State, Ethnicity and Public Policy in Malaysia: Theoretical and Empirical Perspectives

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Abstract

Public policy in a multiethnic country is influenced not only by the pattern and nature of socioracial fractionalization, but unavoidably also by the State’s response to the objective exigencies engendered by such pattern and nature of fragmentation. The intrinsic difference in the patterns and nature of fragmentation from country to country, as well as the divergence of the objective exigencies generated and the distinctive (country-specific) responses from the central States, inevitably result not only in differing trends and patterns of public policy evolvement, but also dissimilar roles played by the various public finance instruments. This paper examines the experience of Malaysia, in comparison with other countries, focusing in particular on the various aspects of the country’s institutional background and the identity and role of the central State in the context of the T-T (tempranos-tardíos) intergroup relations.

Introduction

One of the important aspects of the numerical structure of ethnicity refers to the role played by the relative size of ethnic groups in the societal power structure. The superordinate-subordinate relationship in a multiethnic society is related to the concept of "minority". It avoids some of the definitional problems accompanying the concepts of "race" and "ethnicity", especially those related to the nature and significance of different types of group markers. The concept of "minority", instead, focuses on the size and strength of the groups involved, in terms of variations in the economic, political and social balance of power. Wirth (1945:347) defined a minority as "a group of people who, because of their physical or cultural characteristics, are singled out from the others in the society in which they live for differential and unequal treatment, and who therefore regard themselves as objects of collective discrimination". This definition has been criticized because it makes the existence of minorities completely dependent on the feelings of minority group members, despite his caveat that minorities "objectively occupy a disadvantageous position in society" (ibid.:348). Wirth's emphasis on the disadvantageous social position of the minority leads to his neglect of the latter's numerical relationship to the wider society. For him, collective perception of their distinctive disadvantages is the decisive criterion that distinguishes minorities from other subordinate populations irrespective of their number, nature and disadvantage, as a people "whom we regard as a minority may actually, from a numerical standpoint, be a majority" (ibid.:349).

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Disregard for the numerical aspect, in addition to the importance attached to subjective definitions of the situation by the minority, leads to the view that every instance of group conflict in society is by definition, a "minority problem" (van Amersfoort, 1978:219). Many researchers besides Wirth have shown the same disregard for the numerical aspect, e.g. Wagley and Harris (1967), preferring to emphasize the power dimension of the "minority" concept. Nevertheless, whether the concept of a minority group depends upon actual numbers, is more than a matter of definition, since power and numerical dimensions are ultimately linked to each other. As Stone (1985:43-4) remarked:

... this basic demographic fact [of actual numbers] will affect many different aspects of race relations, not least the question of the "costs" for the dominant group of promoting racial justice: whether such policies can be pursued in a relatively peaceful, evolutionary manner, or whether they are more likely to lead to persistent conflict and violence.

When analysing the possible impact of public policy on ethnic conflict, such disregard for the numerical aspect diminishes any projected result. Smith (1987:343-4) emphasized this numerical dimension in his critique of Wirth's definition:

To lump together all disadvantaged populations irrespective of size without prior study of the relationships between their demographic ratios, organisation and differences of collective status, assumes in advance the irrelevance of these variables or the randomness of their distribution. Such assimilation of demographic fractions and majorities is sociologically unsound because the situations of aggregates often differ as functions of their relative size and organisation or lack of it.

Relating the numerical dimension directly to the question of political power, van Amersfoort (op.cit.:221) noted that in a modern democratic state the "characteristic problem for a minority group is not so much that it is difficult to ensure formal rights, but that the numerical situation restricts the possibility of translating such rights into social influence". A useful redefinition of the concept of "minority" is that by Schermerhorn (1970:14):

Combining the characteristics of size, power, and ethnicity, we ... use "minority group" to signify any ethnic group ... that ... forms less than half the population of a given society, but is an appreciable subsystem with limited access to roles and activities central to the economic and political institutions of the society.

For Schermerhorn only those subordinate ethnic groups that are numerical minorities of nation-states qualify as "minority groups". He thus implicitly endorsed all other criteria set by Wagley and Harris (op.cit.:10) to distinguish (ethnic) minorities, whose membership must be transmitted by rules of descent and endogamy, from other disadvantaged collectivities (whose disadvantages are due to social mobility, e.g. refugees, captives, and other disadvantaged categories such as women, slaves, proletarians and peasants). The "ethnic group" is defined by Schermerhorn as "a collectivity within a larger society having real or putative common ancestry, memories of a shared historical past, and a cultural focus on one or more symbolic elements defined as the epitome of their peoplehood", and the "dominant group" as "that collectivity within a society which has preeminent authority to function both as guardians and sustainers of the controlling value system, and as prime allocators of rewards in the society" (Schermerhorn, op.cit.:12-3).
For a bi-ethnic country\(^1\), it is apparent that the relationship between public policy and ethnic conflict and antagonism is influenced by the subordinate group's aspirations, the dominant group's orientations and by their dynamic interaction. To put this situation in context, a power-size configuration of ethnic groups is constructed below (Figure 1), which is similar to Moscovici's diagram of group power-influence configuration (Moscovici, 1985:26). Based on this paradigm, a typology of multiethnic societies can be constructed, as illustrated in Figure 2.

**Figure 1  Power-Size Configuration of Ethnic Groups**

![Power-Size Configuration of Ethnic Groups](image1)

\( Jd = \text{dominant demographic majority} \) (Schermerhorn's [1970] "majority group")

\( Js = \text{subordinate demographic majority} \) ("mass subjects")

\( Nd = \text{dominant demographic minority} \) ("élite")

\( Ns = \text{subordinate demographic minority} \) ("minority group")

**Figure 2  Typology of Multiethnic Societies\(^2\)**

![Typology of Multiethnic Societies](image2)

\(^1\) Peninsular Malaysia is basically "bi-ethnic" in terms of power structure, though the country’s population consists of more than two ethnic groups.

\(^2\) The typology is based on the paradigm presented in the previous diagram.
Excluding case 4, Figure 2 shows a threefold typology of multiethnic societies. Case 2 represents a Jd-Ns type of society which combines a subordinate demographic minority with a dominant demographic majority. Case 3 is an Nd-Js society in which the numerical majority is dominated by a demographic minority. The subordinate-superordinate intergroup relationship in a society with no obvious demographic majority - an Nd-Ns society - is represented by case 1.3

Malaysia: Ethnic Diversity and State Action

The seed of Malaysia’s ethnic problem (masalah kaum) today was sown in the late nineteenth century when large-scale Chinese immigration began after the British forced free-trade treaties upon some rulers in the Malay peninsula to control tin supplies. Chinese presence in Malaya (as the peninsula was called), however, preceded British colonialism. The earliest record of a Chinese settlement there (in Melaka, Malaya’s earliest sultanate) was found in a 1613 treatise by de Eredia. There is a Míng-dynasty Chinese tomb dated 1622 in Melaka (Tan, 1984) and there are also other epigraphic records (grave-stones, ancestral tablets, etc.) pointing to the existence of a Chinese settlement in Melaka during the seventeenth century. However, large scale Chinese influx did not occur until the expansion of the tin mining industry in British Malaya in the mid-nineteenth century, which was followed by the importation of Indian labour to work in the rubber plantations. In retrospect, Gordon (1968:27) placed the blame for today’s communal problem on the former colonial power:

The British may be historically responsible – or rather irresponsible - for it is they who allowed the wholesale penetration of the Malayan mainland by aliens, aliens in nationality, language and culture, without any policy of assimilation. It is they who built an economy without building a nation; it is they who brought forth the “cult of efficiency” regardless of the national repercussions.

T-T: A Note on Terminology

Before proceeding on the analysis of ethnicity and public policy in Malaysia, here is a note on terminology. In view of the increasing taboo on the use of the term “immigrant” (“pendatang” in Malay) in public discourse, this paper continues with the use of the T-T (tempranos-tardíos) categorization as it is employed in Yeoh (2005). The following extract should serve to explain the concept:

3 The Malaysian society belongs to the Nd-Ns category though the birth rate disparity between the races has been slowly tilting the numerical balance over the last few decades, moving the society towards a Jd-Ns configuration. An example that exhibits the nature of a Jd-Ns construct is the Spanish society (Yeoh, 2005).
Not least is the stigma that the so-called “indigenous” groups insist on forcing upon the descendants of the immigrants by continuing to tag them “immigrants” even when they are generations removed from their forefathers who first migrated to the land. Also being questioned by these descendants of immigrants is the imbalance in rights often claimed by the “homeland” groups who in the eyes of the former are simply distinguished from them by having forefathers who arrived in the land much earlier in historical, or prehistoric, times. Anthropological studies had placed the origins of modern humans in southern Africa or the Middle East. Evolving 90000 to 180000 years ago, these humans then migrated to all parts of the world, supplanting the local, earlier Homo sapiens populations. So in this sense, every so-called indigenous people in any part of the world can be considered descendants of immigrants who had moved into the land and lived there from time immemorial. With this line of reasoning, the new immigrant minorities of Spain (e.g. Moroccans in Andalucía, Andalusians in Catalonia) would considered themselves simply as people who are los tardíos en llegar (latecomers) vis-à-vis the locals who are descendants of los tempranos en llegar (early comers). Similarly, each of the successive peoples who came earlier to the Iberian Peninsula and who had historically contributed to the ethnological mixture of the Spanish people – the Romans (Mediterranean), the Suevi, the Vandals and the Visigoth (who were Teutonic), a well as the Semitic and other peoples – was in ethnological terms “tardíos” who came to add on to the already mixed stock of the “tempranos”. The long history of population movement, settlement and resettlement, the reshuffling and mingling of genetic elements through the weaving of biological interrelationship like intermarriage and other forms of miscegenation had since blurred all notions of the early comers and latecomers. Given this historical backdrop, it is interesting to note that political leaders like Jordi Pujol, as we just noted above, still posited in public discourse the threat of “miscegenation” to “racial purity”.

(Yeoh, 2005:23)

Ethnic Corporateness

While often considered to be a plural society par excellence⁴, Malaysia, in those days that led up to the 1969 tragedy, more appropriately belongs to the category of “deeply divided societies”. It consists of a major tardio community (the Chinese, as well as the smaller Indian community) residing within a temprano (Malay) society regarding itself as the homeland community. Both of these can be defined as “corporate groups”. A “corporate group” is defined by Weber (1947 tr.:145) as a “social relationship which is either closed or limits the admission of outsiders by rules”. It possesses a formalized system of authority, a concept Fried (1947) and Fortes (1953) later applied to descent groups.⁵ The corporateness of ethnic groups in Malaysia is marked by their relative stability.

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⁴ However, some (e.g. Zainal Kling, 1984:172) questioned whether post-colonial Malaysia still qualified as a plural society (masyarakat majmuk) as defined by Furnivall (1948) or Lofchie (1968), taking into consideration the changes that had taken place since independence after the demise of the colonial “divide and rule” policy.

⁵ In contrast to the Chinese in Malaysia, the Chinese community in Thailand is a non-stable corporate group (Zenner,1967) whose members are less resistant to assimilation, because of the absence of religious barriers and because in early days Chinese women could not immigrate to Thailand. Therefore interethnic marriage became a necessity.
Religious boundaries play the most important role in perpetuating the practice of endogamy that serves to maintain ethnic group separateness over time.6

Such corporateness applies to both the temprano society (comprised of the descendants of earlier inhabitants) and to the tardío community (later immigrants and their descendants). Moreover, as Zenner (1967) remarked, one development in the modern world has been "the constitution of the dominant ethnic group in a state as a corporate ethnicity":

The nation-state, after all, fits Weber’s definition of the corporate group. Each state defines its rules of membership. In many cases, this is defined to favor the dominant ethnic group in the state. (ibid.)

Furthermore, corporateness hinders social interaction and leads to racial stereotyping. "No man is an island, entirely of itself," said John Donne, the greatest of the English metaphysical poets, in Devotions (1624). Social interaction – the building block of organized society – can be defined as the mutual and reciprocal influencing by two or more people of each other’s behaviour, or the interplay between one’s actions and those of other people (Vander Zanden, 1988:167). In ethnic relations, the lack of social interaction leads to prejudice and stereotyping, and hate begets hate in a vicious process microsociologists call the Thomas theorem where fulfilment occurs unintentionally when people’s actions are based on stereotyping as if it were true. While “racial” – meaning phenotypical – differences is only skin deep, ethnic boundary as a process (à la Barth, 1969) tends to be tenacious and uncompromising, the manifestation of the age-old fourfold ascriptive loyalty of race, territoriality, language and religion. Closely interfacing with the politico-economic superstructure, ethnic mistrust more often than not makes many a best-intentioned effort in promoting interethnic harmony and national integration a Sisyphean endeavour. In spite of the continued global effort since UNESCO’s “Statements On Race” (1950, 1964, 1967) to dispel the “race fiction” (Gioseffi, 1993:xiii), interethnic mistrust and prejudice is still a worldwide phenomenon afflicting countries big and small, rich and poor. “Tros, Tyriusve mihi nullo discrimine agetur – Whether Trojan or Tyrian shall make no difference to me,” said Virgil (Aeneid, 19 BC), but the fact is: people still tend to look upon those who look, talk, act and dress differently as “others” that cannot be fully trusted. Psychologists’ experiments have shown that individuals tend to help others who are similar to them and racial differences between a victim and a potential helper affect the extent to which help is given (Bar-Tal, 1976, Gaertner and Dovidio, 1977, cited in McCarty, 1993). However, with ethnic relations becoming “a perplexing political issue overlapping with and sometimes displacing the issue of class” (Rex, 1983:xxi), the problem of ethnic conflict in the modern world needs to be examined from a broader perspective than the merely socio-psychological.

6 The importance of this factor is evident in the prevalence of interethnic marriage in the early days, resulting in the emergence of the "Straits Chinese" or "Baba" community, in the absence of the present legal requirement for the conversion of the non-Muslim partner in an interethnic marriage.
A Further Note on Superordinate-Subordinate Power-Size Configuration

Schermerhorn's concept of a minority mentioned previously, which he redefined as a variety of ethnic group, is part of the fourfold typology he developed to take account of the numerical and the power dimensions (Schermerhorn, 1970:13):

<table>
<thead>
<tr>
<th>Dominant Groups</th>
<th>Subordinate Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size</strong></td>
<td><strong>Power</strong></td>
</tr>
<tr>
<td>Group A</td>
<td>Majority Group</td>
</tr>
<tr>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Group B</td>
<td>Elite</td>
</tr>
<tr>
<td>-</td>
<td>+</td>
</tr>
<tr>
<td>Group C</td>
<td>Mass subjects</td>
</tr>
<tr>
<td>+</td>
<td>-</td>
</tr>
<tr>
<td>Group D</td>
<td>Minority Group</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

The fourfold typology includes not only "majority group" and "minority group", which are dominant and subordinate respectively in terms of both size and power, but also "élite" and "mass subjects" where numerical superiority and power do not coincide. Societies that combine the subordinate numerical minorities ("minority groups") with dominant demographic majorities ("majority groups") (D+A), are contraposed as the structural opposites of those in which the numerical majority of "mass subjects" are dominated by a demographic minority, the "élite" (C+B). While it is undeniable that the typology provides a comprehensive picture of the dominant-subordinate relationship, the C+B case is rare in today's world after the demise of Western colonialism in the Third World and the end of White rule in Rhodesia (Zimbabwe) and South Africa. Although the fact that such configuration is rare does not imply its total disappearance – two obvious examples are Rwanda and Burundi where the Hutu majorities are still politically dominated by the Tutsi minorities.

Cases 2 and 3 in Figure 2 earlier thus correspond to Schermerhorn's AD and BC configurations (ibid.:13) respectively. However, since societies containing disadvantaged demographic minorities do not necessarily have the complementary majorities that Schermerhorn postulated (e.g. Niger, Nigeria, Liberia, Benin, see Smith [1986]), the inclusion of case 1 is necessary.

Such a typology can be considered exhaustive, since "race relations are essentially group power contests" (Baker, 1978:316) wherein symmetrical power relationships among groups are rare and often transient:

Whatever the power relationship (symmetrical, where both are equal, or asymmetrical, where one is dominant), each group may initiate action or respond to the acts, or anticipated acts, of others ... Given changing circumstances over time, group power capabilities (measured in terms of group resources, additive resources, mobilization capabilities and situations) may alter, thereby transforming the character of group power relations. At any given moment in time (T1) the power of A may be equal to that of B (symmetrical), at a later period (T2) that of A may be superior to that of B (asymmetrical, with A dominant), or at another point (T3) that of A may be less than that of B (asymmetrical, with A subordinate).

(ibid.:317-8)
The infrequency of a symmetrical power relationship was also noted by Hoetink in his study of slavery and race relations in the Americas:

A race problem exists where two or more racially different groups belong to one social system and where one of these conceives the other as a threat on any level or in any context ... One of the groups will commonly be perceived and perceive itself as dominant; the chances that two racially different groups within one society would attain an equilibrium of power, though not absent, are exceedingly small.  

(Hoetink, 1973:91)

Hoetink (1973:47-8) basically saw the multiethnic horizontally layered structure as a special form of *Herrschaftsüberlagerung* - "a stratification consisting of at least two layers of which the upper layer has, as it were, moved over the lower one (by military conquest, colonial usurpation, and so forth) or the lower layer has been pushed under by the upper one (by subjugation, the importation of forced labour, and the like)". In societies with such horizontal ethnic division, stimulation of solidarities based on economic or class position may have an aggravating, rather than an ameliorating, effect on ethnic conflict. By contrast, in those societies where ethnic divisional lines between the main population segments run vertically, it is likely that a functional relationship between economic differentiation and the increase of interethnic (horizontal) solidarities, such as those based on economic position, will emerge. These foster intercommunication and may serve to mitigate existing ethnic antagonisms. The two patterns of ethnic division are conceptually linked to the two different types of plural society - the hierarchic plurality (based on differential incorporation) and segmental plurality (based on equivalent or segmental incorporation). A society may combine both these modes of incorporation and form a complex plurality. Smith (1986:198) noted that the segmental and differential modes of incorporation generate quite distinct ethnic tensions and problems. Hoetink (1973:146-7) linked the two different patterns of ethnic division to the stability of multiethnic societies:

*It is interesting that the modern societies that often are put forward as examples of reasonably well-functioning cultural heterogeneity, such as Belgium, Switzerland, Great Britain, and the Soviet Union, all have vertical cultural boundaries, to the point that their cultural segments even have territories of their own with a certain degree of cultural and sometimes political autonomy. Although European history shows many cases of repression, expulsion, or political elimination of such territorially limited cultural minorities, and although it would be naïve to underestimate the still-existing cultural and political tensions in countries like Belgium or Great Britain, it is correct to assume that a minimum of horizontal interpenetration and communication gives these systems a certain viability.*

To this list, Hoetink added Suriname, Guiana and Trinidad. However, symmetrical power relationship among groups in a society is rare and often transient. For various reasons ranging from demographic growth to economic ethos to social mobility, one of the groups usually achieves dominance in the long run, thus turning the vertical lines of ethnic division into horizontal ones. This can be illustrated with a diagram similar to that by Warner (1936) in his caste-class configuration for the U.S. Deep South.

**Interethnic Power Shift**

In short, symmetrical power relationship between groups in a society is rare and even if it emerges, tends to be transient. One of the groups will ultimately achieve dominance in the long run
through demographic growth, economic achievement or some other factors, thus pivoting the vertical line of ethnic division into a horizontal one, as illustrated in Figure 3.\footnote{Figure 3 represents the relative positions of ethnic and class categories, but not their relative size. It expresses a combination of the horizontal and vertical principles of social differentiation. The diagonal lines A-B incorporate the status gap and divide ethnic group I from ethnic group Д (Warner's [1936] "castes"). The two double-headed vertical arrows indicate that movement up and down the class ladders within each group can and does occur, but there is no movement across the ethnic line A-B (Warner's "caste line"). The ethnic line is pushed round its axis (C) towards a horizontal position when one group becomes dominant and the other, subordinate - the exact power distribution and extent of dominance depend on the skewness, \textit{i.e.} the angle of slant of the ethnic line. The test of the existence of a superordinate-subordinate relationship is to verify a group's dominant behaviour towards the other within the same class. Should the ethnic line reach the position d-e – indicating a system of combined equality and separation – the upper class of one ethnic group would be equivalent to that of the other, while the lower classes in each of the parallel groups would also be of the same social status. With the ethnic line tilted in the way shown in Figure 3, within each class level to which they have risen, members of group Д are thought of as socially inferior to members of group I of the same class, until as individuals they become assimilated by the latter. In contrast to the vulgar Weberian perspective which argues that the increased ability of a bureaucratic State to realize internally generated goals will reduce the power of all societal groups "outside" the State, Poulantzian neo-Marxism posits that an "autonomous" State, capable of wide-ranging and coherent interventions in socioeconomic relations, increases the social power of the dominant class, whose objective and needs it necessarily functions to meet (Evans, Rueschemeyer and Skocpol, 1985). A dominant ethnic faction whose emergence is depicted as inevitable in Figure 3, thus, in line with the latter theory, would be served by a powerful State whose interests it concurs in.}

\textbf{Figure 3 \hspace{1em} Vertical v Horizontal Ethnic Division}

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{figure3.png}
\end{figure}

Take the example of a country like Belgium\footnote{The case of the Belgian society does not seem at first sight to fit neatly into the typology constructed in Figure 2 above. Both major ethnic factions view themselves as subordinate groups (see Yeoh, 2005).} – such process is evident, with Flanders overtaking Wallonia economically since the 1960s and bringing with it increasing politico-economic leverage on the part of the Flemish community. It is Wallonia's fear of Belgium being slowly
transformed into a Flemish-dominated country (the Nd-Ns construct, or even a potentially Jd-Ns one given the relatively lower rate of population growth in Wallonia), coupled with the continued insecurity felt by the Flemish community over its new-found power, that is fuelling the interethnic discord of the country.

**Malaysia: The Ethnicity-Class Interface**

It is clear that what is said to be a potential construct for Belgium (Nd-Ns, or even Jd-Ns given the Walloons’ relatively lower population growth rate) is a real one as applied to Malaysia. With the above typology (Figure 2) in mind, one can discern an important numerical aspect in maintaining ethnic corporateness among the Malaysian Chinese. Unlike the case of Indonesia, the Chinese in Malaysia are sufficiently sizeable not to constitute a demographic minority in the strict sense of the term. At independence in 1957, the dominant ethnic group – the Malays, together with the aboriginals, constituted about 50 per cent of the population of Malaya (the Peninsula and the predominantly Chinese Singapore which later left the federation in 1965), followed by 37 per cent Chinese, 11 per cent Indians and 2 per cent others. The figures today are as follows: 65 per cent Bumiputera, 26 per cent Chinese, 8 per cent Indians and 1 per cent others.

**Figure 4  Ethnic Distribution of Malaysia**

The ethnic distribution by state is shown in Figure 5 below, while Figure 6 gives the degree of ethnic fractionalization by state, with the ethnic fractionalization index here employed for measuring the ethnic fragmentation of sub-national units.

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9 With the dominant ethnic group constituting little more than half of the population, Malaysia is more appropriately classified as a Nd-Ns society, with its implications for ethnic intensity and intergroup power configuration.

10 The ethnic composition in Figure 5, and the computation of the ethnic fractionalization index for the Malaysian states presented in Figure 6 are based on the latest (2000) Population and Housing Census (data for Singapore and Brunei are from the *CIA World Factbook 2005*). Question may arise regarding the appropriateness of the data since much of our concern is with the situation in those earlier days that led up to the 1969 tragedy. However, ethnic diversity is a variable that usually exhibits a high degree of temporal stability. Barring exceptional
instances of large-scale demographic transfers or movements of "ethnic cleansing", as witnessed in the India-Pakistan partition, the Nazi's destruction of European Jewry, the expulsion of Sudeten Germans, or the more recent events in Bosnia-Herzegovina and Krajina during the break-up of former Yugoslavia, ethnic composition of most countries rarely experiences drastic changes over time. It is evident from the comparative data that follow that the use of data from the 2000 census or the earlier ones makes no difference in the "homogeneous-heterogeneous" classification of the Malaysian states: homogeneous – Terengganu (EFI 0.068 based on 2000 census data, 0.133 based on earlier census data), Kelantan (0.111, 0.151), Perlis (0.262, 0.296), Kedah (0.389, 0.407), Pahang (0.448, 0.498); heterogeneous – Melaka (0.518, 0.561), Johor (0.559, 0.622), Negeri Sembilan (0.588, 0.629), Penang (0.595, 0.603), Perak (0.606, 0.645), Selangor (0.613, 0.678), Kuala Lumpur (0.615, 0.644); Borneo – Sabah (0.529, 0.501), Sarawak (0.628, 0.642).

11 See Yeoh (2005:6-7) for the ranking of countries by EFI and the computational procedure of the index.
Bumiputera ("prince of the land; son of the soil") is an official collective term grouping together the Malays, the aboriginals and the natives of Sabah and Sarawak (both on the Borneo island) after these two regions joined the Peninsula in 1963 to form Malaysia.\textsuperscript{12} All Malays in Malaysia are by legal

\textsuperscript{12} It excludes "immigrant races" like Chinese, Indians and Europeans, but not Arabs and Malays from Indonesia.
definition Muslims while the non-Malays are mostly non-Muslims. Although the population of Malaysia consists of three major ethnic communities, it has always been recognized as a bi-ethnic society, in terms of its intergroup power relationships. While ethnicity is essentially non-territorially based, it remains as true, in particular in the days that led up to the 1969 conflict, as Furnivall's observation (1948:304) half a century ago that, even where the ethnic groups are adjacent, they tend to maintain their separateness. They remain largely divided by the reinforcing cleavages of language, religion, customs\(^\text{13}\), education, areas of residence and, though decreasingly, type of occupation.

While this paper posits that ethnic diversity affects the role of the State, one of its manifestations being the trend and pattern of budgetary policy, it is not the ethnic composition *per se* but its interaction with the socioeconomic structure of the society concerned that really matters. The Weberian approach views ethnic group as being not "natural" (as kinship group is) but "rational" and primarily political:

*Ethnic membership* (Gemeinsamkeit) differs from the kinship group precisely by being a presumed identity, not a group with concrete social action, like the latter. In our sense, ethnic membership does not constitute a group; it only facilitates group formation of any kind, particularly in the political sphere. On the other hand, it is primarily the political community, no matter how artificially organized, that inspires the belief in common ethnicity. *(Weber, 1968 tr.\(^\text{14}\):389)*

Contrast the Weberian approach with Geertz's approach in his 1963 paper on the effect of "primordial sentiments" on civil politics:

*By a primordial attachment is meant one that stems from the "givens" - or, more precisely, as culture is inevitably involved in such matters, the assumed "givens" - of social existence: immediate contiguity [sic] and kin connection mainly, but beyond them the givenness that stems from being born into a particular religious community, speaking a particular language, or even a dialect of a language, and following particular social practices. These congruities of blood, speech, custom, and so on, are seen to have an ineffable, and at times overpowering, coerciveness in and of themselves.* *(Geertz, 1963:109)*

Today, studies on intergroup relations usually see ethnicity not as a "'given' of social existence", but a political construct linked directly to power relations and resource competition. Take the case of Malaysia. According to Cheah (1984), the Malay ethnic identity (*bangsa Melayu*) was a creation after 1939 in response to the perceived threat from the increasingly politicized immigrants from China and India. The notion of a Malay race had therefore hitherto been absent, as Cheah elaborated:

\(^{13}\) For instance, the strict religious dietary prohibitions observed by the dominant group has been a barrier to social interaction as its members have to shun eating places for other groups. This is also partly a reason why there is always an uproar whenever a young member of a Chinese family is converted to the religion of the dominant group; s/he would be under pressure to leave the family in order to observe strictly such prohibitions as well as other related religious customs including way of dress.

\(^{14}\) Year refers to publication date of English translation. Weber's original manuscript was written between 1910 and 1914.
... the Malays rose to confront what they considered threats posed by the immigrant races to their rights, but the Malays themselves had not been united as a race or a "bangsa", and moreover they had not found a way to solve differences among themselves... [Such differences] were nurtured by the strong provincial feeling among the "provincial Malays" (such as the Kelantan Malays, Perak Malays and so on), DKA Malays (those of Arab descent) and DKK Malays (those of Indian descent) ... [There were also] tribal divisions, such as the Bugis, Minangkabau, Javanese, etc.

The first open suggestion of a "Malay people" (orang Melayu) came only in 1939 when Ibrahim Yaacob (or I.K. Agastja by his Indonesian name) championed the notion of a unified Malay race across Malaya and Indonesia which he christened Melayu Raya (Great Malay) or Indonesia Raya. The boundary marker of ethnicity was thus mobilized to meet the rising need of identity investment for economic/political purposes (the "situation theories" of ethnicity, see Barth, 1969). An even more blatantly political ethnicization came after the 1969 riots in the creation of the "Bumiputera" race (kaum Bumiputera, as defined earlier). In a different setting, Heiberg (1979) made similar observation that for political purposes, descent has never been regarded by the Basques in Spain as a sufficient criterion for ethnic inclusion. "Basqueness" is measured instead in terms of adherence to certain morally-loaded political and social prescriptions, or more specifically, whether one is a Basque nationalist. Thus it is as an instrument for political mobilization that ethnicity often plays a key role in the interplay between group activities and public policy. By the same token the importance of the ethnic factor in understanding the role of the State in Malaysia does not diminish the significance of contention between social classes, though it is apparent that stratification in a deeply divided society such as Malaysia cannot be adequately represented by a simple class pyramid (Figure 7).

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15 "... orang Melayu bangkit untuk membantah apa yang dianggap oleh mereka sebagai ancaman-ancaman daripada kaum-kaum pendatang kepada hak-haknya, tetapi orang Melayu sendiri belum bersatu sebagai satu kaum atau satu 'bangsa' dan lagi mereka juga belum mencari jalan untuk menyelesaikan perbezaan-perbezaan antara mereka... [yang] telah diperkembangkan oleh perasaan kenegerian yang kuku di mana yang di dalam hal ini terdiri dari orang-orang Melayu 'anak-anak negeri' (seperti Melayu Kelantan, Melayu Perak dan sebagainya), orang-orang Melayu 'DKA' (Darah Keturunan Arab) dan 'DKK' (Darah Keturunan Keling). Ada juga ... mengikut suku-sukunya, seperti orang-orang Bugis, Minangkabau, Jawa dan sebagainya." (Cheah, 1984:83)

16 However, perspectives such as Toh's which views the Malaysian State as a "class category seeking to promote the interests of the dominant capitalist class ... by way of realizing and maintaining the organisational prerequisites of the capitalist social order" (Toh, 1982:5) could be enhanced in its explanatory power by incorporating the ethnic variable. In this way one can avoid the pitfall of reductionist Marxism, in which, as Wolpe (1988:15) remarked, ethnicity "becomes merely an external instrument for the reproduction of class interests which are assumed to be entirely defined by the economic relation of production".

17 As Marden and Meyer (1962:42) did for the United States, the structure of differentiation is more comprehensively expressed by superimposing the class pyramid of the subordinate ethnic group upon that of the dominant community. The former is then dropped less than a full horizontal segment to express the inferior position of each class segment of the subordinate group to others within the class. Such a representation is of course too simple to provide an adequate understanding of the Malaysian situation, complicated by the phenomena of class compromise and clientelism. However, a rejection of race and class reductionisms should provide a more rational theoretical foundation to analyse the complex relationship between the variables of ethnic diversity, class structure, and the role of the State.
Race or Class?

Rex's remark that "what we call 'race and ethnic relations situations' is very often not the racial and ethnic factor as such but the injustice of elements in the class and status system" (1986a:xiii), which emphasizes the economic, political and social balance of power rather than biological or cultural characteristics of groups. Differences in power and the dynamic change of power resources over time are seen as the key to explaining racial and ethnic conflicts. Such a perspective enables parallels to be drawn, for instance, between the "religious" conflict in Northern Ireland and racial violence in the British urban areas, which at first sight may not seem to share much similarity. As Stone (1985:38) argued:

*It is true that the sectarian gunman who enters a public house in Belfast and demands to know the religion of the drinkers before deciding who to murder has an identification problem not faced by the white racist intent on attacking blacks in the streets of Brixton or Bradford. However ... [both] incidents of violence take place against a background of differential group power, perpetuated over the years in customary patterns of social relations and institutions, and both are to some degree a legacy of colonialism.*

Such a focus upon power differentials, and the conceptual problem associated with "race" and "ethnicity", leads to the argument that the notion of "minority" is central to the analysis of race and ethnic relations.

It is useful to compare Rex's remark with Cox's thesis (1948) that perceives race relations as mainly proletarian-bourgeois, and hence political-class, relations. For Cox, racial prejudice is a weapon to exploit others rather than a defensive reflection of group solidarity. Racial categories exist
in the social life of capitalist societies because they serve the interests of the ruling class; the contradictions in these economies have not yet reached the point at which the actual character of the underlying system is apparent to workers (Banton, 1983:88). On the contrary, Wolpe, in his critique of reductionist Marxism which conceives classes as unitary entities, posited a different view:

... classes exist in forms which are fragmented and fractured in numerous ways, not only by the division of labour and, indeed, the concrete organisation of the entire system of production and distribution through which classes are necessarily formed, but by politics, culture, and ideology within that division of labour, for example, gender, religion, the mental-manual divide and racial differentiation. Classes, that is, are constituted, not as unified social forces, but as patchworks or segments which are differentiated and divided on a variety of bases and by varied processes... Race may, under determinate conditions, become interiorised in class struggles in both the sphere of the economy as well as the sphere of politics. (Wolpe, 1988:51-52)

It is instructive to compare Cox's thesis with the theories developed by Bonacich (1972) and Kuper (1974). Bonacich's "split labour market theory" is essentially a theory of ethnic relations which emphasizes the material bases of ethnic antagonism. It refers to labour markets which are divided along ethnic lines, so that higher-paid groups of workers are distinguished from cheaper labour by their ethnic characteristics. Although Bonacich described it as a "class" theory of race and ethnicity (Bonacich, 1979:17) and located the origin of ethnic antagonism within the development of capitalism, her theory differs significantly from Cox's approach in that it attributes ethnic antagonism to the competition which arises from a differential price for labour, rather than to the strategy of the ruling class to keep two sections of the working class separate.

In his study of the revolutions in several African countries, Kuper (1974) found that, despite the existence of class differences, once revolutions started they developed along ethnic rather than class lines. Although class conflict is the source of revolutionary change in many societies, Kuper observed that in plural societies "it is the political relations which appreciably determine the relationship to the means of production, rather than the reverse, and the catalyst of revolutionary change is to be found in the structure of power, rather than in economic changes which exhaust the possibilities of a particular mode of production" (ibid.:226). While Cox attributed the main forms of alignment and conflict, including ethnic ones, to the relation of groups (classes) to the means of production, political relations in plural societies, according to Kuper, influence relations to the means of production more than any influence in the reverse direction. Thus, conflicts developed in plural societies tend to follow the lines of ethnic cleavage more closely than class division.

Politics and Ethnic Relations in Malaysia: A History of Evolvement

The first decade after independence saw the ascendance of the class fraction often called "bureaucrat capitalists" or "statist capitalists" (Jomo, 1986:244). The United Malay National Organization (UMNO) which dominated the ruling Alliance coalition - the other members were the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC) - was born as a
coalition of different Malay organizations formed specifically in opposition to the British proposal in 1946 to establish a Malayan Union with citizenship laws granting equal rights to all persons domiciled in the country. The proposal, from the Malay point of view, denied that Malaya belongs to the Malays and the granting of equal rights to the non-Malays would cause the disappearance of the special position and privileges of the Malays. As a result of the Malay protest, the Malayan Union project was replaced by the Federation of Malaya Agreement that recognized the special position of the Malays as the indigenous people of the country and dropped the principle of *jus soli* with regard to citizenship of the non-Malays as stipulated in the former proposal. After the formation of the Federation of Malaya, and subsequently Malaysia incorporating former British colony on the Borneo island (except the enclave of Brunei), a distinctive feature of the local society is the absence of the Malay bourgeoisie. The ruling coalition at this stage represented an alliance of class interests, sharing a common stake in the preservation of the capitalist order. Instead of mounting a challenge against the more established capitalist interests, during the first decade after independence these ruling “administocrats” were constrained by the “Alliance contract”, often represented in the formula: “politics for the Malays, the economy for the Chinese”. Meanwhile, contradictions generated between such incompatible class fractional identity and ethnic allegiance bred discontent and instability. Husin (1984) provided an simplified illustration of such contradictions:

**Figure 8   Ethnic and Class Relations in Malaysia**

![Figure 8](image)

With M denotes Malay, C Chinese, E élite and Ms masses respectively, the vertical division shows the Malay-Chinese ethnic grouping, while the horizontal one indicates the élite-masses socioeconomic class grouping. Three types of relations are evident here: *vertical relations*, between Malay élite and

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18 While such simplistic representation was essentially false, since Malays with significant political power comprised only a small minority while only a small proportion of Chinese possessed considerable economic assets, it did capture the tone of the apparent compromise underlying the post-colonial government's policies (Jomo, *ibid.*:246).
their masses (a), and Chinese élite and their masses (b); horizontal relations, between Malay élite and their Chinese counterpart (c), and Malay masses and their Chinese counterpart (d); diagonal relations, between Malay élite and Chinese masses (e) and Chinese élite and Malay masses (f). Intra-ethnic relations are shown by vertical arrows, inter-ethnic ones by the horizontal and diagonal. This typology closely resembles Bonacich's (1979:56-57) configuration of class and ethnic relations resulting from imperialism:

Figure 9  Ethnic and Class Relations Resulting from Imperialism

![Diagram of Ethnic and Class Relations Resulting from Imperialism]

While segments A and C in Bonacich's model represent the "imperialist (white) bourgeoisie" and "workers in the imperialist nation" (and segments B and D refer to their non-white counterparts in the colonies and semi-colonies), in the present context they may well be the non-Malay bourgeoisie and proletariat whose existence was a direct consequence of colonial policy and closely linked to the interests of the imperialist nation. While Bonacich's model refers to classes in the Marxian sense of the word, Husin speaks about "élite" instead. According to Brass (1985:49), the term "élite" is not a substitute for "class", but refers to formations within ethnic groups (e.g. the aristocratic class) and classes (e.g. the secular élites) that often play critical roles in ethnic mobilization. Each of these élites may choose to act in terms of ethnic or class appeals. What determines their action is neither their ethnicity nor their class, but rather their specific relationship to competing élites in struggles for control over their ethnic group, or in competition with persons from other ethnic groups for scarce political and economic benefits and resources.

Bonacich's purpose is mainly to show how imperialism complicates class struggle by dividing classes along ethnic lines, and how her "split labour market theory" (Bonacich, 1972) can be invoked to explain such complications. However, the latter may not necessarily emerge in the form of
conspicuous ethnic conflict. For instance, not only do members of the Malay and Chinese élites who are leaders of the component parties in the ruling alliance share a desire to minimize conflict among themselves, but each group also tries to accommodate members from the other group into their respective spheres of predominance (Husin, 1984:28).

Although the economy in this period remained a laissez-faire system, it was marked by specialization of economic activities along ethnic lines. Most Malays continued to live in rural areas, playing their traditional roles as padi farmers, fishermen and rubber smallholders. The majority of the Chinese population were concentrated in urban and semi-urban areas, engaging in trade and commerce or working in tin mines. Most Indians, on the other hand, were rubber estate workers, the rest being mainly professionals. The type of cohesive forces - common economic and political interests - working among the élites was conspicuously missing among the masses. In Husin's words, economically the Malay and Chinese peasants may belong to a common "class in itself", but they do not enjoy much opportunity to act politically as a "class for itself" (Husin, 1984:28; Husin, 1975:169-170). On the other hand, ethnic segments in each class ("élite" or "masses" in Husin's formulation) are connected to similar segments in other classes, via the vertical "ethnic lines" (Figures 8 and 9) which, as Otite observed in the case of Nigeria, "provide opportunities and protection to weaker and grassroots people" due to the fact that there is less social distance among classes within an ethnic group than across ethnic groups (Otite, 1979:102). Such vertical ethnic "connection" also generates the phenomenon of clientelism. Ironically, the Malaysian ruling élites – whose obvious class identity often overshadows, if not transcends, ethnic differences - have been antagonistic towards a political philosophy based on class, preferring instead to adopt race-conscious policies\(^\text{19}\) rather than race-neutral alternatives.

The post-colonial consociationalism was thus plagued with severe contradictions, while official suppression and proscription of class-based organizations (e.g. the CPM) and ideologies transcending ethnic lines led inevitably to increasing political mobilization on such lines. In such a situation, as Adam (1985) observed in South Africa, "few prospects exist for a traditional consociational élite-cartel which is based on a de-ideologized integration by deference". Since the grand élite coalition of the divided segments "hinges on the acceptance of controversial alliances and disappointing compromises by the grass-roots following ... tolerance threshold towards ambiguous manoeuvring by group representatives stands much lower once those represented have become mobilized" (Adam, 1985:285). Against the backdrop of a harsh economic environment, growing inequality and increasing unemployment, frustrations felt by the nascent Malay bourgeoisie and those with such class aspirations were increasingly directed at the already entrenched, most visibly Chinese, bourgeoisie, as well as at the UMNO-led Alliance which was perceived not to have done

\(^{19}\) Affirmative action and preferential treatment are "race-conscious" and "group-centred" strategies in contexts where the dominant policy form, particularly in liberal democracies, is individual-centred and "colour-blind" (Edwards, 1994:55).
enough for them. The visibly ethnic patterns of employment and the strong identification of ethnicity with class led to a displacement of class-based frustrations by ethnic ones. Furthermore, while class mobilization may act to override ethnic distinctions, ethnic mobilization can obliterate internal class distinctions (Brass, 1985:23). After the virtual elimination of the legal Left in the mid-and late 1960s, essentially racialist political ideologies went unchallenged. As a result, the deteriorating socioeconomic and political situation in the 1960s was increasingly interpreted in ethnic terms, with the State becoming the greatest resource sought by élites in conflict and ethnicity being a "symbolic" instrument to wrest control of this resource, paving the way to the racial riots of 1969:

Elites who seek to gain control over or who have succeeded in gaining control over the state must either suppress and control ... or establish collaborative alliances with other elites. When elites in conflict lack the bureaucratic apparatus or the instruments of violence to compete effectively, they will use symbolic resources in the struggle. When elites in conflict come from different cultural, linguistic, or religious groups, the symbolic resources used will emphasize those differences.

(Brass, 1985:29-30)

Mutually Reinforcing and Crosscutting Cleavages

In the linking of ethnic fragmentation to class differentiation, the extent to which various ethnic cleavages cut across the socioeconomic ones is a particularly important factor underlying the tragic events of 1969. Lijphart's remarks on religious cleavage is equally applicable to racial and linguistic ones:

If, for example, the religious cleavage and the social class cleavage crosscut to a high degree, the different religious groups will tend to feel equal. If, on the other hand, the two cleavages tend to coincide, one of the groups is bound to feel resentment over its inferior status and unjustly meager share of material rewards.

(Lijphart, 1977:75)

The grave consequences of non-crosscutting ethnic and socioeconomic cleavages are evident in the case of Northern Ireland and pre-1970 Malaysia. Such cases seem to vindicate Newman's proposition that "[the] greater the degree of reward disparity and social segregation between a dominant and a subordinate group, the greater the likelihood that conflicts between them will be relatively intense" or even violent (Newman, 1973:158-9). Newman, however, also proposed that while conflicts in this case tend to be intense, they are relatively infrequent due to limitation in intergroup contacts and the resource deprivation of the subordinate group. This is the case where each social conflict situation produces exactly the same pattern of domination and subordination.

20 The fact that only a segment of the Chinese - the capitalist class - together with the Malay administrative-political élite, benefited most from the earlier rapid economic growth was ignored. On the other hand, faced with an avowedly "pro-Malay" government during an economic recession, non-Malay resentment against State policies also took on an ethnic flavour, which was reflected in dwindling support for an MCA felt to be unable to defend their interest in the ruling coalition. Votes swung against the Alliance in the 1969 election. Clashes between elated non-Malay supporters of the opposition and youthful UMNO supporters ostensibly defending Malay interests soon triggered the outbreak of racial riots leading to the suspension of parliamentary rule and the downfall of the then incumbent prime minister in what many believe to have been a "palace coup" (Jomo, op.cit.:255).
Dahrendorf (1959) called this phenomenon "superimposition" of conflict, which reflects the coinciding of cleavages stated above. Infrequent it may be, the ascent by an economically subordinate group to political dominance proved to be a fertile ground for turning suppressed grievances into open intergroup strife which in May 1969 led to the severe ethnic conflict on the streets of Kuala Lumpur and elsewhere in the country.

**The “New Realism” and “Coercive Consociationalism”**

The aftermath of the riots saw the replacement of the Alliance by the National Front (a considerably expanded grand coalition), the Constitution (Amendment) Act 1971, revisions to the Sedition Act "entrenching" ethnically sensitive issues (citizenship, Malay as national language, Islam as official religion, Malay special rights, the Malay Rulers) in the Constitution, and prohibiting the questioning, even in Parliament, of these issues. A "new realism" was called for - meaning a reformulation of the terms of consociation into accommodation essentially on the terms of the demographic majority: as Mauzy (1993:111) put it, "the fiction of a government of nearly equal ethnic partners was no longer maintained". Brass (op.cit.:23) observed that interethnic class collaboration may take two forms: a limited, informal economic collaboration or identity of interests that does not extend to social and political relationships where ethnicity may remain primary, or one involving more institutionalized relationships where élites from different ethnic groups collaborate on a regular basis to preserve both ethnic separateness and interethnic élite dominance in relation to the subordinate classes. Crossing the watershed of 1969, the Malaysian political scene moved from the latter to the former. The political realignment resulting from the "new realism" was termed by Mauzy (op.cit.) "coercive consociationalism", or what Smooha (1990) called "ethnic democracy". This is a regime type that Rumley and Yiftachel (1990) believed succeeded in maintaining stability in Malaysia – due to its temprano majority-tardío minority ethnic composition – but failed in bi-ethnic homeland states and regions like Cyprus, Sri Lanka and Northern Ireland, where the ethnic sentiments of both groups are equally intense (Yiftachel, 1992). However, to take this as the sole explanation could be misleading, as there are other factors that need to be taken into consideration, such as the existence of co-ethnics in power across the border (see page 36 below).

**Public Policy in an “Ethnic Democracy”**

After the 1969 election and riots there came a drastic reorientation of some government policies and programmes. Thus commenced the third phase of planning that spanned the period of the Second (1971-75), Third (1976-80) and Fourth (1981-85) Malaysia Plans, which began with the launching of the First Outline Perspective Plan (OPP1, 1971-90) involving an enlarged, more interventionist role for the State. The new development strategy, the New Economic Policy (NEP),
officially possessed two major objectives. First, it aimed to reduce and eventually eradicate poverty, by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race. Secondly, it sought to accelerate the restructuring of Malaysian society by correcting economic imbalances in order to reduce and eventually eliminate the ethnic division of labour (OPP t 21:1). Specifically, it was expected that by the year 1990 "at least 30 per cent of the total commercial and industrial activities in all categories and scales of operation should have participation by Malays and other indigenous people in terms of ownership and management" (2MP 22:158). To achieve the second prong of the NEP, it was envisaged that the State will "participate more directly in the establishment and operation of a wide range of productive enterprises" (ibid.:7). This was to be accomplished through wholly-owned enterprises and joint ventures with the private sector. Direct participation by the government in commercial and industrial activities was a significant departure from past practice. The objective of an interventionist role of the State was to establish new industrial activities in selected growth centres and to create a Bumiputra commercial and industrial community.

The figures that follow show the impact of the NEP on the country's public finance before the privatisation drive came in mid-1980s.

*Figure 10  Malaysia:  Trends in Public Sector Finance (Public Expenditure and Surplus/Deficit as Percentage of GNP)*


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(NFPE = non-financial public enterprises. If there is one particular phenomenon that can best reflect the underlying purpose of NEP, it is the expansion of the NFPEs since, as has been observed in the preceding sections, these institutions were explicitly used as tools during the two decades of ethnic reform as surrogates to promote dominant-group capitalist interests.)


Source: As Figure 10.
Public expenditure allocation in Malaysia illustrates well how the question of class may come into conflict with ethnicity-based considerations in the formulation of State policy. Allocation decision has been, above all, heavily influenced by the uneven emphasis placed upon the restructuring strategy at the expense of the poverty eradication prong of the NEP. It is interesting to note that demographic majority of the country should still be the principal beneficiaries of an alternative ethnic-neutral, class-based, policy concentrating on poverty eradication since the majority of the poor belong to this ethnic group. However, advocates of the NEP would be quick to suggest that the long-run elimination of historical identification of ethnicity with class (both in employment pattern and capitalist ownership, as reflected in the simplistic and misleading representation of a "Chinese capitalists v Malay peasants" paradigm) will implicitly highlight class rather than ethnic divisions.

The growing emphasis during the 1970s and early 1980s on one of NEP's two major objectives, viz. to "restructure society" so as to abolish the identification of ethnicity with economic function (the other being poverty eradication), was reflected in a concerted effort to create, expand and consolidate the Malay capitalist and middle classes through extensive use of the public sector and State intervention. Besides employment and education, such restructuring mainly concerns the redistribution of stock ownership in the modern corporate sector which involves only a small minority of the population, thus reflecting the dominance of capitalist interests in defining supposedly ethnic ones (Jomo, 1989). Another observer, Sowell (1990), questioned the effectiveness of NEP's aim to narrow the income gap between the Malays and the Chinese. To begin with, part of the Chinese relative affluence compared with the Malays, which forms the moral basis for these preferential policies, in fact "reflects the greater urbanization of the Chinese and to that extent overstates the real economic differences, in so far as urban dwellers pay for some goods that rural dwellers supply for themselves" (p.49). As Sowell observed, in 1984, after more than a decade of preferential policies, the Chinese continued to outnumber the Malays absolutely in such private sector occupations as doctors, engineers, accountants, architects and lawyers. The Malays were even outnumbered by the small Indian minority in callings such as dentists and veterinary surgeons (ibid.:51, computed from Fifth Malaysia Plan data). One explanation of these puzzling trends is to see NEP, instead of an inevitable development of a simple interethnic rivalry, as representing a new stage in the horizontal inter-"ethclass" contention.

**Horizontal Inter-ethclass Contention**

The concept of "ethclass" was first proposed by Gordon (1964:53) to help explain the relevance of ethnicity and class to how people interact and develop their primary group relations. Gordon defined ethclass as "the portion of social space created by the intersection of the ethnic group with the social class" (Gordon, 1978:134). Such view is to see "ethnicity" and "class", as Hall did, not as a dichotomy, but related in such a way that neither can be fully understood through discrete modes
of analysis. Hall's view, which was presented in his influential 1980 paper, considers "race" and "class" as forming part of a complex dialectical relation in contemporary capitalism, and was summed up by Solomos (1986:92) as follows:

"Race" has a concrete impact on the class consciousness and organisation of all classes and class factions. But "class" in turn has a reciprocal relationship with "race", and it is the articulation between the two which is crucial, not their separateness.

According to Gordon, people from the same social class but different ethnic groups have behavioural similarities in common, while people from the same ethnic group but different social classes share a sense of peoplehood or historical identification. Only when people are from the same ethnic group as well as social class do they share both behavioural similarities and historical identification and thus develop a sense of participational identity. Husin's illustration of the race and class relations in Malaysia (Figure 8) thus presents four ethclasses - Malay élite (ME), Chinese élite (CE), Malay masses (MMs) and Chinese masses (CMs). Before the 1969 election and riots, as Husin rightly pointed out, the horizontal inter-ethclass relations, which resulted in the "hands off" approach of the State in the economy, was principally characterized by a common desire to minimize conflict and attempts to accommodate members from each other into their respective spheres of predominance:

Some members of the Chinese elite are absorbed into the political power structure dominated by the Malay elite ... On the other hand, members of the Malay elite, especially those who have retired from senior positions in administration and politics are welcomed by some Chinese businessmen as directors in their economic ventures. Common political and economic interests, already strong among them, are further strengthened by social and sporting activities and membership of exclusive clubs consonant with their social prestige. (Husin, 1984:28)

Such interethnic class affinity noted by Husin finds resonance in Gordon's hypothesis that social class is more important than ethnic group in determining one's cultural behaviour and values (Gordon, 1964). However, hiding under this fragile façade of accommodation, resource competition between the nascent Malay bourgeois class and its aspirants and the established Chinese capitalists foreboded increasing conflict horizontally across the ethclasses. "Almost by definition ethnic groups are competitive for the strategic resources of their respective societies", Skinner (1975:131) asserted, because they are sociocultural entities that consider themselves distinct from each other and, according to Cox (1970:317), most often view their relations in actual or potentially antagonistic terms. Moreover, Otite (1975:128) observed that conflicts that occur between ethnic groups have a strong tendency to divide élites along ethnic lines, thus undermining the class ties transcending their ethnic differences. It is in this perspective that Toh (op.cit.:448) saw NEP basically as "a manifestation of the initial victory registered by the Malay petit-bourgeois class in its previous contention with the other dominant capitalist classes", with the "restructuring" prong as a consolidated effort backing the ascending Malay bourgeoisie and petty bourgeoisie using public funds and the State machinery on a

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23 Similar conflicts also occur in other class strata. As Johnstone (1976) suggested regarding the South African situation, and Rex pointed out in the case of Britain: the "capitalist class has created basic distinctions between employed and unemployed", a framework in which workers from one ethnic group "fight for their own interests against ... workers [from another ethnic group]" (Rex, 1986b:76).
massive scale. The official term "restructuring" has never meant altering the socioeconomic relations between classes or strata, but rather an intervention in such horizontal inter-ethclass relations. Nevertheless, as Jomo (1986:302) observed, the most acute interethnic conflict resulted from NEP's "affirmative action" occurs among the so-called "middle-class" (or "petty bourgeoisie"), mainly over educational, employment, business and promotional opportunities and facilities. This is not surprising given that the common political and economic interests and social activities shared by the Malay and Chinese bourgeois class, which effectively inject an element of accommodation and collaboration into inter-ethclass rivalry, was conspicuously absent from the relationship between the middle-classes of the two ethnic groups. Besides, the very nature of middle-class concerns - education, jobs, promotions - also has broader popular appeal than the narrower concerns of the bourgeoisie, such as the 30 per cent target of the NEP or the industrial Coordination Act. All this resulted in an inter-ethclass rivalry which is far more acute at the middle-class level than at the upper-class one, and has wider ramifications in the total society. Toh concluded in his thesis that efforts by the Malaysian State to restructure employment have an element of class-biasedness in that the bulk of the efforts, particularly those operating on the supply side, are concentrated on creating a high-income-earning class of Malay managers, executives and professionals as well as a middle class of sub-professionals and technicians (p.449). Echoing Rabushka's (1974) argument, Toh also contended that the ostensibly ethnically biased role of the Malaysian State, deemed necessary to eliminate the ethnic division of labour as a source of ethnic conflict, in turn further intensified racial contention, in a process he called "the dialectics of post NEP development" (p.450).

Two Bi-ethnic States Compared

Just like the arbitrary colonial construct (both geographically and demographically) of the Malaysian nation is the direct cause of its current racial problems (masalah kaum), in Belgium le problème communautaire is also rooted in the artificiality of its creation as a nation - a historical accident and the circumstantial product of a series of great power conflicts, intrigues and connivance (Irving, 1980). Some even called Belgium a "non-country" (van Meerhaeghe, 1992:169). Like the Malays before the ethnic reforms, the Flemings are a numerical majority which fears "minorization" - having its access to status, wealth and political power controlled and limited by another group, the Francophones.

However, the similarities end there. While Malaysia, in particular before the 1969 conflict, is a "deeply-divided society", with reinforcing cleavages of race (phenotypical/physical appearance), language (Malay, Chinese and Tamil) and religion (mainly between the more religious Muslim-Malays and the nominally Buddhist-Dàoist but largely secular Chinese), in Belgium the only obvious ethnic

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marker is language. In the absence of the more rigid racial (phenotypical) boundary in Belgium, linguistic differentiation becomes more fluid and its frontier uncertain. A Chinese in Malaysia cannot readily become a member of the dominant group simply by switching to the language of the latter, but the Flemish identity is in danger if more of its members abandon their socially inferior mother tongue and turn Francophone. Although historically religious differentiation is often associated with linguistic diversity in Belgium – a mainly agricultural and Catholic Flanders v an industrial and secular, even anticlerical, Wallonia25 (Frognier, Quévit and Stenbock, 1982) – this link is not comparable to the Muslim-Malays v non-Muslim Chinese dichotomy in Malaysia. Furthermore, with the rapid industrialization of Flanders since the 1960s, the region has witnessed a decline in religious observance (ibid.). Most significantly, ethnic conflict in Malaysia led to the development of a State structure and institutions facilitating rule by the majorities, while that in Belgium has, on the contrary, "given rise to the creation of a bewildering variety of representative devices and to a set of state institutions that often seems better suited to the defence of minorities than to rule by or even the construction of majorities" (Covell, 1985:230). Such diverse development in the State structure can be attributed to two main factors: the historical geography of ethnicity and the political framework, with the former exerting significant influence on the latter.

A Note on Political Framework and the Identity of the State

The unique Belgian political structure is sometimes called a "bureaucratic-patronage" system (Covell, 1985). From this perspective, the Belgian society is seen as not being dominated by the State, but by the bureaucratic expressions of its social divisions. The latter include not only trade unions and corporations but also bureaucratic parties and bureaucratizing ethnic communities. It is a form of clientelism whereby the Belgian population, as recipients of benefits from State resources which are distributed by group bureaucracies, can be seen as playing the role of "clients". The defence of segment (ethnic/regional) interests consists, in this case, of the defence of the interests of the segment's bureaucratic manifestation. This explains the unique style of conflict resolution in Belgium - the "package-deal" compromises among the leadership of the organizations. In such a system the balance of compromises reflects the balance of power among the organizations, whilst the State administers and pays for these compromises (Mabille, 1976). This, according to Covell (1985:239), explains the "large but weak" State of Belgium, a State "which employs 800,000 people out of an active population of 3,400,000 but which has rarely been able to assert an autonomous interest in the inter-group bargaining process". This is because the sheer size of the State does not reflect its own interests, but rather the distributional needs of the group bureaucracies. If Belgium can

25 Catholicism has always been one of the bases of the Flemish movement in its confrontation with a secular Wallonia. Since the last two centuries the lower clergy, especially in rural areas, has played an important role in the movement (the higher clergy was French-speaking), defending (Dutch) Catholicism against a French nation deemed guilty of anti-Christian excesses during the Revolution (Frognier, Quévit and Stenbock, 1982; Hill, 1974).
aptly be described as "a happy country composed of three oppressed minorities"\textsuperscript{26}, it is this political system that serves to put a lid on ethnic discontent and maintains the semblance of a united nation.

The case of Malaysia, on the other hand, recalls the classic analysis of Bonapartism as a basis of State autonomy. Being propelled into a leading position by a balance of class forces, combined with the inability of subordinate classes to exercise control over their supposed representatives in the State apparatus, government uses the leverage gained to preserve both the status quo and the interests of the dominant class. The dominant class (or the bourgeoisie, as in Marx's original description of the Bonapartist regime in \textit{The Eighteenth Brumaire of Louis Napoleon} [1852]), in turn, is willing to abdicate to a certain extent its opportunity to rule in exchange for other kinds of protection by the ensuing strong State (Stepan, 1985). In the context of modern multiethnic societies, particularly those with an economy dominated by the minority, members of the demographically/politically dominant group are often willing to grant greater autonomy to a State (and its elite managers), which implements preferential policies in their favour. Therefore it is important to recognize that the State is neither necessarily a neutral nor a passive actor. It may be perceived as an autonomous body that possesses its own interests and objectives independent from the rest of the populace. It can be a potentially disinterested party that engages in mediation and crisis management. However, it can also negotiate to achieve goals based on narrower interests. The State can use its influence to establish, entrench or expand its power (Enloe, 1980). Through preferential policies for the majority in a minority-dominated economy (as that implemented in post-1970 Malaysia), it not only aims to achieve goals based on sectarian interests but simultaneously seeks its own expansion and perpetuation, while embedding itself in what Sowell (1990) called "the illusion of morality and compensation".

\textbf{Why Had Preferential Policies Led to Violent Ethnic Strife in Sri Lanka and Cyprus but Not in Malaysia and Fiji?}

In the tempranos-tardíos categorization, Malaysia belongs to the third category, which includes countries whose population comprises temprano and tardío ethnic groups, both of significant proportions. Hence by contrast, whereas societies such the Spanish and Belgian can be described as homeland-multiethnic, Malaysia represents a tempranos-tardíos case of ethnic relations. In a multiethnic democracy, where all component groups are homeland communities (in the sense that they all consider themselves so), as in Spain and Belgium, their ethnic identity is equally intense and ascriptive.\textsuperscript{27} It may not, however, be so in a country like Malaysia where one community perceives...

\textsuperscript{26} This is a remark attributed to, among others, Theo Lefevre, prime minister of the coalition government that drafted and passed the 1961-63 language laws (Covell, 1985:230).

\textsuperscript{27} Equivalent circumstances occur when all communities are immigrant and similar in time of arrival, which is crucial since a community that arrived (e.g. the Malays in Malaysia) earlier (tempranos) may consider itself more "homeland" than late-comers (tardíos – e.g. the Chinese and Indians in Malaysia).
itself as “indigenous” and the other community is unambiguously tardío – the “latecomers” and their
descendants, especially the earlier generations of the latter. When large-scale Chinese immigration
began in the late nineteenth century into British Malaya, the temprano Malay people had already long
established themselves as an “indigenous” population with an organized socio-political system, after
displacing the even earlier inhabitants (orang asli) since time immemorial. The basic problem with
this third type of society (tempranos-tardíos) stems from the primal title to a homeland claimed by the
temprano ethno-national group – descendants of the earlier inhabitants. As Conner (1986:20)
explained:

Though it may never be exercised, the power of eviction that is inherent in such a title to the territory may be
translated into action at any time. Members of a diaspora can therefore never be at home in a homeland. They
are at best sojourners, remaining at the sufferance of the indigenous people.

One may not agree with Conner’s pessimism, especially descendants of the late immigrants,
but in an analysis of interethnic resource contest and the impact of elite discourse on ethnic relations,
one may not be able to completely dismiss his position either. As country evidences have repeatedly
show us: in such situations, the groups in conflict tend to be unequal and bargaining is often one-
side in a democracy that, as we have observed previously, Mauzy (1993:124) called "coercive
consociationalism" (or Smooha’s “ethnic democracy”) - consociationalism on the terms of one side.

In such a democracy that is composed of both temprano and tardío communities, the situation
is more complex than the pure homeland- and immigrant-multiethnic/biethnic categories. To
understand this one needs to distinguish between two types of homeland movements.28 The first
category refers to peoples who already possess their own territorial state, but feel threatened by the
"invasion" of aliens, who may reduce them to the status of a demographic minority in their own
homeland and eventually assume control both of the State and of the economy. The second refers to
ethnoregionalism – movements "directed not at immigrants but at the central state, to protect or
redeem the homeland, its culture, and its economy from neglect, encroachments, or domination by an
alien central government and the ethnic groups it represents" (Esman, 1985:439). The first type is
particularly of interest here in the context of Malaysia. In this case, the political mobilization of the
temprano people has been triggered and sustained by the fear of being overwhelmed and
dispossessed by the (economically) aggressive tardíos. The reactive homeland movements by the
temprano peoples thus aim to retain control of the State, economy and of their “ancestral homeland”.
Their strategy is to "terminate and if possible to reverse the flow of immigration, to entrench the
political, economic, and cultural position of native sons by preferential rules and by limiting the rights
and opportunities of immigrants" (ibid.:438). As we have observed above, this deviation from the
ethnic-neutral position of the State led Smooha (1990) to proclaim the limitation of the explanatory
powers of the two conventional models of multiethnic democracies, majoritarian and consociational,

and propose a third regime type: the "ethnic democracy". In an ethnic democracy, while individual civil rights are enjoyed universally and certain collective rights are extended to ethnic minorities, the State is institutionally dominated by the majority. The imbalance in ethnic intensity between temprano and tardio communities enables the former to exercise, or attempt to exercise, politico-economic hegemony within the framework of democracy by seizing the control of the State and implementing government-mandated preferential policies (e.g. Malaysia, Fiji, the Indian state of Assam, at different critical structural periods) that usually lead to the expansion of the State, reflected in an increase in public expenditure. If the two communities are without the tempranos-tardios distinction and thus having equal ethnic intensity, such an attempt by one may result in a breakdown of the democratic machinery, violent ethnic strife and ethnoregionalism - the second type of homeland movement in the above typology, e.g. Sri Lanka, Cyprus and Northern Ireland. Another factor that stands out here is the existence of borders that bisect nationalities, which are usually more troublesome than those that follow national demographic divides because the borders that bisect nationalities entrap parts of nationalities within the boundaries of states dominated by other ethnic groups (van Evera, 1994:22). Revanchist tendencies of the adjacent truncated nations – implicit or expressed – or sympathy and support (including logistic or even arms support) from co-ethnics who are the group in power across the border often serve to fuel ethnic intensity of the minorities this side of the border or potential separatist regional sentiment of the entrapped nationalities, as in the case of Sri Lanka, Cyprus and Northern Ireland, in marked contrast to the absence of such borders for Malaysia and Fiji.

The Fluidity of Ethnic Intensity (Feeling of Legitimate Claims) and the “New Identities”

Such categorization, however, is not without its shortcomings. The above-mentioned third category, as well as Conner's remark, clearly excludes those cases where the tardio group is politically dominant and the temprano one subordinate, unless we no longer consider groups like the criollos of Peru or the New Zealanders as tardíos. After all, the tempranos v tardíos dichotomy is very much a socio-psychological construct and the homeland sentiment is as much a function of the length of time of residence (which often spans generations) as of the individual's own psychological orientation. The second or third generation of a tardio group (like the Japanese nissei and sansei of Hawaii) would usually have stronger homeland feeling than the first generation. Immigrants who have

29 See Yeoh (2005:4-5).

30 Prominent examples of such countries include Malaysia where such policy impact has been an integral part of the politico-economic structure of the country since the 1970s, Fiji where such policy imperative has been in progress since the mid-1980s coup and the new South Africa where such policy direction is increasingly inevitable to allay the growing social discontent of newly empowered but economically backward ethnic majority. Among other countries where the politically dominant ethnic majority has in one way or another voted themselves preferences at one stage or another over the economically more successful minorities are Sri Lanka, Nigeria, various states of India, Indonesia, Uganda, Guyana, Trinidad and Sierra Leone (see e.g. Sowell, 1990).
no intention of returning to their land of origin (for instance most European immigrants to the
American continent centuries ago) would consider their new territory as homeland while those who
come with a feeling as sojourners (like the first generation overseas Chinese who aimed only to make
a fortune, not a home, in the foreign land and eventually return to their home villages in China) would
not. The Jewish immigrants to Palestine after World War II, armed with a zealous Biblical claim and
escaping from the hostile world of the gentiles (which culminated in the Holocaust), genuinely
believed they had a moral right to "reclaim" their homeland from the Arabs whom they subsequently
displaced. Is Israel, then, a homeland-, mixed-, or even an immigrant-multiethnic state, even if we
disregard her 16 per cent Arab citizens and focus instead on the internal division of the Jewish society
- between the politically dominant Ashkenazim (European Jews), the Sephardim (mainly Oriental
Jews) and as social unrests\textsuperscript{31} attest to, the falashas (the "black Jews" from Ethiopia)? Such questions
are pertinent for it is the psychological orientation that matters when we talk about the "feeling of
legitimate claims" affecting interethnic relations and government policy. Nevertheless, in Malaysia,
Spain or Belgium (especially the latter two) this ambiguity does not amount to a particularly serious
problem. The Castilians, Catalans, Basques, Gallegans, Walloons and Flemings are all historical
nationalities with indisputable territorial attachments and in Malaysia, significant Chinese (and Indian)
immigration during British Malaya was such a recent phenomenon in historical time that the temprano
community is finding no difficulty in denying these tardío groups (even generations removed from their
immigrant forefathers) any convincing homeland claim on the same level as theirs.

\textbf{Relative Strength of Contending Temprano and Tardío Movements}

The exact outcome in a mixed-multiethnic (\textit{i.e.} homeland and immigrant) state also depends
on the strength of the contending temprano and tardío movements. Three types of tardío movements
can be identified (Esman, \textit{op.cit.})\textsuperscript{32}. The first evolved from the organized migration of settlers into
areas inhabited by peoples commanding weaker technological resources, who are subdued and
displaced, \textit{e.g.} the ethnic Europeanization of the Americas, New Zealand and Australia. In this case,
the "homeland" movement of the temprano peoples (the Amerindians, Maoris and Australian
aborigines), reduced to impotent and impoverished minority status, is usually of little significance. The
second category of tardío movements is the result of labour migration into established societies (\textit{e.g.}
the Third World "guest workers" in the industrialized countries, such as the Turkish \textit{Gastarbeiter} in
Germany or the Pakistanis in West Yorkshire, England). Ethnic movements organized and led by
their second generation usually demand non-discrimination in education and employment, full
inclusion as citizens and toleration for cultural differences. Esman's third category refers to the
migrations of "pariah entrepreneurs" – ethnic communities that moved into peasant societies and


\textsuperscript{32} Esman called them "immigrant movements".
established themselves in previously unoccupied economic space as a business class. Many of them became comprador merchants under colonial rule. Nevertheless, Esman was obviously oblivious of the fact that members of these migrant communities also included labour moved in mainly under colonial indenture or assisted immigration systems. Such immigrant labour sometimes served to enhance the interests of capitalists of the same ethnicity. For instance in British Malaya

*Chinese capitalist control of tin mining persisted long after British intervention in the tin producing Malay States because of effective and exclusive control over Chinese labour. Relying on 'labour-intensive' production techniques, the minimization of the wage bill was key to their viability and profitability ... In the absence of a local proletariat, Chinese capitalists chose to employ an immigrant [Chinese] proletariat they controlled by a variety of economic and extra-economic means [including the secret societies which] were transformed into quasi-welfare organizations serving multifarious functions in the uncertain frontier society and embracing most strata of the Chinese community.*

(Jomo, 1988:162-3)

For such communities and their descendants, their relative prosperity, real or perceived, "inevitably incites envy, their disinclination to integrate into the native society provokes resentment, and their minority status renders them vulnerable to political attack" (Esman, op.cit.:440). The effect of the historical geography of ethnicity on contemporary ethnic relations thus plays an important role in influencing ethnic fractionalization as a determinant of State action (and government spending) which in turn, in a democracy, can be seen as "an inherently political process" (Tufte, 1978) under which the collective action of groups furthers their own interests (Pampel and Williamson, 1989:40). Non-democratic states may, of course, resort to other means, e.g. genocide, deportation.

**Ethnic Stereotyping and the Economic Environment**

In talking about tempranos-tardíos ethnic conflict as in the examples of Malaysia and El Ejido (Yeoh, 2005), one can hardly be oblivious to the effect of the economic environment on the relationship between public policy and ethnic conflict. That economic situations play an important role in interethnic conflict seems obvious. Collins (1975:389-390) believed that the more severe a (political/economic) crisis, the greater the tendency for groups to coalesce along the lines of collective interests and the society to polarize into two-sided conflicts. Van Evera (1994:9) claimed that the publics become receptive to scapegoat myths (which are more widely believed) when economic conditions deteriorate.

Rex (1970) noted that scapegoating is a means to restore social equilibrium, a mechanism whereby resentment may be expressed and the existing power structure maintained. It is "the social process par excellence that literally fulfils Parsons' description of one of his functional subsystems as pattern maintenance and tension management" (ibid.:45). Baimbridge, Burkitt and Macey (1994:432) observed that the deflationary impact of the Maastricht Treaty may intensify nationalism, racism and anti-Semitism "as the economically insecure seek weaker scapegoats to blame for the economic problems confronting them". Hauser and Hauser (1972) stated that scapegoats occur when there is
an imbalance between power and citizens’ rights and are “often an élite’s safeguard in its dealings with a dissatisfied and potentially dangerous majority” (p.330). In other words, the repressed, negative and hostile feelings of the majority vis-à-vis its own ruling élite are transferred on to the scapegoat. The anti-Chinese outbursts in Malaysia in 1969 (and to a larger extent also in 1987) were in the main rooted in the lower-class Malays’ resentment directed at their own ruling élite who was perceived to cooperate with and protecting rich Chinese interests. Similar phenomenon can be observed amidst the anti-Suharto campaigns in Indonesia before the regime’s collapse in which Chinese commercial institutions were attacked. In the extreme case, the scapegoat may seem to be totally unrelated to the initial cause of the feelings of hostility. The term “free-floating aggression” has been used in this case while the more general concept of “scapegoating” is reserved for the transfer of hostility towards any object (Turner and Killian, 1957:19). The pattern of ethnic conflict caused by scapegoating may not be solely a racial problem, but may partly result from social class differential and the economic environment. In the case of Malaysia, Mauzy (1993) noted that rapid economic growth could be the most important variable in explaining the absence of ethnic violence (as occurred in Lebanon and Sri Lanka) in response to preferential policies that led to growing ethnic polarization. Every non-Malay she interviewed between October and December 1990 “cited the continued possibilities of making money as the chief reason why there has been no ethnic violence in Malaysia, despite more polarisation, less accommodation and more repression” (ibid.:127).

However, it is interesting to note an opposite view posited by Harris in his study of ethnicity in Latin America (1964:98) that “the price which the underdeveloped countries or regions ... have paid for relative racial tranquillity is economic stagnation”. Economic stagnation, he believed, may lead to less ethnic conflict than economic expansion “by virtue of the fact that there has not been too much to fight for” (ibid.:97). While not denying the possibility that ethnic conflict may increase with economic expansion, Hoetink (1973:111-2) argued that it is not the expanding economy per se that disturbs racial tranquility but rather the presence of poorer members of the dominant ethnic group, “who are not objectively different from the other poor racial groups and hence tend to exploit their ascriptive distinctions à outrance”. In other words, economic expansion leads to a decline in economic differentiation and therefore results in an emphasis on other dimensions of social distinction, especially racial characteristics, as manifested in the following historical examples:

In Haiti under President Pétion in the early nineteenth century, land reform, which reduced considerably the differences in economic power and prestige, led precisely to an increased emphasis on the social distinction between Negro and colored, in much the same way in which the poor whites in the U.S. South tended to attach a greater social value to their somatic characteristics vis-à-vis the Negroes than the upper class whites, who could point to so many more socially relevant differences.

( Ibid.:111)
CONCLUDING REMARKS

This paper, together with Yeoh (2005), has used the different experiences of various multiethnic countries, in particular Malaysia, Spain and Belgium, to examine the possible determinants of interethnic relations and public policy both as a response to exigencies engendered by ethnic differentiation and a factor affecting ethnic intensity and ethnic identity formation.

Divergence in Public Policy

While certain similarities exist in the development of the State in Spain and Belgium towards ethnic autonomy, political decentralization and fiscal federalism, two obviously different patterns of State response are discernible in the context of similar environments of ethnic diversity in Belgium and Malaysia. However, the similarities between Spain and Belgium should not be unduly exaggerated given the different historical realities experienced by the two countries and the different paths to federalization they have followed.

The public sector development in bi-ethnic Belgium reflects the contention between two ethnic groups on equal footing for the control of the State as the ultimate resource for community advancement. Malaysia, while also bi-ethnic in its intergroup power configuration, does not exhibit similar form of development. Instead, its pattern of public policy development shares more with the multiethnic Spain in that the State is principally under the control of a dominant group which struggles to maintain or perpetuate such control in the presence of subordinate group aspiration for equality and autonomy. Public finance is in this case not so much an instrument of State power that the ethnic factions freely compete for, but a tool with which the dominant group perpetuates its political control and at the same time maintains the survival of the State. Yet a comparison of the two countries in this paper has revealed two essentially different ways this tool has been utilized in Spain and Malaysia.

The separate development of public policy and finance in Malaysia and Spain, here shown to be two radically different paths, thus reflects in both countries the response from the dominant/temprano group to the aspirations of the subordinate/tardío groups. Both countries are confronted with the need for the State, which is dominated by a homeland/temprano faction, to accommodate the economically more prosperous subordinate/tardío groups.

33 The term is used here in a less general sense of “consisting of more than two ethnic groups (in intergroup power configuration)”, in contrast to “bi-ethnic” Belgium and Malaysia.

34 Mainly the Chinese and the politically less consequential Indians in Malaysia, and the Catalans, Basques and to a less extent the Gallegans in Spain.
Spain: Historic Homeland Minorities and Ethnoterritoriality

In Spain where ethnic division is territorial, the latter groups, also homeland communities, are concentrated in Catalonia and the Basque Country, which are the economic backbone of the country.\(^{35}\) The growth of the Spanish public sector\(^{36}\) since the end of the repressive rule (1939-75) of Generalísimo Francisco Franco y Bahamonde (the *Caudillo*) has coincided with, though not solely determined by, the process of political and fiscal decentralization that was accomplished at a speed and degree unprecedented among the Western economies, but the similarity in the trend of Malaysian public finance, on the contrary, resulted principally from the tempranos-dominated State's using public expenditure as a tool to advance the group's economic interest in an economy still heavily relying on the more prosperous tardío community. The determination to break with and reverse the repressive policies of the Franquist regime and to integrate the country into a prosperous and democratic Europe has made such huge concessions to subordinate group aspirations possible. The fear of a return to the old regime, as to many was vindicated by the August 1981 coup, serves only to convince the new administration of a need to speed up the policy change and to turn the subordinate groups further away from particularism to universalism in orientation (see van Amersfoort's typology in Figure 9, Yeoh, 2005:25). The combined result of such changes in dominant and subordinate groups' orientations has, as the diagram shows, led to or facilitated the adoption of federalism as a solution to ethnic conflict. The territorial nature of ethnic division and the legitimacy of territorial claims on the part of the subordinate homeland groups (see Figure 1, *ibid.*:11) have also, on the other hand, made political decentralization and fiscal federalism a feasible option.

Malaysia: Non-territorial, Tempranos v Tardíos Ethnic Division

Such is not a choice readily available for Malaysia at the critical structural juncture of 1969/70, where the ethnic divide is not territorial (see Figure 5 above), and where the tardío group (comprised of later Chinese and Indian immigrants and their descendants) is an urban community viewed by the dominant temprano society (descendants of earlier inhabitants, mainly the Malays) as lacking homeland legitimacy, and by extension, the level of ethnic intensity as that of the tempranos. Furthermore, the mutually reinforcing ethnic and economic cleavages easily turn a class problem into an ethnic one subjected to the manipulation of the statist capitalist class, which rose to dominance on the wings of unbridled ethnic sentiment at the riots of 1969 and subsequently managed to perpetuate its control of State power through the use of public finance for promoting the economic interests of the dominant ethnic group. The inability of the tardío community to exercise control over its supposed representatives in the State apparatus further enabled the government to preserve simultaneously

\(^{35}\) In Malaysia, it is the more prosperous tardío community that matter, especially before the implementation of NEP.

\(^{36}\) See Figures 5 and 6 in Yeoh (2005).
both the status quo and the interests of the dominant tempurano group through the implementation of preferential policies in the favour of the latter.

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