

## Malay Problems in the Context of Malaysia Problems

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### ABSTRAK

*Permasalahan kelemahan orang Melayu dalam perdagangan sudah berlaku sejak beberapa lama dahulu. Apabila Inggeris memerintah negeri-negeri Melayu, mereka memberi perlindungan kepada pedagang-pedagang Cina. Setelah Malaysia merdeka, kerajaan mengadakan dasar penyertaan orang Melayu dalam perdagangan. Malangnya terdapat segolongan kecil orang bukan Melayu yang membuat kritikan terhadap dasar tersebut yang dikatakan kerajaan menjalankan amalan diskriminasi terhadap orang bukan Melayu. Walaupun dasar penyertaan bumiputera dalam bidang perdagangan boleh mengurangkan sedikit peluang perniagaan bagi bukan Melayu, namun dalam jangka panjang dasar itu memberi keuntungan kepada semua lapisan masyarakat kerana ia akan membawa kepada keamanan dan kemakmuran bagi semua lapisan rakyat negara ini.*

### ABSTRACT

*The problem of weakness of Malays in business can be traced back to a very long history. For example during the British occupation of Malay states, the colonial administration, gave special protection to the Chinese traders. When Malaysia achieved independence, the government promulgated a policy of helping Malays engaged in business. Unfortunately a section of non-Malays criticized the policy as an act of discrimination against non-Malays. While the policy may reduce some business opportunities for non-Malays, in the long run the policy will bring benefit to all communities because it will establish peace and prosperity for all communities.*

Malay problems are many and varied but the ones causing the most concern are the problems which revolve around their need and their attempts to adapt to an environment of rapid change which is inconsistent with their philosophy and way of life. It is an environment not of their own creation but one which is forced upon them by factors which had slipped out of their control.

Similarly there are many different Malaysian problems but those which concern us here are those which involve the need for the nation to progress rapidly in keeping with trends in the advanced countries while at

the same time recognising that half of the population, the Malays and other indigenous people, could not keep up with the pace and that failure to attend to those who lag behind may result in an explosion which may nullify all the progress that has been made.

### THE MALAY PROBLEMS

Although it will serve no useful purpose, it is nevertheless correct to put the blame on the British for the existence of Malay problems. The extension of British rule into the Malay States was for the purpose of economic gain. The semi-anarchy which was said to have existed in the tin producing state of Perak was not conducive to commerce. The British and Chinese commercial communities in Penang and Singapore urged British intervention in the Malay states in order to facilitate their exploitation of the rich mineral deposits there.

Some British administrators did try to stick to the letter and spirit of the agreements reached with the Malay Sultans on the conditions of British rule. But these administrators were few and relatively weak and succumbed to the demands of the business community. As a result, commerce took precedence over all other consideration in the developments of the country.

The Malay were insular and looked upon commerce as an inferior occupation. Malay trade prior to British rule had been feudal in structure. The *raayat* extracted tin or jungle produce and contributed a part of the products of their industry to chiefs and ruling princes. The tithes were paid because the chiefs provided protection and created a relatively stable society. There was nevertheless mutual respect and the relationship between the chiefs and the *raayat* was formal and not unduly humiliating to the *raayat*. This was extremely important because if a Malay is humiliated he is apt to lose control of himself suddenly and run 'amok'.

The chiefs sold or bartered the produce of the people with foreigners. The transactions were dignified. The chiefs did not go around pedalling their goods. A stream of foreigners usually called at the ports controlled by the chiefs and bought up the goods. Later Indian, Arab and Chinese traders permanently resident in Malay commercial centres ingratiated themselves with Malay princes and took over the actual sale negotiations. The chiefs and princes found that these go-between could extract better prices; so that despite their cut of the profits, the return was actually greater. And best of all, the chiefs were spared the need of even naming a price and the indignity of bargaining.

Dignity was and still is important to the Malays. Their style of business did not necessitate lowering their dignity. On the other hand,

they observed how people who depended entirely on business invariably had to humble themselves despite their riches. Chinese, Indian and Arab traders were obsequious; not only cringing to the Malay chiefs but at times to even the minor Malay officials whose salaries were mere fractions of the wealth of these traders.

It is not difficult to understand why Malays, secure in their citizenship and right of ownership of their land, politically superior, abhorred trade and commerce. They preferred instead to collect royalty or tax even though this may not be as much as was gained by the traders themselves. They were relatively less well-off but they did not have to cringe and kowtow to anyone. They earned less but they were treated with respect by those better off than themselves.

The Malay abhorrence of business and the unabashed pursuit of wealth is not only the result of his pride and dignity, it is also because he is easily satisfied. If the pursuit of happiness is regarded as an aim in life than a predisposition to easy satisfaction is a virtue. It enables happiness to be readily attained by the greatest number of people.

But a society that is easily satisfied is not a dynamic society. It is not a society given to competing and striving for more and more. It is therefore not a society that can excel in commerce and trade. The easily satisfied Malays therefore do not care much for the competition and uncertainties of business and cannot excel in that field.

The attitude of the Malays towards commercial activities did them no harm for as long as they constituted the majority of the people in the Malay states and for as long as they retained the sole rights of their country.

But the British, bent upon exploiting fully the land of the Malays, encouraged Chinese and Indian immigration. If the Chinese and Indians had the same value systems as the Malays, there would have been no problem. But the Chinese especially were materialistic. They enjoyed taking risks and chances, and are given to flaunting their wealth before the Malays. It also became evident that wealth exert a palpable degree of power.

Recognising the threat of being dispossessed in their own land, the Malays fell back upon political power and the famous "honour" of the British. Political power won the Malays a reprieve but with each passing day it became clearer that political power is not enough. To survive and to retain a fair share in the assets of their country, the Malays must also have commensurate economic strength.

But a society that had long looked down upon trade and that is easily satisfied cannot acquire economic strength or wealth merely by realising the desirability of it. Success in trade and therefore acquisition of wealth involves activities and processes that are not common in a society not orientated to trade. These activities and processes have to be learnt and

learned over a long period. In the process, many will fall along the way. The casualty would be even greater when the new converts to materialism are pitched against old exponents.

But in Malaysia, there is no choice for the Malays. As political power slip from their hands they are forced to take on new battles in unfamiliar fields. They have to throw themselves into the fields of commerce and industry, inexperienced and ill-equipped. They have to establish a bridgehead for themselves in hostile territories and to enlarge this bridgehead.

Worse still, they have to compete with forces which are not only bigger and more powerful but which keep on getting bigger and even more powerful at a headlong pace. For the Chinese and the Indians are not going to stand and wait for the Malays. They are going to carry on to expand and to diversify. In this they are not alone. In the past the British aided them. Now the government of Independent Malaysia stimulates growth by increased public spending and by destroying the old monopoly of the British actions from which only the established could benefit.

As growth in commerce is usually by geometrical progression, the result is that no matter how the Malays tried they could never catch up with the non-Malays. This is the problem. The Malays will feel insecure for so long as they are left behind in the mainstream of Malaysian life. The years tend to whittle down their political dominance but they seem as far as ever from achieving parity in the other field with the non-Malays. To achieve parity and real progress they are required to rid themselves of the habits and values that they, with reasons, cherish. This is not an easy process. It takes time. But time in turn works against them for no matter how they spurt forwards, the other went ahead faster.

Thus despite their efforts, the gulf widens and their insecurity increases. Desperately they cling to the only safeguard that they can rely upon – political power, but here too the Malays are divided. There are those who regard political power as, an end in itself and then there are those who regard political power as a means to achieve parity in all fields so that the sense of insecurity would be banished forever. Between the two the division is deep. It weakens them and weakened their sense of insecurity is increased. And when the Malays are insecure the nation itself cannot be secure. The Malay problems are therefore a part of the Malaysian Problems. The Malays cannot solve their problems unless all Malaysians are willing to help solve them.

#### THE MALAYSIAN PROBLEMS

This brings us to the main Malaysian problem – how to balance forces that are not only unequal but also different. On the one hand there are the Malays still considerably powerful in the political field but plodding

far behind in the economic sector. On the other hand, there are non-Malays, mainly Chinese, numerically almost as strong as the Malays and therefore possessed of tremendous political potential, having an absolute grip on the economy of the nation, so powerful in fact that already it tends to neutralize the political dominance of the Malays.

The obvious answer to these inequalities is to diminish Malay political power and replace it with an enhanced economic power and to do just the opposite for the Chinese. Unfortunately while political power can be easily switched, the same cannot be said for economic power.

The alternative to this solution is dominance by one race over the other. The Malays could attempt to retain their political dominance by force but the cost would be tremendous. It may mean the total destruction of the country or the very least an economically emaciated nation. Or the Chinese could, by disrupting peace and harmony, eventually displace the Malays in the political field, and so achieve total dominance.

Exponents of the alternative solution exist on both sides but fortunately the large majority of Malaysians, whether Malays, Chinese or Indians prefer peace and harmony. They therefore lend themselves easily to schemes and policies which are less prone to violence and disruption. The majority accept the need to adjust the economic imbalance between the Malays and the non-Malays before the political superiority of the Malays diminish too much.

Unfortunately, as has been pointed out, economic parity cannot be achieved merely by the Malays giving up their systems of values and hurling themselves into commerce and industry. The economy of a nation is not static and generally speaking, the rich and the established tend to get richer and more established as the economy expands and become more prosperous. If the rate of economic growth at all points is similar then the points will get further apart as growth proceeds. In other words, in absolute terms similar rates of growth lead only on increasing absolute difference. Parity will therefore not be achieved merely by the Malays entering the economic field and working their way up. To achieve parity, the thing to do would be either to retard the economic growth rates of the non-Malays or to inject the Malays at all points along the line and keep them there.

In both cases the non-Malays would have to make way for the Malays i.e. — the non-Malays must bear some of the cost of achieving economic justice in Malaysia.

Some non-Malays admit the desirability of economic parity between races. They even agree that they have to make way for the Malays. However, when the policies are implemented, the individual or the group directly affected invariably lets out a howl of protest. The detractors of the policy would then pick up from there and, unchecked, they would

destroy whatever goodwill and progress towards parity that may have been achieved.

To date, the government has devised several programmes aimed at bringing about economic equality. To break the hold of Malays traditional values, the Government has instituted a comprehensive educational and training programme for the Malays.

Formal education is essentially a slow process. But education aimed at destroying old habits and traditional values while giving new knowledge and skills is even slower.

As the aim is to uplift the Malays and bring them to the level of the non-Malays, the educational efforts of the government cannot help but appear discriminatory. Thus the Institute Technology Mara and the University Kebangsaan Malaysia appear to be aimed only at helping the Malays. However, if the whole educational picture is examined, it would seem that the government is not really doing enough to help the Malays to adjust and catch up with the other races.

Nevertheless the detractors of the government accused the government of discriminating against those non-Malays who are not lucky enough to belong to a group of non-Malays who can afford the degree of education and training that the Government wants to give to the Malays.

Now if the government is not discriminating, then the rate of development of the Malays and the non-Malays would never be equal. And as has been pointed out equal rates do not mean equal development for people with widely separated starting points. Fortunately, the Government has stuck to discrimination in favour of Malays in the educational field in order to be truly impartial. Yet despite this discrimination in favour of Malays, the non-Malays still remain well in front. Their wealth enables them to neutralize the effect of government policy. Thus in Australia for example, the racial composition of the student population is not likely to help diminish economic disparity.

Next the Commercial field. While the Malays are being educated to accept new values which will make them capable of competing in commerce and industry, the economic activities of the nation have been expanding and becoming more complex and sophisticated. Indeed with *Merdeka* and the rapid end to the favour accorded British firms, Malaysians found opportunities galore for expanding and branching into new and more profitable economic activities. These opportunities could only be taken advantage of by the well prepared non-Malays. If the difference between Malay and non-Malay economic development was big before *Merdeka*, in absolute terms it became very much larger following the economic spurt initiated partly by increased government spending after *Merdeka*.

Clearly if the Malays are to be given a chance to achieve economic parity with non-Malays, the nation cannot wait for the Malays to change

their whole value system, acquire training and education and painfully accumulate experience in commerce and industry before making their debut. On the other hand, they cannot be expected to succeed if they plunge into commerce while still green and inexperienced. Faced with this dilemma, the Government has decided to hold portions of the nation's economic activities in trust for the Malays.

This policy has become the working basis of MARA – The *Majlis Amanah Raayat* or the Council of Trust for the Indigenous People. Prior to this, MARA's predecessor the hodge-podge British initiated MIDA had tried to finance unsuccessful Malay businessmen on the naive assumption that it was mere lack of capital which caused their failures. Lack of capital may have been a cause but it was certainly not the sole cause. Lack of business knowhow and competition by established non-Malay rivals was more damaging.

MARA continued to provide financial help but MARA also went into business by itself. As a government sponsored body, it is more capable of absorbing losses. It is a well known fact that few businesses can make profits from the word "go". Months and years may elapse before a business enterprise begins to pay. A business started on borrowed capital, as most Malay businesses are, takes an even longer time to break even. If this initial period is shouldered by MARA the Malay personnel employed would have a chance to learn without being too exposed to the hazards of business. When the business becomes viable the Malays could take over.

Admittedly the policy cushions the Malays from the hard knocks of business life. They cannot become as good at business as those who are fully exposed to the uncertainties of trade. But protectionist is not a new thing in business. The first Chinese tin miners in the Malay states had to put up with what they termed semi-anarchy. They asked for British protection and the British provided this protection by taking over the administration of the country and alienating valuable land to themselves and to the Chinese.

More recently protection is given to businessmen in Malaysia in the form of tariff barriers and tax concession for pioneer industries. Without this protection all the industries in Malaysia would have gone down before the onslaught of cheap Japanese and Chinese goods. The existence of government backed financing institutions like MIDFL and MBBS and various other departments are designed to afford protection to cushion businessmen from some of the hazards of trade.

The principle upon which the MARA operation is based is therefore totally defensible. In any case funds for MARA constitute but a small fraction of Government funds available to non-Malays through MIDFL, MBBS, Rubber Replanting Board, special funds such as allocated to Malaywata Steel Mill and the National Shipping line. Despite these

precedents MARA and the Government are not saved from accusations of discrimination against the non-Malays.

And now there are Bank Bumiputra, the Federal Agricultural Marketing Board and the National Trading Corporation of Pernas. All these institutions are designed to facilitate Malay participation in commerce. These bodies are also designed to help the Chinese and others.

It is widely suspected for example, that Bank Bumiputra lends more money to non-Malays than to Malays (apart from employing a fair number of non-Malays). The FAMA is supposed to replace the Chinese middleman. This it has partially done but an examination of FAMA operations in Kedah has shown that the Chinese middlemen have actually benefited from the activities of FAMA.

Pernas, the National Corporation has been provided with the money to corner a big slice of Malaysian commercial activities and hold these in trust for the Malays. So far Pernas has hardly made a dent in the field of commerce. As with Bank Bumiputra, FAMA and even MARA the chances are that a fair number of non-Malays would benefit from the Pernas operations.

All these institutions serve the twin purpose of preparing the Malays for commerce and holding a fair section of the economic activities for the nation in trust for the Malays. Surely if the other communities are sincere in wanting economic justice, they cannot complain about these institutions. Unfortunately they do.

Said one Chinese of the statement that Pernas will be sole agency for trade with China, "Come Chinese New Year, there will be no oranges in the market." A delegation from the Chinese Chamber of Commerce went to see the Prime Minister to seek "clarification" i.e. to protest. And there were protests over Bank Bumiputra, MARA and FAMA.

The attitude of the non-Malays is a problem, a big part of the Malaysian problem. They say they agree that the Malays should have a fair share in the economic wealth of the country but they always disagree when anything practical is done to achieve this. They want to see the Malays begin from scratch like they say they did. They forgot the helping hand of the British and the aid that they got even from the so-called Malays dominated government after independence. They know very well that if the Malays start from scratch and if nothing is held in reserve for them, than the Malays would fail and economic parity would never be achieved.

The Governemnt of Independent Malaya and Malaysia believes in free enterprise. There is no doubt that the prosperity and stability of Malaysia today is due to the free enterprise system. There is no doubt too that the success of the free enterprise system is largely due to the energy, adaptability and astuteness of the Chinese entrepreneurs. (We will over-



look here the role of the good, relatively honest Government which the British started and the Malays now continue).

The Mara and Pernas operations essentially mean Government participation in business. Now Government participation in business smells of nationalisation. The MARA and Pernas operation therefore run counter to the professed and very real belief of the Government in the free enterprise system.

Apart from the fact that government participation in business always tend to bypass and upset usual business practices, the effect of even partial temporary nationalisation and the injection of inexperienced people into business must surely be to retard economic growth. Retardation of economic growth must lead to unemployment and discontent.

The solution to the Malaysian problem seems therefore to create other problems. The non-Malays Malaysians, whether justified or not, will feel discriminated against. The retardation of economic growth will create poverty and unemployment. And discrimination in favour of the Malays will mean that better qualified non-Malays will suffer from unemployment or employment below the levels of their capabilities,

The ingredients which give rise to disaffection and rebellion must therefore be one of the byproducts of the solution to the Malaysian problem of racial disparity.

Malaysia already has a core of militant rebels professing to be communists. The rebels are almost exclusively Chinese. As some Chinese must feel that the government policy on economic parity is oppressive, they are prone to listen to the blandishments of the Chinese Communists.

Some Chinese insist that the reactivation of militant Communism in Malaysia is the direct result of the policy to create economic parity between Malays and Chinese. This may or may not be true. But the fact remains that the resurgence of Communist guerilla activities add to the problems of Malaysia. The government can contain Militant Communism but it will be under constant pressure to forsake its economic policy in order to prevent the Chinese from taking to the jungle and joining the Communists.

Herein lies the Malaysian dilemma. Economic disparity between Malays and Chinese tend to lead towards racial conflict. Racial conflict would eventually become violent and violence would destroy the economy and the nation. On the other hand, any attempt to create economic parity must involve discrimination in favour of the Malays. Such discrimination will create disaffection and retardation of economic growth. These in turn will strengthen the hands of the militant Communists whose activities would deflect the course of the Government, hurt the economy and damage the nation.

The choice seems to be between the devil and the deep blue sea. The future must indeed seem black. The problems multiply and as solutions are found new problems are created.

But the situation is not entirely hopeless. Two things stand in favour of a successful solution to the Malaysia problem. Firstly, among the Malays there are more moderates than extremists and among the Chinese there are more pragmatists than out and out chauvinists. Secondly, the Government of Malaysia today is led by the same people who brought a quick end to the riots and anarchy of May 13th 1969. This government is more practical, less given to acting in accordance with the whims and fancies of a few, and is more close to the people.

All that is required is a greater understanding of the problems arising from disparity by a greater number of people and clear demonstration by the Government that it means to stand by its policy, come what may. Once this twin requirements are fulfilled there are indications that the majority of Malaysians will accept the inevitable. There will be dropouts. There will be people who will snipe at the government. There will be people who will leave the country for more liberal places like Australia. And there will be people who will join the Communist rebels. But so long as the majority are with the government and so long as the government is determined, there is little doubt that the Malay problem will be solved and with it the Malaysia Problems.

#### NOTE

This paper read at the seminar, "Malaysia in perspective" from 12th – 14th August, 1971 at Monash University.

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