ETHNIC MANAGEMENT IN MALAYSIA (1950S - 1970S): AN ANALYSIS USING HISTORICAL INSTITUTIONALISM APPROACH

BY

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ABSTRACT

Horowitz (1985,1999), Lijphart (2002) and Houle (2017) claimed that in deeply divided societies, ethnic conflict management has always been a central concern of the government. It constitutes one of the challenging tasks that often result in a state national agenda for nation-building efforts. Despite the significance of this claim, the puzzle remains how a state can best manage its multi-ethnic society. While there are many unsuccessful stories about governing multi-ethnic society particularly in African countries, Malaysia's experience has been different. It succeeds to keep ethnic conflict at a minimum level except on May 13, 1969 ethnic riot. This study offers a historical institutionalist explanation of why it is so. The analysis of Malaysia's historical trajectory from the 1950s to 1970s and its path dependency reveals that non-state institution played a significant role in explaining the absence of ethnic conflict in Malaysia. The study finds this institution had set a foundation for a specific style of ethnic management. This is done by analyzing elite power-sharing arrangement, the points of escalation of Malaysia ethnic trajectory, path dependence including the punctuation in the equilibrium of ethnic management. Because of this reason, this study contends that Malaysia had no other options to deal with its multi-ethnic problems except to manage all ethnic demands and interests instead of eliminating them. The study also includes the analysis of the working of parliament as an important state institution to discover and manage ethnic demand and interest to understand further Malaysia's elite power-sharing institution. In doing so, content analysis of the parliamentary Hansard was conducted to explore pertinent ethnic demands and interests. The analysis of parliamentary Hansard indicates that the parliament reflected significant Malay interests as a majority group while minority interests were under-represented particularly in two areas which are development and education. Elite's interview was also conducted to solicit their perceptions on the working of these institutions in Malaysia. The analysis of these transcripts reveals three major themes about non-state and state institutions in governing multi-ethnic society in Malaysia namely the perception about function, contribution, and challenges facing these institutions. It is discovered that all respondents agreed Malaysian institutions have changed gradually to respond to its internal problems of being multi-ethnic and these institutions have always taken a moderate approach to reconciling seemingly irreconcilable conflict of interests and demands among mainly three different ethnic groups.

خلاصة البحث

ادعى هوروتيز (1958؛ 1999) وليبهازت (2002) وهولي (2017)؛ أن تدبير الزاع العرقي في الدولة متعددة الأعراق يكون أولوية لحكومتها، ومن المهام الصعبة التي تمثل غالبًا خطة وطنية لبنائها، وعلى الرغم من مغزى هذا الادعاء؛ يبقى سؤال لدى الدولة متعددة الأعراق عن كيفية التدبير الأمثل، وفي حين أن هناك تجارب فاشلة في إدارة الدولة متعددة الأعراق، وبخاصة في الدول الأفريقية؛ كانت الحال في ماليزيا مختلفة، فقد حدَّت ماليزيا من النزاع العرقي إلى مستوى أدنى بعد الفتنة العرقية في 13 مايو 1969م، وعليه؛ يُقدم هذا البحث تفسيرًا مؤسسيًّا تاريخيًّ لبيان ذلك، فقد دلَّ تحليل المسار التاريخي لماليزيا من خمسينيات القرن الماضي إلى سبعينياته؛ دلَّ على أن للمؤسسة غير الحكومية دورًا مهمًّا في تفسير غياب النزاع العرقي في ماليزيا، وتبيَّن أنه كانت لهذه المؤسسة طريقة خاصة في إدارة العلاقة بين الأعراق، وذلك من خلال التحليلات لكيفية توزيع السلطة بين النخب، ومرحلة تطوُّر حالة تعدُّد الأعراق في ماليزيا وفق المسار المعتمد وما فيه من تعاطعات مع تدبير التوازن العرقي؛ لذا أكَّد هذا البحث أن ليست لماليزيا خيارات أخرى للتعامل مع مشكلة تعدُّد الأعراق إلا عن طريق تحقيق مطالب جميع الأعراق، وتوفير مصالحها الذاتية بدلًا من القضاء عليها، كما تضمن البحث تحليلا لعمل مجلس نواب الأمة (البرلمان) مؤسسة حكومية مهمة في الكشف عن مطالب الأعراق ومصالحها الذاتية من أجل المزيد من الفهم نحو تأسيس توزيع السلطة بين النخب في ماليزيا، وقد أُجري تحليل المحتوى البرلماني لهانسارد؛ لاكتشاف مطالب الأعراق ومصالحها الذاتية، وشدَّد التحليل على أن البرلمان الماليزي يعكس مصالح الملايو لأنهم العرق الأكبر مع تهميش مصالح الأعراق الأخرى بأسلوب منهجي، ولا سيما في مدالي التنمية والتربية، أُجريت مقابلات مع النخب الحاكمة لاستطلاع تصوراتها عن عمل لمؤسسات الحكومية وغيرها في ماليزيا، وأظهر تحليل نصوص المقابلة ثلاثة موضوعات رئيسية عن تلك المؤسسات في حكم المجتمع متعدد الأعراق في ماليزيا؛ هي: التصور نحو المهمة، والإسهام، والتحديات التي تواجه هذه المؤسسات، واكتُشف أن جميع المستجيبين اتفقوا على أن المؤسسات الماليزية قد تغيرت تدريجيًّا لحلّ مشاكلها الداخلية المتمثلة في تعدُّد الأعراق، وأن هذه المؤسسات كانت تتَّبع دائمًا نهجًا معتدلًا نحو توفيق المطالب التي يبدو فيها تضارب بين الأعراق الثلاثة في ماليزيا.

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

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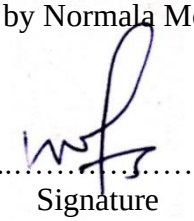

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LIST OF ABBREVIATION

BN	Barisan National/ National Front Party
CLC	Community Liaison Committee
CPM	The Communist Party of Malaya
DAP	Democratic Action Party
DNU	Department of National Unity
EPU	Economic Planning Unit
FAMA	Federal Agriculture and Marketing Authority
FELDA	Federal Land Development Authority
IMP	Malaya Independent Party
ISA	Internal Security Act
GEPATRIOT	National Patriotic Youth and Student Movement
JUST	International Movement for a Just World
LPM	Labor Party of Malaya
MAMPU	Management and Administrative Planning Unit
MARA	Council of Trust for Indigenous People
MCA	Malayan Chinese Association
MIC	Malayan Indian Congress
MP	Member of Parliament
MPAJA	Malayan People's Anti-Japanese Army
NCC	National Consultative Council
NDP	National Development Policy
NEP	New Economic Policy
NGC	National Goodwill Committee
NOC	National Operation Council
NUC	National Unity Council
PAP	People Action Party
PAPERI	Muslim Brotherhood Party of Malaya
PERNAS	State-Trading Corporation
PKM	Malay National Party
PMIP	Pan Malaysia Islamic Party
PPP	People Progressive Party
RISDA	Rural Industry and Development Authority
SUHAKAM	Human Right Commission Malaysia
UDA	Urban Development Authority
UMNO	United Malays National Organization

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Ethnic conflict management has always been a central concern of the government in an ethnically diverse society. It is a challenging task, which often results in a state's agenda of nation-building. (Yow, 2016; Heng, 2017). Nonetheless, the failure to create conducive ethnic management strategies results in recurring ethnic conflict and struggles. Additionally, even scholars have actively debated the fragility of multi-ethnic societies, specifically in democratic states in comparison to homogenous society (Horowitz, 1985,1999; Lijphart, 2002; Houle, 2017). Therefore, this highlights the central question on ways the state can best manage its multi-ethnic societal makeup.

Nonetheless, Malaysia challenges the expectation on the fragility of its ethnic relation even though scholars may dispute on the type of democracy that it practices. Scholars often have multiple ways to describe a democratic system in Malaysia. For example, according to von Vorys (1976), Malaysia embraces democracy without consensus. Likewise, scholars have also labeled the Malaysian system as 'quasi-democracy' (Diamond *et al.,* 1989), 'illiberal democracy' (Zakaria, 2003), 'pseudo-democracy' (Chase, 2004), 'Incremental authoritarian' (Chase, 1996) 'modified democracy' (Crouch, 1993), 'semi-democracy' (Chase, 2001), 'truncated democracy' (Khoo, 2005), 'democracy with adjectives' (Burnell and Randell, 2008), and 'hybrid democracy' (Diamond, 2008, Weiss, 2014). All these terms suggest Malaysia is characterized by a system that is neither completely authoritarian nor entirely democratic and constantly moving in between these two concepts. Subsequently, this

type of democracy seems to indicate a diminished sub-type of democracy that might experience particular democratic structural drawback and limitations (Schedler and Sarflield, 2007). The minorities are often aware of the problems living in a semi-democratic government, especially when it has limited or zero protection for the minorities in the constitution (Freedman, 2003; Chua, 2000; Hegre *et al.*, 2001; Fox and Sandler, 2003).

Nevertheless, Malaysia succeeds to keep ethnic conflict at bay without any cohesive measures (Stafford, 1997; Haque, 2003). Scholars like Mauzy (2013), Stafford (1999) and Lijphart (1969, 1977) believed that the reason for the absence of ethnic conflict is largely due to 'cohesive consociationalism', which has been embedded in the democratic system of Malaysia to make it known as ethnic democracy. However, these works are imprecise if Malaysia ever met the conditions of practicing consociationalism, in which scholars have rendered this claim as weak (Barry, 1975; Steiner, 1985; Horowitz, 1985, 1991, 2002; Anderweg, 2000; Roeder and Rothchild, 2005). This is because after many years of practicing 'consociationalism' the country still continues to be sharply divided against what has been predicted by this theory. Other scholars such as Crouch (2001) and Stafford (2007) attributed it to the good economic performance of the country and the implementation of a repressive law, which hinders ethnic conflict. Such contrasting statements warrant deeper analysis. Recent writings suggest Malaysia has shown some signs that it is willing to embrace more democratic values to manage its ethnic relations after experiencing a regime change for the first time in 2018 (Wong, 2018; Rahman, 2018; Dettman and Weiss, 2018).

It is without a doubt that for this democratic system to work in a multi-ethnic society such as Malaysia, it requires government intervention via various institutions, policies, and regulations to manage the differences between various ethnic groups in

society. Being deprived of such interventions and support, democracy cannot be sustained for a longer period of time. Generally, these interventions and supports may include integration or in the form of the assimilation process, which may take a long time such as in Thailand (Bun *et al.*, 1993). More often than not, states' actions with regards to this may range from managing to eradicating differences. These include various actions such as campaigns and slogans that emphasize unity, to simply disregard the existence of other minorities, to re-structure society according to the pre-defined models, and finally an extreme yet a coercive measure, which involves ethnic cleansing to create a uniform society (Yow, 2016; Heng, 2017; Osmani, *et al*., 2018; Miklian, 2019).

There are also conditions where states introduce positive discrimination policy or affirmative action with the hope that minority groups can gain advantage and are able to catch up with the dominant group especially in terms of economic aspects (Sautman, 2007). The ultimate aim is to either remove or at least minimize ethnic disparity and inequality, which is considered to spark conflict (Guan, 2000). In contrast, while most states intend to minimize differences, there are others that resort to systematically institutionalize ethnic boundaries and identities to manage its multi-ethnic society (Tan, 2011). As for Malaysia, it has chosen to manage rather than to eradicate ethnic differences. In doing this, it had initiated several well-known ethnic management policies chiefly the National Education Policy, the New Economic Policy, National Cultural Policy, and National Language Policy.

Today, the question of ethnic management is, even more, pressing with an inevitable changing context and situation in a sharply divided society such as Malaysia. This changing scenario has undeniably to a certain extent demanded a new approach, which focuses more than just analyzing the existing policies and various government

practices on ethnicity. Given more than sixty years of Malaysia's independence, it is about time to look beyond policies and start to deal with institutional practices to better comprehend Malaysia's management of ethnically diverse society as the state gives undivided concentration on ethnicity and where ethnicity matter most in the life of its citizen (Slater, 2012).

1.2 STATEMENT OF THE PROBLEM

Malaysia is sharply divided by ethnic groups and the government needs to manage ethnic differences as effectively and efficiently as possible. For this reason, scholars had pointed out that the nation does have efficient ethnic management strategies which made it free from severe ethnic conflict (Ahmad and Khadir, 2005). However, this study contested that the current practices and policies were inadequate to comprehend how the state manages its ethnicities. As such, this study is based on the premise that these current practices and policies on managing ethnic differences could only partially explain ethnic management in Malaysia. Therefore, this study will look at state and non-state institutions that deal with ethnic management to explain this interesting case.

The Malaysian Department of Statistics indicated that as of January 2018 there were 32,042,458 citizens in Malaysia and from the total population, 67.4 percent were Malays and Bumiputras, 24.6 percent were Chinese, and 7.3 percent were Indians (Department of Statistics, 2018). Each ethnic group is marked by its own religion, culture, perception, economy, and linguistic identity, which is traceable to the divide and rule policy established by British colonialism (Jha, 2009, Bakar *et al.*, 2014). The three distinctive ethnic groups were forced to live together with limited cultural homogeneity under the notion of *Bangsa* Malaysia (Ishak, 2002; Hassan *et. al*., 2018).

This condition also corresponds to Malaysia's extremely high fractionalized index. With a score of 0.596, Malaysia is placed above Sri Lanka with a much lesser score of 0.428 (Fearon, 2003).[1] Theoretically, such overlapping cleavages and the high fractionalized index could not only make Malaysia prone to conflict, but it can also involve in recurring violent struggles as suggested by Houle (2017), Horowitz (1985), Collier (1982), Rabushka and Shepsle (1972), and Snyder (1994). Despite Malaysia being the most sharply divided multi-ethnic state (Haque, 2003; Brown, 2005; Ahmad Tajuddin, Collie and Zhu, 2017) and largely support liberal democratic values, it has not experienced a major disaster on ethnic relation like in Indonesia and Sri Lanka. Nonetheless, Malaysia had experienced a tragic ethnic riot in 1969 as an expression of ethnic conflict, which has never reoccurred since then.

There are various sensitive ethnic issues such as Malay special privileges, affirmative actions on appointment in public service, educational opportunity, the national language, the position of Islam, and others that might appear to break the peaceful coexistence among ethnic groups. Current incidents such as Seafield temple issue, unilateral conversion of Hindu children, Shah Alam's Chinese road signage, and others clearly could spark racial conflict (The Star, 2018; The Straits Times, 2018; Today Online, 2019). In fact, recent surveys on people's perception and attitudes also confirmed the existence of points of disagreements, grievances, and marked tensions in society (Merdeka Center, 2010, 2015; Hamayotsu, 2013; Al Ramiah, *et al.*, 2017; Aun, 2018; Nur Amalina, 2020) but they never lead to any ethnic struggle or conflict (Milner,

[1] There are other recent works on ethnic fractionalization index such as Historical Index of Ethnic Fractionalization Dataset (Lenka, 2019), the All Minorities at Risk Data (Birnir *et al.*, 2015), Spatially Interpolated Data on Ethnicity (Schweinitz & Hunziker, 2016), CREG Project (Cline Centre for Democracy, 2012), and other indices. However, these works are either analyzing ethnic diversity overtime, looking at socio-cultural cleavages or being subjective in describing ethnic diversity. The data from Fearon (2003) Ethnic Fractionalization Index was chosen because it focuses on amount of ethnic diversity which can accurately describe Malaysia's ethnic condition.

2018) except for minor ethnic disagreements punctuating once a while (Haque, 2008).

Scholars also have predicted that Malaysia would fall into ethnic conflict especially during the time of severe economic crisis in 1997-1998 but Malaysia continued to enjoy political stability and relatively high economic development (Wylde, 2017; Yusof, 2019). All these conditions raise a puzzle on the possibility of the presence of institutions responsible for managing these different ethnic demands and interests. They also beg the question of why and how Malaysia manage to escape ethnic conflict and remains in what Haque (2003) and Shamrul Amri (2009) called as a 'state in a stable tension'. Could it be that the reason was due to Malaysia's choice of managing ethnic differences and the roles of state and non- state institutions?

While some attempts have been made to address this issue (Klitgaard and Katz, 1983; Muhammad, 2002; Haque, 2003;), little research has been undertaken into the state and non-state institution of managing ethnic diversity in Malaysia and how these institutions have developed following a specific path dependence that ultimately constraints future options for managing ethnic differences (Pierson, 2000). Understanding the path, as well as the roles of these institutions in managing different ethnic demands and interests are important so that it will help the government to come out with better ethnic policies in the future. Without this effort, the state will run the risk of destroying these long-standing institutions that work to prevent ethnic conflict in Malaysia.

Therefore, this study aims to investigate Malaysia's ethnic management especially on the mechanism and institutions through which ethnic demands, interests, and grievances are catered that in the end, it does not lead to severe ethnic conflict. This is made possible through a historical perspective by applying process tracing techniques to identify and examine the state and non-state institutions which heavily shaping

Malaysia's ethnic management and important actors involved. The historical perspective also enables careful contextualization of events to be done to arrive at a new finding of Malaysia's ethnic management in which the answer may possibly derive from a particular legacy of the past. Malaysia is relatively free from severe ethnic conflict so far and this condition has defied the expectation of many scholars (Collier, 1982; Horowitz, 1985; Houle, 2017). Thus, it begs more empirical research to be conducted on managing multi-ethnic society especially cases that defy the existing theory.

1.3 SIGNIFICANCE OF STUDY

This study focuses on ethnic management in Malaysia between the 1950s and 1970s and expects to expand the literature on historical institutionalism to understand multi-ethnic societies especially the role of the institutions in forming ethnic identity and managing the multiple ethnic demands in the colonial and post-colonial era in Malaysia. This is because the period under observation covers a period in which many events occurred and the institutions created had contributed to a distinctive ethnic-based political landscape in Malaysia today. Another significant aspect of this study is that it constitutes an attempt to integrate events, institutions, and actors that are concern with managing ethnic demands and interests in Malaysia. Generally, these events and the institution of ethnic management are analyzed separately by scholars. In addition to this, the study gives a new interpretation of these events as guided by the historical institutionalism framework. Accordingly, it explores the roles of both the state and non-state institutions concerning ethnic management by analyzing the actors and factors that influence the paths and behaviors of these institutions.

The time frame of this study represents the most significant challenge to Malaysia's multi-ethnic society. Policymakers at that time were concerned with

forming institutions to cater to the nation-building process that suited Malaysia's multi-ethnic character especially around the1950s and the 1970s. This is important because it can provide answers to Malaysia's choice of managing its ethnic differences instead of eradicating ethnic differences. Additionally, the 1950s and the 1970s had been the foundation period of Malaysia's long and serious involvement in the effort to deal with its multi-ethnic problems and how the problems should be addressed (Chase, 1993).

The ethnic conflict management studies would be incomplete without investigating various institutions related to ethnic demands and interests during this time on how they were arranged to manage and ultimately prevent severe ethnic conflict. Moreover, the year 1950 to 1970 marked the transitional period of the British colonization, which ended officially in 1957. Since the origin of a multi-ethnic society derived from the British colonialism, there was an urgent need to study ethnic management during and after the power was transferred to locals on the ways these institutions that managed ethnic conflict have developed and changed. This is important to identify specifically what aspect of the British colonialization that has shaped ethnic management's institution and how it was transformed after that.

In terms of empirical contributions, this research contributes to enrich the empirical data on Malaysia's institutions from the 1950s to 1970s to manage the ethnic demands. It also identifies relevant interactions between the state and non-state institutions to manage ethnic demands, specifically the elites' power-sharing arrangement, political parties, and the parliament. The result of this research is relevant not only to improve future policies related to the governing multi-ethnic society but also to improve ethnic group position in society. Finally, this study identifies the importance of having functional interactions between the state and non-state institutions to achieve a conflict-free multi-racial society.

1.4 RESEARCH QUESTIONS

This study attempts to answer the following questions;

1. Why did Malaysia choose to manage different ethnic demands and interests?
2. How did contending ethnic interests and demands lead to ethnic collective actions?
3. How did the state and non-state institutions manage ethnic collective demands and interests?
4. Who played roles in deciding what institution to form and how?

All in all, it is important to research these questions. The analysis of institutions' arrangements in ethnic management helped to understand how ethnic conflict starts, how to prevent them and the type of institutions needed. Not many are known on how the Malaysian government manages its multi-ethnic society and why it had chosen to manage ethnic differences in the first place but not to eliminate them. Secondly, this study examined the way the state established and creatively used state and non-state institutions to manage the contending ethnic demands and interests.

1.5 RESEARCH OBJECTIVES

The present research has delineated the following research objectives:

1. To examine Malaysia's decision to manage different ethnic demands and interests.
2. To analyze contending ethnic interests and demands that led to collective ethnic actions.
3. To explore ways in which institutions manage collective ethnic demands and interest.

4. To examine the roles played by important actors to determine the process of institutional building.

1.6 LITERATURE REVIEW

The ever-presence ethnic conflicts across the world require more empirical research to be conducted on governing multi-ethnic society. A majority of literature pointed out the importance of democratic consolidation and institutions in multi-ethnic states to deal with ethnic conflict (Bigdon, 2003). Nevertheless, the current discourse is still limited when it comes to how specifically these institutions are arranged to manage and prevent conflict in a multi-ethnic society. Therefore, the literature review is divided into ethnicity and ethnic conflict, causes of ethnic conflict, and ethnic conflict management approach.

1.6.1 Ethnicity and Ethnic Conflict

Ethnicity is a contested concept. It has been debated by various scholars as a result of the differences in which the states perceive and operationalize it (Gurr, 2016; McCauley, 2017; Houle, 2018). In practice, states normally embrace this concept either to categorize different ethnic groups or simply treat it as a group subdivision. However, according to Banton (2018), this strategy largely depends on what suits the interest of that particular state. Similarly, a number of important works point out that the concept of ethnicity can be defined as the nominal membership in a specific type of categories whether it is ethnicity, language, caste, or religion, which are often associated with the multi-ethnic society. It subsequently provides an identity that is changeable and fluid as a result of the collective actions of that group.