

THE INTERNATIONAL JOURNAL OF HUMANITIES & SOCIAL STUDIES

Towards a New Malaysian Future: The Origins and Current Status of the Bumiputera Laws

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Abstract:

This paper examines Malaysia's Bumiputera (People of the Soil) policy in historical context as a reaction to perceived economic imbalances engendered prior to Malaysian independence, notably the dominant position assumed by the Peranakan (Straits Chinese) in the financial sector during the colonial period. The paper also highlights how perceived links between ethnic Chinese and insurgent movements during the Malayan Emergency (1948-1960) shaped negative perceptions of the Chinese community in the eyes of Malaysian policymakers, a view reinforced during the ethnic violence of the May 13th Incident in 1969. The subsequent implementation of the New Economic Policy (NEP) in 1971 consequently contained clearly racial overtones that equated rural (predominantly Malay) populations with systemic poverty, thus creating a justification for a system of educational and economic discrimination that continues to influence Malaysian society today.

Keywords: Bumiputera, Peranakan, New Economic Policy, Malaysia, Straits Chinese

1. Introduction

The Southeast Asian nation of Malaysia is a highly multiethnic country consisting of a Malay majority (68.8%), with minority groups of Chinese (23.2%) and Indians (7%). After gaining independence from Great Britain in 1957, Malaysia successfully developed an industrial economy and has assumed the status of a regional trading hub. On a social level, Malaysia has historically enjoyed a remarkable degree of harmony among its diverse ethnic groups, all of whom are protected by the fundamental rights of citizenship. Nevertheless, successive Malaysian governments have continued to grapple with the challenge of balancing between the competing interests and perspectives of different ethnic groups, an issue greatly complicated by the preferential treatment accorded the Malay population under the 'Bumiputera' laws; a range of statutes implemented under the New Economic Policy (NEP) of 1971. In essence, the controversy surrounding the Bumiputera policies derive from the view that they explicitly reinforce the economic interests of an ethnic majority self-defined as 'people of the land'.

Bumiputera policy remains a highly-controversial issue in Malaysian public discourse, particularly for minority groups who argue that their access to critical educational and employment opportunities is unfairly limited, contributing to systemic inequalities that are not only holding back individuals but slowing the development of the nation as a whole. Accurately contextualizing the influence of Bumiputera in contemporary Malaysian life requires an overview of the historical context from which it derived, notably the economic and social role played by the Straits Chinese during British colonial rule (1826-1957). Furthermore, the current incarnation of Bumiputera can also be interpreted as an explicit reaction to the radical social changes initiated by independence, specifically Malay policymakers' desires to address deeply-felt historical injustices wrought by the colonial experience. The fact that Bumiputera remains embedded within the Malaysian constitution itself raises the possibility that racial discrimination remains part and parcel of state-sanctioned Malaysian national identity. Intertwined with ongoing debates on the challenge of maintaining inter-ethnic harmony lies the practical question of how to continue fostering national development in an era when domestic oil reserves are fast-diminishing, with the country at the tail-end of almost two decades of relatively stagnant economic growth. Thus, comprehensively reforming the Bumiputera policy towards a more inclusive and meritocratic orientation raises the possibility of not only reducing discrimination against minority groups, but also placing Malaysia's overall economic trajectory on a more secure footing.

2. The Peranakan Chinese: A Brief History

The history of the Straits Chinese is not restricted to the Malayan peninsula, but is rather one aspect of a regional development process spanning centuries. Oceanic trade routes mapped during the 15th century voyages of Zheng He's treasure ships forged tributary connections between Southeast Asian rulers and the Ming court while laying the groundwork for migratory flows from the Chinese mainland to regional communities across Asia. In addition to promoting closer political relationships and stimulating the formation of regional trade networks, more frequently interactions with China contributed to "the growth of cities throughout both mainland and insular Southeast Asia, and a considerable expansion of domestic entrepreneurial and trading activity." (Booth, 2012, p. 70) From the 16th century onwards, diasporic Chinese communities began engaging in a wide array of economic activities, including seeking out natural

resources from regional communities in Sumatra and the Siamese-Malaysia peninsula for extraction and trade, “[using] Penang as a convenient base and stepping stone to explore opportunities on the trading frontier of Northern Sumatra and the Siamese-Malay Peninsula.” (Nasution, 2009, p.83) Major commodities sought by the Chinese and subsequently by the Europeans included tin, palm oil, rubber, and forest products commonly found in Southeast Asia.

The first wave of Chinese-born entrepreneurs - originating primarily from the Southern province of Fujian - was predominately male and frequently intermarried with local women, a practice which facilitated integration with their adoptive communities while simultaneously fostering the development of “a hybridized culture that [merged] local rituals and colonial values whilst retaining fundamental elements of Chinese identity.” (Tan, 2009, p. 135) In addition to facilitating assimilation into the local culture, intermarriage served an economic function as well; an indigenous wife could serve as an invaluable source of support for Chinese merchants, “not only [helping] take care of their shops but also occasionally [accompanying] the traders in their trips inland to buy up pepper and sell textiles.” (Kian, 2015, p. 156) The deep-rooted interconnections between the Straits Chinese community and the indigenous Malay population are reflected in “[the] legendary marriage of a Chinese consort, Hang Li Po, to a Melakan prince, Sultan Mansur Shah, in the fifteenth century” (Tan, 2009, p. 136) which the modern Peranakan community collectively holds as an origin story. Thus, the very origins of Peranakan people included elements of economic integration and cultural assimilation, both of which had a lasting influence on the long-term development of Peranakan identity.

When formal British rule was established over the Straits Settlements in 1826, the Peranakan Chinese who had first arrived as traders and laborers had expanded into a diverse range of economic sectors. During the latter half of the 19th century, the ethnic diversity of the Straits was further expanded by the arrival of Ceylonese brought by the British to serve as agricultural laborers, soldiers, and bureaucrats in civil administration. Within the hierarchical structure of colonial rule, each of these groups came to occupy a distinctive sphere within Malaysian social and economic life. Although the Malays were by far the most populous group, a combination of pragmatic and invidious factors led the British to create “a system [that] permitted rulers to withdraw from commercial concerns while at the same time giving private merchants, often Chinese, considerable economic power and social prestige without threatening the position of the rulers.” (Booth, 2012, p. 72) Notably, indigenous Malays were often disinclined to cooperate with the colonial authorities, as “native populations were under explicit orders from their disgruntled rulers not to trade with the Europeans or assist in the acquisition of any supplies and commodities. (Kian, 2015, p. 160) Moreover, due to its history the Chinese merchant class was already familiar with the complexities of international trade, and possessed long-standing connections with the indigenous Malay population, particularly in rural regions where most agricultural goods were produced. Thus, “[the British] relied primarily on the Chinese middlemen for the retail and distribution of imported manufactured goods and gathering products for export purposes.” (Kian, 2015, p. 149) This relationship proved beneficial for all parties involved; facilitating the (fundamentally exploitative) institutions of colonial administration while granting minority groups increased status within Malaysian society (including increased educational opportunities, lucrative business connections, and influential government positions), a situation that would be effectively reversed in the post-independence era.

The mutually-beneficial working relationship between the British and the Straits Chinese played out in a variety of arenas, including at the grassroots level. Growing numbers of Chinese immigrants to Malaysia during the 19th century provided a source of relatively cheap and efficient labor for the highly-lucrative tin industry. (Ratuva, 2016, p. 196). European officials were also incentivized to develop links with Chinese economic interests and to exploit Chinese labor due to a racist perception of Malays as unreliable business partners, a view derived from “an undeserved reputation for idleness, which [their] Asiatic competitors take care to foster” (Alatas, 1977, p. 50) In subsequent decades, the Chinese business community took active measures to cultivate this relationship by familiarizing themselves and their children with Western practices - notably developing fluency in the English language - “[raising] their status in the eyes of colonial administrators and increasing their representation in public-sector clerical positions.” (Tan, 2009, p. 148) Although the wealth and social status of the Straits Chinese waxed greatly under British colonial rule, the relationship also gave rise to increased resentment from the Malay community, undermining the centuries-old balance of ethnic relations in the Straits.

3. Postcolonial Tensions

From the 1930s through the 1960s, the rise of Communist influence throughout Southeast Asia led to increased distrust of the Chinese population due to the relatively high proportion of Chinese in local Communist organizations. (Stubbs, 1977, p. 251) The establishment of formal Communist rule in Laos, Vietnam, and Cambodia caused widespread concern that Malaysia would be among the next to fall. The extended unrest caused by the Communist insurgency became known as the Malayan Emergency (1948-1960), in which Commonwealth forces backed by Thailand, the United States, Great Britain and Australia fought against the Malaysian Communist Party (MCP), supported in turn by China, Vietnam, Indonesia, and the Soviet Union. Unfortunately, the disproportionately high percentage of ethnic Chinese among the younger generation of politically-active Communists meant that the Chinese community as a whole was viewed with distrust and subjected to discriminatory measures by the Malaysian government. Notable among these was a relocation program called ‘Operation Hammer’ involving the forced resettlement of Chinese residents of Sarawak into camps bearing “the appearance of penal stockades, with high barbed-wire fences surrounding them, interspersed by searchlight installations and tightly guarded entrances to the living compounds.” (Van der Kroef, 1966, p. 73) While the immediate threat of civil conflict had largely receded by the 1970s, the racial tensions engendered by a combination of political instability and government policies widely viewed as antagonistic to ‘non-native’ groups during the post-WWII period were never effectively resolved at the national level.

In the decades following Malaysian independence, ruling parties were animated by a popular sentiment that in order to remedy the social and economic disadvantages wrought by decades of colonial rule, the government had a responsibility to empower the Malay population through legislative action. In response, opposition parties became defined in terms of ethnicity, exacerbating an atmosphere of resentment and division hinging in part on the perception that the "job quotas [were increasingly] based on race rather than merit within both the public and private sectors of the economy." (Stubbs, 1997, p. 254) Matters came to a head on May 13th 1969, when the United Malays National Organization (UMNO) party swept into power on an explicitly pro-Malay platform, causing rioting in the capital city of Kuala Lumpur that culminated in the deaths of several hundred victims.

4. Emergence of the Bumiputera

One of the long-term consequences of the 13th May Incident was a renewed sense among the political ruling class that guaranteeing increased economic opportunities to impoverished Malays was critical to preserving social order, a viewpoint enshrined in the New Economic Policy (NEP). Implemented in 1971, this policy ostensibly sought to promote greater unity and economic equality among all Malaysians but in practice prioritized indigenous Malay interests over those of other groups, in other words as "a restatement of the "bargain" between the races, placing emphasis on the underplayed feature of Malay economic advance." (Milne, 1976, p. 239) In light of the fact that the Malay population of the time was predominantly rural and agrarian, the NEP aimed to increase Malay representation in manufacturing, services, finance, and the public sector while also growing the economy as a whole. One of the more controversial aspects of the proposal was its explicitly race-based orientation; by equating poverty with predominantly Malay rural populations the UMNO created a justification for a broad platform of educational and economic changes that created a separate (and privileged) sphere for Malays while systematically excluding minority groups. Aside from the obvious ethical issues involved in formulating macroeconomic policy on the basis of historical racial grievances, the centrally-controlled and highly 'managed' aspect of the Bumiputera laws have also exposed successive administrations to allegations of corruption and mismanagement, as "many public utilities became so-called government-linked companies, or G.L.C.s, tasked with representing and promoting Bumiputera interests." (Chin, 2015, p. 1) While the NEP was initially successful in promoting economic growth, over the longer term its racially-preferential aspects have widened ethnic divides within Malaysian society. Notably, a focus on filling employment quotas rather than fostering economic growth has shaped an environment in which Malays are more likely to secure government positions, work in state-owned companies, or gain acceptance to Malaysian universities. Moreover, this state of systemic imbalance is no accident; the Malaysian Constitution itself states that, "It shall be the responsibility of the Yang di-Pertuan Agong to safeguard the special position of the Malays and natives of any of the States of Sabah and Sarawak and the legitimate interests of other communities in accordance with the provisions of this Article" (Article 153) Additionally, the preferential treatment accorded to Malays by the education system means that employers are more likely to distrust Malay graduates' qualifications, questioning whether the degree was earned through merit or simply a result of preferential treatment under the Bumiputera laws.

The Pakatan Harapan (PH) Party, which swept into power in 2018 on a reform-oriented platform, has been noticeably reluctant to address the Bumiputera issue in a concrete manner. A continued imbalance in terms of limited educational and employment opportunities has had a decisive impact upon Malaysia's overall economic competitiveness, with "a recent study [finding] almost half of ethnic Chinese had a strong desire to leave Malaysia. Not only that, but the researchers from Oxford University found that across ethnicities, the Malaysians with the strongest desire to emigrate were those who had at least completed secondary education – 17.3 percent for Malays, 52.6 per cent for Chinese and 42 per cent for Indians." (Sukumaran, 2017)

5. Conclusion

Although the path forward is far from clear, the fate of Malaysia's economic future is unquestionably intertwined with the status of the Bumiputera laws. The prioritization of merit - regardless of ethnicity - in the educational and employment sectors would increase opportunities across the board. A policy of offering scholarships and school admissions based on test scores and holistic measures, for instance, would promote competition and produce a larger proportion of talented graduates. Although there are no major plans currently in place to reform the Bumiputera policy, the fact remains that significant structural changes are necessary for Malaysia to secure an economically prosperous and socially harmonious future for all of its citizens.

6. References

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