations. Thus, there were the Selangor Guangdong Association and the Selangor Chinese Chamber of Commerce. The Chinese could also be distinguished between those who had settled here for a longer time and those who had arrived more recently. Those who had been in Malaya for several generations were more acculturated and they called themselves as Straits Chinese. The Chinese were also divided by educational background with the majority attending Chinese language schools and a smaller number going to the English language schools. This different background helped shape their political outlook.

It could be argued that it was external ideas and events that largely forced the Chinese in Malaysia to see themselves as one political community. And the most important of these was nationalism, particularly the nationalist movement in China. Tan Liok Ee in her study distinguished three strands of Chinese political views in the pre-war and immediate post Second World War Years.³ These different views were represented by three leading personalities: Tan Kah Kee, Lim Lian Geok and Tan Cheng Lock. All three encountered Chinese nationalism which sought to attract the political affection and support of the overseas Chinese. Many Chinese in the pre-war period still regarded their stay in Malaya as temporary and they therefore were attentive and even

³ Tan Liok Ee, 1988, *The Rhetoric of Bangsa and Minzu: Community and Nation in Tension, the Malay Peninsula, 1900-1955*, Clayton, Victoria: Centre of Southeast Asian Studies, Monash.

involved with political developments in China. They regarded China as *zuguo* or ancestral homeland and that *zuguo* was the focus of patriotism. These feelings encouraged a sense of overseas Chinese nationalism or *huaqiao* nationalism. But *huaqiao* nationalism by its nature was transitory. One either becomes more loyal to China or one's loyalty is re-orientated to a new homeland. Major political changes that were taking place in both China and Malaya made this re-orientation necessary. Of the three, Tan Kah Kee was most committed to *huaqiao* nationalism that shifted towards a commitment to China's cause. In 1951, Tan Kah Kee returned to China so as to live, work and die in what he regarded as his homeland.

For Lim Lian Geok, the communist victory in China weakened his *huaqiao* nationalism and it soon had no relevance. For Lim Lian Geok and other *huaqiao* nationalists, Malaya was their new *zuguo*. Lim was president of the United Chinese Schools Teachers Association from 1954 until 1961. In 1955, he told a group of Chinese school students that we, the Chinese who are born and bred here, we already regard Malaya as our *jiaxiang* (family-home)⁴.

Lim embraced as his homeland, a Malaya which he believed was multi-ethnic. Malaya was a nation made up of what he considered as *minzu* or political community. Each *minzu* had certain legitimate rights such as in the development and promotion of its own language. The Chinese formed one of the *minzu*. For Lim, language and culture were important determinants of a *minzu*. It is upon this basis that in a multi-ethnic society *minzus* have political parity that the claim of the Chinese to equal rights and status was made. This was a central theme in his political thinking.

Tan Cheng Lock represented a third strand of political thinking of the Chinese. His views was shared by mainly the Straits Chinese. Many had settled in Melaka since the late 17th and early 18th centuries. Hence, the Straits Chinese in Penang, Melaka and Singapore considered themselves just as indigenous or *bumiputera* as any group in the country. Their political thinking was therefore different from the *huaqiao* nationalists and that of Lim Lian Geok.

⁴ *ibid*, p. 34.

While Lim emphasized the *minzu*, Tan believed in the rights and entitlement of individuals as citizens in a new nation with political responsibility and participation. To Tan, neither language, religion nor race was a sufficient basis to construct a new nation. To him as with many nationalists elsewhere, it was the will to live together and to build a common future. And this desire to have a new nation was based on the fundamental principles of equality and democratic participation in the process of government. It was the English-language background and the influence of Western political thinking that shaped the views of Tan and the Straits Chinese.

Tan was perhaps one Chinese leader who was most aware of impending political change and its implications. He had also a keener sense of Malay aspirations than any other Chinese leader. Yet, even he was unprepared as to the response that the Chinese ought to take *vis-à-vis* Malay politics and what the new framework should be. This had to do with the links which the Straits Chinese had established with the colonial authorities. There was some expectation that in any political transition, Chinese interest would be safeguarded through cooperation with the British and to an extent the Malays. When the Malayan Union which liberalized citizenship requirements was announced, Tan saw the proposals as offering political hope to the non-Malays.

There was therefore disappointment for Tan when the British abandoned the Malayan Union in the face of strong Malay opposition. He pointed out to the British, the unique opportunity they had to weld together different peoples in Malaya into one united nation. Tan called on British commitment to a democracy within which there would be equality in rights and obligations for all. He strongly criticized the colonial authorities in a statement in October 1946 when they proceeded to discuss only with UMNO and the Malay rulers on new constitutional changes.

There was a sense of bitterness in Tan when the proposals of the Federation of Malaya Agreement were made public. He took a more pronounced anti-colonial stance as he joined the Pan-Malayan Council of Joint Action (becoming later the All-Malaya Council of Joint Action). Made up of the radical Malay Nationalist Party and the Straits Chinese British Association, Tan became its first chairman. He attacked what he described as a pro-Malay Federation proposal. He supported a hartal

called on 20 October 1947 against the Federation of Malaya Agreement. In 1951, he joined in a statement expressing concern at proposed amendments to the Agreement which might further disadvantaged the Chinese expressing,

Before that Agreement, it had never been realized that the British Government could be a party to legislation containing racial concepts which did not ensure the equality of all races and minorities before the law whether judicial or administrative⁵.

The political streams represented by Lim Lian Geok and Tan did not subscribe to any constitutional change where a group should have special rights and status. While Lim represented the views of the Chinese-educated, the position of Tan reflected those of the English-educated Chinese particularly the Straits Chinese. The two of them fought for equal rights and status for the Chinese during the crucial period of constitutional transition. Both streams of thinking became influential in shaping the political position of the Chinese in Malaya in the post-war years. These continued to be important in the post-independence political discourse.

THE MCA AND INDEPENDENCE NEGOTIATIONS

Past discussions on the issue of Malay position was a matter largely carried out between the British and the Malays. There were at least three significant landmark decisions that helped define the special position of the Malays. There were the Pangkor Treaty, the Malay Land Reservation and the Malayan Union. The land reservation acts defined Malay as "a person belonging to any Malayan race who habitually speaks the Malay language or any Malayan language and professes the Muslim religion."⁶ The Pangkor Treaty had earlier ruled that matters

⁵ Tjoa Hock Guan, 1983, "The Social and Political Ideas of Tun Datuk Sir Tan Cheng Lock" in Kernial Singh Sandhu and Paul Wheatley (eds.), *Melaka: The Transformation of a Malay Capital, 1400-1980*, Singapore: ISEAS and OUP, 301-3023.8.

⁶ Sharon Siddique and Leo Suryadinata, Winter 1981-1982, "Bumiputera and Pribumi: Economic Nationalism and Economic Nationalism (Indiginis) in Malaya and Indonesia", *Pacific Affairs*, 54(4): 662-687.

pertaining to religion and *adat* remained under the authority of the sultan. By placing matters affecting the community under the sultan, this in effect further defined the status of the Malays.

Only with impending independence were the Chinese finally included in discussions on constitutional change and on their future status in the new nation. More important, they now had to deal with the question of the special position of the Malays. Against a background of a communist insurgency, the British was prepared to grant independence only to a multi-ethnic party. In crucial talks with the British and the Malays over political and constitutional change, it was the MCA who represented the Chinese. The leaders of the MCA were drawn largely from three groups of quite different background. These were the English-educated Chinese, the Chinese educationists and the merchant group. Some of the merchants were also leaders of guilds and associations.

The most important discussions between UMNO representing the Malays, and the MCA were those held to prepare a memorandum to the Reid Constitutional Commission. It was crucial for agreement to be reached on several key issues in order to arrive at a common stand in the memorandum. Included in the discussions was the Malaysian Indian Congress (MIC). A common stand was important to convince the British that inter-ethnic cooperation was achieved. There were three crucial issues where there was considerable disagreement among the component parties within the committee. These were Malay special rights, citizenship and language.

A major concession that had to be drawn from the MCA was recognition of Malay special rights. There was heated debate within MCA's own Working Committee over this issue. Then, eventually after lengthy negotiations in the Alliance committee, the MCA endorsed the statement in the memorandum that

...recognize the fact that the Malays are the original sons of the soil and that they have a special position arising from this fact, and also by virtue of treaties made between the British Government and the various sovereign Malay states.

The MCA also acknowledged that the "*bumiputera*" status of the Malays entitled the community to certain rights. Safeguarding of those

rights was entrusted to the Malay head of state, the Yang di-Pertuan Agong. The Agong had powers to "reserve for the Malays a reasonable proportion of lands, posts in public service, permits to engage in business or trade, where such permits are restricted and controlled by law, grant scholarships and such similar privileges accorded by the Government."

Given the fact that the MCA was then led largely by men who had fought for equality of all ethnic groups as an essential bedrock of the new nation, why was it that the party accepted the special position of the Malays? Several reasons have been forwarded. One explanation offered is that the MCA was politically weaker than United Malay National Organisation (UMNO), and therefore would not want to be portrayed as delaying independence by raising difficulties in the negotiations. Another was that the MCA top leaders knew that the security of their political base depended upon the continued political patronage of UMNO. It was suggested that the degree of political influence which the MCA would enjoy after independence would depend on the degree of UMNO cooperation. These explanations, however, appear to be reading the present situation of a weakened MCA into a period when in fact MCA leaders then believed that there was a degree of political parity in the power balance.

It is more likely that MCA leaders at the negotiations realized that concessions had to be made to arrive at a compromise acceptable to UMNO and which it could present to the Malay community. To the MCA, obtaining *jus soli* as the basis for citizenship was already a major gain. With the new conditions, a substantial number of Chinese now qualified for citizenship. Chinese leaders were fully aware that there had been strong Malay objection to the adoption of *jus soli*. This liberalized citizenship condition could only be balanced by recognition of the Malay special position.

Minutes of MCA meetings showed that there were concern among some MCA leaders that the position of UMNO leaders such as Tunku Abdul Rahman whom they regarded as moderate could at that time be at political risk if the Malays were seen to have lost out in the constitutional bargain. Leaders who were more communal might replace the moderates. Furthermore, there was already an indication of PAS (then referred to as PMIP) challenge to UMNO. By this time, MCA

leaders had developed comfortable relations with those such as the Tunku heading UMNO.

The social background of many of these leaders could also explain the acceptance by the MCA then of Malay special rights in the constitution. The most articulate and influential of the MCA were the English-educated professionals and merchants. Among them were Tan Cheng Lock and H. S. Lee, and it was this group that dealt directly with UMNO leaders. To Tan and Lee, what was crucial was gaining for the Chinese entitlement to political participation. To obtain liberalized terms for Chinese to qualify as citizens, they had to concede special rights to the Malays.

Malay special rights did not worry these leaders then as much as it did to others in the Chinese community. This could in part be because these leaders could not anticipate the nature and the full implications of special rights and status of the Malays. To the MCA leaders, the provision in the constitution provided what were already rights enjoyed by Malays such as land reservation and quota into the public service. And these in the past did not appear to have hindered the progress of the Chinese community. Indeed, leaders such as Tan Cheng Lock were already then writing about what they acknowledged as the economic gap between the Malays and the non-Malays and the need to have this narrowed. In 1955, the MCA submitted a paper entitled "Memorandum on the Economic Aid to Malays" prepared by Leong Yew Koh, a founding leader. The paper stated that the political stability and well being of the country depended upon a marked improvement in the standard of living of the Malays. The MCA leadership agreed with UMNO that government leadership should act more directly to bring about an improvement in Malay welfare.

The MCA itself proposed that the government assist the Malays through (a) loans to be made easily available by state-controlled banks, to enable them to set up businesses in urban and rural areas; (b) education centers and training facilities to be set up to equip Malays with the necessary managerial, commercial and technical skills to participate in commerce and industry; (c) licenses to be reserved for Malays in forestry, saw-milling, tin-mining, rubber and other agricultural produce enterprises, and in other businesses such as the running of restaurants, hotels, petrol kiosks, rice and provision-dealing, and public transportation; (d) land to

be set aside in urban centers for Malays to run their businesses; and (e) where absolutely necessary, the government to pass laws to promote the economic interests of Malays.

But the MCA leadership was insistent that the scope and extent of government intervention on behalf of the Malay community should not be such as to affect non-Malay economic interests. Thus, legislation to benefit the welfare of Malays should not harm existing non-Malay economic interests. Therefore, the MCA opposed moves to ban private enterprise in the rural areas. It disagreed with some in UMNO that the function of the middlemen be eradicated to protect the Malay peasantry. The MCA feared that such prohibition of rural private enterprise would harm the business interests of Chinese petty traders and retailers performing middlemen services in Malay *kampungs*. It recommended that UMNO should instead direct its attention to sectors controlled by foreign interests such as in the plantation, mining, industry and commerce of the Malayan economy. Curtailing Chinese business, it pointed out, would not advance Malay economic interest.

The main support of the MCA at this time came from urban merchants and rural traders. The party was therefore particularly anxious that the interests of these groups be sufficiently safeguarded. The understanding among Alliance leaders was that while Malays should enjoy a preponderant share of political power, the economic position of the Chinese was not to be affected. The acceptance of the constitutional memorandum by leaders of the MCA was also made in the expectation that the special rights and privileges were for a limited period of time. Finally, leaders such as Tan Cheng Lock believed that real political parity could only be achieved when more Chinese become citizens and were able exercise their democratic rights. He lamented the fact that the majority of the English-educated Chinese, many of whom were citizens, were at that time so politically apathetic.

DISSENSION FROM WITHIN THE MCA

But there was already dissension within the MCA over the terms and provisions in the Alliance constitutional memorandum. The main opposition came from the group that represented the Chinese guilds and associations. Many leaders of the guilds and association were merchants

and miners. The Associated Chinese Chambers of Commerce in responding to the Reid commission proposals commented,

Now that a new Constitution is to be written, they [the Chinese] naturally expected to see their rights and privileges restored so that in this newly-born independent and democratic Federation of Malaya, all nationals will become equal subjects enjoying equal rights and privileges and fulfilling equal duties, obligations and responsibilities...

Among the leaders of dissenters were Lau Pak Khuan, the chairman of the Federation of Chinese guilds and associations which then claimed a membership of 1,094 organizations; and Lim Lian Geok, President of the United Chinese School Teachers Association.

What clearly caused unhappiness to the dissidents and seen as disadvantageous in the constitution provision was the position of Chinese language and education. In pushing for equal rights, the concern of the Lau-Lim faction stressed the recognition of multi-lingualism in the new nation. If the Chinese were to be accorded equality, then their language and culture were likewise to be given similar status. For it was this that defined the Chinese *mintzu* in Malaya.

For many Chinese, the constitution and policies of the newly independent government consigned them to secondary status within the new nation. Chinese was not accepted as an official language and there was no move to review the 1956 Education Policy as many Chinese educationists had hoped. Only Chinese primary schools and not the secondary schools became part of the public education system. The question of equitable economic or business share, significantly, was not a major issue.

Realizing that their demands were accepted neither by the MCA nor the Alliance leadership, the Lau-Lim faction sent a separate delegation to London to present their case. The Lau Pak Khuan delegation failed to meet the Colonial Secretary in London. And their memorandum was not passed on by the Alliance delegation that arrived later.

But strong sentiments remained within the party against provisions in the constitution. A year after independence, Tan Cheng Lock, the

founding president, was defeated by Lim Chong Eu in party elections. Pushed by the educationists, the MCA under Lim called for a review of the Education Policy and for a third of the seats in the coming parliamentary elections. The position taken by Lim Chong Eu was rejected by the Tunku who saw the MCA demand as an unacceptable ultimatum. Lim backed down and eventually he and his supporters left the party. Joining them were some leaders of the guilds and associations, and the Chinese educationalists.

FROM THE OPPOSITION RANKS

It was a largely English-educated leadership that soon took up the Chinese political cause. The main unhappiness was still largely over Chinese language and education issue. But this sense of grievance soon shifted and expanded in the period after independence. Like Tan Cheng Lock this English-educated leadership believed that a new nation must be based on the fundamental principles of equality and democratic participation. The political demand was equal rights for all ethnic groups. Some of those leading the opposition now suggested that the provision of Malay rights was understood and accepted as functioning in limited areas. Firstly, they saw Malay rights as exercised and manifested in the national symbols. Secondly, while these non-Malays acknowledged the need to narrow the economic gap between the ethnic groups, they did not support government direct intervention to achieve the aim. Significantly, the major thrust of the criticism of the disaffected Chinese was directed mainly at the MCA. They accused the party of betraying the interest of the community in order to protect their own business interests. Malay rights therefore became a divisive intra-ethnic issue for the Chinese as much as it became one that later caused inter-ethnic tension.

The most prominent of the proponents for equal rights was the People's Progressive Party (PPP) and to an extent the Labour Party. The emergence of the PPP in the opposition did not mean that those who had fought for Chinese language and education were less energetic and involved. In fact, the support which the PPP first gained came from a predominantly Chinese area and where the Chinese school issue was a major issue. This was the Kinta Valley where the influence of Lau Pak Khuan and his supporters was strongest. The emergence of D. R.

Seenivasagam as legal counsel to those arrested in the Chinese school student demonstration gave high profile to the PPP. D. R. Seenivasagam won a parliamentary by-election in 1957 and became the second member in the opposition bench, the first opposition member was from the Pan Malayan Islamic Party (PMIP). Hence PPP's political programme called for official recognition of multi-lingualism and for inclusion of Chinese education as part of the entire national system.

But, the PPP soon came to represent the concerns of the English-educated non-Malays who at this stage began to feel perhaps even more alienated over Malay special rights than the Chinese-educated. The Chinese educated had in the past always been left out of the mainstream in government employment, in scholarships and in local tertiary education. Qualifications from Chinese schools and universities did not qualify them for the public service or entrance to the University of Malaya. The struggle by Lim Lian Geok to have Chinese education recognized was in part driven by the sense of marginalization among Chinese educated. Malay special rights, therefore, did not take away from the Chinese educated what they did not previously have.

This was not the case for the English-educated non-Malays. Non-Malays educated in English gained admission into universities, the professionals, and to a large extent even the public service. While recruitment into the civil service in the closing years of colonial rule favoured Malays, a significant number of non-Malays were still accepted and promoted to the upper ranks. English-educated non-Malays formed the majority of students in the University of Malaya as well as in the professional sections of the public service such as in education, engineering and medicine. Indeed, English-educated non-Malays had very much been in the mainstream of society.

It was the English-educated non-Malays more than the Chinese-educated who felt the impact of the first implementation of programmes under Malay special rights. In scholarships, admission to local colleges and universities, and recruitment into the public service, English-educated non-Malays believed they were being discriminated. Malay special rights saw new training programmes and colleges set up. Those non-Malays in service also complained that Malays had accelerated promotions and that non-Malays were by-passed in appointments to higher positions of responsibilities.

Riding on non-Malay dissatisfaction, the PPP gained control of the Ipoh town council and won seats in the 1959 and 1964 parliamentary elections. It also performed well in state elections. Its strength, however, remained in the predominantly Chinese-region of Perak.

But it was the Peoples Action Party (PAP) which, following its entry into Malaysian politics, sharpened the debate over Malay rights. Its political manifesto was similar to that of the PPP. The PAP called for a free, democratic and socialist Malaysia based on the principles of racial equality and of social and economic justice. It pushed for equalitarian policies and cultural pluralism, and wanted equal treatment for Malay, English, Chinese and Tamil languages and educational systems. More than the PPP, it was to take on strongly the issue of Malay of special rights. Its successor when it left Malaysia in 1965, the DAP, even questioned the justification of protective land laws and quotas in education, business licenses and recruitment to the civil service.

The PAP's campaigned for a Malaysian Malaysia where all citizens would have equal rights and privileges. Malaysian Malaysia became a political code word attacking Malay special rights in a way which multi-lingualism and multi-educational system was perceived to be. Malaysian Malaysia provoked a strong Malay reaction. Lee Kuan Yew had initially sought to work with UMNO. It confined its attack on the MCA leadership which it portrayed as being ineffective in representing the Chinese, and saw itself replacing the MCA in the Alliance coalition.

The conflict between the PAP and the MCA underlined the differences in social and educational background of the two parties. It has been suggested that the PAP seeing itself largely as a party of intellectuals and professionals ascribed to universal values of equality and democracy. It saw Malay special position as inconsistent with such principles. The Malaysian Malaysia espoused was one where "the nation and the state is not identified with the supremacy, well-being and the interests of any one particular community or race".

Furthermore, it shared with traditional Chinese intellectuals the deep distrust of merchants. Among the English-educated Chinese in Malaysia, the belief was that the MCA had in protecting their own business interest been willing to sacrifice the larger interests of the Chinese community especially over Malay special rights.

By the middle of 1965, the PAP led a Malaysian Malaysia coalition of opposition parties which included the PPP and Lim Chong Eu's United Democratic Party. The PAP contested in nine seats in the 1964 elections. It won only one. But in the Bangsar constituency, its win was significant because it was made up largely of English-educated and professionals. This suggests that the Malaysian Malaysia appeal of the PAP was beginning to make inroads among the English-educated non-Malays. But inter-ethnic tension over Malaysian Malaysia led to a separation of Singapore from Malaysia in 1965.

THE NEW ECONOMIC POLICY AND CHINESE REACTION

At a time non-Malays were seeking parity in political rights, there was increasing frustration among the Malays over their economic position. There was disappointment that political power had not been translated into any economic benefits. Hence, some Malays now wanted that special rights expanded from the political sphere into the economic sector. It was in such mood and context that the first *Bumiputera* Economic Conference was held in Kuala Lumpur. The conference outlined several strategies to promote Malay or *bumiputera* economic participation. Following the conference that year, Bank Bumiputra was established, while in 1966, the government set up MARA to promote *bumiputera* participation in the economy.

Malay frustration over their lack of economic progress is said to be a factor in the May 1969 ethnic riots. In the aftermath, the UMNO leadership was determined to improve the economic status of the *bumiputera*. The Second Malaysia Plan launched in 1971 carried the blueprint for Tun Razak's NEP. The NEP aimed at restructuring society "to reduce and eventually eliminate the identification of race with economic function". Its ultimate goal was "the emergence of a full-fledged Malay entrepreneurial community within one generation".

Non-Malays generally felt great unease about the new *bumiputera* policy as expressed in the NEP. For the first time, a target to achieve a restructuring of ownership was set. The NEP specified that at least 30% of the corporate stock must be in the hands of Malays and other indigenous people by 1990. It was also clear that the government was determined to adopt a more interventionist policy in the economy to

ensure achieving the targets set. Non-Malays feared that government intervention in the economy was likely to limit their scope of business.

However, it was politically difficult for the Chinese to object to the NEP. The policy had objectives that no group could reasonably oppose. Indeed, the second of the two-pronged NEP "sought to reduce and eventually eradicate poverty, by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race". And addressing the economic aspiration of Malays through the first of the two-prong objectives would remove an underlying cause of inter-ethnic tension. Furthermore, the NEP was premised on an expanding economy and this would lead to increase opportunities for all ethnic groups. There was also an assurance given that in the implementation of the policy, "no group will experience any loss or feel any sense of deprivation".

A political group that might have been able to exert some influence during the formulation of the NEP was probably the MCA. But the MCA was at this time politically weakened following its disastrous performance in the 1969 elections and its brief withdrawal from the cabinet. Tan Siew Sin returned as Finance Minister in 1971 but the party lost the other portfolios related to trade and industry.

The introduction of the NEP and the emphasis on Malay rights stirred many young Chinese who had been previously indifferent to politics into active participation. A number of English-educated Chinese joined the MCA in a move to revitalize the party. The disarray in the MCA dismayed many English-educated Chinese. They held that the interest of the Chinese community could be advanced only through a Chinese party in the government. They point to the example of UMNO and the unity of Malays mobilized. The young Chinese contended that Chinese support for opposition parties merely led to a divided and weakened Chinese community, and this resulted in the political marginalization of the Chinese.

Led by Alex Lee, son of H.S. Lee, one of the MCA's founders, these young Chinese formed the Chinese Unity Movement. They linked up with another group of English-educated Chinese in Perak who formed the Perak Task force. Both movements were efforts to unite the Chinese through the MCA. They believed that Chinese unity could restore the position of the Chinese of the pre-NEP period. But to do so, the MCA

had to go beyond the business groups and to reach down to grass-root level to achieve the same degree of cohesion and strength as that of UMNO. The Chinese Unity Movement was an expression of the political sentiments of English-educated Chinese who were feeling the effects of pro-*bumiputera* policies. This group now decided to struggle for political and economic parity from within the ruling coalition.

However, the Chinese Unity Movement soon threatened the position of the established leadership in the party. Its call for safeguarding of Chinese rights and interests also caused unease within UMNO. Tan Siew Sin who had earlier supported the movement became the target of attacks of the reformists. In 1973, a number of the movements' leaders were ousted from the MCA.

In April 1974, eight months after re-election as MCA president, Tun Tan stepped down from the post. Health reasons were cited. With Tan's retirement, the finance portfolio passed to UMNO. This, as it turned out, further weakened MCA's standing. A year later, Parliament passed the Industrial Coordination Act (ICA) which extended NEP objectives into the private sector. In a changing NEP-driven environment, the loss of the Finance Ministry led Chinese business groups to seek patronage from UMNO.

Thus, when Dato Lee San Choon succeeded Tun Tan, the MCA had lost even further ground within the government and among key Chinese groups such as the guilds and associations, the educationalists, and big Chinese business. Lee decided that the MCA had to create alternative opportunities in education and business to regain Chinese support. He started several MCA-sponsored projects such as the cooperative movements and the Multi-Purpose Holdings Berhad, acquired newspapers, and expanded Tunku Abdul Rahman (TAR) College. Where NEP was seen as expanding opportunities for Malays, the MCA created its own institutions to provide matching chances to the Chinese. Hence, Chinese who could not get into the public universities now joined TAR College. This helped reduce the extent of frustration among the Chinese.

But even so, unhappiness persisted within the Chinese community over the implementation of the NEP. In 1981, the Federal Territory division of the MCA held a conference to discuss broad political and economic

issues of the nation. That division, significantly, was headed by Tan Koon Swan who was later to be briefly president of the MCA in 1986. To the conference participants, 1981 was a crucial year as it marked the mid-point of the NEP programme and also the start of Dr Mahathir's term as Prime Minister.

The proceedings were later published in a book entitled *The Malaysian Chinese: Towards National Unity*. In his Introduction, Tan Koon Swan called for efforts to "de-communalize and de-emphasis politics" in economic development.⁷ All eight of the contributors were largely English-educated and all were later to rise to important positions within the MCA. The tone and content of the MCA seminar showed that 10 years into the NEP, the MCA had moved to a position with regard to the *bumiputera* policy similar to that taken much earlier by the DAP, the main Chinese-based opposition.

Another influential voice of the Chinese community that raised questions about the NEP was the Associated Chinese Chambers of Commerce and Industry Malaysia (ACCCIM). It represented Chinese business which was one group that came to be most affected by the NEP implementation. The ACCCIM was founded in 1947 and it claims to represent more than 20,000 Malaysian Chinese companies, individuals and trade associations. Among companies are those involved in the manufacturing and primary sector of the economy, and in wholesale, retail and export trade. It has 17 constituent chambers and among these were state Chinese Chamber of Commerce. Many of the large corporate figures are members of the ACCCIM but it is the smaller Chinese companies that see the organization as important in representing their views and concern.

The ACCCIM works closely with the National Chamber of Commerce and Industry of Malaysia (NCCIM) which includes the Malay, Indian and International Chambers of Commerce. It is at the NCCIM level that the ACCCIM joins other chambers of commerce to work out common position on legislative and administrative issues affecting the business community. However, the ACCCIM takes a stand on its own when issues affect mainly its members. It has meetings with officials of

⁷ Federal Territory Research and Service Centre, 1982, *The Malaysian Chinese: Towards National University*, Kuala Lumpur.

the Ministry of Trade and Industry as well as with the Finance Ministry. In January 1989, it was invited to appoint a representative to the National Economic Consultative Council (NECC) set up to evaluate the performance of NEP. In December 1989, it submitted its views on the NEP and on a post-NEP policy. More than any other Chinese-based organizations, the ACCCIM focused on economic aspects of the *bumiputera* policy.

Just as significant were the views of Parti Gerakan, a member of the ruling coalition of the Barisan Nasional (BN). Set up in 1968 as a non-communal party by former academicians, unionists and former Labour Party and United Democratic Party (UDP) members, the Gerakan sought a programme of social justice and an open democratic system through which the interests of all ethnic groups would be served. It acknowledged the special position of the Malays but believed that this was to be transitory and that eventually a society where all are truly equal would be attained. The forming of Gerakan took place at a time of growing ethnic polarization, and its founders had hoped that it could be a moderate alternative to the extreme communal flanks. In the first election it contested in, the Gerakan won the state government of Penang and has held the island since then.

In 1971, a number of leaders such as Syed Hussein al-Atas and Tan Chee Koon left Gerakan and since then the party has assumed a more Chinese character. Most of those who remained led by Lim Chong Eu, were former MCA members. Gerakan became even more Chinese when in 1973 it took in dissidents from the MCA such as Lim Keng Yaik and Paul Leong. Despite efforts to maintain its non-communal stance, Gerakan continues to be regarded as a Chinese-based party and its support comes largely from the Chinese.

Gerakan has been able to take a relatively more critical stand on several aspects of the NEP than the MCA could within the ruling coalition. It is significant of course that the first two leaders of Gerakan were formerly from the MCA. Both had a reputation, when they were in the MCA, of speaking up strongly on issues of concern to the Chinese. But Gerakan's willingness to take bolder articulation is probably because it is a smaller party and a less apparently Chinese. Its statements therefore do not have the appearance of a challenge or provocation to UMNO.

When placed together, the statements of the major Chinese-based parties and organizations on the NEP and *bumiputera* policy differ very little. It is mainly the language which these were couched and the point in time the statements were made that significant differences could be noted. All the parties prefaced their comments with support of the NEP. For instance Lim Kit Siang of the DAP speaking on July 14, 1971 during the debate on the Second Malaysia Plan declared "we support both objectives [of the NEP]".⁸ The ACCCIM memorandum in its memorandum likewise in expressing support for the NEP saw the objectives as efforts to create a just socioeconomic order.⁹

But there were several aspects of the NEP which caused unease among the Chinese. Clearly the main concern was on the impact of the policy on the community's own interest. Despite assurances that the policy would not cause a sense of loss and deprivation, the Chinese generally complained that they experienced restriction to economic and educational opportunities following the implementation of the NEP. The Chinese-based parties also contended that while efforts and resources have been devoted to restructuring of society, less attention had been given to the second prong objective which was the eradication of poverty.

It is on poverty eradication that the DAP and the Gerakan tried to cast a concern wider than just that of the Chinese. Lim Kit Siang in 1976 pointed out that the majority of the rural poor, in particular farmers and fishermen, have not benefited materially from government development. Lim Kit Siang observed that the eradication of poverty appeared to be incidental to the policy. He also pointed out that restructuring of society had redistributed income to raise up a new and wealthy corporate Malay class while the income of those in the rural and agricultural sector had not risen significantly.

⁸ Lim Kit Siang, 1978, "Speech to Parliament on the Second Malaysia Plan" debate on July 14, 1971 in *Time Bombs in Malaysia*, Kuala Lumpur: Democratic Action Party, pp. 53.

⁹ "Outline of ACCCIM's Views and Proposals on Post 1990 National Economic Policy", submitted to Tan Sri Ghazali Shafie, Chairman, Majlis Perundingan Ekonomi Negara, 5 December 1989.

The DAP drew attention to what it considered as the real disparity in the country and that this was between Malaysians and non-Malaysians. Lim in the same speech criticized the government for harping on the subject of Malay/non-Malay imbalance when in fact the majority of the Malays and non-Malays are poor and the concentration of ownership and control of wealth in the modern economic sectors were in the hands of the foreigners. To Lim, such an approach was inimical to national unity.

Yet even on poverty eradication, the DAP and the Gerakan drew attention to non-Malay poor. Gerakan in particular referred to the plight of the New Villages. Set up during the Emergency period, there had been very little development and improvements in these settlements. Lim Keng Yaik as Minister briefly was given charge of the New Villages and he came across the economic plight of the settlers. Concern was also expressed about the Indians in the estates and plantations and who had suffered similar neglect. To Lim Kit Siang, comments of government leaders on the question of poverty eradication struck Lim as over-emphasizing rural poor. Lim pointed out that a large number of poor were in towns and in many ways urban poor were worse off than the rural poor.

The Chinese-based parties and organizations expressed unhappiness over the *bumiputera/non-bumiputera* distinction in the NEP and in all government policies. Lim Kit Siang questioned whether the policy with such ethnic approach would bring about national unity as "I do not see how the Second Plan by itself can create national unity...".

Lim Keng Yaik stated, "while we in principle support the objectives of the NEP, the way this policy has been implemented has not brought the people of this country any closer to the broader goal of national unity".¹⁰ In disagreeing with Malay rights and the *bumiputera/non-bumiputera* dichotomy, the Gerakan called for the addressing of needs rather than ethnicity. It contended that such an approach would in fact be helping many more *bumiputeras*. Gerakan claimed that the *bumiputera* policy has led to greater communal consciousness among government administrator whose decisions are coloured by an ethnic bias. This had

¹⁰ Parti Gerakan Rakyat Malaysia, 1984, "Policy Statement delivered by Sdr. Lim Keng Yaik, President, Parti Gerakan Rakyat Malaysia" in *The National Economic Policy – 1990 and Beyond*, Kuala Lumpur, pp. 156–161.

led to two consequences. Firstly, there was now growing intra-ethnic disparity of income. Secondly, the NEP in concentrating only on restructuring in the corporate sector had created a new imbalance whereby non-Malay participation in the public sector has sharply declined.

The ACCCIM was critical of the "overemphasis on *bumiputera* interests that caused heightened awareness of race at the expense of national unity". The ACCCIM suggest that continuing the quota system in the NEP is not helpful to the *bumiputera*. It claimed that this had created a dependence mentality on Government at the expense of individual initiative. Initiative of the private sector has been curtailed as a result of the growing size and presence of public enterprises created under the NEP.

But given the sensitive nature of the subject and the risk of creating inter-ethnic tension, comments on the NEP and *bumiputera* policy in the early phase had been directed at how officials interpreted and implemented the policy. All the Chinese-based organizations called for more wealth creation programmes rather than wealth re-distribution efforts. The MCA and the ACCCIM in particular pointed out that government efforts at wealth re-distribution had created hampered non-Malay business expansion possibilities. They were in particular critical of excessive bureaucracy.

The MCA and the ACCCIM, representing the Chinese, articulated more specifically the concerns of the Chinese. This was particularly so on the questions of the economy and educational opportunities. The ACCCIM disagreed with the implementation in the restructuring programmes. It argues that this had adverse effects on the overall long term performance of the economy. Above all, it contended "the mode and instrumentalities adopted for the implementation of NEP that have also generated a great deal of unreassuringly tendencies and repercussions on Malaysian society and economy that are not conducive to the forging of national unity". The ACCCIM sought a national economic policy where wealth creation strategies be devised and implemented irrespective of race. It felt that national resources had been diverted from programmes of wealth creation to those of wealth re-distribution. Furthermore, the requirement of business enterprise to allow 30 percent for *bumiputera* participation had led to a curtailment of non-*bumiputera* family-based

business growth. Complaints were made of bureaucratic restrictions on non-Malay business.

The DAP claimed that new imbalance was now created. Speaking on the Third Malaysia Plan being presented in Parliament on 20 July 1976, Lim Kit Siang spoke of the diminished opportunities for non-Malay students to pursue post-secondary, college and university education in Malaysia. He described the restructuring prong in the Second Plan a mistake because it was seen by the people "as a racial programme rather than a Malaysian programme". He called for the government to progressively re-structure all areas of national life where there was pronounced identification of race with economic functions. The DAP claimed that such identification was also evident in government services, armed forces and police. The DAP called for restructuring of Felda schemes to include non-Malays and to open up agricultural development for all groups.

As the NEP officially reached the end of its term, Chinese-based parties called for a re-look at the objectives and the implementation. They wanted an end to the communal distinction in government policies which they argued was not helping in forging unity in the country. Chinese-based organizations also expressed the hope that the ethnic dimension in the NEP was transitory and would be phased out. They claimed too that the *bumiputera* corporate targets as envisaged in the NEP had been reached. The Gerakan pointed out, for instance, that its Economic Bureau had established that *bumiputera* corporate ownership in 1984 had exceeded 18.7 percent in the Mid-term Review, and that the 30 percent target would likely be achieved and possibly even exceeded in 1990 when the NEP ends. Gerakan called for reducing the use of *bumiputera/non-bumiputera* division.

UMNO RESPONSE

Clearly sections within UMNO were not happy with many of the criticism made by the non-Malays on the NEP. Perhaps the most serious reaction from UMNO came towards the end of 1986 following comments made by Lee Kim Sai, the deputy President of the MCA. In September 1986 Lee spoke of deviations in the implementation of the NEP. This was immediately construed by some within UMNO as

questioning the NEP. Calls were made for action to be taken against Lee. Dr Mahathir managed to calm the situation when he told reporters that Lee could present his criticisms of the NEP to Cabinet where the matter would be discussed.

However, a few weeks later, another controversy arose. This time the issue was even more serious and it was over the use of the term *pendatang*. At the core of the crisis was what some in UMNO perceived to be a challenge to the *bumiputera* and indigenous status of the Malays. In the months before, the word *pendatang* came to be used by some Malays when referring to non-Malays. Some non-Malays protested that the word was frequently used in Malay publications and by some Malay academicians. In early November 1986, the MCA Selangor in annual convention passed a resolution calling on the government to review the Sedition Act and to make it an offence to call any of the three major races immigrants or *pendatang*. Selangor MCA was then headed by Dato' Lee Kim Sai who as MCA Youth leader gained a reputation of taking up Chinese issues.

UMNO Youth protested against the MCA resolution which it interpreted as challenging the indigenous status of the Malays. Strong objection was taken against the preamble of the MCA resolution which stated that Malaysia's three major races originated from other countries and that none of them should brand the others as immigrants and claim themselves to be natives. The preamble was therefore seen as questioning the Malays as the indigenous people of the land, Lee Kim Sai further infuriated many Malays when he was quoted on November 3 as saying "any historian can verify what was said in the preamble to the resolution".¹¹

A few days later he added,

Our forefathers had contributed to the development of this country with their sweat and toil. The Chinese helped to develop the tin mines, the various towns and plantations which are the foundation of the Malaysian economy.¹²

¹¹ *Star*, November 5, 1986.

¹² *Sunday Mail*, November 16, 1986.

In turn UMNO Youth leaders described the resolution as seditious and smacking of communalism. The leader of UMNO Youth then was Dato' Seri Anwar Ibrahim. Calls were made to the Prime Minister to expel Lee Kim Sai from the Cabinet. Others also appealed to the Sultan of Selangor to withdraw Lee's datoship. In the meanwhile, MCA Youth rallied behind Lee Kim Sai. For a while, it appeared that this would turn into an UMNO-MCA crisis.

The *pendatang-peribumi* issue reflected how the adoption of different perspective to an understanding of the country's past continued to shape political responses. Lee clearly reflected a view of Malaysia's history shared by most non-Malays. It was an interpretation which does not emphasize a historical continuity. The Malays on the other hand trace Malaysia's history as going back to the Melaka Sultanate. It was upon this historical continuity which Malays base their claim of being the indigenous people and entitlement to Malay rights.

Internal problems within the MCA and UMNO partly explains why Lee Kim Sai's statements on the NEP and *pendatang* were made and why sections in UMNO reacted so vigorously. At the height of the controversy, Lee Kim Sai offered to resign but this was turned down. In the end, Ghafar Baba worked out a compromise. In the compromise, the term *pendatang* was not be used to describe any community and the *bumiputera* status of the Malays was not to be questioned.

The next time there was another minor flare-up over allegations that Malay special rights had been challenged was in the immediate aftermath of the 1999 elections. In that election, UMNO had suffered electoral losses. David Chua, the Deputy Chairman of the Associated Chinese Chamber of Commerce and Industry, gave an interview to the *Far Eastern Economic Review* in August 2000 where he was asked to comment on the general economic situation in the country. David Chua was then also deputy chairman of the National Economic Consultative Council (NECC). The NECC was at that point preparing a prospective 10-year plan for the economic and social development of Malaysia. Chua was quoted by the *Review* as "calling for greater competitiveness in Malaysia to help drive the country's economic recovery in the face of growing globalization". To be competitive, quotas in certain sectors of the economy and public services need to be reviewed. Chua's interview

was front-paged in *Utusan Malaysia* and his comments construed as an attack on Malay special rights.

Just at about this time Suqiu, the Malaysian Chinese Organizations' Election Appeal Committee, which was made up of 13 organizations and claimed to have the endorsement of over 2,000 Chinese associations in the country, chose to mark the anniversary of its submitting of a 17 points appeal for the 1999 general elections. The setting up of Suqiu was led largely by the Selangor Chinese Assembly Hall and Dong Jiao Zong. Both, particularly the latter, are in the forefront of defending Chinese education and other issues of concern to the community. A number of those in the Suqiu are also said to be sympathetic to the *reformasi* movement. The call for justice by the pro-Anwar *reformasi* group and the new party, Parti Keadilan, was a political cause they could support and identify with. For the Suqiu supporters, justice sought by the *reformasi* should be expanded to include the rights and equality of all cultures and language in the country. Just before the 1999 elections, Suqiu submitted a memorandum which it made public appealing for change and reforms. Among the points raised was a call to promote national unity, to advance democracy, to uphold human rights and justice, to curb corruption, to have a fair and equitable economic policy, and to allow the flourishing of multi-ethnic cultures. It appealed for the protecting of the Malaysian environment, modernizing the New Villages, housing for all and to provide for the orang asli. On calling for the promotion of national unity which was the first item in its appeal list it wanted steps to be taken to abolish all aspects of the *bumiputera/non-bumiputera* distinction. The memorandum received considerable publicity and at the time of the 1999 elections, both the opposition and the BN accepted in principle the points it contained.¹³

The comments of David Chua and the items of appeal from Suqiu seemed quite innocuous to many when they first appeared. Some of the points they raised had in fact been brought up by Dr Mahathir and some UMNO leaders in their address to young Malays. Dr Mahathir had urged young Malays be more competitive and not to expect continued government support and privileges. But while Malay leaders could criticize aspects of the NEP, it was another thing altogether for non-Malays to bring up what would be considered as a sensitive subject in

¹³ Suqiu full text, www.suqiu.org/Suqiu_English.htm.

public. And so in a situation where some in UMNO were seeking strategies to regain election losses, the David Chua-Suqiu statements were seen as timely to be used to rally Malay nationalist sentiments. The Malay press took the lead to attack David Chua and Suqiu and this was followed immediately by UMNO Youth.

UMNO Youth in particular took exceptions to Suqiu's call for the ending of the *bumiputera/non-bumiputera* distinction. And despite attempts by David Chua to explain that some of his statements were distorted by the Malay press, the controversy did not go away. There was a small gathering in Putrajaya to demonstrate against David Chua and Suqiu, and a delegation met Dr Mahathir. A group of UMNO Youth members then threatened to burn down the Selangor Chinese Hall premises. Other Malay organizations countered the Suqiu's statements with their own memoranda of Malay demands.

Dr Mahathir himself came out strongly against the Suqiu. He described the group as extremists and that its demands could stir up racial sentiments. He labeled the Suqiu as similar to that of the Al Maunuh, a small armed Islamic group which had seized weapons from a territorial army camp in Perak and which had been portrayed as posing serious security threat to the nation.¹⁴ Eventually, David Chua met the Prime Minister, while UMNO Youth held meetings with Suqiu to resolve the matter.

Unlike 1986, Malay hostile reaction to the David Chua-Suqiu statements did not spread and escalate. In fact, sections of PAS and the *reformasi* Malay groups offered to defend the Selangor Chinese Assembly Hall should UMNO Youth attempt to burn it down. Many Malays, it has been suggested, did not see the David Chua-Suqiu as a real issue and that what concerned them more was Anwar and the *reformasi* movement. The Anwar issue still dominated their political consciousness.

Furthermore, achievements in the NEP have created a more confident Malay community both in the area of politics and economics. The sense of pre-1969 insecurity has been greatly lessened and so a communal call did not evoke the same degree of political response as was the case in the past. There has, therefore, emerged a new generation of Malaysians

¹⁴ *New Straits Times*, August 31, 2002; *The Star*, August 31, 2002.

from all communities who are willing to question ethnic-based politics. In a way, this reflects the success of government efforts in inculcating a greater sense of being Malaysian through its educational system. Younger Malaysians in seeking to play a meaningful part in society now tend to reject ethnic approaches and are instead inspired by new and more universalistic ideals. Issues of human rights, justice, democracy and freedom have become the rallying calls.

A significant number of younger Chinese, mainly professionals and some intellectuals, were sympathetic to the *reformasi* movement. They were attracted to its manifesto which promised a politics in the new century that defined less by race and religion, and where common class interests would encourage Malays and non-Malays to work closer together.

BUMIPUTERA POLICY AND CHANGES IN THE POLITICAL SCENE

The NEP policy has since been replaced by two policies. But the thrust of the NEP continues. Indeed Dato' Seri Dr Mahathir Mohamed when he became Prime Minister accelerated Malay corporate participation, particularly through privatizing programmes and these have further eroded Chinese business position.

Still, UMNO and Dr Mahathir recognized that while the balance of power has tilted towards the Malays, the views of other communities have still to be heeded. This is particularly so on the core issues of language, education and business participation. While the Chinese may not be politically and demographically large enough to have all their demands considered, they are still significant to insist that matters of bedrock importance to them be accommodated.

In addition, new developments in the international environment convinced the Mahathir Administration to review the approach used in the restructuring of society. While NEP objectives remain, Dr Mahathir is allowing some discussions on meritocracy. He wants a more competitive and resilient economy to face the challenges of globalizing trade and investment. There is a relook at the education system to make it truly national, to have schools that attract all ethnic groups through a

return to high standards and as institutions of integration. Dr Mahathir has set a return to using more English in schools. These are trends that appeal to the Chinese.

Domestically, a split in the Malay community following the Anwar crisis of 1998 has led, for the first time, to UMNO appreciating the value of non-Malay votes. With support eroded in many key Malay constituencies, UMNO candidates require non-Malay support to fend off a strong PAS challenge. This is a striking reminder to many, both in UMNO and in PAS, that a multi-ethnic coalition and political cooperation has advantage in coming electoral battles.

Chinese businessmen had adjusted early to the requirements of the NEP. Bringing in Malay business partners and equity participation in compliance with NEP requirements have also in many cases opened up further economic opportunities. With business activities heavily regulated by the state, it became necessary to open up dialogue with the government. Many Chinese businessmen felt that Dr Mahathir was business-friendly and could be relied on for firm and consistent decisions. They also believed that Mahathir, while a Malay nationalist, was also a business realist. Still, some of the strategies adopted under his administration were felt to have limited the scope of expansion for the Chinese.

At the corporate level, many management boards and boards of directors today are multi-ethnic. The NEP requires a statutory level of Malay equity and management participation. Inter-ethnic business are today formed to comply with governmental requirements as well as to qualify for contracts. Still, this has been a significant basis upon which some mutually beneficial collaboration between Malay and non-Malay businessmen had developed. It has also been argued that increased Malay participation in business and public sector through the NEP policies and a continued role in business for the non-Malays have thus contributed to a maintenance of social stability.

Economic recession and financial turbulence in the region, led Chinese business and Dr Mahathir to accept more the views and role of each other. During the economic recession of the mid-1980s, some NEP requirements were modified including equity and personnel participation. The relaxation of the NEP was to attract much needed

local as well as foreign investments. Malaysian businessmen were, at the same time, encouraged to compete in overseas trade.

In the 1998 financial crisis, the government under Dr Mahathir steered a steady economic recovery. Chinese business groups supported Mahathir's economic measures even at a time when these were strongly criticized. Most helpful to Chinese businessmen was the pegging of the Malaysian ringgit to the US dollar. The pegging ended uncertainties in the exchange rate that was disruptive to trade with overseas suppliers or buyers. The Government, in turn, acknowledged the part played by the private sector particularly the non-Malays in the economic recovery.

CONCLUSION

To many non-Malays, changes in international and local politics is witnessing a shift of the debate from the *bumiputera* policy to that of a broader Islamic state. It appears to be one where Malay rights is to be revised within a programme determined by Islamic requirements. This has implications on the position of the non-Malays. Indeed, on the 29th of that month at the Annual General Meeting (AGM) of Parti Gerakan, Dr. Mahathir declared that Malaysia is an Islamic state. In the post-September 11 atmosphere and with an impending US attack on Afghanistan, Dr Mahathir's declaration was clearly an attempt to seize the Islamic initiative by presenting UMNO as the promoter of an authentic Islamic state rather than PAS. The post September 11 events had aroused strong Islamic political feelings, and UMNO feared that PAS would be the principal beneficiary of such sentiments.

Non-Malays were surprised by the Prime Minister's declaration since most had earlier not supported DAP simply because of its association with PAS and PAS's Islamic state proposal. But with September 11 and the association of PAS with feared militant Islam in the minds of many non-Malays, there appeared, little choice but resignation to Dr Mahathir's Islamic state. Dr. Mahathir assured non-Malays that his Islamic state requires no change to the constitution since Malaysia already has all the features of an Islamic state. The safeguards for non-Muslims remain. The MCA and Parti Gerakan accepted Dr. Mahathir's

assurance that the political system and the constitution of the country remain unchanged.¹⁵

Lim Kit Siang, on the other hand, considered Dr Mahathir's declaration "a tectonic shift in Malaysian politics where the undisputed constitutional and nation-building principle for 44 years of Malaysia as a democratic, secular and multi-religious nation has been abandoned by the 14 parties in the BN". To him, Malaysia as a secular state had been safeguarded by the Reid Constitution Report of 1957, the Federal Constitution 1957 and the Government White Paper on the Federation of Malaya Constitution Proposals 1957. The Cobbold Commission Report of 1962 had also assured Sarawak and Sabah that the Federal Constitution provides for a secular state. Lim feared that the focus of political debate and nation-building has completely shifted, and that it is one where the non-Malays have little part.

The form and nature of such a state have serious implications on whether non-Muslim Malaysians will have an equal and rightful role in the nation building process. Equitable access to economic and educational opportunities, the future of Chinese language schools, and the maintenance of a multi-ethnic nation remain the main concerns of the Chinese. Whereas sections within Malay nationalism which had insisted on Malay rights had been able to broaden their movement to argue for a more inclusivist and therefore a Malaysian nationalism, an Islamic state in Malaysia could be exclusionist.¹⁶

¹⁵ English-language newspapers generally use the term Islamic country when referring to what Dr Mahathir had declared.

¹⁶ K.S. Jomo and Ahmad Shabery Cheek, 1992, "Malaysia's Islamic Movements" in Joel S. Khan and Francis Loh Kok Wah (eds.), *Fragmented Vision: Culture and Politics in Contemporary Malaysia*, Sydney: Allen and Unwin. Lee Min Choon, 2000, *Freedom of religion in Malaysia*, Petaling Jaya: Karios Research Centre.