

Ethnic Structure, Inequality and Governance in the Public Sector

Malaysian Experiences

Khoo Boo Teik

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Acronyms

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

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Summary/Résumé/Resumen

Summary

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

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

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

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

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

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

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

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Résumé

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

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

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

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

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

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

Etant donné le rôle nouveau qu'elles se voyaient attribuer, les ressources plus abondantes et l'appui politique dont elles jouissaient, les entreprises publiques, les organismes officiels et les sociétés commerciales créées par l'Etat pour contribuer au développement économique du pays ont proliféré, ce qui a eu un impact sensible sur la gouvernance du secteur public. Premièrement, les Malais ont pris une place de plus en plus dominante dans la fonction publique, au niveau du recrutement, de la formation et de la promotion aux niveaux supérieurs, administratifs et professionnels. Deuxièmement, l'administration et la réglementation ont été de plus en plus ethnicisées. Un fossé ethnique est apparu entre secteur public et secteur privé lorsque le secteur public a appliqué des quotas et fixé des objectifs ethniques à de nombreux secteurs socio-économiques et s'est servi des prix subventionnés et des escomptes pour compenser "le manque de compétitivité des bumiputera". C'est pourquoi on opposait souvent "l'incompétence du secteur public" à "l'efficacité du secteur privé". Secteur public et secteur privé ont commencé à se confondre partiellement en Malaisie. Les intérêts du Parti malais, de l'administration et des classes se recoupant, les distinctions entre "l'entreprise sociale malaise" et "l'entreprise privée malaise" se sont estompées. Après 1981, les politiques de "Malaysia

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