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Ethnic Structure, Inequality and Governance of the Public Sector in Malaysia

KHOO Boo Teik

Part of UNRISD Project on Ethnic Structure, Inequality and Governance of the Public Sector.
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ABBREVIATIONS

BA	Barisan Alternatif (Alternative Front)
BN	Barisan Nasional (National Front)
DAP	Democratic Action Party
Gerakan	Parti Gerakan Rakyat Malaysia (Malaysian People's Movement)
MARA	Majlis Amanah Rakyat (Council of Trust for the People)
MCA	Malaysian (originally Malayan) Chinese Association
MCS	Malayan Civil Service
MIC	Malaysian (originally Malayan) Indian Congress
NEP	New Economic Policy
PAS	Parti Islam SeMalaysia (Pan-Malaysian Islamic Party)
PTD	Perkhidmatan Tadbir dan Diplomatik (Administrative and Diplomatic Service)
UMNO	United Malays National Organization

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Ethnic Structure, Inequality and Governance in the Public Sector: Malaysian Experiences

KHOO Boo Teik[•]

In multiethnic societies, socio-economic indicators as differential levels of income, incidences of household poverty, rates of ownership of share capital, and proportions of participation in select categories of employment, are commonly correlated to ethnicity to show disparities between ethnic groups. Yet, fundamentally, socio-economic inequalities can rarely be explained by ethnicity alone. Even rigid structural interethnic inequalities imposed and maintained by blatant and systematic practices of ethnic discrimination typically reflect "race and class" divisions. However, "ethnic narratives" of power, wealth and poverty, which emphasize interethnic disparities without reference to class structures of political economy, are too often compelling. These narratives make it politically urgent, if difficult, to prevent divisive juxtapositions of the fortunes of certain communities against the deprivations of others, as if the communities are monolithic blocs locked into a zero-sum game that renders the fortunes of the one the misfortunes of the other.

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 post-colonial 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 post-colonial 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

[•] I wish to record my gratitude to Ong Kian Ming for his valuable assistance.

[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" (William Roff 1994: 34-35).

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 which 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 1 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. This part analyses the limitations of a reliance on laissez faire capitalism that underlay the Alliance's political "formula" that was often misleadingly stated as maintaining "politics for the Malays" and "economics for the Chinese". Part 2 of the paper 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, given the name of "Malaysian Incorporated", transformed the public sector, and substantially altered its modes of governance. The final part of the paper examines how a matrix of representation, power sharing and domination has imposed upon the political system some measure of stability, democracy and uninterrupted rule.

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 and in Sabah and Sarawak that make up the rest of Malaysia. It will be noticed, too, that the data supplied, which is almost exclusively obtained from published official sources, does 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.

Part 1: Ethnic Structures and Inequalities

Geographically Malaysia is made up of two major entities. There is the Malay Peninsula, now usually called "Peninsular Malaysia", that is continguous 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 thirteen states. In Peninsular Malaysia are eleven states that 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 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 (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 be 10,319,324 in 1970.

Table 1: Population of Malaya, Singapore and British Malaya (1911 to 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*	
1970					10,319,324

* No census data being 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: Censuses of Malaya 1911 to 1957, Sabah 1960, Sarawak 1960, Singapore 1957, and Malaysia 1970.

Peninsular Malaysia had approximately 84% of the total population in 1970 but its share of the population has since declined to about 81% in 2000 (Table 2) mainly because of an influx of Filipino immigrants into Sabah and Indonesian immigrants from Kalimantan into Sarawak.

Table 2: Population of Malaysia 1970 to 2000

	Peninsular Malaysia		Sabah		Sarawak		Total	
Year	Number	%	Number	%	Number	%	Number	%
1970	8,809,557	84.4	653,604	6.3	976,269	9.4	10,439,430	100.0
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	100.0
2000	18,523,632	81.2	2,230,000	9.8	2,071,506	9.1	22,825,138	100.0

Source: Census Reports 1970, 1980, 1991 and 2000

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-World War II census of 1931 showed that there were only 17,768 "Europeans", or 0.4 per cent of the total population (Li 1982: 127, fn. 1). Instead, colonial policy, except or reversed in times of economic recession, actively encouraged mass "Asian" immigration into Malaya, similar to the practice in other British colonies such as Burma, Fiji, and East Africa. 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, fn. 1).

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

Table 3: Ethnic Composition of the Population, Peninsular Malaysia, 1911 to 2000

Ethnic group	1911	1921	1931	1947
Population				
Malays	1,367,245	1,568,588	1,863,872	2,427,853
Chinese	693,228	855,863	1,284,888	1,884,647
Indians	239,169	439,172	570,986	535,092
Others	85,358	43,377	68,254	60,408
Total	2,385,000	2,907,000	3,788,000	4,908,000
Proportion of Total Population (%)				
Malays	57.3	54.0	49.2	49.5
Chinese	29.1	29.4	33.9	38.4
Indians	10.0	15.1	15.1	10.9
Others	3.6	1.5	1.8%	1.2
Total	100.0	100.0	100.0	100.0

Table 3 (continued)

Ethnic group	1957	1970	1980	1991	2000
Population					
Malays	3,125,474	4,685,838	6,315,000	8,433,800	11,485,341
Chinese	2,333,756	3,122,350	3,865,000	4,251,000	5,142,649
Indians	735,038	932,629	1,171,000	1,380,000	1,774,002
Others	184,732	69,183	75,000	537,500	121,641
Total	6,379,000	8,810,000	11,426,000	14,602,300	18,523,632
Proportion of Total Population (%)					
Malays	49.0	53.2	55.3	57.8	62.0
Chinese	36.6	35.4	33.8	29.1	27.8
Indians	11.5	10.6	10.2	9.5	9.6
Others	2.9	0.8	0.7	3.7	0.7
Total	100.0	100.0	100.0	100.0	100.0

Sources: Census Reports 1911-2000

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 whom can lend themselves to other sub-divisions. 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, Hokkien, Cantonese, Hakka, and Hockchew), while the category of "Indians" not only includes Tamils, Malayalis and Punjabis, for instance, but also "Pakistanis" and "Ceylonese". 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 sub-ethnic categories.

One fundamental post-1970 official classification divides the population between the "bumiputera"[2] or indigenous people, and non-bumiputera or non-indigenous people (Table 4). By this classification, the bumiputera of Peninsular Malaysia almost entirely consists 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 (as is 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 19th and early 20th 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.

Table 4: Population of Malaysia by Bumiputera and Non-Bumiputera Divisions 1970 to 2000

	1970		1980		1991		2000	
	Number	%	Number	%	Number	%	Number	%
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

Source: Census Reports 1970, 1980, 1991 and 2000

The ethnic composition of 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 categorisation 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, who were formerly enumerated separately, were re-categorized into eight groups, namely Kadazan, Murut, Bajau, Malay, Indonesian, Other Indigenous, Chinese and Others (Clark Roff: 1974: 19). 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

[2] Note that "pribumi" in the Indonesian language carries an equivalent reference to indigeneity.

classification – non-Muslim bumiputera (Kadazandusun and Murut), Muslim bumiputera (Bajau, Malay and other smaller groups), and non-bumiputera (Chinese and other non-indigenous groups) (Table 5).

A similar attempt at a more manageable re-categorization 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 (Table 6). The other major indigenous communities are the Malays, Bidayuh ("Land Dayaks") and Melanau. The remaining smaller communities include the Bisaya, Kedayan, Kayan, Kenyah, Kelabit and the Penan who collectively constitute less than five 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 19th and 20th century, 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, and 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 non-Muslims.

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 to 2000

	1960		1970		1980		1991		2000	
	Number	%	Number	%	Number	%	Number	%	Number	%
Bumiputera										
Kadazan	145,229	32.0	183,574	28.2			343,400	24.5	561,000	25.2
Murut	22,138	4.9	30,908	4.7			53,900	3.9	92,000	4.1
Bajau	59,710	13.1	77,755	11.9			212,000	15.2	353,000	15.8
Malay	1,645	0.4	18,244	2.8			123,800	8.8	205,000	9.2
Other indigenous	79,421	17.5	126,274	19.4			270,500	19.3	415,000	18.6
Sub-total	308,143	67.8	436,755	67.1	838,141	82.9	1,003,600	71.7	1,626,000	72.9
Non-bumiputera										
Chinese	104,542	23.0	138,512	21.3	163,996	16.2	218,200	15.6	328,000	14.7
Others	41,736	9.2	76,037	11.7	8,909	0.9	177,100	12.7	276,000	12.4
Sub-total										
All categories										
Total	454,421	100.0	651,304	100.0	1,011,046	100.0	1,398,900	100.0	2,230,000	100.0

Source: Census Reports 1960 to 2000

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Table 6: Ethnic Composition of the Population,Sarawak, 1960 to 2000

	1960		1970		1980		1991		2000	
	Number	%	Number	%	Number	%	Number	%	Number	%
Bumiputera										
Iban	237,741	31.9	273,889	30.9	396,280	30.3	506,500	29.8		
Malays	129,300	17.4	178,188	20.1	257,804	19.7	360,400	21.2		
Bidayuh	57,619	7.7	83,313	9.4	107,549	8.2	140,700	8.3		
Melanau	44,661	6.0	52,293	5.9	75,126	5.7	97,100	5.7		
Others	37,931	5.1	50,528	5.7	69,065	5.3	104,400	6.1		
Sub-total	507,252	68.1	638,211	71.9	905,824	69.2	1,209,100	71.1	1,510,128	72.9
Non-bumiputera										
Chinese	229,154	30.8	239,569	27.0	385,161	29.5	475,800	28.0	553,092	26.7
Others	8,123	1.1	9,512	1.1	16,597	1.3	15,100	0.9	8,286	0.4
Sub-total	237,277	31.9	249,081	28.1	401,758	30.8	490,900	28.9	561,378	27.1
All categories										
Total	744,529	100.0	887,292	100.0	1,307,582	100.0	1,700,000	100.0	2,071,506	100.0

Source: Census Reports 1960 to 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 and clerks, shopkeepers, petty traders and 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, small-holders 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 (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 – to preserve the basic structure and fabric of traditional Malay society[4] – 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 out 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 (Aratsaratnam (1979: 34).

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[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).

Table 7: Proportional Distribution of Urban Population by Major Ethnic Groups, Peninsular Malaysia, 1921-1970

Year	Malays			Chinese			Indians		
	% total population	% urban population	% urban[a]	% total population	% urban population	% urban[a]	% total population	% urban population	% 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.

Source: Census Reports 1921, 1931, 1947, 1957 and 1970.

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:

> 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).

Table 8: Distribution of Labor Force by Selected Occupations and Ethnicity, Peninsular Malaysia, 1957

Occupation	Total Number	Malays (%)	Chinese (%)	Indians (%)	Others (%)
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 1957

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 (Anand 1985, Snodgrass 1980, Jomo 1988). 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

[6] This was the official formulation of the "racial imbalances" in the economy, that was adopted beginning with the *Second Malaysia Plan 1971-1975*.

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 (RM per month)	Malay (%)	Chinese (%)	Indian (%)	Other (%)	Total (%)
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
700-1499	1.1	2.9	0.6	0.1	4.7
1500-2999	0.2	0.7	0.1	0.1	1.1
3000 and above	0.0[b]	0.1	0.1	0.1	0.3
% 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: *Mid-Term Review of the Second Malaysia Plan 1971-1975*, p. 3, Table 1-1.

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

Table 10: Proportional Distribution of Households by Income and Ethnicity, Peninsular Malaysia 1970

Income group (RM per month)	Proportion (%) 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
700-1499	23.4	61.7	12.8	2.1
1500-2999	18.2	63.6	9.1	9.1
3000 and above	0.0	33.3	33.3	33.3
% of total population	56.7	31.3	11.2	0.8

Source: abridged from *Mid-Term Review of the Second Malaysia Plan 1971-1975*, p. 4, Table 1-2.

There was another important type of socio-economic 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. James Puthucheary's 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, 65-75 per cent of exports, and 60 per cent of imports (Puthucheary 1960: xv, 26-27, 85-86). 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' (Puthucheary 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.[7] 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 post-colonial patterns of "asset ownership" continued to show significant interethnic differentials. Up to 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 (Table 11).

Table 11: Ownership of Share Capital (at par value) of Limited Companies, 1970

Sector	Malay[a]		Non-Malay[b]		Foreign	
	Value (RM million)	% of total value	Value (RM million)	% of total value	Value (RM million)	% 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: *Mid-Term Review of the Second Malaysia Plan 1971-1975*, pp. 86-87, Table 4.9

The preceding discussion of earlier ethnic patterns of residential segregation, labour force participation, income distribution and corporate ownership do not consider the complexities of inequalities within each major ethnic group. A fuller approach to Malaysian

[7] See Part II, below.

political economy will understand 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 post-colonial Malaysian society that has class cleavages that are no less significant than its ethnic distinctions.

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 socio-economic disparities that grew into post-independent 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).[8] The Alliance framework was premised on openly 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 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 electorate that was enfranchised for the 1955 Federal Legislative elections that was usually taken to signify the first "general election". For this election, held two years before independence,

[8] Subsequently Malaysian Chinese Association and Malaysian Indian Congress

many non-Malays were not yet enfranchised because they had not yet been granted citizenship. Chinese and Indian voters only formed 11.2 per cent and 3.9 per cent respectively of the electorate (Andaya 2001: 276). Nonetheless, the Alliance allocated the MCA fifteen (or about 29 per cent) and the MIC two (or about 4 per cent) of a total of 52 seats (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, General Elections, 1955-69

Party	1955		1959		1964		1969	
	Number	%	Number	%	Number	%	Number	%
UMNO	35	67	70	67	68	65	67*	64
MCA	15	29	31	30	33	32	33	33
MIC	2	4	3	3	3	3	3	3

* 1 candidate died just before the election.
Source: Goh (1971: 12)

The Alliance was returned to power with varying results, but it consistently gained a two-thirds or comfortable majority, in all the post-independence 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, 1955-70

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

* PBB: Parti Pesaka Bumiputera Bersatu; SUPP: Sarawak United People's Party; USNO: United Sabah National Organization
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. Again, in concessions to ethnic representation and power sharing that reaffirmed an "ethnic-majoritarian" principle. UMNO

headed all Alliance-ruled state governments, except in Penang, the only state that had a clear Chinese majority in population, where the MCA held the post of Chief Minister from 1959 to 1969.

That the Alliance could rule without interruption for twelve 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 (von Vorys 1976) argued, 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 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".[9] 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: 253-54).

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 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

[9] 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.'

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".

Part II. Governance and a Transformed Public Sector

With the violence collapsed the Alliance's elitist framework, the laissez faire political economy that underpinned it, and the cultural compromises that were its supposed successes. The National Operations Council (NOC), headed by Deputy Prime Minister Tun Abdul Razak, which ruled during a state of emergency from 1969 to 1971, promulgated the New Economic Policy (NEP). The 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 sixteen 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 socio-political departures from the Alliance period. In a strategic move, which has been likened to "ethnic corporatism", Razak enlarged the ruling coalition, now named the Barisan Nasional (BN, or National Front), 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. Up to 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 Khay Jin 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 Khay Jin 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: 81-95), a sizeable Malay middle-class (Abdul Rahman 1995), and a considerable '*bumiputera* participation rate' in the professions (Jomo 1990: 82-83, Table 4.2, 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] 1975) and bureaucratic procedures (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: 135-38). 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 (UDA), Perbadanan Nasional (Pernas, or National Corporation), Permodalan Nasional Berhad (PNB, or National Equity Corporation), Amanah Saham Nasional (ASB, or National Unit Trust Scheme), and the state economic development corporations (SEDCs) (Searle 1999: 61-66, Gomez and Jomo 1997: 29-39).

Table 14: The Expansion of the Public Sector, 1970-1985, Selected Indicators

Public expenditure	
First Malaysia Plan 1966-1970 (pre-NEP)	RM4.6 billion
Second Malaysia Plan 1971-1975	RM10.3 billion
Third Malaysia Plan 1976-1980	RM31.1 billion
Fourth Malaysia Plan 1981-1985	RM48.9 billion
Development expenditure as % of GDP	
1971	8.5%
1980	14.4%
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)

To perform these new, expanded or deepened roles, the public sector rapidly grew in size and resources, as may 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 1,010 in 1985 (Table 14). By 1992, the number had risen to 1,149 (Gomez and Jomo 1997: 31, Table 3.2).

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 (Table 15), a clear indication of the breadth and depth of state economic intervention.

Table 15: The Growth in Number of Public Enterprises, 1960-1992

Sector/Industry	1960	1965	1970	1975	1980	1985	1992
Agriculture	4	5	10	38	83	127	146
Building & 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 (Table 16). (The decline in the Fifth Malaysia Plan period of 1986-90 was mainly attributable to recessionary conditions in 1985-86, the resulting structural adjustment, and the suspension of NEP restructuring requirements adopted in late 1986).

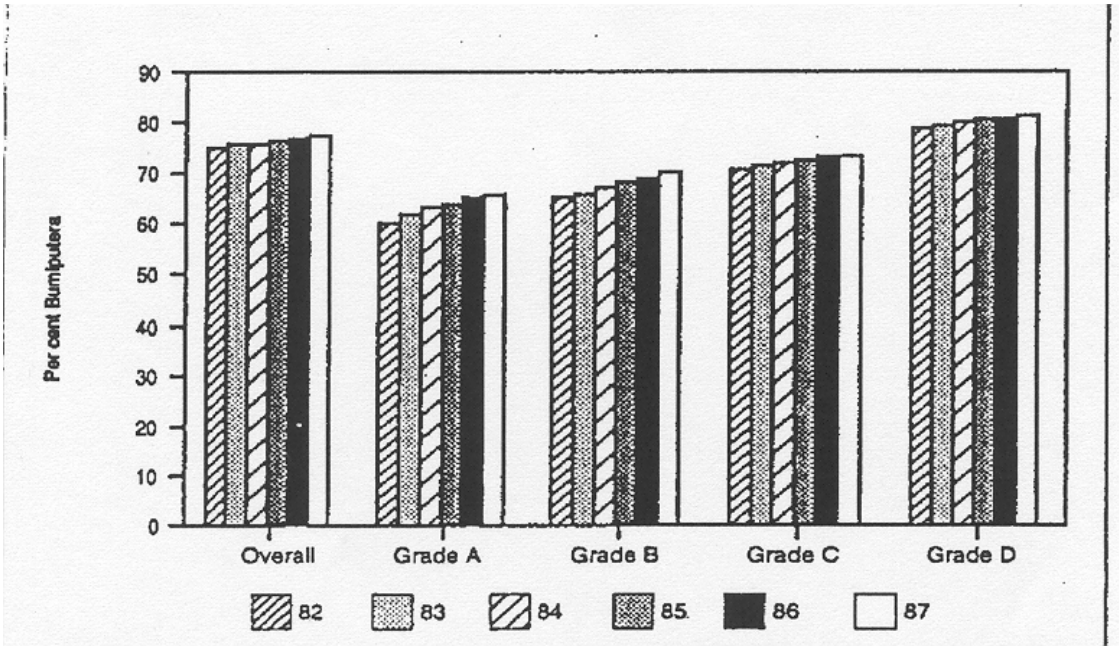
Table 16: Federal Government Allocations for Poverty Eradication and Restructuring Programmes, 1971-90

Malaysia Plan (MP)	Poverty eradication		Restructuring		Overlapping	
	RM million	% of allocation	RM million	% of allocation	RM million	% of allocation
2nd MP	2,350	26.3	508.3	5.6	3.4	–
3rd MP	6,373.4	20.5	2,376.0	7.6	149.0	0.5
4th MP	9,319.2	23.7	4,397.6	11.2	300.5	0.8
5th MP[a]	15,445.7	22.4	5,076.1	7.4	–	–

[a] Federal and non-financial public enterprise allocations
Source: summarized from Jomo (1990: 162-63, Table 7.4)

The expansion of the public sector served two priorities under the NEP's restructuring objective. One priority was the provision of employment for Malays that was generally satisfied by absorbing more Malay personnel into the civil service at all levels, notably via a massive civil service recruitment drive, termed Operasi Isi Penuh (Full Fill Operation), in 1980. As Figure 1 shows, 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.

Figure 1: Bumiputera Personnel in the Civil Service, 1982-87



Source: Lucas and Verry (1999: 234)

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).

But, with the onset of the NEP, since the public sector was privileged with guiding a state-led development process, Malay staff development and upgrading were critical, as may be seen from Table 17 that shows significantly rising proportions of Malay officers within Division 1, that is, the highest division of the civil service, notably after 1970.

Table 17: Proportion of Malay Officers in Division 1
of the Civil Service, 1957-1987

Year	% of Division 1 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: 8)

And although the civil service lists after 1987 generally do not reveal the distribution of officers by their ethnicity – data of this nature having become politically "sensitive" by then – Table 18 confirms the basic picture of Malay domination of the public sector, in both the "Managerial and Professional" category and among lower-level "Support" staff, towards the end of 1999.

Table 18: Public Service Personnel[a] by Service Category and Ethnicity, October 1999

Ethnic Group	Service category				Total	
	Managerial/Professional		Support			
	Number	%	Number	%	Number	%
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	659,795	100	775,273	100

[a] Includes personnel in State Public Services, Federal Statutory Bodies, State Statutory Bodies and Local Authorities but excludes military and police personnel.
Source: *Laporan Majlis Perundingan Ekonomi Negara Kedua (MAPEN II)*, p. 198, Table 2.61

Malay domination at the higher echelons of the civil service was particularly pronounced in the elite Perkhidmatan Tadbir dan Diplomatik (PTD, or Administrative and Diplomatic Service). The ethnic composition of PTD officers shows a Malay "over-representation" that has been sanctioned, even before the NEP, by an official quota that limited non-Malay appointments to one for every four Malay appointments. Since the 1960s, indeed, Malay officers had averaged around 85 per cent of the PTD's total number of appointments (Puthucheary 1978: 54, Crouch 1996: 131-32).

Thus the state trained a whole corps, if not a 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. 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, et cetera, were subject to quota- and target-based "affirmative action". As early as in 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 (Table 19).

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
Sub-total	8,600	5,373	846	189	15,008
% of sub-total	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
Sub-total	10,505	1,223	86	21	11,835
% of sub-total	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
Sub-total	898	289	29	5	1,221
% of sub-total	73.5	23.7	2.4	0.4	100.0
All levels					
Total	20,003	6,885	961	215	28,064
% 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; UIA: Universiti Islam Antarabangsa; UUM: Universiti Utara Malaysia; MARA IT: MARA Institute of Technology; Kolej TAR: Kolej Tunku Abdul Rahman

Source: *Mid-Term Review of the Third Malaysia Plan 1976-1980*, pp. 204-205, Table 14-3A.

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 (Table 20). Indeed, were it not for the Kolej TAR, which was MCA-managed, virtually private and practically attended only 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 into local public institutions.[10] This was a strong reason why many more non-Malay students were enrolled in overseas institutions than in local ones.

Table 20: Student Enrolment in Tertiary Education by Institution and Ethnicity, 1970 and 1985

	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
Sub-total for local enrolment (%)	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 (%)	n. a	6,034 (26.8)	n. a.	13,406 (59.5)	n. a.	3,108 (13.8)
% 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

Source: adapted from *Fifth Malaysia Plan 1986-1990*, pp. 490-91, Table 19-3, and Jesudason (1989: 113, Table 4.9)

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.

[10] Lee (2004: 44) noted: "Within the NEP the role of education, especially university education, became highly politicised. To accelerate and facilitate actively 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-Bumiputra 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 21: Enrolment and Graduation by Ethnicity at (First) Degree, Diploma and Certificate Levels, Public Institutions of Higher Learning, 1990 and 1995

	1990				1995			
	Bumiputera		Non-bumiputera		Bumiputera		Non-bumiputera	
	Number	%	Number	%	Number	%	Number	%
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: Adapted from *Laporan Majlis Perundingan Ekonomi Negara Kedua (MAPEN II)*: p. 112, Table 2.27

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

Table 22: Participants in Entrepreneurial Training Programmes, 1981 and 1985

Sponsor/Organizer	No. of participants In 1981		No. of participants in 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 Bumiputra Malaysia	-	-	1.109	-
MARA	14,614	-	15.000	-
National Corporation (Pernas)	1,447	-	1,000	-

Source: *Fifth Malaysia Plan 1986-1990*, p. 116, Table 3-12

The state's interventions in various socio-economic sectors directly affected the ethnic structures and patterns of inequalities during the NEP period. Of particular importance were the changes "restructuring" directly imposed upon the ethnic division of labour, the ethnic distribution of corporate wealth, and the emergence of a signficiant broad professional and middle-class component of the Bumiputera Commercial and Industrial Community. The considerable alteration of the ethnic division of labour may be seen from the occupational structures of the major ethnic communities in 1990 (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 results of rural-urban outmigration, 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 23: Occupational Structures of Major Ethnic Communities, 1990

Occupational Category	Bumiputera %	Chinese %	Indian %	Total %
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	100	100	100

Source: adapted from Torii (2003: 237, Table IV)

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 in 1970 per cent 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 24: Changes in Malay and Bumiputera Occupational Structures Between 1970 and 1990

Occupational Category	% in 1970[a]	Targetted % for 1990[b]	Actual % in 1990[b]	Change in % 1970-90
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	100	100	

[a] Malays only [b] bumiputera [c] "Teachers and nurses" accounted 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).

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 Bumiputera Commercial and Industrial Community. 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 (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, it has been widely argued (Gerakan, Gomez 1996 Syed Husin volume), 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 may have "re-entered" the economy as "foreign investment" (Gomez 1996, Jomo). Notwithstanding, 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 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 twenty- 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:

Table 25: Registered Professionals[a] by Ethnic Group, 1970-1997

Year	Bumiputera		Chinese		Indian		Others		Total	
	Number	%	Number	%	Number	%	Number	%	Number	%
1970[b]	225	4.9	2,793	61.0	1.066	23.3	492	10.8	4,576	100
1975[c]	537	6.7	5,131	64.1	1.764	22.1	572	7.1	8,004	100
1980	2,534	14.9	10,812	63.5	2,963	17.4	708	4.2	17,017	100
1985	6,318	22.2	17,407	61.2	3,946	13.9	773	2.7	28,444	100
1990	11,753	29.0	22,641	55.9	5,363	13.2	750	1.9	40,507	100
1995	19,344	33.1	30,636	52.4	7,542	12.9	939	1.6	58,461	100
1997	22,866	32.0	37,278	52.1	9,389	13.1	1,950	2.7	71,843	100

[a] Accountants, architects, dentists, doctors, engineers, lawyers, surveyors, veterinary surgeons

[b] Excluding surveyors and lawyers [c] Excluding surveyors

Source: abridged from Jomo (1999: 137, Table 6.5), "A Malaysian Middle Class? Some Preliminary Analytical Considerations", in Jomo K. S. (1999) (ed.), *Rethinking Malaysia: Malaysian Studies I*, Kuala Lumpur: Malaysian Social Science Association, pp. 126-48

Table 26: Ownership of Share Capital (at Par Value) of Limited Companies, 1970-1995

	1970		1980		1985		1990		1995	
	RM million	% of total	RM million	% of total	RM million	% of total	RM million	% of total	RM million	% 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.	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	32,420.4	100	77,964	100	108,377.4	100	179,792.2	100

Sources: Jomo (1990: 158-59, Table 7.3), Phang (2000: 116, Table 4.9)

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

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

The above constructs each carried a public-private dichotomy that implicitly overlapped with a "Malay vs non-Malay" polarity. As may be quickly imagined, what the "Malay public sector" was inclined to proclaim as the NEP's measures for "sharing" wealth, for instance, the "non-Malay private sector" 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 critically depended on three requirements, besides adequate financial and economic resources. They were the political power needed to push the NEP agenda, the administrative capacity to implement the NEP, and individual successes to vindicate the NEP itself.

However, as these requirements were met by the major "representatives" of the Malays, however, 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). 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, Jesudason). At the same time, individual "Malay entrepreneurs" emerged or consolidated their positions within the state-sponsored BCIC (Searle) 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 so quickly grown that the state had taken over the "commanding heights" of the economy by 1983. Then, the public enterprises controlled an estimated 45 per

cent of "modern agriculture", 50 per cent of mining, and between 70 and 80 per cent of banking (Parti Gerakan 1984: 187, Table 2). However, with the Barisan Nasional's overwhelming control of Parliament and the State Legislative Assemblies, and 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: 75-78, Gomez and Jomo 1997: 76-77). Many Malay officers, groomed to promote NEP restructuring as an overarching socio-political 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: 133-34). 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 and state managers held the enterprise assets "in trust" for the Malays. But the more commercially oriented trust agencies, like Permodalan Nasional Berhad (PNB, or National Equity Corporation), were empowered to acquire profitable companies. Even so powerful a public corporation as Pernas (Perbadanan Nasional, or National Corporation) was required to transfer eleven of its most profitable companies to PNB in 1981. Commercial imperatives became more urgent after the PNB established the Amanah Saham Nasional (ASN, or the National Unit Trust Scheme). The ASN, which bought PNB's assets at cost, while individual Malays bought units of ASN shares, 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 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: 103-26) 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: 135-53). 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 Dr 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: 81-102). From among their ranks the Mahathir regime picked "winners" to spearhead a new state-capital alliance, populalry called "Malaysia Incorporated", and, by a push towards "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, Mahathir regularly instructed the public sector to cooperate with the private sector, or more crudely, serve capital (not least, Malay capital) which, Mahathir was fond of saying, paid the salaries of the civil service.[11] 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".[12]

A Longer View of an Ethnicized Civil Service

"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: 297-98).

[11] For Mahathir's criticisms of civil service prejudices against the private sector, see Mahathir (1996d).
[12] Jayasankaran and Hiebert (1998: 14).

The presence of an overwhelmingly Malay-dominated public sector that practises an ethnicized form of governance raises many questions, including "responsiveness and legitimacy" and "effectiveness and efficiency" (Lim 2003: 16-24), and a sense of marginalization and insecurity among non-Malay personnel (Puthucheary 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 often 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 socio-political 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 (Puthucheary 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 was to last beyond colonial rule, the Malayanized bureaucracy had practically to remain a preserve of the Malays. Thus was instituted the 4:1 Malay:non-Malay recruitment ratio for the elite Malayan Civil Service (MCS), which ensured that "at least 80 per cent of the service will be filled by Malays, far above their proportion in the total population." (Puthucheary 1978: 58). The independent civil service was rapidly Malay-dominated (Table 27), and never more so than within the MCS itself (Table 28).

Table 27: Ethnic Composition of the Federal and State Services (Divisions I, II and III), 1969

Ethnic Group	Federal Services		State Services		Federal and State Services	
	Number	%	Number	%	Number	%
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 % of total	21.4	34.6	86.2	86.6

Source: Puthucheary (1978: 54, Table 5.2)

As disgreeable as this "pre-NEP quota" system may 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. M. Puthucheary 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 (Puthucheary 1978: 57-58).

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 more 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 post-colonial 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 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, 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 1998-99 in the aftermath of the persecution of former deputy prime minister, Anwar Ibrahim. At most, that 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 Bumiputera Commercial and Industrial Community was sponsored by and looked to the Malay-dominated public sector for nurture; the non-bumiputera were entrenched or sought refuge in the market.

Part III. Representation, Power sharing and Domination

In fundamental ways, the Barisan Nasional, 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, believed to have been 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" towards 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 may 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 of 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 1990, 1991), 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).

Table 29: Proportion of Popular Vote Compared With Number and Share of Parliamentary Seats, General Elections 1959-1999

Election Year	Alliance/Barisan Nasional			All opposition parties			Total no. of seats contested
	% of popular vote	No. of seats	% of seats[a]	% of popular vote	No. of seats	% 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

[a] Rounded to nearest 1%.
Source: adapted from Funston (2000: 49, Table 1).

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, 1984 in Sabah, 1990 and

1999 – that generated sweeping waves of anti-regime 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 and 1999 attest to this systemic inequality (Table 29).

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 1987-88 (Khoo 1995: 326); and in 1999, when the persecution of Anwar Ibrahim in 1998-99 swung the Malay vote against UMNO (Khoo 2003: 118-119). 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, 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 fourteen 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 operandus* 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 fourteen "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, UMNO and MCA obtain the two highest allocations of seats (Table 30).

Table 30: Allocation of Parliamentary Seats
Among Barisan Nasional Parties, 1955 to 1999

	1955	1959	1964	1969	1974	1978	1982	1986	1990	1995	1999
Peninsular Malaysia											
UMNO	38	70	68	67	61	74	73	84	86	92	93
MCA	15	31	33	33	23	27	28	32	32	35	35
MIC	2	3	3	3	4	4	4	6	6	7	7
Gerakan					8	6	7	9	9	10	10
PPP					4	1					
PAS					14						
HAMIM								2			
Berjasa							2				
Sabah											
UMNO										12	11
USNO					13	6	5	6	6		
SCA					3						
Berjaya						10	11				
PBS								14	14		
UPKO										4	4
PBRS										1	1
SAPP										2	3
LDP										1	1
Sarawak											
PBB					16	8	8	8	10	10	10
SUPP					8	7	7	7	8	7	7
SNAP						9	9	5	3	4	4
PBDS								4	6	6	6
Total	55	104	104	103	154	152	154	177	180	191	192

Note: in a particular year, a blank for any party indicates one of the following: the party did not exist at the time of election; the party had not yet joined the BN; the party's significance had diminished; the party had left the BN; or, the party had been dissolved.
Source: Election Reports, 1955 to 1999

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 at the 1995 general election for which UMNO was established to replace previously "Muslim or Malay" parties, notably 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 MIC that 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: 256). 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 (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 thirteen states. Fine adjustments may 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 1999 (Table 31).

Table 31: Allocation of State Legislative Assembly Seats Among Barisan Nasional Parties, Peninsular Malaysia, 1999 General Election

State	UMNO	MCA	MIC	Gerakan	Total
Perlis	13	2	0	0	15
Kedah	28	4	2	2	36
Kelantan	42	1	0	0	43
Terengganu	31	1	0	0	32
Penang	12	9	1	11	33
Perak	30	14	3	5	52
Pahang	28	7	1	2	38
Selangor	30	12	3	3	48
Negeri Sembilan	20	9	2	1	32
Malacca	16	7	1	1	25
Johor	25	11	2	2	40
Total	275	78	15	26	394

Source: *Report of the Election Commission 1999*

For example, Perlis is a small Malay-majority state that has only three parliamentary constituencies. Here, where Chinese voters make up fourteen 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 Kedah, Selangor and Johor in 1999, but Gerakan contested at the state level in each of these three states (Table 31).

In an electoral process where voting behaviour is heavily influenced by ethnic concerns, and the acceptability of a candidate is closely correlated with his or her 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 – UMNO and MCA, say –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. He or she does not have to agree with all other BN component parties, but has only this choice to make: vote 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 mirror the "syncretic state" (Jesudason 1996), that brings the BN close to being all things to all people, or to be "multiethnic" to otherwise "ethnic" voters.

Power sharing: Federal Cabinet and State Executive Committes

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 1999, for example, as Table 32 and Figure 2 illustrate, the ethnic composition of the Cabinet approximated the ethnic composition of the electorate.[13]

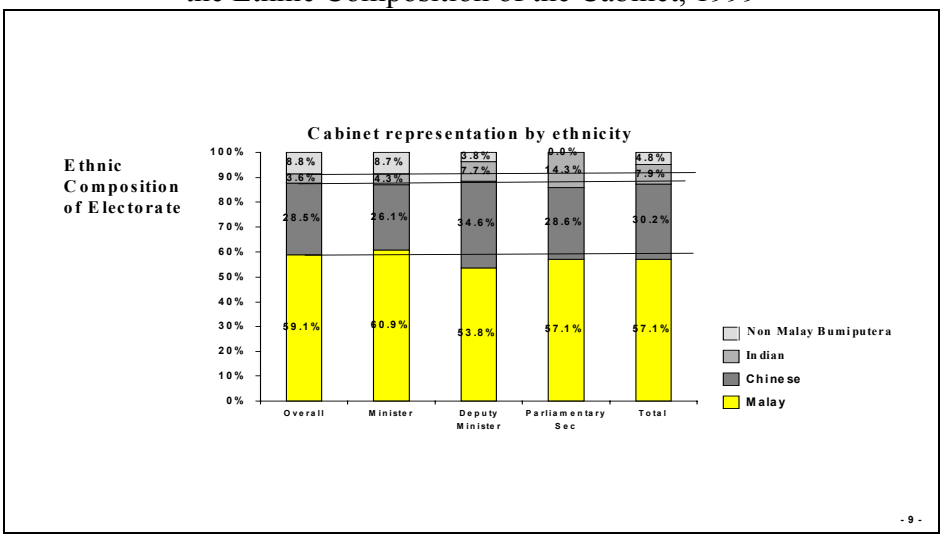
Table 32: Ethnic Composition of Electorate Compared With Ethnic Composition of Cabinet, 1999

Ethnic Group	% of electorate	Minister		Deputy Minister		Parliamentary Secretary		Total	
		Posts	% of total[a]	Posts	% of total[a]	Posts	% of total[a]	Posts	% of total[a]
Malay	59.1	14	61	14	54	8	57	36	57
Chinese	28.5	6	26	9	34	4	29	19	30
Indian	3.6	1	4	2	8	2	14	5	8
Non-Malay Bumiputera	8.8	2	9	1	4	0	0	3	5

[a] Shares of total number of posts are rounded to nearest 1 per cent.
Source: Malaysian government website

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

Figure 2: Ethnic Composition of Electorate Compared With the Ethnic Composition of the Cabinet, 1999



Source: Based on figures in Table 32, above.

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 his 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 Kelantan and Gerakan in Penang in 1969, and 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 of a party's trading 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 (Table 33).

Table 33: Distribution of Ministerial Posts by Barisan Nasional Parties, Selected Years, 1973-2003

	1973	1974	1976	1981	1999	2003
UMNO	13	14	13	15	16	19
MCA	4	3	4	4	4	4
MIC	2	1	2	1	1	1
Gerakan				1	1	1
PAS	1	1	1			
PBB	2	1	1	1	2	1
SUPP	1	1	1	1	1	1
USNO	1	2	1			
PBDS				1	1	1
LDP					1	1
UPKO						1
Total	24	23	23	24	27	30

Note: in a particular year, a blank for any party indicates one of the following: the party did not exist at the time; the party had not yet joined the BN; the party's significance had diminished; the party had left the BN; or, the party had been dissolved.
Source: Aziz (2002), Prime Minister's Office website

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 (Table 34). Even so, the disadvantage of inequitable power sharing may perhaps be less important, symbolically and otherwise, to smaller parties than the mere fact of their inclusion in the Cabinet, if needs be at the lower ranks of Deputy Minister and Parliamentary Secretary (Table 34).

Table 34: Distribution of Posts of Minister, Deputy Minister and Parliamentary Secretary by Party, 2003

	Minister	Deputy Minister	Parliamentary Secretary	Total
UMNO	19	14	9	42
MCA	4	7	2	13
MIC	1	2	2	5
GERAKAN	1	2	1	4
PPP		1		1
PBB	1	2	1	4
SUPP	1	1	1	3
PBDS	1			1
SNAP		1		1
UPKO	1			1
Total	29	30	16	75

Source: Website of the Prime Minister's Office, Malaysia
http://www.pmo.gov.my/website/webdb.nsf/fsEngMain, sighted 10 November 2003

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 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 eleven states that the BN heads in Peninsular Malaysia indicates (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 Barisan Nasional 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: Websites of the respective State governments, Malaysia, sighted 10 November 2003.

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 ("local government") in each state. The Senators have always been appointed, while Municipal Councilors 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.[14]

[14] See, for example, the following table.

Distribution of Councilors by BN Parties, Petaling Jaya Municipal Council

	Number of Councilors	% of total
UMNO	13	54
MCA	7	29
MIC	3	13
Gerakan	1	4
Total	24	100

Source: Majlis Perbandaran Petaling Jaya (Petaling Jaya Municipal Council) Website http://www.mppj.gov.my/council.html#, sighted 1 November 2003.

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", may 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, 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 BN in 1976-77 and PBS defected in 1990.

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 (Table 36).

Table 36: Distribution of Parliamentary Seats by UMNO, Other Alliance/BN Parties, and All Opposition Parties, General Elections, 1959-1999

Election year	Total no. of seats	UMNO		Other Alliance or BN parties		All opposition parties	
		Seats	%*	Seats	%*	Seats	%*
1959	104	52	50	22	21	30	29
1964	104	59	57	30	29	15	14
1969[a]	104	51	49	15	14	37	36
1969-70[b]	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

* Rounded to nearest 1 per cent.

[a] Figures for Peninsular Malaysia only. Only 103 seats were contested because of the death of a candidate in a constituency in Malacca.

[b] Figures for the whole of Malaysia after elections were resumed in Sabah and Sarawak in July 1970. The actual total 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)

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 cooptation of parties such as PAS and Gerakan into 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. After the 1986 election notably, 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 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 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 may 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. In 1974, UMNO's parliamentary representation was less than half the BN's total because of the cooptation of PAS, Gerakan and SUPP that had had good results in the 1969 election. 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 MCA and Gerakan's strong performances that 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 this latest election that truly proved the strength of BN's peculiar framework of representation, power sharing and domination within its system of open ethnic politics. 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.

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