Ethnic Harmony and Economic Development in Malaysia:
Lessons for Pakistan

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Introduction

Malaysia is a good example of a multi-ethnic and multi-racial state that promotes ethnic harmony, communal peace and rapid economic progress. After progressively passing through the process of state building and nation building, Malaysia has been classified as an upper middle income developing country (Yearbook of Statistics, 1999).

Pakistan is also a multi-ethnic, multi-cultural state, but since independence, it has faced ethnic and ideological problems which have resulted in economic turmoil and political instability. The creation of the State has outpaced the creation of nation. Islam (as a political and ideological force) was the so-called binding element which united the Eastern and Western parts. After the separation of East Pakistan, the unifying capability of the Islamic ideology became questionable. Ethnic nationalism emerged from the ashes of the East Pakistan crisis. The new Pakistan after 1971 was politically bifurcated on ethnic lines. Later on, the military-bureaucratic establishment over-centralized the State structure of Pakistan, which resulted in the political polarization of Pakistani society.

Against this background, Malaysia can be a good case study for Pakistan from which Pakistan can learn lessons on ethnic harmony and economic development. Malaysia is a wonderful blend of traditional and modern urban metropolises nestled in lush, fertile countryside. Moreover, it is a showcase of natural as well as cultural diversities like Pakistan. There are many similarities between the two countries: first, both were former colonies of the British Empire; second, Islam is the dominant religion; third, both countries practice the parliamentary form of democracy with a semi-authoritarian tradition of governance; and finally, the role of the State is primary in dealing with the ethnic problem. The flags of both countries have a star and a crescent which are the symbols of Islam. Centuries of shared history, culture, beliefs and values unite Pakistan and Malaysia (Abdul Kadir, 2003).
Ethnic Composition of Malaysia

Malaysia is a plural society of many ethnic groups. In western Malaysia, the largest ethnic groups are the Malays, Chinese and Indians. In Sabah and Sarawak, the number of ethnic groups is even bigger and includes the Kadazan, Bajau, Bidayuh, Iban, Kayan, Kenyah and Murut. Moreover, the people of Sarawak comprise 30 ethnic groups while in Sabah there are 32 ethnic groups speaking about 100 dialects (Nik, 2003). These groups are categorized into Bumiputra and non-Bumiputra. The term Bumiputra (son of the soil) was used after the formation of Malaysia in 1963. It generally refers to the Malays but includes the indigenous peoples of Sabah and Sarawak. There are political, economic, cultural and social differences between the two groups. In terms of size, the Bumiputra far outnumber the non-Bumiputra. The Bumiputra constitutes 57.8 per cent (Malay 49.0 per cent and other Bumiputra 8.8 percent), followed by the Chinese 24.9 per cent, Indians 7.0 per cent, others 3.1 per cent (Embang, 2000).

Political parties

During the struggle for independence unity was a problem because of the people’s differences in background, origin, culture and language. Ethnic minority groups had strong reservations against the majority. Every party had its own objectives and ideology and parties based their politics on race and ethnicity. But in spite of this all communities joined the same cause and that was to oppose the establishment of the British-sponsored Federation of Malaya and to fight for the country’s independence. The important parties are the UMNO which serves the interests of the Malay people and Sultans, the Malaysian Chinese Association (MCA) that protects Chinese interests and the Malay Indian Congress (MIC) which serves Indian interests. There are other parties such as the Malayan Communist Party (MCP) whose goal is to implement a socialist revolution. The Perti Islam Se-Malaysia (PAS) aims to set up an Islamic government, make Islam the official religion and Malay the official language.

The UMNO, MCA and MIC forged an alliance which united the three big communities (the Malays, Chinese and Indians). The Alliance fought for independence using the process of compromise and negotiation among the communities. Political parties with no communal leanings failed to get support. The Alliance party got 76.6 per cent votes and won 51 seats out of 52 seats. PAS got only 1 seat (Embang, 2000). The Alliance sent a positive signal that it was willing to share power for the common good. Before independence, the Alliance as the party with majority support was given the mandate to negotiate with the British for independence. Before independence was granted, the Constitution had to be formulated. The Constitution was accepted and approved by the Federal Legislative Council on 1 August 1957.

The Constitution

The Malaysian constitution is supreme and above the Parliament and the judiciary. It gives Parliament the power to make the federal laws (Acts and DUN, State laws or enactments). The Malaysian Constitution contains a number of special articles for Malaysian unity and identity: national language, citizenship, religion, the special rights of the Malays and the sons of the soil in Sabah and Sarawak. Islam is the official religion of Malaysia, Malay is the national language and the King is the Chief Head of State (Nazaruddin, n.d.).

The Malaysian Constitution has a special provision under Article 153 that protects the special rights of the Malays and the Bumiputras of Sabah and Sarawak. This article clashes with the idea of equal constitutional treatment for all citizens in the Federation. The supporters of the special provision believe that it will bring the Malays to the same economic and educational status as the other races. With equality of status it will be possible to sustain political stability and public peace. Peace and harmony are the important factors for stimulating national development and advancement (Nazaruddin, n.d.). According to article 160 (2) of the Constitution, a Malay is someone who practices Islam, who speaks the Malay language, and observes Malay customs and traditions. With this provision, non-Malay citizens or their children can enjoy basic rights given to the people of the country such as the freedom of the individual, freedom of worship and economic freedom (Nazaruddin, n.d.) but not the special rights provided under the Article 153. Likewise, a person who is Malay by birth, but is not a Muslim, is not recognized as Malay and does not qualify to receive any of the special rights under Article 153 (Nazaruddin, n.d.).

The New Economic Policy (NEP)

The NEP is a framework for a long-term economic plan extended over a period of twenty years (1971-90). The two main objectives of the NEP were to reduce and eradicate poverty regardless of ethnicity, and to restructure society so as to eliminate community identification through economic status.

The NEP changed the face of Malay society (Mutalib, 1990). It increased the size of the Malay urban middle class and extended the control of UMNO and the State over them (Vali, 2001).
UMNO became a very strong political party. The balancing role that UMNO played between the Malays and minority economic interests gave State leaders increasing powers and greater maneuverability. Political and economic relations were institutionalized through the Barisan Nasional which also ensured UMNO domination in national politics. The alliance between UMNO and the Chinese and Indian parties produced a stable coalition. But the NEP’s social and economic successes in the end were short lived.

New challenges emerged. First, tension was created by the policy of poverty eradication irrespective of race. In ethnic terms, few State-supported programs of poverty eradication included the non-Malay poor. The official position was that poverty was largely a rural Malay issue (Khoo, 1995). However, the restructuring process became a political cipher for the State’s sponsorship of a Malay capitalist class which would assume the Malay share of wealth. It was argued that the restructuring program benefited those Malays of this new class who were politically and bureaucratically well-connected members of distributional coalitions, or were bureaucrat capitalists, state capitalists or technocrat-politicians (Mehmet, 1988; Jomo in Khoo, 1995).

It is clear that the NEP was designed to reduce ethnic tensions. Therefore, the NEP did not concern itself with the social tensions within the Malay community. The fall out of the NEP was that it aggravated class conflict among the Malays. The wealthy Malays who benefited from the NEP displayed lavish lifestyles which created strong resentment among rural and middle class Malays (Muzaffar, 1987).

Later on, these classes especially the students and the Malays in the rural areas will become anti-UMNO and anti-State. The State was largely secular and controlled the Malays through the NEP and by championing Malay language and nationalism through the policy of “Malayization with Bumiputraiztion” (Hock, 1990: 20). The rejection of the NEP by the Malay rural and middle classes opened the gates for Western consumerism and domination (Muzaffar, 1987). As a result, it gave the State an opportunity to become more authoritative. Meanwhile, due to the socio-economic problems created by the NEP, strong sections of Malay society turned to Islamic activism.

**Capitalist development and use of Islam**

Rapid capitalist development took place during the Mahathir era (1981-2001). Mahathir’s political ideology revolved around nationalism, capitalism, Islam populism and authoritarianism. These formed the core of Mahathirism which shaped Malaysian politics on three fronts: religion (Islam), tradition and modernity (Noor Farish, 2002). Though Mahathir did not play any role in framing the NEP, he spoke on intra-ethnic disparities in income, employment, ownership and a more ethnically equitable redistribution of wealth (Mahathir, 1970). In other words, Mahathir
provided the ideological soul to the NEP. In his opinion, the way out for Malay backwardness lies in capitalism.

Mahathir controlled Islamic activism through the State, linking it with economic development. The period of Islamization (1981-97) witnessed strong State interventions in economic development. According to the Malaysian Institute of Economic Research (MIER), Malaysian economic growth in 1990 reached the rate of 10 per cent, the highest in South East Asia (Somun, 2002). The secret of Mahathir’s success was that he saw the solution of the crisis in rapid growth and development, which would increase the size of the economic pie, thus relieving tensions between the ethnic communities as well as within the Malay community.

In the political front, he used the Islamic ideology as a potential tool for State authority. He knew that Islamism had a strong social base in Malay society. He utilized Islam as a means to pursue capitalist development. Additionally, Mahathir argued that a moderately Islamic UMNO and a stable State could provide ethnic peace. Non-Malays accepted moderate Islamism as necessary to contain radical Islamism (Jomo and Shabery in Vali, 2001). Mahathir put forward the same argument regarding foreign investment, which was the crux of Mahathir’s growth strategy. He suggested that foreign investment had to be in accordance with Islam. Mahathir was perhaps the first UMNO leader who fully conceptualized the meaning and potential of reinventing the secular post-colonial State into an Islamic state (Vali, 2001). His policies like “Look East and buy British last”, a criticism of Western values and imperialism, had given him strong support from the Islamic constituencies. Malaysia was then the world’s largest exporter of components assembled and tested mainly in electronics and then mainly for American firms (Lubeek, 1992). Expectedly, Islamic activism against foreign investment damaged Malaysia’s international image. In order to contain religious forces Mahathir co-opted Anwar Ibrahim, the leading light of Angkatan Belia Islam Malaysia (ABIM) which was the Islamic Youth movement. Thus, ABIM supplied Islamic legitimacy to UMNO and provide it with intellectual and organizational tools to control Islam. Moreover, Anwar Ibrahim’s most important contribution to UMNO and the State was to legitimize the conceptual foundations of Mahathir’s Islamization initiative.

The Islamization period in Malaysia lasted for two decades (1979-97). Lacking a strong ideology, State leaders used Islam as a tool to control the State and society. Islamization was not so much about Islam as it was about the State. The State controlled Islamic radicalism by initiating its own brand of Islam. Moreover, Islamization served the State’s goal of economic growth and development. In the political front, the State successfully divided Islamist forces and co-opted some of them. Islamization in Malaysia produced a strong ruling party and state institutions whose interaction and cooperation ensure state power (Lubeek, 1992).
Unity and national integration

The biggest challenge for any multi-ethnic and multi-racial state is to sustain national unity and promote integration. Malaysia has passed the initial stage of nation building process and has united society on the basis of economic and political participation. However, the process of integration has yet to be achieved.

The process of national integration can be analyzed on the basis of five elements, starting from low integration to high integration. These five elements are: segregation, accommodation, acculturation, assimilation and amalgamation.

The National Ideology: Rukan Nigara

The 1969 general elections resulted in riots on 13 May 1969 and destroyed the semblance of racial harmony. The riots of 1969 taught Malaysian political leadership many lessons, the most important of which is that poverty must be addressed. Rural poverty at that time was forty percent. The less fortunate who had been disgruntled over their fate took the opportunity to express their anger (Lubeek, 1992). The government constituted a special committee to formulate a national ideology and the Rukan Nigara was formulated. The five main objectives are: 1) achieving greater unity among the people; 2) maintaining a democratic way of life; 3) creating a just society in which the nation’s wealth can be engaged in a fair and equitable manner; 4) ensuring a liberal attitude towards the rich and diverse cultural traditions; and 5) building a progressive society which shall be oriented towards modern science and technology.

In order to achieve these objectives, five principles have been established to guide the actions of individuals and their inter-relationships within groups. These five principles are: 1) belief in God; 2) loyalty to King and country; 3) upholding the Constitution; 4) rule of law; 5) decorum and morality (Lubeek, 1992). The Rukan Nigara defined the role of an individual in society and contributed to the well-being of a multi-racial Malaysia.

Vision 2020

This vision is not a concrete policy but a slogan formulated by the government to empower citizens to transform Malaysia into a developed nation. It aims to increase per capita income while respecting diversity of races, religions, historical and cultural backgrounds, customs and values (Office of the Prime Minister, 1991).

There are eight challenges behind vision 2020.
1. To create a Malaysian nation that is united and has a common objective
2. To create a society that is free, peaceful and advanced, confident of its own capabilities, strong in facing problems
3. To create and develop a democratic society that is mature and practices a shared philosophy
4. To create a moral and ethical society with strong religious and spiritual values
5. To create a society that is tolerant, liberal and free to practice its own customs, culture and religion
6. To create a scientific and progressive society that is forward looking and farsighted, and thus able to contribute to the improvement of civilization based on Science and Technology
7. To create a society that is fair in the distribution of national wealth regardless of race
8. To create a prosperous society with a competitive economy

Malaysia under Abdullah Badawi

Abdullah Badawi took charge of the premiership in October 2003. He became an elected Prime Minister in 2004, after the 11th general elections. He listed three big challenges: first, corruption; second, economic imbalances along racial lines; and finally, Malaysian mindsets, attitudes and mentality (New Straits Times, 7 March 2003). Malaysians liked Badawi’s style of leadership which is inclusive and his statement that “he was the leader of all Malaysians” is in line with the aspirations of the Malaysian people. On National Day he stated: “Let all citizens of Malaysia, without feeling unfair, without feeling sidelined, irrespective of race or religion, rise to become statesmen in our land. We are equal, we are all Malaysians. No individual in this country is more Malaysian than another” (New Straits Times, 31 August 2004).

All these positive developments in Malaysian politics indicate favorable trends and a new phase in the state-society relationship. In order to eliminate ethnic and religious differences, Abdullah’s government initiated the National Service (NS) program in 2004 which targets better racial integration, mobilizing over 85,000 youths. Moreover, the cabinet also came up with a compulsory course on ethnic studies that will be offered in all Malaysian universities. This course will deal the ethnicity issue in a more objective manner (Martinez, 2005). All these efforts show the government’s seriousness regarding ethnic integration.

In the economic front, Malaysia’s GDP grew by 7.1 per cent in 2004, the fastest pace since 2000 (Statistics from Bank Negara, 2004). Private investment also increased in 2004 and all major sectors registered positive growth. The private sector contributed 6.2 percentage points to the overall economic expansion. In the manufacturing sector, both export and domestic oriented industries expanded strongly due to the upturn in global electronics as well as stronger domestic demand. The services sector experienced strong expansion and contributed 57.4 per cent of the GDP in 2004, driven mainly by higher consumer spending amidst rising disposable incomes, increased trade-related activities as well as higher tourist arrivals. Malaysia experienced a 50 per cent increase in tourist arrivals compared with 2003. These tourists brought in RM17.5 billion
(USD 4.61 billion) in foreign exchange (Martinez, 2005). The sustained strong expansion of the agriculture sector to 8.5 per cent of the GDP in 2004 was driven by higher production of crude palm oil and rubber as well as food related crops, and good prices for agricultural products. Also affecting the agricultural sector was Malaysia’s food import bill, which was almost RM 20 billion (USD 5.3 billion), up from RM 11.4 billion in 2000, the cumulative result of the single minded focus on manufacturing as the vehicle for import substitution which started in the mid 70’s.

Projections for 2005 are more modest. Nevertheless, a GDP of 5-6 per cent would still make it the fastest growing economy in Asia after China and India. Currently, Malaysia was classified as a medium human development country (on the HDI list Malaysia is 57 which is considered medium scale) (Leete, 2005). Compared to the top five countries, Malaysia’s achievements in health and education are exemplary. Federal government expenditure on education is 20.6 per cent in the year 2004 (Central Bank of Malaysia, 2005). Badawi’s agenda to reform Malaysia has the solid backing of the people whose strong desire is to see vision 2020 in terms of one Malaysia.

**Lessons for Pakistan**

As a multi-cultural and multi-ethnic state, Pakistan has been experiencing ethnic and ideological chaos, which has resulted in economic turmoil and political instability. The per capita GDP of Pakistan is around USD 1,890 and it is 137 on the Human Development Index. This categorizes Pakistan in the low human development list (UN Development Report, 2003).

In Pakistan, the creation of the State has preceded the creation of nation, rather than the other way around. Islam was the only so-called binding force which united the Eastern and Western parts. After the separation of East Pakistan, the unifying power of the Islamic ideology became questionable. Ethnic nationalism emerged from the ashes of the East Pakistan crisis. The new Pakistan after 1971 was politically bifurcated along ethnic lines. In addition, the military-bureaucratic establishment over-centralized the state structure of Pakistan. In other words, Pakistan was created on the basis of a separate Muslim identity, which soon dissipated into various ethnic movements challenging the centre for an equitable and just share of power and resources. In this regard, the Baloch nationalist movement for autonomy in the 70’s, the demand for the Sindhudesh in the 80’s and the Muhajir movement in the 90’s are particularly important. During the 60’s, a host of problems challenged Ayub’s regime. These were unequal distribution of wealth, the middle class and the poor facing economic exigency, corruption, defeat in the 1965 war with India, Left and Islamist forces challenging the State’s ideological position, pro-democracy movements demanding an end to authoritarian rule, ethnic forces especially in East Pakistan demanding autonomy. Under these pressures, the centre collapsed. Ayub Khan resigned in 1969 and delivered power to General Yahya Khan.
Pakistan 1969-77: ethnic conflict and class conflict

The decade of authoritarianism gave rise to ethnic and class conflicts. These can be seen in the rise of Bengali nationalism in East Pakistan, Sindh nationalism in West Pakistan and class conflict in West Pakistan. Yahya Khan accepted these challenges and took refuge in Islam. He believed that Islam was the only ideology which would not only release the pressures, but also silence the opposition and in this way kept Pakistan under one fold. But Islamic solidarity failed to reduce the intensity of Bengali nationalism.

Against this background, elections were held in 1970. The Awami League which emerged as the single largest party in East Pakistan demanded broad autonomy. In West Pakistan, the People’s Party won 81 of the 138 seats. After the elections, Bhutto and the military refused to allow the Awami League to form a government and transfer power to East Pakistan, thereby pushing that province to secession (Vali, 2001). The Awami League turned to armed resistance, the Military retaliated with brute force, all of which resulted in the loss of East Pakistan and Pakistan’s defeat in its war with India.

Meanwhile, Bhutto faced tough resistance in NWFP and Balochistan. He used strong tactics to dismiss the two non–People’s Party’s provincial governments. As a result of his action, turmoil started in Balochistan. The Baloch tribes launched a guerilla war against the Pakistan army. The army action in Balochistan sharpened ethnic feelings among the Balochs. The Opposition blamed Bhutto in bringing back the military into politics. Thus, Bhutto’s era failed to reverse the erosion of State authority that had followed the fall of Ayub Khan and the loss of East Pakistan. Bhutto’s socio-economic program faced strong opposition. He failed to build a strong democratic institution. In the end, Zia-ul-Haq, then Army Chief, took power through a military coup, trying to save Pakistan from the power struggle between Islamism and the State (Vali, 2001).

Pakistan 1977-89

General Zia ul Haq took power and initiated a broad-based Islamization scheme that had a profound impact on Pakistan’s society and politics. Additionally, the ethnic challenges confronted the State and the State reinforced the tendency to rely on Islam to organize national politics. The Zia regime worried about the ethnic undercurrents in Sindh, NWFP and Balochistan (Arif, 2005), appealed to Islam in the hope of containing rising ethnic tensions and of bringing stability to Pakistan in the name of Islamic solidarity. In sum, Islam would allow the military to limit resistance and continue its control of Pakistan while downplaying the Punjabi domination of the State. Throughout the Zia period (1977-88) ethnic politics grew in importance. The events in these three provinces deviated from the state’s preoccupation with Islam (Vali, 1992).
Pakistan: democratic era of the 1990s

Pakistan in the 1990’s faced ethnic tensions in Sindh (civil war in Karachi). The collapse of law and order and sectarian violence undermined the authority of a dysfunctional state. During this decade, Benazir Bhutto of the Pakistan People’s Party (PPP) and Nawaz Sharif of the Muslim League led the government. Both of them were unable to control the rising political and economic tensions. Nawaz Sharif tried to use Islam like Zia ul Haq to augment power. He wanted to increase the Prime Minister’s power. He forced the resignation of the President, dismissed the Army Chief, and was about to do it again when he was ousted from power in the 1999 coup during which General Pervaz Musharraf took control of the State.

Musharraf was the leader of Pakistan when 9/11 took place. This external shock changed and radicalized Pakistan’s politics. Under international pressure, the Pakistani state cut off its links with religious/sectarian groups and fought the war against terrorism with the international community (Mutahir, 2003).

The new Pakistan faces two challenges: first, from the ethnic forces and second from the religious forces. The State tried its best to create a balance between the two but failed. The Baloch and Sindhi nationalist movements are examples of the State’s failed attempts to fulfill this objective. The religious forces have formed two provisional governments in NWFP and Balochistan. The ethnic issue has turned violent. Moreover, the Urdu Speaking population in urban Sindh (popularly known as Muhajirs) also showed strong reservations against the centre. Finally, there is international pressure to fight against terrorism and to crush religious extremist forces which in the past was supported by the State.

Concluding remarks

Malaysia and Pakistan are both post-colonial, multi-ethnic nations and deal with similar problems such as ethnic issues, state-society relations, the authoritarian nature of the ruling establishment and economic survival. Malaysia is trying to address these problems assertively even if its politics revolve around race and religion. There is corruption, economic imbalances along racial lines, intra ethnic feuds and Islamic revivalism but the continuity in democratic process shows that the State is committed to instituting reforms through democratic means. Malaysia’s economic advantage is its strong export performance as well as substantial inflows of foreign direct investment.

In contrast, Pakistan has faced ethno-socio-economic chaos since independence which resulted in political instability. A very important lesson which Pakistan can learn from Malaysia is the
continuity of the democratic process and investment in human development rather than in the non-development sector which creates friction between state and society.

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