

Ethnic Structure, Inequality and Governance in the Public Sector

Malaysian Experiences

Khoo Boo Teik

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Acronyms

ASN	Amanah Saham Nasional (<i>National Unit Trust Scheme</i>)
BCIC	Bumiputera Commercial and Industrial Community
Berjasa	Barisan Jemaah Islamiah SeMalaysia
Berjaya	Bersatu Rakyat Jati Sarawak
BN	Barisan Nasional (<i>National Front</i>)
DAP	Democratic Action Party
Gerakan	Parti Gerakan Rakyat (<i>Malaysia Malaysian People's Movement</i>)
HAMIM	Hisbul Muslimin
ICA	Industrial Coordination Act
Kolej TAR	Kolej Tunku Abdul Rahman
LDP	Liberal Democratic Party
MARA	Majlis Amanah Rakyat (<i>Council of Trust for the People</i>)
MARA IT	MARA Institute of Technology
MCA	Malaysian (originally Malayan) Chinese Association
MCS	Malayan Civil Service
MIC	Malaysian (originally Malayan) Indian Congress
NEP	New Economic Policy
PAS	Parti Islam SeMalaysia (<i>Pan-Malaysian Islamic Party</i>)
PBB	Parti Pesaka Bumiputera Bersatu (<i>United Traditional Bumiputera Party</i>)
PBDS	Parti Bansa Dayak Sarawak (<i>Sarawak Native People's Party</i>)
PBRS	Parti Bersatu Rakyat Sabah
PBS	Parti Bersatu Sabah (<i>United Sabah Party</i>)
PNB	Permodalan Nasional Berhad (<i>National Equity Corporation</i>)
PPP	People's Progressive Party
PTD	Perkhidmatan Tadbir dan Diplomatik (<i>Administrative and Diplomatic Service</i>)
SAPP	Sabah People's Party
SCA	Sabah Chinese Association
SNAP	Sarawak National Party
SPDP	Sarawak Progressive Democratic Party
SUPP	Sarawak United People's Party
UIA	Universiti Islam Antarabangsa
UKM	Universiti Kebangsaan Malaysia
UM	Universiti Malaya
UMNO	United Malays National Organization
UPKO	United Pasokmomogun Kadazandusun Organization
UPM	Universiti Pertanian Malaysia
USM	Universiti Sains Malaysia
USNO	United Sabah National Organization
UTM	Universiti Teknologi Malaysia
UUM	Universiti Utara Malaysia

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Summary/Résumé/Resumen

Summary

This paper analyses Malaysian experiences in managing ethnic “imbalances” – between the “indigenous community” and “immigrant communities” – that created formidable barriers to non-divisive interethnic relations. Part I gives an overview of the formation of a plural society and an ethnic division of labour. Part II focuses on the public sector’s use of the New Economic Policy (NEP) to overturn the ethnic division of labour and its impact on public sector governance. Part III examines how a matrix of ethnic representation, power sharing and domination imposed some measure of stability upon the political system.

A basic post-1970 official classification divides the population between the “bumiputera” or indigenous people and non-bumiputera people. In Peninsular Malaysia, the bumiputera predominantly consist of the Malays. The bumiputera of Sabah and Sarawak refer to the indigenous people of many communities. For Malaysia, the non-bumiputera chiefly refer to the Chinese and Indians, by now mostly descendants of colonial-era immigrants.

An “ethnic division of labour” had emerged when colonial capitalism created patterns of uneven development and socioeconomic disparities. At their starkest, patterns of ethnic inequalities were traceable to the organization of labour of different ethnic origins by separate sectors and pursuits, crudely captured by stereotypes of the “Malay farmer”, the “Chinese trader” and the “Indian estate labourer”.

The ethnic diversity and the ethnic division of labour has led to Malaysian society being characterized as a “plural society” whose “ethnic cleavages” prompt politicians to “communalize” issues and policy makers to discriminate on the basis of ethnic differentiation. Ethnic disagreements were often regarded as pitting “Malay political power” against “Chinese economic domination”, especially when postindependence laissez-faire capitalism failed to redress inequalities in income distribution, incidence of poverty, employment and social mobility. The biggest failure in the state’s management of ethnic relations came on 13 May 1969 when the capital city, Kuala Lumpur, was engulfed by ethnic violence.

After May 1969, the state had two basic solutions to the ethnic tensions. The first solution was to form the Barisan Nasional (BN, or National Front) by enlarging the pre-1970 ruling coalition, the Alliance. Ruling since 1974, the BN’s strengths are drawn from a framework for managing interethnic politics. The BN implements relatively stable allocations of opportunities for electoral representation, and functioning arrangements for power sharing. But there is no ethnically proportionate influence over policy formulation. The domination of the United Malays National Organization (UMNO) is a “fact” of BN collaboration since Malays form the largest proportion of the electorate, and UMNO has always won the largest share of the BN’s seats in Parliament. A crucial feature of this “majoritarian” power-sharing arrangement is that the prime minister and his deputies are Malays, and Malays head key ministries. For UMNO’s partners, BN membership allows a party to trade its opposition for some influence in government insofar as the party delivers the votes of “its” community.

The second solution came in the form of the NEP, which relied on massive state intervention “to eradicate poverty irrespective of race” and “to restructure society to abolish the identification of race with economic function” by raising the bumiputera, mostly Malay, share of corporate equity and to create new Malay capitalist, professional and middle classes. Accordingly, the public sector provided economic, investment and educational opportunities for Malays; regulated businesses, both local and foreign, by using legislative means, bureaucratic procedures and ethnic quotas for equity participation and employment; invested so as to raise Malay corporate ownership rates; and served as the trustee of Malay economic interests.

Given new roles, greater resources and political support, the state's public enterprises, statutory authorities and state economic development corporations proliferated, creating notable impacts on public sector governance. First, the civil service became increasingly Malay-dominated in terms of staff recruitment, training, deployment and promotion at higher administrative and professional levels. Second, administration and regulation were increasingly ethnicized. An ethnic public sector-private sector divide emerged when the public sector applied ethnic quotas and targets to many socioeconomic sectors and used price subsidies and discounts to offset "bumiputera lack of competitiveness". Consequently, "public sector ineptitude" was commonly contrasted with "private sector efficiency". A public sector-private sector overlap developed within the Malay community. Intersecting Malay Party, bureaucratic and class interests blurred the borders between "Malay social enterprise" and "Malay private business". After 1981, policies of "Malaysia Incorporated" and "privatization" subordinated the public sector to the private sector, raising new problems of governance, as Malay conglomerates—sometimes in joint ventures with non-Malay capital—became "politicized oligopolies" that escaped stringent scrutiny and regulation. Hence, while the NEP overturned an earlier ethnic division of labour, its ethnicized governance reaffirmed an "identification of ethnicity with politico-economic sectors".

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Résumé

L'auteur analyse ici les expériences malaises de gestion des "déséquilibres" ethniques—entre autochtones et immigrants—qui ont été de formidables obstacles à l'établissement de relations interethniques constructives. Dans la première partie, il retrace brièvement la formation d'une société plurielle et d'une division ethnique du travail. La deuxième partie traite de l'utilisation de la Nouvelle politique économique (NPE) pour mettre fin à la division ethnique du travail et ses répercussions sur l'administration du secteur public et, dans la troisième partie, examine comment un modèle qui conjugue représentation des ethnies, partage du pouvoir et domination a conféré une certaine stabilité au système politique.

Selon une classification officielle postérieure à 1970, la population est divisée, entre les "bumiputera" ou autochtones, et ceux qui ne le sont pas. Dans la péninsule malaise, la grande majorité des bumiputera sont des Malais. Ceux du Sabah et du Sarawak sont des autochtones de communautés diverses. Pour la Malaisie, les non-bumiputera désignent essentiellement les Chinois et les Indiens qui, pour la plupart, sont aujourd'hui les descendants d'immigrants de la période coloniale.

Une "division ethnique du travail" s'est mise en place lorsque le capitalisme colonial a créé un développement inégalitaire et des disparités socio-économiques. Les inégalités ethniques les plus flagrantes ont résulté de la division de la population active en secteurs séparés selon leurs origines ethniques, représentée de manière caricaturale par les stéréotypes du "fermier malais", du "commerçant chinois" et de l'"employé indien".

La diversité ethnique et la division ethnique du travail sont à l'origine de la définition de la société malaise comme "société plurielle", où les "clivages ethniques" poussent la classe politique à "communautariser" les problèmes et les responsables politiques à discriminer selon les ethnies. Les désaccords ethniques passaient souvent pour dresser "le pouvoir politique malais" contre "la domination économique chinoise", en particulier lorsque, après l'accession à l'indépendance, le laissez-faire capitaliste n'a pas su corriger les inégalités apparues dans la répartition des revenus, l'incidence de la pauvreté, l'emploi et la mobilité sociale. L'incapacité de l'Etat à gérer les relations ethniques est apparue dans toute son ampleur le 13 mai 1969 lorsque les violences ethniques ont gagné toute la capitale, Kuala Lumpur.

Après mai 1969, l'Etat avait deux options pour résoudre le problème des tensions ethniques. La première consistait à former le Barisan Nasional (BN ou Front national) en élargissant la coalition au pouvoir avant les années 70, l'Alliance. Au pouvoir depuis 1974, le BN tire sa force d'un système qui permet de gérer les aspects politiques des relations interethniques. Avec le BN, les chances de représentation électorale sont réparties de manière relativement stable et les mécanismes du partage du pouvoir fonctionnent. Mais l'influence exercée sur la formulation des politiques n'est pas proportionnée à l'importance des ethnies. La domination de l'Organisation nationale unifiée malaise (UMNO) provient de la collaboration au sein du BN car les Malais sont en majorité dans l'électorat et, parmi les composantes du BN, c'est toujours l'UMNO qui a eu le plus de sièges au parlement. Ce mécanisme "majoritaire" du partage du pouvoir se caractérise essentiellement par le fait que le premier ministre et ses adjoints sont malais, ainsi que les responsables des principaux ministères. Pour les partenaires de l'UMNO, faire partie du BN leur permet d'échanger leur opposition contre une certaine influence au sein du gouvernement dans la mesure où chacun d'eux apporte les voix de "sa" communauté.

La deuxième option s'est présentée sous la forme de la NPE, qui comptait sur une intervention massive de l'Etat "pour éliminer la pauvreté sans distinction de race" et pour "restructurer la société afin que la race ne soit plus assimilée à une fonction économique donnée" en augmentant la part d'actions que détenaient les bumiputera, Malais pour la plupart, dans les entreprises et pour créer de nouvelles classes moyennes malaises faites de capitalistes et de membres de professions libérales. Le secteur public a donc ouvert aux Malais des débouchés économiques et leur a offert la possibilité d'investir et de se former. Il a réglementé le fonctionnement des entreprises, tant locales qu'étrangères, à l'aide de mesures législatives, de procédures bureaucratiques et de quotas ethniques pour une participation égalitaire et l'emploi. Il a investi pour augmenter la part des entreprises appartenant à des Malais et a agi comme l'administrateur des intérêts économiques malais.

Etant donné le rôle nouveau qu'elles se voyaient attribuer, les ressources plus abondantes et l'appui politique dont elles jouissaient, les entreprises publiques, les organismes officiels et les sociétés commerciales créées par l'Etat pour contribuer au développement économique du pays ont proliféré, ce qui a eu un impact sensible sur la gouvernance du secteur public. Premièrement, les Malais ont pris une place de plus en plus dominante dans la fonction publique, au niveau du recrutement, de la formation et de la promotion aux niveaux supérieurs, administratifs et professionnels. Deuxièmement, l'administration et la réglementation ont été de plus en plus ethnicisées. Un fossé ethnique est apparu entre secteur public et secteur privé lorsque le secteur public a appliqué des quotas et fixé des objectifs ethniques à de nombreux secteurs socio-économiques et s'est servi des prix subventionnés et des escomptes pour compenser "le manque de compétitivité des bumiputera". C'est pourquoi on opposait souvent "l'incompétence du secteur public" à "l'efficacité du secteur privé". Secteur public et secteur privé ont commencé à se confondre partiellement en Malaisie. Les intérêts du Parti malais, de l'administration et des classes se recoupant, les distinctions entre "l'entreprise sociale malaise" et "l'entreprise privée malaise" se sont estompées. Après 1981, les politiques de "Malaysia Incorporated" et de privatisation ont subordonné le secteur public au secteur privé, ce qui a posé de nouveaux problèmes de gouvernance, à mesure que les conglomérats malais – parfois en co-entreprise avec du capital non malais – devenaient des "oligopoles politisés" échappant à tout contrôle et réglementation stricts. Ainsi, si la NPE a mis fin à l'ancienne division ethnique du travail, sa gouvernance ethnicisée a accentué "l'assimilation de l'ethnie à des secteurs politico-économiques donnés".

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Resumen

Este documento analiza la experiencia de Malasia en la gestión de los "desequilibrios" étnicos – entre la "comunidad indígena" y la "comunidad inmigrante" – que creó enormes obstáculos

para las relaciones interétnicas integradoras. La Parte I da una perspectiva general sobre la creación de una sociedad plural y la división étnica del trabajo. La Parte II trata de la utilización de la Nueva Política Económica (NPE) para dismantelar la división étnica del trabajo y sus repercusiones en la administración del sector público. La Parte III examina como una combinación de representación étnica, distribución de poder y dominio impuso cierto grado de estabilidad en el sistema político.

Una clasificación oficial elemental posterior a 1970 divide la población en dos grupos: los "bumiputera", es decir la población indígena, y las personas que no forman parte de este grupo. En Malasia peninsular, la mayoría de los bumiputera son los malayos. Los bumiputera de Sabah y Sarawak son los pueblos indígenas de diversas comunidades. En el caso de Malasia, los que no son bumiputera son principalmente chinos e indios, que hoy en día son en su mayoría descendientes de inmigrantes de la era colonial.

Una "división étnica del trabajo" se produjo cuando el capitalismo colonial creó pautas de desarrollo desequilibrado y disparidades socioeconómicas. En su forma más cruda, los patrones de desigualdad se debían a la asignación de trabajadores de diversos orígenes étnicos a distintos sectores y tareas. Los estereotipos como el del "agricultor malayo", el "comerciante chino" y el "criado indio" reflejan esta idea a grandes rasgos.

La diversidad étnica y la división étnica del trabajo han hecho que se califique la sociedad malasia de "sociedad plural" cuyas "divisiones étnicas" impulsan a los políticos a "comunalizar" los problemas y a los encargados de formular políticas a discriminar sobre la base de la diferenciación étnica. Las discordias étnicas a menudo se consideraban disputas entre "el poder político malayo" y el "dominio económico chino", en particular cuando, después de la independencia, el capitalismo del laissez-faire no pudo corregir las desigualdades en la distribución de ingresos y las tasas de pobreza, desempleo y movilidad social. El mayor fracaso de la gestión estatal de las relaciones étnicas se produjo el 13 de mayo de 1969 cuando la capital, Kuala Lumpur, se vio sumida en la violencia étnica.

Después de estos acontecimientos el Estado tenía básicamente dos soluciones para las tensiones raciales. La primera solución era formar el Barisan Nasional (BN, o Frente Nacional) ampliando la coalición que existía antes de 1970, llamada la Alianza. En el poder desde 1974, la fuerza del BN se basa en un marco de gestión de las relaciones interétnicas. El BN aplica una distribución relativamente estable de oportunidades para la representación electoral, y acuerdos funcionales para la distribución del poder. Pero la formulación de la política no está influenciada proporcionalmente por las etnias. El dominio de la Organización Nacional para la Unidad Malasia (UMNO, por sus siglas en inglés) es un "hecho" de la colaboración del BN dado que los malayos constituyen la mayor parte del electorado, y la UMNO siempre ha ganado la proporción más grande de los escaños parlamentarios del BN. Un aspecto crucial de este acuerdo "mayoritario" de distribución de poder es que el primer ministro y sus adjuntos sean malayos, y que sean malayos los que estén a la cabeza de los ministerios más importantes. Para los socios de la UMNO, formar parte del BN les permite intercambiar su oposición por un poco de influencia en el gobierno en la medida en la que el partido aporta los votos de "su" comunidad.

La segunda solución vino de la NPE, que dependía de intervenciones masivas del Estado para "erradicar la pobreza con independencia de la raza" y "reestructurar la sociedad para eliminar la identificación de la raza con la función económica" aumentando la parte del capital empresarial de los bumiputera, en su mayoría malayos, y creando nuevas clases medias y profesionales malayas. En consecuencia, el sector público procuró oportunidades económicas, de inversión y educación a los malayos; reguló los negocios, tanto nacionales como extranjeros, usando medios legislativos, procedimientos burocráticos y cuotas étnicas para la participación y el empleo; invirtió para aumentar la tasa de propiedad empresarial malaya; y sirvió de fideicomisario de los intereses económicos malayos.

Al obtener nuevas funciones, más recursos y apoyo político, las empresas públicas estatales y las corporaciones estatales de desarrollo económico proliferaron, lo que tuvo importantes consecuencias para el gobierno del sector público. Primero, cada vez más malayos comenzaron a dominar la administración pública, en cuanto a la contratación de personal, capacitación, despliegue y promoción a niveles superiores administrativos y profesionales. Segundo, la administración y la regulación se hacían cada vez más étnicizadas. Surgió una división étnica entre el sector público y el privado cuando el sector público aplicó cuotas y metas étnicas en varios ámbitos socioeconómicos y utilizó subsidios y descuentos para contrarrestar “la falta de competitividad de los bumiputera”. Por consiguiente, “la incompetencia del sector público” se contrastaba habitualmente con “la eficacia del sector privado”. El sector público y el sector privado llegaron a coincidir en algunos ámbitos en la comunidad malaya. Los intereses compartidos del partido malayo, la burocracia y los intereses de las clases hicieron borrosa las diferencias entre “la empresa social malaya” y el “negocio privado malayo”. Después de 1981, las políticas de “Malasia como empresa pública” y de “privatización” subordinaron el sector público al sector privado, lo que creó nuevos problemas de gobernabilidad a medida que los conglomerados malayos—algunas veces formando sociedades en participación con capital no malayo—se convirtieron en “oligopolios politizados” que se escapaban de cualquier regulación o investigación a fondo. Por eso, mientras que la NPE derrumbó la anterior división étnica del trabajo, su forma de gobierno étnicizado reafirmó una “identificación étnica con sectores socioeconómicos”.

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Introduction

The political economy of Malaysia provides an instructive example of how a multiethnic society has been burdened by different ethnic “imbalances” – fundamentally between the “indigenous community” and “immigrant communities” – that created formidable barriers to non-divisive interethnic relations. In particular, the contrast between the “poverty of the (indigenous) Malays” and “the wealth of the (immigrant) Chinese” was politically volatile since the Malay-Chinese disparities were embedded in a division of labour that was structured by colonial capitalism, but that persisted after decolonization. In fact, Malaysian political economy was Janus-like: its *ethnic* aspect was constantly exposed while its *class* aspect was hidden. Thus, the structures of political economy and the inequalities they bore were susceptible to political mobilization that seized upon real and “perceived” ethnic differences. In the absence of creative and popular syntheses of strands of Malay, Chinese and Indian nationalisms, which were active in colonial times, “nation-building” was itself ethnicized, cast in narratives of the relative abilities of different “races”, their comparative competitiveness and their contrasting attainments. Or, as an important study of Malay nationalism once noted, popular imagination easily counterposed a “rags-to-riches” story of the (non-Malay) migrant to a “master-to-menial” story of the (Malay) indigene.¹

Historically, Malaysian decolonization was managed as a compromise between the elites representing the major ethnic groups, and brokered by the departing colonial power. There were ideologically non-ethnic or multiethnic political alternatives, including legal as well as insurrectionary challenges posed by radical class-based movements to colonial rule and the postcolonial regimes. These alternatives were defeated and suppressed, first by the colonial regime, and then by the coalition of ethnic elites who replaced the colonial rulers. For the postcolonial elites, the reality of ethnic divisions was both an opportunity and a threat. It was an opportunity to mobilize “their” separate communities. The threat was instability because of ethnic disagreements over politics, economics and culture. Over 47 years since independence in 1957, the basic response of the elites has been to manage ethnic problems by openly practising ethnic politics, and adopting avowedly ethnic policies—and not by relying, say, on “colour-blind” politics or measures. The Alliance, a coalition of parties that ruled from 1957 to 1969, instituted a political framework of ethnic representation and interethnic power sharing. Beginning in 1970, the New Economic Policy (NEP) imposed a path of “restructuring” the economy and society in ethnic terms. The Alliance, and then its successor coalition, the Barisan Nasional (BN, or National Front), struggled to create stable configurations of political economy to manage interethnic inequalities.

This paper assesses the record of the Alliance-BN practice of open ethnic politics, and the NEP’s relative success in overturning inequalities associated with an earlier ethnic division of labour. Part I of the paper gives an overview of the formation of a plural society and an ethnic division of labour, with their structures and inequalities inherited from colonial rule. It analyses the limitations of a reliance on laissez-faire capitalism that underlay the Alliance’s political “formula” and which were often misleadingly stated as maintaining “politics for the Malays” and “economics for the Chinese”. Part II focuses on the public sector in relation to its pursuit of the NEP’s objective of “restructuring” society to overturn the prevailing ethnic division of labour. It is suggested here that the original NEP’s heavy dependence on state economic intervention and a subsequent shift to a new state-capital alliance—called Malaysian Incorporated—transformed the public sector, and substantially altered its modes of governance. And finally, part III examines how a matrix of representation, power sharing and domination has imposed upon the political system some measure of stability, democracy and uninterrupted rule.

¹ “The popular stereotype of the time—late 19th century—was of the immigrant who arrived from Hong Kong or the South China Coast with nothing but a sleeping mat, a pair of shorts and a singlet, and within a few years, as a result of incomparable industry, became a landowner and millionaire. The typical Malay situation was rather the reverse, one writer complaining that as land values had risen, Malays had been forced to move from the center of the city (Singapore) to the poorer areas” (Roff 1994:34–35).

At the outset, it should be noted that the ensuing discussion stresses Malay and non-Malay relations and inequalities in Peninsular Malaysia, mostly because the Malay–non-Malay “divide” in this major part of Malaysia remains the principal ethnic issue, despite the presence of diversities and complexities in interethnic relations of other kinds in Sabah and Sarawak, which make up the rest of Malaysia. It will be noticed, too, that the data supplied, which are almost exclusively obtained from published official sources, do not always follow consistent categories, especially in relation to the official classification of ethnic communities. Hence, the use of such data to track changes over time must be viewed with care.

I. Ethnic Structures and Inequalities

Geographically, Malaysia is made up of two major entities. The Malay Peninsula, now usually called Peninsular Malaysia, is contiguous with the land mass of Thailand to the north and linked by a causeway to the island-state of Singapore to the south. The other principal region of Malaysia is the northern portion of the island of Borneo—the rest of Borneo being the small state of Brunei and Kalimantan, which is part of Indonesia. This latter region was once called East Malaysia but the name has been dropped from official use.

The Federation of Malaysia has a total of 13 states. In Peninsular Malaysia there are 11 states, which constituted the Federation of Malaya up to 1963. The remaining two states are Sabah and Sarawak, physically located on the island of Borneo. For complex reasons, Singapore, although it was part of British Malaya, remained a British colony when Malaya was formed in 1948 and attained its independence in 1957. In 1963, the Federation of Malaya merged with Sabah, Sarawak and Singapore to form the Federation of Malaysia. However, Singapore seceded from Malaysia in 1965 as a result of irreconcilable differences between the federal government of Malaysia and the state government of Singapore.

Plural society

Owing to these changes in the political structure of Malaysia—pre-colonial Malay states, British Malaya, independent Malaya, Malaysia between 1963 and 1965, and post-1965 Malaysia—it is difficult to present a full series of consistently comparable demographic data in a simple fashion.

The rapid population growth in Malaya and Singapore from 1911 to 1957, much of it due to mass immigration from China and India, saw the population of Malaya almost tripling and that of Singapore increasing almost fourfold in this period (see table 1). In 1957, Malaya had 6,278,758 residents. The merger of Malaya with Sabah, Sarawak and Singapore created a total Malaysian population of 9,007,414 in 1963. The Malaysian population, reduced by Singapore’s secession in 1965, subsequently grew to 10,319,324 in 1970.

Peninsular Malaysia had approximately 84 per cent of the total population in 1970, but its share of the population declined to about 81 per cent by 2000 (see table 2) mainly because of an influx of Filipino immigrants to Sabah and Indonesian immigrants from Kalimantan to Sarawak.

For the purposes of this study, it is instructive to note that the influx of Chinese and Indian immigrants helped to increase the population of British Malaya from about 550,000 in 1850 to about 2.4 million in 1911, the first year for which census data is available, and then to 4.9 million in 1947. Colonial policy was not intended to turn British Malaya into a “white settler” colony in the mould of Australia, Canada, New Zealand or South Africa. Indeed, the last pre-Second World War census of 1931 showed that there were only 17,768 Europeans, or 0.4 per cent of the total population (Li 1982:127, footnote 1). Instead, colonial policy, except or reversed in times of economic recession, actively encouraged mass Asian immigration to Malaya, similar to the practice in other British colonies such as Burma, East Africa and Fiji. By 1931, the combination of 1.7 Chinese and 0.6 million Indians had already exceeded the Malay population of just under 2.0 million (or 44 per cent of a total population of almost 4.4 million) (Li 1982:127, footnote 1).

Table 1: Population of Malaya, Singapore and British Malaya (1911–1957), Malaysia including Singapore (1963) and Malaysia excluding Singapore (1970)

Year	Malaya	Singapore	British Malaya	Malaysia (1963)	Malaysia (1970)
1911	2,338,951	303,321	2,642,272		
1921	2,906,691	418,358	3,325,049		
1931	3,787,758	557,745	4,345,503		
1947	4,908,086	938,144	5,846,230		
1957	6,278,758	1,445,929	7,724,687		
1963				9,007,414 ^a	
1970					10,319,324

^a Since no census data was available for 1963, the 1963 total population figure is an estimate combining the 1957 figures for Malaya and Singapore and 1960 figures for Sabah and Sarawak. **Sources:** Census Reports of Malaya 1911–1957, Sabah 1960, Sarawak 1960, Singapore 1957, and Malaysia 1970.

Table 2: Population of Malaysia, 1970–2000

Year	Peninsular Malaysia		Sabah		Sarawak		Total	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
1970	8,809,557	84.4	653,604	6.3	976,269	9.4	10,439,430	100.1
1980	11,426,613	83.1	1,011,046	7.4	1,307,582	9.5	13,745,241	100.0
1991	14,475,400	82.4	1,398,900	8.0	1,700,000	9.7	17,574,300	100.1
2000	18,523,632	81.2	2,230,000	9.8	2,071,506	9.1	22,825,138	100.1

Note: Due to rounding, not all percentage rows add up to 100. **Sources:** Census Reports of Malaysia 1970, 1980, 1991 and 2000.

Thus emerged the multiethnic character of Malaysian society of today as can be quickly ascertained from table 3, which presents data on the major ethnic communities in Peninsular Malaysia alone.

The typical portrayal of the multiethnic society of Malaysia as comprising three main ethnic groups—Malays, Chinese and Indians—understates the ethnic diversity that is found among these communities themselves. Equally, such a characterization too often ignores even more complex ethnic diversities in Sabah and Sarawak. In ethnic terms, the present Malaysian population consists of many different communities, several of which lend themselves to other subdivisions. Based on their differences in regional origin, for example, the Malays would include immigrants from parts of Indonesia to the Malay states or British Malaya. The Chinese are made up of various dialect groups—for example, Cantonese, Hakka, Hockchew and Hokkien—while the category of Indians not only includes Malayalis, Punjabis and Tamils, for instance, but also Ceylonese and Pakistanis. Here, only the major ethnic categories that are officially recognized and commonly accepted by the relevant communities themselves are used with no further reference to subethnic categories.

One fundamental post-1970 official classification divides the population between the “bumiputera”² or indigenous people, and non-bumiputera or non-indigenous people (see table 4). By this classification, the bumiputera of Peninsular Malaysia consists almost entirely of the Malays and the Orang Asli (aboriginal communities), while the bumiputera of Sabah and Sarawak refer to the indigenous people of diverse ethnic communities (discussed below). For the whole of Malaysia, the non-bumiputera category chiefly refers to the Chinese and Indians, whose demographic presence became significant with, first, the waves of immigration—from China and India respectively—during the nineteenth and early twentieth centuries and, subsequently, the mass settlement of the immigrants and their descendants. In censuses and bureaucratic tabulations, a category of “other” (likewise non-bumiputera) communities is usually reserved for residents of Burmese, Eurasian, Portuguese, Thai and other ethnic origins.

² Note that “pribumi” in the Indonesian language carries an equivalent reference to indigeneity.

Table 3: Ethnic composition of the population, Peninsular Malaysia, 1911–2000

Ethnic group	1911	1921	1931	1947	1957	1970	1980	1991	2000
<i>Population</i>									
Malays	1,367,245	1,568,588	1,863,872	2,427,853	3,125,474	4,685,838	6,315,000	8,433,800	11,485,341
Chinese	693,228	855,863	1,284,888	1,884,647	2,333,756	3,122,350	3,865,000	4,251,000	5,142,649
Indians	239,169	439,172	570,986	535,092	735,038	932,629	1,171,000	1,380,000	1,774,002
Others	85,358	43,377	68,254	60,408	184,732	69,183	75,000	537,500	121,641
Total	2,385,000	2,907,000	3,788,000	4,908,000	6,379,000	8,810,000	11,426,000	14,602,300	18,523,632
<i>Proportion of total population (per cent)</i>									
Malays	57.3	54.0	49.2	49.5	49.0	53.2	55.3	57.8	62.0
Chinese	29.1	29.4	33.9	38.4	36.6	35.4	33.8	29.1	27.8
Indians	10.0	15.1	15.1	10.9	11.5	10.6	10.2	9.5	9.6
Others	3.6	1.5	1.8	1.2	2.9	0.8	0.7	3.7	0.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.1	100.1

Note: Due to rounding, not all percentage columns add up to 100. **Sources:** Census Reports of Malaysia 1911–2000.

Table 4: Population of Malaysia by bumiputera and non-bumiputera divisions, 1970–2000

Population division	1970		1980		1991		2000	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Bumiputera	5,738,250	55.6	8,059,537	58.6	10,656,500	60.6	14,621,468	64.1
Non-bumiputera	4,581,074	44.4	5,685,704	41.4	6,917,800	39.4	8,203,670	35.9
Total	10,319,324	100.0	13,745,241	100.0	17,574,300	100.0	22,825,138	100.0

Sources: Census Reports of Malaysia 1970, 1980, 1991 and 2000.

The ethnic composition of the population of Sabah and Sarawak, and the composition of the bumiputera communities in particular, is much more varied than that of Peninsular Malaysia.

In the case of Sabah, the categorization of the different ethnic groups was a major problem when the first census of Sabah was conducted in 1960. For the 1970 census, 38 ethnic groups, which were formerly enumerated separately, were recategorized into eight groups: Bajau, Chinese, Indonesian, Kadazan, Malay, Murut, other indigenous and others (Roff 1974). According to the 1970 census, the Kadazandusuns were the single largest ethnic group, forming just over 28 per cent of the Sabah population, followed by the Chinese who comprised 21 per cent of the population. Since then, there has been an official tendency to categorize the Sabah population according to a basic tripartite classification: (i) non-Muslim bumiputera (Kadazandusun and Murut); (ii) Muslim bumiputera (Bajau, Malay and other smaller groups); and (iii) non-bumiputera (Chinese and other non-indigenous groups) (see table 5).

A similar attempt at a more manageable recategorization has been adopted for Sarawak. The Ibans ("Sea Dayaks"), comprising about 31 per cent of the population in 1970, remains the single largest ethnic community in Sarawak (see table 6). The other major indigenous communities are the Bidayuh ("Land Dayaks"), Malays and Melanau. The remaining smaller communities include the Bisaya, Kayan, Kedayan, Kelabit, Kenyah and Penan, who collectively constitute less than 5 per cent of the total population. Among the non-bumiputera, the Chinese, who have had a long history of settlement in this state although their numbers only grew substantially in the nineteenth and twentieth centuries, now account for about 30 per cent of the population.

In recent years, there has also been an official inclination to differentiate the population along religious lines, the most important dividing line being that between Muslims and non-Muslims. Practically without exception, the Malays, including the ethnic Malays of Sabah and Sarawak, are classified or regard themselves as Muslims. There are sizeable numbers of indigenous non-Malay Muslims in Sabah and Sarawak, Indian and Thai Muslims in Peninsula Malaysia and a small number of Muslim converts of other ethnic backgrounds. As a rough guide, all other Malaysians are classified or regard themselves as non-Muslims. The Constitution provides for Islam as the official religion of the country, but Malaysia is a secular state that maintains freedom of worship with one critical proviso: non-Islamic proselytization among Muslims is forbidden, as is any organized attempt to convert Malays and Muslims to other religions.

The summary of basic ethnic and religious differentiations, given above, does not exhaust the cultural diversity and complexity of Malaysian society. However, it offers a convenient glimpse of the reality of a "plural society", a conceptual characterization of Malaysian society originally theorized by Furnivall (1948), that is compelling for most observers. The conceptualization is compelling because Malaysian social and political life seems to be overwhelmingly organized around its ethnic divisions and their attendant, if fluctuating, trends of interethnic competition, compromise and conflict.³ Political parties are openly ethnic in membership, their espoused interests and their modes of mobilization. Coalitions of political parties represent attempts at interethnic compromise or cooperation. National economic, educational and cultural policies, to take prominent examples, either explicitly or indirectly discriminate on the basis of ethnic and religious differentiation. Many kinds of mundane or trivial issues can seemingly be "ethnicized" or "communalized" with ease.

³ For a brief outline of an "ethnic perspective"—and its limitations—in academic literature on Malaysian politics, see Khoo (1995:xvii–xx).

Table 5: Ethnic composition of the population, Sabah, 1960–2000

	1960		1970		1980 ^a		1991 ^b		2000 ^c	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
<i>Bumiputera</i>										
Kadazan	145,229	32.0	183,574	28.2			321,834	24.6	479,944	24.1
Murut	22,138	4.9	30,908	4.7			50,255	3.8	84,679	4.3
Bajau	59,710	13.1	77,755	11.9			203,457	15.5	343,178	17.3
Malay	1,645	0.4	18,244	2.8			106,740	8.2	303,497	15.3
Other indigenous	79,421	17.5	126,274	19.4			255,555	19.6	390,058	19.6
Subtotal	308,143	67.8	436,755	67.0	792,043	82.9	937,841	71.6	1,601,356	80.5
<i>Non-bumiputera</i>										
Chinese	104,542	23.0	138,512	21.3	155,304	16.2	200,056	15.3	262,115	13.2
Others	41,736	9.2	76,037	11.7	8,365	0.9	171,613	13.1	125,190	6.3
Subtotal	146,278	32.2	214,549	33.0	163,669	17.1	371,669	28.4	387,305	19.5
<i>All categories</i>										
Total	454,421	100.0	651,304	100.0	955,712	100.0	1,309,510	100.0	1,988,661	100.0

^a In the 1980 census, all bumiputera categories were collapsed into one pribumi category. ^b Does not include 425,175 non-citizens. ^c Does not include 614,824 non-citizens.

Sources: Census Reports of Malaysia 1960–2000.

Table 6: Ethnic composition of the population, Sarawak, 1960–2000

	1960		1970		1980		1991 ^a		2000 ^b	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
<i>Bumiputera</i>										
Iban	237,741	31.9	273,889	30.9	396,280	30.3	506,528	29.8	603,735	30.0
Malays	129,300	17.4	178,188	20.1	257,804	19.7	360,415	21.1	462,270	23.0
Bidayuh	57,619	7.7	83,313	9.4	107,549	8.2	140,662	8.3	166,756	8.3
Melanau	44,661	6.0	52,293	5.9	75,126	5.7	97,122	5.7	112,984	5.6
Others	37,931	5.1	50,528	5.7	69,065	5.3	104,391	6.1	117,690	5.9
Subtotal	507,252	68.1	638,211	71.9	905,824	69.2	1,209,118	71.1	1,463,435	72.9
<i>Non-bumiputera</i>										
Chinese	229,154	30.8	239,569	27.0	385,161	29.5	475,752	28.0	537,230	26.7
Others	8,123	1.1	9,512	1.1	16,597	1.3	15,149	0.9	8,103	0.4
Subtotal	237,277	31.9	249,081	28.1	401,758	30.8	490,901	28.9	545,333	27.1
<i>All categories</i>										
Total	744,529	100.0	887,292	100.0	1,307,582	100.0	1,700,019	100.0	2,008,768	100.0

^a Does not include 18,361 non-citizens. ^b Does not include 62,738 non-citizens. **Sources:** Census Reports of Malaysia 1960–2000.

Ethnic division of labour

On the eve of independence in 1957, the political economy shaped by colonial capitalism had created certain patterns of uneven development, economic disparities and social divisions. Spatially, Malaya's west coast had a developed urban sector that stretched north-south from Penang to Singapore. This "modern" sector contained the towns, ports, public works and major infrastructure that integrated the domestic economy with the world economy. Here lived a broad spectrum of middle and working classes, including lower-level bureaucrats, professionals, teachers, clerks, shopkeepers, petty traders, hawkers, and industrial and service workers. Their numbers had grown with economic diversification and bureaucratic expansion under colonialism. However, nearly 60 per cent of the economically active population continued to work in the rural sector, mostly as peasants cultivating rice on their own land or rented land, smallholders growing rubber and other cash crops, wage labourers working in plantations and squatters illegally raising cash crops on state land. This rough rural-urban division in the distribution of population and economic activity also had its ethnic dimensions.

Between 1921 and 1970, the Chinese consistently made up about 60 per cent of the urban population (see table 7). In contrast, the Malays, who formed approximately half of the total population during that period, accounted for more than a quarter of the urban population only after 1957. Even in 1957, only 19.3 per cent of the entire Malay population lived in urban centres compared to 73 per cent of the Chinese and 41.1 per cent of the Indians.

The economic disparities and social divisions were complicated by an ethnic division of labour not uncommon to the organization of labour in other former British colonies, such as Burma, Fiji, Guyana, Kenya and Uganda. Colonial design—in order to preserve the basic structure and fabric of traditional Malay society⁴—as well as the peasantry's "refusal to supply plantation labour" (Alatas 1977:80) left the Malay peasantry mostly engaged in food production, principally rice cultivation and fishing. Early migrant Chinese labour mainly worked the tin mines, while later migrants were engaged in commerce, industry and services so that even by the 1930s "the occupations of the Malayan Chinese [had] varied a great deal, ranging from business activity in Singapore to coolie work in the tin mines" and "the great majority of them were small traders, shopkeepers, artisans and, to a lesser extent, agriculturalists and fishermen" (Li 1982:116).

During colonial times, although migrant Indian labour was engaged in public works projects,⁵ the vast majority of Indian labour was deployed in rubber estates. In 1931 and 1938 respectively, Indian workers formed 73.5 per cent and 80.4 per cent of the estate labour force of the Federated Malay States (Parmer 1960:273, cited in Selvakumaran Ramachandran 1994:50, table 2.3). In 1931, when the total Indian population in Malaya was 624,009, Indian workers accounted for more than 300,000 of Malaya's total estate population of 423,000 (Li 1982:119). A smaller number of educated middle class and professional Indians and Ceylonese also worked in the British colonial office and the public sector (Arasaratnam 1979:34).

Table 8 provides a summary picture of independent Malaya's basic division of labour that, by geographic separation and what was later officially described as "the identification of race with economic function",⁶ kept the majority of the major ethnic communities more or less separate except when they met "in the marketplace" — in short, the Malayan variant of Furnivall's idea of a "plural" society. Or, to apply a harsher, if somewhat stereotyped, depiction of the situation:

⁴ "To the British administration, an ideal Malay is one who is in every way like his own father or grandfather, and there is thus no place for him in a complicated industrial society" (Li 1982:170).

⁵ There was also a limited practice of using Indian convict labour in the Straits Settlements. In 1857, there were 2,319 Indian convicts in Singapore, and "many public buildings, including the Government House at [sic] Singapore, were constructed by Indian convict labour" (Li 1982:117).

⁶ This was the official formulation of the "racial imbalances" in the economy, which was adopted beginning with the Second Malaysia Plan 1971–1975 (Government of Malaysia 1971).

Table 7: Proportional distribution of urban population by major ethnic groups, Peninsular Malaysia, 1921–1970

Year	Malays			Chinese			Indians		
	Per cent total population	Per cent urban population	Per cent urban ^a	Per cent total population	Per cent urban population	Per cent urban ^a	Per cent total population	Per cent urban population	Per cent urban ^a
1921	54.0	18.4	6.7	29.4	60.2	40.5	15.1	17.8	23.1
1931	49.2	19.2	8.6	33.9	59.6	38.8	15.1	17.8	25.9
1947	49.5	22.6	11.3	38.4	62.3	43.1	10.8	10.7	33.8
1957	49.8	22.6	19.3	37.2	63.9	73.0	11.3	10.7	41.1
1970	53.1	27.6	21.8	35.4	60.0	71.1	10.5	11.3	44.8

^a Proportion of urban dwellers within ethnic group population. **Sources:** Census Reports of Malaysia 1921, 1931, 1947, 1957 and 1970.

Table 8: Distribution of the labour force by selected occupations and ethnicity, Peninsular Malaysia, 1957

Occupation	Total number	Malays (per cent)	Chinese (per cent)	Indians (per cent)	Others (per cent)
Rice cultivation	398,000	95.8	2.4	0.0	1.2
Rubber cultivation	614,000	42.4	32.6	24.5	0.5
Mining and quarrying	58,000	17.7	68.3	11.6	2.4
Manufacturing	135,000	19.7	72.2	7.4	0.7
Commerce	195,000	16.4	65.1	16.8	1.7
Government services	34,000	52.4	15.4	26.3	5.9
Police, home guard and prisons	52,000	83.2	9.6	4.4	2.8
Armed forces	11,000	76.8	8.8	8.4	6.0

Source: Census Report of Malaysia 1957.

The four major races in Malaya correspond approximately to four economic castes. The British, the political rulers, control big business. The Chinese are essentially middle-class businessmen engaging in small trades. The Indians form the bulk of the labour population, though there are a large number of them engaging in plantation operation and commercial enterprises. The occupations of the Malays have always been rice cultivation, fishing, and hunting (Li 1982:170).

One consequence of this ethnic division of labour increasingly bore political tensions just before and after the end of colonial rule. Historically, the Malay peasantry escaped the really harsh conditions of early colonial capitalism that took a heavy toll on migrant labour. But the rural Malay peasant community was thereby locked in an immiserating close-to-subsistence sector. This “most unfortunate circumstance of the past half-century...the non-participation of the Malays in their own country’s economic activities” (Li 1982:170) bred the so-called “relative economic backwardness” of the Malays (Mahathir 1970), compared to sections of the Chinese and Indian migrants who were able to take advantage of an expanding urban sector to gain some footholds in commerce or upward mobility through education and the professions.

In sociological terms, poverty and inequality were not to be explained by ethnicity.⁷ The difficulty arose from observing and interpreting poverty that was embedded in the ethnic division of labour. In mundane terms, interethnic comparisons invariably led to interethnic inequalities so that there appeared to be no more immediately comprehensible conclusion than that to be Malay was to be relatively poorer than a non-Malay. It can be seen from table 9 that, up to 1970, Malay households formed a high majority of households grouped within the two lowest monthly income ranges. That might have been generally expected, given the Malay proportion of total population. But the fact of Malay poverty relative to other communities was suggested by the Malay community’s accounting for 42 per cent out of the 58.4 per cent of all households having a monthly income of less than RM200.

Table 9: Proportional distribution of households by income^a and ethnicity, Peninsular Malaysia, 1970

Income range <i>(RM per month)</i>	Malay <i>(per cent)</i>	Chinese <i>(per cent)</i>	Indian <i>(per cent)</i>	Other <i>(per cent)</i>	Total <i>(per cent)</i>
1-99	22.9	2.6	1.3	0.2	27.0
100-199	19.1	7.8	4.4	0.1	31.4
200-399	10.4	11.9	3.5	0.1	25.9
400-699	3.0	5.3	1.2	0.1	9.6
700-1,499	1.1	2.9	0.6	0.1	4.7
1,500-2,999	0.2	0.7	0.1	0.1	1.1
3,000 and above	0.0 ^b	0.1	0.1	0.1	0.3
Per cent of total population	56.7	31.3	11.2	0.8	100.0

^a Income includes cash income, imputed income for earnings in kind plus transfer receipts. ^b Proportion is negligible in relation to the total. **Source:** Government of Malaysia 1973:3, table 1.1.

Table 10 reveals a more pronounced picture of poor Malay households, vis-à-vis non-Malay households, that was politically more contentious. Here, the lower the income range, the higher the Malay representation was in 1970, with the Malay community forming nearly 85 per cent of all households having the lowest monthly income. In contrast, Chinese representation increased with income range until the highest level, when it fell sharply. At the highest income range, moreover, there was a statistical absence of Malay households while other ethnic groups seemed to be equally represented.

⁷ See Anand (1983), Snodgrass (1980) and Jomo (1988).

Table 10: Proportional distribution of households (per cent) by income^a and ethnicity, Peninsular Malaysia, 1970

Income range (RM per month)	Proportion (per cent) of households in income group			
	Malay	Chinese	Indian	Other
1–99	84.8	9.6	4.8	0.7
100–199	60.8	24.8	14.0	0.3
200–399	40.2	45.9	13.5	0.4
400–699	31.3	55.2	12.5	1.0
700–1,499	23.4	61.7	12.8	2.1
1,500–2,999	18.2	63.6	9.1	9.1
3,000 and above	0.0	33.3	33.3	33.3
Per cent of total population	56.7	31.3	11.2	0.8

^a Income includes cash income, imputed income for earnings in kind plus transfer receipts. **Source:** Government of Malaysia 1973:4, table 1.2.

There was another important type of socioeconomic disparity that was widely perceived in interethnic terms. Even after independence, the locus of advanced economic activity lay in the foreign-owned plantations, mines and agency houses that produced and exported primary commodities – rubber and tin being the most important – to the rest of the world. Puthuchery's (1960:xv, 26–27, 85–86) pioneering study of "ownership and control in the Malayan economy" in the 1950s found that European-owned companies controlled 84 per cent of large rubber estates (of over 500 acres each), 60 per cent of tin output, 65 per cent to 75 per cent of exports and 60 per cent of imports. On the whole, "foreign, especially British, interests dominated nearly every facet of the colonial economy, including plantations, mining, banking, manufacturing, shipping and public utilities" (Searle 1999:28). Domiciled Chinese capital maintained a sufficiently strong presence in comprador activities, banking, small-scale manufacturing, retailing and services so that the "ubiquitous activity of the Chinese middleman" lent weight to the "popular misconception that commerce is controlled by the Chinese" (Puthuchery 1960:xv). Political control and the administration of the state apparatus had been mostly turned over to Malay aristocrats, who had been trained for civil service by the colonial state.⁸ Thus, the social origins of the business and political elites were those of the expatriate representatives of foreign capital, indigenous Malay aristocrats and domiciled Chinese capitalists and traders.

Finally, political decolonization in Malaya was not accompanied by significant economic nationalization. Consequently, the postcolonial patterns of "asset ownership" continued to show significant interethnic differentials. Until 1970, and measured by their proportions of share capital in limited companies, foreign interests dominated the corporate sector of the economy. The non-Malay – and mostly Chinese – ownership of share capital was substantial, but the proportion of Malay ownership was very low (see table 11).

The preceding discussion of earlier ethnic patterns of residential segregation, labour force participation, income distribution and corporate ownership does not consider the complexities of inequalities within each major ethnic group. A fuller approach to Malaysian political economy will show that its divisions were not historically, and are not exclusively, determined by its multiethnic and multireligious features, as is claimed by politicians or mainstream analysts who view it only from an "ethnic perspective". A deeper analysis would not overlook the Janus-like quality of postcolonial Malaysian society, which has class cleavages that are no less significant than its ethnic distinctions.

⁸ See part II.

Table 11: Ownership of share capital (at par value) of limited companies, 1970

Sector	Malay ^a		Non-Malay ^b		Foreign	
	Value (RM million)	Per cent of total value	Value (RM million)	Per cent of total value	Value (RM million)	Per cent of total value
Agriculture	14	1.0	339	23.7	1,080	75.3
Mining	4	0.7	146	26.8	394	72.5
Manufacturing	34	2.5	510	37.9	804	59.6
Construction	1	2.2	37	63.7	20	34.1
Transport	11	13.3	61	74.7	10	12.0
Commerce	5	0.8	216	35.7	386	63.5
Banking and insurance	21	3.3	283	44.4	333	52.3
Total	103	1.9	1,979	37.4	3,207	60.7

^a Includes Malay interests. ^b Includes Chinese, Indian other Malaysian residents, nominee and locally controlled companies, although the ethnic ownership of nominee and locally controlled companies is not known. **Source:** Government of Malaysia 1973:86–87, table 4.9.

Indeed, the difficulties of managing the fissures of Malaysian society and political economy have always stemmed, to a large extent, from the intersections of ethnic differentiation with class divisions that produced colonial patterns of socioeconomic disparities that grew into postindependent structures of interethnic inequalities. In that sense, an enduring ethnic division of labour accentuated the Malay community's sense of suffering a condition of "relative backwardness". Vis-à-vis the non-Malay communities, the Malays appeared at once to be excluded from the modern sector; confined to rural areas with fewer facilities, amenities and opportunities; mired in poverty; and, finally, to benefit less from the wealth of the country.

Ethnic politics and interethnic cooperation: The Alliance as a coalition

The coincidence of an ethnic division of labour in the economy and a tripartite division of power at the elite level found one clear political expression in the Alliance that ruled the country from 1957 to 1969. The Alliance was a "standing", not ad hoc, coalition. It originally comprised three parties: the United Malays National Organization (UMNO), the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC).⁹ The Alliance framework was premised on open ethnic politics, ethnic representation and interethnic power sharing. Each of the "component parties" of the Alliance was strictly ethnic in membership. Each professed to represent, safeguard or advance the political, economic and cultural interests of their respective communities, in contrast to the attempts—sincere or otherwise—by other parties to practise "multiracial" politics. This openly ethnic approach to politics always raised the likelihood of interethnic competition and rivalry. But the Alliance leaders believed that they could cooperate, bargain and compromise in order to manage or minimize interethnic conflicts during a period when mass mobilization and expectations were expressed in ethnic forms. Hence, the Alliance adopted a form of "consociationalism" that stressed interethnic elite bargains and compromises on behalf of their communities. The Constitution, the product of pre-independence negotiations, was held to be exemplary of Alliance consociationalism: the Constitution reserved a "special position" for the Malays in recognition of their indigenous status, but guaranteed the non-Malays citizenship.

The Alliance also developed a system of ethnic political representation and power sharing, the viability of which was first tested in UMNO-MCA's successful cooperation in the Kuala Lumpur municipal elections held before the legislative council elections in 1955. The presence of 37.0 per cent Chinese, 33.8 per cent Malays and 28.5 per cent Indians in the municipal electorate was, arguably, more favourable to the Alliance's experiment in Malay-Chinese cross-pooling of votes (Heng 1988:160) than the ethnic composition of the electorate that was enfranchised for the 1955 federal legislative elections that was usually taken to signify the first

⁹ Subsequently identified as the Malaysian Chinese Association and Malaysian Indian Congress.

“general election”. For this election, held two years before independence, many non-Malays were not yet enfranchised because they had not yet been granted citizenship. Chinese and Indian voters formed only 11.2 per cent and 3.9 per cent respectively of the electorate (Andaya and Andaya 2001:276). Nonetheless, the Alliance allocated the MCA 15 seats (or about 29 per cent) and the MIC two seats (or about 4 per cent) of a total of 52 seats (see table 12). After 1957, when the franchise was liberalized for non-Malays and representation in Parliament was almost doubled, the Alliance more or less maintained its division of parliamentary seats for the general elections.

Table 12: Alliance allocations of parliamentary seats in general elections, 1955–1969

Political party	1955		1959		1964		1969	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
UMNO	35	67	70	67	68	65	67 ^a	64
MCA	15	29	31	30	33	32	33	33
MIC	2	4	3	3	3	3	3	3

^a One candidate died just before the election. **Source:** Goh 1971:12.

The Alliance was returned to power with varying results, but it consistently gained a comfortable two-thirds majority in all of the postindependence elections. In governing the country, the Alliance instituted and maintained a power-sharing arrangement at the Cabinet level. But it was a power-sharing arrangement based on “ethnic-majoritarian” principles that could not but result in UMNO’s dominant position. Since the Malays had the largest proportion of the electorate, and UMNO won the largest share of the Alliance’s seats in Parliament, the Cabinet was dominated by the “party of the Malays”. As table 13 shows, moreover, the ratio of UMNO’s posts to MCA’s posts, taken as a rough proxy of a “Malay-Chinese” balance of power, had progressively altered in favour of UMNO: from 2:1 to 3:1 to 4:1 between 1955 and 1970.

Table 13: Composition of cabinets by Alliance component parties, selected years, 1955–1970

Component party	1955		1961		1970	
	Posts	Per cent	Posts	Per cent	Posts	Per cent
UMNO	6	60	9	69	12	60
MCA	3	30	3	23	3	15
MIC	1	10	1	8	2	10
PBB	0	0	0	0	1	5
SUPP	0	0	0	0	1	5
USNO	0	0	0	0	1	5
Total	10	100	13	100	20	100

Source: Abdul Aziz Bari 2002.

Likewise, at the state level, the Alliance maintained its power-sharing framework within the state governments that it controlled in Peninsular Malaysia. Once again, concessions to ethnic representation and power sharing reaffirmed an “ethnic-majoritarian” principle. UMNO headed all Alliance-ruled state governments, except in Penang, which was the only state that had a Chinese majority in population and where the MCA held the post of chief minister from 1959 to 1969.

That the Alliance could rule without interruption for 12 years was an indication that its blend of openly ethnic politics, ethnic representation and interethnic power sharing worked reasonably well as a “formula” for governing Malaysia’s multiethnic political system. Apart from “numbers” alone—seats for contest and posts in government—the Alliance leaders were

willing, as the most thorough and sympathetic study of the Alliance argued (von Vorys 1975), not only to bargain and compromise among themselves, but also to check and forestall intemperate ethnic demands—in political, economic or cultural matters—whether those demands arose in their communities or even in their midst.

And yet, on 13 May 1969—henceforth “May 13”—Kuala Lumpur was engulfed by interethnic (Malay-Chinese) violence. It has commonly been argued that the May 13 violence was caused by racial extremism that violated the independence compromise. The politics of the 1960s had certainly led to a high degree of ethnic polarization that seemingly undercut the Alliance’s reputed moderation. But, fundamentally, that was because the Alliance’s *laissez-faire* capitalism could not resolve the destabilizing contradictions of an ethnic division of labour.

The Alliance protected foreign economic interests, preserved the position of domiciled Chinese capital, and largely ceded the control of the state apparatus to the Malay aristocrats who led the UMNO. In domestic politics, foreign economic interests—or “absentee capitalism” (Li 1982:171)—were often overlooked so that the Alliance “formula” was widely interpreted to mean leaving “politics to the Malays” and “economics to the Chinese”.¹⁰ Under the Alliance’s market-oriented economic management, the thrust of development was aimed at improving urban infrastructure, implementing limited rural development schemes and providing small-scale assistance to incipient Malay business. Few things more clearly showed the regime’s indifference to the ethnic division of labour than the regime’s supportive rather than aggressive intervention to redress the Malays’ “relative economic backwardness” despite a growing Malay frustration with the community’s lack of progress (Jomo 1988:253–254).

However, the market failed to resolve problems of rising unemployment, declining incomes and widening inequalities. By the late 1960s, the Alliance was hard pressed to meet frequently conflicting social expectations released by decolonization and mass politics. Economic expectations were critical because *laissez-faire* capitalism and its ethnic division of labour could not match the social pressures arrayed against it. A marginalized Malay peasantry sought release from rural poverty, most dramatically by seizing uncultivated state land. A combination of Malay bureaucrats, intelligentsia and the middle class wanted to end their “relative backwardness” vis-à-vis their Chinese counterparts and Chinese capital in particular (Mahathir 1970). The non-Malay middle and working classes refused to accept that their opportunities for employment, education and upward mobility could be prejudiced by the constitutional safeguard of the “special position” of the Malays. The expectations were also *cultural* since ethnic divisions prompted serious disagreements over language, culture and citizenship—areas captive to ethnic mobilization during the formative years of “nationhood”. Finally, the expectations were *political* as popular grievances were expressed via political parties and electoral competition. In short, the Alliance’s *laissez-faire* capitalism and “formulas” were pitted against a rising democratization of mass expectations. In fact, the May 1969 general election saw an electoral revolt against the Alliance. An informal electoral pact helped diverse opposition parties—the Pan Malaysian Islamic Party (PMIP, now Parti Islam, or PAS), Democratic Action Party (DAP) and the Gerakan Rakyat Malaysia (Gerakan, or Malaysian People’s Movement)—erode the Alliance’s hold on power just two days before May 13.

II. Governance and a Transformed Public Sector

As a result of the violence, the Alliance’s elitist framework, the *laissez-faire* political economy that underpinned it and the cultural compromises that were its supposed successes all collapsed. The National Operations Council, headed by Deputy Prime Minister Tun Abdul Razak, which ruled during a state of emergency from 1969 to 1971, promulgated the NEP. The

¹⁰ Mahathir (1970:15) wrote: “The Government started off on the wrong premise. ... It believed that the Chinese were only interested in business and acquisition of wealth, and that the Malays wished only to become Government servants. These ridiculous assumptions led to policies which undermined whatever superficial understanding there was between Malays and non-Malays”.

premises of the NEP were that poverty, Malay resentment of interethnic “economic imbalances” and non-Malay, especially Chinese, demands for political parity lay at the heart of May 13. In response, the Alliance’s conservative economic management was replaced by determined state economic intervention to achieve the NEP’s two major objectives: “to eradicate poverty irrespective of race” and “to restructure society to abolish the identification of race with economic function”. To eradicate poverty, the NEP aimed to reduce the incidence of poverty from 49 per cent of all households in 1970 to 16 per cent in 1990. To restructure society, the NEP planned to raise the bumiputera share of corporate equity from 2.5 per cent in 1970 to 30 per cent in 1990, and to create a Bumiputera Commercial and Industrial Community (BCIC).

The state’s pursuit of the NEP’s objectives entailed major sociopolitical departures from the Alliance period. In a strategic move, which has been likened to “ethnic corporatism”, Tun Abdul Razak enlarged the ruling coalition—that is, the BN—to allow all opposition parties either to “join the ruling party and have a small amount of influence and prestige” or “remain as opposition parties with their hands tied” (Jesudason 1989:77). Most of the opposition parties—including PAS, which ruled in Kelantan, and Gerakan, which ruled in Penang—opted to join the BN. At the elite level, the BN diluted the Alliance’s consociational accommodation to institutionalize a politics of “consensus”. In reality, that meant a continuation of ethnic politics, ethnic representation and interethnic power sharing, but with UMNO’s position being demonstrably dominant within the BN. Until 1969, for example, the MCA leaders had held the ministries of finance and trade, and exerted considerable “Chinese influence” over economic planning and fiscal management. By the mid-1970s, however, UMNO leaders had monopolized policy making in those and other critical areas.

At another level, successive BN governments redefined the parameters of nationhood so as to place beyond contention the dominant position of the Malay community vis-à-vis other ethnic communities. The Malay language was entrenched as the national language and the sole medium of instruction in state schools, while a Malay-Islamic culture was proclaimed to be the “national culture”. The educational system was reorganized to reflect the NEP’s priority of producing greater numbers of Malay graduates. Moreover, UMNO’s leadership and officialdom all but identified poverty with rural Malay poverty so that the NEP’s “poverty eradication” programmes rarely reached the non-Malay poor, including the urban poor or the so-called “Chinese New Villagers”. The NEP’s architects envisaged that state-led high economic growth would permit “restructuring” without provoking a sense of deprivation among the non-Malays. This was rarely reassuring to non-Malays. For many Chinese in particular, the NEP ended the Alliance’s formula only to shift to “more politics for the Malays” and “NEP economics” that doubly disadvantaged non-Malays.

The public sector and the New Economic Policy

Indeed, the NEP signalled the commencement of various kinds of power and policy shifts. To begin with, the NEP

spelt the end of an alliance between the Malaysian state and private capital in which the state was content to support the efforts of private accumulation, both local and foreign, restricting itself to limited programmes aimed at ameliorating rural discontent and the frustrations of a rising Malay intelligentsia. Instead the roles were to be reversed with the state playing the leading role and laying down the agenda with private capital in tow. The choice of this particular alternative expressed primarily the demands of the Malay business and intelligentsia network, many of the latter being in bureaucratic positions, who wanted the state to be interventionist in favour of ‘Malay’ interests (Khoo 1992:50).

In this new phase of political economy, the NEP also

spelt a shift of power to technocrats and bureaucrats. In implementation, it was geared towards the utilization of state resources to sponsor a Malay

capitalist class. In realization, it assumed in large part the form of public corporations acquiring assets for and behalf of Malays and run by political appointees and bureaucrats (Khoo 1992:50).

Correspondingly, the public sector took on a multiplicity of roles generated and justified by the NEP. First, the public sector emerged as the *provider* of opportunities for the Malays. The public sector enlarged the existing corps of Malay entrepreneurs, graduates and professionals. It gave aspiring Malay entrepreneurs financial assistance, credit facilities, contracts, preferential share allocations, subsidies and training. It established new public universities and all-Malay residential schools and colleges at home, and sent tens of thousands of Malays, young students and mid-career officers to universities abroad. The result of this social engineering was a wide range of Malay entrepreneurs and capitalists (Searle 1999), a sizeable Malay middle-class (Abdul Rahman 1995) and a considerable “bumiputera participation rate” in the professions (Jomo 1990:82–83, table 4.2; Government of Malaysia 1999:85, table 3.7).

Second, the public sector functioned as a stringent *regulator* of businesses, both local and foreign, that enforced compliance with the NEP’s restructuring requirements by using legislative means—the Industrial Coordination Act (ICA) in 1975—and bureaucratic procedures, which were set by the Foreign Investment Committee. The NEP’s restructuring requirements set a quota of at least 30 per cent bumiputera equity participation and employment in companies covered by the ICA. In “expanding government power over firms”, the ICA gave the minister of trade and industry wide discretionary power over licensing, ownership structure, ethnic employment targets, product distribution quotas, local content and product pricing (Jesudason 1989:135–138). Even at the level of state and local government, (non-Malay) businesses came under strict bureaucratic regulation. In a non-manufacturing area such as real estate development, for example, many state authorities—including land offices, town and country planning departments, municipal councils and state economic development corporations—imposed an array of “NEP requirements” on such seemingly technical matters as land-use conversion or planning guidelines.

Third, the public sector became a major *investor*. Seeking to raise the Malay ownership of corporate equity, the public sector used state resources to expand its ownership of assets via “restructuring” exercises that included setting up the public sector’s own companies and buying into or buying up existing as well as new local and foreign businesses. These entries into the corporate sector eventually allowed the public sector to control the “commanding heights” of the Malaysian economy—plantations, mining, banking and finance, and property and real estate (Heng and Sieh 2000:136).

Finally, the public sector acted as the *trustee* of Malay economic interests. State-owned agencies, banks and funds sought, bought and otherwise held equity “in trust” for the bumiputera. Some of the best known of these “trustee” agencies were Bank Bumiputera, Urban Development Authority, Perbadanan Nasional (Pernas, or National Corporation), Permodalan Nasional Berhad (PNB, or National Equity Corporation), Amanah Saham Nasional (ASN, or National Unit Trust Scheme) and the state economic development corporations (Searle 1999; Gomez and Jomo 1997).

To perform these new, expanded or deepened roles, the public sector rapidly grew in size and resources, as can be inferred from the indicators shown in table 14. The structure of the public sector was altered as a whole slate of public enterprises emerged. These public enterprises proliferated in number from 22 in 1960 to 109 in 1970, 656 in 1980, and 1,014 in 1985 (see table 14). By 1992, the number had risen to 1,149 (Gomez and Jomo 1997:31, table 3.2).

Table 14: Expansion of the public sector, selected indicators, 1970–1985

Public expenditure	
First Malaysia Plan 1966–1970 (pre-NEP)	RM 4.6 billion
Second Malaysia Plan 1971–1975	RM 10.3 billion
Third Malaysia Plan 1976–1980	RM 31.1 billion
Fourth Malaysia Plan 1981–1985	RM 48.9 billion
Development expenditure as per cent of gross domestic product	
1971	8.5 per cent
1980	14.4 per cent
Public sector employment (excluding military and police personnel)	
1970	139,467 employees
1983	521,818 employees
Number of state agencies and state-owned enterprises	
1960	22
1970	109
1980	656
1985	1,014

Sources: Jomo 1990:106, table 5.1; Mehmet 1986:9, table 1.3; 133, table 6.1; Government of Malaysia 1981, 1976, 1971, 1966.

More than that, the number of public enterprises, which included federal “non-financial public enterprises”, later renamed “Off-Budget Agencies”, statutory authorities and companies established by “state economic development corporations”, grew significantly for all sectors of the economy (see table 15), a clear indication of the breadth and depth of state economic intervention.

Table 15: Growth in the number of public enterprises, 1960–1992

Sector/industry	1960	1965	1970	1975	1980	1985	1992
Agriculture	4	5	10	38	83	127	146
Building and construction	2	9	9	33	65	121	121
Extractive industries	0	1	3	6	25	30	32
Finance	3	9	17	50	78	116	137
Manufacturing	5	11	40	132	212	289	315
Services	3	6	13	76	148	258	321
Transport	5	13	17	27	45	63	68
Others	0	0	0	0	0	6	9
Total	22	54	109	362	656	1,010	1,149

Source: Rugayah 1995:66, table 3.2.

Under the NEP, the public sector’s concerns were developmentalist, but the direction of those concerns was increasingly ethnicized. While federal government and non-financial public enterprise allocations rose for both poverty eradication and restructuring, the proportion of allocations intended for restructuring steadily increased from 1971 onwards (see table 16). (The decline in the Fifth Malaysia Plan period of 1986–1990 was mainly attributable to recession in 1985–1986, the resulting structural adjustment, and the suspension of NEP restructuring requirements adopted in late 1986.)

Table 16: Federal government allocations for poverty eradication and restructuring programmes, 1971–1990

Malaysia Plan	Poverty eradication		Restructuring		Overlapping	
	RM million	Per cent of allocation	RM million	Per cent of allocation	RM million	Per cent of allocation
Second 1971–1975	2,350	26.3	508.3	5.6	3.4	—
Third 1976–1980	6,373.4	20.5	2,376.0	7.6	149.0	0.5
Fourth 1981–1985	9,319.2	23.7	4,397.6	11.2	300.5	0.8
Fifth ^a 1986–1990	15,445.7	22.4	5,076.1	7.4	—	—

^a Federal and non-financial public enterprise allocations. **Source:** Summarized from Jomo (1990:162–163, table 7.4).

The expansion of the public sector served two priorities under the NEP’s restructuring objective. One priority was to provide employment for Malays, which was generally satisfied by absorbing more Malay personnel into the civil service at all levels, notably via a massive civil service recruitment drive. Between 1982 and 1987, a period for which some analysis has been conducted, the bumiputera proportions of civil service staff for all categories of personnel rose steadily and always exceeded 60 per cent of all civil service personnel (Lucas and Verry 1999).

The second priority pertained to Malay staff recruitment, training, deployment and promotion at the higher administrative and professional levels within the public sector. Even before the NEP was promulgated,

in theory Malay special rights apply only to recruitment, and not to promotion within the public service. In practice, however, Malays have been promoted because of race to assure that the highest policy-making positions will be filled by Malays regardless of objective performance standards. Thus, the administrative positions formerly filled by British expatriate officers are today filled almost exclusively by Malays who were promoted at a rapid rate to fill the gap created by “Malayanization” (Means 1972:47).

With the NEP, since the public sector was privileged with guiding state-led development, Malay staff development and upgrading were critical. The proportions of Malay officers within Division I, that is, the highest division of the civil service, rose after 1970 (see table 17).

Table 17: Proportion of Malay officers in Division I of the civil service, 1957–1987

Year	Per cent of Division I personnel	Source of data
1957	14.1	Tilman 1964:70
1962	29.3	Tilman 1964:70
1968	37.4	Esman 1972:77
1970	39.3	Puthucheary 1978:55
1978	49.0	Crouch 1996:132
1982	60.0 ^a	Lucas and Verry 1999:234
1987	65.0 ^a	Lucas and Verry 1999:234

^a Bumiputera proportion. **Source:** Adapted from Lim (2003).

Although civil service lists after 1987 do not reveal the distribution of officers by their ethnicity—such data having become politically “sensitive” by then—table 18 confirms the Malay domination of the public sector, in both the “managerial and professional” category and among lower-level “support” staff, persisting into the 1990s. At the higher echelons of the civil service, especially the elite Perkhidmatan Tadbir dan Diplomatik (PTD, or Administrative and

Diplomatic Service), Malay “over-representation”, already sanctioned before the NEP, was such that Malay officers averaged 85 per cent of the PTD’s total number of appointments (Puthuachary 1978:54; Crouch 1996:131–132). Thus, the state trained a whole generation of Malay administrators, technocrats and professionals at public expense and equipped them with the resources to take charge of economic development under the NEP.

Table 18: Public service personnel^a by service category and ethnicity, October 1999

Ethnic group	Service category				Total	
	Managerial/professional		Support		Number	Per cent
	Number	Per cent	Number	Per cent		
Bumiputera	78,422	67.9	517,488	78.4	595,910	76.9
Chinese	27,198	23.6	98,253	14.9	125,451	16.2
Indian	7,044	6.1	35,239	5.3	42,283	5.5
Others	2,814	2.4	8,815	1.4	11,629	1.4
Total	115,478	100.0	659,795	100.0	775,273	100.0

^a Includes personnel in state public services, federal statutory bodies, state statutory bodies and local authorities but excludes military and police personnel. **Source:** Government of Malaysia 2000:198, table 2.61.

In the process, the state’s management of education, and especially tertiary education, was also much ethnicized. Under the NEP, student enrolment in public institutions of tertiary education, the award of state scholarships, the determination of fields of study, the recruitment of academic staff, inter alia, were subject to quota- and target-based “affirmative action”. As early as 1975, the effects of the NEP’s ethnic discrimination in tertiary education, which favoured bumiputera in general and the Malays in particular, were already discernible for all levels of tertiary education in local public institutions (see table 19).

By 1985, the major ethnic shares of student enrolment in domestic polytechnics, colleges and universities had been substantially reversed from those in 1970 when Malay students made up about 40 per cent of total student enrolment (see table 20). Indeed, were it not for the Kolej TAR, which was MCA-managed, virtually private and almost exclusively attended by Chinese students, Malay students would have constituted an even larger proportion of the local enrolment. In fact, tertiary education in local public institutions was closely identified with the NEP’s restructuring and the educational quotas denied many qualified non-Malay students admission to local public institutions.¹¹ This was a strong reason why many more non-Malay students were enrolled in overseas institutions than in local ones.

This situation of high bumiputera enrolment in public institutions of higher learning persisted into the mid-1990s. As table 21 shows, the bumiputera proportion of student enrolment at public institutions of higher learning was at least about two-thirds of total enrolment at the first degree level, while the bumiputera proportion of enrolment at the diploma level was much higher: 94.2 per cent in 1990 and 83.4 per cent in 1995.

A roughly consistent picture of a concerted effort to train bumiputera in other areas can be inferred from the almost exclusive participation of bumiputera in entrepreneurial training programmes organized by several public agencies (see table 22).

¹¹ Lee (2004:44) noted: Within the NEP, the role of education, especially university education, became highly politicised. To accelerate and actively facilitate the bumiputera demand for access to higher education, the Malaysian government implemented the ethnic quota system where admission to public universities is based on the ratio of 55:45 for bumiputera and non-bumiputera students. In order to effectively coordinate the implementation of this policy, the Ministry of Education established a Central Processing Unit for Universities, which deals with all the selection of students for admission to public higher education institutions.

Table 19: Student enrolment in tertiary education by course, institution and ethnicity, 1975

Institution^a	Bumiputera	Chinese	Indian	Other	Total
Degree					
UM	3,991	3,554	589	160	8,294
USM	1,218	1,479	195	21	2,913
UKM	2,396	134	35	5	2,570
UPM	539	132	24	3	698
UTM	456	74	3	0	533
Subtotal	8,600	5,373	846	189	15,008
Per cent of subtotal	57.3	35.8	5.6	1.3	100.0
Diploma					
Ungku Omar Polytechnic	80	45	7	0	132
MARA IT	7,203	0	0	0	7,203
Kolej TAR	0	902	38	1	941
UM	41	7	3	2	53
UPM	1,694	143	27	2	1,866
UTM	1,487	126	11	16	1,640
Subtotal	10,505	1,223	86	21	11,835
Per cent of subtotal	88.8	10.3	0.7	0.2	100.0
Certificate					
Ungku Omar Polytechnic	723	210	29	5	967
Kolej TAR	0	79	0	0	79
MARA IT	175	0	0	0	175
Subtotal	898	289	29	5	1,221
Per cent of subtotal	73.5	23.7	2.4	0.4	100.0
All levels					
Total	20,003	6,885	961	215	28,064
Per cent of total	71.3	24.5	3.4	0.8	100.0

^a UM: Universiti Malaya; USM: Universiti Sains Malaysia; UKM: Universiti Kebangsaan Malaysia; UPM: Universiti Pertanian Malaysia; UTM: Universiti Teknologi Malaysia; MARA IT: MARA Institute of Technology; Kolej TAR: Kolej Tunku Abdul Rahman.
Source: Government of Malaysia 1979:204–205, table 14.3A.

The state's interventions in various socioeconomic sectors directly affected the ethnic structures and patterns of inequalities during the NEP period. Of particular importance were the changes that "restructuring" directly imposed upon the ethnic division of labour, the ethnic distribution of corporate wealth and the emergence of a significant broad professional and middle-class component of the BCIC. The considerable alteration of the ethnic division of labour can be seen from the occupational structures of the major ethnic communities in 1990 (see table 23). Naturally, the distributions of occupations could not be identical for all major communities, but there was not very much difference in each community's engagement in the "professional and technical", "administrative and managerial" and "clerical" categories. In addition, the pre-NEP concentration of Malays in agriculture, for example, had diminished, the direct result of rural-urban out-migration, an end to the former exclusion of Malays from the "modern" sectors of the economy and the induction of Malay youth into the various programmes of education and training.

Table 20: Student enrolment in tertiary education by institution and ethnicity, 1970 and 1985

Institution	Bumiputera		Chinese		Indian	
	1970	1985	1970	1985	1970	1985
Local enrolment by institution^a						
UM	2,843	5,041	3,622	3,374	525	841
USM	67	3,996	126	2,509	33	657
UKM	174	6,454	4	1,914	1	468
UPM	—	3,652	—	603	—	253
UTM	—	2,284	—	567	—	154
UIA	—	363	—	14	—	14
UUM	—	488	—	161	—	44
MARA IT	—	1,560	—	0	—	0
Kolej TAR	—	3	—	2,099	—	42
Subtotal for local enrolment (per cent)	3,084 (40.2)	23,841 (63.0)	3,752 (48.9)	11,241 (29.7)	559 (7.3)	2,473 (6.5)
Overseas enrolment (per cent)	N.A.	6,034 (26.8)	N.A.	13,406 (59.5)	N.A.	3,108 (13.8)
Per cent of total enrolment	N.A.	49.4	N.A.	40.7	N.A.	9.2

^a UM: Universiti Malaya; USM: Universiti Sains Malaysia; UKM: Universiti Kebangsaan Malaysia; UPM: Universiti Pertanian Malaysia; UTM: Universiti Teknologi Malaysia; UIA: Universiti Islam Antarabangsa; UUM: Universiti Utara Malaysia; MARA IT: MARA Institute of Technology; Kolej TAR: Kolej Tunku Abdul Rahman. N.A. = Not applicable.

Table 21: Enrolment and graduation by ethnicity at (first) degree, diploma and certificate levels in public institutions of higher learning, 1990 and 1995

	1990				1995			
	Bumiputera		Non-bumiputera		Bumiputera		Non-bumiputera	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
Enrolment								
Degree	35,361	65.9	18,309	34.1	97,836	69.9	42,084	30.1
Diploma	28,719	94.2	1,772	5.8	49,588	83.4	9,891	16.6
Certificate	624	24.4	1,929	75.4	725	17.0	3,551	83.0
All levels	64,704	74.6	22,010	25.4	148,149	72.7	55,526	27.3
Degree	7,487	62.1	4,567	37.9	14,660	60.0	9,735	40.0
Graduation								
Diploma	8,588	89.9	965	10.1	8,701	73.4	3,161	26.6
Certificate	387	49.4	396	50.6	583	22.4	2,025	77.6
All levels	16,462	73.5	22,390	26.5	23,944	61.6	14,939	38.4

Source: Government of Malaysia 2000:198, table 2.61.

The relative success of state intervention in attaining the objectives of “restructuring” is also evident from table 24, which shows the changes in the Malay and bumiputera occupational structures during the NEP period. The reduction of Malay and bumiputera involvement in agriculture was remarkable: from 65.3 per cent in 1970 to 37.4 per cent in 1990. For other occupational categories, all the targets set in 1970 for 1990 were attained or even exceeded, with the sole exception of the “service” category.

Table 22: Participants in entrepreneurial training programmes, 1981 and 1985

Sponsor/organizer	No. of participants 1981		No. of participants 1985	
	Bumiputera	Non-bumiputera	Bumiputera	Non-bumiputera
National productivity centre	4,940	15	2,901	11
Public works department	222	—	398	—
Bank Pembangunan Malaysia	134	—	343	—
Bank Bumiputera Malaysia	—	—	1,109	—
MARA	14,614	—	15,000	—
Pernas	1,447	—	1,000	—

Source: Government of Malaysia 1986:116, table 3.12.

Table 23: Occupational structures of major ethnic communities, 1990

Occupational category	Bumiputera (per cent)	Chinese (per cent)	Indian (per cent)	Total (per cent)
Professional and technical	9.2	8.2	8.0	8.8
Administrative and managerial	1.4	4.4	1.5	2.5
Clerical	9.3	10.9	9.0	9.8
Sales	7.2	19.7	8.8	11.5
Service	12.4	9.5	14.5	11.6
Agricultural	37.4	13.5	23.4	28.3
Production	23.2	33.8	34.8	27.6
Total	100.0	100.0	100.0	100.0

Source: Adapted from Torii (2003:237, table IV).

Table 24: Changes in Malay and bumiputera occupational structures, 1970–1990

Occupational category	Per cent in 1970 ^a	Targeted per cent for 1990 ^b	Actual per cent in 1990 ^b	Change in per cent 1970–1990
Professional and technical	4.3	6.6	9.2	4.9
Administrative and managerial	0.4	1.2	1.4	1.0
Clerical	3.3	6.1	9.3 ^c	6.0
Sales	5.2	5.6	7.2	2.0
Service	13.8	25.0	12.4	(0.8)
Agricultural	65.3	36.3	37.4	(27.9)
Production	7.8	19.1	23.2	15.4
Total	100.0	100.0	100.0	

^a Malays only. ^b Bumiputera. ^c Teachers and nurses account for 3.9 per cent of this category. Source: Adapted from Torii (2003:227, table II; 237, table IV).

For professional occupations—always a contentious category because of its associations with limited entry, educational attainment, higher qualification and lucrative remuneration—the steady increase in Malay representation that occurred between 1970 and 1997 is evident from table 25. By 1995, Malay professionals had reached the NEP's 30 per cent restructuring target: an impressive gain, even if part of it might have been due to the emigration of non-Malay—especially Chinese—professionals, mostly out of dissatisfaction with the NEP's discrimination against non-Malays.

Table 25: Registered professionals^a by ethnic group, 1970–1997

Year	Bumiputera		Chinese		Indian		Others		Total	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
1970 ^b	225	4.9	2,793	61.0	1,066	23.3	492	10.8	4,576	100.0
1975 ^c	537	6.7	5,131	64.1	1,764	22.1	572	7.1	8,004	100.0
1980	2,534	14.9	10,812	63.5	2,963	17.4	708	4.2	17,017	100.0
1985	6,318	22.2	17,407	61.2	3,946	13.9	773	2.7	28,444	100.0
1990	11,753	29.0	22,641	55.9	5,363	13.2	750	1.9	40,507	100.0
1995	19,344	33.1	30,636	52.4	7,542	12.9	939	1.6	58,461	100.0
1997	22,866	32.0	37,278	52.1	9,389	13.1	1,950	2.7	71,843	99.9

Note: Due to rounding, not all percentage rows add up to 100. ^a Includes accountants, architects, dentists, doctors, engineers, lawyers, surveyors and veterinary surgeons. ^b Excludes surveyors and lawyers.

^c Excludes surveyors. **Source:** Abridged from Jomo 1999:137, table 6.5.

In short, the new occupational structures suggested a substantial achievement of the NEP's goal of "abolishing the identification of race with economic function". The state-led social engineering had indeed sponsored the rise of a Malay professional middle-class component of the BCIC. More than that, judged by the NEP's own criterion of the ethnic distribution of the ownership of share capital (corporate wealth), the other component of the BCIC—that is, a class of Malay capitalists—had a significant presence by the end of the NEP period, despite its being more difficult to nurture and sustain. Bumiputera ownership of share capital of public companies rose from 2.4 per cent in 1970 to 20.6 per cent in 1995 (see table 26). The latter figure, short of the NEP's 30 per cent target, has often been suspected of understating the extent of bumiputera ownership—primarily because the "nominee company" shares have generally been officially regarded as belonging to "non-bumiputera" owners when, as has been widely argued (Parti Gerakan 1984), the "nominees" typically held shares on behalf of bumiputera owners. On the other hand, from the late 1980s to the early 1990s, some originally domestic non-Malay capital might have re-entered the economy as foreign investment. Nevertheless, significant bumiputera ownership of share capital, as a proxy measure of the size of the capitalist component of the BCIC, had become a reality. The pressing issues of the 1990s and beyond were not those of their mere extent—whether, for example, the bumiputera share should be increased to reflect their proportion of the national population—but also of the ability of the state-nurtured bumiputera entrepreneurs to transform themselves into "real capitalists" capable of holding their own vis-à-vis local and foreign capital without extensive state assistance (Searle 1999; Khoo 2003).

Governance and a public sector–private sector divide

The altered structures and patterns of inequalities that emerged within the broad public sector were direct results of an emphatically ethnic interpretation and discriminatory implementation of the NEP's objectives. In administrative and regulatory terms, those alterations were facilitated by an ethnicized framework of governance in the public sector that eventually created three different sets of difficulties for governance under subsequent NEP regimes: an interethnic divide, the problems of bureaucratic self-regulation and the eventual subordination of the bureaucracy.

Preferences and discrimination favouring the bumiputera were adopted in principle. In practice, quotas and targets were set and continually modified for many areas of social and economic life. It became the norm for the public sector to use price subsidies and discounts to offset what was regarded as the bumiputera's lack of competitiveness. All such preferences, quotas and subsidies formed the parameters of an unambiguously ethnicized framework of governance to facilitate the public sector's performance of its different roles under the NEP, and to determine (differential ethnic) access to public services, the allocations of public resources and the detailed regulation of businesses in the private sector.

The NEP's 20-year *target* of a 30 per cent bumiputera share of corporate assets in 1990 was virtually "institutionalized" as a *minimum* "30 per cent" "bumiputera participation" in such areas as the:

- employment in private companies subjected to the purview of the ICA;
- issue or allocation of new shares in public listed companies;
- sale or transfer of corporate or other assets in selected sectors;
- award of government contracts and projects;
- admission of students in tertiary education, the selection of their fields of study and awarding scholarships and financial assistance; and
- development and sale of urban housing and commercial space.

Table 26: Ownership of share capital (at par value) of limited companies, 1970–1995

	1970		1980		1985		1990		1995	
	RM million	Per cent of total	RM million	Per cent of total	RM million	Per cent of total	RM million	Per cent of total	RM million	Per cent of total
Malaysian residents	1,952.1	36.6	18,493.4	57.0	57,666.6	74.0	80,851.9	74.6	129,999.5	72.3
Bumiputera individuals and trust agencies	125.6	2.4	4,050.5	12.5	14,883.4	19.1	20,877.5	19.3	36,981.2	20.6
Bumiputera individuals	84.4	1.6	1,880.1	5.8	9,103.4	11.7	15,322	14.2	33,353.2	18.6
Trust agencies	41.2	0.8	2,170.4	6.7	5,780	7.4	5,555.5	5.1	3,628	2.0
Other Malaysian residents	1,826.5	34.3	14,442.9	44.6	42,783.2	54.9	50,754	55.3	78,026.9	51.7
Chinese	1,450.5	27.2	N.A.	N.A.	26,033	33.4	49,296.5	45.5	73,552.7	40.9
Indians	55.9	1.1	N.A.	N.A.	927.9	1.2	1,068	1.0	2,723.1	1.5
Others	N.A.	N.A.	N.A.	N.A.	987.2	1.3	389.5	0.3	1,751.1	1.0
Nominee companies	320.1	6.0		N.A.	5,585	7.2	9,220.4	8.5	14,991.4	8.3
Locally controlled companies	N.A.	N.A.	N.A.	N.A.	9,249.7	11.8	N.A.	N.A.	N.A.	N.A.
Foreign residents	3,377.1	63.4	13,927	43.0	20,298	26.0	27,525.5	25.4	49,792.7	27.7
Total	5,329.2	100.0	32,420.4	100.0	77,964	100.0	108,377.4	100.0	179,792.2	100.0

N.A. = Not applicable. **Sources:** Jomo 1990:158–59, table 7.3; Phang 2000:116, table 4.9.

Since the interethnic “imbalances” of the pre-NEP ethnic division of labour could not be overturned within a short period except by drastic measures, “bumiputera quotas” frequently exceeded 30 per cent of whatever was thought to fall within the ambit of restructuring and “redistribution”.

One outcome of this practice of an “ethnicized governance” was a widening and rigidifying public sector–private sector divide. This divide was beset by ethnically coloured dichotomies, so to speak, that were embedded in the public imagination, but often found in reality too. For example, it was common for Malay politicians and bureaucrats to insist that the public sector’s objective of “social enterprise” was a balance against the private sector’s motive of “profitability”. For others, however, that was really the same thing as conceding “public sector ineptitude” in contrast to “private sector efficiency”.

Other constructs or ideological representations of these features of the public sector–private sector divide included:

- poverty versus wealth;
- redistribution versus growth;
- social objectives versus economic rapacity;
- nurture versus control;
- support versus penalty;
- expansion versus restriction;
- fostering national unity versus threatening national unity; and
- constructive protection versus self-reliance.

The above constructs each carried a public-private dichotomy that implicitly overlapped with a “Malay versus non-Malay” polarity. As might be quickly imagined, what the “Malay public sector” was inclined to proclaim as the NEP’s measures for “sharing” wealth, the “non-Malay private sector”, for instance, tended to declaim as acts of “aggrandizement”. Hence, the “public services, public enterprises and statutory bodies [became] increasingly Malay domains” but “the powerful private sector [was] still popularly perceived as a Chinese domain” (Jomo 1990:229).

In other words, the public sector was more and more regarded—and justified itself—as a bumiputera bulwark against a non-bumiputera (and foreign) private sector.

Governance and a public sector–private sector overlap

Yet, an ethnically marked public sector–private sector divide only supplied part of the picture of the difficulties of governance emerging under conditions of altered ethnic structures and inequalities. As far as the BCIC was concerned, there was, crucially, a public sector–private sector *overlap* because the borders between “Malay social enterprise” and “Malay private business” were blurred when the NEP’s multidimensional state economic intervention took the form of “statist capitalism”:

The extension of statist capitalist interests is not...confined only to the new “public enterprises” which claim to represent “Malay interests”. Continued support by the state for private capital accumulation by Malays can be seen in similar light. Joint ventures involving Malay and non-Malay partners (so-called “Ali Baba” arrangements), appointments of Malays to company directorships, and the securing of government contracts by politically well-connected businessmen are all manifestations of expanding Malay private capital. Private companies, for example, recognize the advantages to be gained from having well-connected directors (Jomo 1988:266)

The NEP's restructuring envisioned the state-sponsored creation of Malay capital. The success of that ambitious project of social engineering depended on three critical requirements, besides adequate financial and economic resources: (i) the political power needed to push the NEP agenda; (ii) the administrative capacity to implement the NEP; and (iii) individual successes to vindicate the NEP itself.

However, even as the major "representatives" of the Malays met those requirements, other tensions arose. Being the "party of the Malays", UMNO used its dominance vis-à-vis all other parties in and out of government to impose the NEP as the "national" agenda, but UMNO entered business on a large scale and built itself a corporate empire into the bargain (Gomez 1990). The rapidly enlarged "Malay-dominated bureaucracy" provided the administrative capacity for implementing many different kinds of NEP programmes, but its technocrats and administrators thereby controlled vast economic resources via the state-owned enterprises and in the name of "Malay trusteeship" (Mehmet 1986). At the same time, individual "Malay entrepreneurs" emerged or consolidated their positions within the state-sponsored BCIC (Searle 1999), but they became impatient with the obstacles that "trusteeship" placed upon their opportunities for private accumulation.

Over time, the concerns of party, bureaucracy and class overlapped and/or clashed, as coalitions of interests were formed particularly out of party figures, senior bureaucrats and influential capitalists. As these coalitions contended for power, resources and wealth, their agendas could less and less be amicably subsumed under the NEP. All based their claims on restructuring, but each pursued its disparate interests. Such a conflict-ridden, Malay public sector-private sector overlap strained the limits of governance in two major ways.

First, the public sector arrogated to itself the functions, mechanisms and powers of regulating its own economic interventions and corporate ventures. Bureaucratic involvement in economic activities had grown so quickly that the state had taken over the "commanding heights" of the economy by 1983. By then, the public enterprises controlled an estimated 45 per cent of "modern agriculture", 50 per cent of mining and between 70 per cent and 80 per cent of banking (Parti Gerakan 1984:187, table 2). However, with the BN's overwhelming control of Parliament and the state Legislative Assemblies, and with the Off Budget Agencies legally lying beyond Parliament's review, bureaucratic self-regulation hardly contributed to sound economic or financial performance of the public enterprises.

For practical reasons as well, such as a bureaucratic lack of business experience or capability, many public enterprises could not meet the criteria of efficiency and profitability (Rugayah 1995; Gomez and Jomo 1997). Many Malay officers, groomed to promote NEP restructuring as an overarching sociopolitical goal, were predisposed to regard their public enterprises as "social enterprises", whose objective of redressing interethnic imbalances was not to be measured in pecuniary values. Whether aggressively or defensively, they tended to accept or overlook the public enterprises' deficits, debts and losses as the price of equipping Malays with experience, employment and skills. The weaknesses of public sector governance in such a milieu contributed to large-scale deficits and losses. Between 1970 and 1982, the total public sector deficit rose from RM400 million to RM15.2 billion. In 1982, state governments, statutory bodies and public enterprises collectively owed the federal government RM8.743 billion (Mehmet 1986:133-134). Moreover,

'approximately 40-45 per cent of all SOEs [state-owned enterprises] [had] been unprofitable throughout the 1980s' and of those, 'almost half (or 25 per cent of all SOEs) had negative shareholder funds' (Adam and Cavendish 1995:25).

Second, public sector governance had to grapple with the politically contentious issue of the transfer of public enterprises, or "the ultimate devolution to individual Malays of the assets being accumulated on their behalf of the various public and quasi-public bodies" (Snodgrass

1980:220). In principle, the public enterprises that were operated by political appointees, while state managers held the enterprise assets “in trust” for the Malays. But the more commercially oriented trust agencies—such as the PNB—were empowered to acquire profitable companies. Even so powerful a public corporation as Pernas was required to transfer 11 of its most profitable companies to the PNB in 1981. Commercial imperatives became more urgent after the PNB established the ASN, which bought PNB’s assets at cost, while individual Malays bought units of ASN shares, and which was a novel solution to the problem of asset transfer—“a unique plan that simultaneously kept state managers in control of the companies, redistributed profits to the wider Malay community and kept shares in Malay hands, as an individual could buy and sell only through ASN” (Searle 1999:63). Yet, some managers of public enterprises were reportedly burdened by a “disincentive to profit-making” for fear of their enterprises’ being taken over by the PNB (World Bank, cited in Gomez and Jomo 1997:77). Not a few state managers chose to become entrepreneurs themselves, sometimes by acquiring the very enterprises they managed. However, public enterprises encountered pressure from Malay entrepreneurs who complained of “unfair” state competition, or wanted the assets to be directly transferred to them.

The contention over the transfer of public assets grew acute as UMNO entered business—ostensibly for the purpose of generating party funds. Within a few years of starting Fleet Holdings, UMNO had built up an economic empire that penetrated most economic sectors (Gomez 1990; Searle 1999:103–126) as UMNO’s managers—sometimes acting as “nominees, trustees or proxies” or growing into big capitalists themselves—used the party’s political dominance to secure enormous lucrative state projects, contracts and assets (Searle 1999:135–153). Given this concentration of Malay state and political power *and* intra-Malay competition within the party-bureaucracy-class axis, standard expectations of public sector governance—transparency, accountability and impartial oversight—were diminished by executive discretion, party interventions, corporate rent-seeking, cronyism and outright corruption.

These erosions of public sector governance were more pronounced after Mahathir Mohamad became prime minister in 1981. The NEP-nurtured class of Malay capitalists had exhibited “a complex amalgam of state, party and private capital” having a variety of human forms: figurehead capitalists, executive-professional directors, executive-trustee directors, functional capitalists, bureaucrats-turned-businessmen, state managers-turned-owners, politicians-turned-businessmen, UMNO’s proxy capitalists-turned-businessmen, UMNO’s proxy capitalists-turned-corporate captains, rentiers, transitional entrepreneurs and private capitalists (Searle 1999). From among their ranks, the Mahathir regime picked “winners” to spearhead a new state-capital alliance, officially called Malaysia Incorporated, and, by a push toward “privatization”, turned several Malay conglomerates—sometimes in joint-ventures with non-Malay capital—into “politicized oligopolies” (Gomez and Jomo 1997:180).

By and large, the conglomerates so privileged escaped stringent scrutiny and regulation partly because the power of the technocrats and bureaucrats was now curtailed. Under the rubric of Malaysia Inc. and privatization, Prime Minister Mahathir regularly instructed the public sector to cooperate with the private sector, or more crudely, serve capital—not least, Malay capital—which, he was fond of saying, paid the salaries of the civil service. Thus, the power balance between bureaucracy and business shifted.

With increasing Malay hegemony in the 1970s, the role of the predominantly Malay bureaucracy was significantly enhanced, only to give way to an increasingly assertive executive and a more politically influential rentier business community in the 1980s (Gomez and Jomo 1997:179).

Even were the public sector still devoted to stringent regulation and good governance, bureaucratic influence over big business had in fact declined. Malaysia Inc. gave big business an almost equal footing with government so that, according to former Deputy Prime Minister

Musa Hitam, matters “got to the stage when the private sector was dictating terms, telling government what to do based on their links to leadership” (Jayasankaran and Hiebert 1998:14).

An ethnicized civil service: A longer view

Over the years, as one observer noted,

through the operation of Malay “special rights” giving recruitment and promotion preferences to Malays, the whole structure of government services has become a bastion of Malay power and the major avenue for Malay professional and economic advancement. This pattern is particularly pronounced at the higher administrative and policy-making levels where Malay dominance comes closer to reality (Means 1991:297–298).

The emergence of a clearly Malay-dominated public sector has raised concerns over bureaucratic “responsiveness and legitimacy” and “effectiveness and efficiency” (Lim 2003:16–24), “governance and accountability” (Ho 1999:26–29), and a sense of marginalization and insecurity among non-Malay personnel (Puthuchearry 1978:86). These are serious issues by any standard of public administration, and they are “politically sensitive” issues when they appear in ethnic garb, as they unavoidably do in Malaysia. For that matter, although “old school” Malay bureaucrats of the PTD were credited with high levels of professionalism, there is a generalized public perception, not confined to non-Malays, that the public service has deteriorated in the quality and performance of its personnel, not least because of ethnically influenced decisions on recruitment and promotions, which favoured less capable Malays over their non-Malay counterparts.

Yet, arguably, Malay “over-representation” in the civil service, which antedated the NEP, and the changes to public sector governance, which are linked to the sector’s rise in the first decade of the NEP and partial decline under Malaysia Inc., cannot be disembodied from a sociopolitical history that could rarely keep apart considerations of “race, class and the state”.

Briefly, the colonial state found it expedient to induct and train members of the traditional Malay elite as an “administrative class” – albeit placed originally at the lower levels of colonial officialdom – in a move that both domesticated the Malay *ancien regime* and used its members to exert “Malay authority” over the Malay masses (Puthuchearry 1978; Khasnor 1984). Where the framework of “indirect” British rule applied to the Malay states, the latter’s civil service was avowedly Malay. Hence, in still another guise of the colonial ethnic division of labour, the Malay civil service-based elite emerged as the Malay counterpart to the colonials and domiciled non-Malay capital in a tripartite balance of power. Malayan decolonization hid the class dimensions of the “Malay civil service”. But if the balance of power between colonials (later foreign capital), non-Malay capital and the Malay elite were to last beyond colonial rule, the Malayanized bureaucracy had practically to remain a preserve of the Malays. Thus, the Malay to non-Malay recruitment ratio of 4:1 for the elite Malayan civil service (MCS) was instituted, which ensured that “at least 80 per cent of the service will be filled by Malays, far above their proportion in the total population” (Puthuchearry 1978:58). The postindependent civil service was rapidly Malay-dominated (see table 27), and never more so than within the MCS itself (see table 28).

As disagreeable as this “pre-NEP quota” system might be to non-Malay – or even rational Weberian – sensibilities, there were few feasible alternatives in one critical respect. So long as the pre-NEP ethnic division of labour was rigidifying in the non-expanding laissez-faire capitalism managed by the Alliance, the civil service was bound to be a site for zero-sum type interethnic competition. Puthuchearry alluded to this matter sensitively when she noted that:

government documents on ethnic representation in the civil service tend to concentrate on the higher civil service alone which shows that only 38.5 per cent of Division I posts are held by Malay officers. Particular emphasis is

usually placed on the professional and technical services where there are fewer Malays in employment. On the other hand, non-Malay politicians tend to look at the racial composition of the civil service as a whole or at the MCS in particular which shows a larger proportion of Malays than is reflected in the racial composition of the country (1978:57–58).

Table 27: Ethnic composition of the federal and state services (Divisions I, II and III), 1969

Ethnic group	Federal services (Division I)		States services (Division II)		Federal and state services (Division III)	
	Number	Per cent	Number	Per cent	Number	Per cent
Malays	36,618	60.7	12,328	79.1	48,946	64.5
Chinese	12,181	20.2	1,744	11.2	13,925	18.4
Indians	10,499	17.4	1,394	8.9	11,893	15.7
Others	986	1.6	125	0.8	1,111	1.5
Total	60,284	100.0	15,591	100.0	75,875	100.0

Source: Puthucheary 1978:57, table 5.7.

Table 28: Ethnic composition of the Malayan civil service, 1950–1970

Ethnic group	1950	1957	1963	1970
Malays	31	124	250	603
Non-Malays	—	13	31	93
British	114	221	9	—
Total	145	358	290	696
Malays as per cent of total	21.4	34.6	86.2	86.6

Source: Puthucheary 1978:54, table 5.2.

And in a statement that was self-serving but not without a tone of despair, the National Operations Council, which ruled after May 13, was brusque:

The Malays who already felt excluded in the country's economic life now began to feel a threat to their place in the public services. No mention was ever made by non-Malay politicians of the almost closed-door attitude to the Malays by non-Malays in large sections of the private sector in this country. (*The May 13 Tragedy: A Report by the National Operations Council*, pp. 23–24, cited in Puthucheary 1978:57).

Finally, the emergence of a Malay-dominated bureaucracy just before and after independence also reflected the state's "ethnic security map" (Enloe 1980) that premised security and stability on the loyalty of the Malays, when both the 1948 communist-led insurrection, and the post-1957 parliamentary opposition, were regarded as distinctly "Chinese". In that milieu, politics fused with civil service in a Malay-led independence movement that inherited the postcolonial administration. In the 1955 Legislative Council election, which served as the pre-independence "general election",

about one-half of the Malay candidates had civil service background. UMNO fielded the largest number of ex-civil servants...The Alliance government which was formed in 1955...[was] dominated by Malay ex-civil servants. In the first cabinet formed by Tunku Abdul Rahman after Independence in 1957, there were seven Malays, two Chinese and one Indian. All except one of the Malay ministers had been civil servants (Puthucheary 1978:34).

To that extent, the MCS was already emblematic of an ethnic fusion of politics and administration before the NEP provided new imperatives to the public sector for using ethnicized governance to dismantle an ethnic division of labour.

More recently, the wisdom of perpetuating Malay “over-representation” in the public sector has been doubted, not just by non-Malay opposition quarters, but also by Malay regime spokespeople. In part, the doubt reflects a need to improve the quality of a public sector believed to have declined because of the impact of the “Malay public sector–non-Malay private sector gap” and the “Malay public sector–Malay private sector overlap”. It is, however, doubtful that the civil service will now shed its ethnicized governance and accept an influx of non-Malay appointments. First, the civil service “consensus” is that non-Malays prefer the private sector to the public sector because of the latter’s low pay and unattractive conditions of employment. Second, it is the rapidly diminishing non-Malay representation in the uniformed services that has worried strategic thinking after the November 1999 general election when staunch non-Malay electoral support helped to save UMNO from Malay popular dissidence in 1998–1999 in the aftermath of the persecution of former Deputy Prime Minister Anwar Ibrahim. At most, this has caused a temporary reconsideration of an “ethnic security map” that depended on core Malay support. But unless UMNO continues to lose its Malay base to the opposition Islamic Party, it is unlikely that any strategic rethinking will lead to substantial change in ethnic composition and character of the public sector.

Ironically, therefore, the state promulgated and, with success, implemented the NEP to “abolish the identification of race with economic function” only to renew and perpetuate, as it were, *the identification of ethnicity with politico-economic sectors*: the BCIC was sponsored by and looked to the Malay-dominated public sector for nurture; and the non-bumiputera were entrenched or sought refuge in the market.

III. Representation, Power Sharing and Domination

In fundamental ways, the BN, which built upon the traditions of its predecessor, the Alliance, is the institutional emblem of a system that combines “open ethnic politics” with interethnic cooperation, as advocated by those in power and well developed in actual practice. This is so partly because the BN is not only the historical product of a political system in which party programmes, political mobilization and voting behaviour are dominated by ethnic considerations and appeals. Partly, it is because the BN, being the most successful competitor in the electoral process, has used its uninterrupted rule at all levels of government—with significant but rare exceptions among state and local governments—to shape the political system and the electoral process according to the ruling coalition’s ideas and requirements.

Since its formal beginnings in 1974, the BN has not been monolithic or unchanging. Both obvious and subtle alterations have been made to the workings of the ruling coalition. To take a definitive example, the Alliance’s elite compromises, supposedly based upon equitable inter-party consultations—notably between UMNO and MCA—have been superseded by the BN’s more centralized decision making grounded in UMNO’s implicit dominance in the coalition. This important change was a distinct movement, though not a sharp break, away from the Alliance’s “consociationalism” toward a “democracy without consensus” (von Vorys 1975). But the BN has invented a discernible tradition and institutionalized many mechanisms to which some of the coalition’s enduring strengths can be attributed. The most important of these formulas and mechanisms include a tested framework for managing interethnic politics within and outside the coalition, relatively stable allocations of opportunities for electoral representation and contestation, and functioning arrangements for power sharing at different levels of government.

The BN’s control of the electoral process has been derived from many factors and sources. The political system is not a one-party state. Yet, an unbroken tenure in the federal government has

allowed the BN virtually to conflate state and ruling coalition, not least in the coalition's exercise of vast powers of incumbency. The BN has at its disposal an imposing array of state resources including, generally, the command of administrative apparatuses, the control over economic resources, and the ownership and regulation of the mass media. Moreover, the BN's principal parties have their own "fleets" of corporations (Gomez 1991, 1990), as well as those of their major business allies from which to draw financial and other forms of assistance. Simultaneously, the BN governments at all levels routinely deny the opposition access to the same resources. The administrative machinery is regularly used to obstruct or repress the opposition and its supporters, and not just when elections are scheduled. The BN's "deployment-denial" of state and non-state resources constitutes a massive structural advantage by any standard. In a typical first-past-the-post electoral contest, this advantage tactically confers upon the BN's candidate a leading, if not a winning, edge. Between elections, the same strategy, usually taking the form of state-financed "public services", helps to entrench an incumbent BN representative—but pointedly not one from an opposition party—in the constituency (Loh 2001).

Hence, across the electoral terrain, the BN's advantages in a general or state election were historically overcome only at moments of political crises—1969 and 1984 in Sabah, 1990 and 1999—that generated sweeping waves of antiregime recalcitrance. Even then, the heightened dissent tended to raise the opposition's share of the popular vote without securing for the opposition a commensurate proportion of parliamentary or state assembly seats. The results of the elections of 1986, 1990, 1999 and 2004 attest to this systemic inequality (see table 29).

Table 29: Proportion of popular vote compared with number and share of parliamentary seats in general elections, 1959–2004

Election year	Alliance/BN			All opposition parties			Total no. of seats contested
	Per cent of popular vote	No. of seats	Per cent of seats ^a	Per cent of popular vote	No. of seats	Per cent of seats ^a	
1959	51.7	74	71	48.3	30	29	104
1964	58.5	89	86	41.5	15	14	104
1969	49.3	92	64	50.7	51	36	143
1974	60.7	135	88	39.3	19	12	154
1978	57.2	130	84	42.8	24	16	154
1982	60.5	132	86	39.5	22	14	154
1986	55.8	148	84	41.5	29	16	177
1990	53.4	127	71	46.6	53	29	180
1995	65.2	162	84	34.8	30	16	192
1999	56.5	148	77	43.5	45	23	193
2004	63.8	198	90	36.2	21	10	219

^a Rounded to the nearest 1 per cent. **Source:** Adapted from Funston (2000:49, table 1).

The BN's structural advantage is allied to other features of the electoral system, such as gerrymandered constituencies and a carefully calibrated distribution of constituencies. Consequently, the BN has consistently gained two-third majorities in Parliament that did not reflect the BN's shares of the popular vote. Only three times has the BN received 60 per cent or more of the popular vote—in 1974, when most of the opposition parties, which were successful in 1969, were freshly co-opted; in 1982, when the first Mahathir administration was greeted with popular expectations; and in 1995, following a few years of very high economic growth. Yet, only twice has the BN won less than 80 per cent of the parliamentary seats in 1990, following UMNO's split in 1987–1988 (Khoo 1995); and in 1999, when the persecution of Anwar Ibrahim in 1998–1999 swung the Malay vote against UMNO (Khoo 2003). In the pre-BN elections, the Alliance's 49.3 per cent share of the popular vote in 1969 was the lowest ever in Alliance/BN history; still, the Alliance took 64 per cent of the parliamentary seats—and

retained its two-thirds majority in Parliament in December 1970 when the Sarawak United People's Party (SUPP), which had five seats, joined the Alliance.

It is, arguably, the BN's ability to dominate the electoral process overwhelmingly – by securing more than two-thirds majorities in Parliament and controlling almost all state governments – that validates and sustains the BN's claims to being committed to interethnic cooperation, collaboration between component parties and consensus building. For the BN, having to parcel out seats for contest among 14 members, perhaps having a more than two-thirds majority in politics is akin to the NEP's dependence on high economic growth to facilitate redistribution without provoking a sense of deprivation. None of these "articles of faith" is untrue of the BN's modus operandi so long as they are collectively located within a BN framework that:

- determines ethnic representation in the electoral process by allocating seats to component parties before elections;
- maintains interethnic power sharing by distributing positions in the federal government and in state governments under BN control to component parties; and
- entrenches UMNO's position as the dominant party in the political system.

Ethnic representation: Parliament and state legislative assemblies

Over 30 years, the BN has grown into a standing coalition of 14 "component parties" all of which could lay some claim to representing the BN in any general election. Thus, the allocation of seats for electoral contest, always a critical issue for the BN, is a complex process. For the entire country, the process is based largely on the overall ethnic composition of the electorate, the ethnic profiles of constituencies and the relative strengths of the component parties within the BN. Thus, in Peninsular Malaysia, where the largest groups of voters are Malay and Chinese, most constituencies show a majority of Malay or Chinese voters, and UMNO and MCA are the largest parties and obtain the two highest allocations of seats (see table 30).

On the other hand, the seat allocations for the BN parties in Sabah and Sarawak reflect the more diverse ethnic composition of the electorates in both states, as well as the influence of the non-Malay bumiputera parties. In fact, UMNO only began to feature directly in Sabah in the 1995 general election for which UMNO was established to replace previously "Muslim or Malay" parties, notably the USNO. In addition, given the first-past-the-post electoral contests, the single most important criterion for allocating a specific constituency to a component party is the ethnic composition of the electorate of that constituency. In principle, a "Malay majority constituency" in Peninsular Malaysia will be allocated to UMNO, while a "Chinese majority constituency" will go to either MCA or Gerakan, these being the BN's "Chinese-based" parties. This basic formula is modified to accommodate the MIC, which receives a certain number of seats although no constituency has a majority of Indian voters. To the extent that constituency demarcation has been steadily skewed to create a much larger number of Malay-majority constituencies, the BN's allocation disproportionately favours UMNO over all other BN parties (Sothi Rachagan 1980). Despite this fundamental inequality and the component parties' periodic disagreements over seat allocations, the BN's mechanism of providing for ethnic representation in electoral contests has been flexible enough to meet changes in the coalition's membership over many elections (see table 30).

The BN has successfully extended its method of seat allocation to contests at the level of the state Legislative Assembly in each of the 13 states. Fine adjustments can be made at this level to suit local demographic features and because a larger number of state seats are available compared to the smaller number of parliamentary seats, as illustrated by the seat allocation for state contests in 2004 (see table 31).

Table 30: Allocation of parliamentary seats among Alliance or BN parties, 1959–2004

	1959	1964	1969	1974	1978	1982	1986	1990	1995	1999	2004
Peninsular Malaysia											
UMNO	70	68	67	61	74	73	84	86	92	93	104
MCA	31	33	33	23	27	28	32	32	35	35	40
MIC	3	3	3	4	4	4	6	6	7	7	9
Gerakan				8	6	7	9	9	10	10	12
PPP				4	1						1
PAS				14							
HAMIM							2				
Berjasa						2					
Sabah											
UMNO									12	11	13
USNO				13	6	5	6	6			
SCA				3							
Berjaya					10	11					
PBS							14	14			4
UPKO									4	4	4
PBRIS									1	1	1
SAPP									2	3	2
LDP									1	1	1
Sarawak											
PBB				16	8	8	8	10	10	10	11
SUPP				8	7	7	7	8	7	7	7
SNAP					9	9	5	3	4	4	
PBDS							4	6	6	6	6
SPDP											4
Total	104	104	103	154	152	154	177	180	191	192	219

Note: In any election year, a blank for a party indicates one of the following: the party did not exist at the time; had been dissolved; had not yet joined the BN; had left the BN; or its significance had diminished and it was not allocated any seats.
Sources: Suruhanjaya Pilihanraya (Election Commission), various years; *New Straits Times* 2004:64.

For example, Perlis is a small Malay-majority state that has only three parliamentary constituencies. Here, where Chinese voters make up 14 per cent of the electorate, none of the Chinese-based parties gets a parliamentary seat, but MCA contests at the state level. By a similar calculation, the non-Malay parties—MCA, Gerakan and MIC—contest a limited number of state seats in the heavily Malay-majority states of Kelantan and Terengganu. In some cases, the allocation of state seats serves to compensate a “lesser” component party that has not been given a parliamentary seat to contest. For instance, Gerakan, regarded as the smaller of the BN’s two Chinese-based parties, did not contest at the parliamentary level in Johor, Kedah and Selangor in 1999, but Gerakan contested at the state level in each of these three states (see table 31).

Table 31: Allocation of state legislative assembly seats among BN parties, Peninsular Malaysia, 2004 general election

State	UMNO	MCA	MIC	Gerakan	PPP	Total
Perlis	13	2	0	0	0	15
Kedah	28	4	2	2	0	36
Kelantan	44	1	0	0	0	45
Terengganu	31	1	0	0	0	32
Penang	15	10	2	13	0	40
Perak	34	16	4	4	1	59
Pahang	31	8	1	2	0	42
Selangor	35	14	3	4	0	56
Negeri Sembilan	22	10	2	2	0	36
Malacca	18	8	1	1	0	28
Johor	34	15	4	3	0	56
Total	305	89	19	31	1	445

Source: *New Straits Times* 2004:64.

In an electoral process where voting behaviour is heavily influenced by ethnic concerns, and the acceptability of a candidate is closely correlated with the candidate's ethnicity, the BN's successful deployment of seat allocation as a mechanism of political representation lends credibility to the BN's claim of practising "multiethnic politics" despite its component parties' unabashedly ethnic character. Component parties have disputed seat allocations before and only the threat of severe penalties—including expulsion from the BN—has prevented disgruntled component parties from sabotaging electoral campaigns in constituencies not allocated to them. In practice, however, the reward of a disciplined adherence to the BN's seat allocations is the component parties' ability to enjoy a vital "mutuality of access" to one another's "natural", ethnically defined, constituencies.

In contrast, individual parties, which appeal to "single" communities even if they ideologically disavow ethnic politics, such as PAS and DAP, are unable to penetrate predominantly Chinese and Malay areas respectively, let alone campaign profitably there. The BN parties—for example, UMNO and MCA—face no such limitation, albeit the actual extent of cooperation has to be negotiated at the local level, and sometimes local squabbles among them lead to non-cooperation or sabotage. At the level of the electorate, this "mutuality of access" works for a partisan supporter of a BN component party. The supporter does not have to agree with all other BN component parties, but has only this choice to make: vote either the BN or the opposition. Thus, the BN's status as a standing coalition, with all its candidates contesting on a "unified" ticket, demonstrates a practical strength that must be a prerequisite of any viable coalition—that is, the ability to be inclusive in obvious and subtle, practical and ideological ways, and, as it were, to be all things to all people, hence, "multiethnic" to otherwise "ethnic" voters.

Power sharing: Federal cabinet and state executive committees

Originally, the Alliance's power sharing reflected an interethnic compact reached before independence. After 1969, the BN was established to co-opt as many opposition parties as could be attracted to an enlarged ruling coalition. Even so, the BN maintained continued to uphold interethnic power sharing in real and symbolic ways. The coalition's basic way of institutionalizing interethnic power sharing is to translate ethnic representation in elections into ethnic representation in the BN cabinets. In 2004, as table 32 illustrates, the ethnic composition of the Cabinet approximated the ethnic composition of the electorate.¹²

¹² Since the ethnic composition of population and the electorate continually vary for different reasons, it would be unrealistic to expect anything but an approximation of the ethnic composition of the Cabinet as compared to the ethnic composition of the electorate at any one time.

Table 32: Ethnic composition of the electorate compared with the ethnic composition of the Cabinet, 2004

Ethnic group	Per cent of electorate	Minister		Deputy minister		Parliamentary secretary		Total	
		Posts	Per cent of total ^a	Posts	Per cent of total ^b	Posts	Per cent of total ^a	Posts	Per cent of total ^a
Malay	59.1	22	67	18	47	11	50	51	55
Chinese	28.5	6	18	11	29	7	32	24	26
Indian	3.6	1	3	4	11	3	14	8	9
Non-Malay bumiputera	8.8	4	1.2	5	13	1	4	10	10

^a 1999 figures. ^b Rounded to the nearest 1 per cent. **Sources:** Syed and Pereira 2004; Wong et al. 2004; www.pmo.gov.my/website/webdb.nsf/vf_Front_Gov?OpenForm&Seq=2#_RefreshKW_f3_SubPM, accessed on 15 July 2005.

This basic ethnic composition of the BN Cabinets should not be taken as evidence of an ethnically proportionate influence over policy formulation or decision making. It is a tacit but crucial feature of the BN's rule that the prime minister and the deputies would be Malays. And while Chinese ministers held the strategic portfolios of finance and trade during the Alliance period, since the mid-1970s only Malays have headed the key ministries of finance, home affairs, defence, international trade, and education. Nonetheless, and leaving aside the wider implications of resource control and powers of patronage, the fact of ethnic representation in the BN Cabinets helps to uphold and legitimate the coalition's framework of interethnic cooperation and power sharing.

There is a different dynamic by which this method of interethnic power sharing works in post-1969 politics. Aside from the original Alliance member parties—UMNO, MCA and MIC—the different component parties that joined the BN would have had their own reasons for joining the BN. While the tense political milieu after “May 13” made it critical, even desirable, for many parties to attempt to re-establish a post-Alliance framework of interethnic cooperation, not all parties that joined BN did so out of considerations of “ethnic interests”. Parties that have controlled different state governments at various times—PAS in Gerakan and Kelantan in Penang in 1969 and Parti Bersatu Sabah (PBS) in Sabah in 1984—took into account the enormous difficulties of administering an opposition-led state government in the face of hostility from the BN federal government.

Yet, membership in the BN essentially held out the hope that a party would trade its opposition for some influence in government insofar as the party delivers the votes of “its” community. It is a hope that has been realized by most BN parties inasmuch as they have found ministerial appointments in the Cabinet at various times (see table 33).

From the perspective of the BN's power sharing, a component party claiming to represent the interests of “its” community gains, through a Cabinet presence, a voice, a place and an opportunity to bargain—formally if unequally—within the BN's decision-making and policy-formulating councils. While the performances of specific component parties vary over elections, it is clear that the single most powerful party in the Cabinet has always been UMNO (see table 34). Even so, the disadvantage of inequitable power sharing might perhaps be less important, symbolically and otherwise, to smaller parties than the mere fact of their inclusion in the Cabinet, if need be at the lower ranks of deputy minister and parliamentary secretary (see table 34).

Table 33: Distribution of ministerial posts by component party, selected years, 1973–2004

Component party	1973	1974	1976	1981	1999	2003	2004
UMNO	13	14	13	15	16	19	22
MCA	4	3	4	4	4	4	4
MIC	2	1	2	1	1	1	1
Gerakan	^a			1	1	1	1
PAS	1	1	1				
PBB	2	1	1	1	2	1	2
SUPP	1	1	1	1	1	1	1
PBDS				1	1	1	
USNO	1	2	1				
PBS							1
LDP					1	1	
UPKO						1	1
Total	24	23	23	24	27	30	33

^a In a particular year, a blank for a party indicates one of the following: the party did not exist then, had been dissolved, had not yet joined the BN, had left the BN or its significance had diminished. **Sources:** Abdul Aziz Bari 2002; Syed and Pereira 2004; www.pmo.gov.my/website/webdb.nsf/vf_Front_Gov?OpenForm&Seq=2#_RefreshKW_f3_SubPM, accessed 15 July 2005.

Table 34: Distribution of posts of minister, deputy minister and parliamentary secretary by component party, 2004

Component party	Minister	Deputy minister	Parliamentary secretary	Total
UMNO	22	18	11	51
MCA	4	8	4	16
MIC	1	3	3	7
Gerakan	1	3	2	6
PPP	0	1	0	1
PBB	2	1	1	4
SUPP	1	1	1	3
PBDS	0	2	0	2
PBS	1	0	0	1
UPKO	1	0	0	1
SPDP	0	1	0	1
Total	33	38	22	93

Sources: Syed and Pereira 2004; Wong et al. 2004; www.pmo.gov.my/website/webdb.nsf/vf_Front_Gov?OpenForm&Seq= 2#_RefreshKW_f3_SubPM, accessed 15 July 2005.

Just as the BN's method of determining ethnic representation in elections covers both the parliamentary and state levels, so its power sharing in government is extended to the level of the state governments that are controlled by the BN. The state Executive Council is the state equivalent of the Cabinet. As the current distribution of state Executive Council positions in the 11 states that the BN heads in Peninsular Malaysia indicates (see table 35), there is a broad accommodation of the main BN component parties even though UMNO leads the state governments in all these states, except for Penang, which has been led by Gerakan since 1969.

Table 35: Distribution of executive council positions by BN parties in BN-led state governments, Peninsular Malaysia, 2003

State	UMNO	MCA	MIC	Gerakan	Total
Perlis	9	1	0	0	10
Kedah	7	1	1	1	10
Penang	3	2	1	4	10
Perak	6	2	1	1	10
Pahang	7	2	0	1	10
Selangor	6	2	1	1	10
Negeri Sembilan	6	2	1	1	10
Malacca	7	2	1	0	10
Johor	7	2	1	0	10
Total	58	16	7	9	90

Sources: Web sites of the respective Malaysian state governments.

Roughly similar principles of ethnic and party representation are applied to somewhat less prominent levels of government, namely the Senate—the “upper house” in Parliament—and the Municipal Councils or “local government” in each state. The senators have always been appointed, while municipal councillors have been appointed since the early 1970s when local elections were effectively abolished. In practice, the federal government controls appointments to the Senate, and state governments control their Municipal Councils. The BN uses appointments to both the Senate and the Municipal Councils for a variety of reasons, chiefly to reward its own politicians who are unable to secure nominations for parliamentary or state elections. In the process, however, some pattern of ethnic representation is once again maintained.¹³

Majoritarian and dominant: UMNO’s position

Even so, there is no overlooking UMNO’s domination within the BN’s framework of collaboration. If ever UMNO was truly only the first among equals during the Alliance period, UMNO has clearly been the BN’s dominant party. Qualitatively, this “fact of BN life” and, associated with it, the reality of “Malay [political] supremacy” can be seen from many angles. The simplest is the exit from the BN of component parties who failed to appreciate or accept that fact. Thus, the MCA, despite being unhappy to be in partnership with Gerakan during BN’s early days, submitted to the reality of an UMNO-dominated “enlarged Alliance”, while Gerakan, all the time claiming to be the BN’s conscience during the late 1980s, never did but bow to UMNO’s dictates in policy areas and political conduct. However, PAS was virtually ejected from the BN in 1976–1977 and the PBS defected in 1990.

¹³ See, for example, the following table.

Distribution of councillors by BN parties, Petaling Jaya Municipal Council		
	Number of councillors	Per cent of total
UMNO	13	54
MCA	7	29
MIC	3	13
Gerakan	1	4
Total	24	100

More than that, UMNO could claim to be the source of hegemonic stability within the BN for most of the period since the 1974 election. So established was UMNO's domination that Mahathir repeatedly reminded the BN's component parties that UMNO could rule the country on its own if UMNO was not committed to power sharing. Mahathir's assertion of UMNO's supremacy in the electoral system, made mostly in the late 1980s, rested upon a conception of electoral politics in exclusively ethnic terms and conveniently left aside any consideration of the complex if not destabilizing consequences of any UMNO attempt to rule by itself. In any case the assertion candidly expressed an underlying majoritarian view of democracy that at the very least appeared to have arithmetic on its side (see table 36).

Table 36: Distribution of parliamentary seats by UMNO, other Alliance/BN parties and all opposition parties in general elections, 1959–2004

Election year	Total no. of seats	UMNO		Other Alliance or BN parties		All opposition parties	
		Seats	Per cent ^a	Seats	Per cent ^a	Seats	Per cent ^a
1959	104	52	50	22	21	30	29
1964	104	59	57	30	29	15	14
1969 ^b	104	51	49	15	14	37	36
1969–1970 ^c	144	51	35	41	28	51	35
1974	154	61	40	74	48	19	12
1978	154	69	45	62	40	24	16
1982	154	70	45	62	40	22	14
1986	177	83	47	65	37	29	16
1990	180	70	39	57	32	53	29
1995	192	90	47	72	37	30	16
1999	193	72	37	76	39	45	23
2004	219	107	49	91	41	21	10

^a Rounded to the nearest 1 per cent. ^b Figures for Peninsular Malaysia only. Only 103 seats were contested because of the death of a candidate in a constituency in Malacca. ^c Figures for the whole of Malaysia after elections were resumed in Sabah and Sarawak in July 1970. The actual number of seats contested was 143. **Sources:** von Vorys 1975:160, table 6.3; Means 1991:34, table 2.1; 68, table 3.3; 186, table 6.4; Funston 2000:49, table 1; *New Straits Times* 2004:64.

First, UMNO had a majority in Parliament in the first two elections of 1959 and 1964. In subsequent elections, UMNO held a large plurality of seats, its apparent decline being attributable mainly to the co-optation of parties such as PAS and Gerakan into the BN's enlarged coalition. More than any hypothetical argument, the National Operations Council's post-May 13 rule showed that UMNO would exercise its governing plurality in any emergency. Second, the number of Malay-majority constituencies far exceeded all others. Thus, it was conceivable that UMNO, by an overwhelming victory in these constituencies, could form a government on its own. Notably after the 1986 election, when UMNO won 83 seats out of a total of 177 seats, only an improbable and unwieldy coalition of *all* remaining parties could have contested an UMNO claim to forming an UMNO-only government, had UMNO so desired. Third, UMNO could contest and probably win even more seats were it not expedient for UMNO to concede some of its safe seats to its non-Malay coalition partners, namely the MCA and MIC. From the 1960s to the 1980s, UMNO made some such concessions to MCA when the very strong opposition sentiment in the large urban Chinese-majority constituencies left the BN with no other means to buttress MCA's unconvincing claim to being "the party of the Chinese". UMNO's concession to the MIC had a different motive: there was no alternative to UMNO's giving up a few seats to secure some degree of Indian representation in Parliament. Of course, it might be argued that these UMNO concessions might not be necessary were the composition and distribution of constituencies not gerrymandered according to ethnic considerations. In fact, prominent candidates of one ethnic background had won before in constituencies largely composed of voters of a different ethnic background. But that argument would take discussion

into the realm of principles, maybe of systemic reform, rather than prevailing conditions of electoral competition.

For a long time, therefore, UMNO's singular performance vis-à-vis *all* other parties underwrote the BN's integrity as a ruling coalition. In the 1969, 1986 and 1990 elections, when the non-Malay opposition parties did well, UMNO's formidable performance offset its non-Malay partners' losses. Only twice has UMNO's number of parliamentary seats been less than the combined seats of all other BN parties (see table 37). In 1974, UMNO's parliamentary representation was less than half of the BN's total because of the co-optation of PAS, Gerakan and SUPP that had had good results in the 1969 election.

Table 37: Distribution of parliamentary seats by UMNO and other alliance/BN parties in general elections, 1959–2004^a

Election year	Total No. of Alliance or BN seats	UMNO		Other alliance or BN parties	
		Seats	Per cent ^b	Seats	Per cent ^b
1959	74	52	70	22	30
1964	89	59	66	30	34
1969	66	51	77	15	23
1969–1970	92	51	55	41	46
1974	135	61	45	74	55
1978	131	69	53	62	47
1982	132	70	53	62	47
1986	148	83	56	65	44
1990	127	70	55	57	45
1995	162	90	56	72	44
1999	148	72	49	76	51
2004	198	107	54	91	46

^a Retabulated from table 36, above. ^b Rounded to the nearest 1 per cent.

And only in 1999 did an election cause UMNO so many defeats that UMNO's parliamentary representation (of 72 seats) was less than the combined number of seats (76) held by its coalition partners. Then the BN displayed its depth as a "permanent" coalition. Compensating UMNO's setbacks in 1999 were the MCA and Gerakan's strong performances, which prevented DAP from advancing as a leading member of the ad hoc coalition of Barisan Alternatif (Alternative Front). The "mutuality of access" that UMNO and its non-Malay coalition partners enjoyed came to UMNO's rescue in the ethnically mixed constituencies, in a reversal of past trends when it was the non-Malay component parties that needed saving. Ironically that result merely restored UMNO's unquestioned domination of the BN framework.

It is, arguably, the novel experience of the 1999 election that truly proved the strength of BN's peculiar framework of representation, power sharing and domination within its system of open ethnic politics. By the time of the 2004 general election, with the opposition in disarray, the BN's domination was re-established to greater effect (see table 37). If additional evidence is needed, it comes from the mimicry to which the opposition parties have had to resort. In past elections, the best opposition performances were made possible when the opposition, among other things, adopted some variant of the Alliance or BN's formulas of coalition—by negotiating an electoral pact in 1969, or forming a "second coalition" in 1990 and 1999.

Conclusion

In Malaysia as in other multiethnic societies, “ethnic narratives” of power, wealth and poverty thrive on inequalities, chiefly by insistently imagining the fortune of one ethnic community to be the deprivation of another. Correlations of ethnicity to such socioeconomic indicators as income, employment, household poverty and ownership of wealth are used to underscore ethnic disparities, although socioeconomic inequalities cannot fundamentally be explained by ethnicity alone. Even structural inequalities that are perpetrated by systematic ethnic discrimination reflect “race and class” divisions. However, the practical management of a potentially volatile politics of ethnicity might perforce require “ethnic solutions” to political and economic inequalities that effectively mask the class dimensions of those solutions, thereby assuaging powerfully felt ethnic resentments. To express it differently, since structures of capitalism do not rest fundamentally on ethnicity, “ethnicity” alone gets no one anywhere economically. But where ethnic mobilization is predominant, “class” alone gets no one anywhere politically. Moreover, inequalities rooted in market structures could perhaps be overturned only by concerted state intervention where unregulated market operations would rigidify them. Such a nexus of *ethnicity*, *class* and the *state* has been central to Malaysia’s attempts to create stable configurations of political economy in order to manage the destabilizing intersections of ethnic differentiation with class divisions.

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

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