

## **THE ‘BUMIPUTERA POLICY’: DYNAMICS AND DILEMMAS**

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The papers in this volume were presented at a three-days seminar on “The ‘*Bumiputera* Policy’: Dynamics and Dilemmas” in Penang, 23–25, September 2003. The seminar was hosted by the School of Humanities, under the auspices of the office of the Vice-Chancellor, Universiti Sains Malaysia (USM). The idea of putting together such a seminar occurred to us soon after the United Malays National Organisation (UMNO) Triennial General Meeting in 1999, in which Dato’ Seri Dr. Mahathir Mohamad, then President of UMNO, and Prime Minister of Malaysia, issued “a wake-up call” to the Malays, reminding them that comes the year 2000, the National Development Policy (NDP) (1991–2000) would expire and aspects of the policy pertaining to the special position of the Malays would be reviewed. The NDP was a continuation of the New Economic Policy (NEP) after the latter policy lapsed in 1991. We thought it might be useful to organize a seminar to reflect upon achievements, effectiveness, shortcomings and ramifications of what we called the ‘*Bumiputera* Policy.’ The importance of the seminar is underscored by the fact that an integrated seminar on this important contemporary topic has not been done before. All our colleagues whom we approached regarding the seminar agreed that such a seminar would be important and timely.

In titling our seminar “The *Bumiputera* Policy: Dynamics and Dilemmas” we are perhaps guilty of coining a new phrase: the ‘*Bumiputera* Policy.’ There is of course no such policy so-called. There was the NEP, 1971–1990, and the NDP, 1991–2000. We are now into the first years of the National Vision Policy (NVP), which will take us into the year 2020. But there is no such policy called the “*Bumiputera* Policy.” By it we of course mean the policy of affirmative action toward the Malays and other indigenous native groups in the country. The policy of uplifting the socio-economic standing of the Malays and other ethnic natives groups in the country was implemented with the introduction of the NEP in 1971, in the aftermath of the racial violence in Peninsula Malaysia in 1969, and was continued in the NDP.

The term “*Bumiputera*” is a political coinage. It first came into currency during the 1950s, during the course of the negotiation with British colonial authorities for the independence of Malaya. The word is from the Malay language, meaning “indigene”. *Bumi* means soil; *putera* means son. Literally translated, *bumiputera* means “son of the soil”. In Peninsula Malaysia, the *bumiputeras* are essentially the Malays; and in the east Malaysian states of Sarawak and Sabah, the *bumiputeras* include all the indigenous groups, both Muslim and non-Muslim: Malay, Melanau, Dayak (essentially non-Muslim natives, including the Iban, Bidayuh and the Orang Ulu), Kadazan-Dusun, Bajau and other native ethnic groups, as listed in Article 161A of the Federal Constitution. The term excludes the Chinese and Indians, even those locally born, as they are regarded as migrant communities. The *bumiputera* rubric does however include the Sam-sams, the Malaysian Thai community found largely in the northern Malayan states bordering Thailand; and also the small Portuguese community, found largely in Melaka. Strictly speaking, therefore, the *bumiputera* in Peninsula Malaysia refer to those indigenous ethnic groups who have come to make Malaya their home before the arrival of the British and the subsequent attendant en mass migration of the Chinese and Indian communities.

The *Orang Asli*, literally the “original people,” presents a unique situation amongst the *bumiputeras*. They are the aboriginal tribal groups found in the interior of Malaya and are also referred as the “*peribumi*” to contradistinguish them from the Malays, who by comparison are more recent migrant vis-à-vis the Orang Asli. These groups evidently are not covered under Article 153 of the Federal Constitution, which provided for the “special rights” of the Malays and the natives of Sarawak and Sabah. Instead, they are covered under Article 8(5) (c) of the Malaysian Constitution which provided for the “protection,” well being and advancement of the aboriginal peoples. Toward this end, they are placed under the charge of the Jabatan Hal Ehwal Orang Asli (Department of Aboriginal Peoples Affairs), within the purview of the Office of the Prime Minister.

The whole significance of the *bumiputera* rubric relates to Article 153 of the Federal Constitution which charges the Yang di-Pertuan Agong (the King) to “safeguard” the “special position” of the Malays and natives of Sarawak and Sabah as the indigenous peoples of the nation. In practical terms, the *bumiputera* status accords them special consideration in

securing scholarships, preferential admission into vocational and tertiary educational institutions, employment in the civil services, and in securing permit or license for the operation of any trade or business. The practical application of the privileged position of the *bumiputeras* became all the more pertinent with the implementation of the NEP, launched in 1971 in the immediate aftermath of the racial violence in Malaya in 1969. The alleged fundamental cause of the racial tension between the Chinese and the Malays was the unequal socio-economic standing of the two ethnic groups. The NEP was launched with the twin aims of eradicating poverty regardless of race and to uplift the socio-economic standings of the *bumiputera* communities, and to keep them abreast with the Chinese and other foreign communities. In contrast to affirmative action policies in many other countries which usually cater to minorities, the affirmative action policies in Malaysia cater to a majority, politically dominant but economically disadvantaged community.

The papers in this volume are organized according to sub-themes: Historical and Constitutional Background; the *Bumiputera* Policy and Social Engineering; *Bumiputera*, Malays and Islam; Regionalism and the *Bumiputera* Issues; *Bumiputeras* at the Periphery; Non-*Bumi* Communities Looking In; and the *Bumiputera* Policy and Nation-Building.

Two papers in first section provide the historical and the constitutional backgrounds for the affirmative action policy toward the *bumiputera* that is currently in place. In the first paper, Ariffin Omar traces the historical roots of the policy of favouring the Malays. He argues that while the "Malay-first" policy flowered during the Mahathir Administration, its origins could be traced back to the colonial period. The emergence of a plural society and growing dichotomies between the Malays and non-Malays, particularly Chinese, contributed to early tension between the two ethnic groups and to the assertion by the Malay of their rights as native to the country. While paternalistic toward the Malays, British colonial authorities made only token attempts to rectify the widening gaps between the Malays natives and the migrant communities. It was only after *merdeka* that real attempts were made to overcome the dichotomies between the non-Malay haves and Malay have-nots. The watershed event in the development of the affirmative action policy toward the Malay was the racial violence in May 1969. The paper also

discusses the evolution and development of the affirmative action policy during the twenty years period of the NEP.

In the second paper, Shad Shaleem Faruqi focuses on the constitutional dimensions of the *bumiputera* policy. He points out that there are ample legal provisions in the Federal and States constitutions and state enactments that give the government enough leeway to implement the various policies of affirmative action to improve the lot of the *bumiputeras*. The policy of favouring Malays had its origins in the colonial period and was written into law in the Constitution of the Federation of Malaya in 1957 and the subsequent Malaysian constitution in 1963. The position of the natives of Sarawak and Sabah were put on par with the Malays in Peninsula Malaysia following the amendment to the Federal constitution in 1971. Faruqi also points to the inconsistencies the Federal constitution and the constitutions of the states of Sarawak and Sabah. As is presently written, Peninsula Malays qualify as natives of Sarawak and as natives of Sabah but there appear to be legal and political difficulties about enforcing privileges for Sabah natives in Sarawak, Sarawak natives in Sabah and natives from both these states in Peninsula Malaysia.

As a strategy to uplift the socio-economic standing of the *bumiputeras*, the NEP set out to restructure the Malaysian society. This involves restructuring the employment pattern, restructuring ownership in the corporate sector, creating a *bumiputera* commercial and industrial community. In relations to restructuring ownership in the corporate sector, the NEP targeted to increase *bumiputera* corporate equity ownership from under 2% in 1971 to 30% by 1990. Terence Gomez discusses the social engineering vis-à-vis objectives of the *bumiputera* policy. His paper focuses on affirmative action policies and the evolution of enterprise development in Malaysia. Gomez points out that in the initial stage of the NEP, *bumiputera* (read Malay) participation were minimal. Among the leading companies, prominent Malays were appointed to the boards of director, essentially to secure access to the government to and to bypass bureaucratic red-tape. These directors had equity ownership but were not active in the management of the enterprise. At the small and medium enterprises (SMEs) level, 'Ali-Baba' relationship were forged, wherein Malays provided the contracts while the Chinese would implement them. Accordingly, Chinese economic hegemony was not broken or even challenged. During the

1990s, however, among smaller firms, including those listed in the Kuala Lumpur Stock Exchange, there was growing evidence of inter-ethnic business ties on equal partnership, unlike the 'Ali-Baba' arrangement of the earlier period. Gomez suggests that among the new generation of Malaysians, there was greater openness to inter-ethnic cooperation in business for mutual benefit. Non-*bumiputera* Malaysians carried a strong Malaysian identity and were comfortable in inter-ethnic relationships. In addition, the 1990s also saw the emergence of an independent *bumiputera* middle class, confident in their ability to hold their own in business, possessing skills acquired through government support under the NEP.

The largest and the most dominant of the *bumiputeras* are the Malay community, which are concentrated mainly in Peninsula Malaysia. Three papers in the next section deal with the themes of *Bumiputera*, Malays and Islam. In the first paper, Abdul Rahman Ismail provides a historical overview of the inter-connection between *bumiputera*, Malay and Islam, covering the period from the pre-independence era through to 1990s. Abdul Rahman points out the Malays regarded themselves as natives to and "owners" of *Tanah Melayu* ever since the pre-Melaka days. The gradual spread of Islam amongst the Malay populace in the Peninsula resulted in its adoption of state religion beginning early in the fourteenth century. Islam promptly dominated the Malay culture and life and over time Malay and Muslim became synonymous. Malay nationalism was set alight when the British attempted to introduce the Malayan Union in 1946, in which citizenship of the envisaged Union was liberalized to include all resident migrant communities. The Malay political struggle culminated in the assertion of "*Ketuanan Melayu*," which was duly recognized when Malaya became independent in 1957. Abdul Rahman points out that it during the course for the struggle for independence that the term "*putera bumi*" first became current. After independence, Islam continued to dominate intra-Malay politics between UMNO and Parti Islam SeTanah Melayu (PAS). Among others, this intra-Malay struggle has led Dr. Mahathir Mohamad, then the Prime Minister, to declare in September 2001 Malaysia as an Islamic State.

Ahmad Fauzi Abdul Hamid's paper presents an Islamic critique of the *bumiputera* policy. While he agrees that the NEP had contributed to the improvement in the economic conditions of the Malays and had led to the emergence of a sizable Malay middle class, Ahmad Fauzi insists that

this new Malay middle class was artificial, created by and dependent on government support. He attributes the debacle befalling Malay business in 1997–98 to the over-dependence on the government. As a critique, Ahmad Fauzi insists that the Malay could dispense with government support. He cites the *taqwa*-based model of economic development championed by Ustaz Ashaari Muhammad of the now banned Darul Arqam as a successful model of Muslim Malay economic enterprise. The impressive success of Darul Arqam in the economic sector is testimony to the ability of Malays to prosper without government support. Arqam's economic activities were not confined merely to Malaysia but also overseas and were set to expand further had it not been for the government's action against Ustaz Ashaari Muhammad. After the dissolution of Arqam, the economic activities it pioneered were continued under a new body known as Rufaqa Corporation. Arqam and subsequently Rufaqa Corporation used an Islamic approach to develop the economic potential of the Malay Muslims. However because of its' determination to be free from state control or supervision, both these organizations have been closely monitored by the government.

Like Ahmad Fauzi, Maznah Mohammad is also critical of the *bumiputera* policy vis-à-vis the Malays. The affirmative action policies, she argues, never run a true course but deviates alarmingly from its aims and purposes. The plan was drawn up by technocrats and economists but was implemented by politicians. As such, implementation was often subverted by political expediency that brought unintended consequences in its wake. Deciding between a "pro-growth trickle-down approach" and a "redistributive, state interventionist strategy" has been a difficult problem to resolve. The NEP followed the redistributive strategy from 1971 to 1987 and a pro-growth strategy after the recession of 1987 through to 1997. Maznah concludes that the *bumiputera* policies were a mix bag of some successes and some failures. While the Malays have made gains, their gains are not up to expectation and in some cases the targets of the NEP have not been reached. She also suggest that although the NEP has expired, the policies that replaced the NEP still bear the stamp of the NEP and that it may be sometime before things would really change.

Despite some shortcomings, the NEP has generally been hailed as a success. In the *Sixth Malaysia Plan* (1991), the Federal Government reported that at the expiry of the policy in 1991, the NEP had succeeded

in increasing the *bumiputera*'s share in the corporate equity ownership to 20%. This was some 10% shy of the targeted 30% increase but it was certainly a marked improvement from the under 2% in 1971. In other areas such as education, training and employment, the accomplishment was more impressive. Already by the beginning of the 1980s, there saw the emergence of a sizable *bumiputera* middle-class, professionals, business community and even industrialists and corporate entrepreneurs. These successes, however, have not been even between regions, especially between Peninsula Malaysia and the east Malaysian states of Sarawak and Sabah. And apparently also, neither has that success been evenly shared among the various *bumiputera* ethnic communities. Four papers in the next section deal with the issues of regionalism and the *bumiputera* policy.

The first two papers analyses the reactions of the non-Muslim *bumiputeras* in Sarawak and Sabah who felt themselves to be discriminated against in the implementation of the NEP. The joint paper by Richard Mason and Jayum A. Jawan looks at the reactions of the Dayak in Sarawak while James F. Ongkili discusses the reactions the Kadazan-Dusun community in Sabah. Although a minority within the national context, both the Dayak and the Kadazan-Dusun constitutes the largest ethnic community in Sarawak and Sabah respectively. As these papers point out, both the Dayak and Kadazan-Dusun communities had great expectations that as *bumiputeras*, the NEP would help to uplift their depressed socio-economic conditions. They promptly became disillusioned with their *bumiputera* status when implementation of the policy distinctly favoured the Muslim-*bumiputeras*. As a result of the discrimination against them, both these communities reverted to their respective communal identity of Dayak and Kadazan-Dusun, implicitly rejecting the *bumiputera* label. Within the larger *bumiputera* (native) rubric, the Dayak and Kadazan-Dusun sees themselves as second class vis-à-vis the Muslim *bumiputera*. In the case of the Dayak in Sarawak, as Mason and Jayum argue, the anger and humiliation of being discriminated against and marginalized manifest itself in the cry of "*Dayakism*," a mixture of Dayak chauvinism and protest against long neglect. In their continuing effort to obtain redress, both the Dayak and Kadazan-Dusun communities now begin to identify themselves as "minority *bumiputera*," perhaps in the hope that identifying with this rubric would qualify them for special consideration in the country's affirmative action policies to uplift the lot of the natives.

The paper by Madeline Berma and the joint-paper by Bilson Kurus and Wilfred Tangau detailed the socio-economic conditions of the non-Muslim *bumiputera* “minority” in Sarawak and Sabah. Berma’s paper gives credence to the assertion of even distribution of the benefits of the NEP among the *bumiputera* groups. While conceding that the level of poverty in Sarawak has been reduced over the years, Madeline points out that poverty is still prevalent among the *bumiputera* minority, particularly in the rural areas. She also points that in terms of corporate capital and corporate equity ownership, participation of the minority *bumiputera* is negligible, even non-existence. Perhaps even more significant is the glaring gap between the income level of the *bumiputera* in the Peninsula and the *bumiputera* in Sarawak. It is in this connection, therefore, that redress needs to be effectively made in order to lessen intra-*bumiputera* tensions. Madeline suggested that because the situation in Sarawak is rather different from the situation in Peninsula Malaysia, implementation of a *bumiputera*-based policy modeled on Peninsula Malaysia’s experience would not address adequately the problems of poverty and socio-economic development in Sarawak.

The situation in Sabah is much like the situation in Sarawak. Kurus and Tangau also alludes to the uneven distribution in the alleged success of the NEP as between regions and between the various *bumiputera* communities. They claim that Sabah lags very far behind all the other states in Malaysia in terms of eradicating poverty among the *bumiputera* communities. As in Sarawak, poverty in Sabah is primarily a “rural phenomenon.” As in Sarawak also, the rural dwellers in Sabah are mainly engaged in agriculture, as rice cultivators and small rubber holdings; and in forestry and fishing industries. Among the indigenous groups, the Kadazan-Dusun ethnic groups dominate Sabah’s poor. The causes of poverty in Sabah are attributed to under-developed infrastructure, particularly in transportation; inadequate access to capital and appropriate technology, and processing and marketing facilities. Low level of education also contributes to the prevalence of poverty among the *bumiputera* communities in Sabah.

The Dayak of Sarawak and the Kadazan-Dusun of Sabah are a minority in the national context but they nonetheless are a sizable minority. In fact, both these communities are a majority ethnic group in their respective home-states. Their being discriminated against in the



implementation of the NEP followed their political fragmentation and consequent political marginalization. There are other much smaller ethnic *bumiputera* groups, communities that have no political representation. These are "*Bumiputeras* in the periphery." Included under the *bumiputera* rubric are the Sam-sams, a Malaysian Thai ethnic community found in the northern Malaysian states of Perlis, Kedah and Kelantan. This community apparently settled in the Malaysian side of the border long before the coming of the British and are therefore considered as native to Malaysia. Also considered as *bumiputera* are the Portuguese, who are found in the state of Melaka. Although descended from a European stock, the community has settled in Melaka since the Portuguese colonial interlude in Melaka in the earlier half of the 16<sup>th</sup> century. The community, Gerard Fernandis tells us, is so small, numbering under 20,000 (inclusive of *Seranis*), that they almost do not matter at all politically. As *bumiputera* however they qualify for the *Amanah Saham Bumiputera* (ASB), a government-supervised mutual fund, only available to *bumiputera*. Culturally, the community adds colour to the Malaysian culture.

Francis J. Lian writes on the reactions and performances of the Orang Ulu (literally translated, people of the interior) of Sarawak to the *bumiputera* policy. Although included under the larger Dayak rubric by virtue of their non-Muslim identity, the Orang Ulu are in fact rather different culturally from their Iban and Bidayuh counterparts. They are found scattered in the Kapit, Bintulu, Miri and Limbang Divisions. According to the 2000 census, they totaled about 150,000 or 0.04% of the Malaysian population. Because they settled in remote regions, the community is generally missed out in the implementation of the NEP. The Orang Ulu are basically agriculturalists and the shift to a cash economy has adversely effected their economic condition. The rural-urban drift and the high dropout rate in education also impacted negatively on the community

Colin Nicholas' paper focuses the various jungle tribes of Malaya collectively categorized as the *Orang Asli*, literally meaning the "original people." The main tribal groups are the Negrito and the Senoi. The Orang Asli presently numbers about 140,000 representing less than 0.5% of the Malaysian population. They still remain in isolation and lead self-sufficient lives in the interior of Malaya. Despite being charged under the stewardship of the Jabatan Hal Ehwal Orang Asli, some 81%

of them live below the poverty line. Only 48% have pipe-water while 52% depend on kerosene lamps for lighting. Colin points out that some 62% of Orang Asli children drop out of schools each year while some 94% do not go beyond secondary level. Mortality rates are high compared to the general population. Their main grouse concerns ownership of land. Nicholas points out that in spite of their status as *bumiputera* and the plethora of affirmative action programmes for this category of people, the NEP and NDP has essentially passed the Orang Asli by Nicholas aptly titles his paper: “Orang Asli: First On the Land, Last In the Plan.”

How has the non-*bumiputera* communities perceived and reacted to the “*bumiputera*-first” policies? Three papers in the section on “Non-*bumiputera* Communities Looking In” discuss this question. In the first essay, Lee Kam Heng focuses on the views and perspectives of Chinese-based political parties and Chinese non-political organizations. Lee tells us that Chinese views on the *bumiputera* policy are grounded upon a concern for their own rights and interests. Chinese responses were shaped by what the *bumiputera* programmes implies and how these were to be implemented. The reactions varied over time and with different Chinese groups as the policies were being implemented. In general, however, as the nation develops, the Chinese recognized the need to adjust to new political imperatives within which the *bumiputera* policy was located. Compromise and inter-ethnic cooperation were required to attain independence from Britain; and concessions and consensus on all sides were further expected to maintain inter-ethnic understanding that was fundamental to the stability of the new nation. Lee’s paper analyses the debates among the Chinese as to what they had to give up what they could expect to get in return.

Chin Yee Wah’s paper on the views of the Chinese business community corroborates much of Lee Kam Heng’s findings. Chin’s study is based on in-depth interviews with Chinese entrepreneurs involved in the SMEs. Like the Chinese political parties and non-political bodies, Chinese entrepreneurs held differing views of the *bumiputera* policy, ranging from those who see as negative to those who see it as necessary to ensure inter-ethnic harmony and all round economic progress. As a business strategy, many Chinese entrepreneurs formed business ties with the *bumiputeras*, ranging from Ali-Baba setups to equal business partnerships. In general however, while recognizing the “*bumi*-first”

policy a political imperative, many Chinese businessmen tend to view the policy as a negative factor in the development of the SMEs and in the ability of Malaysians to compete effectively in the highly competitive global economy.

In contrast to the Chinese, the Indian community does not enjoy the same level of socio-economic strength. Indeed, as K. Anbalakan claims in his paper, the Indian community is probably far more backward than the Malay community in terms of socio-economic progress. The NEP, Anbalakan argue, was introduced to eradicate poverty irrespective of race and to restructure society so as to eliminate the identification of race with economic functions. In terms of actual implementation, however, the NEP has been obsessed with uplifting the socio-economic lot of the *bumiputera*, almost to the exclusion of the former objective. As a result, while the *bumiputera* community has improved its situation by leaps and bounds, the Indian community stagnated, if not indeed going backwards. Anbalakan argue that unless there are corrective revisions to the policy of affirmative action to include the Indian community, there is a great possibility that the Indians would be marginalized further.

The claim of the indigenous communities, particularly the Malays, to being *primus inter pares* (first among equals) occupies the core of the nation's political, economic and social development policies since the formation of the federation. How has the *bumiputera* policy affected nation building in Malaysia's plural society? As a fitting concluding piece to the volume, Cheah Boon Kheng discusses the *bumiputera* policy and nation building. Despite the preferential policies towards the *bumiputera*, the Federation has experienced a high degree of political stability. Cheah attributes this to the "ability of the various ethnic groups to negotiate and bargain among themselves and arrive at a consensus." Although the *bumiputera* communities are in the majority, they are an economically disadvantaged group, hence requiring remedial affirmative action in order to improve their lot. At the time the component ethnic parties of the ruling multi-ethnic coalition negotiated independence with the British colonial authorities, it was agreed that the colonial preferential policies be extended to independent Malaya, in deference to the demand made by the UMNO party. The acceptance of the *bumiputera* status was a product of consultation and consensus. By the same token, attempts by Malay cultural bodies to impose a National

Culture, a National Literature and a National History based on Malay culture, Malay language and Malay history respectively on the country's multi-ethnic society was allowed to slide when the non-Malay communities and political parties voiced their disagreement.

Cheah characterizes Malaysia as "a striking example of a fairly successful dominant-*ethnic* model of nation making." The main pillars of Malaysia's national identity are furnished by the political culture of the core ethnic community, the Malays. Other ethnic cultures, to be sure, are incorporated into the national culture but the identity of the emerging nation is "shaped by the historic political culture of the dominant-*ethnic*." The pattern of state making and nation forming in Malaysia, Cheah tells us, is not unlike the pattern in neighbouring Indonesia, the Philippines, Burma, Sri Lanka, and to some extent India and Pakistan.

This present volume does not pretend to be comprehensive but the papers herein certainly cover much ground. Indeed many of the papers here provide some new perspectives and cover new grounds. Many of the issues raised in the papers in this volume have not been discussed in the current literature. It is in this small way, then, that the essays here serves to narrow the gaps in the existing literature. If the essays in this volume should provoke new research and new perspectives on the subject, then the effort of putting together the seminar and this volume is well justified.