

# AREA HANDBOOK

for

## MALAYSIA

### *Coauthors*

Nena Vreeland

Glenn B. Dana  
Geoffrey B. Hurwitz  
Peter Just  
Philip W. Moeller  
R. S. Shinn

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## FOREWORD

This volume is one of a series of handbooks prepared by Foreign Area Studies (FAS) of The American University, designed to be useful to military and other personnel who need a convenient compilation of basic facts about the social, economic, political, and military institutions and practices of various countries. The emphasis is on objective description of the nation's present society and the kinds of possible or probable changes that might be expected in the future. The handbook seeks to present as full and as balanced an integrated exposition as limitations on space and research time permit. It was compiled from information available in openly published material. An extensive bibliography is provided to permit recourse to other published sources for more detailed information. There has been no attempt to express any specific point of view or to make policy recommendations. The contents of the handbook represent the work of the authors and FAS and do not represent the official view of the United States government.

An effort has been made to make the handbook as comprehensive as possible. It can be expected, however, that the material, interpretations, and conclusions are subject to modification in the light of new information and developments. Such corrections, additions, and suggestions for factual, interpretive, or other change as readers may have will be welcomed for use in future revisions. Comments may be addressed to:

The Director  
Foreign Area Studies  
The American University  
5010 Wisconsin Avenue, N.W.  
Washington, D.C. 20016

## PREFACE

Since 1970, when the preceding edition of the *Area Handbook for Malaysia* was published, the country's social, political, and economic conditions have undergone considerable change, and new sources of information have become available that help to clarify underlying trends in the society. When research was completed for the 1970 edition, the full implications of the violent communal riots of May 1969 had yet to work themselves out, and the complex factors contributing to the riots were still being examined and evaluated. The country has faced other challenges that have tested the stability and resiliency of its government. In 1970 Tengku Abdul Rahman, who had led the country since its independence, resigned; the successor he had groomed to replace him, Tun Abdul Razak, died unexpectedly in office in January 1976. The withdrawal of the British military presence in Malaysia, the Sino-United States rapprochement, and the American withdrawal from Vietnam altered Malaysia's foreign policy environment; at the same time earlier Malaysian aspirations regarding neutrality and nonalignment developed into a key interest in effective regional cooperation. The year 1976, which corresponded with a period of evaluation within Malaysia at the end of the country's second economic development plan and the beginning of a new plan, marked an appropriate point for reconsidering the course of the country and the aspirations of its people.

The purpose of this handbook is to provide a concise, balanced, and objective description of dominant social, political, military, and economic aspects of Malaysia. It seeks to identify dynamic forces and major trends and to give the reader some understanding of the aims and values of the diverse peoples that make up Malaysia. Interpretations are offered on a tentative basis, as befits research undertaken without field study.

The 1970 edition of the handbook was the product of a team composed of Helen A. Barth, Judith M. Heimann, Philip W. Moeller, Francisco S. Soriano, and John O. Weaver, under the chairmanship of John W. Henderson. Where appropriate, the present revision has drawn liberally on the 1970 handbook.

The present edition results from the combined efforts of a multidisciplinary team of researchers assisted by the staff of Foreign Area Studies. The team was chaired by Nena Vreeland, who wrote chap-

ters 1, 3, and 6 and coordinated the contributions of the other authors. Glenn B Dana wrote chapters 16 and 17; Geoffrey B. Hurwitz wrote chapters, 13, 14, and 15; Peter Just wrote chapters 4 and 5; Philip W. Moeller wrote chapters, 2, 7, 8, and 9; and R. S. Shinn wrote chapters, 10, 11, and 12. The authors acknowledge with gratitude, and without associating them in any way with the contents of the present edition, the help of private individuals and public officials—Malaysian and American—who gave of their time, documents, and special knowledge to provide information and perspective.

Spellings of place-names used in the handbook conform generally to official standard names approved by the United States Board on Geographic Names in the second edition, published in 1970, of its *Malaysia, Singapore, and Brunei, Official Standard Names, Gazetteer No. 10*. The principal exceptions are the use of Penang and Georgetown instead of Pinang and the use of Malacca instead of Melaka. The handbook has followed the official Malaysian convention of using *Malay* to describe the major indigenous ethnic group and its language; when referring to citizens without regard to ethnic designation the text uses the term *Malaysian*.

Where information is expressed in weights and measures not customarily employed in the United States, the equivalent is provided. Tons are metric unless otherwise specified. The reader may refer to the Glossary for United States dollar-Malaysian ringgit equivalents and for definitions of other frequently used terms.

On July 19, 1976, shortly after research and writing for the present edition were completed, the Malaysian government published the text of the Third Malaysia Plan (1976-80). Although specific details could not, as a result, be addressed in the body of the chapters in the present edition, the main direction and emphases of the new plan could be determined from official statements and have been described in the relevant chapters. Publication of the plan affirmed the expectation that the government's more active role in the economy and the emphasis given to increasing Malay participation in the modern economic sectors did not necessarily imply a move toward bureaucratic government ownership and intervention. Although the Malaysian government by no means abdicated a central role in both public investment and economic management, private investment—including foreign investment—was to continue its predominant role in a free-enterprise environment. Similarly economic growth was highlighted as against economic distribution; eradication of poverty regardless of race received greater emphasis than restructuring the economy to eliminate economic differences between ethnic groups. The government's generally cautious fiscal and monetary policies continued. Further adjustments would likely be necessary as the third plan proceeded, but it appeared that the general approach would be one of striking a balance rather than promoting possibly extreme positions.

The three objectives of the plan were a major assault on poverty, both urban and rural; continuing the effort to restructure society and eliminating the association of economic activity with race; and strengthening national security to combat the reemergence of communist insurgency. The third plan departed significantly from the second by categorically reassuring non-Malays that plan objectives should not be perceived in terms of ethnic interests; the prime minister stressed that "the government stands ready to take such action as may be necessary to ensure that no particular group, local or foreign, will experience any loss or feel any sense of deprivation."

The Third Malaysia Plan aimed at an average of 8.5 percent real annual growth rate between 1976 and 1980, compared with the 6.8 percent growth target of the second plan. The M\$18.6 billion (for value of the Malaysian ringgit—see Glossary) budgeted for public sector development expenditure between 1976 and 1980 represented an 81 percent increase over the amount finally allocated for the Second Malaysia Plan. Despite the high inflation rates during the final years of the second plan, this marked a considerable increase.

The distribution of development funds under the third plan included two major departures from the expenditure pattern of the second plan. In the third plan industry and commerce received only 9.5 percent of allocated funds as compared with 16.5 percent under the second plan. Agriculture and rural development, however, were budgeted for 25.5 percent between 1976 and 1980, compared with 21.7 percent in the second plan. Other allocations under the third plan included social development—education, health, and housing, 16.6 percent—and infrastructure development, 36.5 percent. Defense and security were to be allocated 11.9 percent, representing a doubling of expenditure to M\$2.2 billion. States and regions that had experienced the least development were to be given the highest priority, and 38.2 percent of total development public expenditure was to be directly allocated to the task of redressing poverty.

As the government shifted its resources to infrastructure, agriculture, social development, and defense and security, private resources were expected to play an important role in business activity, especially in manufacturing and construction. The prime minister gave assurance that every effort would be made to ensure the maintenance of a favorable investment climate and promised to meet personally with representatives of the private sector, including foreign investors, to clarify any policy issues that might arise.

## COUNTRY PROFILE



### COUNTRY

**Formal Name:** Malaysia.

**Term for Nationals:** Malaysians.

**Preindependence Political Status:** British colonies and protectorates; Peninsular Malaysia attained independence as Federation of Malaya on August 31, 1957; Borneo territories of Sabah and Sarawak joined federation to form Malaysia on September 16, 1963.

**Capital:** Kuala Lumpur.

### GEOGRAPHY

**Size:** Land area of 128,553 square miles, slightly larger than New Mexico; Malaysia's two regions, Peninsular Malaysia and the two states of Sabah and Sarawak, separated by 400 miles of South China Sea. Peninsular Malaysia borders Thailand on north, separated from Singapore by Johore Strait in south; Sabah and Sarawak border Indonesia.

**Topography:** Peninsular Malaysia has long, narrow, steep mountain range in center with coastal plains on east and west; Sabah and Sara-

wak have flat coastal plain rising to mountainous mass in center, containing highest peak in Malaysia, Gunong Kinabalu, at 13,455 feet. Ninety percent of land is forest.

**Climate:** Tropical; high temperatures and high humidity. Two monsoon seasons—southwest with heavy, unpredictable rains from mid-April to mid-October and northeast monsoon with more predictable rains; mean annual rainfall about 100 inches, but considerable variation according to location.

## SOCIETY

**Population:** 1970 census reported 10,452,309; 1975 estimate 12 million; average annual growth rate 3 percent. Density highest along west coast of peninsula; 29-percent urban population in 1970.

**Ethnic Groups and Languages:** Three major and thirteen minor ethnic groups. Ethnic composition according to 1970 census—46.7 percent Malay, 34.1 percent Chinese, 9 percent Indian, remainder tribal groups and others. Official language Bahasa Malaysia, a Malay language; Chinese languages and dialects and Tamil used by Chinese and Indian communities respectively. English widely used in government and business.

**Health:** Marked improvement beginning in early 1960s; standards and facilities steadily improving. Major health problems tuberculosis and poor nutrition; programs under way for eradication of malaria and leprosy. Life expectancy in 1975 sixty-two years.

**Religion:** Official religion Islam; almost all Malays are Muslims; others free to practice own religion; most Chinese follow Buddhism, Confucianism, and Taoism; most Indians follow Hinduism; many tribal groups are Christians, others animist.

**Education:** Education offered at all levels; nine years of free, compulsory training between ages of six and fifteen. Greatest need is for technicians. Literacy estimated at about 68 percent; lowest in interior of Sabah and Sarawak.

## GOVERNMENT AND POLITICS

**Form:** Parliamentary democracy under constitutional monarch, known as supreme head, elected for five-year term from among and by hereditary rulers; prime minister appointed from majority party in Parliament of fifty-eight-member Senate and 154-member House of Representatives. Universal adult suffrage.

**Politics:** National Front and its predecessor, the Alliance Party, both multiracial coalitions, have controlled government since 1957. National Front dominated by United Malays National Organization (UMNO) and embraced the Malaysian Chinese Association (MCA) and the Malaysian Indian Congress (MIC). Opposition parties active but small.



**Administrative Divisions:** Federal government with thirteen states. In Peninsular Malaysia each state divided into districts and subdistricts (*mukim*); Sabah has residencies, districts, and subdistricts; Sarawak, divisions, districts, and subdistricts.

**Legal System:** Judicial and legal practices reflect British influence. Court system consists of lower courts at principal urban and rural centers, two high courts with original and appellate jurisdiction, and Federal Court, the highest court of the nation. Certain civil and domestic matters under jurisdiction of Islamic courts.

**Major International Memberships:** United Nations (UN) and many UN specialized agencies; Asian Development Bank; Commonwealth of Nations; and Association of Southeast Asian Nations (ASEAN).

## ECONOMY

**Salient Features:** Primarily agricultural, but impressive record of overall growth. Government policy emphasizes help to rural areas and elimination of poverty. Gross domestic product (GDP—see Glossary) in 1975 estimated at M\$17.9 billion (for value of the Malaysian ringgit—see Glossary); for 1970-75 period average annual growth rate 11 percent at current prices; per capita income US\$600.

**Agriculture and Fishing:** Agriculture accounted for about 60 percent of foreign exchange earnings and 31 percent of GDP in 1975. Rubber and palm oil largest exports. Nearly self-sufficient in rice, the diet staple; fish, the second staple food, supplies most animal protein. Crops for domestic use include coconut, coffee, fruits, and vegetables.

**Industry:** Rapidly growing sector of the economy, manufacturing contributing about 16 percent of GDP in 1975; major products include food, chemicals, and wood products. Major mineral exports tin, petroleum, bauxite, and copper. Self-sufficient in oil. Government aims at increased Malay participation and dispersal of industry to less developed areas.

**Foreign Trade:** Balance of trade usually favorable. Exports in 1975 M\$8.9 billion; major exports rubber, palm oil, tin, and timber. Imports in 1975 M\$9.1 billion; mostly machinery and transport equipment and consumer goods. Major trade partners Japan, United States, Singapore, and United Kingdom.

**Electric Power:** Installed hydroelectric power capacity of 1,194 megawatts supplied by government entities; industry and mining major users. Natural gas and oil present off coasts of Sarawak and Sabah not yet exploited for electric power use by 1976.

**Principal Aid Source:** International financial institutions provide most aid; as of 1975 International Bank for Reconstruction and Development (IBRD—also known as the World Bank) had approved loans totaling US\$630 million and Asian Development Bank US\$228 million. Also receives loans from Islamic Development Bank. United States

aid in 1974 totaled US\$22.3 million, largely military assistance credit sales.

**Currency:** Malaysian ringgit, formerly Malaysian dollar; see Glossary.

**Fiscal Year:** Corresponds to calendar year.

## TRANSPORTATION AND COMMUNICATIONS

**Railroads:** Two main lines running north and south on peninsula; total mileage with branches about 1,300; daily service connecting Singapore and Bangkok. Sabah has 116 miles of track. All lines meter gauge, government operated.

**Roads:** 11,500 miles on peninsula, of which about 87 percent were paved in 1975; in Borneo states about 2,500 miles, of which about 19 percent were paved. Most roads on peninsula run north and south; major east-west highway under construction to connect Butterworth and Kota Baharu.

**Ports:** Principal ports of Kelang (formerly Port Swettenham), Penang, and Port Dickson on west coast; new ports being built on east coast at Kuantan and at Johor Baharu near Singapore. Major facilities in Sabah and Sarawak are in Kota Kinabalu, Sandakan, and Kuching.

**Airfields:** Subang International Airport, near Kuala Lumpur, a major, modern facility; other, smaller international airports at Penang, Kota Kinabalu, and Kuching; numerous small civil airfields.

**Telecommunications, Radio, and Television:** In 1974 about 220,000 telephones on peninsula, 40,000 in Sabah and Sarawak; high-capacity microwave system used; overseas service available. International telegraph connections. Telephone service and five radio and two television networks government run. Government major source of domestic news for estimated forty-five newspapers.

## NATIONAL SECURITY

**Armed Forces:** In 1975 army—51,000; air force—5,300; navy—4,800; paramilitary police—15,000; armed forces reserves—26,000.

**Major Tactical Units and Equipment:** Army—twenty-four infantry battalions in eight brigades (scout cars, personnel carriers); three artillery regiments (105-mm howitzers). Air Force—two fighter-bomber squadrons (Sabres and F-5s); helicopters and numerous transport craft. Navy—eight missile-equipped fast patrol boats and numerous riverine craft.

**Military Budget:** About M\$1.3 billion in fiscal year (FY—see Glossary) 1976 for defense and security; defense and security usually somewhat over 20 percent of annual budget and ranges from 3.6 to 6.8 percent of GDP.

**Foreign Military Treaties:** Five-power defense arrangement with United Kingdom, Australia, New Zealand, and Singapore provides for consultation when one member threatened.

**Internal Security:** Malayan Communist Party has armed strength of slightly in excess of 2,000 on Thai border; party divided; increased terrorist activity in 1975. Negligible communist activity in Sabah and Sarawak. Armed forces and police heavily engaged in countering communist insurgency.

# MALAYSIA

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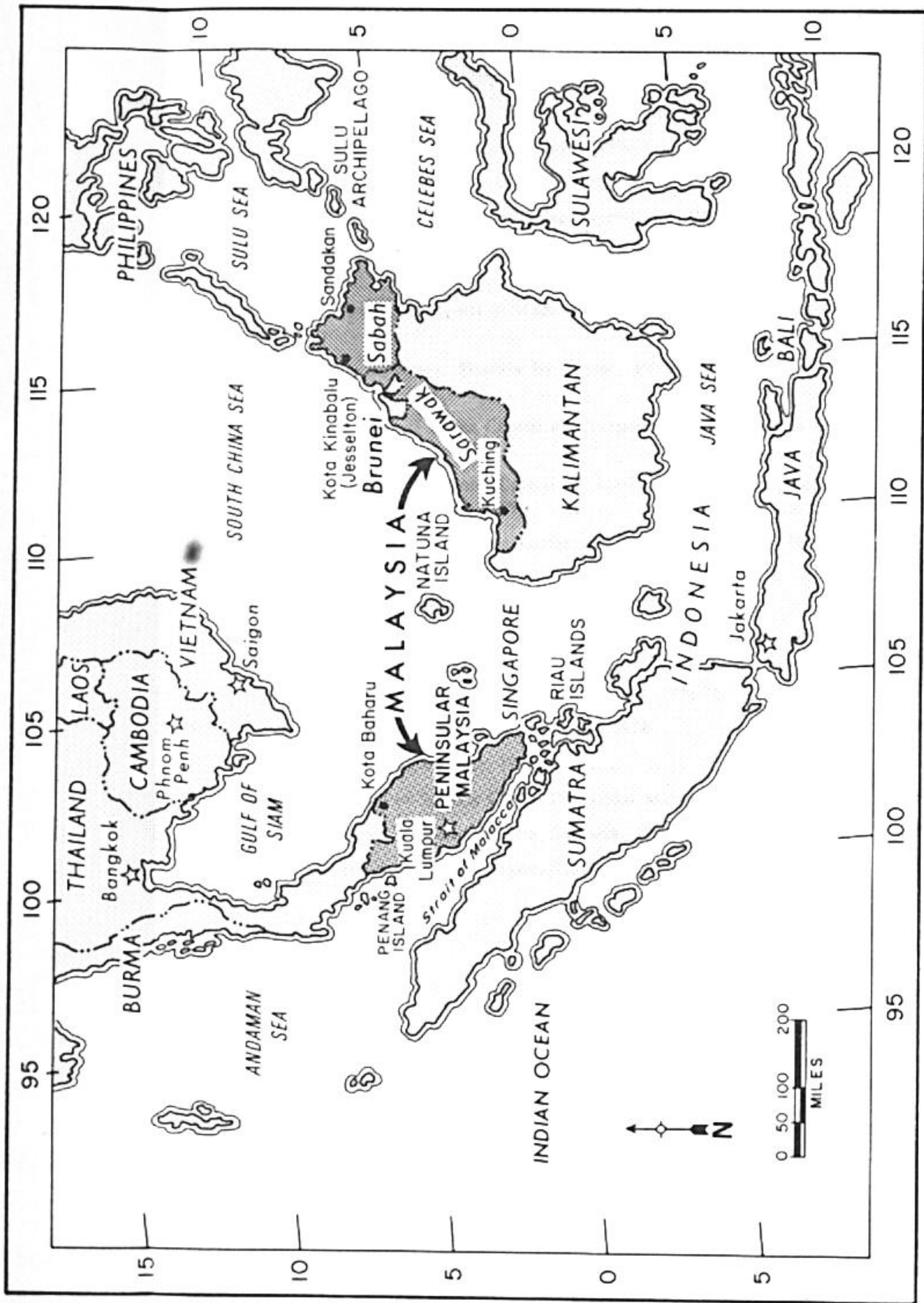


Figure 1. Malaysia. Position in Southeast Asia



# SECTION I. SOCIAL

## CHAPTER 1

### GENERAL CHARACTER OF THE SOCIETY

In 1963 Malaysia was created out of a group of former British dependencies with the states of the Federation of Malaya, which had become independent in 1957, as its nucleus. The subsequent effort to forge a nation has proved to be an exceptionally difficult task because of the disparate historical, economic, and political experiences in the country and, most importantly, because of the plural nature of Malaysian society.

The country is composed of two major geographical segments. The lower third of the Malay Peninsula, which separates the South China Sea from the Andaman Sea—part of the Indian Ocean—has been officially referred to as Peninsular Malaysia since 1972; the states of Sabah and Sarawak form a strip along the northern rim of the island of Borneo. Both areas are products of the British colonial period. The separation of Singapore within two years of the formation of Malaysia left the country with thirteen states, of which eight had been hereditary Malay sultanates (Johor [Johore], Kedah, Kelantan, Pahang, Perak, Perlis, Selangor, and Terengganu), one had been a coalition of hereditary rulers (Negeri Sembilan), two had been members of the British Straits Settlements (Malacca and Penang), and two had been British crown colonies (Sabah—formerly North Borneo—and Sarawak).

For hundreds of years the Strait of Malacca separating Peninsular Malaysia from Indonesia has formed the principal corridor between India and the Pacific Ocean, between Arab countries and the East, and between Europe and the spice-growing lands of the Orient. The peninsula forms a land connection between the straits islands and the mainland of Asia. Malaysia has two land borders, one with Thailand to the north and the other with Kalimantan (Indonesian Borneo); both political borders are culturally permeable.

Because of its geographical position, the Malay Peninsula was exposed to successive waves of Hindu, Islamic, and European culture. Malays adapted each of these to their own underlying cultural pattern; British influence, the most recent, left an imprint on the socio-political order through legal institutions, language, the development of a civil service, and a form of parliamentary government. The overlap-

ping of these historical influences can be seen within the legal system, in which some affairs are regulated by Islamic law, some by Anglo-Saxon jurisprudence, and some by *adat*, Malay customary law. Of even greater importance in explaining contemporary society are the great waves of Chinese and Indian immigration that took place during the period between 1850 and 1930. As a consequence several social systems exist side by side. Malaysian national society consists of groups that are not homogeneous and that, particularly in the case of Malays and Chinese, have tended to reaffirm their separate identities with reference to one another.

The modern Malaysian experience has invariably and consistently been affected by the overriding reality of competition among the three major ethnic communities—Malay, Chinese, and Indian. The Malays and other indigenous peoples claim special status as *bumiputera* (sons of the soil), and they regard Chinese and Indians as “immigrants.” At times this underlying tension has erupted into open hostility, the most violent example being the May 1969 riots in the capital, Kuala Lumpur. In the aftermath of the bitterness revealed by the riots, the country’s Constitution was amended to prohibit public—particularly political—discussion of the special privileges of ethnic groups and of related sensitive issues.

The total population was estimated in 1975 at slightly over 12 million; some four-fifths of the population lives in Peninsular Malaysia, where density is greatest in the western part of the peninsula. The withdrawal of Singapore from the federation left the Malays with a substantial plurality in the country’s population and a majority in the Peninsula. According to the 1970 census Malays made up 46.7 percent, Chinese 34.1 percent, and Indians 9 percent of the population; the remainder were foreigners, aboriginal groups, and other ethnic groups mainly living in Sabah and Sarawak. The broad patterns that characterized these ethnic communities during British rule generally held true in the mid-1970s. Thus Malay society was rural and agricultural, based in the *kampong*, or village. In contrast the Chinese tended to concentrate in urban settlements. Much rubber estate labor was drawn from Indian immigrants; tin mining and other industries drew Chinese immigrants.

The Malays have in common language, religious identification as Muslims, and a basic Indonesian-Malay culture seen in a village life in which behavior and relations are regulated by *adat*, or customary “way of doing things,” which combines Islamic law with older Malay customs and Hindu elements. The economy is principally based on the subsistence cultivation of rice and other food crops, although it has expanded to include smallholder cultivation of such export crops as rubber and reflects a general tendency toward commercialization of agriculture. Accumulation of wealth is not valued—or at least it is hidden in the interests of community harmony on which even greater

value is placed—and cooperation and consensus are more important than competition.

This pattern was protected—even enforced—by colonial policy, which also confirmed the status of precolonial Malay aristocracy. Within this aristocracy birth determines rank in the social hierarchy, and the sultan of a Malay state is the head of both the government and the religious structure; it was from this group that the civil service and Malay political leaders were initially recruited. Whereas the Chinese sphere was economic, the Malay sphere was political. Political superiority was affirmed in the arrangements preceding independence and in certain respects remains fixed in the Constitution. Malay—Bahasa Malaysia—is the national language and Islam the national religion.

Chinese society presents many contrasts to that of the Malays. The Chinese immigrated to the peninsula under circumstances of great cultural, spiritual, and family deprivation. The social, economic, and religious pattern that emerged, though different in many ways from the Chinese homeland, set them apart. Their ties are primarily to the family and secondarily to associations based on dialect and geographic origin or on business interests. They retain a distinct language and sponsor their own cultural activities. Work and profit are virtues; material accumulation represents the primary means of fulfilling one's obligation to ancestors and achieving personal and family prestige. Political leadership of the Chinese community was initially drawn from an elite of English-educated, wealthy businessmen. Although the modern sector of the economy in the mid-1970s continued to be dominated by foreign interests, the Chinese controlled much of the remainder. In particular the Chinese predominated as workers in the tin mines and as businessmen, traders and shopkeepers, and small manufacturers. As a consequence the average income of Chinese exceeded that of Malays by a substantial margin.

Similar differences set Indians apart although Indians and Pakistanis who are also Muslim encounter fewer barriers to intermarriage with Malays. They live as estate workers and as laborers, clerks, and merchants in the cities. In addition to the three principal ethnic groups there are the smaller indigenous groups in the interior of Peninsular Malaysia, and especially in Sabah and Sarawak. Although comparatively isolated and divided by linguistic and cultural differences, they are gradually being drawn into the political and commercial life of the new nation.

Interethnic differences and competition thus define the principal cleavages in Malaysian society. Nevertheless these divisions have tended to conceal the operation of other dynamic factors and trends, which, interacting with ethnic identification and often being translated into an ethnic response, help explain such traumatic events as the 1969 riots and assist in understanding the country's future course.

Thus Malaysia has shared with peoples of other Asian countries the broad experiences of the last fifty years—colonial rule, nationalism, independence, modernization, economic development, and a search for equity in a gradually changing social system. It is possible to view Malaysia as a country facing problems characteristic of its region. In particular the forces of development and modernization are altering economic and political relations within ethnic communities and invariably between ethnic communities.

For example, fairly rapid urban growth has enlarged the proportion of Malays who are urban as well as the Malay portion of towns and cities. Since most new migrants to cities are likely to be Malays, their proportion of the urban population may soon approach their proportion of the total population, a situation that would carry several implications for the structure of Malaysian politics. The sizable proportion of young age-groups in the Malay urban population who will be seeking employment in the modern sector is potentially a destabilizing factor. Even the rural kampong, the bulwark of Malay culture and tradition based on an independent subsistence peasantry, appears to have undergone profound change since World War II.

● Although the data that would support firm conclusions had not been collected since 1960, scattered information indicates that the rural pattern of landlessness, worsening land tenure arrangements, and impoverishment familiar elsewhere in Southeast Asia has been established in Malaysia. Land is being bought up by Malays who do not live in the village and no longer share village values and concerns. They apparently are civil servants and teachers, whose numbers greatly increased after 1957 as the independent government took over the country's management from the British and expanded the educational system. Rural poverty is particularly acute in some Malay states. The association between these changes and peasant support for radical Islamic political groups has been noted by observers. Perhaps coincidentally the problem of insurgency is greatest in some of these areas.

Similar changes have occurred within the Chinese community. Since 1957 a new generation has grown to adulthood. It is less willing to accept the traditional Chinese leadership, less interested in retaining the special ethnic guarantees in the Constitution from which it has nothing to gain, and more determined to gain the full rights of citizenship. Moreover, although most Chinese are urban and earn higher incomes than most Malays, a substantial proportion of the Chinese are rural and poor. Great numbers were still lodged in New Villages, created during the 1948-60 Emergency (see Glossary) to isolate rural Chinese from communist insurgents who were almost entirely Chinese; these settlements have since grown without adequate land and other economic resources.

Possibly as a consequence of these changes, although again obscured by concern with ethnic issues as well as by the country's generally strong and prosperous economy, Malaysia in the 1970s was suffering from the characteristic problem of very unequal income distribution. Some reports indicate that this inequality has dramatically intensified since independence.

The clearest indicator of rapid social and economic change has been the decision by the government, which in mid-1976 remained firmly in Malay hands, that the political system and economic development plans would have to be altered to meet new problems, a decision made in response to the 1969 riots. To some extent the problems had always been there, but they had been overshadowed by the need to demonstrate national unity during the move toward independence, the struggle during the Emergency, and the so-called confrontation with Indonesia between 1963 and 1966. In those years political arrangements—based on what is sometimes referred to as the intercommunal contract—generally protected the political rights of Malays and the economic rights of Chinese and called for resolution of interethnic conflicts by the leaders of the ethnic communities through informal negotiation rather than free-for-all political competition. These arrangements, operating through a coalition system known as the Alliance that incorporated the three major ethnic parties, appeared to be successful in providing Malaysia with a stable government and political order. In the same period economic development programs concentrated on growth, with the government's role limited to agricultural (Malay) development as well as improvements in infrastructure and maintenance of monetary stability to support a free enterprise (foreign and Chinese) modern economy. Such highly controversial ethnic issues as language and educational policy were not firmly resolved.

The 1969 riots, with their evidence of a substantial loss of confidence by virtually all three major ethnic communities in their respective old guard political leadership, rudely challenged these arrangements. After a short period of emergency caretaker rule, parliamentary government was restored in 1971, but it was clear that new and experimental approaches were being undertaken. First and foremost the special political position of the Malays, the use of Malay as the national language, and the development of an educational system using the Malay language were in effect removed from further debate through a constitutional amendment and were thereby entrenched.

Secondly the system of resolving interethnic conflict within the leadership of ethnic communities was reaffirmed, but the number of participants was expanded. Even greater emphasis was placed on consultation and compromise among the various competing participants. This system was institutionalized in the National Front, which replaced the earlier Alliance Party, although the three main ethnic parties continued as its core. To some extent the prohibition on discus-

sion of ethnic issues—which denied these as platform issues for the opposition—left little choice to former opposition parties than to join the National Front. Their participation in the system further enhanced the pragmatic nature of Malaysian politics.

Except for the fact that two opposition parties—including one that represents a sizable Chinese electorate—remained outside the National Front in mid-1976, Malaysia was in the process of developing a single national umbrella party in which political leaders representing various ethnic groups or factions would bargain privately among themselves to promote the interests of their constituents. Together with the prohibition against public debate of sensitive interethnic demands—which also curbed the media—this arrangement had the advantage of helping to prevent the kind of inflamed public passions that had preceded and accompanied the 1969 riots. At the same time it imposed certain stringent requirements on government. Among these, for example, were fairness, credibility, and absolute public confidence. In a plural society characterized by interethnic tension and great economic and social inequality, examples of favoritism or self-enrichment in government were potentially explosive. As of mid-1976 the government had displayed little hesitation in weeding out corruption at the highest levels.

Perhaps the most formidable requirement was in the economic field. In this area government plans since 1970 showed an attempt to strike a balance between two different if equally pressing goals: overall economic growth and a more equitable distribution of economic benefits. The first would allow ethnic groups to obtain a piece of an expanding pie rather than compete for the same slice of a fixed pie; the second would draw Malays into greater participation in the urban modern economy and, for the first time, directly attack the sources of impoverishment and socioeconomic insecurity in rural areas. The achievement of these goals in a manner and a time period that would allay the concerns and ambitions of all Malaysians and foreign investors was a task of great complexity and demanding great flexibility.

It was not yet possible to evaluate the impact of the government's efforts since the inauguration and completion of the Second Malaysia Plan (1971-75). This plan so heavily emphasized the effort to increase Malay participation that government economic policy appeared to infringe on both Chinese and foreign interests—an impression from which the government firmly and clearly dissociated itself in 1975. A new balance in economic policy was subsequently established that emphasized growth and reassured Chinese and foreign businessmen. Early 1976 witnessed the first announcements of a corresponding adjustment in government development priorities that was expected to be incorporated in the subsequent plan—the goal was expanded to a broadly based attack on poverty regardless of ethnic group. The role of private and foreign investment was reaffirmed as the basis for

growth, although it was also clear that since 1969 the government has accepted an enlarged direct role in the economy as a means of promoting its social and economic goals.

In its efforts for national unity, the government has the advantage of a strong economy, among the most prosperous in the region and less burdened than most by population pressure. The traditional export commodities of tin and rubber that originally attracted foreign investment and immigrant labor remain the mainstays of the economy, and the continued dependence on foreign trade remains a major preoccupation of public officials. The impact of this dependence, however, has been softened by diversification into such new valuable exports as palm oil, by the growth of domestic manufacturing, and by the providential discovery of petroleum fields. The resources and beauty of the country and the proximity of its erstwhile sister state, Singapore, continued to attract foreign investors and tourists.

Given the ban on public discussion of such issues, it was not possible to gauge the intensity of what were likely to be still smoldering distrust and suspicion between ethnic groups and between different elements within each ethnic group. As might be expected during a period of experiment and change, some observers sensed an ominous increase in tensions, others a willingness to await a firmer indication of future trends.

One of the requirements of governing a plural society fraught with tension capable of exploding over even minor incidents has long been a competent and professional police force. In addition the 1948-60 Emergency, the subsequent confrontation with Indonesia between 1963 and 1966, and the withdrawal of the British military presence all contributed to a fairly steady augmentation of the country's military capabilities; between 1968 and 1975 total armed forces strength continued to increase from almost 34,000 to approximately 61,000. Neither police nor military was entirely immune to the ethnic divisions that affected the society as a whole. They had, however, proved to be capable and loyal to the nation in restoring order in 1969 and in combating renewed insurgency, led by a radical communist faction, that had intensified in the early 1970s in the north of Peninsular Malaysia and spread since then.

## CHAPTER 2

### PHYSICAL ENVIRONMENT AND POPULATION

Malaysia is composed of two major segments divided by the southernmost portion of the South China Sea (see fig. 1). The country's strategic position along the Strait of Malacca, a major commercial route between the Indian and Pacific oceans, not only shaped the country's history, economy, religion, and social makeup for centuries—as the country was alternately courted, fought over, exploited, and governed by a succession of European and Asian powers before achieving independence—but has also guaranteed Malaysia a key role in the affairs of modern Southeast Asia.

The land area of the country is 128,553 square miles. The population of about 12 million in 1975 represented a density of about ninety-three people per square mile, but the majority of the population lived on the western coast of Peninsular Malaysia. Much of the interior has not been explored. Coastal areas—in some cases extensive swamps—merge with the foothills of mountains. Lush foliage and wildlife provide great scenic beauty. The country has a hot and humid climate typical of the monsoon belt. Temperatures are generally uniform, with a mean of 81°F. Rainfall is abundant, but there are wide variations.

The transportation system in the mid-1970s reflected the colonial interest in commerce and the continued importance of the export sector in the economy. Roads and railroads generally served coastal regions and connected ports and other centers of commercial activity. The separation of Singapore from Malaysia in 1965 complicated traffic patterns and resulted in some change in the direction of traffic toward other ports in the country. The basic policy of government regarding transportation has emphasized modernization and nationalization of existing facilities and improvement of transport coordination; included in this program was the completion of the East-West Highway across northern Peninsular Malaysia.

Although the country was relatively well endowed with natural resources and had a per capita income that was fairly high for Southeast Asia, population growth limited economic development and eroded efforts to reduce unemployment and underemployment. Higher fertility levels among low-income groups complicated efforts to equalize economic opportunities (see ch. 7).



## TOPOGRAPHY

### Peninsular Malaysia

The Malay Peninsula is a long, narrow continuation of a range of mountains that extend southward from Thailand and Burma and separate the South China Sea from the Andaman Sea. Peninsular Malaysia occupies the southern portion of the peninsula and is connected to Singapore at the southern tip by a man-made causeway. It is separated from the Indonesian island of Sumatra by the Strait of Malacca.

Peninsular Malaysia measures approximately 480 miles in its longest north-south dimension and some 200 miles at its widest east-west axis and had a total area of 50,700 square miles. Penang, a short distance off the northwestern mainland, is an economically important island whose harbor is a busy trading port. Other islands, often of great scenic beauty, are bases for fishing craft.

The mountain chain that forms the backbone of the Malay Peninsula and contains the Cameron Highlands continues southward from Thailand for about 300 miles (see fig. 2). Various peaks exceed 6,000 feet, and the highest mountain in the range, Gunong Korbu, rises to a height of 7,160 feet in Perak. The range, about thirty to forty miles wide, divides Peninsular Malaysia into two unequal parts. The larger is to the east of the range, and the smaller but more populated area is to the west. A long spur extending from the main chain at a point below the border with Thailand, the Bintang Range, divides the valley of the Perak River from the basin of the Muda River. Numerous rugged limestone hills are found on both sides of the mountain range, and many, especially in the north, contain caves.

East of the main chain, and separated from it by valleys, is a secondary mountain highland that intersects the states of Kelantan, Terengganu, and Pahang. Generally lower than the main range, it nevertheless contains the highest elevation in Peninsular Malaysia, Gunong Tahan (7,168 feet).

To the west, south, and east of the mountains are the coastal lowlands. The most significant of these, from the viewpoints of continuity, ease of communications, and number of inhabitants, is on the west coast. The width varies from roughly ten to fifty miles, and the land is generally level to rolling. Few hills attain an elevation of more than 500 feet, but the characteristics of the slopes change abruptly near the mountains. The lowland on the east coast is more irregular, less densely populated, and less important in productivity and commerce. In the north this plain is some forty miles in width and tapers to no more than five miles as the range along the east coast approaches the sea; farther south it widens, but swamps and lagoons extending as far as twenty miles inland reduce the importance of the area for settlement and economic usefulness. A plain with low hills at the

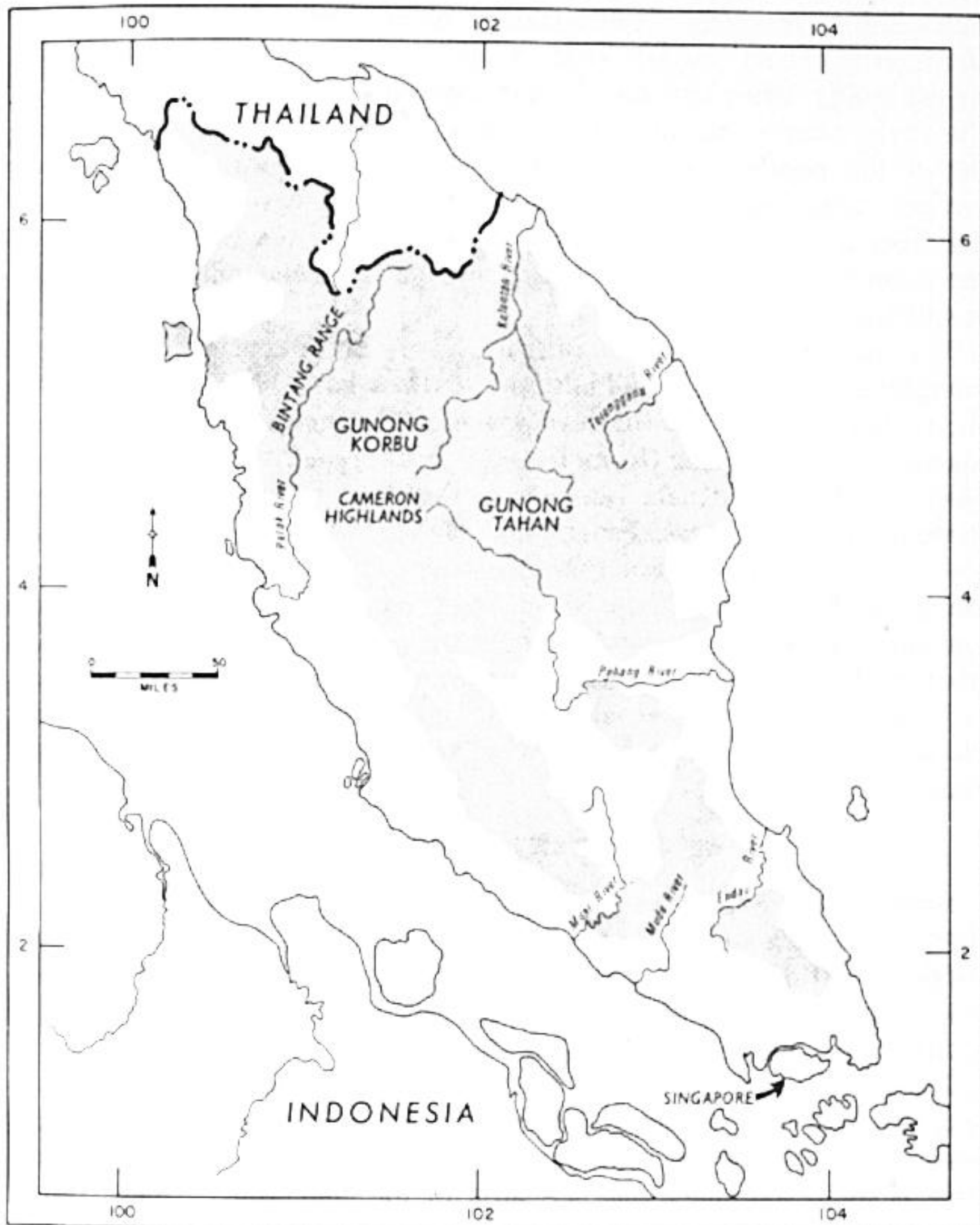


Figure 2. Malaysia, Physical Features, Peninsular Malaysia

southern end of the main range embraces western Pahang and interior areas of Negeri Sembilan and Johor (Johore).

The Pahang River, which extends for about 285 miles, is Peninsular Malaysia's longest river and is known by various names in different parts of its course. The Perak River, the second longest, extends for about 200 miles. Other rivers of significance are the Kelantan, Terengganu, and Endau, all flowing into the South China Sea and the Muar and the Muda, both flowing into the Strait of Malacca.

Most of the western rivers have relatively short courses. In their upper reaches many drop more than 4,000 feet in less than fifteen

The hills that extend the full length of Sarawak are usually less than 1,000 feet above sea level but are broken by a few mountain groups of about 2,500 feet; some of the mountains extend to the coast and terminate as sea-formed cliffs. Notable of this kind of formation are the Santubong Mountains that jut into the sea just north of the capital city of Kuching. These short ranges lend a rugged character to the terrain, with steep hills and narrow valleys or gorges where the rivers' rapids have cut through.

The coastal region is a flat alluvial plain several feet above sea level. The plain is often swampland, and its width varies from less than one mile at Miri in the North to over 100 miles at some points farther south but is generally twenty to forty miles wide. The alluvial deposits are mud or a deep and extensive mantle of peat, and the soil is unsuitable for agriculture because of poor drainage and because about one-third of the area is subject to regular saltwater tidal or freshwater river flooding. Some moderately productive paddy land can be found on the banks of river deltas.

The Sarawak coastal waters are very shallow and, coupled with the regular coastline, afford no significant harbors. Moreover the silt-laden rivers deposit large amounts of alluvium, which forms great bars that effectively obstruct the passage of large vessels upstream. The higher elevations, where the hills extend to the sea, can support some farming and permanent settlements, but the muddy beaches fringed by thick mangroves and nipa palm swamps discourage economic activity elsewhere along the coast.

The rivers of Sarawak are numerous and of considerable volume because of the abundance of rainfall in the area. They all rise in the interior and descend through gorges until they reach the flat coastal plain, where they change character completely and meander to the sea. Despite the rapid drop only one significant waterfall has been discovered, however, and there has been little opportunity for the development of hydroelectric power.

Major rivers of Sarawak include the Rajang and the Lupar, both in the south. The Rajang, which is 350 miles long, is the country's largest and probably most important river. It is navigable by small ocean vessels for sixty miles and by shallow-draft riverboats for 150 miles from its mouth. The Lupar extends inland for 142 miles. Farther north the Baram River, 250 miles long, drains the north-central area and empties into the sea just north of Miri; the Limbang River flows for 122 miles between and beyond the two enclaves of Brunei. These and other rivers are the only effective avenues for inland travel. Jungle paths connect their headwaters, and a few trails pass over the watershed into Kalimantan.

The terrain in Sabah is superficially similar to that in Sarawak, but several important differences can be noted. The coastline, for example, becomes progressively more irregular from west to east until,

in the east, facing the Sulu Sea, it is boldly and deeply indented. In the Brunei Bay area the Sunda Shelf, which accounts for the shallowness of the sea off Sarawak, reaches its northern limit so that offshore water deepens considerably, and eastern Sabah offers many excellent deepwater ports and anchorages. On the South China Sea, Labuan Island, thirty-five miles from the mainland entrance at Brunei Bay, has a sheltered harbor that is the major terminus for seaborne traffic destined for Sarawak and Brunei as well as Sabah.

The mountains of Sabah are also different from those of Sarawak. The interior mass, particularly where it borders Kalimantan, is the same complex arrangement of highly dissected ranges and occasional peaks of over 7,000 feet, but the ranges lie much closer to the sea and tend to be less complex. The coastal plain in the west along the South China Sea reaches inland only ten to twenty miles and then gives way abruptly to the only continuous range in Malaysian Borneo. This backbone, known as the Crocker Range, is really the southwestern extension of the chain that created the islands of the Philippines. It averages somewhat higher than elevations in Sarawak, particularly in its northern reaches, where spectacular Gunong Kinabalu (13,455 feet) towers over everything else in the country; no other peak in Sabah reaches 8,000 feet.

East of the Crocker Range a series of parallel but lower ranges extend from the elevated interior core to the Sulu Sea. Wide valleys separate the ranges, and the sea has formed long, deep bays along the east coast. The ridges form a series of peninsulas, including Kudat and Benkoka, which enclose Maruda Bay in the extreme north, and Sandakan, Dent, and Simporna, which define the bays of Labuk, Sandakan, Darvel, and Cowie in the east.

Sabah is drained by many rivers. Those in western Sabah, with one exception, empty into the South China Sea and are relatively short because the mountains are so near the coast. The one exception is the Padas River, which has cut a deep gorge through the Crocker Range and drains a large section of interior lowland. All western rivers carry silt that is deposited on the narrow coastal plain where it forms good agricultural land. The other rivers of Sabah drain into the Sulu or Celebes seas. The 350-mile-long Kinabatangan is the largest and the most significant river of Sabah. Rising in the southern part of the Crocker Range, it flows generally east-west through the middle of Sabah and empties into Sandakan Bay. Launches can travel for about 120 miles from the coast to reach the rich plantations and forest valleys.

### CLIMATE AND VEGETATION

Both segments of Malaysia lie in the same latitudes, are subject to the same movement of air masses, and have almost identical climates.

Some local variations in temperature and rainfall occur because of elevation or proximity to the sea, but both are tropical and have heavy rainfall, oppressive humidity, and year-round uniformity of temperature. Sarawak and Sabah are slightly wetter and hotter than the peninsula.

The year is divided into two monsoon periods, corresponding to winter and summer in more northerly latitudes. Both monsoons are wet and hot, and the major difference between them is the direction from which the rains arrive. The more intense period is that of the northeast monsoon, from October through February. Its strong, steady winds sweep southward until they reach about 5° north latitude, where they sometimes stall, so that the accompanying rains often persist for days. The southwest monsoon blows from mid-April to about mid-October and is slightly milder but less predictable. It is a period of squalls and intense thunderstorms, which in Sabah have been known to raise rivers as much as fifty feet above normal in a few hours.

Total annual rainfall varies somewhat between the two segments, as does the relative amount occurring in each monsoon. The annual mean rainfall in Peninsular Malaysia is just over 100 inches, and precipitation occurs primarily during the southwest monsoon; in Sarawak and Sabah the annual mean is about 150 inches, the major portion of which occurs during the northeast monsoon. Within the two segments some variations can also be noted. On the peninsula local averages range from sixty-four inches in a year at Jebebu in Negeri Sembilan to over 200 inches in the Larut Hills near Taiping in Perak. Whereas the west coast is wettest during the southwest monsoon, the higher elevations of the interior receive most of their rainfall during the eight-week transition period between monsoons. Within Sarawak and Sabah climatological stations at Kuching and Sibul reported a difference of over fifty-three inches in areas that are only 100 miles apart. Farther north at Long Akah, in the mountains of the upper Baram River, an annual mean rainfall of 236 inches makes it the wettest place in Malaysia.

Temperatures throughout Malaysia vary between 70°F and 90°F in the coastal areas and between 55°F and 80°F in the mountains. Absolute minimum temperatures are unknown, since the coldest spots are found in remote mountain heights where weather readings are not taken. In all areas and throughout the year, humidity remains extremely high day and night.

Under the favorable influence of the hot, humid climate, Malaysia is a land of lush and verdant plant life. Woody plants constitute most of the growth, but lianas, ferns, low shrubs, flowering bushes, and countless epiphytic plants abound in all areas. Cleared land exists only in major settled areas along the coast or on the banks of rivers. Much of the cleared land has been replaced by palm and rubber tree planta-

tions; if these regions are added to the uncleared areas, the total forested area reaches about 90 percent of total land area. The kind of vegetation in the forests is as varied as it is extensive.

All uncleared areas are commonly referred to as "jungle," but this is not entirely accurate. The mangrove and nipa palm areas are really swamp forests, which are treacherous underfoot and almost impenetrable. The major portion of the rain forest is characterized by towering trees—usually hardwoods—about 100 feet high, forming canopies from about seventy feet upward, through which occasional trees rise as high as 200 feet. The canopy is so dense that the floor of the forest is in perpetual shade, and only a thinly scattered undergrowth of flowers and shrubs can exist. In other areas of the rain forest, where the soil was derived from underlying strata of limestone, the trees are not as tall, the canopy is more open, and the undergrowth is so luxuriant that a true jungle exists.

In addition to exotic forms of plant life, Malaysia's forests contain vast stands of valuable hardwoods and other useful products that represent a major asset to the national economy. A lack of transport and extractive and processing facilities, however, has limited development, and only a fraction of their value is exploited. Forest potential, moreover, has been subject to constant erosion by demands for more cleared land to accommodate the constantly increasing population, by the felling of timber for quick profit, and by the destructive migratory farming practices in many areas.

## WILDLIFE

The dense, virtually uninhabited forests of Malaysia teem with wildlife. Many species are common to both segments of the country. Nearly all are protected by game and wildlife laws in an effort to preserve species from extinction through the depredations of hunters commissioned to collect specimens for zoos or of those who kill for food.

Among the big game of Peninsular Malaysia are wild elephants, often a destructive nuisance to farmers, and the large Malayan tigers that often prey on plantation workers. The peninsula is noted for a variety of deer, and the forests also contain tapir and wild cattle. Wild pigs are common and are avidly hunted as a source of meat.

Many kinds of monkeys, small wildcats, civet cats, tarsiers, huge pythons, and an uncounted number of brightly plumaged birds abound. In the reptile category many crocodiles, lizards (including the monitor), and poisonous snakes are common to the forest and swamp areas. Of the snakes the king cobra, or hamadryad, is among the most deadly. It often reaches a length of fifteen feet and is one of the few snakes in the world that will launch an unprovoked attack on a human being.

The variety of wildlife in Sarawak and Sabah is even greater than on the peninsula. Elephants are found in Sabah. Deer, wild cattle, wild pigs, tarsiers, civet cats, snakes (including the python and the king cobra), crocodiles, lizards, and thousands of varieties of birds are native to Sarawak, and several animals are unique to it. The only dangerous land animal in Malaysian Borneo is the honey bear. It is a great favorite as a pet when young but becomes ferocious at maturity and will attack and claw the unwary when angry or aroused.

Northern Borneo has one of the largest and most varied bird populations in the world and includes hornbills, parrots, broadbills, the sweet-voiced bulbul, ten kinds of pigeons, twenty kinds of woodpeckers, and many other species. Most dramatic are the millions of bats and swifts that inhabit the limestone caves of the hill country. One cave alone, that at Niah in Sarawak, is said to house 1 million bats and 4 million swifts. These birds are a lucrative source of income. The nests of the swifts, made of saliva, are highly prized through the Orient as the basic ingredient of bird's nest soup. The droppings of both the swifts and the bats have covered the floor of the caves with a deep layer of guano, which is unexcelled as a fertilizer.

Apart from a few species of dugong, which inhabit an area off the extreme southern tip of Sarawak, and several varieties of dolphin, which live in the muddy estuaries of river mouths, marine life is not well cataloged. Most renowned of Malaysia's sea life is the green turtle that is used in making soup.

## MINERAL RESOURCES

Malaysia has a great variety of minerals. Tin in Peninsular Malaysia and to a lesser extent oil in Sarawak most significantly affect the economy of the country. The tin deposits of Malaysia are among the world's richest and most extensive (see ch. 14). Other mineral resources in Peninsular Malaysia include quantities of iron ore from hematite deposits in Perak, Terengganu, and Johor; a poor grade of coal useful only for local heating; a little gold from Pahang; minor quantities of tungsten from Kedah and Terengganu; and a promising and developing output of bauxite at Johor. Of less commercial importance are kaolin, monazite, corundum, and copper sulfide.

At one time northern Borneo was thought to be an area rich in mineral deposits, probably because gold was found in southern Sarawak as long ago as the eighteenth century. Dreams of a bountiful El Dorado, however, never materialized. Gold was significant in the last half of the nineteenth century. Antimony, mercury, and coal were of importance before 1900 but, except for coal, were reduced to virtual insignificance within a few years. Oil in fairly good quantities is derived from wells at Miri in northern Sarawak. The first well began to

produce in 1916, and by 1930 the oil field was producing over 50 million barrels a day.

Other minerals found in Malaysian Borneo, all of which are minor in value or occurrence, include bauxite, dolomite, iron ore, nickel, copper, cobalt sulfide, zinc, gypsum, and talc. Extremely small quantities of diamonds, sapphires, and silver have been found.

## ADMINISTRATIVE DIVISIONS AND INTERNATIONAL BOUNDARIES

In 1976 Malaysia consisted of thirteen states: Johor, Kedah, Kelantan, Malacca, Negeri Sembilan, Pahang, Perak, Perlis, Penang, Sabah, Sarawak, Selangor, and Terengganu. The special status of municipality has been granted to the four cities of Georgetown, Ipoh, Malacca, and Kuching. Kuala Lumpur, the nation's capital, occupied a special federal territory (see fig. 4; fig. 5). In Peninsular Malaysia the states were divided into districts, which in turn were divided into *mukim*. Because of their size as well as for historical reasons Sarawak and Sabah were divided into divisions and residencies respectively and then broken down into districts and subdistricts (see ch. 10).

In February 1972 the federal capital, Kuala Lumpur, was designated a municipality and placed under the administration of the mayor (*datuk bandar*) with the assistance of an advisory board. Two years later an area of ninety-four square miles, including the municipality, was redesignated as the Federal Territory of Kuala Lumpur. Responsibility for national matters was assumed by the prime minister, and responsibility for local government matters was assumed by the minister of local government and federal territory; the execution of these responsibilities remained the function of the mayor.

The municipalities were financially autonomous, statutory corporations. They were headed by fully elected councils that held a wide range of powers conferred upon them by legislation, including public health, utilities, cultural activities, urban planning, and public housing. The municipalities operated on the basis of their own financial resources but were eligible for certain loans from the federal government. They sometimes sought advice from Kuala Lumpur on the implementation of policy, but they acted independently in day-to-day administration.

The delineation of the northern border with Thailand resulted from British expansion in the region in the nineteenth century. In 1909 the four Malay sultanates of Kedah, Terengganu, Perlis, and Kelantan were placed under the protection of the British by treaty, and the present-day boundary was established. Control over these states temporarily passed to Thailand during World War II but reverted to the British after the war. In 1957 they became states of the Federation of Malaya (see ch. 3).



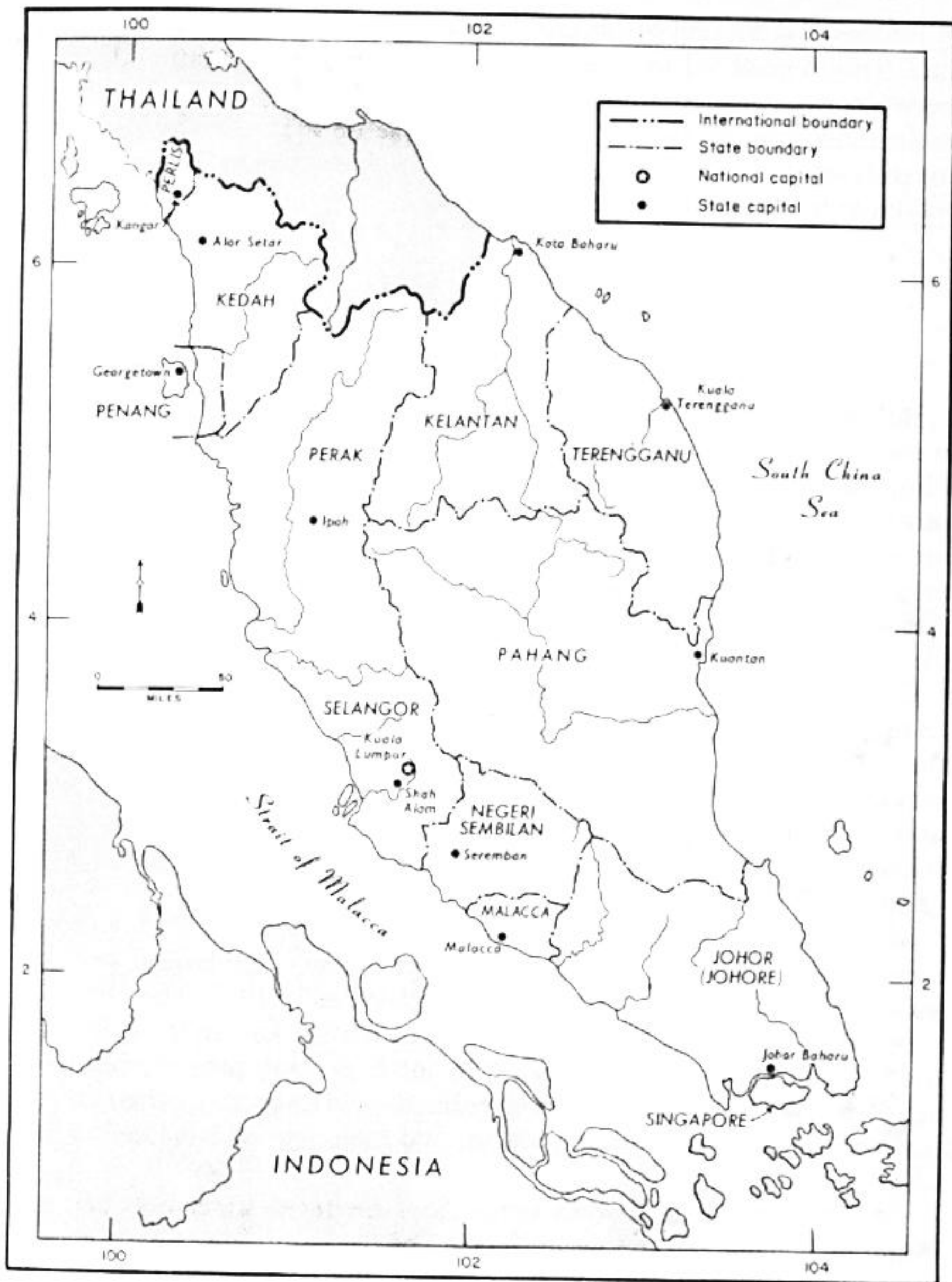


Figure 4. Malaysia, Administrative Divisions, Peninsular Malaysia, 1976

The 1,107-mile-long boundary separating Sarawak and Sabah from Indonesia was established by various treaties and international acts between Great Britain and the Netherlands in the preindependence period. Two small segments have been demarcated, but most of the frontier is marked by mountain ranges and the water divides they form. Peninsular Malaysia is separated from Indonesia by the Strait of Malacca and the South China Sea, but the specific boundaries have not been negotiated by treaty.

In 1963 the Philippines made formal claim to certain areas of Sabah. This dispute led to a temporary disruption of diplomatic relations between the two countries, but by the mid-1970s relations had been normalized and the parties had agreed to settle the claim by peaceful means (see ch. 12). Interest in regional cooperation in 1976 reduced the issue to secondary importance.

## TRANSPORTATION

### Water Transport

Before the development of mechanized transportation, waterways were the country's principal means of communication and distribution; the rivers and tributaries penetrating the interior of the country provided a vital link between inland villages and the coast and were a major focus for commercial activity. Inland waterways in 1976 were only of marginal importance in Peninsular Malaysia, but they remained a major transport artery in Sarawak and Sabah (see fig. 6; fig. 7).

Coastal trade is carried on by craft that vary widely in size and use of technology. Improvements in other transport systems have reduced the importance of marine passenger service, but the major freight service between Peninsular Malaysia and Sarawak and Sabah as well as with Singapore is provided by water transit. Freight is frequently transshipped from major ports to minor ports by small-tonnage vessels.

Major port facilities in Peninsular Malaysia included Port Kelang, Penang, Port Dickson, and Malacca. Port Kelang, the largest port by volume, handled about 5.3 million tons of cargo in 1973. The facilities were administered by the Kelang Port Authority, known until 1972 as the Port Swettenham Authority. A major expansion project, completed in the fall of 1973, included expanded wharf space, equipment for handling and storing container cargo, and facilities for handling tanker cargo.

Penang harbor is located in a stretch of sheltered water between the island of Penang and the western coast of the peninsula. Representing the second largest facility in the country, the port handled about 3.8 million tons of cargo in 1973. Unloading and loading of cargo was achieved by the use of the Butterworth Wharves on the coast, ship-side lighters and barges, and facilities on the island. Facilities were available for handling container cargo.

Labuan, Kota Kinabalu, Sandakan, and Kuching offered the major port facilities in Sarawak and Sabah. Labuan was directly administered by the Marine Department, but the other ports in Sabah were being placed under the administration of the Sabah Ports Authority. Reconstruction of facilities at Kota Kinabalu and Sandakan and the

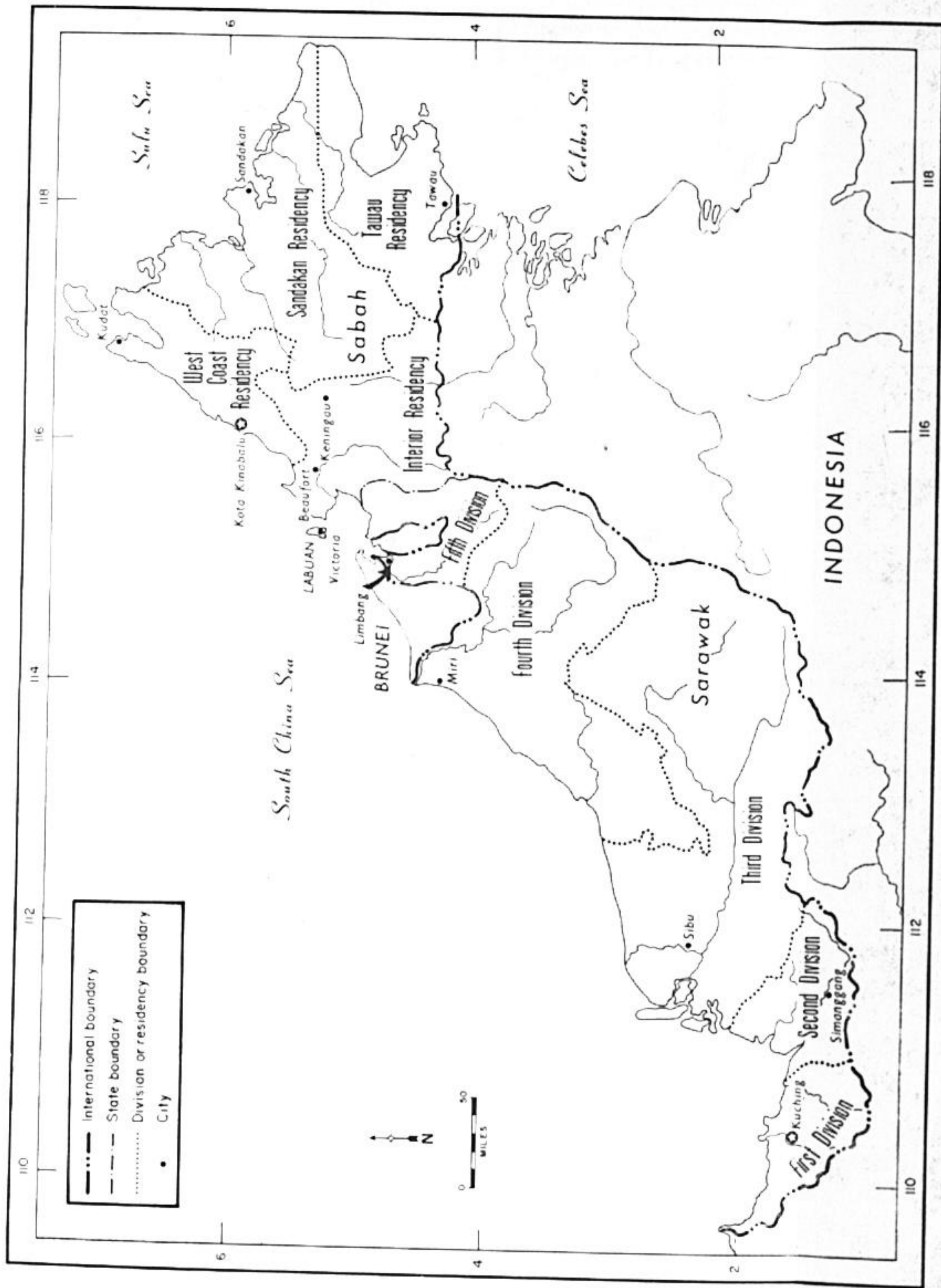


Figure 5. Malaysia, Administrative Divisions, Sarawak and Sabah, 1976

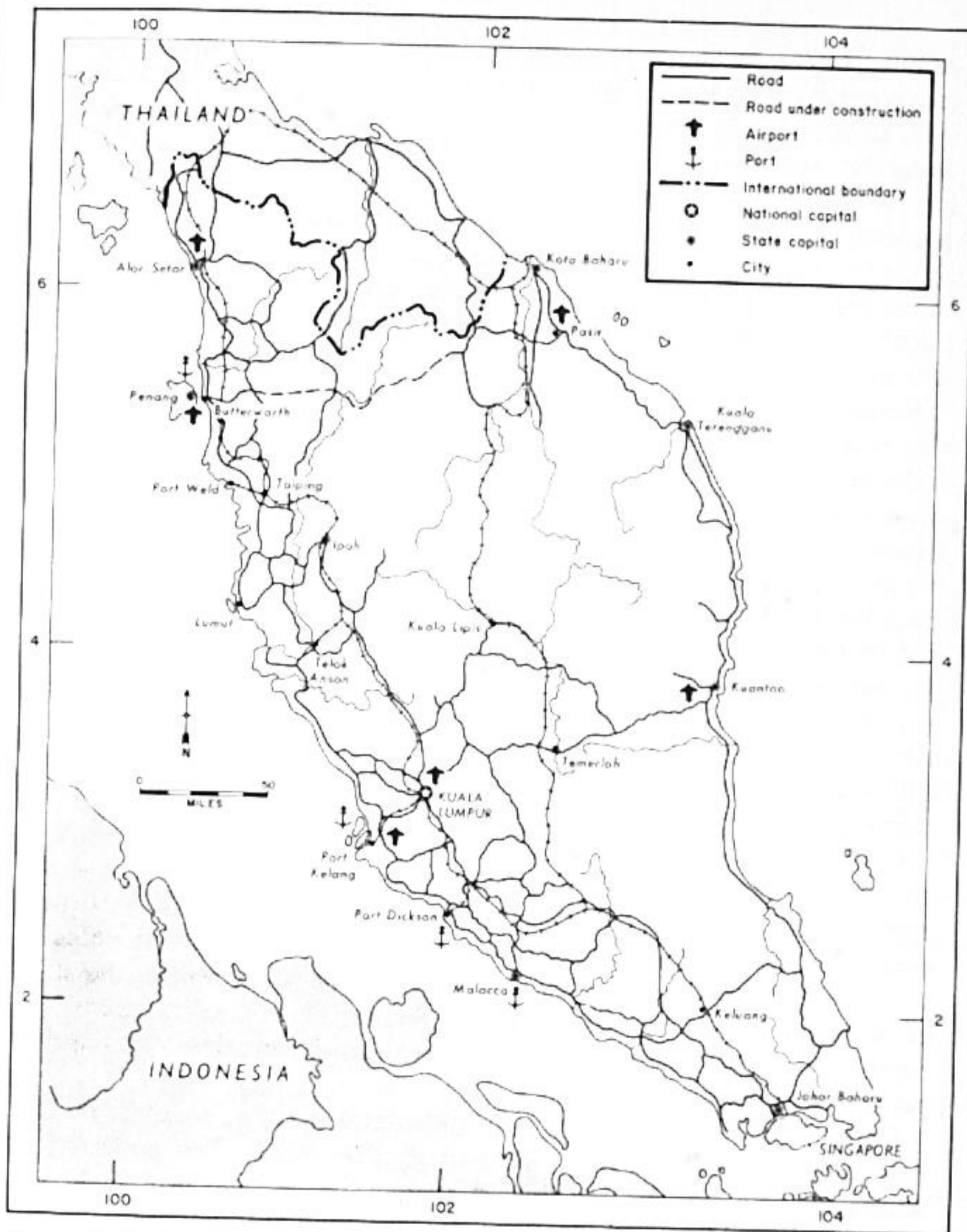


Figure 6. Malaysia, Highways, Railroads, Principal Ports, and Airports, Peninsular Malaysia, 1975

upgrading of other ports in Sabah were made possible by a loan from the International Bank for Reconstruction and Development (IBRD—commonly known as the World Bank) in the 1970s.

### Road Transport

In the mid-1970s there were an estimated 14,000 miles of road in the country. Of these about 11,500 were in Peninsular Malaysia.

About 87 percent of the roads in Peninsular Malaysia had paved surfaces compared with about 19 percent in Sarawak and Sabah. The system of roads in Peninsular Malaysia was relatively well developed along the western coastal plain. It met basic needs and provided service for 58 percent of all freight transport. Major arteries leading to economic centers and urban areas, however, were being overburdened by increasing traffic, and congestion was a growing problem. Special urban highway plans were under consideration. Roads in Sarawak and Sabah were concentrated around administrative and commercial centers in coastal regions and needed to be extended and connected.

Roads were classified for administrative purposes into three categories, namely, federal, state, and municipal. Most roads were under state jurisdiction. High priorities for federal highway construction included the Golok River bridge—the final link in the Asian Highway developed in cooperation with the Association of Southeast Asian Nations (ASEAN)—upgrading major north-south routes, and the East-West Highway between Butterworth and Kota Baharu. Completion of the latter was regarded as an essential step toward developing the northern border region and was highly valued by the government as a means of effecting political control. In 1974 the project was considerably delayed by an attack by communist insurgents who blew up millions of dollars worth of equipment used in the construction of the highway.

Expansion of the motor vehicle fleet in Peninsular Malaysia grew at an average annual rate of 10 percent between 1966 and 1971; of the approximately 716,000 vehicles registered in 1971 more than 50 percent were motorcycles. About 90 percent of the registered vehicles were located in the west coast states and about 30 percent in the state of Selangor alone. For Sarawak and Sabah the rate of increase had been 11 percent; of the total 80,000 registered vehicles less than 33 percent were motorcycles.

Of the 3,700 trucking firms in Peninsular Malaysia, some 2,500 had only one vehicle, and only 100 had five or more. The government administered a complicated license system designed to protect Malay interests; non-Malay applications for trucking-firm licenses usually were not granted. In 1972 the government established the National Haulage Corporation to foster Malay participation in the industry. By the mid-1970s the corporation, which had over 120 trucks, mostly ten-ton capacity, had become the largest trucking enterprise in the country.

### **Rail Transport**

The railroad network in Peninsular Malaysia in the mid-1970s totaled about 1,300 miles of single, meter-gauge track. It comprised a 489-mile west coast line, a 327-mile midinterior line, and branch lines

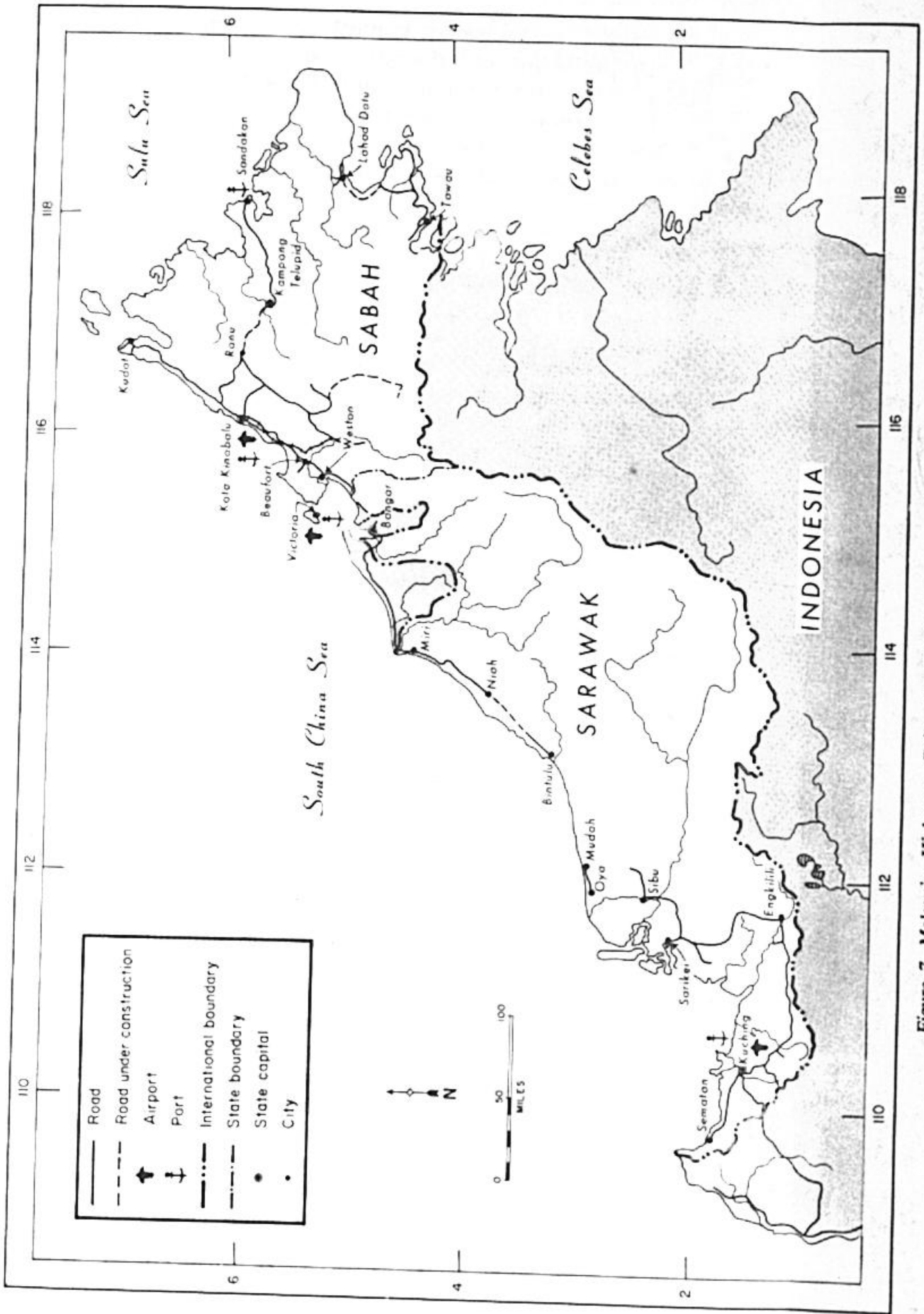


Figure 7. Malaysia, Highways, Railroads, Principal Ports, and Airports, Sarawak and Sabah, 1975

serving port and urban areas. Both of the main lines connect with the Thailand State Railroad at the northern border, providing international passenger service, and merge in the south in a joint line to Singapore.

The Malayan Railway Administration, a government corporation under the Ministry of Transport, is operated on a commercial basis. Between 1962 and 1968 shifting traffic patterns, including an increasing use of road transport for short-haul shipping, and low operating efficiency resulted in a loss of almost MS20 million (for value of the Malaysian ringgit—see Glossary). Although in the late 1960s various steps were taken to increase operating efficiency, the adoption of marginal cost pricing and reduced rates to compete with short-haul road transport left the corporation in debt.

The railroad system remained the most economic form of transport over medium and long distances. The government regarded the operation as essential to not only agricultural, forestry, and mining production—and therefore to sustained national economic growth—but also new development schemes under consideration. Under the Second Malaysia Plan (1971-75) financial viability was sought by shifting to complete dieselization. This was accompanied by supplemental investment in maintenance and modernization of existing rolling stock, roadbeds, and repair facilities. By 1977 the system was expected to return a profit.

A meter-gauge railroad line in Sabah ran from Kota Kinabalu to Beaufort, then around the southern end of the Crocker Range and back to Melalap. The major freight items were stone and gravel. There was no rail service in Sarawak.

### Air Transport

Air transport in the country was provided by the Malaysia Airline System (MAS) owned by the government since its incorporation in 1947 as Malayan Airways. It has been known as MAS since 1972, when service under the Malaysia-Singapore Airlines ceased. The major cities of Peninsular Malaysia and many towns and administrative centers in Sarawak and Sabah were well linked by domestic and international connections. Air service was particularly important to the transport system of Sarawak and Sabah. The four international airports—Kuala Lumpur, Penang, Kota Kinabalu, and Kuching—had modern air traffic and communication services and could accommodate the largest jets; the 11,400-foot-long runway of the Kuala Lumpur International Airport was the longest in Southeast Asia. There were fifteen other major airports in the country, many private airstrips, and facilities for pontoon planes.

The provision of air traffic services ensuring the safety of aircraft and passengers and the provision of ground facilities is the responsibility of the Civil Aviation Department under the Ministry of Commu-

nications. The department maintained regional offices in Kuala Lumpur and Kota Kinabalu.

MAS had a record of efficient operation and balanced investments in runways, terminals, and telecommunication equipment. The shift to jets for major runs in 1969 resulted in a heavy need for investment in all-weather and night traffic control equipment as well as for the training of personnel qualified to handle the equipment. The provision of most of the equipment was provided by the Second Malaysia Plan (1971-75), and by the mid-1970s annual revenue was expected to be adequate to meet all additional debt service requirements for the expansion, as well as to create additional revenues.

## SETTLEMENT PATTERNS

The country's principal pattern of settlement comes from both the traditional Malay village—the *kampong*—and nucleated settlements resulting from the influence of the colonial economy. Although great religious centers were built in the peninsula at least 1,000 years ago and Malacca had become an important trading center by the early fifteenth century, it was not until the late eighteenth and early nineteenth centuries that the administrative and economic groundwork was laid for urban development (see ch. 3).

Before the construction of railroads and highways, rivers were the principal arteries to the interior and had a profound influence on the pattern of settlement of the country. Settlement along the rivers by both Malays and early Chinese immigrants was generally confined to coastal areas because of limited navigability of the rivers and the proximity of the mountains to the coast.

Economic activity under the British centered along the western coastal strip of Peninsular Malaysia. It was in this area that the most intensive tin mining and rubber planting evolved, and communication facilities were developed to meet the needs of economic expansion. As a result of opportunities and easy access, Chinese and Indian migrants during the British administration settled largely in this area.

During the colonial period Kuala Lumpur emerged as the peninsula's foremost city and was supported by several port cities. Administrative centers and new commercial centers emerged as small towns and intermediate-sized cities. During the anticommunist efforts of the 1950s settlements known as New Villages were established in sparsely populated areas. The expansion of the communication network, planned administrative decentralization, and rural development programs associated with this period further modified the country's settlement pattern.

Adding to the variety of settlements and the complexity of overall settlement patterns was the creation of such special-function areas as the capital city of Selangor, Shah Alam, and such industrial estates as



Batu Tiga. Such regions as the Kelang valley have seen the emergence of both competitive and reinforcing commercial service communities. Major urban areas have suburbs and satellite communities.

## POPULATION STRUCTURE AND DYNAMICS

The first countrywide census for all of Malaysia was taken in 1970. Earlier counts of the population of the territories making up Malaysia had been taken, including those in 1947 and 1957 for Peninsular Malaysia and in 1960 for Sabah and Sarawak. Because of the difference in the census years before 1970 and other matters affecting comparability, it is necessary to examine population trends separately for the Borneo states and Peninsular Malaysia. Some four-fifths of the population lives in Peninsular Malaysia, and population trends of the peninsula are of particular interest.

The preliminary field count summary was published in early 1971, and the first of the volumes to be included in the final enumeration began to appear a year later. The census reported a total population of 10,452,309. Projections for 1975, based on the assumption of no change in vital rates, placed the population at about 12 million. The average annual rate of growth for the decade ending in 1970 was 3 percent. Extrapolations in 1970 placed the average growth rate for Peninsular Malaysia at over 2 percent since the early nineteenth century and for Sabah at about 1.9 percent since the late nineteenth century. The population of Sarawak grew at an average of 3.5 percent annually between 1841 and 1970. Except for the two decades preceding 1970, however, growth in the country during the period was highly influenced by international migration.

The growth rate fluctuated throughout the 1960s, reaching a high of about 3.4 percent in 1962 and declining to 2.5 percent in 1970. Although a family planning program was in operation, the rate was not expected to have declined below the 2.5 percent level until after 1975. The entrance of the postwar baby boom into the childbearing age-group may have temporarily raised the growth rate to 2.8 percent in the early 1970s.

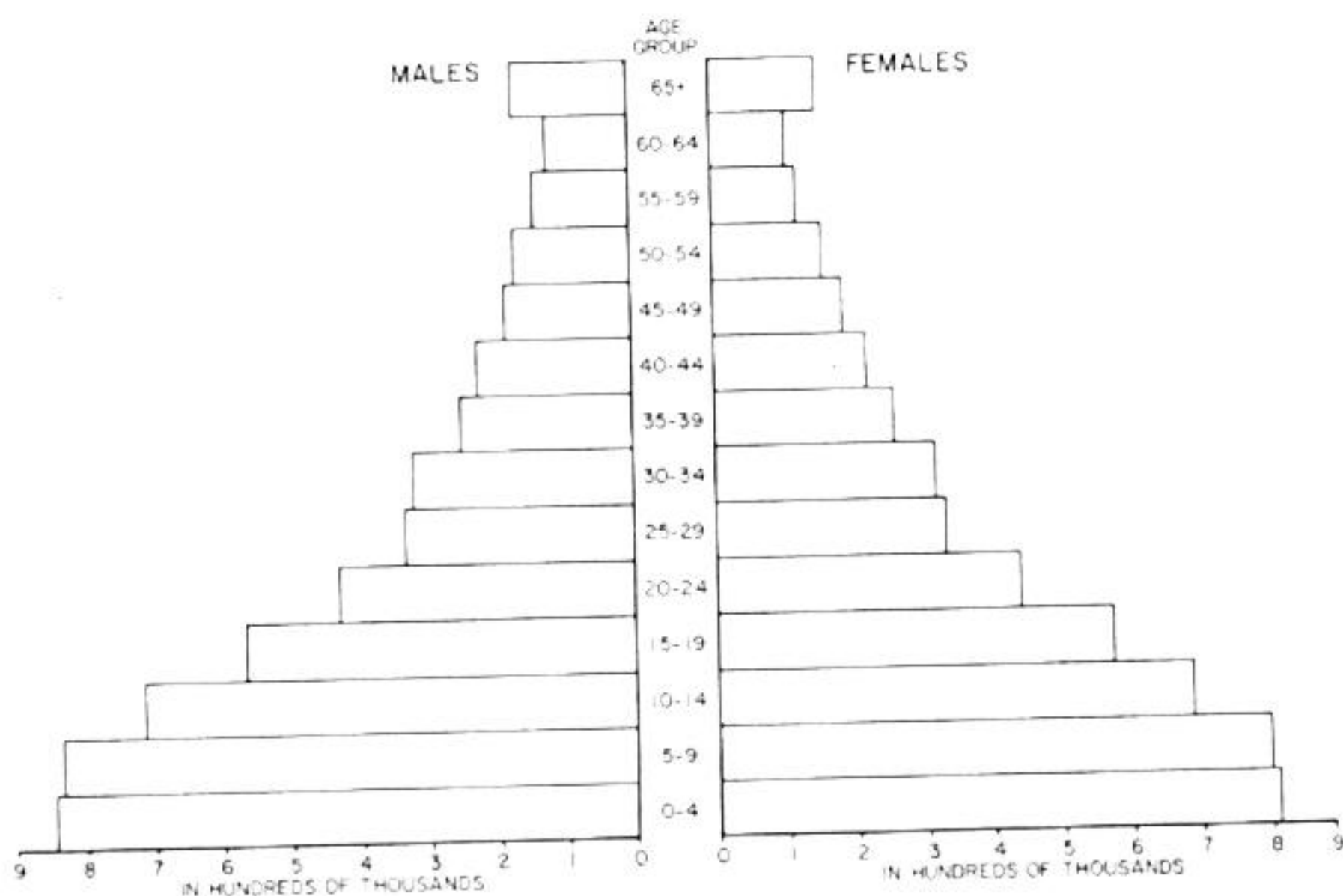
Between 1960 and 1970 the population increased by almost 3 million. This represented a 3-percent average annual rate of growth and was one of the highest in Asia. Continuation at this rate would double the population by the early 1990s. Projections based on reduced fertility rates were available only for Peninsular Malaysia. Based on the assumption of a 10-percent decline in fertility on the peninsula during the two decades after the census, the population would have reached about 15.4 million compared with a base of about 8.8 million in 1970. Should the fertility rate decline as much as 30 percent during the period, the total population of the peninsula would be only about 14.3

million in 1990. Most sources indicated that a reasonable expectation would be somewhere between these two figures.

About 75 percent of the land area was covered with swamps or forests, and the population density on cleared land—about 326 people per square mile—was considerably higher than the overall population density, although low compared with such Asian countries as the Philippines and the Republic of China (Nationalist China). Extensive sections of the country, especially in Sabah and Sarawak, offered potential frontier land, but their exploitation awaited the development of the infrastructure necessary to support such expansion. Meanwhile the population density was very high in areas along the western coast of the peninsula, where economic opportunities were the greatest.

### Age, Sex, and Ethnic Distribution

According to the 1970 census the country had a high proportion of young people: over 44 percent of the population in 1970 were under fifteen years of age, and 64 percent were under twenty-five years of age (see fig. 8). Some 52 percent were in the twenty-five to sixty-four age bracket, and about 3 percent were reported as being sixty-five years of age or older.



Source: Based on information from Malaysia, Jabatan Perangkaan Malaysia, *Banchi Penduduk dan Perumahan Malaysia 1970: Pembahagian Umur* (1970 Population and Housing Census of Malaysia: Age Distribution), Kuala Lumpur, September 1973.

Figure 8. Malaysia, Population Pyramid by Age and Sex, 1970

The 1970 census showed a ratio of 101.8 males to every 100 females, a slightly higher ratio than other countries. The figures for the under four-year-old group match expectations, but the ratio for the five-to-nine-year-age-group is high. The ratio for the group between fifteen and thirty-nine is above the average. The high ratio of males to females over the age of sixty is in part a reflection on contract laborers who migrated before World War II and have remained in the country. An analysis by the Malaysian Department of Statistics of the accuracy of the 1970 census listed errors in the completeness of enumeration of individuals in different age-groups and the misstatement of the ages of those who were enumerated.

In 1970 Malays represented about 47 percent of the population and Chinese about 34 percent (see ch. 4). The exact percentage of Indians in the country could not be determined because the census for Sarawak and Sabah listed them under the category of "others" rather than as a separate ethnic group. In Peninsular Malaysia the 1970 census listed about 53 percent of the population as Malay, about 35 percent as Chinese, and about 11 percent as Indian. This was the first time since the 1921 census that Malays on the peninsula had counted for at least 50 percent of the population; in 1957, for example, about 49.8 percent of the population were Malay and 37.2 percent Chinese. This shift did not represent a major disruption of the basically stable ethnic structure of the population. Rather it resulted from a decline in the fertility rates of the Chinese—and also of the Indians—between 1957 and 1967. The decline for these groups was five times greater than the decline in fertility rates among Malays. This is generally interpreted as partially the result of urban residence by the Chinese and Indians and greater availability of family planning programs. Between 1967 and 1969, however, the decline in fertility among Malays reached 8 percent compared with 7 percent for Indians and 5 percent for Chinese. The implication of these shifts in fertility rates was a projected population structure of Peninsular Malaysia in 1990 that, regardless of the rate of increase and the absolute size of the population, would closely resemble the ethnic composition of the population in 1970.

### Regional and Rural-Urban Distribution

Although the population was not evenly distributed throughout the country, the pattern of distribution remained about the same during the 1960s. Peninsular Malaysia accounted for about 84 percent of the total population; about 62 percent of the population of the peninsula lived in the four states of Selangor, Perak, Johor, and Kedah (see table 1). The states with the smallest percentages included Malacca, Perlis, and Terengganu.

The increasing density of settlement has led to a change in the definition of what constitutes an urban center. Both the 1957 and the 1960

Table 1. Malaysia, Population by State, 1957 and 1970

State	1957		1970		Percent Increase
	Number	Percent	Number	Percent	
Johor (Johore)	926,850	12.4	1,276,969	12.2	37.8
Kedah	701,964	9.4	954,749	9.1	36.0
Kelantan	505,522	6.8	686,266	6.6	35.8
Malacca	291,211	3.9	404,135	3.9	38.8
Negeri Sembilan	364,524	4.9	481,491	4.6	32.1
Pahang	313,058	4.2	504,900	4.8	61.3
Penang	572,100	7.7	775,440	7.4	35.5
Perak	1,221,446	16.3	1,569,161	15.0	28.5
Perlis	90,885	1.2	120,991	1.2	33.1
Selangor	1,012,929	13.5	1,630,707	15.6	61.0
Terengganu	278,269	3.7	405,539	3.9	45.7
Total Peninsular Malaysia	6,278,758	84.0	8,819,928 <sup>1</sup>	84.4 <sup>1</sup>	40.5
Sabah	454,421 <sup>2</sup>	6.1	654,943	6.3	44.1
Sarawak	744,529 <sup>2</sup>	10.0	977,438	9.4	31.3
Total Sabah and Sarawak	1,198,950	16.0 <sup>3</sup>	1,632,381	15.6 <sup>3</sup>	36.2
TOTAL	7,477,708	100.0	10,452,309	100.0	39.8

<sup>1</sup> Includes 9,580 wayfarers—0.1 percent.<sup>2</sup> 1960 census.<sup>3</sup> Figures do not add to total because of rounding.

Source: Based on information from Malaysia, *Jabatan Perangkaan Malaysia, Banchi Penduduk Perumahan Malaysia 1970: Pembahagian Umrur* (1970 Population and Housing Census of Malaysia: Age Distribution), Kuala Lumpur, September 1973.

censuses used population levels of 1,000 as the dividing line between rural and urban communities. The 1970 census defined as urban those who resided in settlements of 10,000 or more. In 1970, therefore, 29 percent of the population was classified as urban compared with 32 percent in 1957. The percentage of the population in urban areas varied considerably from state to state. In Penang 51 percent of the population was urban; in Kedah the proportion was only 13 percent. The entire population of Perlis was classified as rural.

Since 1957 neither interstate nor international migration has played a significant role in the country's demography. Less than 8 percent of the population in 1970 had been born abroad; of these over half were Chinese. Urban populations have been growing at a greater rate than the population at large, but urban areas tend to draw populations from within the state in which they are located (see ch. 7).

More than 25 percent of the population of Peninsular Malaysia in 1970 lived in areas designated as urban, and almost 17 percent of the population of the peninsula lived in the eight largest urban areas: Johor Baharu, Malacca, Kuala Lumpur, Kelang, Petaling Jaya, Seremban, Ipoh, and Georgetown. The ethnic composition of urban areas varied from the national ratios for ethnic groups. About 58 percent of all urban residents were Chinese, compared with about 27 percent Malays and 13 percent Indians. In Peninsular Malaysia urban residents represented about 47 percent of the total Chinese population and about 35 and 15 percent respectively of the Malay and Indian populations. The distribution of the Malay population residing in urban areas did not vary significantly with the size of urban communities. About 30 percent of the Chinese population lived in the eight largest urban centers.

## FAMILY PLANNING

Organized family planning began in Malaysia in 1953 on a private basis with the formation of the Family Planning Association. Five years later this association was expanded and renamed the Federation of Family Planning Associations, with autonomous organizations in each state of Peninsular Malaysia. Voluntary organizations have served Sarawak and Sabah on a modest scale, but the sparse populations of these states gave them a low priority in the allocation of family planning resources. The federation remained a privately operated organization, although it received financial support from the government; the federation operated a total of 300 clinics. Each state association was responsible for implementing family planning programs, but overall planning and coordination was provided by the central council.

The government officially adopted family planning as a national goal in 1964 and established the National Family Planning Board in 1966.

The board was created as an interministerial unit. About 500 central staff members were divided into six major divisions. Board operations, however, were confined to Peninsular Malaysia; each state had medical officers, information officers, and other personnel to implement activities.

The services of the National Family Planning Board were provided mainly in urban areas through both day clinics and mobile teams. Most of the seventy-seven clinics and 413 mobile teams operating at the end of 1973 were located in maternal and child-care clinics or in government hospitals. A shortage of personnel tended to handicap the extension of regular service to rural areas. The board was attempting to extend coverage to rural areas by training more personnel, by integrating family planning services with the maternal and child-care services of the Ministry of Health, and by assuming responsibility for the facilities operated by the Federation of Family Planning Associations, which accordingly was shifting its role to educational and informational efforts.

A survey of those using family planning methods between 1967 and 1972 indicated that the National Family Planning Board recruited about 63 percent of the acceptors and the Federation of Family Planning Associations about 28 percent. Others were recruited by the Ministry of Health and such organizations as the Federal Land Development Authority, and facilities were offered by individual rubber estates. In a 1971 sample survey 87 percent of new users selected contraceptive pills; the choice of sterilization—mainly of women—was increasing and was selected by about 7 percent.

Continuation rates were relatively high. Follow-up of new users in 1969 indicated that 54 percent continued contraception after one year, and about 42 percent continued after eighteen months. Sample surveys of the population indicated that between 1966 and 1970 those who knew about family planning techniques increased from 44 percent to 84 percent. The number who disapproved of family planning declined from 21 percent to 13 percent, and those who had used any method increased from 14 to 27 percent.

Family planning in the mid-1970s was limited by the sensitivity of the subject as an issue in the national government, as well as a lack of information programs, program evaluation and research, long-run planning, and personnel. Although program targets under the Second Malaysia Plan aimed at recruiting 600,000 new users, the facilities provided in the early 1970s fell well below requirements. Although certain improvements and program expansion were undertaken during the plan period, they remained too modest to reduce the rate of natural growth below 2.5 percent and would thus restrict the achievement of the plan's goals.

## LABOR

According to the estimate included in the Second Malaysia Plan, the active labor force numbered about 3.8 million. This figure was over half the nearly 6.9 million people who were ten years of age or older; the potential labor force was officially defined to include all individuals ten years old and above because of the large number who left school at an early age (see ch. 8).

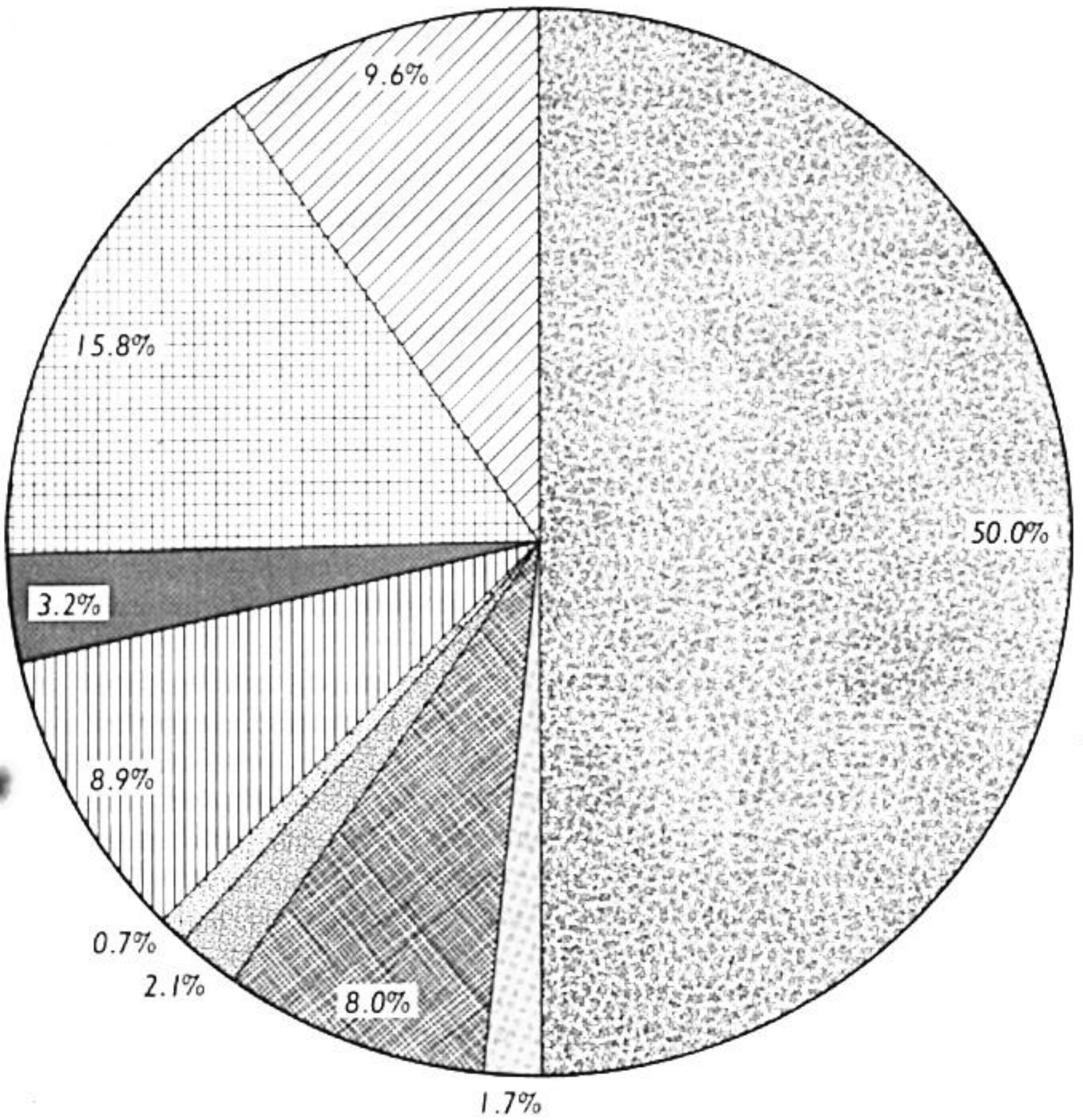
The high rate of population growth during the 1960s brought more people into the labor force than could be employed by newly created jobs and by positions being vacated through the retirement of personnel. Unemployment increased from 6.5 percent of the labor force in 1960 to about 8 percent in 1969; in 1970 there were about 275,000 or about 7.3 percent of the labor force listed as unemployed. Almost 600,000 new jobs were created during the Second Malaysia Plan, an increase of about 3.2 percent annually; plan targets, however, left 324,000 unemployed in 1975.


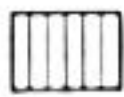
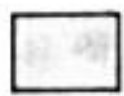


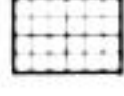

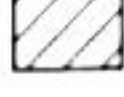
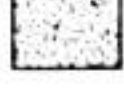
Unemployment was largely concentrated among new entrants into the labor force. In 1967 at least 75 percent of those unemployed were in the fifteen-to twenty-five-year age-group. This percentage represented an increase of ten points over the percentage in 1962 and was not believed to have declined by the mid-1970s. Unemployment rates among the young were particularly high in urban areas where the overall unemployment rate was about 10 percent of the total labor force.

Just as serious a problem was presented by underemployment, based largely on the inability of a worker to obtain a position commensurate with acquired training or skills. Underemployment was particularly high in the agricultural and service sectors. Although there are no fixed means of measuring underemployment, estimates indicated that at least 11 percent of those workers listed as employed were actually working less than twenty-five hours a week. Adding these to those overqualified for the jobs they were doing raises the level of underemployment to over 25 percent.

Of the some 3.4 million people employed in 1970, half were employed in the agricultural sector, which also included forestry and fishing. In the nonagricultural sector services accounted for 15.8 percent; commerce, 8.9 percent; and manufacturing, 8.0 percent (see fig. 9). Most of the occupational opportunities in the country's still-developing economy continued to be in rural areas (see fig. 10).

Government programs designed to encourage employment were operated by the Manpower Department, organized in 1969. The Training Service of the department provided special training for the unemployed—especially youths—and encouraged the use of on-the-job programs. It offered apprenticeship courses in such fields as the mechanical, electrical, construction, and printing trades. The service also

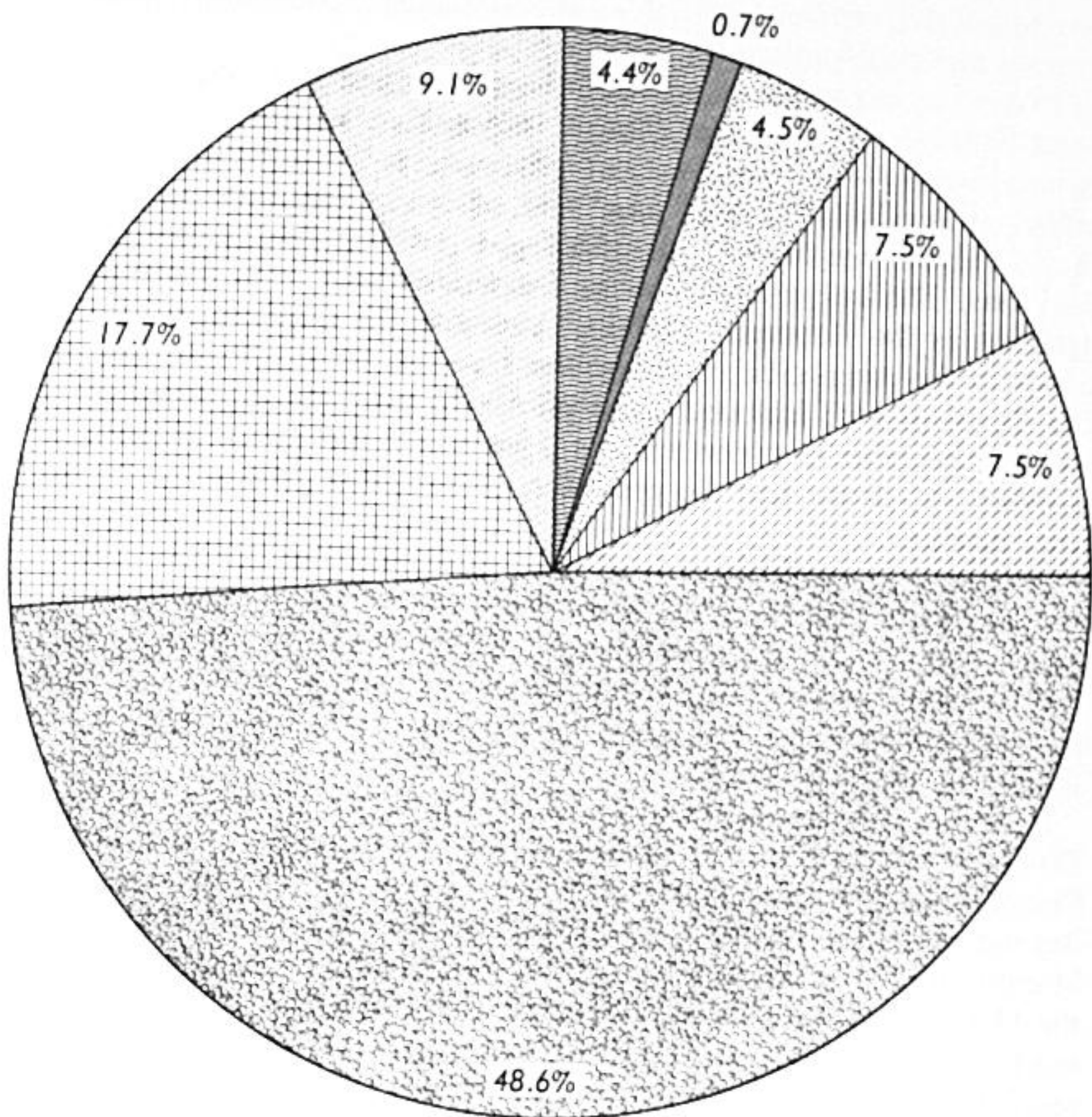





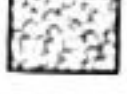

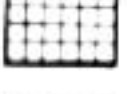

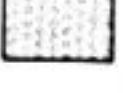
	Agriculture	1,713,897		Commerce	303,690
	Mining	57,273		Transportation/ Communication	110,982
	Manufacturing	276,021		Services	543,321
	Construction	71,433		Other	330,494
	Utilities	22,561			
				Total number of employed persons	<u>3,429,672</u>

Source: Based on information from *Year Book of Labour Statistics, 1974* (34th ed.), Geneva, 1974, pp. 94-95.

Figure 9. Malaysia, Employment by Major Industrial Sector, 1970





	Professional/technical	149,269		Service	256,546	
	Administrative/managerial	23,728		Agricultural	1,670,050	
	Clerical	154,857		Production	606,475	
	Sales	258,184		Other	310,563	
					Total number of employed persons	3,429,672

Note: Agricultural includes forestry, fishing, and hunting

Source: Based on information from *Year Book of Labour Statistics, 1974* (34th ed.), Geneva, 1974, pp. 192-194.

Figure 10. Malaysia, Employment by Occupational Category, 1970

promoted the development of national standards, including syllabi, testing, and certification.

Two other important services of the department were the Employment Service and the Labor Market Information Service. There were twenty-two full-time employment offices and thirty-three part-time offices in Peninsular Malaysia and nine offices in Sarawak and Sabah; in 1973 about one-third of all who registered with the service found positions. The information service cooperated with such government agencies as the Economic Planning Unit and the Department of Statistics in the promotion of manpower research for economic and social development; included were efforts to promote communication and collaboration between various government offices by including a monthly newsletter and the provision of computer monitoring of the labor market.

Various laws, ordinances, and regulations provided for the protection and regulation of labor. These were reviewed and modified constantly. Under the terms of the Employment (Amendment) Act of 1971 workers became eligible for benefits including weekly days off and paid holidays and sick leave; restrictions were also placed on the amount of overtime work.

In 1975 a noncompulsory code of industrial practices was adopted. This was achieved by the signing of two documents: "The Code of Conduct for Industrial Harmony" and "Areas for Co-operation and Agreed Industrial Relations Practices" by the Ministry of Labor and Manpower, the Malaysian Council of Employers' Organizations, and the Malaysian Trades Union Congress. Under the code employers and workers were requested to refrain from unilateral action and to use regular grievance procedures specified in their contracts for the settlement of disputes. Layoffs were to be used only as a last resort, and specific guidelines concerning warnings and procedures relating to layoffs were included.

The registration and control of unions was the responsibility of the Registry of Trade Unions. Registration required compliance with certain regulations, verified by periodic inspection. In late 1973 there were 258 unions with a total membership of 373,092 in Peninsular Malaysia; fifty-nine unions with a total membership of 17,095 in Sarawak; and twenty-three unions with a total membership of 8,368 in Sabah. In order to protect workers where no unions existed or were ineffective, provisions have been made for the establishment of wage councils organized according to occupational category; in 1973 there were four wage councils in Peninsular Malaysia and one in Sarawak.

\* \* \*

A brief but useful discussion of demographic data is provided by James A. Palmore in *Population and Development in Southeast Asia*.

A discussion of population and labor force projections is summarized in Saw Swee-Hock's "Future Trends in the Population and Labour Force of West Malaysia" in *Review of Southeast Asian Studies*. For more detailed analysis refer to the statistics provided in the Malaysian government's *Bancki Penduduk dan Perumahan Malaysia 1970* (1970 Population and Housing Census of Malaysia). (For further information see Bibliography.)

## CHAPTER 3

### HISTORICAL SETTING

Malaysia has had a short history as a unified state. One of the two geographical regions that make up the country—Peninsular Malaysia—achieved independence from British rule in 1957 as the former Federation of Malaya. The second region—the states of Sabah and Sarawak on the island of Borneo—did not achieve political independence until 1963, when it was linked to the peninsula to form the new nation of Malaysia. The legacy of the new state was characterized more by division than by cohesion. Since 1963 Malaysia's major concern can be seen as one of fashioning a unified and viable state from historical elements of political disunity and cultural diversity.

The majority of Malaysians are the descendants of relative newcomers to the country. Most of the so-called indigenous Malay citizens, who made up almost half the population in 1970, in fact are descended from migrants from Indonesia and the Philippines who have come to the country over the past four centuries. These migrants did, however, share broad cultural patterns characteristic of insular Southeast Asia, and many shared a political legacy that included glorious if impermanent regional empires.

The ancestors of most non-Malay citizens arrived even later, during a massive immigration of Chinese and Indian laborers in the last half of the nineteenth century and early part of the twentieth. Although many of the culturally vigorous qualities they brought with them withered in the harsh and deprived circumstances of working in the tin mines and on the rubber estates, they nevertheless remained apart from the established Malay pattern of their new homeland. The very size of this migration, the migrants' belief that their stay would be a temporary one, and the nature of British colonial policy all tended to maintain the division between the principal ethnic groups that made up the country; by World War I the country had a plural society.

Political and territorial aspects of Malaysia's history have similarly worked against any legacy of cohesion or unity. Although in the distant past portions of present-day Malaysia were linked together politically for periods lasting a few centuries under the sway of major regional empires—notably those of Indonesia-based Sri Vijaya beginning in the seventh century and of Malacca during the fifteenth century—the experience was not permanent and was unevenly shared. A

basis for political continuity was never established. Unlike its neighbors on mainland Southeast Asia and Java, where agrarian and delta conditions supported great states, Malaysia consistently suffered from poor soil fertility, a sparse population, and extremely difficult overland communication through tropical swamps, jungles, and inland mountain barriers. The early centers of political power developed along rivers, particularly where rivers met the sea—key sites from which it was possible to tax goods shipped from the interior and also to take advantage of international trade. The west coast of Peninsular Malaysia was particularly suitable for such development because of the peninsula's location alongside the narrow Strait of Malacca.

The Malay city-states that developed from these ports early in the Christian Era—which were transformed into Muslim sultanates with the spread of Islam on the peninsula in the fourteenth and fifteenth centuries—were the forerunners of the modern states of Peninsular Malaysia. These units, strictly hierarchical in social and political organization, were only loosely administered outside the central towns; they were essentially weak, characterized by extraordinary intrigue, and mutually competitive. Even the establishment of British hegemony in the territories making up Malaysia did not serve fully to unite the country into a single colony subject to uniform patterns of administration and authority.

Throughout this varied cultural and political history Malaysia's geographic position along a major world trade route brought—and continues to bring—many external influences. In the modern period the country's natural resources—tin, rubber, and more recently petroleum, timber, and oil palm—attracted international economic interests. Of these many foreign influences, some were especially important in explaining contemporary society. Islam was quite firmly established in key centers in the fifteenth century and spread quickly, becoming an essential part of the culture by which Malays distinguish themselves from non-Malays (see ch. 4). A century of British influence left models of political, economic, and military institutions that proved useful after independence as the country's leaders sought to create a national system through which competing ethnic and regional interests could be mediated.

The most powerful of these external influences, beginning in the mid-nineteenth century, came through the immigration of Chinese; because of the large scale and the cultural differences involved, the Chinese were not assimilated as earlier migrants had been. As one consequence the economic development of Malaysia's resources was achieved without the full participation of the indigenous community. At the same time the Chinese were prevented from gaining political power commensurate with their economic power. Indirect rule by the British and paternalistic regulations aimed at protecting the indigenous

population kept alive the prestige and power of an indigenous elite, which to a large extent carried over to modern times.

The independent government inherited two major problems from the colonial period that continued to preoccupy the leadership in the 1970s; a need to create national harmony out of diverse ethnic groups and a need to diversify an economy overly dependent on world prices for a few primary products. In the first fifteen years of independence major strides were made in developing and diversifying the economy. Moreover a remarkable political arrangement was worked out as the basis for government. Founded on the cooperation between the leaders of discrete ethnic communities, this arrangement included constitutional guarantees of the minimal interests of the major ethnic groups and a specialized pattern of politics in which communal differences were privately discussed and resolved within the leadership. These solutions to Malaysia's major problems have had to be adjusted to various stresses and changes. In particular the viability of the political arrangement was challenged by a major crisis in 1969 during which intense communal violence occurred. As Malaysia approached the mid-1970s, continuing adjustments were also being made in the priorities of economic development plans.

## EARLY PERIOD

Although evidence of human residence in parts of Malaysia dates back more than 35,000 years, the earliest ancestors of the Malays are believed to have migrated from southwestern China between 2500 and 1500 B.C., moving down the peninsula and beyond it to the Indonesian archipelago. By the first century A.D. the population dwelling near the coasts had an irrigated-rice agriculture, mixed gardening, and domesticated cattle. They had the ability to work metals, and they had considerable navigational skill. Malaysian culture was never uniform, however. Depending on accessibility to foreign influence and other factors, there were, and have continued to be, great variations in culture among different ethnic groups and tribes.

## THE HINDU-BUDDHIST PERIOD, SECOND TO FIFTEENTH CENTURIES A.D.

The Indian traders who visited Malaya in the first centuries A.D. inaugurated a process of cultural influence that was to continue for more than 1,000 years. From India came many of the basic political ideas and practices, art forms, and popular legends. Indian traders introduced, successively, Hinduism, Buddhism, and Islam.

Indianized city-states began to develop in Southeast Asia at the start of the Christian Era as the result of trade contacts. Indian concepts adopted by the indigenous Southeast Asian elite became the

basis of political organization in the trading communities. This organization transformed independent subsistence villagers into citizens of city-states and kingdoms, subject to a ruling class, indigenous or foreign, who lived off the trade profits and justified the new hierarchical social structure by reference to Hindu and Buddhist religious doctrines.

The first Southeast Asian city-state of lasting importance was Funan, a trading settlement on the Mekong Delta. Smaller city-states also sprang up. One of these was Kedah, on the west coast of the Malay Peninsula. A vassal to Funan, Kedah was, by the seventh century, the last port of call in Southeast Asia for Chinese pilgrims on their way to the Buddhist holy places in India. By the third century A.D. Chinese were trading at an entrepôt in the Strait of Malacca, perhaps on the island of Singapore.

In the seventh century A.D. Funan fell to the Khmers. Kedah soon became a vassal of a new empire, Sri Vijaya, which was developing on the profits of the trade through the Strait of Malacca. Sri Vijaya's capital was in southern Sumatra, but gradually the empire incorporated the coasts of Malaya and parts of western Borneo, the city-states of the Kra Isthmus that had formerly been Funan's vassals and, for a time, parts of Java.

Through its control of the Strait of Malacca and its suzerainty over the region's seaports, Sri Vijaya became the richest and most powerful kingdom in Southeast Asia. It also became a major center for the propagation of Mahayana Buddhism. All traffic through the strait paid duty at the Sri Vijayan ports. Perhaps in reaction to the high-handedness of the Sumatra-based empire, King Rajendra Chola I of the Chola dynasty of southern India led a raid on Sri Vijaya's capital and on the vassal states on the Malay Peninsula. Kedah, which had become a leading city of Sri Vijaya, never fully recovered from the attack.

Between the eleventh and thirteenth centuries there developed a lucrative and well-organized trade that, although based mainly on an exchange between China and the West, also included a growing share of Southeast Asian and Malaysian products. Traders included Arabs, Gujerati Indians, and Chinese.

By the end of the thirteenth century Sri Vijaya had gone into eclipse, and the land empire of the Khmers in the north of the peninsula had fallen to the Thais. A new city-state, established by a Sumatran prince at the end of the thirteenth century on the island that is present-day Singapore, was raided alternately by the Thais and by a new southern power, the Javanese empire of Majapahit, throughout the fourteenth century.

The trade through the Strait of Malacca was constantly harassed by pirates inhabiting the old Sri Vijayan Sumatran ports. When the Mongol dynasty fell in the mid-fourteenth century and the Ming emperor

banned private Chinese trade in Southeast Asia, Chinese outlaws joined the other pirates of the strait.

By the end of the fourteenth century the Thais had extended their control to most of the Malay Peninsula. A Javanese attempt to capture Singapore was repulsed, and Java could no longer exact allegiance from the Sumatran ports. New Muslim city-states, growing on Sumatra's northeast coast, were engaged in an effort to establish safe ports along the pirate-infested strait.

### MALACCA'S GOLDEN AGE, 1400-1511

At the start of the fifteenth century Malaysia entered into a major historical epoch with the rise of the entrepôt of Malacca, celebrated in Malaya's first known indigenous chronicle, the *Sejarah Melayu* (Malay Annals), written about 1535 and still a useful source for Malaysian social history. Through this and several other indigenous and foreign accounts, the flavor and character of this time have been preserved. Although the sultanate lasted in Malacca only a century, its customs and organizations survive, especially in the traditions of the Malay royal courts. For all Malaysians who regard themselves as culturally Malay, fifteenth-century Malacca still provides cultural heroes, dynastic ancestors, patterns of statecraft, and traditional examples of ideal public and private behavior.

#### The Founding of Malacca

Shortly before the end of the fourteenth century Sri Parameswara, a Sumatra-born refugee, fled from Majapahit Java to Singapore, which at that time was being ruled by a relative of the Thai king. Parameswara promptly murdered the ruler and, with his band of followers, took over the town. Fleeing retaliation by the Thai king, Parameswara and his group took over a small fishing village at the mouth of the Melaka River and transformed it into a trading port, Malacca. They chose an auspicious moment; the Ming emperor who came to the throne of China in 1402 was anxious to open a sea route to the West. In 1403 the emperor sent the first of seven expeditions to Southeast Asia to arrange for a new system of controlling the traffic through the strait. Thailand, China's vassal, was instructed not to molest Malacca. More important for Malacca's success, in 1407 Admiral Cheng Ho and a large naval force destroyed the pirates' den. Grateful Malaccan kings went to China four times between 1411 and 1433 to demonstrate their loyalty as vassals of the emperor, although to avoid trouble they continued paying tribute to the Thais until 1446.

The Muslim city-states of north Sumatra also benefited from the clearing of the strait. Parameswara (or possibly his son), by converting to Islam and marrying a princess of the north Sumatran port of



Pasai, became the ally of the Sumatran Muslim traders, who soon moved their headquarters to Malacca.

Malacca's chief asset was its location; it was convenient for controlling the trade through the strait and provided safe anchorage. Malacca's rulers wisely kept the toll and customs charges reasonable, and it was relatively easy to police the forty miles between Malacca and the Sumatran coast to prevent ships from bypassing the entrepôt.

### The Golden Age

Although as time went on Malacca received tribute from vassals, the bulk of its wealth came from duty on foreign trade and lesser taxes on domestic trade. Of the foreign trade, the most important was the trade between the Gujerati Indian traders, who had converted to Islam, and Javanese traders, who met in Malacca to exchange Western manufactures, chiefly cloth, for Moluccan spices.

One effect of the prominence of the zealously missionizing Gujeratis in the Malacca trade was the spread of Islam throughout the archipelago, especially among the coastal populations who were most directly involved in the spice trade. Islam became the religion of the commercial fraternity. Another shared feature of the Malacca population was a facility in the Malay language, which became the lingua franca of trade and from which developed the national language of Malaysia, Bahasa Malaysia (see ch. 4).

Malacca, however, was by no means a social melting pot. Rather it was a large settlement subdivided into small foreign enclaves on the sparsely settled Malay coast. Gujeratis, Malays, Javanese, Sumatrans, Bugis (from Celebes—present-day Sulawesi), Borneans, Filipinos, Persians, Arabs, and Chinese each lived apart. A *capitan* (headman) chosen by each enclave from among its members represented the community in its dealings with outsiders. Above the *capitan* came the *shahbandar* (harbormaster and controller of customs), of which there were four. Each *shahbandar* dealt with traders from prescribed areas, such as the Gujeratis or Sumatrans; frequently the *shahbandar* was of the nationality of one of the groups with whom he dealt. Above the *shahbandar* was the Malay court, headed by Parameswara's successors. As the personification of the state the sultan drew upon many Hindu symbols of divine kingship, such as the royal umbrella, the sacred kris (dagger), and the reservation to royalty of the colors yellow and white, symbols that had become part of court ritual in the city-states of Southeast Asia since the time of Funan.

As this elaborate ritual developed around the throne of the sultan, the actual wielding of power tended to come under the control of the *bendahara* (chief minister). The *bendahara* more or less inherited his claim to the office, as did the sultan's other chief officers—the treas-

urer, the admiral, and the military commander. Below this inner council of four there were eight other major chiefs, and below them were thirty-two territorial chiefs. These courtiers lived well on the proceeds of the various taxes and presents from traders. In return they held together the mosaic of small and mutually suspicious transient communities so that trade could take place for everyone's profit.

During the latter half of the fifteenth century Malacca succeeded in making vassals of the ports of central and southern Sumatra. Pahang, Kedah, Perak, Johor (Johore) and Terengganu became part of the empire. As Malacca successfully wrested territory from the Thais, Islam spread on the peninsula, taking root among the people as an expression of opposition to Buddhist Thailand.

One problem that was to plague Malacca and subsequent Malay sultanates was that of royal succession. A king generally nominated one of his sons, by no means always the eldest, to the post of crown prince during his lifetime. This choice, however, was not binding on his subjects. At the funeral of a sultan the senior chiefs of the kingdom gathered and made the final choice among candidates whose royal blood entitled them to consideration. The chiefs often passed over the dead sultan's favorite and conferred the title on a pretender who they anticipated would be grateful to and dependent on his electors. It was a system on which intrigue thrived and usually resulted in weak elderly sultans and strong petty chieftains.

The establishment of new dynasties and intermarriage with old ones ensured the spread of Islam among the ruling families. The court of Brunei in northwest Borneo became Muslim at this time. Majapahit, with whom Brunei had had close connections, had been gradually declining. In converting to Islam, Brunei severed its ties with the Javanese empire.

## TRADERS, PIRATES, AND MIGRANTS AFTER THE FALL OF MALACCA

### The Portuguese

During the time of Malacca's sultanate trade between Southeast Asia and Europe was in the hands of Muslim traders as far as Venice, the center for Asian goods in Europe. By 1509 the Portuguese had partly destroyed the Muslim monopoly on the India-Arabia leg of the trade route. In 1511 Affonso de Albuquerque led a large fleet from the Portuguese fort at Goa eastward to Malacca and after a long battle captured the town. The sultan fled, first to Pahang and then to Johor, and the Portuguese began immediately to fortify their new emporium.

Within the thick stone walls of the fort, called A Famosa (The Famous One), a Eurasian, Christian, Portuguese-speaking community

developed that continued into the twentieth century. A Famosa was attacked almost continually during the 130 years of Portuguese control. From Johor, the new center of the displaced Malacca sultanate, there were serious attacks leading to vigorous Portuguese counterattacks. In the period from 1540 to 1640 an aggressive and zealously Muslim dynasty in Aceh (Atjeh), in north Sumatra, sought to gain a monopoly over the Strait of Malacca and alternately attacked Johor and Malacca. Alliances between the two Muslim kingdoms, Johor and Aceh, were occasionally attempted to destroy the Europeans, but mutual suspicion kept the two sultanates apart.

### Brunei

Another Malay sultanate, Brunei on Borneo, fared better in the Portuguese era. Brunei was, like Malacca, a Muslim state with Hindu rituals and an elegant court given to display of wealth. Never as powerful as Malacca, it had only one *shahbandar*. At the height of its power in the sixteenth century Brunei claimed all northern Borneo and the Sulu Archipelago in the southern Philippines.

The Portuguese kept on friendly terms with Brunei, and their ships stopped there in route to the Moluccan spice gardens. Brunei had habitually sent gold and jungle produce to Malacca to be exchanged there for cloth and beads from India and the West. The Portuguese city inherited that trade, but the bulk of Brunei's trade was with Chinese merchants, many of whom had moved from Malacca to the Thai part of the Malay Peninsula.

### The Dutch

At the end of the sixteenth century another European power entered the contest for control of the Malacca strait. The Dutch had for a century handled the European distribution of the Portuguese eastern trade, collecting their goods in Lisbon. In 1594 the Spaniards closed Lisbon to the Dutch, who then had to obtain eastern produce directly from the source.

By 1619 the Dutch East India Company had established its headquarters on Java and attempted to form alliances with Aceh and Johor to destroy Malacca. Dutch fleets tried to cut off rice supplies from Java and Sumatra on their way to Malacca. In 1640, after more than twenty years of harassment and attacks, the Dutch, allied with Johor, laid siege to the walled community. A breach on the land side of the fort admitted the invaders to the town in 1641.

Malacca's period as a major trade emporium was over. During the Portuguese era it had already declined, some of the trade following the Muslim traders to northern Sumatra and to the Riau Islands of the Johor sultanate. The Dutch, with their new entrepôt Batavia (present-

day Jakarta) in Java, regarded Malacca more as a fortress on the strait to maintain the Dutch monopoly of trade in spices, pepper, gold, and tin than as a trading port.

### **The Sulu Sultanate**

Brunei's power also waned in the seventeenth century. Attacks on the Spanish settlements in the Philippines resulted in the sacking and burning of the Brunei capital in 1645 by Spaniards. With Brunei weakened, Sulu gained its independence. At the end of the seventeenth century the rivalry of two heirs to the Brunei sultanate brought on civil war. One of the pretenders asked the sultan of Sulu for military aid in return for a portion of what is now Sabah. Although Sulu's ally won the war, it later became unclear whether the promised cession actually took place or the Sulus unilaterally claimed the promised territory as their reward. This question of overlapping claims was to become important in the late nineteenth century when some adventurous Western businessmen sought to obtain a grant of the disputed territory. Ramifications of this dispute also carried over into the twentieth-century controversy between Malaysia and the Philippines over title to the area.

### **The Bugis and the Minangkabau**

Dutch trade policies had a more deleterious effect on indigenous trade than the Portuguese. Whereas the Portuguese were interested primarily in monopolizing the eastern trade reaching Europe by controlling the shipping from the East to the West, the Dutch were determined to take over the trade between the Asian ports as well. Garrisons and blockades in Kedah and Perak were built by the Dutch to prevent tin shipments from slipping past them. In 1667 the seagoing Bugis people of Celebes were cut off from their traditional control of the Celebes-to-Java spice trade by a Dutch garrison in Makasar. The frustrated Bugis turned to piracy and migrated to other parts of the archipelago. Many settled in Selangor on the Malay Peninsula. Ambitious and aggressive, the Bugis were ready to fill the power vacuum that occurred in the Johor empire at the beginning of the eighteenth century.

The Bugis found the Johor empire (which included the tip of the peninsula and the Riau and Lingga islands) an excellent base from which to attack Malacca and the Dutch shipping monopoly. Another group, the Minangkabau of Sumatra, many of whom had migrated to farm the hinterland of Malacca since the time of the Portuguese, were also determined to gain political power on the peninsula.

The two groups formed an alliance and took over the throne of Johor in 1717, after the last heir to the Malacca dynasty had died and

the *bendahara* had come to the throne. There was bad faith on both sides of the alliance, and by 1721 the Bugis had effective control of the Johor empire. A puppet sultan, the son of the former *bendahara*, was installed under the authority of a Bugis regent. Conflict between the Minangkabau and the Bugis broke out again in Kedah in 1724 when they intervened on opposite sides in a dynastic war. Again the Bugis were the victors, and for more than forty years they extracted war-debt payments from Kedah. The Bugis fought the Minangkabau again in Perak, and in 1740 they established a Bugis dynasty in Selangor.

The Dutch grew concerned over the increasing Bugis power and especially over their attempts in Perak and elsewhere to break the Dutch monopoly on tin. In midcentury the sultan of Johor offered the Dutch trade and tin monopolies if the Dutch would rid him of his Bugis overlord. The Dutch and the Bugis fought each other intermittently for nearly thirty years until the Bugis power was broken and the Dutch established a garrison at the Bugis stronghold in the Riau archipelago. The sultan of Johor then had a Dutch overlord.

### EARLY BRITISH FOOTHOLDS

In the second half of the eighteenth century the British East India Company was importing tea from China for a growing European market. A plan to buttress this trade by establishing trading centers on islands off the coast of northern Borneo failed, but an attempt to establish a port and harbor on the west coast of the Malay Peninsula was successful. In 1771 Francis Light, an ex-naval officer and private trader, began negotiations with the sultan of Kedah for rights to establish a trading post. The sultan was willing to grant such a port to the British East India Company in return for protection against his enemies, the Thais, the Burmese, and the Bugis of Selangor; for several reasons, however, the negotiations failed. In 1786 Light tried again and was offered the almost unpopulated island of Penang in return for his promise of company protection against military attacks on Kedah and a generous stipend for the sultan.

Although the British occupied Penang, they signed no treaty. At about the same time the Bugis drove the Dutch from Selangor and Johor, and in 1790 they allied with Kedah, Terengganu, Johor, and several Sumatran kingdoms in a grand scheme to attack the Dutch north of Malacca and to aid Kedah against the British in Penang. The British easily repulsed the attack on Penang, however. The subsequent treaty in 1791 recognized the cession of Penang in return for a stipend but did not include promises for assistance to the sultan of Kedah.

For the first eight years of its existence the new residency at Penang was administered by Light, who was officially subject to the gov-

ernor general of the British East India Company in Bengal. Under his administration the population grew to 25,000, including 3,000 Chinese plus Indians, Thais, Burmese, Arabs, and Malays. From the time of Penang's establishment as a British post, large numbers of Chinese entered Malaya, particularly those portions of it under British rule. Chinese constituted over two-fifths of Penang's population in 1788 and soon became the majority group. The port grew and thrived; in 1800 its food supply was ensured by the cession of Province Wellesley, a strip of riceland on the mainland of Kedah across from the island.

The next British acquisition in Malaysia was Malacca. In 1795, at the request of the Dutch government-in-exile, which was allied with Great Britain against France, the British occupied Malacca. The occupation of Malacca was envisioned by both Dutch and British as a temporary measure, part of a policy throughout the Dutch empire to prevent Dutch property from falling into French hands. The Dutch garrison at Riau was withdrawn at this time, and the Bugis promptly reasserted power over the Johor sultan.

As the turmoil in Europe dragged on, Penang continued to grow and prosper. By 1805 the British East India Company, jealous for Penang's future, began to consider the destruction of Malacca's fort and the removal of its population so that, when the time came to return Malacca to the Dutch, Penang's supremacy would be assured. In 1807 the fort was destroyed, but the plan to destroy the settlement was abandoned.

For reasons connected with the balance of power after the war in Europe was over, the British cooperated in returning the Dutch to supremacy in the Indonesian archipelago in 1818. The Dutch reasserted their trade monopolies and forbade British shipping in any port of the Dutch East Indies except Batavia. Watching these developments with misgivings was a company official, Thomas Stamford Raffles, an advocate of free trade and British imperial expansion. In 1819 Raffles sailed to Singapore to investigate possible sites for a new British trading post.

The island of Singapore was sparsely populated. A small coastal settlement of Malays ruled by a *temenggong* (a traditional Malay official title) claimed allegiance to the elder son of the former sultan of the Johor empire, who had been passed over for the title of sultan by the ruler of Johor, the Bugis overlord.

The Bugis government had granted the Dutch exclusive trading rights; thus it suited Raffles' purpose that the nobleman in charge of Singapore should not be vassal to the Bugis-dominated sultan. Accordingly Raffles arranged for the installation of the elder son as sultan of Johor, thus dividing the sultanate between two rivals. The newly installed sultan and the *temenggong* then granted the British East India

Company the right to establish a trading post in Singapore in return for an annual stipend.

In 1824 Great Britain's ascendancy on the peninsula was recognized in the Anglo-Dutch Treaty, which divided rights to establish settlements or make treaties in the Malay-speaking world between the British and the Dutch. Great Britain gained Malacca and the promise of noninterference from Singapore northward while giving up a port in west Sumatra and any territorial ambitions south of Singapore. The split that Raffles had created in the Johor empire by installing a second sultan was confirmed by this treaty. The island portion of the former empire was in the Dutch sphere of influence, and Singapore and mainland Johor were in the British sphere. The treaty created a lasting political division between the Indonesian archipelago and the Malay Peninsula. Sumatra, which had participated actively in the affairs of the peninsula since Sri Vijayan times, began a separate history under Dutch colonial rule.

## NINETEENTH-CENTURY MALAYSIA

### The Straits Settlements

Singapore, Penang, and Malacca, referred to as the Straits Settlements after about 1830, were important to the British for the command of the strait and as links in the long chain of bastions protecting the shipping lanes from Gibraltar to Hong Kong. They were also important as trading centers. In both respects Singapore was the most successful because its location was best for controlling the strait, and by 1825 Singapore had double the trade of Penang and Malacca together. A free-trade area, Singapore was soon the greatest trading port in Southeast Asia and in 1832 became the administrative capital of the Straits Settlements.

Unwilling to abandon its free-trade policy and tax the entrepôt trade, the company depended for its revenue on so-called tax farms. The tax farmers were businessmen, almost always Chinese, who were granted the right to collect taxes on gambling, luxury goods, and imports for local use. The tax farmer retained any sums received above the amounts promised to the government. It was the least expensive way to collect revenue and, since the taxes were collected on items used predominantly by the Chinese—such as opium, whiskey, and pork—and on gambling, a large Chinese community was welcomed in the Straits Settlements.

Like the Dutch and the Portuguese before them, the British were primarily interested in trade and not in acquiring territory. A small, costly, and ill-advised war against the Minangkabau settlers in Malacca's hinterland provided proof that the British East India Company

had nothing to gain and much to lose by interfering in the Malay Peninsula.

### The Thais, 1816-63

The first permanent British settlement in Malaya, Penang, had been granted to the British East India Company by the sultan of Kedah in the hope of protection against his enemies, chiefly the Bugis and the Thais. In 1823 the Thais, dissatisfied with Kedah's cooperation in its efforts to gain Perak, sent an expedition into Kedah that destroyed much life and property. The sultan begged Penang in vain for the aid that Light had promised but that the company had never endorsed.

To the British East India Company, Thai friendship was important; to interfere for Kedah's protection would be very expensive. In a treaty in 1826 the company sacrificed Kedah to the Thais in exchange for a promise that the Thais would no longer molest Perak. The Thais then attempted to assert control over the eastern coast, and soon Kelantan and Terengganu were vassals. An attempt to gain control over Pahang, however, was unsuccessful, and by 1863 the Thai expansion southward in the Malay Peninsula was over. The Thais retained their suzerainty over Kedah (including what later became Perlis), Kelantan, and Terengganu until 1909.

### The Malay States Before 1874

Life in the Malay states was little changed at first by the establishment of the Straits Settlements. In 1850 the population of all the Malay states of the peninsula did not exceed 300,000. The Borneo territories, which became Sarawak and Sabah, had very sparse populations. Only the Straits Settlements had substantial populations, the majority being Chinese. In 1857 there were 70,000 Chinese in Singapore.

Malay society in the nineteenth century retained much of the Malacca system. Malays were divided into two classes, the rulers and the ruled. The ruling class, including royal heirs and nonroyal aristocrats, was headed by the state's sultan, whose capital was situated on the main river of the area. Within the portion of the state over which his strategic riverine position gave him control, the sultan acted as the district chief, collecting tribute in crops, minerals, and jungle produce. Other district chiefs, appointed by the sultan in return for their allegiance and a portion of their income, collected from the trade of major tributaries and nearby rivers.

A sultan ruled for life, but his son did not necessarily inherit the title. At the funeral of the reigning sultan the district chiefs met to select the new one from among a number of royal candidates; the chiefs usually preferred a weak or aged ruler who could be expected not to



interfere seriously with the chiefs' administration of their districts; civil wars over the succession were common.

The chiefs depended less on their noble birth and letters of appointment from the sultan than on their armed followers to enforce their authority over the villages in their districts. A successful chief collected a large entourage of relatives, mercenaries, debt bondsmen, and slaves to enforce his rule and provide amenities.

In the early nineteenth century most Chinese lived in the Straits Settlements. Although there were small Chinese enclaves in district capitals and other larger inland settlements, there was little to induce Chinese to settle away from the big entrepôt towns. This situation changed in midcentury when large tin deposits were discovered in Perak, Selangor, and Sungei Ujong (part of what later became Negeri Sembilan). Malay district chiefs in tin-bearing areas invited Chinese entrepreneurs in the Straits Settlements to develop the mines in return for rent and royalties. The Chinese entrepreneurs imported indentured laborers from South China because the local labor supply was insufficient. Soon there were Chinese mining settlements scattered throughout the interior of the western Malay states; these settlements were entirely separate from the rural Malay villages surrounding them. Many inland towns and cities, including Kuala Lumpur, grew out of these mining settlements. Tin mining continued as a predominantly Chinese industry until the 1920s, when European capital resources became important because of new mining techniques.

The miners lived a hard pioneer life. Malaria and other jungle fevers produced a high death rate. The miners came without their wives or families, but in other ways they brought their South China village structure with them. They established self-governing communities modeled on South China clan and village organizations called *kongsi*. The *kongsi* provided the miners with food, lodging, law and order, and a militia for its defense. An elected *capitan* took charge of management of the mines and relations with the owner, the Malay district chief. When times were bad, the *capitan*, who was often one of the major investors, could live off the profits of the *kongsi* store; when there was no money for wages, the miners would sometimes be offered shares in the company instead of cash.

Other features of *kongsi* society were less productive. There was a semireligious aspect that involved sworn loyalty to the brotherhood of *kongsi* members and secret rituals, often leading to intense rivalry between different organizations. Politically, the *kongsi* was connected to a South China underground movement that had begun as an effort to restore the Ming dynasty but had to some extent degenerated into banditry and organized crime. This tradition of outlawry was continued in the Malaysian *kongsi*, or secret society, as it was often called.

Although the Malay chiefs were pleased to receive the rents and royalties from the mines and enlisted the support of *kongsi* militias in

the frequent wars over dynastic succession, they found the Chinese settlements a mixed blessing. The *kongsi* was beyond the power of Malay chiefs to control. By 1870 there were 40,000 Chinese in the Larut mines of Perak, and in many areas the Chinese outnumbered Malays.

Disputes over land concessions and taxes and involvement of Chinese militias on both sides of dynastic wars resulted in widespread disorders throughout the tin-mining areas. The Malay political hierarchy also suffered sudden changes as petty chieftains closer to newly developed mines found themselves richer and more powerful than their sultans.

### British Intervention in the Malay States

In the 1870s British policy in the Malay states changed. Until then the officially proclaimed policy was noninterference in the affairs of the Malay states except where "necessary for the suppression of piracy or the punishment of aggression on our people or territories." By 1874, however, the British government policy became one of employing its influence "to rescue, if possible, these fertile and productive countries from the ruin which must befall them if the present disorders continue unchecked."

The wars over the tin mines were largely responsible for this change in policy. Chinese who had been born in the Straits Settlements and were therefore British subjects were demanding protection of their interests in the Malay states. Improved communications with Europe, especially after the Suez Canal opened in 1869, meant an increase in European business interests, including British investments that needed protection. There was also a fear that foreign interests might gain control of the Malay states if Great Britain hesitated. Another consideration was the establishment of a crown colony composed of the Straits Settlements and Labuan Island in 1867; hence the heightened interest of the British crown in the Malay territories.

Great Britain extended its influence over the Malay states by a combination of persuasion, pressure, and an occasional show of force rather than by actual conquest. The Pangkor Treaty of 1874, which became the model for similar agreements signed later with the states of Selangor, Negeri Sembilan, and Pahang, bound the sultan of Perak to accept British protection and to have no dealings with foreign powers except through Great Britain. In internal affairs the advice of a British Resident had to be asked and followed except in matters concerning Malay religion and custom.

The Chinese *kongsi* war in Perak was also brought to an end at Pangkor through the arbitration of Great Britain's first Chinese-language officer in the Malay states, W. A. Pickering. After the extension of protection to Selangor and Negeri Sembilan, the *kongsi* wars subsided.

In exchange for accepting British advice, the sultans received very substantial stipends, as did other royal claimants and aristocratic chieftains. Efforts were made to maintain intact the forms of the Muslim monarchies, although basic changes were made, for example, in the way taxes were collected and justice administered.

State councils, headed by the sultan, were established by the Residents in the protected states. The typical council membership included the Resident, the major Malay chiefs, and the leading Chinese and, later, Western businessmen. The councils, to some extent a formalization of the Malay tradition of consultation between a sultan and his territorial chiefs, discussed all problems as they arose and approved estimates of revenue and expenditure and the appointment of lesser chiefs and *capitans*.

The Resident, in theory responsible to the governor of the Straits Settlements but in practice virtually autonomous within his state, took the initiative in all matters except those concerning Malay religion and custom. A successful Resident always tried to win genuine support and help from the Malay counselors by tact and patience, especially when venturing into areas regarded by the Malays as reserved to their control, such as slavery and customary criminal law.

By centralizing the power of each state while remunerating the territorial chiefs and maintaining their formal prestige, the British brought an end to most of the causes for war that had previously troubled the states. For the villagers the abolition of feudal taxes, slavery, and the arbitrary rule of the territorial chiefs led to a more settled and peaceful life; villagers no longer felt the need to flee an oppressive chieftain. A penal code based on British practice in India was established, and European and Malay magistrates were appointed to administer it.

By the 1890s it became apparent that greater coordination of policy in the several states was necessary if they were to develop similar institutions. Sir Frank Swettenham, the Resident in Perak, was largely responsible for developing a plan to federate the states and gaining its acceptance by the several sultans. The federation came into effect in 1896. Included were the protected States of Perak, Selangor, Pahang, and the confederation of Negeri Sembilan but not the Straits Settlements, over which the British ruled directly. In the Federated Malay States each ruler retained a theoretical sovereignty, even if he surrendered many of his functions to the British Resident. Thus the Malays in each state were subjects of the sultan, whereas residents of the Straits Settlements could become British subjects.

Although the vaguely worded federation treaty had promised no lessening of the sultan's authority, it led in effect to considerable centralization. Under the first Resident general of the federation, Swettenham, a central administration was developed at Kuala Lumpur; the decisions of its departments were implemented in each of the

states. Laws were often drafted by a British legal adviser, approved by the Resident general, and automatically passed by the state councils. During this era in Malaya the civil servants, recruited by examination in Great Britain, exercised much of the authority usually belonging to legislative or executive bodies. Under the British Resident, British district officers administered the districts within each state; within each district, administration was executed by a salaried Malay official (*penghulu*, meaning chief), appointed by the British after consultation with the Malay community, who was responsible for maintaining law and order.

Material prosperity increased greatly in the next decade. Revenues nearly tripled; exports nearly doubled; population increased; and roads, railroads, hospitals, schools, postal services, and savings banks appeared. In 1900 the Institute of Medical Research was founded at Kuala Lumpur, and within a few years a concerted campaign against malaria was under way. British capital holders began to invest in tin mines and estate agriculture. A major innovation, which was to play an important part in Malaya's future, was the introduction of rubber cultivation. The first seedlings had been smuggled from Brazil to Great Britain and brought to Malaya in the 1870s. By 1905 considerable acreage was planted in rubber, and from then on, with the continued increase in world demand, new land was put into rubber cultivation even faster. The estate owners faced a serious labor shortage, as had the owners of tin mines. Indian laborers were brought in to tap the rubber trees as well as to work in railroad construction and on coffee plantations. By 1911, when the first census was taken, Malaya's plural society was an established fact. The population was composed of nearly 1.5 million Malays, over 900,000 Chinese, and 267,000 Indians. No restrictions were placed on immigration until 1930, when the world depression led to serious unemployment.

### The British Come to Sarawak and Sabah

By the nineteenth century the sultanate of Brunei had declined from its former greatness, and the sultan was unable to enforce his rule much beyond the capital. In 1841 the sultan ceded a large tract of land embracing the Sarawak River area to a young British adventurer, James Brooke, as reward for the help Brooke had given in putting down a rebellion against the sultan's district chief in the area. Brooke was also appointed the new district chief, or raja, of Sarawak by the sultan. Within a few years he eliminated piracy and head-hunting in his dominions with the occasional help of gunboats of the British navy. In 1845 the so-called White Raja's regime survived a rebellion led by the ousted district chief, and by 1853 Sarawak was independent of Brunei.

Head-hunting was an essential feature of the Iban ethnic group and of other Borneo cultures and religions, and piracy was prevalent. In fighting these and in responding to requests for relief from the oppression of Brunei's appointed district chiefs, Brooke and his heir, Charles Brooke, greatly expanded the borders of Sarawak. The sultan generally favored cessions to the Brookes since he thus received annual payments that were greater than those he had previously received from his district chiefs.

Under the paternalistic Brooke regime the country was not open to commercial exploitation or large-scale migration. Commerce and cash crops, however, were soon in the hands of Chinese merchants and farmers, and revenues for the raja came mainly from tax farms on Chinese opium, gambling, and other luxuries. A few British Residents and district officers governed according to the raja's personal instructions. Malay traditional leaders provided some political backing as advisers, and Malays and other indigenous leaders filled minor administrative positions. The people enjoyed a measure of physical security and a modest amount of economic development without severe disruption of the way of life of the tribal interior peoples.

British control came to Sabah in 1881, when the British government granted a royal charter to the British North Borneo Company. The company, formed by a group of British and Austrian entrepreneurs, had already received grants from the sultans of Brunei and Sulu for their overlapping claims in northern Borneo and had bought out the rights to other earlier business ventures in the area. The acquisition of the territory brought immediate objections from the Spanish, Dutch, and German governments, all of which claimed rights in the area. These were eventually quieted, but the Spanish claim was revived by the Philippines in the 1960s (see ch. 12).

The royal charter was essentially one of restraint rather than privilege. Great Britain assumed the role of protector. A degree of economic security resulted from these developments, which were also accompanied by a rise in population.

Territorial consolidation occurred mainly between 1884 and 1902 and involved the absorption of coastal enclaves through pressure either directly on local chieftains or on the sultan of Brunei. The extensive unexplored hinterland fell to company control by default. Determined to keep on good terms with the Colonial Office in London, the chartered company modeled its administration on the pattern imposed on the Malay Peninsula. As in Sarawak the government was benevolent and paternalistic; the gains in self-government and social services were modest.

### Consolidation of British Rule

At the turn of the century the British were consolidating their control over the Malaysian territories. In 1888 Sarawak, Sabah, and Bru-

nei had accepted the protection of the crown, and in the next two decades Sarawak's and Sabah's boundaries were set. In 1906 the sultan of Brunei accepted a British Resident, thereby interposing the British government between what was left of Brunei and the continuing territorial ambitions of Sarawak. A few years later northern Borneo's major oil fields were developed in territory that Brunei had been on the verge of ceding to Sarawak.

In 1909 the Federated Malay States government was further centralized by the creation of a federal council in Kuala Lumpur, which came gradually to take over much of the legislative initiative previously exercised by the state councils. The great rubber boom had begun, and the large-scale British investment required a more efficient government than separate state councils could provide. Improved transportation and communications within the peninsula made centralized administration possible for the first time.

Malays objected to the increase in centralized administration, because it lessened further the influence on British policy of the indigenous Malay state leaders. The tendency toward centralization also had critics among British civil servants. In 1909, when the Thai government signed a treaty with Great Britain transferring the states of Perlis, Kedah, Kelantan, and Terengganu to British protection, these four states and the southernmost state, Johor, refused to enter into the federation and became known as the Unfederated Malay States. Gradually these states agreed to accept British "advisers," whose authority was somewhat less than that of the Residents of the Federated Malay States.

Other developments in Malaya during this period were largely continuations of trends begun in the previous century. Railroads, roads, and communications were extended into the Unfederated Malay States. Social services increased throughout the peninsula. Malays, Indians, and Chinese were given slightly more opportunity to advise the government of their opinions, but neither representative government nor a demand for it existed.

## THE GROWTH OF NATIONAL AWARENESS

Malaya was slow to develop a sense of nationalism, and for most of its history there was little hostility to Great Britain. The growth of a nationalist spirit was retarded by the existence of various kinds of government in the country, by separate state traditions and loyalties, by relative prosperity, and by ethnic divisions. Moreover in principle, if not in fact, the British officials in the Malay states were merely advising the indigenous governments. The sultans, the royal heirs, and many senior Malay aristocrats received stipends generous enough to maintain a stylish court life. Malay interests were also protected in

other ways; for example, citizenship and landownership regulation gave preference to Malays.

Along with protection of Malay privileges, the British attempted to prevent any disturbance to the Malay farmer's way of life. Land reservation regulations were aimed at preventing Malays from alienating their land to foreign ethnic groups. In order to maintain food supplies and to protect the Malays from the fluctuations of the world market, Malay farmers in certain areas were forbidden to plant rubber and were required to plant rice. Fearing that education, especially English-language education, would alienate Malays from their traditional rural heritage and produce a nation of clerks, the British provided English-language education for only a small upper stratum to prepare young royal and aristocratic heirs for entry into the lower rungs of the prestigious civil service or for positions of nominal power in the indigenous state governments. Free vernacular education was set up for rural Malays, but it was kept at a rudimentary level.

No such paternalism governed British policies toward the Indians and Chinese. The British assumed that they were not permanent settlers and therefore provided no government schooling for them. Although in earlier times most Chinese and Indians eventually returned home, after 1900 an increasing number became permanent residents. Being primarily urban dwellers, they were able to take advantage of private English-language schools set up in the cities, many of them Christian missionary establishments. Chinese and Indians with facility in English easily found jobs in the railroads, postal services, public works, and other technical services, as well as serving as clerks for British business concerns.

Although the Chinese and Indians were predominantly urban and the Malays rural, the "foreigners" were no longer largely confined to the Straits Settlements as they had been in the nineteenth century. By 1911 Chinese immigrants far outnumbered Malays in Perak, Selangor, and Negeri Sembilan, where from 1906 to 1920 the number of Indian laborers also increased dramatically.

In reaction the Malays rallied behind their traditional leaders—the royalty, the nobility, and the Muslim institutional hierarchy. Religion was the only clear field for indigenous authority, and the sultans had built up elaborate hierarchies of officials, providing by this royal patronage virtually the only nonfarming employment open to Malay commoners. As a result of this patronage a close alliance developed between the religiously conservative Muslim officials and the Malay courts.

In the early twentieth century, when a Muslim reform movement based on the teachings of an Egyptian religious philosopher, Mohammed Abduh, divided the Muslim world into modernists and conservatives, the modernists in Malaya found themselves pitted not only against the conservative religious leaders but also against their pa-

trons, the Malay secular establishment. The modernist movement, as a religious reform movement for a more purified Islam designed to bring Malay society to grips with modern life, was strong among city Muslims and was led largely by members of the foreign Muslim groups, the Arabs, and the Jawi Peranakan (community of mixed Muslim Indian and Malay descent) of Singapore and Penang. The modernist appeal gradually broadened to include secular social reform and came under the influence of Indonesian nationalists who introduced ideas of Marxism and pan-Malay cooperation.

The more radical wing of the modernist movement, founded mainly by a Malay-educated intelligentsia, formed the Young Malay Union (Kesatuan Melayu Muda) in 1938. This strain of political radicalism has persisted. The majority of Malays, however, remained loyal to their sultans and conservative Muslim leaders. Malay nationalism looked to the British-educated sons of Malay royalty—within the traditional structure and the colonial bureaucracy—for protection against the threats posed by the immigrant communities. In the late 1930s Malay state associations emerged and served as vehicles for this socially conservative, pro-British political consciousness. From these Malay associations there later developed the United Malays National Organization (UMNO), the major Malay political organizations of the post-World War II period.

Among the Chinese nationalism became a real force in the 1920s and 1930s, much of it associated with developments in China. The Kuomintang received much of its early support from overseas Chinese and, when the movement split into communist and noncommunist wings, this split also occurred among Malaysian Chinese. The rebirth of interest in Chinese culture and the founding of private schools taught in Chinese increased the cohesion of the overseas Chinese community and widened the gap between it and the other peoples of Malaysia.

The Indians, most of them retaining close ties to their homeland, were also participating from a distance in the independence movement at home. This Indian nationalism was similarly fostered by private Indian-language schools. In Sarawak and Sabah no true nationalism developed during the pre-World War II period, but a sense of communal identity did emerge within each of the Muslim and non-Muslim groups.

In the twentieth century for the first time the people of the Malay and Borneo states felt the direct impact of world trade conditions on their lives. By the 1920s the economy had become dependent on a few primary products: in Malaya chiefly rubber and tin; in Sarawak rubber, pepper, and oil; and in Sabah rubber and timber. A large share of government revenue was derived directly from export duties on these products. Sharp fluctuations in the price of rubber after World War I and a drop in the prices of all primary products in the



world depression of 1929 had severe effects on government finances and on the people themselves. The migrations from China and India halted, and many Chinese and Indians were repatriated. Nonetheless Malaysia had in 1941 more than double the population of thirty years earlier.

## THE JAPANESE OCCUPATION

On December 8, 1941, when Japan declared war on Great Britain, Singapore's defense included only two capital vessels, which were soon sunk. The Japanese moved easily from Thailand to Kedah and on down the peninsula. On February 15, 1942, the British surrendered.

The Japanese made few changes in government on the peninsula, and for the most part the Malays neither opposed nor actively aided the invaders. In 1943 Kedah, Perlis, Terengganu, and Kelantan were returned by the Japanese for the duration of the war to the Thais, who placed governors at the head of the existing state administrations. The civil servants in Malaya continued to function much as they had done under the British. They had, however, slightly more authority during the war than before it, with the result that the eventual return of the British was felt to be a loss. The Japanese occupation helped establish the preconditions for postwar political support for Malay nationalist movements.

Although the whole population suffered during the war years, particularly because the cessation of rice imports led to widespread malnutrition, the most marked hardships were borne by the Chinese community. Thousands of Chinese were killed in the first days of occupation, and many thousands more fled to the interior, where they became squatters on the fringes on the jungle. The British, in preparing to leave Malaya, had given rapid training in the arts of sabotage to the members of the only group sufficiently organized and anti-Japanese to carry on armed resistance—the Chinese of the Malayan Communist Party. These men formed and led the Malayan People's Anti-Japanese Army (MPAJA) and developed a civilian support group called the Anti-Japanese Union; the membership of both was almost entirely Chinese, and Chinese who settled at the jungle's edge provided supplies and a means of communication to the armed groups that remained in the jungle.

In 1943 British intelligence officers made contact with the MPAJA, and an agreement was reached whereby it would take orders from the Supreme Commander for the Allied Powers in return for arms, ammunition, and explosives. By the end of the war there were some 6,000 men in the resistance army; they had carried on few operations, however, and had inflicted few casualties on the Japanese. Mainly because the British plans for a military campaign in Malaya were

made unnecessary by the surrender of Japan, the actual return of the British in September 1945 was ill prepared. In the interim between the Japanese surrender and the British return, MPAJA forces emerged from their jungle camps and were welcomed as heroes of the war by much of the population. They provided a sort of government over some areas and carried out summary justice on those they regarded as collaborators. When the British returned, the MPAJA agreed to surrender its arms, but many weapons were hidden for later use.

Resistance against the Japanese was carried on also by the people of Sabah and Sarawak. In Sabah after an attack on the Japanese forces in the Kota Kinabalu area in 1943, Japanese retribution was fierce; during the remainder of the occupation executions, death marches, and disease overtook much of the Asian population and annihilated Allied prisoners of war. In Sarawak, with the arrival of the Japanese in Kuching on Christmas Day 1941, the entire government collapsed. The civil servants were imprisoned, and the Japanese took charge; attempts to resist the Japanese, generally led by Chinese, were easily crushed. In the beginning of 1945 Allied guerrilla leaders parachuted into the Sarawak interior to organize the resistance that preceded the Allied liberation of Borneo beginning in June.

## THE REESTABLISHMENT OF BRITISH RULE

When the British returned to their Malaysian territories, they found them devastated by war. Sabah's major cities, Kota Kinabalu and Sandakan, had been leveled by Allied bombs during the fight for liberation. Hunger was widespread, and throughout the territories racial animosities had intensified. Great Britain's status had been irrevocably altered by the war. The success of the Japanese was a defeat for British prestige and a boost to Asian and communal nationalism. With the growth of nationalism also came demands for better economic and social conditions.

### The Federation of Malaya

During the war the British Colonial Office had drawn up plans for the Malayan Union, to be imposed on the Malay states and the Straits Settlements when the Japanese were driven out. The union, involving great concessions by the Malay rulers and the state governments to a British-led central government, was conceived with little discussion and considerable haste and was implemented by the MacMichael treaties between Great Britain and the Malay rulers in 1945.

The imposition of centralization upon the Malay states with allegiance to the British crown replacing that sworn to the individual sultans threatened the prerogatives of the ruling class and the special position of ethnic Malays, because the plan called for the incorpora-

tion of Penang and Malacca—with their large Chinese and Indian populations—into the union and the granting of Malayan citizenship to all on an equal basis. Singapore, with its 1 million Chinese, was omitted from the union as a concession to Malay sentiment.

The Malayan Union came into effect in April 1946, but unexpectedly strong Malay resistance induced the British to delay its implementation. The resistance was led by the new UMNO, founded and led by Dato Onn bin Ja'afar, a Johor Malay. Months of discussions between British and local leaders resulted in the abandonment of the centralized government scheme. On February 1, 1948, the Federation of Malaya came into being, including the nine Malay states, Penang, and Malacca. A British high commissioner appointed by the crown ruled as the representative of the crown and the Malay rulers. An appointed executive council advised the high commissioner, and a legislative council included representatives from the state and Straits Settlements councils. The union returned to the states many of their traditional rights; to the rulers their prerogatives; and to the Malays the assurance by its citizenship provisions that the Chinese would not in the near future become politically dominant.

### The Emergency

In 1946 the Malayan Communist Party began an insurrection. Partly because the Communists' former tactics in Malaya, mainly the infiltration of labor unions, were being successfully opposed by British policy and partly because of the change in tactics of Asian communist groups, the Malayan Communist Party began to follow a policy of terrorism. Its targets were local, mainly police stations and communications lines, and many Chinese Kuomintang leaders and European planters were murdered. On June 16, 1948, the British authorities declared a state of emergency.

Gradually the guerrillas were driven into isolated jungle areas, but the operations against them were a tremendous drain on the country's economy. To cut the guerrillas' supplies of food and equipment, the government resettled in fenced and protected New Villages thousands of persons, among them at least 500,000 Chinese who had been squatters on the jungle's fringes.

The Emergency, as the guerrilla war was called, lasted twelve years, claimed 11,000 lives, and cost the Malayan government the equivalent of US\$567 million. The nadir came in 1951 when a convoy protecting the British high commissioner was ambushed in daylight on one of the main roads of Malaya and the commissioner killed. The back of the insurrection was broken by the mid-1950s, and the Emergency was formally ended in 1960.

## The Path to Independence

The British had promised in the Federation of Malaya Agreement of 1948 to grant eventual self-rule to the Federation of Malaya. Nevertheless the colonial government insisted upon evidence of national unity before granting independence. This evidence seemed lacking, even though the antiguerrilla program was improving the security situation and the economy had recovered, passing its prewar peak in 1950. What the British feared most was an outbreak of communal strife such as that which had accompanied the 1947 British withdrawal from India.

Certainly evidence of racial harmony was lacking. The immediate postwar period had given evidence of strong communal animosities. Politics, legal and illegal, was in the hands of communally organized groups. The noncommunist Chinese formed the Malayan Chinese Association (MCA) in 1949. The Indians had formed the Malayan Indian Congress (MIC) three years earlier. Dato Onn tried to broaden his national organization, UMNO, to include non-Malays and failed. In 1951, when municipal elections were held as the first step toward democratic self-government, the communalist parties defeated all those organized on multiracial lines.

Having failed to convert UMNO, Dato Onn left and founded a new party, the Independence of Malaya Party, open to all "Malayans," that is, citizens of the Federation of Malaya. In 1952, to contest Dato Onn's new party in the Kuala Lumpur municipal elections, a pragmatic, British-educated scion of Kedah royalty, Tengku Abdul Rahman, the new leader of UMNO, formed an alliance with the MCA, putting up Malay candidates in Malay wards and Chinese candidates in Chinese wards. The partnership won the election and, calling itself the Alliance Party, or simply the Alliance, won ninety-four of 124 seats contested in various local elections held throughout the federation between 1952 and 1954.

The Alliance was an outstanding success for interracial cooperation, if not the cultural integration that Dato Onn would have wished. To the British the Alliance's successes brought the possibility of independence within reach. In 1955 the MIC joined the Alliance Party, and Abdul Rahman led the coalition to a spectacular victory, fifty-one of fifty-two elected seats in the ninety-eight-member Federal Legislative Council. The Alliance had campaigned on a platform of independence within four years and improvements in social services, labor, and economic policies. An answer to the controversial question of who would have full citizenship privileges in an independent country was avoided. The British government meanwhile attempted to strike at the bases of communal conflict by advancing the economy of rural Malays through development projects and improving the non-Malays' political position by liberalizing the requirements for citizen-

ship and granting non-Malays limited entry into the Malayan Civil Service.

After the showing of support for interracial cooperation provided by the 1955 elections, the British prepared to leave. Guerrilla warfare had lessened, and the economy was in good shape. A Commonwealth of Nations commission under Lord Reid was formed to establish the outlines of a federal state with a strong central government based on parliamentary democracy. The commission was instructed to see that their proposals protected the "special position of the Malays and the legitimate interests of other communities."

During the yearlong consultations to determine the provisions of a constitution, the Alliance was kept together by the knowledge that a split in the coalition might seriously delay independence. Within the party caucus Chinese were at a disadvantage compared with Malays when arguing constitutional issues; tradition and British policy favored the Malays in the political arena, and because of the Emergency Chinese were constantly required to show proof of their loyalty. There was, however, a genuine determination on all sides to find acceptable compromises. The trust that non-Malays had in the fair-mindedness of Abdul Rahman, who as party chairman had the burden of reconciliation and pacification, proved crucial during this period.

The resultant document, the 1957 Constitution of the Federation of Malaya, was intended to reflect the balance between Malays and non-Malays that had brought the Alliance repeated political success since 1952. It provided for the retention of special privileges for Malays in the civil service, scholarships, businesses, licenses, and the reservation of some land for their exclusive use while ensuring that the rights of non-Malays could not be hindered by prejudicial legislation or government intervention. On August 31, 1957, Merdeka Day, the Federation of Malaya attained independence within the Commonwealth. At that time Singapore was moving toward full internal self-government within two years. In the Borneo territories, however, constitutional developments moved at a slower pace.

### Postwar Colonialism in British Borneo

The third White Raja, Charles Vyner Brooke, returning to Borneo in 1946, felt unable to give Sarawak the reconstruction and development it needed and ceded the country to Great Britain over Malay opposition. The British North Borneo Company felt similarly incompetent to rehabilitate its devastated territory and ceded it to the crown; the British then joined it to their island colony of Labuan to make a new crown colony, the status given to Sarawak. Brunei remained separate under the indirect rule of a British Resident, whose advice the sultan was obliged to follow.

As in Malaya the Japanese occupation awoke an interest in greater political participation. One result of the new political consciousness was the anticeSSION movement in Sarawak, which opposed absorption into Great Britain. The anticeSSION movement was largely responsible for a number of guarantees written into the cession agreement between the raja and the British crown providing for the continuation of former policies in regard to the rights and privileges of the indigenous peoples, the continuation of the former legal system and code, and the maintenance of most of the articles of a constitution that had been granted by the raja in 1941.

Both Sarawak and Sabah received large allotments from the British government that totaled in some instances nearly half the entire governmental expenditures of the two colonies (Brunei, made prosperous by its oil fields, did not require economic relief and made loans and grants to the other two colonies and to the Federation of Malaya.)

(In 1959 Brunei was relieved of its obligation to follow British advice in all matters except foreign affairs and defense. Local elections to district and municipal councils, which in turn elected some members to the state legislature, took place in Sarawak in December 1959. Sabah, although it had appointed members to legislative councils who participated in lawmaking as representatives of the various ethnic groups, held no elections of any kind until 1962.)

## THE CREATION OF MALAYSIA

Regional association, or at least cooperation, in Southeast Asia has been a common topic of debate in most of the affected countries since World War II. Suggestions ranged from bilateral cooperation to an association of all formerly British territories, including Hong Kong, into a regional political entity. The first attempt at a formal association, which would have reached even beyond the area of Southeast Asia and included Australia, Ceylon (present-day Sri Lanka), India, Indonesia, Pakistan, the Philippines, and Thailand in 1950, met with failure. Other plans proposed association among the Federation of Malaya, Indonesia, Pakistan, and the Philippines or among the federation, Thailand, and the Philippines. A strong stimulus for regional cooperation originated in the realization of the politically fragmented area's susceptibility to outside pressure, concurrent with the gradual withdrawal of European powers, with special consideration being given to the People's Republic of China (PRC).

A formal initiative to consolidate the Malay states and the Straits Settlements was made by Singapore, which submitted such a proposition as early as 1957 and again after it achieved internal self-government in 1959. The principal Malay objection to such a proposal was based on fear of Chinese domination within the proposed union. If Singapore's 1.1 million Chinese (as enumerated in the 1957 census)

were added to the federation's 2.3 million Chinese, they would outnumber the 3.1 million Malays. In addition to their numerical strength, the Chinese represented strong political and labor organizations with pronounced leftist and communist factions.

To reduce these fears Singapore tried to develop a "Malayan" consciousness among its Chinese citizens. Many of the Chinese felt themselves to belong to the region of Malaya, and it was feared that if isolated they might reorient themselves toward the PRC. In terms of internal politics the leftist People's Action Party (PAP), under the leadership of Lee Kuan Yew, supported "independence through merger," whereas the Workers' Party, led by David Marshall, stood for "independence before merger." Only the Socialist Party opposed merger altogether.

In the second half of 1960 prime ministers Abdul Rahman of the Federation of Malaya and Lee of the State of Singapore held a series of talks with the secretary of Commonwealth relations of the United Kingdom. The scope of the proposed association was enlarged to include the three Borneo territories of Sarawak, Brunei, and North Borneo (Sabah) and thereby provide an ethnic composition for the projected federation in which the indigenous people would have maintained their majority. In arriving at this balance the assumption was made that the interests of the Malays and the indigenous people of Borneo were very similar. This assumption was later challenged by leaders of indigenous non-Muslim communities in Sabah and Sarawak. When the plan was made public on May 27, 1961, it became the focus of controversies in all five territories and later evolved into an international issue.

The announcement sharpened the lines of demarcation between anti-merger and pro-merger forces in Singapore. The crisis was apparent in a referendum on September 1, 1962, in which the government provided a choice between three different forms of merger but none for the expression of opposition to it. In the compulsory vote 25 percent of the electorate cast blank ballots to express disapproval of the merger, but 71 percent endorsed one of the government's alternative plans.

Great Britain supported federation because it believed that Singapore could not survive as a city-state and was convinced that the economically underdeveloped and politically inexperienced crown colonies of Sarawak and Sabah and the tiny protected state of Brunei could not stand on their own feet after British withdrawal. By offering continuous cooperation and protection, the British also hoped to maintain most of their vital military bases and economic interests. Although some opposition in Sabah and Sarawak was initially expressed by certain political and religious leaders who feared Malay and Muslim domination in the new state, it dwindled when special provisions to safeguard indigenous interests were promised by the

Federation of Malaya and Singapore. A joint British-Malay group of investigators dispatched to Sarawak and Sabah in 1962 found that two-thirds of the population favored merger. On the recommendations of the commission preparations were made for the transfer of these two crown colonies to a new federation of Malaysia.

(The situation was quite different in the Brunei protectorate. There a militant nationalist group had long planned an independent Brunei kingdom that, on historical grounds, would have incorporated Sarawak and Sabah. The dynamic leader of the nationalists, Inche A. M. Azahari, was in Manila on December 7, 1962, when the North Kalimantan National Army (Tentara Nasional Kalimantan Utara) staged a revolt and planned to capture the sultan and force him to sanction their objectives. Although Azahari's army received enthusiastic support from its followers in the Limbang district of Sarawak—the narrow strip between the two enclaves formed by Brunei—the assistance from sympathizers in Sarawak and Sabah did not meet expectations, and the 100,000 Indonesian "volunteers" allegedly promised by President Sukarno to join in the establishment of the Unitary State of Kalimantan Utara never arrived. The sultan escaped capture and, with British and federation help, defeated the revolt within a few days. Some of Azahari's followers escaped to the jungles to the south and threatened the security of the territories. Azahari continued his mission, first from Manila and later from Jakarta.

Formidable opposition to federation came also from the Chinese-dominated Sarawak United People's Party, founded in 1959 and strongly supported by labor and Chinese farmers. The party was suspected by the British administration of cooperating with the clandestine communist organization, a small but powerful group that infiltrated the ranks of the party, the labor organizations, local Chinese newspapers, and secondary schools. Party opposition to merger stimulated a closer cooperation of the pro-Malaysia forces. Profederation Chinese and Malays joined with Dayaks and other indigenous peoples in forming the Sarawak Alliance Party, which together with independent pro-Malaysian candidates won 73 percent of the votes in the June 1963 district elections. No such struggle ensued in Sabah, where the pro-Malaysia North Borneo Alliance Party won 90 percent of the votes in that territory's first election in December 1962.

The practical aspects of the merger were still unresolved when objections to the creation of Malaysia were raised by the Philippines and Indonesia. The Philippine objection centered on a claim to Sabah put forward on the ground that it was part of the former Sulu sultanate to which the Philippines was the rightful heir and which had only been leased to the British. The claim threatened the regional cooperation envisioned in the Association of Southeast Asia (ASA), which the Federation of Malaya, Thailand, and the Philippines had formed in mid-1961.



## The Confrontation with Indonesia

A much stronger reaction came from the Indonesian government, which denounced Malaysia as a "neocolonialist plot" that was "against our wishes and our revolution." President Sukarno vowed to block the creation of Malaysia or, if unsuccessful, to "crush" it by every means at his disposal. Sukarno called Indonesia's opposition to Malaysia the confrontation (*konfrontasi*), and it soon became an undeclared war on the federation and the Borneo states.

Adverse foreign reaction and hope that a joint Philippine-Indonesian action might delay the creation of Malaysia caused Sukarno to strike a conciliatory note and to give theoretical consent to the federation in May 1963. Negotiators of the three countries met in Manila in June and agreed to propose to their governments the creation of a consultative arrangement for collective defense within the framework of MAPHILINDO (Malaysia, the Philippines, and Indonesia) and the submission of the Borneo problem to the United Nations (UN) for assessment of public opinion in the territories of Sarawak and Sabah.

Prime Minister Abdul Rahman accepted the UN proposal and in theory also MAPHILINDO; nevertheless he proceeded with federation plans and on July 9 signed the final agreement with the United Kingdom setting the date for formation of Malaysia for August 31, 1963. The announcement of the agreement infuriated Sukarno, who thereupon pledged to activate his "crush Malaysia" campaign by military action if necessary. At a summit meeting arranged to avoid open warfare, Abdul Rahman and Sukarno met in Manila late in July where, through the intermediary role of Philippine President Diosdado Macapagal, Abdul Rahman agreed to postpone federation for two weeks to allow the UN sufficient time for assessment. In mid-August nine UN delegates began their work to assess the attitude of the peoples of Sarawak and Sabah toward federation.

The UN team reported that two-thirds of the people favored federation and based their report on review of election results and on interviews with 4,000 people. Meanwhile the final merger terms were worked out between the respective governments, first in Kuala Lumpur and later in London. Allowances were made for the differences between the various components of Malaysia in economic and political development and ethnic composition; specific requests were honored and in part incorporated in a revision of the Constitution (see ch. 10). At the last minute Brunei declined to join the federation, partly because the sultan was dissatisfied with the determination of his precedence among the heads of governments, which also determined his succession to the seat of the supreme head of the federation (*yang di-pertuan agong*) of Malaysia. Controversy over the division of revenue received from oil also contributed to the sultan's stand. Neither Brunei's negative decision nor the confrontation with

Indonesia, however, prevented the Federation of Malaya, the State of Singapore, and the crown colonies of Sarawak and Sabah from raising the flag of Malaysia on September 16, 1963.

The confrontation intensified within hours. On September 17 Indonesian demonstrators, encouraged by their government, attacked the Malaysian and British embassies in Jakarta. The ambassadors from Indonesia and from the Philippines had left Kuala Lumpur on September 15, and diplomatic contact among the three nations was not resumed until January 1964, when the foreign ministers met in Bangkok at the urging of a United States special envoy. The intervening period produced increasing numbers of Indonesian-inspired incidents along the borders in Borneo. Indonesian "volunteers" were joined by Chinese members of the clandestine communist organization in Sarawak.

The Bangkok talks failed, as did a summit conference in Tokyo in June 1964. Great Britain, New Zealand, and Australia sent troops and other military aid in accordance with their defense agreements to help the Malaysian army. A diplomatic boost came in December 1964 when Malaysia was elected to one year's rotating membership on the Security Council of the UN over Indonesia's objection.

In one sense the war was a help to Malaysia in that it served to unite the nation against an aggressor. It was, however, expensive and diverted funds from economic development plans that had been envisaged as necessary to bring the rural Malays and other indigenous people nearer to economic equality with the Chinese. In this respect, however, Malaysia's economy was booming. Tin had an exceptionally good year in 1965; Sabah's economic growth was remarkable; investment in manufacturing was increasing; and the cost of living was relatively steady.

Being cut off from trade with Indonesia during the confrontation was serious for Singapore, although smuggling by Indonesians prevented Sukarno's trade embargo from being completely effective. Penang and Sarawak were also affected, though less substantially.

Hope for an eventual end to the confrontation came when a pro-communist coup attempt on September 30, 1965, in Jakarta backfired, resulting in an anticommunist domestic purge. Gradually it became clear that Indonesia was undergoing a fundamental change of direction; on August 11, 1966, a peace treaty between Indonesia and Malaysia ended the undeclared war. The termination of the confrontation, however, did not bring an end to the Philippine claim to Sabah. By 1968 relations between the Philippines and Malaysia, which had moved briefly toward an interest in cooperation, were suspended (see ch. 12).

## Singapore's Secession

In addition to the problems created by the confrontation, the new confederation also had to cope with developing conflict between Singapore and the other states of Malaysia. In the 1963 agreement on which Malaysia was based, Singapore had accepted substantial underrepresentation in the lower house of Parliament in exchange for keeping most of its revenue and handling its own education and labor affairs. The agreement also provided that Singapore citizens, though legally Malaysian citizens, could not participate as full citizens in Peninsular Malaysia without fulfilling stringent naturalization requirements.

Lee, however, did not appear to regard this agreement as confining him politically to Singapore. A British-educated Chinese who combined academic brilliance and political dynamism, Lee had led his socialist PAP to a great victory in Singapore's 1959 elections with communist help. Since then he had crushed communist power, reassured timid foreign investors, and established a capable, relatively corruption-free, and popular government on the island. He had contempt for the conservative Chinese component of the Alliance government, whose leadership seemed willing to permit the retention of special Malay privileges for the indefinite future. He also saw the association as blocking the PAP's path to further political expansion in the country.

The PAP entered nine candidates in the peninsular elections of 1964 for seats in Parliament against candidates of the MCA. Its leaders hoped that if enough PAP candidates won, Abdul Rahman might in time contemplate severing connections with the MCA and creating a UMNO-PAP alliance.

The Alliance leadership felt that Lee had violated the spirit of the Malaysia agreement by not being satisfied with the fifteen seats allotted to Singapore in that agreement. The Alliance swept to victory in the election. Only one PAP candidate won a seat, and the Alliance's other opponents also sustained losses. Lee's party, with sixteen seats, was the major opposition party against eighty-nine Alliance seats. There was now little hope that Singapore could play a more active role than the limited one Abdul Rahman envisioned for it—that of a New York City of Malaysia.

The Alliance's success in the election had come in response to a call to citizens of all nationalities to show their loyalty to a beleaguered country by supporting the Alliance regime. The government's stress on the necessity for national loyalty continued during the critical months after the election. In mid-1964 several attempts were made to land Indonesian troops by sea and air on the peninsula. In July and again in September serious race riots broke out in Singapore between Chinese and Malays. In January 1965 the government arrested three

east coast Malay opposition leaders, who later confessed to involvement in Indonesia-backed fifth column activity. The confrontation was continuing without any sign of abatement.

Thus the Alliance regarded Lee as acting disloyally when he began to call for greater equality of rights for all Malaysian citizens in speeches delivered in Malaysia and abroad in 1965. To Abdul Rahman and his government, who felt that no true equality could exist until the Malays and other indigenous peoples were given a chance to catch up with the wealthier and more highly qualified Chinese, Lee appeared to be reneging on the 1963 agreement.

Antagonism mounted further in 1965 when, at a Singapore convention, Malay members of the PAP appealed for the support of rural peninsular Malays against the Alliance's alleged partnership of Malay aristocrats and Chinese capitalists. In Kuala Lumpur Lee was burned in effigy. Bitter debates in Parliament followed, in which Lee attempted to push for greater speed in removing special privileges for Malays and the creation of a "Malaysian nation." In rebuttal Alliance members argued that racial harmony was needed first and should precede any attempt to create a noncommunal national society.

Lee's actions during the summer of 1965 suggest that he regarded the 1963 terms as the minimum acceptable concession and that he considered himself, the popular leader of a state that was 80-percent Chinese, obligated to work continually to improve the position of Chinese within the Malay-Chinese partnership. To Abdul Rahman and UMNO, however, the 1963 agreement terms were not open for renegotiation. Incorporated in the agreement of 1963 was the compromise worked out by the peninsular Malays and Chinese in 1957, a delicate balance of opposing forces within an Alliance that had brought political stability. The MCA leaders agreed with Abdul Rahman that the peninsula's Chinese, a minority, would lose ground if Chinese pressure for further political power drove Malay support away from Abdul Rahman's moderates and into the camp of the Malay chauvinists.

Early in August Abdul Rahman returned from twelve months abroad and, in secret meetings with Lee and members of both the federal and Singapore cabinets, arranged for the peaceful withdrawal of Singapore from Malaysia. On August 9, 1965, Singapore became an independent and sovereign state. The two countries signed an agreement including the promise to work out arrangements for joint defense and mutual assistance. Sabah and Sarawak were not consulted before Singapore's secession. The news came as a surprise and produced anxiety in the two states. In particular the non-Muslims, who constitute a majority in both states, were distressed by the news.

### **CRISIS AND THE QUEST FOR NATIONAL UNITY**

With the confrontation with Indonesia and the withdrawal of Singapore behind it, the government turned its attention to restoring the

Alliance pattern of politics that had proved so successful in maintaining intercommunal balance before and immediately after independence. There remained some resentment in Sabah and Sarawak; resistance to federal encroachment continued, but there appeared little threat of a further dismemberment of the federation. Opposition was strong in both states. In Sabah, however, one personality, Tun Dato Haji Mustapha bin Datu Harun, succeeded in maintaining support for the Alliance and the federal authorities during the 1960s and dominated the political life of the state until he stepped aside in 1975. It appeared that a rather lackluster government performance in domestic matters would be offset by the first all-Malaysia economic development plan, inaugurated in 1966.

As the end of the first decade of independence approached, however, strains affecting the fabric of political life were apparent. In particular a new note of radicalism was emerging that was the antithesis of the Alliance approach. A new generation of young Malaysians had come of age who were less willing to accept the established political mode and more willing to criticize the older leaders of their ethnic communities for failure to move fast enough to satisfy communal interests. Chinese were demanding a greater share of political power; other Chinese claimed that the constitutional guarantees protecting the interests of established businessmen did nothing to improve the lives of the majority of Chinese and Indians who were poor. Malays—whose numbers had greatly increased in urban areas—were observing that their economically disadvantaged condition had changed only slowly. Peasants, as in the predominantly Malay state of Kelantan, were demonstrating their alienation from UMNO and its elitist leaders by supporting a religiously based political party that served as an expression of their anxieties over change and impoverishment. The parties making up the Alliance—especially the MCA—were losing support, threatening to erode the foundations of government, and favoring more chauvinist or radical communal parties.

In mid-November 1967 riots broke out in Penang. Touched off by a Labor Party call for a general strike to protest the way the government had handled a monetary crisis caused by Great Britain's devaluation of the pound, the disturbances soon provoked communal responses. For a month there were curfews in various parts of the country. The economy had also suffered in 1967, partly as the result of falling rubber prices. The government's handling of such controversial issues as language and educational policy seemed indecisive. To the loss of confidence in the government was added another factor—the scheduled withdrawal of British forces "east of Suez" announced in 1967; when a test came, the government would face it alone.

New elections were called in 1969, on May 10 for Peninsular Malaysia, in late May for Sabah, and in early June for Sarawak. The peninsular voting and uncontested seats in Sabah returned the Alli-

ance with a majority, but it was the smallest majority ever achieved. It was clear from the election results that UMNO faced increasing difficulty in mobilizing Malay votes for itself as well as for its partners in the Alliance. The MCA in particular lost support, returning with only thirteen of its former twenty-five seats in the federal legislature. Opposition parties more than doubled their seats; among the more radical followers of non-Malay opposition parties their gains were cause for exuberant demonstrations. On May 13 the MCA, interpreting the election results as a rejection by the Chinese community, announced its withdrawal from the government, thereby apparently ending the Alliance.

Although the real impact of Alliance losses and opposition gains was probably overestimated in the mood of the times, the weakness of the Alliance parties and the withdrawal of the MCA generated an atmosphere of uncertainty and confusion in Kuala Lumpur during the two days immediately after the elections; this was exacerbated by various demonstrations and processions by one group or another and by lurid rumors that circulated through the Chinese and Indian neighborhoods and Malay kampongs of the city. Trouble inevitably broke out, on May 13, and was followed by a mounting wave of communal violence—more serious than any since independence—that continued for two days until order was restored by police and military units.

The leadership moved quickly to restore order. The violence was successfully prevented from spreading beyond the capital. A state of emergency was declared, and the scheduled elections in Sabah and Sarawak were postponed—they were eventually held during June and July 1970. Government arrangements were suspended, and the deputy prime minister, Tun Abdul Razak, whom Abdul Rahman had been grooming as his successor, acted as chairman of the newly formed National Operations Council (NOC), among whose members the MCA was again represented along with other former partners of the Alliance. Razak took charge of government operations with advice from the prime minister and with emergency powers granted him by Malaysia's constitutional monarch, the supreme head.

Within two years normal government was reestablished. Naming Razak as his successor, Abdul Rahman resigned as prime minister in September 1970. After the election in the Borneo states the NOC was dissolved on February 19, 1971, and the next day the legislature was reconvened.

It was apparent with the end of the emergency that Malaysians had, at least temporarily, successfully coped once again with the challenges and legacies from their past. The Alliance model was restored, although the coalition on which the government rested was extended to form the broader National Front (see ch. 11). There remained a vigorous opposition, representing large segments of the Chinese and Indian population who saw the government as indifferent to their in-

terests; nor did the arrangement fully satisfy the demands of young Malays in the cities. Nevertheless the government moved vigorously on several fronts where it had formerly been indecisive. Through the New Economic Policy the economic development goals of the Second Malaysia Plan (1971-75) reflected a keener awareness of Malay demands for greater participation in the modern economy (see ch. 13).

The terms of the constitutional guarantees to ethnic groups—the “contract” between communal groups on which independence had been based—were spelled out in greater detail, and other matters that had been left unclear were clarified in the National Ideology (*Rukunegara*) proclaimed by the supreme head on August 13, 1970 (see ch. 11). Once these provisions had been somewhat more clearly established, the government moved to set strict limits on political debate regarding these matters—although not their implementation—and on others affecting ethnic sensitivities. There was to be no repetition of the oratorical and campaign excesses that had preceded the 1969 riots. On March 3, 1971, constitutional amendments were adopted in Parliament limiting, under threat of punishment, public discussion in any forum of these communal matters.

## CHAPTER 4

### ETHNIC GROUPS AND LANGUAGES

Virtually every aspect of Malaysian society in the mid-1970s could be viewed in terms of the great divisions between the country's three major groups. These three groups—Malays, Chinese, and Indians—were almost all Malaysian citizens born in Malaysia, yet they spoke different languages, practiced different religions, and observed different customs; in general they lived in different parts of the country, were employed in different sectors of the economy, and were represented by different political parties. Throughout Malaysia the dynamics of interethnic relations have constituted much of the dynamics of domestic politics. The three communities together constituted over 90 percent of the Malaysian population in 1970, the remainder being made up of the few aboriginal tribes of the peninsula's interior and the more numerous indigenous peoples of Sabah and Sarawak. Malays accounted for somewhat less than one-half of the total population, Chinese more than one-third, and Indians about one-tenth.

Although differences in race are evident among the groups, the most salient differences—those that have given rise to interethnic tensions and form the greatest barrier to national integration—are cultural rather than racial. The Constitution, which grants special privileges to Malays, defines a member of that group in cultural rather than racial terms as "a person who professes the Muslim religion, habitually speaks the Malay language, [and] conforms to Malay custom." Ethnic policy, while committed to protecting the rights of all citizens to the private practice of their religion, language, and customs, recognizes a special preeminence in the position of the Malays and other indigenous peoples as *bumiputera* (sons of the soil) as opposed to the offspring of Chinese and Indian immigrants.

The Constitution and a number of laws passed pursuant to its provisions have firmly established a national policy designed to make the Malay language the national language and the medium of instruction in the country's schools as well as to protect the special position enjoyed by *bumiputera* with respect to civil service hiring, scholarships, licenses, and the like. The intense controversy and resentments generated by the implementation of these policies were removed from the public arena by constitutional amendment in March 1971. Under the amendment (Act A30) Parliament was empowered to enact laws "pro-



hibiting the questioning of any matter, right, status, position, privilege, sovereignty, or prerogative established or protected" by those constitutional articles concerning ethnic policy. The amendment removed these issues not only from the domain of public discussion but from discussion on the floor of Parliament and the state legislatures as well. Ethnic differences in economic attainment were also recognized in national policy, and attempts to secure a greater share for Malays in modern sector ownership have been an integral part of economic planning. Ethnic integration was far from an accomplished fact in the mid-1970s, and the history of overall gradualism and compromise in Malaysian ethnic policy as well as the depth of ethnic cleavages made it appear unlikely that the divisions in the society would rapidly vanish.

## **INTERETHNIC RELATIONS AND NATIONAL INTEGRATION**

### **Demographic Patterns and Culture History**

As Malaysia entered the last quarter of the twentieth century, it was a classic example of a plural society—one in which two or more ethnic groups exist within a single political unit while retaining distinct and mutually exclusive identities, values, languages, and spheres of economic and social activity. Government policies, especially in the areas of education and language, imply a degree of assimilation on the part of the so-called immigrant communities of Chinese and Indians, communities whose members are no longer composed of immigrants but of native-born individuals accustomed by tradition to a considerable degree of ethnic independence and cultural self-reliance. The development of the Malay Peninsula into the home of three distinct ethnic communities that have shown little or no tendency to mingle or integrate is the result of a variety of factors: the situation of the peninsula athwart the major trade route between East Asia and South Asia, political and economic conditions in China and India from 1850 to 1930, British colonial policy, and the natural resources of the peninsula.

The Malays themselves arrived in a series of migratory waves extending over three millenia. The first of these waves, originating from the part of China known as Yunnan, forced the aboriginal inhabitants of the peninsula into the interior, where they survive as the Negrito Semang and the Veddoid Senoi. From approximately 2500 B.C. waves of Malayo-Polynesian peoples known as proto-Malays continued to occupy the peninsula and the Greater Sunda Islands beyond, although the impact of Malay immigration was considerably less in Borneo. A second major wave of Malayo-Polynesians, also originating in Yunnan, swept through the area around 300 B.C. on their way southward, displacing some proto-Malays—who are today represented

by the Jakun—and absorbing others. This second group, known as deuterio-Malays, was to populate the peninsula more heavily as they returned from the Greater Sunda Islands in a series of migrations that continued intermittently into the twentieth century. These later arrivals quickly outnumbered the aboriginal and proto-Malay populations and gave Malay society much of its contemporary character.

Contacts with India and China date from the establishment of trade routes between East Asia and South Asia. Hindu culture had an intense impact on Malay society, as did Islam from the thirteenth century onward (see ch. 3; ch. 6). The ethnic composition of the peninsula, however, remained essentially unchanged until after 1850. The Portuguese in the sixteenth century, the Dutch in the mid-seventeenth century, and the British in the late eighteenth century all had a minimal impact on the composition of the population. The pattern among immigrants before 1850 was one of general assimilation with the native population. The Portuguese left a mark in the Eurasian offspring of Portuguese soldiers and Malay women, who still form a small community near Malacca and speak a Malay-Portuguese creole. The earliest Chinese immigrants retained their ethnic identity and refused to accept Islam but intermarried with Malays, came to speak Malay as their mother tongue, and adopted Malay dress, food, and customs. Known as the Baba Chinese, or Straits Chinese, they are represented by a fairly large subcommunity within the present-day Chinese population, constituting perhaps as much as 15 percent and living predominantly in the Malacca and Penang areas.

Although the Straits Chinese constituted a fairly significant minority population in the early part of the nineteenth century, the peninsula did not begin to house large communities of unassimilated non-Malays until midcentury, when the sultans invited Chinese entrepreneurs to exploit the tin deposits of the interior in exchange for royalties and rents. The indigenous population was both insufficient and unwilling to accept the unattractive working conditions of the tin mines, and Chinese—and later British—mining developers recruited large numbers of laborers from South China. The coincidence of a rise in world demand for tin and the disruptions and dissatisfactions produced by the T'ai P'ing Rebellion against the Ch'ing (Manchu) dynasty in South China created both a demand for cheap labor and a wave of immigrants to fill that demand. The establishment of British hegemony over the entire peninsula in the last quarter of the nineteenth century provided the economic and political stability needed to expand further the exploitation of natural resources and spurred immigration to meet the accelerating demand for unskilled labor.

Similarly, British planters found the Malays unwilling to do plantation work and found Chinese laborers difficult to control; so, drawing on their colonial experiences in India and Ceylon (present-day Sri Lanka), they began to bring large numbers of laborers from southern

India in the 1880s, mostly Tamil speakers from the state of Madras. When the rubber industry underwent a rapid expansion in the first several decades of the twentieth century, Indian immigration grew to meet the demand for unskilled labor. As both Chinese and Indian immigrant communities grew, a need for services culturally suited to the immigrants was created. The provision of these services gave enterprising Chinese and Indians a means for rapid upward mobility as earlier immigrants went into the business of catering to the needs of later arrivals. Particularly in the case of the Chinese, an independent and self-sufficient community came into being with its own schools, newspapers, and restaurants, and many Chinese immigrants who had intended to return to China after working for several years became permanent residents.

The worldwide depression of the early 1930s drastically reduced the demand for immigrant labor. There were suddenly too few jobs to go around, and many Indians returned home. In 1933 the colonial government established the Aliens Ordinance, which permanently shut off large-scale immigration and thus helped stabilize ethnic proportions for the next forty years. In the nineteenth century and the first half of the twentieth century the population of the peninsula grew from 250,000 to over 5 million and, although there were more Malays than any other single ethnic group, they were slightly outnumbered by non-Malays after the 1920s.

From these conditions there emerged a pluralistic division between Malays and non-Malays: Malays preferred subsistence farming to the arduous and dangerous work of the wage laborers in the mines and plantations, while the Chinese and Indians not only engaged in both but became involved in urban commerce through the provision of services to their brethren. The majority of Malays were therefore engaged in low-income agriculture and did not have the financial resources to engage in entrepreneurship or commerce even had they wished to do so. Those of the Malay elite with sufficient capital resources were drawn into government service. The Chinese and, to a lesser extent, the Indians were a part of the cash economy from the outset and quickly developed a dominant position in the economy. A variety of other factors helped to foster and maintain this essential division, and the division has remained a central characteristic of Malaysian society.

The proportionate representation of the three major ethnic groups in the population of Peninsular Malaysia remained fairly stable after the flow of Chinese and Indian immigration was halted in the mid-1930s. Census counts indicate a gradual decline in the proportion of Chinese relative to Malays, a trend usually attributed to the higher degree of urbanization among the Chinese and a correspondingly lower birthrate. The proportion of Malays in the peninsula showed a par-

ticularly substantial increase from slightly less than half to well over half the population between 1957 and 1970 (see table 2).

*Table 2. Malaysia, Population of Peninsular Malaysia by Ethnic Group, Census Years 1921-70*

	Malays	Chinese	Indians	Others	Total
Number (in thousands):					
1921 .....	1,569	856	439	43	2,907
1931 .....	1,864	1,285	571	68	3,788
1947 .....	2,428	1,885	531	65	4,909
1957 .....	3,125	2,334	735	85	6,279
1970 .....	4,686	3,122	933	69	8,810
Percent of Total Population:					
1921 .....	54.0	29.4	15.1	1.5	100.0
1931 .....	49.2	33.9	15.1	1.8	100.0
1947 .....	49.5	38.4	10.8	1.3	100.0
1957 .....	49.8	37.2	11.7	1.3	100.0
1970 .....	53.2	35.4	10.6	0.8	100.0

A majority of the population of Sarawak and Sabah was made up of indigenous peoples (see fig. 11). They were generally non-Muslims who were sometimes classified by ethnographers as para-Malays as distinguished from Malays in a racial sense. Malays and Chinese constituted significant minorities as immigrant communities along the coast and in the more heavily populated towns, Chinese outnumbering Malays by a two-to-one ratio. Together they constituted roughly 40 percent of the populations of Sabah and Sarawak in 1970 according to official statistics. When the populations of Peninsular Malaysia, Sarawak, and Sabah are taken together, no ethnic groups can claim a majority, but the Malays are the largest single group, government figures for 1970 showing them to constitute about 46.7 percent of the Malaysian population, followed by the Chinese at 34.1 percent, Indians at 9 percent, and other indigenous peoples at 8.7 percent, the remainder being principally Europeans and other foreigners.

Within Peninsular Malaysia ethnic demography takes on both political and economic significance. The most striking patterns are of non-Malay concentration on the west coast of the peninsula and Chinese concentration in urban areas. The east coast states—Terengganu, Kelantan, and Pahang—and the two northernmost states of the west coast—Kedah and Perlis—are inhabited almost entirely by Malays; virtually the only places Chinese are found on the east coast are in the cities of Kota Bharu in Kelantan and Kuala Terengganu. Non-Malays are present in numbers beyond their proportion in the total population in the west coast states of Negeri Sembilan, Selangor, Perak, and Penang; Chinese form a clear plurality in Selangor and are a majority in Penang (see fig. 12).

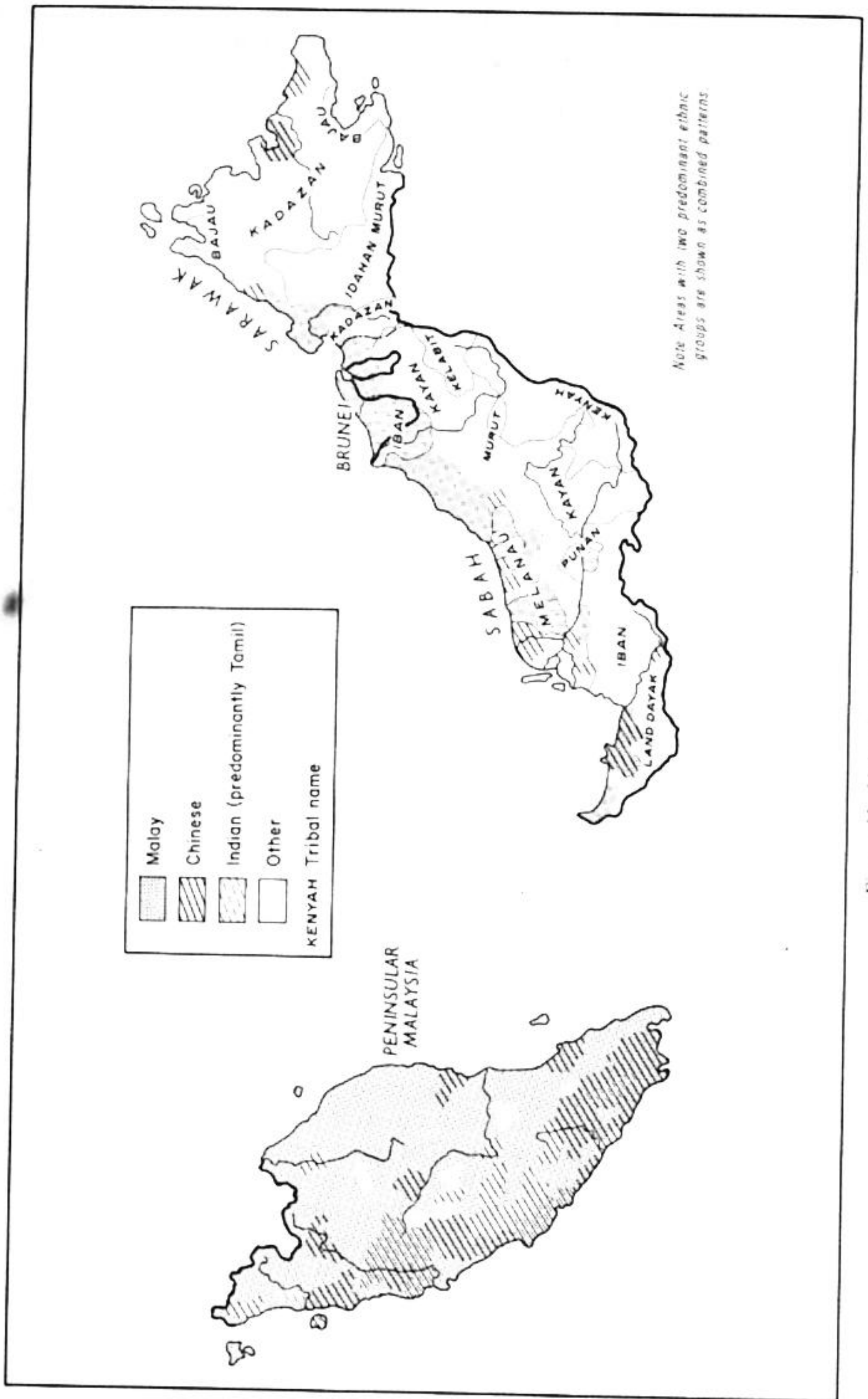
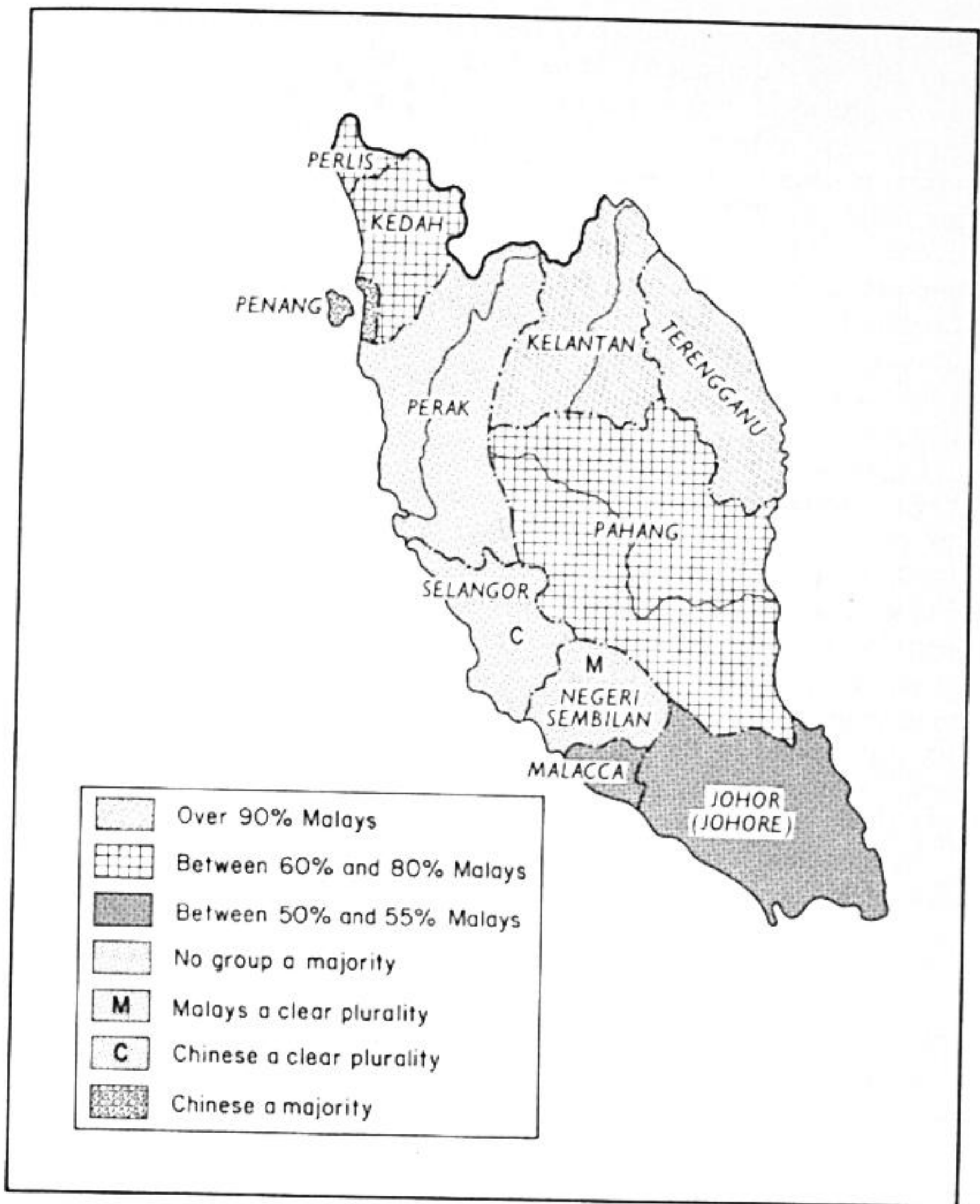


Figure 11. Malaysia. Ethnic Groups, 1971



Source: Based on information from Alvin Rabushka, *Race and Politics in Urban Malaysia*, Stanford, 1973, p. 23; and Malaysia, Jabatan Perangkaan Malaysia, *Ban-chi Penduduk dan Perumahan Malaysia 1970: Gulongan Masharakat (1970 Population and Housing Census of Malaysia: Community Groups)*, Kuala Lumpur, March 1972, Table XIV, p. 32, Table 1, p. 45.

Figure 12. Malaysia, Distribution of Population by Ethnic Group and State in Peninsular Malaysia, 1970

The dominance of non-Malays, especially Chinese, in the urban areas of the country is also notable. Chinese predominance in towns and cities was strengthened in the early 1950s when over 500,000 rural Chinese were forcibly relocated to "New Villages" as part of the British strategy in combating the communist insurgency during the Emer-

gency (1948-60) (see Glossary) (see ch. 3; ch. 17). Although Chinese had already outnumbered Malays and Indians in small urban areas, the resettlement meant that three-quarters of the Chinese in the peninsula came to live in towns that continued to grow over the ensuing years, placing the Chinese population in the forefront of an urbanizing trend. By 1970 nearly three-fifths of populations in settlements in excess of 10,000 were Chinese—nearly one-half of the total Chinese population. Similarly, rural areas were dominated by Malays—roughly two-thirds of the rural population in 1970 was Malay. As a consequence of this demographic pattern the terms *rural* and *urban* became political euphemisms for *Malay* and *non-Malay* in discussions of national priorities.

In political terms Peninsular Malaysia's ethnic demography has not been reflected in its administrative boundaries or even in intense ethnic regionalism. Although non-Malays are heavily concentrated on the west coast, so is most of the population; and according to Cynthia Enloe, an American political scientist, a "certain political stability derives from the relatively scattered distribution of all three major ethnic groups; Malays, Chinese and Indians are to be found in all the main populated regions." Moreover the federal divisions of the country correspond to the sultanates, the precolonial and preimmigration political units of the peninsula, and thus do not, as they do in some pluralistic nations, represent ethnic boundaries.

In economic terms the presence of Chinese as the dominant population of Malaysia's cities has gone hand in hand with Chinese predominance in such urban economic activities as commerce, industrial wage labor, and the professions. Malay urbanization has not necessarily resulted in greater Malay participation in commerce and industry inasmuch as many urban Malays have been drawn into the civil service, although Malay numbers in the cities have begun to outpace the expansion of the civil service and the military—a problem confronted in part by the New Economic Policy of the Second Malaysia Plan (1971-75) through its attempt to involve Malays in industry and commerce more actively.

### Interethnic Relations

To a considerable degree the pluralism of Malaysian society results from the separateness of the three major communities. Under British colonial administration there was relatively little interethnic contact, even though Chinese and Indian immigrants were coming into the peninsula at a rate sufficient to make up nearly half the population by 1931. The Malay and non-Malay communities were kept separate by a variety of factors. British colonial policy did nothing to promote the assimilation of the immigrant communities into the indigenous culture or even to promote interethnic contact. It was the policy of the colo-

nial government not to interfere with the customs or habits of the immigrants so long as they maintained good order. The British restricted their educational efforts to the Malay population—the only community to which they felt any real obligation. Consequently the Chinese, left to their own devices, developed an autonomous system of education in which Chinese was the sole language of instruction and in which the curriculum was devoted to traditional Chinese subjects.

A second factor that discouraged integration was simple physical separation. The three communities were kept apart at first by the nature of Chinese and Indian immigration. Brought directly to the mines and rubber plantations, the immigrants generally lived in barracks at the site of their work or in small villages composed almost entirely of other immigrants and so tended to have very little contact with Malays. This was especially true inasmuch as most mines and plantations were located in comparatively isolated areas. When urbanization began to take place, it often did so in an ethnically homogeneous fashion, especially with respect to the small and medium-sized towns of Chinese created as New Villages during the Emergency in the early 1950s. In metropolitan cities, where the overall population was somewhat more heterogeneous, residence patterns have tended to remain ethnically homogeneous, neighborhoods taking on a distinctly uniform composition. A more subtle form of physical separation resulted from the general division of economic sectors by ethnic group. Although Malays and non-Malays may come into contact with each other in the marketplace, they tend not to work together and are thus given little incentive to learn one another's language or to familiarize themselves with one another's customs.

A third factor inhibiting integration has been the cultural self-sufficiency of the immigrant groups. Members of immigrant communities made little effort to learn the Malay language and almost never availed themselves of Malay culture simply because they never felt the need to do so. A great many immigrants never intended to stay in the peninsula for more than two or three years but rather intended to save their wages and return to their native countries; they therefore had little interest in or need for things pertaining to the host culture. As already noted, many of those immigrants who did stay in the peninsula went into the business of providing other immigrants with services culturally suited to their countrymen. Consequently the communities of the Chinese and Indians who remained were already provided with many if not all of the comforts of home.

The Chinese in particular developed cultural self-sufficiency to a high degree and kept the need for interethnic contact to a minimum. A tradition of Chinese communal autonomy in Peninsular Malaysia was established in large part by Chinese secret societies. Although these societies have had a checkered and frequently less than savory



career, they played an important role in the early development of a pattern of ethnic isolation. Secret societies have a long history in China and were active in the mid-nineteenth century in the T'ai P'ing Rebellion against the Manchus in South China. Most of the Chinese immigrants came from South China at the time of the rebellion; and when they came, they brought their societies with them, notably the Triad Society, a particularly active anti-Manchu group.

These secret societies rendered numerous services to their members, providing the family-like ties of blood brotherhood, religious satisfaction in the form of ritual initiations and observances, the loan of money in times of need, an impressive funeral in the event of death, and a means of resolving intramural disputes. Until about 1870 the Chinese community in Peninsular Malaysia was governed far more by its secret societies than by either Malay or British authorities. Many societies, however, engaged in racketeering and other criminal activity; disputes between rival societies were often protracted and bloody, and it was just such a dispute that led to British intervention and assumption of control in 1875 (see ch. 3). In some respects secret societies were replaced by more legitimate mutual-aid groups, such as dialect, surname, and *hsien* (county) associations, which provided many of the same services without criminal involvement. Both kinds of association had the effect of insulating the Chinese community—an insulation that can also be attributed to a certain degree of Chinese cultural chauvinism. They also, however, had the effect of intensifying regional and dialect differences within the Chinese community and, if they helped to keep the Chinese and Malays apart, they did not necessarily bring all Chinese closer together.

Intermarriage among the three groups has been rare, as much a symptom as a cause of nonintegration. The lack of intermarriage is all the more remarkable in light of the relative absence of Chinese and Indian women in Peninsular Malaysia during the first several decades of immigration; female-to-male ratios as late as 1932 were 0.5 to one and 0.6 to one for Chinese and Indians respectively, and these ratios only began to approach normality after the immigrant communities became permanent. The same factors leading to general ethnic isolation—physical separation, intentions of only impermanent residence, and cultural self-sufficiency, including prostitution—were also responsible for inhibiting intermarriage.

One other factor has perhaps been more important in preventing intermarriage—that of religious differences. Unlike Chinese and Indian Malaysians, Malays were uniformly Muslims; indeed the practice of Islam is part of the legal definition of *Malay*. Because Islam is the state religion of Malaysia, it is to some extent protected, and the law requires a prospective spouse to convert to Islam before marrying a Muslim. This has served as a considerable deterrent to Chinese, who

are religiously heterogeneous among themselves but are virtually never Muslims, and to non-Muslim Indians, who are predominantly Hindus. Indeed the infrequent intermarriage of Malay and non-Malay is generally between a Muslim Indian of Bengali or Pakistani origin and a Malay. Other interethnic differences stem from religious roots. The frequent use of pork in Chinese cuisine is distasteful to Malays, for whom pork is religiously forbidden—as is the gambling for which the Chinese have achieved some notoriety. Differences in language or physical appearance aside, styles of dress among women, conventional gestures peculiar to each ethnic group, and a variety of other things serve to point out ethnic differences and perhaps to intensify feelings of mutual alienation.

Despite the pluralism of Malaysian society and the variety and complexity of disintegrative forces, there are also influences contributing to national integration. Ethnic policy since independence has been directed in part to the gradual establishment of a common national language both in official government business and as the medium of instruction in all schools. The mere fact of independence itself contributed to national integration, as the necessities of representative democracy have required politicians from all three ethnic communities to work together, even though government administration has remained largely in the hands of Malays. Interethnic conflict has been greater after independence than before, but this has been interpreted by at least one observer as the natural side effect of greater interethnic contact and integration rather than as a sign of national disintegration. Moreover the differences and conflicts between the three communities are based on disparate cultures, not on racism per se. Malays have freely accepted into their society persons who are willing to embrace Islam; unwanted Chinese girl babies have frequently been adopted and raised by Malay parents and are reported to have had no difficulty being accepted.

Regardless of the extent to which the three communities have come into contact, however, certain ethnic stereotypes persist. Any two of the three communities appear to hold essentially the same stereotype of the third group. Indians and Chinese tend to view Malays as lazy and disorganized and tending to be rather untidy although maintaining high standards of personal cleanliness. Malays are also viewed as headstrong, erratic, and quick to anger. Chinese are convinced that Malay poverty is a consequence of thriftlessness and a distaste for hard labor but that their own economic success results from hard work, thrift, and adaptability. In a more positive vein Malays are also seen as loyal and polite and as taking pride in their personal appearance. Chinese are held by Indians and Malays to be ambitious, avaricious, opportunistic, intelligent, and shrewd—not to say occasionally dishonest—businessmen. Malays also have a tendency to look upon Chinese as dirty—in the sense of ritual impurity—because they eat

pork. The same industry and thrift on which the Chinese pride themselves is regarded as somewhat distastefully mercenary and materialistic by Malays. Stereotypes of Indians vary, plantation workers being looked upon as unambitious, lacking in self-reliance and intelligence, while urban Indians are thought to be shrewd businessmen although less industrious and ambitious than Chinese. Malays consider Indians rather squalid and are said to find the cooking and body odors of Indians offensive. The dark complexion of Tamils is looked upon as amusing rather than distasteful, and all three groups tend to look upon fairness of complexion as a sign of beauty.

### Ethnic Stratification

Pluralism in Malaysia not only is related to demography and cultural isolation but extends to sharp differences in education, occupation, and income. Conventional wisdom has it that the Chinese control the economy while the Malays control the government. Although this is clearly an oversimplification of a very complex situation, a prevalence of Malays in the civil service and of Chinese in private industrial and commercial employment is apparent (see ch. 13; ch. 14). There is, then, some correspondence between social stratification and ethnic division.

Educational attainment has traditionally been greater among non-Malays than among Malays (see ch. 8). A strong tradition of education among Chinese has been largely responsible for their high achievement in this area. In 1967 less than 6 percent of Chinese were without any formal education. It is interesting to note that the great majority of those receiving an education at that time had attended schools in which Chinese was the only language of instruction, a factor contributing significantly to cultural insularity. Indians had a similarly high level of education although not quite as great as the Chinese, but among Malays over one-fourth had received no education at all. The difference between Malays and non-Malays in education is narrowing, but the influence of educational levels of the three communities in the late 1960s was being felt in the labor force of the mid-1970s.

It is with respect to the ethnic division of occupations that ethnic stratification comes into sharpest focus. Writing in the early 1970s, J.-P. Arlès observed that the Chinese "had a virtual monopoly of private industrial and commercial employment, 62 percent of employees in this sector were Chinese as against only 28 percent Malays and 9 percent Indians." Not surprisingly the Chinese community, which has been predominantly urban, has been mostly employed in urban wage labor and commerce. Non-Malays as a whole were to be found, in the words of the Second Malaysia Plan, "in urban areas or estates, employed as shopkeepers, restaurant workers, factory workers, con-

struction workers, hawkers, and stallkeepers, petty traders, providers of commercial and household services, and workers in organized, modern cash agriculture." Those Chinese and Indians still employed in rural agricultural occupations—an estimated 26 percent and 41 percent respectively in 1967—were overwhelmingly employed as wage-earning rubber tappers. Chinese dominance in commercial and industrial occupations did not, however, mean the stereotypical notion of a Chinese-controlled modern sector. Although Chinese ownership of the share capital in limited companies far exceeded Malay and Indian ownership, the modern sector of the economy remained largely under foreign control, particularly in rubber, tin, manufacturing, wholesale trade, banking, and finance.

Malays have been concentrated in such traditionally rural occupations as rice farming, fishing, tending small holdings of rubber and palm trees, and so on (see ch. 14). Those Malays employed in urban occupations have largely been limited to semiskilled and unskilled industrial jobs. Malays are similarly underrepresented in executive, managerial, technical, supervisory, and clerical jobs within the private sector of the urban economy. Only in government service, where they are guaranteed 80 percent of all jobs, were Malays frequently found in high-ranking positions. As a result, although Malays were more or less proportionately represented in the professions, they were largely those of the public sector, and most physicians, lawyers, architects, and the like tended to be Chinese or Indian. There was a degree of subethnic stratification within the Indian community; although Tamils coming from Madras are likely to be employed as rubber tappers, Tamils coming from Sri Lanka are likely to be employed as shopkeepers, professionals, and in other urban occupations.

The consequences for income distribution of ethnic differences in demographic patterns, education, and employment are fairly obvious. Chinese tended to have smaller families and higher incomes than Indians, who in turn had smaller families and higher incomes than Malays. Moreover Malays tended to be employed in sectors of the economy susceptible to higher rates of unemployment and underemployment.

The circumstances leading to the creation of this pattern of ethnic stratification included the early participation of immigrants in wage labor, enabling them to establish a strong position in a developing cash economy; the forcible urbanization of many Chinese during the Emergency, placing Chinese in a position to acquire urban jobs; and a tradition of entrepreneurship developed in the provision of ethnically tailored services to other immigrants. Preferential hiring and nepotism have played a role in maintaining these differences, especially in such areas as sales employment and petty commerce.

An additional, and somewhat ironic, cause of ethnic stratification has been an unintended outgrowth of ethnic policy initially designed

to assist the economic position of Malays. A policy of reserving government employment for Malays was begun under British administration, which only began to admit non-Malays into the Anglo-Malay Civil Service in 1952. After independence preferential quotas were maintained for Malays in the civil service, judicial service, customs service, and police force. As J.-P. Arlès points out, the effect of these policies "has been to divert the Malays from the most productive sectors of the economy and the most dynamic occupations—hence the lack of a Malay entrepreneurial class. . . . Meanwhile, the non-Malays, encountering obstacles to certain types of employment, have entered those most easily accessible, i.e., industry and commerce, in other words the modern sector of the economy."

### Ethnic Policy

Despite the pluralism of Malaysian society the history of interethnic relations has been generally characterized by restraint and gradualism on the part of the government and mutual coexistence on the part of the general population. Interethnic relations have never deteriorated to the extent they have, for example, in Northern Ireland, Lebanon, or even India. On two notable occasions, however, domestic violence has taken on overtones of interethnic conflict. In the first instance, the Emergency, the connection was oblique and indirect. Although the conflict was not directly related to interethnic conflicts or issues but instead involved communist insurgents pitted against the government, the overwhelming majority of insurgents were Chinese while most government troops were Malay. The insurgency caused many Malays to look upon all Chinese as of questionable national loyalty and upon Chinese schools as focuses of insurgent recruitment and sedition. It can be assumed that the effect of these feelings on the formulation of national policy with respect to citizenship, national language, and education was not insignificant and that Chinese politicians who might otherwise have resisted certain policies felt themselves in too weak a position to do so. In the second instance of communal violence the connection to interethnic conflict was clear. The 1969 riots in Kuala Lumpur were clearly fought along ethnic lines. It is generally accepted that the riots were a major reason for the decision to bar the most basic assumptions of ethnic policy from the arena of public discussion and for the renewed commitment of the Second Malaysia Plan to the integration of Malays into certain sectors of the economy.

Ethnic policy in Malaysia has generally been concerned with five areas of public life: citizenship, language, education, the "special position" of Malays, and greater Malay participation in the private sector of the economy. All of these issues have been sources of interethnic dissension, but by and large they have not provoked serious out-

breaks of violence. The determination of citizenship qualifications and procedures in Malaysia has in general been a process of accommodation to the non-Malay population, and it has been easier for Chinese to become naturalized citizens in Malaysia than in any other country in Southeast Asia (see ch. 10).

Until the formation of the Malayan Union in 1946 Chinese born in China were "British protected persons" but still considered citizens of China. Under the Malayan Union a very liberal form of citizenship was established that would have permitted all residents to become citizens but these conditions were so vehemently opposed by Malays that, when the union was replaced by the Federation of Malaya in 1948, citizenship proved very difficult for non-Malays to obtain. Nonetheless about one-third of the Chinese population had qualified by 1952. In that year requirements were relaxed somewhat, permitting British subjects—thus including most Indians—and citizens of the nine states to become federal citizens and providing for the naturalization of noncitizens. The easing of naturalization requirements in 1952 is regarded as a major concession on the part of the Malay leadership to the Chinese community, made at least in part as an inducement to greater Chinese commitment to the government during the height of the Emergency. By mid-1953 one-half of the Chinese population had become citizens. In the drafting of a constitution preparatory to independence, a gesture of conciliation and compromise further loosened the requirements for citizenship, which had become one of the crucial interethnic issues. Federal citizenship was now automatically granted to anyone born in Malaysia after August 31, 1957 (Merdeka Day). Many more Chinese became naturalized citizens—two-thirds of the total community by the end of 1957.

Requirements for citizenship were tightened slightly with the formation of Malaysia in 1963, but by then well over three-quarters of the Chinese population were locally born. Until 1974 some question remained as to the dual citizenship status of roughly 200,000 China-born Malaysians but, with the opening of diplomatic relations between Kuala Lumpur and Peking, the People's Republic of China signed an agreement renouncing any claim of dual nationality for naturalized Chinese Malaysians and urged nonnaturalized Chinese to abide by Malaysian laws. Naturalized citizenship does not have the same status as natal citizenship, however; naturalized citizens convicted of disloyalty to the nation can be deprived of their citizenship.

The formulation of a national language policy has given rise to some of the most bitter political conflicts among the three ethnic communities. Malay (or Bahasa Malaysia as it is officially known in its standard form) has for centuries been the lingua franca of the region and is the most frequently used medium of communication between Malays and non-Malays in everyday affairs. Before World War II British colonial officers were required to be proficient speakers of

Malay, and the language was used for some official purposes. After the war, however, the requirement was dropped, with the result that English, already the lingua franca among the elites of all three communities, was used for virtually all official purposes. On the eve of independence the adoption of Malay as the national language was an integral issue in the communal compromise that was then being arrived at constitutionally. The Constitution established Malay as the national language, to be used for "all official purposes," while stipulating that the use, teaching, or learning of any other language was not to be prohibited. As a compromise the use of English as an alternative in official communication was permitted; for the next ten years English could be used in Parliament and in judicial proceedings, and the authoritative texts of all acts of Parliament were printed in English.

When the Federation of Malaysia was formed in 1963, however, the earlier liberal policy underwent change. Special provisions were made for the continued use of English for official purposes in Sabah and Sarawak. The government, under pressure from elements of the Malay community and in an attempt to integrate the various ethnic components and imbue them with a sense of common identity, began to promote the greater use of Malay. This developed into formal policy in 1967 with the passage of the National Language Act, which made Malay the sole, recognized national language and prescribed its exclusive use in all official communications and documents with limited exceptions. The new legislation provoked much opposition from non-Malay elements, who interpreted the enforced use of Bahasa Malaysia as a move to subordinate their cultures to that of the politically dominant Malays. Much resistance also appeared, even among some Malays, because of the language's inadequacy as a vehicle for international communication and its lack of appropriate terminology to meet the requirements of modern technological and scientific society. Accordingly a transitional period was established during which the continued use of English was authorized for some official activities until 1973, but other languages remained circumscribed and were sanctioned only for use in social intercourse. Special provisions were made for the continued use of English for official purposes in Sabah and Sarawak.

In Sabah and Sarawak there has been resistance on the part of Chinese settlers and some indigenous peoples to the adoption of Malay as the national language; some Kadazan, for example, have suggested that their language be made the official language of Sabah, and some Iban have suggested the official adoption of Iban for Sarawak. In the mid-1970s Malaysian Borneo was still excepted from provisions of the National Language Act, and the alternative use of English was continuing.

Public dispute continued as to what constituted "all official purposes" until a constitutional amendment was passed in 1971 (Act A30). As defined by the amendment "official purposes" was taken to mean any purpose of a public authority, which thereby included local governing bodies, public service corporations, and the like. Public discussion of these provisions of the Constitution (as of other aspects of ethnic policy) was thereafter permanently forbidden by the same constitutional amendment. Although these provisions effectively removed the question of language policy from electoral politics, it is doubtful that the issue ceased to be a sensitive one among non-Malays. In the mid-1970s some government business—mostly intramural communication—was still being conducted in English, usually depending on the proclivities of the office head. Most material emanating from the government was in Malay, but acts of Parliament and the state legislatures continued to be published in both Malay and English. Court records and proceedings remained in English, although a witness could give testimony in any language.

In order to facilitate general acceptance of Bahasa Malaysia as a viable national language, a number of specific measures were adopted and implemented. One of the most important has been the provision of increased financial support for the Language and Literature Council (Dewan Pustaka dan Pustaka), a corporate body established in 1959. Its director was a militant and vociferous proponent of Malay and made the council a center of controversy before the adoption of the National Language Act in 1967. The mission of this agency has been to develop and enrich Bahasa Malaysia, to develop literary talent and publish new works in the national language, to standardize the spelling and pronunciation of words, to devise new and appropriate technical terms, and to prepare and publish an up-to-date Bahasa Malaysian dictionary. As a corollary to its work the agency was largely responsible for an agreement between Malaysia and Indonesia in 1967 that coordinated their spelling systems and increased the mutual intelligibility of their written languages. Other promotional devices include the annual observance of National Language Month, in which the use of Bahasa Malaysia is stimulated in commerce, industry, and education through the use of popular slogans, such as Bahasa Jiwa Bangsa ("Language is the Soul of a Nation").

The same issues that have been debated with respect to language have spilled over into the field of educational policy. Before independence schools taught with government support in all three communal languages and English, but many Malay nationalists felt that only through the adoption of Malay as the language of instruction in a unified educational system could Malay become the truly national language. A controversy similar to the one over language policy emerged in education, and educational policy underwent a number of changes before an ultimate target was set of making the national language the



medium of instruction in all schools by 1982 (see ch. 8). As with language, exceptions have been made for Sabah and Sarawak. One observer has noted that Malaysian education has had to serve disparate goals: the raising of skills and attainments to more competitive levels for Malays, assimilation and control of the Chinese community, and both goals for the Indian community.

The notion that Malays and other indigenous ethnic groups of Malaysia were entitled to special government protection of their interests that the immigrant communities were not entitled to lies at the heart of ethnic policy in Malaysia. The principle of a special position to be enjoyed by Malays was first recognized by the British in understandings arrived at with various sultans. The British maintained a policy of preferential treatment for Malays in legal codes, civil service hiring, educational development and opportunities, and the like. As the constitution of an independent country was first drafted, these privileges were to continue—but only for fifteen years, by which time Malays were expected to have achieved economic parity—and were made subject to parliamentary change. As adopted, however, the Constitution makes Malay privileges permanent and removes them from parliamentary control to the purview of the supreme head of the federation (*yang di-pertuan agong*). Many Indians and Chinese feel the special privileges accorded to Malays make them second-class citizens in their natal country. Malays respond that they are the ones who have become second-class citizens, pointing to the relatively weaker economic position of Malays and claiming greater legitimacy because they are indigenous to the peninsula. The argument has become somewhat muted since the passage in 1971 of a constitutional amendment prohibiting public questioning of the policy, but the issue is a sensitive one for all parties concerned.

Under powers granted by Article 153 of the Constitution four-fifths of the positions in the first division of the civil service and other preferential ratios in the judicial service, the customs service, and the police force were reserved for Malays (see ch. 10). Three-fourths of all university scholarships are devoted to Malay students. The same article empowered the supreme head to reserve for Malays new permits and licenses made necessary by law in whatever proportion he deems necessary, although he was also made responsible for ensuring that no citizen be deprived of any "right, privilege, permit or license" already enjoyed by him. Article 89 continued a British precedent by reserving for Malays tracts of land—both urban and rural—that could only be owned by Malays. These Malay reservations were to be taxed at a much lower rate than nonreservation land. A third article of the Constitution—an amendment passed in 1962—although not specifically a Malay privilege, tends to operate as one. It provides for "rural weightage" in the determination of electoral districts and, because two-thirds of the rural population is Malay, results in stronger Malay

representation. As one observer has noted, "a rural Malay is politically equivalent to two urban Chinese."

Economic policy before 1969 was tacitly committed to improving the economic position of Malays with respect to greater involvement in the modern sector of the economy and in the general improvement of Malay living conditions. These policies were generally couched in terms of improving the rural economy. After the 1969 riots, however, greater and more active government interest was invested in a variety of programs for encouraging Malays in industrial and commercial development while continuing the expansion of agriculture. The Second Malaysia Plan in particular made the achievement of "economic balance" among the communities and the "greater participation by Malays and other indigenous people in modern sector activity" principal goals (see ch. 13). Through the creation of a viable Malay commercial and industrial community the government hopes to have 30 percent of modern sector ownership in Malay hands by 1980. As of the mid-1970s, however, much of the sector ownership set aside for Malay control was in fact in the hands of the government rather than in private Malay hands.

## LANGUAGES

The plurality of Malaysian society becomes especially pronounced in the area of language. Not only do the three ethnic communities speak utterly different languages—indeed they come from three different language families—and use completely different writing systems, but there are also mutually unintelligible dialects and languages within the three ethnic groups. The degree to which members of one ethnic group were conversant in the language of another or in a third lingua franca was still highly limited in the mid-1970s, although the extension of the use of Malay as a language of instruction in the schools could be expected to provide a common national language in the future (see ch. 8).

Linguistic divisions within the Chinese and Indian communities reflect the languages and dialects spoken in the home regions of both groups. Among the Chinese several dialects are used, and all are more or less mutually unintelligible. The southern Indian languages of Tamil, Telegu, and Malayalam are spoken by 90 percent of the Indian community—80 percent speak Tamil—but Pushti and Sindhi are also spoken. Most Malay dialects are mutually intelligible; some dialects are considered more prestigious than others. A standard form of Malay, officially known as Bahasa Malaysia, is the national language and is understood by most Malays.

Each of the two major non-Malay communities has a lingua franca that is used to bridge differences of language within its own community. Tamil is used as the lingua franca within the Indian community—

hardly surprising inasmuch as eight of every ten Indians speak it as their native tongue. Among the Chinese, however, differences are bridged by a language that, although Chinese, is the native language of very few of the Chinese community. That language is Kuo Yü, or Northern Mandarin, adopted as the national language of China after the formation of the Republic of China. All Chinese dialects are written in characters that are ideographs rather than phonetic symbols; so Chinese who are mutually unintelligible when speaking to each other can read and write in a common system.

The existence of these lingua francas is an important means of establishing and maintaining intracommunal identification and solidarity. Chinese who cannot necessarily understand each other's native speech can converse in Kuo Yü and read the same books and newspapers, communicating in a medium entirely beyond the ken of Malays and Indians. Indians can do the same with Tamil, which is also written in a script unused by any other language. Even Malay, which is usually written in roman script—comprehensible to a number of non-Malays familiar with English—can also be written in *jawi*, a modified form of Arabic script. Thus each of the groups has a "private" language that only the members of that group can understand easily.

Communication among the three groups is accomplished in one of two national lingua francas (as opposed to the intraethnic lingua francas), Bazaar Malay (Melayu Pesar) and English. Bazaar Malay is a form of Bahasa Malaysia that is greatly simplified in vocabulary and grammar. It is the lingua franca spoken in common by the largest number of Malaysians but can only be used for a relatively shallow level of communication: bargaining, ordering food, and so on. It is, as its name implies, the language of the market. Malay proper has been characterized as an easy language to get by in but a difficult language to master. Growing numbers of non-Malays are becoming fluent in Malay and literate in *rumi*, the language as it is written in the roman alphabet. *Jawi* Malay is generally restricted in use to the mosque and communal newspapers. Chinese and Indians whose business dealings are largely with Malays—vendors and tradesmen in rural areas or on the east coast of the peninsula—carry on their business in Malay, although they use their native tongues at home and are likely to deal with government officials in English.

English remains the national lingua franca for the elites of all three ethnic groups. It is considered the language best suited for use in discussions of technical matters, international affairs, and so on. Because it was brought into common use among the elite by the British and remained the language of instruction in elite schools, members of all three communities use it. As the native language of none of the three groups, however, it carries no overtones of ethnic chauvinism and can be used without prejudice in discussions of domestic politics—and is used to such an extent that one Chinese political leader was

once accused of being unable to speak Chinese. To some extent the use of English has become a target of attack for Malay nationalists and seemed unlikely to spread beyond the elite.

## Malay

Bahasa Malaysia is the written and spoken language of many of the peoples of Malaysia, the Riau Archipelago, the eastern parts of Sumatra, and the coastal regions of Borneo. In Peninsular Malaysia speakers of Bahasa Malaysia are found in all regions; in Sabah and Sarawak they are generally distributed along the coasts. Bahasa Malaysia is used widely as a common vehicle among native tribal peoples, in almost every group of which there is at least one person with some knowledge of the language. Historically Bahasa Malaysia has tended to supplant the dialects of those peoples who have come under strong Malay influence, notably the Muslimized Jakun, Melanau, Bajau, and some Land Dayaks.

Malay has a number of dialects, most of which result from regional isolation and divergence. Among the better known are Jakun, Malacca-Johor—Riau, Pahang, Terengganu, Kelantan, Perak, Kedah, and Patani. Minangkabau, which is spoken in Negeri Sembilan, is a separate and distinct language belonging to the Sumatran group.

Jakun, or Archaic Malay, is spoken only by the Jakun. It retains words that have disappeared from or become archaic in other dialects. Malacca-Johor-Riau is spoken in the southern and western part of the peninsula, on the Riau and Lingga island groups, and along part of the east coast of Sumatra. It resembles the Pahang, Perak, and Kedah dialects; speakers of each understand each other fairly easily, although subdialects are so local that an expert can place a person's distinct section or village on the basis of his speech. Terengganu and Kelantan differ greatly from many of the other dialects and are practically unintelligible to west coast Malays. Patani differs primarily in its possession of numerous Thai loanwords.

Five different styles or modes of speech are used in different circumstances. They include the standard Bahasa Malaysia form, a trade or jargon form—the Bazaar Malay (sometimes called Baba Malay)—a court form, a traditional literary form, and a modern literary form.

Standard Bahasa Malaysia was used originally as a common language among speakers of different dialects. Based on the Malacca-Johor-Riau dialects, it was used especially by the British as the official Malay idiom. It is now firmly established in this role and is the form taught in schools and used for official and business purposes. Most Malays are familiar with standard Bahasa Malaysia and use it in conversations with strangers, although they revert to their own dialects in their own villages and homes.

Bazaar Malay is a corruption of standard Bahasa Malaysia used by the more assimilated Chinese, Europeans, and other non-Malays in the southern part of Peninsular Malaysia. It is understood by speakers of the standard form but is regarded by them with contempt.

The court form is essentially a high version of standard Bahasa Malaysia that is used when reference is made to royalty or to the better born or in conversation with them. It stresses the deference and respect owed by the lower class speaker to his superiors. It is allusive, since direct statements are considered abrupt and impolite. It also abounds in special terms applied only to royal persons.

The traditional literary form is also a high version and consists largely of conventional and formal expressions of Sanskrit or Arabic origin that have not changed significantly since the sixteenth century. In letters between sultans and other high officials such expressions may constitute most of the text. The form is foreign to the Malay peasant, but educated Malays preserve the style with some modifications. It is particularly important in letter writing, which traditionally follows a rigid pattern of etiquette.

The modern literary form is a recent response to the requirements of journalism and the influence of Western literature. It is more casual and is used primarily in newspapers and other forms of public literature.

Although Bahasa Malaysia is rich in expressions for minutely differentiating kinds of objects and actions, it has adopted many terms denoting abstract ideas and items of foreign origin. Sanskrit is the most important source of loanwords, providing terms for body parts, time, commerce, price, salable commodities, precious stones, ordinary metals, tools, musical instruments, family relationships, elementary astronomical terms, various animals and plants, mental and moral states, and political entities and activities. Arabic loanwords are common for religious matters; and Tamil, Chinese, Portuguese, Dutch, and English have provided words in other spheres. Bahasa Malaysia may be written either in *jawi*, which is substantially the Arabic script, or in *rumi*, which follows the Latin orthography. *Rumi* has been established as the official form.

## Chinese

The Chinese of Malaysia speak nine distinct, mutually unintelligible dialects reflecting the linguistic diversity of their origins in southern China. Six of the nine dialects are numerically important, including Hakka, Fuchon, Cantonese, Hokkien, Tiechiu, and Hailam. The Chinese tend to settle in dialect groups, each forming a distinct village or neighborhood and often maintaining closer ties with their place of origin in China and with other communities speaking the same dialect than with their immediate neighbors. In addition the patterns of dia-

lect in some respects reflect different economic interests, since many of the dialect groups are associated with particular occupations.

The need for some intercommunity form of linguistic communication was required; and in 1918, when China adopted Kuo Yü as the official language, its use spread to Malaysian communities where it was advocated as standard for Chinese commerce and education. Its use, however, did not become universal. Many members of the older generation refused to adopt it, and it is the young people who have become most proficient in it. This younger generation is large enough to make Kuo Yü an important medium of communication among the dialect communities at large.

Chinese is the primary written language of the area's domestic commerce, in which the Chinese hold a near monopoly. Since Malaysia was formed, however, increasing numbers of Chinese students have been learning English, some of them to the exclusion of their own written language.

### Tamil and Other Languages

The language spoken by most of the Indians of Malaysia is Tamil, which, together with Malayalam, Telegu, and Kanarese, belongs to the Dravidian language family and has no relation to any of the other languages spoken in Malaysia. About 40 percent of the Indian population is literate in some Indian language.

The language of the Thai in the northern part of Peninsular Malaysia is Thai, which is entirely different from Bahasa Malaysia and is distantly related to Chinese. The written script is derived from the Devanagari alphabet of India. The circumstance of completely different languages and widely different scripts has kept the crossing of Thai and Malay cultures to a minimum. When communication is necessary, it is generally accomplished by using Bahasa Malaysia.

The small tribal population of Peninsular Malaysia, except for the Jakun who speak Archaic Malay, have monosyllabic languages related to Mon-Khmer in the Austro-Asiatic language family. The Semang speak two languages and at least eleven dialects; the Senoi speak four languages and twenty-nine dialects. In Sabah and Sarawak a large number of mutually unintelligible native dialects are found, all of which are modifications of the basic Malayo-Polynesian language family. Omitting Bahasa Malaysia, which like Chinese and English has a wide interregional spread, there are five distinct linguistic communities. These are the Iban, Bajau, Kadazan, Murut, and Kayan. The first three are spoken by the major ethnic groups of the same name. Two other important ethnic groups, the Melanau and the Land Dayaks, speak a number of small subdialects.

Except for the Bajau and the Dusun, who are found in the same territory in Sabah, the principal linguistic communities occupy fairly

distinct areas, each tending toward linguistic homogeneity with little overlapping. Communication within communities is largely interpersonal, and information travels by word of mouth. Communication between communities is generally in English or Bahasa Malaysia.

The Latin alphabet has been adapted to a number of the native dialects by missionaries working in the area. Among these Iban is the most prominent, and those who read and write it constitute a sizable percentage of the population reported to be literate in native dialects. Other less homogeneous dialects in which there is some literacy include Melanau, Land Dayak, Dusun, and Bajau. Many of the tribal peoples who are literate are competent in English or Bahasa Malaysia rather than in their own dialects.

## TRIBAL ETHNIC GROUPS

Slightly more than 9 percent of the 1970 population were indigenous Malaysians who belonged to none of the three main groups. Living primarily in the hinterlands of Sabah and Sarawak and in isolated locations in the interior of the peninsula, these generally primitive people contrasted sharply with the three great cultural traditions represented by Chinese, Indian, and Malay Malaysians. Their participation in the national society is limited, and they have not figured prominently in national politics. Malay and Chinese settlers in Malaysian Borneo have come into increasing contact with these indigenous people, who have also had contacts with European missionaries. A gradual acculturation was taking place in the mid-1970s, especially as educational opportunities were being expanded (see ch. 8).

### Tribal Peoples of Peninsular Malaysia

#### The Semang

The Semang, believed to be the earliest inhabitants of Malaya, are descended from several tribes of Negritos who came to the peninsula from mainland Asia. Their original habitat was the coastal forests and swamps around the mountain ranges of upper Perak, Kelantan, and Terengganu and the jungles of northern Pahang. As other peoples migrated into the area, the Semang were pushed into the interior, where they now live on remote mountain slopes of northern Peninsular Malaysia at bare subsistence level as nomadic hunters and gatherers.

Numbering fewer than 4,000 the Semang physically are short, almost dwarfish, and have negroid features. They speak a Mon-Khmer language to which have been added a few Malay loanwords. Culturally the Semang have been handicapped by the mutual antipathy that

formerly existed between them and their Jakun and Malay neighbors. The Malay and the Jakun feared the Semang's alleged prowess in witchcraft and magic, and the Semang in turn feared exploitation or slavery under the Malays. Most of this tension had been eliminated before the 1970s, but the Semang remain a circumscribed people facing racial and cultural absorption into Malay society.

#### The Senoi

The Senoi, who closely followed the Semang into Malaya, are the largest tribal group in the peninsula and sometimes are erroneously referred to as the Sakai. The word *Sakai* is derived from the Thai language and means serf, slave, or a barbarous race, and consequently the Senoi are sensitive and precise about insisting on the designation *Senoi*. The Senoi language is closely related to the Mon-Khmer form used in Vietnam and the Khmer Republic (Cambodia).

Mostly this tribal group is found in the mountains and the foothills of central Peninsular Malaysia, specifically in Perak, Kelantan, Pahang, Selangor, and Negeri Sembilan. They are usually located in the valleys at the headwaters of principal rivers and their tributaries, where they live together in longhouses. The Senoi cultivate rice, millet, tobacco, tapioca, sweet potatoes, and bananas. In addition, they hunt animals and collect forest products for trade or for their own use. Their number is estimated variously between 25,000 and 40,000. The Senoi have friendly relations with, and have been greatly influenced by, their Malay and Jakun neighbors.

#### The Jakun

The Jakun are a group who speak Archaic Malay and inhabit the southern coastal areas and lowlands in the states of Selangor, Malacca, Negeri Sembilan, and Johor. They are represented by a number of scattered and distinct communities and subgroups that include the Semalais, Semok Beris, Mah Meris, Orang Selitas, Orang Kualas, Orang Bukit, Temuan, and Belandas of the Selangor and Malacca coasts; the Mantera and Biduanda of Negeri Sembilan and Malacca; the Orang Ulu, Orang Kanaq, and Udai of Johor; and the Orang Laut or Sea Jakun of the west coast. More simply, however, they may be divided into the Orang Darat, who dwell on the land, and the Orang Laut, who are sea dwellers. Their total number is estimated to be a little over 20,000.

The Land Jakun are slash-and-burn farmers who grow dry rice, sweet potatoes, tapioca, millet, sugarcane, beans, and occasionally tobacco and bananas. Their settlements are clustered around watercourses or are in hillside clearings and consist of houses in the Malay style raised on piles with thatched roofs and bamboo or leaf walls. Each settlement constitutes a village with a recognized chief or head-



man. Even scattered and isolated families think of themselves as members of some community and subject to its chief. The most important member of the village, however, is not the chief but the shaman, who acts as an intermediary between the community and the myriad supernatural powers that influence every aspect of the Jakun's individual and social life.

The Orang Laut, although considered Jakun, almost constitute a group by themselves. They are migratory boat dwellers who frequent the islands and inlets of the Strait of Malacca and the entire west coast south of the Kra Isthmus. They also may be found on other islands eastward as far as Borneo. These Sea Jakun nominally are Muslim but retain many pagan habits. Little is known about their way of life. At one time they supplemented their fishing subsistence with piracy and now probably engage in occasional smuggling.

### Indigenous Peoples of Sabah and Sarawak

The main tribal groups in Sarawak are the Iban, Land Dayak, Melanau, Kayan, Kenyah, Kajang, Kelabit, Murut, Punan, and Penan. These people ordinarily live in small village communities in the underdeveloped and sparsely settled parts of the interior, where they are self-sufficient for most social, economic, political, and religious purposes. Generally the communities consist of one or more longhouses situated along rivers and streams, which provide the only means of transportation in many areas. They mostly practice a slash-and-burn dry rice agriculture, often supplemented by hunting, gathering, and fishing. There are a few groups, however, that have started to produce cash crops in order to buy cloth, tools, and kerosine lamps, but in most instances the basic tempo of their lives has not changed for centuries.

The main tribal groups in Sabah are the Kadazan (Dusun), the Idahan Murut, and the Bajau, each having one or more subgroups identified by locally imposed and accepted names. These groups are completely different from those of Sarawak, as the political boundary between the two states almost forms an ethnological barrier as well. There are, for example, no Dusun south of the border and no Dayak north of it.

#### The Iban

The Iban are also known as Sea Dayak, so called by the Europeans who encountered them during their forays along the coast for trade and piracy. They constitute the largest indigenous group in Sarawak, accounting for approximately 31 percent of the total population in 1970—about 183,000 people. The Iban are probably fairly late arrivals, coming from the Kapuas River area of Indonesian Borneo to concentrate originally in the Rajang River area of Sarawak. Since the

late nineteenth century, however, the Iban have undergone extensive internal migration in search of the virgin jungle required by their way of life and could be found in all political divisions of the state. In spite of their great numbers and wide distribution, the group is quite homogeneous linguistically and culturally. The Iban are a riverine people and veteran boatmen. Like most longhouse dwellers, they were slash-and-burn dry rice cultivators originally. They have been turning, however, to the more sedentary cultivation of wet rice and cash crops, such as high-yield rubber, under government supervision and subsidy.

The Iban are known more colorfully as the original headhunters or "wild men of Borneo," although there is some evidence that they learned the practice from the Kayan. Some scholars hold that head-hunting originated as an event concluding the period of mourning after a chief's death. Believing that the restless spirit of the chief was unable to find peace in the next world unless a loyal retainer was killed to attend him, the head of a sacrificial victim was placed beside his grave to signify that this last service had been performed. There have been relatively few head-hunting murders in the twentieth century among the Iban, except for an upsurge during World War II lasting through the Japanese occupation.

The Iban are monogamous and have a social structure in which rigidly defined classes are absent. Status is determined on the basis of wealth and prestige. Most Iban adhere to animistic religious beliefs, but an increasing number near the coast are educated Christians who work as clerks, schoolteachers, and minor civil servants.

#### The Land Dayak

The Land Dayak constitute 8.5 percent of Sarawak's population but, in the contrast to the Iban, have shown little interest in internal migration, remaining largely in the southwest inland areas. Since they were not noted as seafarers, the designation *Land Dayak* was developed by the Europeans to distinguish them from the Iban. The term has little meaning to the people themselves, who prefer to identify themselves by their village and locality.

The Land Dayak are related to the Iban but tend to be milder. They thus were convenient prey for their more aggressive neighbors, and many were forced to retreat upstream to higher ground and build fortress villages for protection.

Culturally the Land Dayak are much less uniform than the Iban, exhibiting a great deal of variation in language and customs. There are similarities nonetheless that unify them as a group and differentiate them from other tribal groups. Their typical village, for example, always contains a central, circular headhouse, raised on piles and distinguished by a steep, conical grass roof crowned by a finial. This structure serves as a guesthouse, as sleeping quarters for bachelors,

and as a repository for village trophies. The land around the village is often a source of dispute with neighboring villages of different tradition or ancestry.

Christian missions have been active in the area for a long time, and some Land Dayak have adapted well to a change in religion. In some areas, however, missionary efforts have succeeded only in undermining native beliefs without replacing them with an adequate substitute.

#### The Melanau

The Melanau, numbering about 53,000, or 5.4 percent of the Sarawak population in 1970, are a coastal people who have been described as a physical and cultural link between the people of the highlands and the more modern population of the lowlands. Physically they resemble the Malays in that they have many of the Mongoloid features, but the Melanau have heavier builds and broader shoulders. The Melanau women have a reputation for beauty that formerly attracted slave-hunting pirates and is still a distinguishing attribute.

The Melanau are the main sago producers of Sarawak but also are large cultivators of rubber and wet rice. In addition, they are daring sailors and good fishermen, ironworkers, carpenters, and boatbuilders. The women are skilled in many handicrafts, particularly in plaiting baskets, mats, and sun hats.

The Melanau have come into close contact with the Malays, by whom they have been strongly influenced. They wear the Malay dress, although a few wear Western clothing. Originally longhouse dwellers, they now live in Malay-style villages of individual family huts. More significant, many have been converted to Islam; others have become Christians, largely Roman Catholic.

#### The Kayan, Kenyah, and Kajang

These three tribal groups, sometimes known collectively as the Bahan, together number only about 2 percent of Sarawak's population; they are located primarily in the upper Baram River region but may also be found in the upper Rajang, Balui, and Kemena river areas. They are believed to have migrated from Indonesian Borneo, where their main populations still reside. The Kayan are the most uniform culturally and linguistically, although a few local subdivisions based on variations in dialect may be recognized among them. The Kenyah may be divided into the Real Kenyah, whose antecedents trace back directly to Indonesian Borneo, and other groups of uncertain derivation found in the Tutoh, Baram, Tinjar, and Belaga river areas. The Kajang are a residual category of several minor communities (Kajaman, Lahanan, Sekepan, and Rajang), all of which are closely related to both the Kenyah and the Kayan and whose elite elements intermarry with the aristocracy of both.

Physically all three groups are short and powerful in stature. They were strong and courageous warriors who historically were great rivals of the Iban until their power was broken by the larger group in the late nineteenth century. The Kayan and Kenyah particularly are considered wise counselors and fine artists as well as outstanding singers, dancers, and craftsmen.

Members of these tribes are basically longhouse dwellers whose architecture is noted for being conceived on a grand scale. A typical Kayan, Kenyah, or Kajang village located at the junction of two streams or at the bend of a river usually but not always consists of a single longhouse. One unusual feature of those with more than one such structure is the cultural and linguistic differences that exist between and within separate longhouses. The Kayan and Kenyah have an inherited aristocracy and are extremely class conscious. The door of the chief's quarters is quite large and is located in the center of the longhouse. The doors on either side then become correspondingly smaller as their inhabitants decline in rank.

#### The Murut and Kelabit

The name Murut, a Malay word meaning "hill people," embraces several different groups found in Sarawak, Sabah, and Indonesian Borneo, who are probably the least known and most inaccessible peoples in the area. The Murut of Sarawak, who inhabit the remote uplands, are not related to those of Sabah, and there is a clear difference of language between them. The Kelabit, occupying the same general region, are closely related to the Murut, and the two groups are sometimes known collectively as the Kelabitic Murut. Megalithic explorations in the uplands indicate that the Kelabit have lived there since the Stone Age and thus have been in longer continuous occupation of a single place than any other peoples of Borneo. The Murut practice shifting dry rice and tapioca cultivation; the Kelabit grow rice too but also graze zebu, cattle, buffalo, and goats. Both are essentially longhouse dwellers except in areas close to navigable rivers, where Malay influence has caused some to abandon the longhouse in favor of individual huts.

#### The Punan and Penan

The Punan and some of the Penan are nomadic peoples wandering in small family groups in the Baram valley on the fringes of the Kayan-Kenyah—Kajang area. Together with the settled Penan they total probably fewer than 4,000 persons. Being basically nomads the Punan and the nomadic Penan do not build permanent houses and have no domesticated animals or agriculture. They are extremely silent hunters and experts with the blowgun, make fine rattan mats and baskets, and are noted as clever singers of melancholy songs.

The settled Penan trade various jungle products for external necessities, such as salt and cloth, at special government-supervised trading centers. They deal with Kenyah traders, who have a traditional right to trade with specific Penan groups.

The relationship between the Punan and Penan is uncertain, and the Penan deny any association. There is nevertheless a great similarity in their languages, and they are remarkably alike in physical appearance.

### **The Kadazan**

The Kadazan are the largest group of native people in Sabah, constituting approximately 28 percent of the state's total population in 1970. They are predominant along the west coast and plains, concentrated between Kudat and Beaufort in the interior valley of Tambunan, where they grow most of Sabah's rice. In early records they were referred to as Idaans and later termed Orang Dusun (men of the orchards) by the Malay-speaking people. Some dislike this appellation because it connotes a yokel and increasingly refer to themselves as Kadazan. They have accordingly formed the Society of Kadazan to uplift their people socially, educationally, and economically and to create a common sense of racial consciousness.

A distinction generally can be made between the lowland or coastal Dusun and the hill or inland Dusun, who in turn appear to be delineated further into groups of subtribes that speak dialects more or less unintelligible to members of other groups. Each subtribe consists of a number of individually named villages and a local tradition that compose the basis of community identity. Unlike the Iban or Melanau of Sarawak, Kadazan communities are not always located near riverbanks.

The Kadazan, who are believed to have been derived from early native peoples that immigrated from Malaya, have stoutly maintained their own distinctive language and culture. Originally animist, many have been converted to Roman Catholicism. The lowland Kadazan as well as many in the inland communities have abandoned the longhouse in favor of the individual hut.

### **The Bajau**

The Bajau, most of whom call themselves Samah, constitute 13 percent of the population. They are found mainly on the east coast of Sabah and in Kota Belud on the Tempasuk River. Those on the coast have adopted Islam from the Malays.

The Bajau are descendants of the sea pirates who roamed the Sulu and Celebes seas into the nineteenth century. They are believed to be related to the Orang Laut of Peninsular Malaysia, especially those of Johor, from whom they say their legends have come.

The Bajau do not form a cohesive and uniform group. One section in the northern coastal region specializes in herding cattle and cultivating wet rice, coconut, and fruit trees. Those located on the east coast are still very similar to the more primitive Orang Laut and are subdivided into the Sea Gypsies, the boat dwellers, and the fishermen. They live either in their boats or in houses raised on stilts near or over the water. Not all of these groups can communicate with one another, although the language spoken by the settled Bajau and that of the Sea Gypsies is similar.

#### The Idahan Murut

The Idahan Murut of Sabah are among the more primitive people of Southeast Asia and constitute about 5 percent of the state's population. They are concentrated in the high inland country, follow a seven-year cycle of cultivation, and continue to use the spear, blowgun, and hunting dog. They come from the same stock as the Dusun and use similar, mutually intelligible languages. They regularly identify themselves as members of particular subtribes, such as the Timigun, the Nabai, the Baokan, or the Semambu.

Until about 1900 the Idahan Murut lived in longhouses, but, since this was largely a defensive measure, it began to die out with the establishment of district officers in Sabah under the British. Nevertheless a number of families in some areas continue to live together in a large house. They practice shifting, slash-and-burn dry rice and tapioca cultivation in the jungles.

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The subject of interethnic relations is a theme that runs through most scholarly works on Malaysia. Readers interested in the political aspects of Malaysia's ethnic cleavages, particularly the formulation of ethnic policy, may find Karl von Vorvys' *Democracy Without Consensus* useful. The author of this chapter found Cynthia H. Enloe's monograph *Multi-Ethnic Politics: The Case of Malaysia* most illuminating; it was unfortunately out of print in mid-1976. Alvin Rabushka's many articles are summed in his short work *Race and Politics in Urban Malaya*. Works on the Chinese community include *Southeast Asia's Chinese Minorities* by Mary F. Somers Heidhues and the several of Victor Purcell's works. Those with a special interest in Chinese secret societies will find Wilfred Blythe's *The Impact of Chinese Secret Societies in Malaya* a fascinating and exhaustive history. *Ethnic Groups of Insular Southeast Asia* by Frank M. LeBar and *Ethnic Groups of Mainland Southeast Asia*, edited by LeBar, Gerald C. Hickey, and John K. Musgrave, provide authoritative sources on the aboriginal peoples of Borneo and the peninsula respectively. (For further information see Bibliography.)

## CHAPTER 5

### SOCIAL STRUCTURE AND VALUES

The major components of Malaysian social structure are determined not on the basis of social class but on the basis of ethnic group. Malaysia cannot be spoken of as a single society but rather must be considered several societies existing side by side in a state of uneasy mutual tolerance. Malays, Chinese, and Indians form coherent and self-sufficient societies that have little to do with each other; a fourth component, the indigenous peoples of Sabah and Sarawak, is also distinctive (see ch. 4).

Each of the major groups is divided into subgroupings that have important differences in dialect and custom, but each also evinces internal solidarity in confrontation with the others. Only at the highest levels of government and the professions is there extensive or effective contact between members of the three groups, and then it is largely on the common ground of adopted British culture. Within each of the three major societies of Malaysia, this westernized elite remains distant from the more traditionally united ethnic communities that make up most of the urban and virtually all of the rural population. Observers have suggested that the distance between the leaders and the ethnic communities they supposedly represented contributed to the tensions preceding the communal riots of 1969.

One social dynamic appears to be affecting all Malaysia in the mid-1970s: the continuing and perhaps growing existence of large numbers of unemployed and underemployed persons—mostly young, many of them having received some education and having ambitious occupational expectations and aspirations. Many have moved to the towns and cities in a search for the jobs and life-styles for which their educations had prepared them but which were no longer available at the rate that had prevailed in the 1960s and had contributed to an expanding Malay middle class. Many have been absorbed, if not satisfied, in the early stages of a process first described by Clifford Geertz with respect to Java, which he calls involution: jobs are divided into smaller and smaller segments, each segment employing one more person but each new employee further reducing the share of the others who formerly performed the job without him. Landowners are placed under greater pressure to rent their land to more and more people; tenants are under pressure to hire more and more laborers to harvest a

crop that has grown no larger. A similar process has begun with respect to nonagricultural employment.

The involutory process is one that is maintained through personal ties and relations; if an individual is in a position to share land or a job, he will tend to do so with relatives or close friends. Consequently the economic niches carved out by the three ethnic groups have tended to involute internally, and there has been relatively little direct competition between the groups for jobs. Although some have migrated to the west coast of the peninsula or to Sabah and Sarawak, where the occupational structure is more open, the great majority have been confronted with fairly narrow occupational choices. For Malays there may be a growing tendency to look on the Chinese-dominated sector of the economy as a potential source of jobs from which they have been excluded; Chinese and Indians may fear possible infringement by Malays. A growing economy has served to dampen the potential explosiveness of this situation, as has a government committed to general interethnic harmony and a popular realization that everyone would lose in open hostility between the groups.

### MALAY SOCIETY

The observation most consistently made by social scientists with regard to Malay society is of the almost complete absence of formal structures or institutions integrating Malays in a unified social system. Indeed most observers seriously question the validity of considering even so small a residential unit as the village or kampong to be a meaningful unit of social organization, preferring to characterize the traditional Malay kampong as "a rather amorphous gathering of people and houses."

Malays are acutely aware of subethnic variation among themselves, recognizing and being quite sensitive to differences in dialect, dress, diet, etiquette, and customary law that pertain to differing Malay subethnic groupings. Yet in any social context that brings people from different Malay subgroups into confrontation with non-Malays these distinctions, with their associated rivalries and chauvinisms, are replaced by a pan-Malay solidarity that entirely overcomes the lack of supportive institutions or social structures. This solidarity is even more surprising in light of what might be called the Malay temperament, a temperament that is noted for its individualism and for the apparent ease with which Malays take offense at what they consider to be breaches of etiquette.

This pan-Malay solidarity is produced by a strong sense of ethnic and cultural identity that is expressed by an intense pride in being Malay. Support for such pride and sense of identity is drawn from a shared system of status classification and loyalty to the traditional leaders embodied in that system, from a shared feeling of historical



and cultural roots, and from a shared devotion to Islam. Above all it is supported by a shared system of values and is constantly reinforced by a pattern of personal behavior that is internalized from early childhood and manifested in daily actions and attitudes to which the individual is extremely sensitive and deeply committed. To some extent this sensitivity to daily behavior patterns serves to differentiate one Malay subgroup from another, but to a far greater extent it serves to separate Malays from non-Malays, even those who are also Muslim. Adherence to this system of values is essential to an individual's *amour propre*, in many respects his most treasured and jealously defended possession; a recognition of mutuality with other Malays who share this system is the single greatest unifying factor in Malay society.

### Subethnic Variation

One of the few aggregates larger than the family kin group or village with which Malays identify is the subethnic grouping. For the most part these subgroupings are based on differing points of origin—from both within and without the Malay Peninsula—and the associated cultural variations. Most groupings conform to the old sultanates and are thus preserved in the modern states of the peninsula (see ch. 3). The principal distinction between them is linguistic, based on different vowel pronunciations and speech patterns that in general do not destroy mutual intelligibility. Of the dialects spoken by the state-based groups only that of Kelantan can be considered truly unintelligible to other Malays. Members of a particular subgroup may consider themselves different from other Malays because they wear a particular style of dress, because they employ particular gestures and sit in a particular way, and because they observe particular customs in greeting and accommodating guests—these all are distinctions recognized about themselves by Kelantanese Malays. These particularities are of such a nature as to make an individual's origin easily and immediately recognized. A degree of chauvinism attaches to membership in most subethnic groupings. Malays from Kelantan and Malacca claim to practice a more "pure" form of Malay culture. Similarly a certain reputation for cultural purity is associated with Pahang, Terengganu, Kedah, and Perlis—all areas in which Malays have far outnumbered non-Malays (see ch. 4).

Another, more fundamental, basis of subethnic variation is found among Malays whose ancestors emigrated to the Malay Peninsula from Indonesia, mostly during the rubber boom of the early twentieth century. Although these peoples stemmed from distinct ethnic groups on Java, Sumatra, and elsewhere in the Greater Sunda Islands, they were all participants in what may broadly be defined as a Malay-type culture. Their numbers were considerable; indeed it is estimated that

a majority of Malays are descended from Indonesian immigrants despite the claim made by Malays that they are *bumiputera* (sons of the soil). Unlike the Chinese and Indian immigrants of the same period, however, Indonesian immigrants were culturally and linguistically close to the indigenous Malay population and, although some groups were initially looked down upon, spatial and social mobility ultimately removed most associations between Indonesian origin and low status. Cultural distinctions remain, however, and some Javanese and Sumatran groups have formed cultural organizations and informal feasting groups that tend to preserve their own traditions and distinctiveness.

Subgroups of Indonesian origin that have preserved some cultural distinctiveness include Buginese (or Bugis), Atjehnese, Batak, Banjarese, Korinchinese, Javanese, and Minangkabau. Most of these groups came to the Malay Peninsula during the four decades spanning the turn of the century, attracted in part because economic opportunities were opening up and in part because the British administration was less repressive than the Dutch. They tended to occupy the inferior landholdings that had been left unclaimed by indigenous Malays, and some—particularly Javanese—were excluded from Malay reservation land until the mid-1930s. Consequently they tended to have lower status until intermarriage and mobility erased most distinctions.

Two subgroups, the Javanese and the Minangkabau, are especially distinguishable from the mainstream of Malay culture. Most Indonesian Javanese, particularly the poorer Javanese from whom most of the immigrants were drawn, tend to be comparatively heterodox in their observance of Islam. The Javanese in Malaysia also tend to be somewhat unorthodox and are known to eat, occasionally, the pork proscribed by Islamic law and to retain some folk beliefs and customs strange to indigenous Malays. Javanese are considered the least "pure" practitioners of Malay culture and were formerly consigned to the lower strata of the social hierarchy.

Even more distinctive are the Minangkabau, who originated in western Sumatra and settled primarily in Negeri Sembilan. They arrived in several waves of immigration, the first of which began over 500 years ago when the earliest immigrants settled the sparsely populated area that was to become Negeri Sembilan and intermarried with the aboriginal Senoi. Many more Minangkabau arrived with the flood of Indonesian immigrants in modern times. The Minangkabau have retained *adat perpateh*, customary law that recognizes matrilineal descent and inheritance and that vests considerable social, economic, and political authority in matrilineal clans and regional clan organizations, both under the leadership of clan leaders who trace descent to the first immigrants. The Minangkabau thus evince a degree of social organization quite atypical among Malaysian Malays. Considerable conflict has developed over the differing provisions made for inheritance

by Islamic law, which recognizes only patrilineal inheritance, and *adat perpateh*, a conflict also found among Sumatran Minangkabau. A dual system has evolved whereby ancestral lands are inherited matrilineally and newly cultivated land is inherited patrilineally; but the system does not always work to everyone's satisfaction, and bitter controversy is sometimes generated.

### Traditional Status System

A shared allegiance to a traditional system of status classification and to the state and national leaders at its apex is an important factor in producing both a sense of subgroup identity and a national pan-Malay solidarity. The roots of this system lie deep in Malay tradition and to a certain extent can be traced to the Hindu-Buddhist influence of the early indianized kingdoms (see ch. 3). The traditional system prevalent throughout Malay society divides the population into three general strata: *rajas* (rulers), *orang besar* (big men), and *orang kebanyakan* (common people). Each of the traditional sultanates, and consequently each of the modern states, is conceived of as a discrete sociopolitical system. The sultan of each state is considered the "ultimate owner of the soil," and his person embodies the principal of *daulat*, which imparts an aura of sanctity, sacredness, and all temporal power. His most proximate patrilineal kinsmen constitute a core group within the raja stratum, which also includes their descendants. Status as a raja is obtained through patrilineal descent and carries with it the privilege of attaching the prefix raja to one's name.

The *orang besar* have traditionally derived their status from close association with the rajas. Traditional cosmology made the *daulat* of the ruler communicable by association and physical proximity, and so the high status and power of the sultan "rubs off" on his high appointed officials. In the modern context *orang besar* are frequently commoners—thus making the attainment of elective office or high government position a principal means of upward social mobility—but their status is ascribed to their immediate kin and is recognized in the honorific term of address (*dato*, or *datuk*). The positions of both rajas and *orang besar* are further recognized and legitimated through possession of certain traditional paraphernalia pertaining to their offices, such as letters of appointment sealed by the sultan, titles and insignia of office, symbols of princely authority such as the ceremonial kris, and ceremonial and ritual observances on taking office.

The bulk of the Malay population is consigned to the *orang kebanyakan* stratum. Differences in social status within this general stratum are based primarily on occupation, economic activity, and wealth but are also dependent on landholding status, personal qualities, education, religious or community authority, or a combination of such attributes. Within a village individuals may be placed in a hierarchy on

the basis of this system of status classification, but a general division is made between village notables and the *orang kampong biasa* (ordinary village people).

Adherence to the traditional status system has a crucial integrating effect. A number of observers have remarked on the sense of alienation between villagers and the westernized bureaucrats at the district and higher levels of administration. As anthropologist Peter Wilson has observed, they are "professional civil servants and seldom native to the areas they administer, which thereby increases the separation between village and state. At the individual level, the relationship . . . is a formal and impersonal one, hence undesirable to the village Malay." This gap between the villages and the larger social aggregates of state and nation is bridged by a shared loyalty to the rajas and *orang besar* of the state and nation in a symbolic and emotional sense, if not in a structural or functional sense. This loyalty has been drawn upon in politics and government to forge regional and national Malay solidarity. The early top leadership of the United Malays National Organization was drawn from the traditional rajas and *orang besar* of the country. Lower ranking leaders—state assemblymen and members of Parliament—drawn from among the *orang kebanyakan* have been elevated to *orang besar* status and have acquired honorific titles of their own: Wakil Rakyat (People's Representative) and Yang Berhormat (The Honorable Member). Wilson maintains that "if a state official has a title and can therefore be assigned a place in the traditional status hierarchy, he is closely [and more effectively] linked with the villagers," implying that traditional status classification retains an important legitimating role.

To a certain extent the associative qualities of the sultan's *daulat* appear to have influenced modern Malay values. Proximity to the sultan, the "fountain of all honors," carries with it considerable prestige and, insofar as the sultan and the aristocracy have always been urban dwellers, a degree of prestige has generally been attached to urban residence. Similarly government service has enjoyed considerable prestige at least in part because of the aura of *daulat* imparted to it when the British made a conscious effort to incorporate rajas and *orang besar* into the civil service during their colonial administration. This may help to explain the eagerness of most Malay students to pursue academic careers geared to civil service employment rather than technical or other professional training (see ch. 8). The association between urban residence and aristocratic status has probably been attenuated by the increase in the urban Malay population after the 1950s; but this has by no means reduced the charismatic and unifying quality of the sultans, the state prime ministers, and the supreme head of the federation (*yang di-pertuan agong*) as a focus for feelings of subgroup and pan-Malay power, culture, and wealth in opposition to that of non-Malay Malaysians.

## Social Value System

Most observers agree that Malay ethnic identity resides more in a sense of shared religion and culture than in a feeling of racial purity or genetic continuity, although a sense of shared *darah* (blood) does play an important role. A crucial point of distinction made by Malays between themselves and non-Malays is that Malays know how to observe the rules of proper conduct whereas non-Malays are crass, crude, and uncultured. The importance placed by Malays on the observance of proper social behavior cannot be overemphasized; next to the difference in religion, it is the highest social barrier between Malay and non-Malay.

The social value system is predicated on the dignity of the individual, and ideally all social behavior is regulated in such a way as to preserve one's own *amour propre* and to avoid disturbing the same feelings of dignity and self-esteem in others. A person who behaves in an appropriate fashion and thereby creates an unstressful social environment is considered *halus*, literally finely textured, delicate, and minute, connotatively polite, refined, and cultivated. One who behaves in such a way as to embarrass or offend others is thought to be *kasar*, literally meaning rough, implicitly crude, abrasive, and uncultured; one of the most frequent complaints made by Malays with respect to Chinese and Indians is that they are *kasar*.

The personal dignity so essential to the individual's *amour propre* is best cultivated in a social environment that is unstressful and harmonious, described by the Malay terms *patut* (proper or seemly) and *sesuai* (literally congruent). A situation in which the canons of *halus* behavior have been violated produces an acute feeling of *malu* (shyness, embarrassment, and shame). Douglas A. Raybeck observes that these concepts "reflect an inordinate sensitivity to interpersonal relations. . . . Affront is easily taken and resolved only with difficulty. Furthermore, the closer the relationship between two people, the stronger the affront if *patut* behavior is not observed and the greater is the resulting feeling of *malu*." Public shaming is the major form of punishment inflicted on family members who have misbehaved and is more to be feared than any corporal punishment could be.

Central to the preservation of a harmonious social environment is the proper recognition of social rank and the observance of appropriately deferential behavior. Ideally one should be slightly more deferential than need be, but in any case an acute perception of one's own rank and the rank of those one encounters is necessary for the maintenance of the *amour propre* of all concerned. To ensure a *patut* environment there exists an elaborate pattern of formal behavior called *budi bahasa*, literally meaning language of character but extending to forms of etiquette other than language use.

Recognition of social rank is most clearly acknowledged in language usage. A complex system of *pangkat* (rank) terminology is used in

forms of address to denote eight ranks of relative age above and below one's own. Most terms used with respect to older people take different forms to denote sex, creating a system of eleven distinct terms. The use of one term in addressing an individual requires the use of the reciprocal term in return; thus a term of address establishes not only the rank of the addressee but the rank the addresser attributes to himself as well. The *pangkat* system of terminology is also used with respect to kin, and secondary terms are appended to denote collaterality, affinity, and adoptive and fictive relationships.

*Pangkat* terminology is used to denote relative age and to acknowledge the respect that accrues to it. Other terms of address are used as honorifics to acknowledge achieved or inherited social rank. Achieved ranks thus recognized include those of religious teacher, community leader, boss, and one who has made the pilgrimage to Mecca. Inherited status, such as descent from the Prophet Muhammad or royal Malay descent, is recognized in honorific terms of address. Respect for an individual may also be shown by the use of the more general honorific *tuan* (sir or my lord); other honorifics are also available. Claims to the use of a particular honorific title are not always legitimate, particularly in urban areas, where one's neighbors may not have as intimate a knowledge of one's background as they would in a rural setting. Bargaining over appropriate terms has become a distinctive feature of urban Malay life.

Differences in rank are also recognized in a variety of nonlinguistic ways. Seating arrangements at gatherings reflect social rank; high-ranking individuals will often sit in the center of the room; at a prayer meeting positions closest to the prayer leader invariably are reserved for those highest in rank. Sitting postures also reflect the deference accorded to age; although all men assume the same formal posture at a social gathering, only older men are permitted to alter their posture to relieve discomfort. Greeting gestures take three basic forms, each showing a different degree of respect; variations of the gestures show even finer shadings of status difference. Deference is also shown in verbal greetings by taking care to greet specifically those of high rank. A prolonged greeting is a sign of particular friendship.

A basic minimum of *halus* behavior is observed in formal social situations to avoid disturbing a *patut* environment. This kind of behavior includes such observances as speaking softly, acting with courtesy and gentleness, removing shoes before entering a home, consuming at least some of whatever refreshment is offered, adopting a specific posture when passing between seated interlocutors, covering one's head on formal occasions, using only the right hand in eating or in passing or receiving things, avoiding physical contact with another person's head or any physical contact with a member of the opposite sex, pointing with the thumb only, beckoning in a certain way, and so on. *Halus* behavior is expected on all formal occasions but can be

dispensed with in certain contexts. Among intimate friends *kasar* behavior may be accepted as an expression of warm affection, a manifestation of trust in each other. *Kasar* behavior is, however, generally confined to the kitchen, a part of the house usually out of general view, and the preparation and sharing of food together is an activity that is reserved to the closest of friends.

### Malay Peasant Society

Although the village serves as a coherent unit for some religious and administrative purposes, it does not tend to function systematically or frequently as a unit of social organization. The individual is more deeply involved in the aggregates of nuclear family, kin group, and household cluster than in the affairs of the village, with the result that, as Raybeck remarks, "villages seldom function as integrated units" and "there is little reliance on an effective formal authority structure or on jural sanctions." Those formal structures that have evolved are generally not grounded in the inherent structure of village aggregates and, in Wilson's words, "any unity that comes about must be the result either of imposition or major effort and not the result of the ties between individuals that make for constant overlaps of their individual interests."

Several factors contribute to the amorphousness of the traditional Malay village. Settlement patterns are both a symptom and a cause of village amorphousness. Villages characteristically take a very linear configuration, comprising a number of houses or clusters of houses spaced along the length of a path or road; it may be several miles from one end of the village to the other, making frequent and regular contact between residents difficult; and villages frequently meld together at their extremities, reducing feelings of village unity. Social values tend to focus on the individual, and the expectations and responsibilities of social relations are generally restricted to one's kin, a situation that further attenuates feelings of village unity or civic responsibility.

Ecological adaptation also plays a role: in the past the rice paddies cultivated by most Malay peasants were rain fed rather than artificially irrigated; so there was no need to form village organizations for communal maintenance and regulation of irrigation facilities. Traditionally both rice and tree-crop cultivation have been undertaken with the manpower resources provided by the nuclear family and immediate kin; the expansion of artificial irrigation facilities in the 1960s gave rise to some community organizations for their cooperative operation, but these organizations were imposed from outside and in the 1970s were too recent a development to have had a galvanizing effect on village solidarity. A less tangible factor, bridging both social values and ecological adaptation, is what anthropologist Manning Nash calls

the "kampong ideology," which emphasized individual subsistence cultivation in a state of "relaxed primitive sufficiency" that permits the individual to practice *halus* social relations. Both self-sufficiency and *halus* behavior are ill suited to the vicissitudes of daily cooperative action and the frictions it produces, and the "kampong ideology," although itself in a state of tension and transition, has in the past been a partial barrier to villagewide organization.

#### Household, Kin Group, and Household Cluster

The principal unit of social organization among Malays is the household, ideally composed of a nuclear family. It is a group united by the closest ties of blood and affinity that eats, sleeps, and works together, that acts as an economic unit, and that looks within itself for the maximum fulfillment of material and emotional needs. The house itself is the Malay's most valued material possession and the focus of "all that is vital in his emotional, social, and cultural life." The nuclear family is considered the "normal" unit of the household, and peasants appear reluctant to enlarge the group; an aged parent whose spouse has died will move in with children only in the most extreme circumstances and even then will participate as little as possible in the affairs of the household.

Yet the expectations and responsibilities of kinship are not entirely restricted to the nuclear family. Two categories of kinship are recognized; a general grouping of all persons to whom one is related by either blood or marriage (known variously as *sandara*, *waris*, or *waris jaub*) and a subgrouping of *keluarga* or *waris dekat* (close kin) usually consisting of one's own nuclear family and their nuclear families. It is to one's *keluarga* that one owes one's greatest obligations for support and from whom one can in turn expect support. These are the individuals who will come together at gatherings celebrating the major events of the life cycle (birth, circumcision, marriage, and death) and can be called on for support in times of misfortune, disaster, or sickness. *Keluarga* are those people with whom "one's heart rests easy" (*hati senang*).

Obligations to one's *keluarga* are supported by a moral imperative of the highest degree. They far outweigh obligations to other villagers or employers; European employers in the past frequently attributed to the supposed fecklessness of the Malay character the many leaves of absence taken by their employees to visit sick relatives without realizing the importance of such obligations. Not to honor an invitation to a feast given by one's *keluarga* or not to appear at a family sickbed are breaches of the moral code of the utmost gravity, tantamount to a repudiation of the relationship.

The *keluarga* grouping, however, stays within the generally amorphous character of Malay social relations by being a highly flexible aggregate. The ups and downs of relations among *keluarga* may be



sufficient to exclude a person from group activities on all but the most formal occasions. *Keluarga* relationships serve as a paradigm for all close interpersonal relationships. Close friends and neighbors who join in daily cooperative activities in work and at play are easily included in one's *keluarga*; their status is recognized in terms of address and reference that also denote kinship relations.

Although relations with kinsmen living elsewhere are the most frequent link between the villager and the outside world, the *keluarga* is usually focused on a cluster of adjacent households. Nash has suggested that "the basis for social interaction in the village is territoriality, and the closer the coresidence the more intimate and enduring are the social ties." Frequently the cluster is based on close kinship ties from the outset, as when brothers who inherit a common plot of land set up households adjacent to the landholding; non-kin living in the cluster may be included in the *keluarga* if interpersonal relations are sufficiently amicable. The men of the cluster will work cooperatively, the children will play with other village children, and the women of the cluster will do their daily tasks in one another's company. Households within the cluster exchange food several times during the week, a practice symbolizing complete mutual trust and affection.

Relationships within the household cluster generally depend on how well the women of the cluster get along. Social relations generally tend to be activated by women. The wives of a group of brothers forming a cluster share a common status as outsiders and often will provide each other with emotional support in times of stress.

Women in general evince a degree of independence and autonomy that belies the subservient role assigned to them by Islamic law. Most women gradually assume a position of equality with their husbands. Women make an active contribution to household income, own their own property, and generally control household finances, although a woman will not usually make a major expenditure without her husband's consent. Female independence and influence generally operate *sub rosa*; in public women may defer to their husbands and may be accorded inferior rights in such jural matters as initiation of divorce, but in private no major decision is likely to be made without the wife's consent. Any woman who chooses to humiliate her husband publicly can well be assured of a divorce. Thus, although it is technically the husband who initiates a divorce, it is frequently the woman who has done so.

Indeed Malay marriages are notoriously fragile. For example, for every 100 marriages in Kelantan between 1948 and 1970 there were over seventy-three divorces; the rate appears to be declining, but even the estimate Nash offers for the early 1970s—30 to 50 percent in a given year—is a high proportion. One factor cited in the declining divorce rate has been a rise in the average age at time of marriage. Virtually all divorces are by *talak*, a relatively simple procedure by

which the husband recites a formula in the presence of his wife, registers the divorce with the village prayer leader (imam), and pays a M\$12 fee (for value of the Malaysian ringgit—see Glossary). *Talak* can be revoked for a M\$2 fee, but a third *talak* is irrevocable. Divorce is almost always followed by another marriage, usually within two years. Divorces most often occur during the first years of marriage, particularly first marriages; children generally stay with the wife. Polygyny is permitted but rare. The high rate of divorce among Malays can be attributed to the ease with which divorces can be obtained; the fact that a divorce does not break the effective bond between parents and children; the lack of structural support for the nuclear family in the form of clan or lineage; the generally shallow nature of husband-wife relationships; the ease with which Malays are offended, particularly by those to whom they are closely related; and, according to Nash, "a widespread feeling of sexual contest between men and women."

#### Leadership and Local Organization

Malays tend not to participate in secular organizations at the village level or above. The lowest government official is the *penghulu*, who governs at the district level, although real administrative power is more often held by the *penggawa*, an official one step higher. The *penggawa* represents the most cogent form of government authority with which the villagers will have to deal, most frequently in matters of land and cattle registration. Within the kampong villagewide projects and intravillage disputes enter the domain of the *ketua kampong*, or village headman. He is chosen by village consensus for his qualities of personality, knowledge of customary law, high social standing, and general respectability; these qualities form the sole basis of his authority, although he may technically have been appointed by the *penghulu*. He governs primarily by persuasion, usually with the ratification of a committee of village notables. In villages where residents come from different subethnic groupings, as is often the case, the subgroupings may serve as the basis of village political factions, each with its own *ketua kampong*.

Religious organization provides another important dimension binding villages together and to higher levels of organization. The grouping of several villages into a *waliah* (religious district) is activated during Ramadan, when Koran reading contests, religious discussions, and other associated activities take place. The imam and other mosque officials, such as the *bilal* (muezzin) and *khatib* (reader), who have achieved their positions through religious education and usually have entrenched their status by making the pilgrimage to Mecca, play an important role in village life. Nash identifies the imam as a religious authority on a par with the *penggawa* as a secular authority.

Relations between villagers and the government bureaucrats with whom they come into contact tend to be distant. The *penghulu* is generally not well regarded, perhaps because one of his principal duties is tax collection. An observer of village life, Peter Wilson, notes a general antipathy between villagers and bureaucrats, which he attributes to the alien quality of the bureaucrats' westernized and anglicized way of life. Bureaucrats and westernized employers tend to operate by the book, without regard to the traditional models of interpersonal relations and without the accompanying sensitivity to the emotional needs of others—another alienating factor. Other observers give credence to this interpretation by noting that village headmen who have accepted government expense money have found their authority compromised by what is perceived by the villagers as too close an association with the government. Conversely local notables appointed to government development committees because of their social position or political work at the village level have proved insufficiently trained and motivated to stimulate villagers into self-help development projects; villagers tend to expect the government to perform these tasks. Farmers' associations, youth clubs, parent-teacher associations, and other voluntary associations have been fostered by the government, in part to counterbalance similar organizations among Chinese and Indians, but have had a general tendency to break up or lose sight of their initial purpose.

#### Social Stratification and Land Tenure

Social stratification within the kampong is essentially based on economic activity and wealth, the principal distinction being made between the *kaya* (wealthy) and the *miskin* (poor); a middle group (*ada harta* or *pertengahan*) may also be recognized. The *kaya* are usually those who own large tracts of land, most of which is rented out to other villagers in share tenancy; they are distinguished by not having to do manual labor, by the ability to have their children educated, by the giving of large feasts, and by the possession of consumer durables and gold jewelry, although ostentatious display or a haughty demeanor is considered extremely *kasar*. The middle group owns or rents enough land to make ends meet, although they have to borrow in order to scrape through the period before the harvest; they have enough to eat but cannot afford frequent or elaborate feasts. The *miskin* generally rent most or all of the land they cultivate, the least fortunate among them having to supplement their income by performing labor for others; some are entirely landless. The majority, perhaps up to 75 percent, of a village population falls into the *miskin* category; roughly 20 percent may be the owner-operators of the middle group, the remainder landlords.

An ancillary group is formed by those who are engaged in nonagricultural activities, such as schoolteachers, government employees,

and religious officials. Their status is determined by the extent of their wealth and education, although religious officials are accorded high status regardless of their wealth. Similarly social status as a whole is not dependent on wealth or landholding alone but is influenced by such variables as personal qualities of skill and finesse (*pandai*), a reputation for *halus* behavior, and religious standing—a haji always has high social standing.

The land tenure system is among the principal determinants of social stratification. Landholdings are characteristically small and fragmented. Only rarely does a person own enough land to be self-supporting, and most engage in partial or full tenancy. Although patterns of tenure vary throughout the peninsula, in rice-cultivating villages land tenure relations are generally an outgrowth of kinship relations. If at all possible, a Malay farmer seeking additional land to till will try to rent from a close kinsman—most often a close in-law, an uncle, even a parent. If he cannot rent land from among his *keluarga*, he will try to rent from close kin in other villages; if this is impossible, he will try to rent land from more distant relatives. Only as a last resort will he rent land from a landlord to whom he is not related.

The superimposition of the landlord-tenant relationship on a kinship relationship is seen by both parties as advantageous: they are provided with a paradigm for mutual interaction that is familiar to both of them; the landlord feels he can trust his tenant not to cheat on rent; and the tenant feels reassured that, if he falls on bad times, he can count on the landlord not to collect. Tenancy agreements are virtually always verbal, whether the relationship is based on kinship or not. Arrangements are often made for a limited time; for example, a man may rent land to his son-in-law until his own son marries or is old enough to take over the land, but this is usually understood well in advance. Tenants of non-kin are far more subject to the whims of their landlords, who may terminate the relationship at any time, although a breakdown of the personal relationship between kinsmen in a landlord-tenant relation may have a similarly precipitate effect.

For ricelands rents are fixed either on the basis of the amount of land rented or as a share of the harvest (usually one-fifth). Rubber lands, which represent a greater investment on the part of the landlord, are also more lucrative to the renter; for rubber lands the rental is usually one-half of the value of the crop. Coconut palm groves are even more highly valued and bring a usual rent of two-thirds of the harvest value. Rubber and coconut groves are especially sought after by tenants because they are the most lucrative, and landlords are even more inclined to rent rubber groves to close relatives, feeling that relatives will be less likely than non-kin to damage or overtap the trees.

In most instances of tenancy between kin, especially with respect to ricelands, there is an implicit understanding that the tenant is enti-

tled to derive at least a subsistence share of the harvest and that the landlord will absorb or at least defer the difference in a bad crop year. Small landowners who have large debts may discharge the debts by giving usufruct rights to creditors for a specified period, usually continuing to farm the land themselves. In instances in which debts continue to be incurred, the landowners may in effect become permanent tenants on their own land. The closeness and reciprocity of the kin-tenancy relationship is evidenced by the fact that landlords sometimes look to their tenants as a source of support and capital in times of need by accepting several years' rent in advance at a reduced rate, a system of tenancy called *pajak*.

Land tenure patterns are often closely tied to the person's life cycle; a young man is likely to help his parents cultivate their fields and will often receive a small portion at a nominal rent upon his marriage; after setting up an independent household, he will often rent the lands he needs to support a family from his father-in-law or an uncle in addition to lands rented from his father; as his grandfather and father grow older, he may gradually take over a larger and larger portion of their lands, thus divesting himself of tenant status and leasing less land from other relatives; if he has been very lucky, he may have had the opportunity to buy more land, but this is rare. The situation is generally complicated by the fact that his brother will also be inheriting the same paternal land. In some instances one inheritor will take possession and maintain his brothers as tenants; in other instances they will rotate the status of owner and renter among them in a sort of co-ownership.

As long as landlord-tenant relationships have remained a subset of kinship relationships, the land tenure system has had little impact on creating or destroying existing social relations. But the continual fractionation of landholdings and the development of a commercial rural economy have forced many farmers to look beyond the traditional tenure system. This has resulted in an increasing tendency away from reciprocal obligations in land tenure relations and toward purely commercial landlord-tenant relations.

There are some indications of an increasing tendency for professionals—particularly the salaried members of the civil service—to invest their savings in purchases of land and of the resulting formation of a new class of absentee Malay landowners and landlords. Because they seem to prefer buying land in villages where they have relatives living and will presumably rent their lands to relatives in the more traditional tenancy patterns, it is not possible to determine the extent to which this tendency has contributed to nonreciprocal tenancy. Nevertheless a need to protect the interests of tenants was felt at the level of the national government as early as 1955, when an ordinance was proposed to fix rent ceilings and improve conditions. Similarly an act was passed in 1967 requiring lease registrations, rent ceil-

ings, and similar measures. However, the lack of both enforcement machinery and current cadastral surveys, together with the continuing prevalence of informal tenancy arrangements and arrangements between kin, make the effectiveness of these regulations questionable.

### Malay Urban Society

Malay urban society is remarkably like kampong society in terms of social aggregates and interpersonal relations. Villagers moving to the cities do not experience the degree of social dislocation associated with urbanization in other developing societies, largely because the nuclear family and close kin group—the most important social aggregates in the kampong—are generally preserved in the move. Residents of urban areas tend to coalesce into kampong-size units and develop similar patterns of leadership, although relations with bureaucrats tend to be closer in the urban than in the rural setting. The coffee shops and prayer houses that are the focus of social interaction in the village serve the same purpose in the city. One major difference is found in the density of urban settlement patterns and the consequent need to associate with many people who are unfamiliar with each other. Interpersonal relations are accordingly more *halus* among urbanites. A general social distinction is made between owners and renters of houses; owners hold a virtual monopoly of access to government bureaucrats and local political organizations—in the form of local ruling committees—and look down on renters not so much because of economic differences as because renters tend to be newcomers to the city and hence to be less sophisticated. But these differences in social status correspond to the dimensions of differentiation in the village insofar as property is a necessary component of prestige.

### CHINESE SOCIETY

Chinese society in Malaysia is characterized by the relative uniformity of its class origins (most immigrants having been poor rural villagers in China), by the multiplicity and variety of its groups and organizations, and by its emphasis on individual achievement and economic and commercial activity. Voluntary Chinese associations reinforce the ethnic consciousness of the Chinese and provide aid and support for competition with other ethnic groups. Nationwide figures indicate that Malaysian Chinese are overwhelmingly urban in residence. However, rural residents accounted in 1970 for almost two-thirds of Sarawak's Chinese and more than one-half of the Chinese of Sabah. This difference in urban-rural distribution in Peninsular Malaysia and the Borneo states has contributed to the social cleavage between the Chinese of the two parts of the nation.

Throughout Malaysia much of the Chinese population is distributed in communities that were formed on the basis of common place of origin in China and common dialect (see ch. 4). In many cases all the Chinese in a given Malaysian community will have come from or will be descendants of migrants from the same village in China. The majority of the residents of the South China villages from which the immigrants came were members of the same extended kin groups, in which one or two surnames were shared among all the persons living in a village. These kin ties and surname ties have continued to unite Malaysian Chinese, especially in rural areas.

Among the educated a significant social distinction is made between those who have received only Chinese-language education and those who have had English-language education (see ch. 8). Although the English-language schools have been predominantly Chinese in enrollment because of their urban location and the fees charged, most of the Chinese who have attended schools have gone to Chinese institutions. To be elected to the school committee of a privately financed Chinese school has been one of the highest honors the local Chinese community could grant a fellow resident. Teachers have little opportunity to influence educational decisions and have relatively low prestige, since they are regarded as salaried employees who can be easily dismissed by the school committee. In this respect the Chinese social ranking system presents a contrast with that of the Malays, since schoolteachers have a position of relatively high prestige in Malay communities.

The few Chinese who have received some English education have played a greater role in the national society than those whose education has been only in Chinese schools. In particular the Straits Chinese (those Chinese families long resident in Malaysia, who speak English or Malay among themselves) have had a major role, during and since the time of British rule, as representatives of the Chinese community, although in many aspects of culture and interest they are not representative of the majority of the Chinese (see ch. 4). The near monopoly of the English-educated Chinese on positions as officers of political parties has continued. Although most political and social organizations involving contact with non-Chinese are headed by English-educated Chinese, some of these organizations represent the interests of those who are not English educated.

### **Voluntary Cooperative Groups**

The outstanding feature of Chinese society in Southeast Asia is its extensive development of voluntary cooperative organizations. These organizations, although formed along lines of kinship familiar to Chinese in China, were a development arising from the new needs of overseas Chinese as they made the transition from traditional village farming to modern urban private enterprise.

There are more than 3,000 Chinese corporate associations in Malaysia that fall into the general category of benevolent associations. They perform many of the social and economic functions usually handled in modern Western countries by governmental organizations. The great majority of these associations are local and are based on family, occupation, and dialect affiliation. Whatever their membership qualifications, their purpose is usually connected with economic benefit for the members. Most of these organizations do not attempt to represent the Chinese population as a whole. The dominant group in each dialect association or occupational guild is usually composed of members of one surname group, and the institutional structure of the association and relations between its members are controlled by this group, which is usually the wealthiest in the association.

Guilds are sometimes almost indistinguishable from dialect associations, since in many localities the members of a particular trade come from the same dialect group and even in some cases from the same village in China. Guilds, however, are always built around a single occupation, such as tinsmithing or watch repairing, whereas dialect associations often include members of more than one trade. In activities connected with prices, wages, conditions of work, and apprentice training, the guilds take on many of the functions of modern labor unions.

Another kind of social organization that has existed among Chinese for centuries is the secret society. Originally religious or benevolent cooperative associations, the secret societies assumed a political and antidynastic character about the time of the Manchu conquest of China in the seventeenth century; those that continued to exist were involved in organized crime, and many still are.

### **Patronage Relationships and Social Status**

The local and statewide Chinese chambers of commerce served a quasi-legislative function during the colonial period, when they made recommendations for appointed representatives of the Chinese on government bodies before the introduction of elected legislatures. The practice of choosing a leader from the chamber of commerce to represent the Chinese ethnic group as a whole continued a custom begun with the arrival of the first Chinese traders in Malacca, by which the government selected a wealthy businessman to represent the Chinese in their dealings with other ethnic groups and with the government.

The influence of a small group of wealthy businessmen has been considerable, therefore, in relations with the non-Chinese. It has also been great among the Chinese themselves because of the elaborate system of credit relationships within the Chinese community.

Rural farmers, who are engaged almost entirely in producing goods for sale rather than for subsistence, are financed by local shop-



keepers, ordinarily fellow association members. The shopkeepers are financed in turn by other Chinese businessmen.

In establishing credit, kinship and other social connections with the debtor and high interest rates, hidden or overt, substitute for collateral. Credit acquired from friends, fellow association members, and relatives is the chief method of accumulating capital. Thus a Chinese estimates his potential capital in terms of the number of people who because of social ties might feel obligated to make loans to him. The granting or refusal of patronage by a wealthy urban creditor can influence local decisions and leadership at the village level, and a local man's influence and prestige are enhanced among his neighbors by the knowledge that he has a powerful "back mountain" (patron) behind him. The number of clients a patron has is the index of his power and social position in the community.

The control of Chinese employers over the job market is great. Between 80 and 90 percent of all private employers in Malaysia are Chinese, and employees are usually of the same dialect affiliation as their employers. The tendency for a Chinese to employ only Chinese, usually only those of his own group, has contributed to anti-Chinese animosities among other ethnic groups and has been a cause of complaint within the Chinese community. These resentments have been aggravated by the persistence of a high unemployment rate throughout Malaysia.

Between the destitute Chinese who sleeps in the local temple courtyard and depends on daily doles from the local dialect association or other association to which he can claim a connection and the wealthy businessman who lives in a large Western-style or Chinese-style house is a wide range of social positions, determined by wealth and altering rapidly with changes in personal income. Professional, clerical, and other white-collar occupations fall midway along this spectrum, except where income or the lack of it brings a doctor, for example, to the highest rank or an unemployed teacher nearly to the bottom. Social status may be shown by the possession of expensive consumer durables, clothing, and housing; by expensive hobbies, such as collecting rare orchids, jade, or porcelain; by publicized acts of charity; or by combinations of these activities.

According to the traditional Chinese ranking, occupations in descending order of prestige were scholars, independent farmers, laborers, and merchants and soldiers. The Chinese migrants, almost all of them illiterate, were prompt to establish schools for their children, using their own money where necessary. The Chinese have also been the group that has taken the greatest advantage of English-language education and are particularly conspicuous among Malaysians for their interest in secondary, advanced, and technical education.

The second-ranking occupation, that of independent farmer, has not maintained its position in the social hierarchy of the Malaysian

Chinese. This is partly because of restrictions in favor of Malay ownership, but it has been noted that—even where ownership of land by non-Malays has been permitted—the Chinese farmer often has preferred to rent the land he farms and to buy elsewhere land that is likely to give a better return on his investment. In this instance economic advantages have displaced traditional Chinese values. Another change in social priorities occurring among Malaysian Chinese has been that the great economic power of the merchant has brought him from the bottom to the top of Chinese society. As wealth is highly valued, so are the traits thought to bring about its attainment. Cleverness, ability to persevere toward long-term goals, industriousness, unemotionalism, thrift, and avoidance of waste of goods or other resources—as well as having good luck and knowing how and when to rely on it—are all considered virtues.

### Social Obligations

Chinese moral obligations are primarily to family members. The chief obligation is that of a son, his wife, and their children to a father, paternal grandparents, and so on, going back as far as memory reaches. These obligations are part of a religious cult of reverence for patrilineal ancestors. The child is made to feel that his debt to his father is unrepayable and that nothing he is asked to do for his father is an unreasonable demand. For a child to strike his father is to threaten the entire Chinese value system and is regarded by the whole community much the way murder is—as a dangerous antisocial act, potentially a threat to the peace of everyone. Children are supposed to be obedient and to compete successfully in all fields in order to bring honor to the family and improve the family's economic and social status. Although the custom by which the funds of all wage earners in the family were pooled and controlled by the senior male is no longer popular, sons are expected to work for their fathers; and capital investment plans often hinge on the availability or lack of sons who can assume positions in the father's enterprise.

In addition to patrilineal family ties, which among the Malaysian Chinese do not extend as far as they would have in the home village in China, the migrant Chinese have developed a network of social relationships based on friendship. These bonds of friendship, many of them associated with membership in formal voluntary organizations, are regarded as insurance against possible dangers from outside the Chinese community. Friendship with a social equal or a social superior is most desirable. Friends are thought to be one's defense against misfortune, and the Chinese works to aid and promote the advancement of his friends, since a successful friend will be more effective in protecting and defending him if the need arises. A successful man therefore has a wide circle of friends.

A general suspicion of legalism, of formal rules of justice, and of government regulations—all considered likely to be applied against one's own interests—has led the Chinese to try to cultivate friendship wherever possible. A friend is usually obliged to support his friend's interests whatever the circumstances. If he cannot support his friends, at least he will never oppose them.

### The Chinese Household

The importance of the family, which for a Chinese is an extended group of kin connected by blood or marriage through the male line, and of social bonds between families with a tradition of neighborliness or alliance in China made possible the establishment and continuation of formal organizations for mutual benefit built around a core of persons so connected. The organizational strength of Chinese migrant society has been especially conspicuous in Malaysia owing to the absence of this feature from Malay society. The organizational strength has been largely responsible for the superior economic position of the Chinese and for their reputation for clannishness.

The Chinese household may consist of only one nuclear family but more often includes the extended family and occasionally nonrelatives. The average size of an urban household is about five people; of the rural household, about seven. The average household tends to be somewhat larger in the Borneo states, where it consists of the parents, their unmarried children, their married sons, the sons' wives and children, and sometimes a fourth or fifth generation. Wealthy parents customarily have at least one and sometimes several married sons living in the household, especially if there is a family economic enterprise in which the sons work together.

An extended household is created by an increase and subsequent extension of a nuclear family through the continued residence of a married son or daughter. The head of the family is the father, the eldest son, or the son who is the most worthy and successful. A major concern of the Chinese family is the perpetuation of the male line and the assurance of having male descendants to carry out the necessary death rituals. Thus boys are more desired than girls by Chinese parents, and the birth of a girl is sometimes considered to be unfortunate. This is especially true for a young wife, whose status in her husband's family is often marginal until she gives birth to a son. The preference for sons also expresses itself in adoption patterns. The Chinese, like the Malays, often adopt children, paying money as compensation to the natural parents of the child. The price of boys, since families do not willingly part with them, is quite high.

Economic factors affect the size of the Chinese household, as parents who are poor may be forced to dispose of some of their children. The negotiation may take the form of a "sale" in which all rights to

the child are exchanged for money, or an immature girl may be given as a prospective daughter-in-law to another family. The more prosperous parents keep their own children and may adopt others as well.

The Chinese in Malaysia practice polygyny, but it does not appreciably affect the size of households. The Chinese believe that it is difficult to keep peace and order between co-wives living together; so in polygynous marriages the husband usually maintains a separate house for each wife and her children.

### The Family as a Socioeconomic Unit

The Malaysian Chinese household in its extended form generally lacks the cohesiveness that traditionally characterized it in China. The head of the household is responsible, nevertheless, for the debts of his wife and for the actions of other members. All members may contribute to a common fund for food, clothing, furniture, and certain kinds of ceremonial expenditure, but adult individuals keep the main part of their earnings for themselves. In rural areas some members of the household care for the land attached to the house, but others have wage employment away from home. In urban areas, where wework and occupational specialization are more common, the household is even less an independent economic entity.

Although it is not an economic or administrative unit, the Chinese household is a social entity. Family observances occupy a central place in the religious system and, despite the fact that old beliefs and practices no longer unite the family as firmly as before, the ceremonial respects paid to household gods and ancestors still contribute to solidarity among the participants.

The Chinese hold that all persons with the same surname descend in the patrilineal line from one ancestor, and they organize into surname groups on that basis. Explicit and implicit distinctions, however, are made between classes of surname relationships; such distinctions, though not always clear cut, are generally made between immediate relatives, or kindred, and other persons bearing the same surname.

The kindred comprises those persons within five degrees of relationship on the male side and the closest relatives on the mother's and the wife's side, who may have a different surname. Relatives living in Malaysia are known as local kindred; those who have remained in the People's Republic of China or have returned there are called home kindred. As time passes, the home kindred are losing influence because it is difficult to maintain contact with them. Among the local kindred the surname group is neither residentially compact nor a persisting and exclusive group with a corporate nature. Instead it has come to be similar in many respects to the bilateral *keluarga* found among the Malays.

The kindred of a man living with his parents consists of persons directly related to him and of their children and wives. A married woman's kindred is practically identical with her husband's, for she is not a foreigner in his group and usually maintains continuous and intimate relations with his relatives as well as with her own.

The most inclusive surname group is that formed by all persons whose surnames are represented by the same written character. Such a group, which is often incorrectly called a clan, has a number of formal functions. It holds property, makes proper arrangements for worshipping the same mythical ancestor, and performs various other functions. Within a given region the eldest men of the eldest generation are the nominal heads and theoretically are responsible for setting dates for ancestor worship, settling disputes, and supervising other community activities.

No leadership structure exists within the local kindred. No one person or small group of persons may represent the unit as a whole, nor do members of a local kindred necessarily worship together or have a pattern for common action. Joint and mutual action by members of the group depends on personal factors.

## INDIAN SOCIETY

The Malaysian government classifies as Indians persons of ethnic groups indigenous to India, Pakistan, and Ceylon (Sri Lanka). These groups are concentrated along the west coast of the Malay Peninsula in Selangor, Perak, Johor (Johore), Penang, and Kedah. A substantial and increasing number of Malaysian Indians are urban residents, and the remainder live and work on the rubber estates of the peninsula. Unlike the Chinese minority, however, the Indians in the 1970s were not in any region even half as numerous as the Malay population. Most Indian immigrants started out as temporary contract laborers on the rubber estates but, as they became more urbanized, they also became a more settled community. In 1970 the Indian population still had the lowest female-to-male ratio of any of the major ethnic groups.

Indian social values have been incorporated into a detailed code of rules governing religious and ethical behavior known as Hinduism. Religion gave Indian society its caste structure. Which caste a person was born into determined what his occupation could be, whom he might marry and associate with, and how he ought to behave. The secularization of Indian society and the introduction during the twentieth century of a new stream of Hindu thought, which included among its precepts the elimination of caste restrictions, have affected Indians everywhere.

The Indians of Malaysia, most of whom are Hindus, have been moving to the cities from the agricultural estates at an ever-increasing

rate. In 1970 somewhat over one-third of Malaysia's Indians were urban residents, most of them engaged in manual labor and seeking to move up into white-collar jobs. The urban Indian, thrown into contact with members of the other communities, has found that the ties and restrictions of dialect, custom, and caste are burdensome and almost impossible to adhere to strictly in an environment in which his group is a small minority. Finding his traditional values unworkable without community support, the urban Indian has been more interested than the Chinese or the Malay in adopting Western values.

The Indian middle class, especially the English-language-educated group, is the most secularized and the least attached to Indian traditional values. Members of this group feel embarrassment on behalf of the Indian community over popular traditional practices, such as fire walking and other spectacular acts; some efforts have been made by this group to have such practices banned by the government as offenses against public decency. The conservative Hindu majority, however, has often proved to be more tenacious of custom than their counterparts in India.

Among devout traditional Hindus self-control and behavior appropriate to one's position are the highest social values and are rewarded either in this life or in the next. Austerities of various kinds, especially fasts, are performed in order to increase one's self-control and one's personal power over nature, which can then be used to gain boon from the gods.

Indians regard social relations within the family as the ideal pattern for all social interaction. Traditionally the Indian family has been composed of small household units, each dominated by the father, which are joined together in a network of cooperation with the households of the father's relatives, the senior male having the final say in matters of concern to all the households. Although the traditional family pattern has been weakened by migration, it remains the prototype for the structure of Indian trade unions, political parties, and other organizations; small units of followers, each having a leader, cluster in alliances for mutual benefit.

Urban Indian society is headed by the traders, the wealthiest group of Indians; they continue a tradition of trade between Indians and Malaysians, particularly in cloth and spices, going back thousands of years. Among these are south Indian Muslims, Tamil speakers, many of whom have intermarried with the Malay urban community and are prominent as intellectual leaders in the bigger cities, especially Georgetown. They are generally merchants, dealers, or petty shopkeepers in urban centers and village markets. Within the Indian business community a distinctive group from southern India are the Chettiars, who have specialized in moneylending and banking. The Chettiars have remained closely tied by kinship and identification to Chettiars in India.

A group of Ceylonese Tamil speakers, of whom there were some 24,000 in 1970, has been concentrated largely in the government clerical services, especially in the railroad. These people—often called Jaffna Tamils after the province of Jaffna in northern Sri Lanka from which many of them came—feel that they are a community distinct from the majority of Malaysia's Tamil speakers, who come from southeastern India, and the Jaffna Tamils have protested periodically against being classified with other Tamil speakers for census purposes and political representation.

Another urban group prominent in clerical jobs is made up of north Indians from Bengal and Uttar Pradesh. Sikhs and Pathans from India's northwest have been employed commonly as watchmen, cart drivers, and policemen, although there are also Sikh shopkeepers and moneylenders. Indians have also been prominent as unskilled laborers in some of the government services, such as public works and sanitation.

The Indian trading community, the leading group in Indian urban life, has generally kept aloof from the interests and problems of Indian estate laborers, the largest group of Indians. Since Tamil speakers, the major Indian dialect group, predominate in the lower paid occupations, they are regarded as a lower status group by some of the other urban dialect groups. Some urban Indians, especially Muslims, have established firm roots in Malaysia by intermarriage with Malays and by many generations of residence in Malaysia. The absence of Indian-language schools above the primary level has meant that most resident Indians with high school education or above have attended multiracial English-language schools; this intellectual elite has had much experience in coexisting with the other components of the nation's plural society and has produced leaders for a number of multiracial organizations in Peninsular Malaysia, such as the national teachers' union.

The trade union movement has been one in which Indians have constituted the majority in Peninsular Malaysia, and the Indian workers of the west coast rubber, palm oil, and other agricultural estates have been the biggest group of trade union members. Estate laborers have been isolated from contact with rural Malays or other ethnic groups because of the estate practice of providing housing in such a way that each estate resembled a small Indian village and had its own primary school.

Although traditional social distinctions, such as those contained in the Indian caste system, play a role in Malaysian Indian society, these distinctions are less important and confining than in the home areas from which the migrants came. Unwillingness to continue to abide by the social restrictions of the home areas has led to a permanent estrangement of some urban Indian residents from their homeland and has produced tension between recent and long-resident immigrants.

Most of the social science research on Malaysia that has been published in the mid-1970s has concerned Malay society. The state of Kelantan has been a major focus for much of this research: *Kelantan: Religion, Society, and Politics in a Malay State*, edited by William R. Roff, presents both historical and contemporary material. Southeast Asia study programs at Ohio University and the University of California at Berkeley have produced monographs including those of Manning Nash on the interplay between society, religion, and politics among Malays; Ronald Provencher on the description of social interaction among both urban and rural Malays; and Stephen A. Douglas and Paul Pedersen on an anatomy of voluntary associations throughout Malaysia. Japanese anthropologists have made significant contributions in English; Kenzo Horii on Malay land tenure, Yoshihiro Tsubouchi on Malay marriage and divorce, and Kiyoshige Maeda on Chinese rural communities. Among the numerous standard sources of enduring value, the work of Peter Wilson was extremely helpful in the preparation of this chapter, as were a work on the Minangkabau Malays by M. G. Swift and Victor Purcell's work on the Chinese of Malaysia. (For further information see Bibliography.)



## CHAPTER 6

### RELIGION

The predominant religion, Islam, is the faith of most Malays and of a much smaller number of Chinese and Indians. Since census figures do not include religious affiliation, there are no accurate statistics. In Peninsular Malaysia Muslims account for slightly more than half the population, and the proportion of Muslims in Sabah and Sarawak is believed to be from 33 to 38 percent. Buddhism, Taoism, and Confucianism are professed by most Chinese, who make up 34 percent of the nation's population. The large majority of Indians in the country are Hindus and Sikhs. Most Christians live in Sabah and Sarawak, where they have been estimated to number 15 percent of the population.

Islam is the official religion, although freedom to worship according to any faith is guaranteed. Proselytizing of Muslims is forbidden. There is a close interrelationship between the government and Islam, and there are certain special obligations placed on, and political advantages granted to, followers of Islam. Under the Constitution special privileges are accorded to Malays, who in part are defined as those who profess the Muslim religion (see ch. 4). The same religious and cultural forces that unite the dominant Malay group discourage or prevent intermarriage with non-Malays and therefore act as a barrier to assimilation with other ethnic groups.

Each of the nonindigenous major religions has undergone modifications in the Malaysian environment and has diverged in important aspects from its original form. Change also has been produced within indigenous beliefs by exposure to Islam and Christianity.

#### ISLAM IN MALAYSIA

Malays are Sunni Muslims of the Shafi branch of Islam. The duties of Muslims are spelled out in the Five Pillars of Islam: declaration of faith in the omnipotence of Allah and in the divine messenger, the Prophet Muhammad; ritual prayers and ritual purification; distribution of alms; fasting during Ramadan; and the pilgrimage to Mecca.

The Islam that spread to the Malay Peninsula in the fourteenth and fifteenth centuries was a heterogeneous system from which Malays selected the concepts most meaningful to them. Many adopted Arabic

religious terms acquired new meanings. The early teachers came from southern and western India, where Islam had already been altered. In general Malays tended to adopt the more mystical elements of Muslim thought, reinterpreting many of them and combining them with other beliefs. Islam in Malaysia can thus be described as an amalgam of aboriginal, Hindu, and Muslim elements, within which individuals or groups have emphasized one element over the other. Villagers are unconcerned over any resulting discrepancies—all aspects of their everyday religion, both its Islamic core and its many accretions, uniformly merit reverence. The arguments among proponents of tradition, reform, modernization, and fundamentalism that occasionally move the educated elite or religious scholars seldom touch the religious lives of Muslim villagers, who remain basically conservative.

To the Sunni Malay two aspects of his relationship with the spiritual world are of overwhelming importance: the preparation of his body for the final day of judgment, so that he may enjoy the heavens of the blessed; and the protection of his body, soul, and vital power from the evil spirits inhabiting his world. For these purposes he depends primarily on the practices and prayers of Islam, particularly on the Five Pillars as stated in the Koran. Since the prayers and words associated with Islam are thought to come from the Godhead himself through Muhammad, they have an efficacy and a power in themselves. They are so holy that their very utterance will dismay and rout the evil spirits. Most Malay religious practices take the form, therefore, of ritualistic recitation and repetition of chants.

The Koran contains a number of injunctions: drinking alcoholic beverages and eating pork are forbidden; idolatry is an unforgivable sin; ostentatious waste, pride, haughtiness, wearing gold and silver, and usury are condemned. The Malays obey the injunction against eating pork but freely accumulate gold and silver jewelry. They feel cautious about modern economic transactions involving interest but may resolve the issue by making a clear distinction between exploiting individuals through personal loans with exorbitant interest rates and interest from organizations, which they consider impersonal. Finally, although Islam forbids gambling, it is an important part of Malay culture and is viewed as far less serious a sin than usury.

Conversion of the early Malay rulers to Islam first gave that religion a political association and a special position that has continued to the present day. The only special protection accorded to other religions is furnished by constitutional guarantees against interference and against taxation that would support Muslim institutions. Special provisions are also made for the states of Sarawak and Sabah because of their primarily non-Muslim populations. Practicing Muslims have special obligations under law as well as special rights, and they have a separate system of courts and pay special taxes.

Under the Constitution the ruler of each state (with certain exceptions) is the highest ranking Islamic authority in that state. Religious questions pertaining to the country as a whole are decided by the Conference of Rulers (see ch. 10). In Penang and Malacca, which have no hereditary Malay rulers, these duties are assumed by the supreme head, or ruling monarch, of Malaysia, who is also the religious head of the state from which he is elected. In certain cases he may act for the Conference of Rulers in religious matters affecting the country as a whole. Neither Sarawak nor Sabah has a similar Muslim authority. Sabah and Sarawak are also exempt from a requirement that Islamic instruction be provided to Muslims in all government-assisted schools having more than fifteen Muslim students; moreover the federal government may not give financial aid to Muslim institutions in the Borneo states without state government approval.

In each of the Muslim states the supervision of religious affairs is the responsibility of the religious affairs department. These departments are responsible for issuing opinions and rulings on religious questions and supervising such matters as collecting special taxes imposed on Muslims—the annual tithes required by religious law. The Constitution reserves to the Muslim states—as distinct from the federal legislature—almost all power to legislate on Muslim affairs, including regulation of such matters as inheritance, betrothal, marriage, divorce, dower, maintenance, legitimacy, guardianship, and trusts. In addition to special tax liabilities Muslims are subject to penalties for violating religious injunctions: these include failure to attend Friday prayers, consumption of intoxicating liquor, contempt of religious authorities or of Islam, and others.

Islam has no ordained clergy; local religious functionaries—those who lead public prayers, preach sermons, and call the faithful to pray—are generally chosen within the community from those who have achieved religious authority through knowledge, scholarship, piety, or through making a pilgrimage to Mecca. Religious authority is rooted within the locality served by a mosque (in the larger villages or towns) or the smaller prayer house (*surau*), and religious officials generally form most of the elite of the locality. These factors had political implications in the mobilization of support for the country's principal Islamic political party (see ch. 11).

The sultans of the various Malay states are the "defenders of the faith" and the highest religious officials. The sultans appoint the state religious legal adviser or judge (*mufti*), who is assisted by several magistrates (*kadis*). Part of the responsibilities of these officials is to mediate between Muslim law (*sharia*) and customary law (*adat*), which frequently conflict on such basic matters as inheritance. For example, in matters of land inheritance—the most common source of dispute—the advice of the *kadi* will be sought by the state officials responsible for making a decision. The area of potential conflict,

however, appears to have been greatly reduced since independence by the intervention of bureaucratic and legislative systems that help provide a balance between sharia law and *adat*.

Although state officials were nominally responsible for supervising religious life, it appeared that such control rarely affected the mosques, which generally served several villages and had religious jurisdiction over an entire subdistrict (*mukim*). The imam (prayer leader) of the more numerous prayer houses—often built by pious villagers or well-to-do peasants—appeared to be almost completely independent of the formal state hierarchy. The prayer house was the most important focus of village religious life; along with the local coffee-house, it was also the social and ritual center.

Elementary instruction in the Koran is provided at the prayer house as well as the mosque; instruction ordinarily consists only of memorizing parts of the Koran, but it formally establishes the children in the community of Islam. More advanced training can be obtained at one of the several religious schools (*pondok*) that developed around particularly well known and learned teachers (*gurus*), and served regional rather than local areas.

Among several religious festivals the two most important are the Pilgrimage Festival (Hari Raya Haji) and the Fast-Ending Festival (Hari Raja Puasa). The former celebrates the time when pilgrimages to Mecca are customarily made and the latter the end of the month of fasting (Ramadan). These festivals and the celebration of the Prophet's birthday are national holidays.

Certain aspects of Islam in Malaysia would not be recognized by Muslims in the Middle East. Malay belief incorporates or is intermingled with superstition, magic, and elements of Hindu and even more remote indigenous beliefs; the principal marriage ceremony and the rituals surrounding the installation of a sultan especially reveal Hindu influences. Malays visualize the existence of innumerable spirit beings, arranged hierarchically, as angels, demons, and *hantu* or jinns (evil spirits or ghosts). The angels are largely Muslim. Evil spirits are thought to be everywhere, having been released on earth to plague mankind. The *hantu* may cause disease, the intensity of which varies with the closeness of contact. In addition to these spirits there are the ghosts of the recent dead. One class is benevolent, consisting of the spirits of chiefs or rajas, founders of resettlements, and magicians, all of whom are attached to some place or clan (as in Negeri Sembilan). Another class consists of the ghosts of the vengeful dead—those murdered, perjured, or unwanted, and those who died in childbirth—and are very dangerous. There is also a class of spirits used as familiars by magicians and shamans.

Most Malays believe that the course of human events is influenced by the celestial bodies and that harmony can be achieved between man and the universe by observing celestial omens and numbers

thought to have mystical qualities. Astrology is generally highly regarded in both rural and urban areas.

As conceived by the Muslim Malay, existence involves three factors—*nyawa* (life soul), *roh* (intellect soul), and *semangat* (activating or vital force). The Malay regards *nyawa* as emanating from the primal light and manifesting itself as the soul of a person or of an object. The *nyawa* is a life soul in the sense that it remains associated with an individual even though he may be asleep, unconscious, or extremely ill and in the sense that its final departure means death and physical disintegration. Malay mystics deny the existence of individual souls. Instead they talk of the "all-soul of the universe," an aspect of the Supreme Being or Godhead (Allah or Al-Rahma) that permeates all nature and all things and consists of the soul of all plants, animals, humans, and spirits.

The *roh* is the agent of intelligence or knowledge and has inherent in it thought, reflection, consciousness, and sense of personality. It is without form, like a vapor, and its departure from the human body means death.

The *semangat* is a mystical power that activates the qualities inherent in the *roh* and *nyawa* into a physical body. It acts as an energizing agent, but it is impersonal and devoid of individual will or spirit. It is possessed in various degrees by all things, and certain objects—such as stones and plants and certain parts of the body, such as the teeth and hair—are prized as having *semangat* to an abnormal degree. Everything connected with the body where *semangat* is present must be protected from the sorcery of enemies. The *semangat* exists even in one's shadow.

Malays safeguard their existence in the physical everyday world through many ritual ceremonies that reflect both Muslim and more ancient traditions. The most important are associated with birth, puberty, marriage, and death. Almost all the ceremonies involve prayers, attendance by religious leaders and teachers, and serving certain dishes. For a marriage or a death ceremony there is often a feast. There may also be ritual feasting associated with venerating saints, warding off evil, during or after a trip, or on any other occasion demanding special recognition. One life-cycle rite associated in the Malay mind with Islam, but in line with previous Malay concepts, is circumcision.

Malay shamans, magicians, and devotees of mystical Sufi Muslim sects and orders provide a number of services ranging from divination to exorcism. The rituals involve an incantation or invocation, usually beginning and ending with the Islamic profession of faith but also containing Hindu and Sufi imagery. The rituals of magicians and medicine men are often interwoven with Islam. Malays tend to accept such practices with a pragmatic mixture of belief and skepticism, and the need for and interest in these activities appears to have declined with increasing education, medical care, and the like. Modernization,

however, also generates increased stress, uncertainty, anxiety, and other problems, and the services of the medicine man and others in controlling or communicating with the supernatural continue to serve practical needs and to retain functional advantages.

## THE CHINESE

Among the Chinese the three great religious streams—Confucianism, Taoism, and Buddhism—are not sharply differentiated, and the religious life of most Chinese is likely to embrace elements of all, emphasis depending in part on the area of China from which the family originally came. Confucianism unites and strengthens family life; Taoism seeks freedom from materialism and appeals to the mystical side of human nature; and Buddhism offers the promise of salvation and preaches a doctrine of reincarnation, purgatory, and obligation to ancestor worship. Although they offer enlightenment, spiritual guidance, and—in Buddhism and Taoism—such institutions as temples and monasteries, the three traditions are mainly philosophical or ethical systems rather than religions supporting organized bodies of believers with a uniform doctrine.

The great majority of the forebears of Malaysian Chinese came to the peninsula as poor laborers or petty tradesmen. They brought with them a strong folk religion, the main element of which was a personal and individualized ancestor cult—as influenced and systematized by Confucianism, Taoism, and Buddhism. The ancestor cult was itself based on the assumptions that the living can communicate with the dead and that the dead are affected by and can influence events in the world of the living. It is incumbent on the living, therefore, to venerate and protect their ancestors and to live their own lives in such a way as to benefit their ancestors and ensure their own well-being in the afterlife. The eclectic character of Chinese religion includes belief in spirits and the worship of numerous deities and saints, some of whose origins are remote and others drawn from the Buddhist and Taoist pantheons.

The Chinese believe that spiritual reward or punishment may come in one's lifetime as well as after death or may be visited on one's children. Death by lightning, sudden and violent illnesses, and serious accidents are generally regarded as punishments from the spirit world. Conversely wealth and good fortune are usually held to be rewards from the spirit world for good deeds performed by the recipient or his ancestors.

Certain particulars, if not the broad outlines, of religious practices have been modified as a result of Chinese isolation from their homeland, the influence of their new environment, and their initial circumstances of cultural, spiritual, and family deprivation. An ancestral tablet (or a substitute, such as a photograph) is still kept in a special

shrine or on a shelf, which may also house certain deities and is the object of ritual attention in domestic worship; but the more elaborate beliefs relating to the division of the soul after death, fixing part of the soul in the ancestral tablet, and requirements for periodic rituals of kinship solidarity have been altered. Instead the Chinese practice ancestor memorialism, an extension of filial piety, after the death of parents. Just as it is unthinkable to neglect one's parents or immediate ancestors while they live, so it is unthinkable to neglect and forget them after death. As an expression of filial piety for deceased parents, therefore, children give them ritual attentions.

In Malaysia, as in China, the Goddess of Mercy appears to be the most popular deity. Some gods acquired entirely new personalities and functions in Malaysia. Moreover the elaborate and rigid bureaucracy of gods and their functionaries, once a part of the Chinese belief system, has become less important than the more adaptable system of deified local heroes and spirits of the dead who can intervene to protect the economic interests of the Chinese community.

The Chinese express their piety by a quiet adherence to the positive virtues sanctioned by the spirit world. More overt manifestations of religious feeling appear in the domestic rites before the household gods and ancestors. Traditionally ceremonies take place before the tablets on the first and fifteenth days of the lunar calendar month, during which incense is burned or candles lit. Special rites are observed at certain times of the year—New Year, Feast of Tombs, Dragon Boat Festival, Month of Good Brothers, Birthday of the Kitchen God, the Winter Festival, and the times of death or marriage. Some of the calendar observations, such as the Dragon Boat Festival, are the occasion for large-scale public celebrations, but these are not of primary importance from a religious viewpoint. Chinese ritual is essentially family centered, and it is the family or household rites that have the greatest significance. This is true even in the death ceremonies, although the community as a whole at this time offers support to the bereaved family in its attempt to carry out the duties of filial piety.

The frequent and important rites practiced in the home are commonly carried out by the women, primarily by the senior female, who bears the main responsibility for them. Since children are often made to help the women in the simple daily and monthly rounds of lighting incense, it is common to see little boys playing their part, but adult male members of the household take little direct interest in religious affairs in the home.

Temple priests are usually associated with the cults of the various deities, and the cults are sponsored by associations. A benevolent or regional association may have a section dealing with death and burial benefits and may support a temple in its graveyard. It also may have another section for those interested in the cult of a specific deity and

may support another temple for that purpose. The cults and the priesthoods associated with them may be Buddhist or Taoist. Buddhism and Taoism are represented by separate priesthoods, which offer their services, especially for funeral rites, to anyone who will pay their fees. These two religions are not clearly distinguished in temple organization; in most temples both Buddhist and Taoist images are found, although they are often placed in separate rooms or shrines. Even though the gods of these temples have jurisdiction over a relatively fixed area, the congregation is not defined as being from a specific area. In the countryside a local temple may maintain a more fixed relationship with the people who live near it, but on the whole individuals may worship in the temple of their choice.

Among other kinds of religious practitioners are spirit mediums, differentiated as to function, who are resorted to for communication with the spirit world and through whom the gods are asked for advice and help, especially on matters of illness and other misfortunes. Fortune-tellers are primarily in demand for the determination of auspicious days for various activities. They also determine the compatibility of couples before betrothal. The horoscope is most commonly employed, but divining blocks may also be used.

## THE INDIANS

The majority of Indians in Malaysia are Hindus who worship a plurality of gods and who adhere to a comprehensive range of ideals, rituals, and beliefs. The orthodox Puranic Hinduism of the present day is divided into six sects, the most important being Sivaism and Vishnuism. The Indians who migrated to Malaysia brought a religion connected with cultivation of the land, the welfare of the family and kin group, and the deification of the place of family or kin group residence. Migration to Malaysia weakened this pattern, if only because of the impersonal nature of employment on the large rubber estates and the lack of familiar deities associated with the land.

An attempt has been made to continue some of the old forms in the new setting. Each estate has at least one temple dedicated to a god—usually derived from the Hindu pantheon—serving as a guardian deity for the estate workers. If one of the gods seems unpropitious, however, the workers have no hesitancy in turning to another deity. The estate temples and the temples in urban areas are tended by Brahman temple priests, who care for the shrine, accept offerings made to the deity, and act as intermediaries between the people and the god. The temple is regarded not as a place for communal worship but as the abode of a deity. The worshipers take no part in the temple ceremonies and merely enter the temple to attain spiritual uplift and blessing and to give offerings to the god through his priests. There are also Brahman domestic priests, who attend to the domestic religious needs



of Indian families, and Brahman religious teachers. The priesthood, however, is not very large in Malaysia.

## CHRISTIANITY

There are more than 300,000 Christians in Malaysia. Roman Catholics are most numerous, followed by Methodists, Anglicans, Presbyterians, and some Seventh-Day Adventists. Christian missions entered Malaysia soon after 1874, but they did not achieve even limited success until after World War II. They were most successful with the Chinese and Bornean indigenous peoples, less effective among the Indians, and not at all successful with the Malays. Conversion to Christianity, like conversion to Islam, is often superficial and does not preclude the persistence of traditional indigenous beliefs. Indigenous peoples, for example, tend to accept ritual and taboo-like prescriptions that are in accord with their own conception of religion as largely a matter of obligations and prohibitions.

Although few in number, the Christians have affected cultural, social, economic, and medical development by establishing hospitals, missions, and religious and secular schools that teach in the English language. The schools were particularly important to the Chinese, offering them their only route into the professions and white-collar positions and creating a large English-speaking and English-oriented Chinese group. As a Malaysian school system was established and developed, the importance of the Christian schools tended to decrease in Peninsular Malaysia and to a lesser extent in Sabah and Sarawak. Possibly because of the turbulent political events since 1963, a number of Christian missionaries were expelled from Sabah in December 1970.

## INDIGENOUS BELIEFS IN SABAH AND SARAWAK

Animist cults, surviving from the distant past, claim the adherence of over half the population of Sabah and Sarawak and constitute an underlying current within Islam and Christianity. Their religious patterns are similar to those common throughout Southeast Asia. Christianity and Islam are relatively new arrivals, and their growing support is a result of their prestige and organized strength.

Although there are innumerable variations in details of outlook and practice and although none of the indigenous religions has formulated rigid theories of the origin and nature of the universe or of the various supernatural beings and their relation to man, the indigenous people share basic concepts and beliefs, which are expressed in ritual rather than in systematic theology. All groups believe in a great number of nonhuman spirits, such as those of animals and of such natural objects as trees, rocks, mountains, and waterfalls, which must be pla-

cated if they are angry, supplicated if various enterprises are to be successful, and thanked if they are to be favorable or neutral in the future.

The spirits of the dead, particularly of deceased chiefs, have the power to affect the living. Enormously diversified, spirits range in nature from positive malevolence to potential benevolence; many are neutral and exercise variable influence. As a result life is guided by a complex of rituals, omens, and taboos in order to propitiate this bewildering array of spirits, particularly during times of birth, death, illness, travel, and harvest. Violations entail bad luck, disease, or death, whereas correct observance brings prosperity and health or at least wards off disaster. Emphasis is on performing the proper ritual at the right time and avoiding actions that may bring the displeasure of the spirits on an individual, the household, or the village. Often similar rituals are practiced in different villages, but the supporting ideology varies. Nevertheless the prevalent assumption is that everyone shares the same basic beliefs, which make the rituals meaningful.

Indigenous religious belief and man's relations with the gods, spirits, and demons are strongly focused on the problems of living in this world rather than in the hereafter. Although there is belief in an afterlife, it is conceived as similar to the present one. Ideas of rewards and punishments after death for acts on earth are vague and, when present, hint of Hindu and Muslim influence.

Many rituals are connected with burial and are to ensure that the dead will arrive safely in the afterworld and not return to bother kin. Elaborate ceremonies also attend the cultivation of ricefields among most indigenous groups. The practice of head-hunting, now prohibited, traditionally called for specific rites, many of which are still prevalent.

Other means of combating the caprices of a nature abounding in spirits include scrupulous attention to omens and observances of taboos. Common omens that indicate whether a given venture is likely to succeed are the conduct of certain birds and the markings on a pig's liver. Adverse warnings are taken seriously, and an entire village may risk starvation rather than tend the fields in the face of contrary omens. Traditional patterns of life are reinforced by various taboos that restrict or prohibit certain actions. Among the important ones are those against incest and eating particular animals. If a taboo is violated, sacrifices are made to avert evil consequences.

Among the principal ethnic groups, such as the Kadazan, Iban, and Land Dayak, religious and magical rituals involve specialists—priests, priestesses, mediums, and other commissioned experts, often several to one village. The rituals associated with various ceremonies are lengthy and involve detailed invocations or incantations for which long training is required.

## CHAPTER 7

### LIVING CONDITIONS

During the first session of the Malaysian Parliament in 1975 almost half the questions raised by the members of the House of Representatives related to such issues as health, education, and welfare services. This situation reflected the concern of the society at large about the distribution of social goods—a broad term that includes access to educational opportunities and health facilities as well as the consumption of goods and services—and concern about the effect of governmental plans for development on these benefits.

Thus, even while Malaysia's overall economic performance remained high by Asian standards, living conditions reflected a marked distortion in the distribution of social goods, most demonstrably between urban and rural areas in general and between Chinese and Malay families in particular; moreover a politicized electorate was aware of and disturbed by this disparity. Income was generally the most important determinant and index of a family's standard of living, but the concentration of various welfare facilities and services in urban areas greatly influenced access to social goods. The dominant role of the Chinese in the economy and their concentration in urban areas mutually reinforced their economic condition; thus the Chinese community was widely regarded as having a favored position in its standard of living, even though a substantial proportion of its citizens shared the impoverished circumstances of their Malay compatriots (see ch. 11; ch. 13).

The First Malaysia Plan (1966-70) provided the first opportunity to consolidate a nationwide plan for development. The plan stated among its primary goals the promotion of the welfare of all citizens and noted the need to improve living conditions in rural areas and among low-income groups in general. Expenditures initially envisioned under the plan were not met, and both public and private investment during the plan period gave emphasis to urban and urban-related expenditures. The limited investment in social capital in rural areas, including localized though ambitious land development schemes, failed both to raise the incomes of rural families and to prevent migration to urban areas.

The communal riots of 1969 served to underline the extent to which racial hostility, a major obstacle to national unity, was induced by the

differential receipt of social goods by ethnic groups (see ch. 4; ch. 13). In forming the Second Malaysia Plan (1971-75) the government proposed the New Economic Policy, which sought to promote national unity not only through the eradication of poverty for all Malaysians—by increasing employment opportunities and raising income levels—but also through restructuring society. The existing economic imbalance was to be modified by increasing Malay participation in the modern sector of the economy and by reducing and eventually eliminating the identification of economic function with racial group (see ch. 13).

The extent to which the government attempted to implement the planned goals, especially regarding the efforts to restructure society and reduce Chinese dominance in the economy, remained a sensitive issue (see ch. 9; ch. 11). Preliminary analysis indicated that benefits had been extended to rural areas but that the need for substantial improvement remained. Although publication of the Third Malaysia Plan (1976-80) was delayed, it was expected to give particular emphasis to health services and housing facilities in specific poverty areas, especially in the states of Kelantan, Terengganu, Pahang, Kedah, Sabah, and Sarawak (see ch. 13).

### INCOME DISTRIBUTION

Although per capita income has been increasing since the mid-1960s, wide inequalities in the distribution of income remained in 1976. The most recent source providing comprehensive comparison was the 1970 census, and the relevant information was available only for Peninsular Malaysia, which included over 75 percent of the population. The average household income in Peninsular Malaysia in 1970 was M\$269 (for value of the Malaysian ringgit—see Glossary) per month. The top 10 percent of all households accounted for nearly 40 percent of all income received, whereas the bottom 40 percent accounted for only about 12 percent. About 17 percent of all households in Peninsular Malaysia had incomes below M\$100 per month, and a total of 58 percent of all households received M\$200 or less per month. Income distribution data from the 1957-58 period and from 1970 showed a sharp increase in inequality and a substantial lowering of the proportion of total income earned by the poorest 40 percent of all households.

Poverty was most characteristically found in rural areas; about 90 percent of all households on the peninsula having an income of less than M\$100 per month were found in these areas. About 34 percent of all rural households had incomes under M\$100 per month compared with only 9.4 percent of all urban households. The average monthly income of rural households was less than one-half the average urban household income of M\$435. Most poverty households

were engaged in small-holding agriculture—mainly producing rubber, rice, and coconuts—or were farm laborers or fishermen. The urban poor were engaged in small-scale commerce or in the services sector. Part of the difference between urban and rural household incomes was believed to reflect a greater number of wage earners per household in urban areas.

Poverty was also more characteristically found in Malay than in Chinese and Indian households. Whereas 52 percent of all households earning over M\$3,000 per month were Chinese, almost 85 percent of all households earning less than M\$100 per month were Malay (see table 3). About 92 percent of all Malay households earned less than M\$400 per month, but about 29 percent of all Chinese households earned M\$400 per month or more. The average Chinese household income per month of M\$387 was over double the Malay household average of M\$179. Indian households had an average income of M\$310 per month.

The government has sought to increase family income by improving the productivity of labor through vocational and technical training and

Table 3. *Malaysia, Distribution of Households by Ethnic Group and Income, Peninsular Malaysia, 1970*  
(in percent of total households)

Kind of Household	Income per month in Malaysian ringgits <sup>1</sup>							Total Households
	1 to 99	100 to 199	200 to 399	400 to 699	700 to 1,499	1,500 to 2,999	3,000 and Above	
Urban Households:								
Malay . . . . .	4.4	7.3	10.2	11.6	11.7	8.5	6.8	7.9
Chinese . . . . .	4.3	12.0	21.8	30.6	42.2	48.5	42.7	16.1
Indian . . . . .	1.2	4.4	4.2	6.6	9.2	10.7	16.0	4.0
Other . . . . .	0.1	0.1	0.1	0.5	2.0	6.6	13.3	0.3
Rural Households:								
Malay . . . . .	80.1	53.5	30.1	20.0	11.5	5.5	5.3	48.8
Chinese . . . . .	5.3	12.9	24.2	25.1	19.1	13.6	9.3	15.2
Indian . . . . .	3.7	9.6	9.3	5.5	3.3	2.9	1.3	7.2
Other . . . . .	0.9	0.2	0.1	0.1	0.9	3.7	5.3	0.5
Total Households: <sup>2</sup>								
Malay . . . . .	84.5	60.8	40.3	31.6	23.2	14.0	12.1	56.7
Chinese . . . . .	9.6	24.9	46.0	55.7	61.3	62.1	52.0	31.3
Indian . . . . .	4.9	14.0	13.5	12.1	12.5	13.6	17.3	11.2
Other . . . . .	1.0	0.3	0.2	0.6	2.9	10.3	18.6	0.8

<sup>1</sup> Income includes cash income, imputed income for earning in kind, and transfer receipts. For value of the Malaysian ringgit—see Glossary.

<sup>2</sup> Figures may not add to 100.0 because of rounding.

Source: Based on information from Malaysia, *Mid-Term Review of the Second Malaysia Plan, 1971-1975*, Kuala Lumpur, 1973, p. 4.

special educational programs as well as by expanding employment opportunities and entrepreneurial activity. The construction of industrial sites and the location of related services in rural areas has been encouraged to offer rural families the opportunity for nonfarming occupations. Increased productivity in the agricultural sector was also being advanced—with particular emphasis on smallholders—through such rural development schemes as irrigation projects, marketing and credit organizations, seed and fertilizer services, and expansion of infrastructure (see ch. 14).

The economically disadvantaged position of the Malays was the result of various cultural influences that tended to reinforce social, psychological, and behavioral patterns. British policies, for example, sought to protect the indigenous population by generally confining Chinese economic activities to urban areas and Malay activities to rural areas. Similar safeguards included exclusive Malay recruitment to public services and restrictions on landownership, provisions that were included in the Constitution (see ch. 10; ch. 14). As a result of these measures Malays were diverted from the most productive sectors of the economy, and an entrepreneurial class failed to emerge among the Malays (see ch. 13).

Participation of Malays in the modern commercial and industrial community was promoted under the Second Malaysia Plan. The preferential selection of Malays encouraged them to enter in programs that taught technical and managerial skills, thereby enabling them to obtain better wages and to operate their own businesses. The ultimate goal of these programs was to provide for a shift of Malay labor away from the agriculture sector and for 30-percent Malay ownership of the industrial and commercial sector within twenty years from the end of the plan period.

The government's efforts to improve real income were undermined during the first half of the 1970s by changes in domestic and international economies. Earnings for the agricultural sector were the most severely hit by the decline in commodity prices on the international market, but incomes throughout the economy were eroded by inflation. Between 1960 and 1972 the consumer price index increased at about 1 percent annually. Between 1972 and 1975, however, the index increased by about 40 percent. The rate of inflation was highest in 1974, when it averaged about 18 percent, but by 1975 the rate had slowed to about 7 percent. The prices of most consumer goods, however, remained between 5 and 10 percent higher in 1975 than in 1974.

Although the inflationary spiral had apparently been brought under control and increases in wages had partially offset increased prices, it was difficult to judge the uniformity of the adjustment. Workers in the estates sector experienced a decline in wages in 1975 from 1974—about 7 percent for rubber tappers. Collective agreements in the manufacturing sector in 1975, however, provided increases in wages that

ranged from 4 to 30 percent. Replanting of rubber trees subsidized by the government had increased the income of certain smallholders but had not affected others. In 1975 the government estimated that, if income in kind and government subsidies as well as improvements in infrastructure and credit facilities were taken into account, the quality of life for families in development areas had increased.

Inflation, the increasing range of goods manufactured locally, the increased level of education, and higher wages all combined to give the Malaysian consumer a greater consciousness of his rights. Interest was evident in pricing, rating, weighing, packaging, and other marketing techniques. In 1973 the Federation of Malaysia Consumers Association was formed, but the lack of widespread consumer support and inadequate finances hindered its effectiveness. That same year the government established the National Consumers Protection Advisory Council under the Ministry of Trade and Industry. In addition to advising the government on price policies and distribution of goods—including stockpiling essential goods—the council also reviewed various acts relating to consumer protection.

### EFFECTS OF URBANIZATION

Differences in living conditions have resulted largely from the concentration of development activities in urban areas and the sharing of the profits of these activities by comparatively few. Most commercial and industrial concerns have been located in urban areas, providing the tax base necessary for such municipal services as sewage treatment and electric power. Urban populations have exerted great influence on governmental decisions concerning the location of facilities ranging from hospitals to recreation centers. Urban areas have benefited both from wealthy donors and from commercial credit sources, enabling the construction of private and charitable facilities. More education and employment choices have offered urban residents greater opportunities for upward economic and social mobility.

Since World War II, as differentials in living conditions and employment opportunities between urban and rural areas not only increased but also became more visible, migration to urban areas grew. This influx of people into cities and towns has strained the very urban services that stimulated migration. New arrivals, however, have usually been willing to accept inferior conditions—sometimes even inferior to those they knew in their villages—in the belief that they would eventually be able to improve their situation.

The precise rate of urbanization was difficult to assess. The increasing density of settlement patterns in the country resulted in a change of the official dividing line between rural and urban communities used in the 1970 census from a population of 1,000 to communities of 10,000 or more. Only 29 percent of the population in 1970 was therefore

classified as urban, although 32 percent had been so classified in the previous census. A 1976 government publication suggested that over 40 percent of the total population, including suburban metropolitan areas, could be classified as urban (see ch. 2).

The pattern of urbanization in Malaysia differed somewhat from that found in most other Southeast Asian countries. Although Kuala Lumpur was the major growth center in both size and rate, this growth had to be seen in the context of expansion in the entire Kelang Valley region; development in Port Kelang (formerly Port Swettenham), Petaling Jaya, Batu Tiga, and Kuala Lumpur, for example, was reinforcing. Thus, rather than a single primary city, Malaysia more accurately possessed a primary region where development was highly concentrated. Some decentralization of development, however, had taken place in such sites as Georgetown, Ipoh, and to a lesser extent Kuantan, Kuala Terengganu, and Johor Baharu.

In addition to the fact that many urban areas were surrounded by suburban development, a definition of the extent of settled urbanization was clouded by the great number of Malays who used homes in urban areas as well as family locations in rural areas to balance short-term employment and temporary economic setbacks. This mobility between urban and rural areas was not found among the Chinese, who moved to an area and tended to remain. Migration by Malays, moreover, tended to be from rural areas to nearby urban centers; hence interstate migration was of little significance.

A major consequence of increased urban density has been the development of squatter communities on unused private and public land in or near urban areas. Most of the squatters have been rural migrants in search of employment in the industrial sector. The low wages they received left them unable to pay for urban housing, and they built substandard housing, often of salvaged materials, as close to their work as possible in order to save transportation costs. Water for cooking and drinking had to be carried long distances from communal faucets. Many units used kerosine for lighting and fuel. Dangerous strings of extension cords sometimes provided electric connections between dwellings. Houses were usually built very close together, and there were few sanitation facilities.

The economic, social, and psychological problems of the squatter situation were most pronounced in Kuala Lumpur. In the mid-1970s about 25 percent of the population in the federal capital were squatters. In all there were almost forty settlements with a total population of about 36,000 families; about half of these settlements and about half of the total squatter population were Malay. Ten of the settlements were Chinese, two were Indian, and five were multiracial.

Since 1969 the city has resettled about 7,000 squatter families in low-rent apartments. To encourage resettlement into these units, the city charged no rent for the first two months and gave a 50-percent



reduction for the next twenty-one months. Under the Third Malaysia Plan the city administration has proposed construction of an additional 30,000 units and would make available sites and services for squatters to construct their own houses using plans provided by the city.

Resettlement presented several economic problems. Over 85 percent of the squatter families earned less than M\$300 a month and could not afford even the least expensive city units. Houses constructed according to city plans would cost between M\$5,000 and M\$7,500. Special financing would have to be established in order to provide low-cost, long-term loans. In order to resettle the squatters, about 4,000 acres of land would be needed. Land was scarce in the center of the city and would have to be selected from lands in the squatter areas. Resettlement of the squatters in new areas would make it difficult for them to retain their jobs—most of which were with small-scale industries—and could result in the unemployment of some 27,500 people.

Various social factors, in addition to the economic problems of squatter resettlement, were important. Building preference was given to individual houses rather than apartments. There was considerable resistance, especially among Malay families, to abandon traditional patterns of living and occupy quarters in which ethnic groups were mixed. Housewives wanted to have access to the street vendors and open-air stalls, where shopping provided an important aspect of social communication between them and the other women in the community. Chinese families preferred to live near the small shops or hawking routes they operated.

## HOUSING

Housing differs between rural and urban areas and among the various ethnic groups that make up the population. Generally, urban areas are overcrowded and housing problems serious. Although congestion is less intense in rural areas, incomes are low; and houses, except for the residences of large landholders, are small and rather flimsily built.

According to the 1970 census there were about 1.6 million living quarters in Peninsular Malaysia. Of these, 98.5 percent were private accommodations; the remainder included hospitals, hotels, and facilities not originally intended for housing. Not quite 60 percent of all quarters were in rural areas. The most popular accommodations were separate houses or bungalows, representing 81 percent of the total; apartments were not valued by most Malaysians.

Although such processed materials as brick, concrete, and glass were coming into wider use, more than two-thirds of all residences have walls of wood. The extensive forest reserves in the country make lumber readily available and inexpensive; the use of wood also reduces labor costs.

In rural areas there was a lower average of persons per dwelling than in urban areas; however, the level of sanitation was much lower. Whereas almost 90 percent of the households in metropolitan areas had piped water, only about 32 percent of all rural residences had such services (see table 4). This lack was a major reason for such infectious disease as cholera and typhoid as well as dysentery and skin diseases in rural communities. Although responsibility for water supply rested with the individual state governments, since 1975 the federal government has provided matching funds for the expansion of pure rural water supplies.

### Rural Housing

Housing in rural areas ranges from the simplest split-bamboo frame and thatched-roof houses elevated on poles to substantial wooden dwellings with elaborate gables and tile roofs. The average house contains two rooms—one in front to receive visitors and the other in the rear, forming a main living area. There is also a back veranda, where the cooking is done and other household chores are carried out. Poultry and livestock are kept in the space under the floor.

Furniture in rural dwellings is simple. Even in the more elaborate houses it usually consists of little more than pandanus mats laid on the floor at night for sleeping, a few utensils, and occasionally a wooden cabinet or chest for storing china, papers, and family or personal valuables. Wall shelves hold such personal possessions as a tobacco pouch, trays and materials used for betel chewing, and photographs.

Indians in rural areas are predominantly estate workers and live in quarters provided by the estate management. Their accommodations consist of a line of wooden, barracks-like rooms with thatched roofs,

Table 4. *Malaysia, Distribution of Housing Services, Peninsular Malaysia, 1970*

	Average Number of People per Dwelling	Percent of Households		
		With Piped Water	With Adequate Toilet Facilities	With Electricity
Metropolitan . . . . .	7.5	89.6	95.1	85.6
Urban large . . . . .	7.0	71.4	84.6	79.6
Urban small . . . . .	6.8	61.5	83.4	68.1
Rural . . . . .	5.5	32.3	59.7	24.6
Peninsular Malaysia	6.1	47.5	69.8	43.7

Source: Based on information from Malaysia, *Mid-Term Review of the Second Malaysia Plan, 1971-1975*, Kuala Lumpur, 1973.

which are built on stilts to provide cooking areas underneath. When these quarters deteriorate and become uninhabitable, the tendency on most estates is to replace them with similar structures made of brick with aluminum-sheeting or tile roofs. Some separate cottage-like quarters are being built. Government regulations specified construction standards for new housing on the large estates; the subdivision of estates into smaller units not subject to government regulation, however, left an increasing number of workers with substandard housing and deteriorating living conditions.

In Sarawak and Sabah the pattern of rural housing is somewhat different for indigenous tribal people, who commonly live in a unique kind of dwelling called a longhouse. These structures, built of wood along riverbanks, are on stilts and consist of a number of independent family compartments joined longitudinally under a common roof to form a single structure. A broad public veranda runs the length of the building. The basic structure of the longhouse is built by cooperative labor, but each family owns and maintains its own compartment, including that portion of the veranda fronting on it. As many as fifty or sixty families—in effect constituting a small village—may reside in one longhouse.

The longhouse is sparsely furnished. Inhabitants sit on bamboo or grass mats that cover the floor. The walls are draped with rolled-up hammocks that are stretched between the walls at night. Shelves hold radios, brass bowls, china plates, and other personal items. In some Iban longhouses human skulls—treasured relics—hang from the ceiling. Sanitation in the longhouse is usually primitive; holes in the floor are the only accommodation for waste disposal, and pigs and poultry are kept underneath and serve as scavengers. Food is cooked on the veranda. Bathing and washing are done in the nearby river.

During the Emergency rural residents, especially Chinese—in areas where insurgents were operating in Peninsular Malaysia—were gathered and resettled in communities called New Villages, both to protect them from communist terrorists and to prevent them from aiding the insurgents. The lands and services initially allocated to the New Villages were inadequate, and the subsequent population growth considerably eroded living conditions in them. Government investment in housing until 1970 was primarily in urban areas, but under the Second Malaysia Plan M\$10 million was allocated for repairs to roads and housing in New Villages. Crowding and limited employment opportunities, however, remained.

One of the most successful housing programs in rural areas is the resettlement of families on rubber and oil palm schemes under the Federal Land Development Authority. By mid-1975 the agency had resettled about 31,000 families, a total of about 200,000 people, in 100 schemes throughout Peninsular Malaysia. About a third of the resettlement had taken place since 1970. Each family was provided a basic

timber house. Every house had plumbing and a flush toilet, and the quality of the construction was better than most other kampong, or village, housing. Roads, clinics, schools, and other public services were also built to serve each of the schemes.

### Urban Housing

The Chinese constitute the major segment of urban dwellers. From the wealthy businessman to the small shopkeepers, taxi and rickshaw drivers, clerks, and street vendors, they control the economic life of the city. Chinese in a higher income bracket live in high-rise luxury apartments in downtown areas or, in the suburbs, occupy spacious older, colonial-style bungalows with broad verandas or modern, ranch-style houses. Those with less income reside in blocks of flats or row houses in the suburbs and the city. Chinese with the lowest incomes live in dormitories or cubicles on the upper floors of shops that line the narrow, crowded streets of the business districts. As many as fifteen to thirty people may live in one or two rooms in these tenements.

Urban Malays, who are usually employed in government service, teaching, the professions, or as industrial wage earners, tend to concentrate in sections where the traditional Malay way of life is perpetuated. Also referred to as kampong—the same term used for Malay villages—these areas are usually but not always a collection of wood houses on stilts, connected by plank walkways. Only Malays may own property or operate a business in the kampong. The kampong is populated mostly by low-income Malays, and life revolves around a central mosque and an adjacent market. Other Malays, depending on their ability to afford the expense, live in houses or apartments like the Chinese, as do Indians and members of other ethnic groups.

### DIET AND NUTRITION

The most recent statistics on nutritional standards were provided by government reports on consumption levels in 1971. Initially cited was an average per capita daily intake of 2,028 calories, including about forty-eight grams of protein, of which about 30 percent was obtained from meat or animal products. This compared with optimum levels established by the government of 2,500 calories, including fifty-five to sixty grams of protein, of which at least 40 percent should be obtained from meat and animal products. In late 1975, however, the government revised these figures and indicated an average per capita daily intake for 1971 of 2,250 calories in Peninsular Malaysia and 2,020 calories in Sarawak and Sabah. The government also adopted a recommended consumption optimum of 2,020 calories on the basis of a survey of the Malaysian economy by a committee of experts from

the Food and Agriculture Organization and the World Health Organization (WHO).

Although the revised caloric intake report for 1971 compared favorably with that reported for other countries in Southeast Asia, dietary imbalances resulted in many cases of beriberi, iron-deficiency anemia, and other forms of malnutrition. Children, especially in rural areas and among the poor, often experienced diets deficient in vitamins A and D; children between the ages of two and four were most susceptible to malnutrition. Women in the childbearing age-group, in particular, suffered from iron-deficiency anemia.

The staple diet of all ethnic groups is rice, in which Malaysia was nearing self-sufficiency in the mid-1970s (see ch. 14). In most parts of Peninsular Malaysia rice is supplemented by fish, vegetables, and some meat and fruit when these items are available and when there is sufficient income to buy them. In Sarawak and Sabah and in some of the more remote parts of Peninsular Malaysia, such crops as tapioca, maize (corn), yams, and sweet potatoes form the main supplements to rice. In all areas there are usually two main meals a day—the first consumed in the morning shortly after rising and the second late in the afternoon. Numerous snacks are eaten.

In urban areas large amounts of soft drinks and other beverages are sold. Non-Muslim people in rural areas make their own drinks, mostly from rice. The Iban in Sarawak make a rice drink called *tuak*, which is smooth and sweet; other native groups make *borak*, a bitter rice drink. Because conditions surrounding handling and transportation in all parts of the nation are unsatisfactory, milk is of little nutritional significance in the diet; even children receive little or no milk after weaning. There is a growing tendency, however, to use canned milk for infants and children, and powdered skimmed milk is available to some of the maternal and child health centers and to schools.

Food preferences in Sarawak and Sabah are somewhat different from those on the peninsula. Chinese and South Indian dishes are favored by a majority of the population in Sarawak and Sabah; in Peninsular Malaysia curries—usually without vegetables—are most popular. The curries are mild, contain much coconut, and are served with such condiments as peanuts, salted fish, pickles, or sliced fruit. Also popular on the peninsula is *satay*, small pieces of meat grilled on a skewer and dipped in a hot sauce of ground peanuts and chilies.

For a variety of reasons the diet in all regions lacks sufficient protein. The country raises only a limited amount of livestock, and not much animal protein is available, even to those who can afford it. The Chinese and aboriginal peoples of Sarawak and Sabah are fond of pork and raise pigs; however, the diet of these animals is lacking in minerals and vitamins, and the pork obtained is also nutritionally deficient. Because of religious proscriptions, Muslim Malays do not eat pork; Hindus do not eat beef, and many do not eat meat at all. Ma-

lays, especially those in coastal areas, supplement their diet with fish or fish pastes. Goats, frequently seen in Malay and Dayak communities, provide a useful source of protein on special occasions, but goat meat rarely forms a regular part of the diet. In Sarawak and Sabah the inland peoples frequently do not take advantage of the vegetables and fruits that can be grown there, and attempts are being made to persuade residents to plant and consume them regularly.

Various programs intended to raise nutritional levels were introduced in the 1960s and continued under the Second Malaysia Plan. Included were increased local production of nutritious food, instruction in nutrition and menu planning, and supplementary allotments of food for groups with the highest incidence of malnutrition. A shortage of trained personnel, however, restricted implementation of these programs during the plan period, and less than 40 percent of the original target of 3.5 million people were reached; further efforts were anticipated under the Third Malaysia Plan.

## HEALTH AND MEDICAL SERVICES

### Major Diseases and Their Control

During the first half of the twentieth century, fever and disease were widespread in the territory of present-day Malaysia, but the general level of health in the country has since become second only to that of Singapore in Southeast Asia. Health conditions differed among various states and between urban and rural areas in all parts of the country and were particularly unfavorable in rural areas, where primitive standards of sanitation fostered dysentery and other parasitic illnesses. As the result of vigorous control programs, however, such epidemic diseases as typhus, cholera, smallpox, and dengue fever, which had been the major causes of fatalities, have almost disappeared. Campaigns to eradicate yaws, malaria, and tuberculosis were so successful that yaws was almost nonexistent; malaria was significant along the border with Indonesian Borneo; and tuberculosis, although still a major health problem, was being brought under control.

In achieving the general improvement in public health the government, in cooperation with WHO, the United Nations Children's Fund (UNICEF), and other international agencies, adopted a multipronged attack. Of major importance and basic to all other efforts was a massive program of public education to inculcate an understanding of the causes and prevention of disease and to stress the importance of early detection and treatment. This program was supported by constant radio and television broadcasts, press releases, and newspaper articles; by an increase in public health personnel to provide similar information and instruction at public health centers; and, perhaps most important, by the institution of regular courses in health, hygiene, and sanitation in public schools.

Specific methods of control included mass and often compulsory vaccination and inoculation against the major epidemic diseases, carried out by public health centers and mobile teams in rural areas for the general public and as a regular part of the school health service for children. Quarantine regulations were strengthened and strictly enforced; port controls and quarantine of ships and imports were tightened; sanitary projects, involving better waste disposal and the provision of uncontaminated drinking water, were undertaken in both urban and rural areas; public housing projects to relieve congested and unhealthy conditions in urban slums and village longhouses were started; and several campaigns to eradicate the more prevalent threats to public health were instituted.

Diphtheria, whooping cough, bronchitis, and influenza were common, and the lack of protein and vitamins in most diets resulted in nutritional ailments and malnutrition. Cases of poliomyelitis and goiter also occurred. The campaign against leprosy, which is endemic in all regions of the country, has been marked by advanced methods of control and treatment that have greatly reduced its seriousness, including an educational program encouraging early treatment and a publicity program that appeared to have altered attitudes toward leprosy and lepers.

Information available in mid-1976 regarding morbidity and mortality patterns in the country reflected changes, such as increasing affluence and daily tension, resulting from economic and urban development. Treatment of accidents was the major cause of hospital admission in 1974 (see table 5). Other significant causes included complications of pregnancy, mental illness, and heart disease. Death in hospitals resulted primarily from early childhood diseases, heart disease, and accidents. Tuberculosis, which had been the major cause of death in the immediate post-World War II period, had dropped to seventh place among the major causes of hospital deaths by 1974.

An overall improvement in health throughout the country was reflected in the vital rates. Infant mortality dropped to 38.5 deaths per 1,000 live births in 1971 from 75.5 deaths in 1957. The crude death rate also dropped from 12.4 deaths per 1,000 of the population in 1957 to 6.8 deaths in 1971. The life expectancy of the population of Peninsular Malaysia was estimated at over sixty-two years, compared with about fifty-seven years at the time of independence.

### **Medical Facilities and Personnel**

Most medical facilities were operated by federal and state governments, although many small hospitals were maintained by large agricultural estates for their employees, and numerous other institutions were operated for the general public by private individuals or by charitable and religious organizations. Because the demand was so great,

Table 5. *Malaysia, Principal Causes of Hospitalization and Subsequent Death, 1974*

Cause of Admission	Percent <sup>1</sup>
Accidents . . . . .	13.48
Complications of pregnancy . . . . .	4.97
Gastroenteritis . . . . .	3.71
Mental illness . . . . .	3.10
Heart disease . . . . .	2.59
Skin diseases . . . . .	2.59
Diseases of early childhood . . . . .	2.29
Fever of unknown origin . . . . .	2.16
Cardiovascular disease . . . . .	2.08
Bronchitis . . . . .	1.95

Cause of Death	Percent <sup>2</sup>
Diseases of early childhood . . . . .	18.99
Heart disease . . . . .	15.02
Accidents . . . . .	10.53
Cardiovascular disease . . . . .	7.32
Tumors . . . . .	6.71
Pneumonia . . . . .	6.50
Tuberculosis . . . . .	4.40
Gastroenteritis . . . . .	2.87
Liver diseases . . . . .	2.32
Deficiency diseases . . . . .	1.43

<sup>1</sup> Percentage of total admissions.

<sup>2</sup> Percentage of total deaths in hospitals.

Source: Based on information from *Malaysia 1974: Official Year Book*, XIV, Kuala Lumpur, 1975, p. 304.

patients were treated on an outpatient basis as much as possible. Outpatient medical and dental services at government facilities were usually provided free of charge. Those requiring hospitalization were charged minimal fees in accordance with their ability to pay.

Government hospitals were designated as general, district, or special according to the kind of medical service they performed. General and district hospitals were those providing general medical care and outpatient clinical service; special hospitals were those dealing exclusively with a single disease or disorder. The general and district hospitals were usually located in major cities, although some could be found in smaller communities in rural areas. The majority were located in Peninsular Malaysia, where there was at least one in every provincial capital.

Under the First Malaysia Plan an effort was made to increase access to medical facilities through the institution of the Rural Health Service. Facilities at district hospitals were upgraded and expanded in order to handle cases referred from clinics operated by the service.



Increased effectiveness was also achieved through the establishment of medical subcenters in large metropolitan areas. By the end of the second plan period the disparity between rural and urban areas had been reduced but not eliminated; medical facilities in Sarawak and Sabh were generally smaller and less adequately staffed than in Peninsular Malaysia, but they were almost as well equipped.

The number of people seeking medical care has been increasing steadily each year, not only because of the growing population but also because more of the population were accepting modern medical treatment from rural clinics rather than relying on traditional healers and practices. In 1974 in Peninsular Malaysia over 11 million cases were treated at hospitals, clinics, or other medical services, including a limited number of mobile units. This compared with about 7 million cases in 1970. In 1974 the peninsula was served by eleven general hospitals and forty-eights district hospitals with a total of about 18,500 beds and by special institutions for mental illness, leprosy, or tuberculosis having about 10,437 beds. There were seven general and seven district hospitals in Sabah with a total of 1,367 beds, and Sarawak had seven general and six district hospitals with a total of 1,584 beds.

The availability of trained medical personnel, especially doctors, dentists, and registered nurses, in rural areas of Peninsular Malaysia and throughout Sarawak and Sabah was limited and considered less than adequate for the provision of optimum medical and dental services for all citizens. Official figures for 1971 of the ratio of doctors to the population of Peninsular Malaysia ranged from one doctor for every 4,770 people to one doctor for every 5,106 people. Estimates of the number of people per doctor in Sarawak and Sabah in the late 1960s were twice as high as those for the peninsula.

Shortages of other qualified personnel—laboratory technicians, radiologists, pharmacists, hospital administrators, and public health experts—were even more pronounced. Many hospitals in rural areas had an insufficient number of resident doctors—in some cases only one to three—and most dispensaries and clinics were run by hospital assistants, nurses, and midwives. In order to bolster medical facilities, especially in rural areas, the government had allowed a number of foreign doctors—primarily Koreans and Filipinos—to establish practices.

Until 1963 one of the principal reasons for the lack of medical personnel was the reliance on limited medical training facilities in Singapore and at other schools abroad, whose diplomas were reorganized by the government. A medical degree program was established in that year at the University of Malaya; the first class of fifty doctors graduated in 1969. Since then a second school has been established in conjunction with the National University of Malaysia, and programs in such fields as nursing, dentistry, and pharmaceutical science have

been initiated. Highly specialized training in medical laboratory technology was available at the Institute of Medical Research in Kuala Lumpur, the primary medical research center in the country. Graduates of these institutions had not filled domestic demand for medical personnel by 1976, and reliance on foreign doctors continued.

The Medical Registration Ordinance of 1966 regulates the medical profession by requiring all doctors to register before being admitted to practice. Applications for registration are submitted to the Medical Council in the Ministry of Health, which also issued necessary certifications. In the early 1970s the government began to require service in government medical facilities as a condition for registration. At that time a good number of registered doctors were in private practice, but the majority were employed by the government. The council also promulgated a code of professional ethics for doctors, which it supervised, acting as a disciplinary agency with the power to void registrations for serious violations of the code.

## PUBLIC WELFARE

Historically social welfare was considered the responsibility and function of individual families or of various philanthropic and community societies rather than an obligation of the state. The government occasionally made grants-in-aid to private organizations, such as the International Red Cross or the Boy Scouts, but did not participate directly in welfare services.

World War II and the Japanese occupation, however, greatly aggravated social problems and brought about a modification of earlier concepts and practices. In the postwar period thousands of families were left destitute, health conditions deteriorated, the number of widows and orphans multiplied, and traditional welfare services reached a point where they were no longer capable of meeting the needs of the people. The returning British authorities found it advisable in 1946 to establish the Department of Social Welfare to assume a greater role in helping to alleviate the problem. The work of the agency gradually expanded until it was elevated to full ministerial status in the early 1950s. In the cabinet reorganization after the creation of Malaysia in 1963, it was designated the Ministry of Welfare Services and given operational authority for all official welfare activities and supervisory control of all private welfare activities in the nation.

In carrying out its mission the Ministry of Welfare Services, like its predecessors, tried to maintain a planning and supervisory posture, but because of growing needs it had to assume many staff and operational tasks over and above the efforts of private individuals and organizations. In the area of staff activities the ministry conducts surveys and research into problem of social maladjustment to determine policies, programs, and priorities for welfare requirements. In addition it

coordinates and supervises the activities of private agencies, providing them with financial assistance when necessary. In the direct operational field the ministry performs reformatory services for juvenile delinquents, including the operation of a probation system, approved schools, remand homes, and youth hostels. It affords protection to women and girls, including counseling and rehabilitation services, and assumes responsibility for the protection and welfare of children and young persons in need, including the maintenance of residential institutions for orphans and measures for their adoption. It provides for the care of the aged, the blind, the deaf, the orthopedically handicapped, the mentally defective, and those suffering from crippling and chronic diseases and operates custodial and rehabilitation institutions for them. It also carries out emergency relief and aid for beggars, displaced persons, dependents of prisoners, and victims of natural disasters.

The establishment of the original Department of Social Welfare in 1946 was accompanied by creation of the Central Welfare Council to coordinate the work of private organizations and to integrate their efforts into programs developed by the government. Charter members of this council included such international organizations as the Red Cross, missions of the Anglican church and other denominations, Rotary Clubs, Boy Scouts, Girl Guides, the Young Men's Christian Association, and the Young Women's Christian Association. At a later date a wide variety of locally sponsored agencies affiliated with the council as active participating members. Among them were Junior Red Cross chapters, the Malayan Youth Council, the Malayan Association of Youth Clubs, the Discharged Prisoners Aid Society, the Malayan Association for the Blind, the Malayan Association for Retarded Children, the counterparts of these groups in Sabah and Sarawak, and many similar charitable societies and organizations. In 1976 the Central Welfare Council and its associated agencies, many of them expanded into national organizations with chapters in each state of Malaysia, were still active and provided the bulk of the manpower for welfare activities at local levels.

Funds for welfare work of the government were provided in that portion of the national budget earmarked for the Ministry of Welfare Services and by similar allocations of the individual states. Private organizations receive most of their funds from voluntary gifts and subscriptions but also are subsidized by state and federal governments through the Central Welfare Council. Another source of income, the Social Welfare Lotteries Board, was established privately in 1951 to aid charitable institutions but was later transferred as a promotional responsibility to the government. The board conducts a number of national lotteries, in which 60 percent of the returns were distributed in prizes and 40 percent were reserved for welfare work performed by voluntary affiliates of the Central Welfare Council.

There was only a limited social security system in Malaysia in 1976, but some rather comprehensive measures were in effect for various categories of workers. Government employees were entitled to a pension when they retired and were protected against temporary or permanent disability during their working years; those benefits were provided on a noncontributory basis as a condition of employment. Under the provisions of the Workmen's Compensation Ordinance of 1952, workers in private industry were provided medical care, treatment, and sometimes an indemnity for accidents sustained at work. This act also established the Employees Provident Fund, administered by the central government and maintained by equal monthly payments from both employees and employers. Participants in the fund were paid a lump sum when they retired at the age of fifty-five, or the same amount was paid to their survivors in the case of death at an earlier age.

Benefits were substantially upgraded by the passage of the Employees' Social Security Act of 1969. Included under the provisions of the act were the Employment Injury Insurance Scheme and the Invalidity Pension Scheme. The Employment Injury Insurance Scheme provided both medical and cash benefits for work-related injury. A pilot project was opened in 1971 in Johor Baharu; by the end of 1972 it had been expanded to other centers and included almost 280,000 employees. The Invalidity Pension Scheme provided protection to workers in case of disease or injury from any cause and covered about 1 million employees by 1973.

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A particularly current discussion of resettlement under the Federal Land Development Authority is provided by John Taylor and David Ekroth in "New Town Plan in a New Agricultural Region, Malaysia." For a view of population density see "The Changing Settlement System of West Malaysia" by Robin Pryor. Especially useful is James Osborn's *Area Development Policy and the Middle City in Malaysia*. (For further information see Bibliography.)

## CHAPTER 8

### EDUCATION

Government policy in 1976 was particularly concerned with the creation of an educational system that was responsive to the government's design for the achievement of national unity and to the requirements for economic growth and modernization. The creation of a unified educational system using the national language—Bahasa Malaysia, a form of Malay—as the medium of instruction was regarded as an essential step in achieving national unity (see ch. 4).

The school system had been divided along ethnic lines, each language stream completely separate from the others, until the first comprehensive scheme of national education was introduced in 1952. Moreover the texts, teachers, and curricula in both secular and religious schools were until the 1960s heavily influenced by foreign models and viewpoints. Since 1957, and especially since the creation of Malaysia in 1963, the rise of Bahasa Malaysia as the medium of instruction and an emphasis on a domestically oriented curriculum have been the goals of the Ministry of Education. Compromises have been made to satisfy communal or regional demands; but, especially since the communal riots in 1969, the achievement of these goals has been an imperative of government policy (see ch. 3). In the mid-1970s progress toward these aims was generally on schedule.

The system was less successful in meeting manpower needs in industrial, technical, and professional areas. The shortage of skills and the surplus of jobseekers with nontechnical secondary educations was expected to continue well into the 1980s. Various programs sought to compensate for the shortage, but the scarcity placed a restriction on the rapid economic development and modernization sought under the Second Malaysia Plan (1971-75) and the Third Malaysia Plan (1976-80).

Other problems included the marked differences in educational opportunities in urban and rural areas and the higher level of education among the Chinese minority compared with the largely rural Malay majority. The quality of teacher training needed improvement, as did both curriculum and teaching methods. The Ministry of Education was evaluating its administration of the educational system and was attempting to make the system more responsive to particular problems and needs. A long-term goal of universal lower secondary educa-

tion had been established by the mid-1970s as a way to provide a framework for resolving the problem of unequal ethnic group access to employment opportunities and choice and to build skills for economic development.

## HISTORICAL BACKGROUND

### Peninsular Malaysia

Several kinds of Malay education were offered in the pre-British period. The earliest was the formal training given such specialists as shamans and artisans, the latter in metalworking and weaving. Buddhist missionaries introduced learning from books, and Muslim missionaries later continued it; by the nineteenth century Islamic education had become institutionalized. Beginning at six years of age, Malay children of Muslim families were given lessons by the village religious teacher, either at home or at the village prayer hall where students learned to recite the Koran in Arabic. These Koranic schools were meant for ordinary villagers; so were the informal lectures on religion given for adults at local mosques.

For the potential religious teacher or officer of the religious courts or mosques, specialized education beginning in early adolescence was available at *pondok* (temporary dwelling) schools. At a *pondok* school, students boarded at their teacher's house or in huts nearby. The teacher received support in land and other gifts from the villagers. The students, instead of paying school fees, worked during their free hours as farm laborers for the teacher. The curriculum was entirely religious. Students usually remained at the *pondok* school for between five and ten years.

During the nineteenth century a number of English-language schools were established in urban areas by British East India Company officials and by Roman Catholic, Anglican, and American Methodist missionaries. By the 1870s English-language schools were receiving grants from the British colonial government. The Malay College (an English-language boarding school established expressly for Malay boys of good families), a few trade and vocational schools, a technical college, and a school of agriculture had been established by 1941. In general the English-language schools were attended by the Chinese and Indian urban population. British policy forbade Christian missionaries to proselytize among the Muslims. The urban location of the schools discouraged Malays from attending.

Most Malays had no schooling or went to rural Malay-language primary schools, the *sekolah umum* (public schools). Candidates for religious careers went to *pondok* schools or to a new kind of school that became very popular in the early twentieth century, the *madrasah*, in which classes were conducted in Arabic. Because they learned

to speak Arabic rather than merely to pronounce it as in the *pondok* schools, madrasah students became recognized as qualified for religious careers.

Free secular primary education became available in rural areas in the late 1870s when the British transformed the *sekolah umum* into Government Malay Schools, paid for out of public funds. These schools provided four or five years of rudimentary education taught in the Malay language: reading and writing, for the first time in the Roman alphabet, known as *rumi* script; simple arithmetic; and basic rural skills such as basketmaking. The colonial policy was designed to prevent Malays from becoming alienated from their rural environment. Higher education and English-language instruction were provided only for the few upper class Malays who would serve in the colonial administration.

Islam was removed from the required curriculum of the newly constituted Government Malay Schools and made an after-hours elective subject for which a fee had to be paid. On this elective basis Islamic instruction was encouraged as a means of attracting pupils. For many years the government schools were not as popular as the Muslim schools. Secular learning was to some degree suspect, and the curriculum at the government schools did not prepare the graduates for improved employment opportunities, whereas graduates of the various religious schools were likely to find jobs in the expanding Malay state religious bureaucracies. The only secondary schools at which instruction was conducted in the Malay language were two teacher-training colleges, one of them for women.

Chinese-language schools were established and paid for by the Chinese themselves. Chinese schools were not given government encouragement because the colonial administration regarded the majority of the Chinese population as transient and felt that perpetuating their language among the permanent residents would strengthen communal barriers. The result was that Chinese education during the colonial period remained oriented toward China; the texts and most of the teachers came from China, and opportunities for advanced education and recognition of degrees were in China.

Indian labor came to the Malay Peninsula in the late nineteenth century, mostly to work on the new rubber estates. In 1912 the introduction of a labor code brought a requirement that all estates provide four years of primary education for their workers. Tamil was the usual medium of instruction, but a few estate schools were conducted in other Indian languages. Small annual grants were given by the government. The teachers and texts came from India, and the schooling, generally of low academic quality, did not extend past primary school. No special classes were established for Indians to continue their schooling in English-language secondary schools. Indians, however, lived in urban centers and thus were able to use the English-

language schools. English education was attractive to Indians; it prepared them for clerical jobs in Malaya and for jobs in India, which until after World War II was under British administration and used English as the official language.

For all its limitations education progressed greatly during the first half of the twentieth century. From 1900 to 1941 total student enrollment in Malaya increased at the rate of 7,000 a year, from 25,000 in 1900 to 312,000 in 1941, of whom nearly 130,000 were in Malay-language schools.

### Sarawak and Sabah

The quantity and quality of education in Sarawak and Sabah was lower than in Peninsular Malaysia. Early in the twentieth century a statewide system of primary schools in two languages was established in Sarawak: Malay-language schools for Malays, operated by the colonial government, and Chinese-language schools, mainly independent but supported by government grants. A few Christian missionaries established schools for non-Malays in the interior, but until after World War II few non-Malays received any formal education, although popular interest in education and literacy had been on the rise since the mid-1920s.

In Sabah Christian missionaries took the lead in establishing schools. By the start of the twentieth century English-language mission schools had been established in nine towns, catering almost exclusively to the Chinese community. Chinese-language education was begun and expanded with private Chinese money. In 1909 there were six Chinese schools, and soon thereafter they outnumbered all other kinds. By 1930 ten Malay-language schools had been opened by the government, but their enrollment was limited largely to the sons of local chiefs.

## POLICIES AND PROBLEMS

### Governmental Organization and Planning

British policy after World War II sought to create and consolidate a national educational system. The insistence of the individual states on continued control over education hampered the efforts of the colonial government. With independence, secular education policy and administration for the Federation of Malaya came under control of the Ministry of Education, making possible for the first time the creation of a uniform national policy for education on the peninsula. Unassisted Muslim schools, however, still remained outside federal jurisdiction.

Educational standards in Sarawak and in Sabah became more uniform in the 1950s after the state governments assumed a greater por-



tion of the financial burden of running schools. The Constitution incorporating Sabah and Sarawak into Malaysia provided for local management of the educational systems of these states and, although responsibility for the development of educational policies was given to the federal Ministry of Education, both states continued to manage their educational systems in 1976 through their own departments of education. Nevertheless educational policy in Sarawak and Sabah generally reflected developments in the country at large, and the relations between the two departments of education and the federal ministry, under review since 1973, were expected to move toward increased consolidation.

The quality of educational planning under the federal ministry improved significantly during the 1960s. Steps were taken in 1969 to strengthen the Education Planning and Research Division, which was responsible for curriculum development and other plans. The functions of the division were not clearly specified, however, and duplicated certain efforts of other divisions within the ministry; the division itself was not adequately staffed. This lack of coordination was also reflected in the relations between the ministry and other government agencies that had teaching or training functions. A review of the operational structures of the ministry initiated in the early 1970s led to the establishment of the Educational Development Center. This new facility was scheduled to provide in-service training for improved curriculum development.

The promotion and enforcement of uniform educational standards was the responsibility of the Federal Inspectorate of Schools for Peninsular Malaysia and separate inspectorates for Sarawak and Sabah. Inspections, which ranged from observations of classroom teaching to detailed investigations of school administrations, were required for all public schools and for private schools that received government aid, both of which were classified in government statistics as government-assisted schools. The inspectorates also operated certain in-service training courses, undertook specialized surveys, and operated other programs at the request of the ministry. These demands and the limited size of the inspectorate staff restricted the frequency and quality of school inspections.

Curriculum planning during the 1960s was concerned mainly with the shift to Bahasa Malaysia as the medium of instruction and the overall consolidation of the educational systems. Efforts in other areas were neither well coordinated nor particularly effective. Initial modifications were generally confined to classes in the sciences and mathematics at the primary level. Implementation was handicapped by the lack of in-service training facilities. By 1973 the curriculum of the first three years of secondary school had been broadened to include some practical subjects, but the secondary-school curriculum

continued mainly to provide students with a general education and offered limited opportunities for technical or vocational instruction.

In early 1973 the Curriculum Development Center was established under the Ministry of Education. The new center sought both to coordinate projects begun previously under other agencies or offices of the ministry and to initiate more creative planning. In addition to the preparation of textbooks and course outline for the sciences and mathematics, the center undertook a population education project, which was scheduled for complete implementation by the end of 1976. The results of experimental programs were to be applied on a broader basis. A new program was established to review curricula in the social sciences and to develop programs suited to certain regions of the country undergoing accelerated economic, social, and cultural change.

Little use was made of such modern instructional methods as audiovisual aids, and learning was often by rote. Laboratory work in science classes was often performed by the teachers and not by the students. The Education Media Service Division was formed in 1972 within the ministry to promote the use of audiovisual materials. The services provided by the division included educational radio and television series, production and distribution facilities, a lending library, and practical training for teachers. Funding for the division included allocations for receivers and generators for schools that did not have them.

### **Language, Nation, and Society**

After the return of the British to Peninsular Malaysia at the end of World War II, plans were drawn up to develop a multiracial school system—incorporating the different ethnic groups—to prepare the country for eventual independence. English and Malay were to be compulsory subjects. An eventual goal of education was to use English as the main language of instruction. The educational planners saw two advantages to its use: it was a universal language for science and technology, and it was not the language of any one ethnic group in Malaysia. Efforts to introduce classes conducted in English, however, met with resistance from Malays, Chinese, and Indians. The Malays were anxious to establish their own language as the national language, and the other communities were determined to retain their individual linguistic and cultural heritage and identity.

In 1956, when independence was imminent, a committee headed by Tun Abdul Razak was established to recommend educational policy changes in order to establish a national system of education that would sustain and preserve the different languages and cultures while taking into account the intention of the government to make Malay the national language. Government policy after independence, largely as a result of the Razak committee recommendations, was to provide

government-supported primary education in four languages—English, Malay, Chinese, and Tamil—and to require that all government-supported schools meet certain national standards, including compulsory teaching of Malay and English and a common nationally oriented curriculum.

After independence in 1957 the government pledged to establish Bahasa Malaysia as the national language within ten years and eventually as the main medium of instruction in the schools (see ch. 3; ch. 4). The first Malay-language secondary schools were established the next year, but the policy received only partial support. The adoption of Bahasa Malaysia for instruction was further slowed by the concession made in agreements leading to the formation of Malaysia in 1963 that had guaranteed the use of English as the official language of Sabah and Sarawak until 1973.

Under the policy announced by the minister of education in July 1969, Bahasa Malaysia was to become the major medium of instruction from primary school to university by 1983. The first step was taken in 1970 with the more rapid conversion of English-language primary schools to instruction in Malay. By 1976 the majority of all such schools were reported to have converted at least the first four years of instruction to Bahasa Malaysia. The schedule for converting the language of instruction in all primary and secondary schools remained under consideration.

The government continued its interest in retaining English in technological and professional instruction. Only English-language instruction was available in most fields at the University of Malaya and at most college-level professional and vocational schools in 1976. English continued to be essential in the business community, a fact that reflected not only the technical advantages of the language but also the marginal participation of Malays in the commercial and industrial sector (see ch. 14).

The substitution of Malaysian standardized examinations for those previously prepared in the United Kingdom, the introduction of textbooks and audiovisual materials produced in Malaysia for Malaysians, and the increased reliance on Bahasa Malaysia as the medium of instruction had contributed by 1976 to the development of a national orientation in the curriculum away from the separate British, Chinese, Indian, and Islamic biases of the preindependence period. All schools receiving government aid were required to stress racial tolerance and Malaysian national identity. Parent-teacher associations were urged to promote neighborhood interethnic harmony.

Reforms and modifications of the educational system reflected the official government policy supporting increased Malay participation in national society. An immediate result of these changes was an increase in interethnic contact within the school systems, making competition between ethnic groups in secondary schools for advanced

placement more open and intense. Although the extent to which this contact would hinder or help the development of a multiracial national identity could not be readily determined in 1976, it remained a crucial issue.

### Enrollment and Manpower Needs

A major innovation since independence has been the rapidly increasing availability of educational facilities. Expansion under the British was restricted by budgetary considerations, and requests for increased expenditures were regarded as unsound budgetary policy. The colonial government was not receptive to such economy moves as instituting double sessions or using low-cost construction methods to build more schools to handle increased enrollment. As budgetary allocations for education were increased after independence, per capita expenditures rose. The elimination of school fees for primary education in Peninsular Malaysia in 1962 and in Sarawak and Sabah in 1966 contributed to the elimination of barriers to basic education for all social and economic classes.

Enrollment in government-assisted schools in 1975, including the complete cycle from primary school to university, was estimated at about 2.7 million students; enrollment in 1980 was projected at about 3.2 million students. Enrollment was about 1.7 million in 1965 and about 2.2 million in 1970, the two most recent years for which fully comparable enrollment figures were available in 1976 (see table 6). Of the total enrollment in 1970 about 75 percent was in primary schools and about 23 percent in secondary schools. Enrollment in unassisted private primary schools was negligible; unassisted private secondary

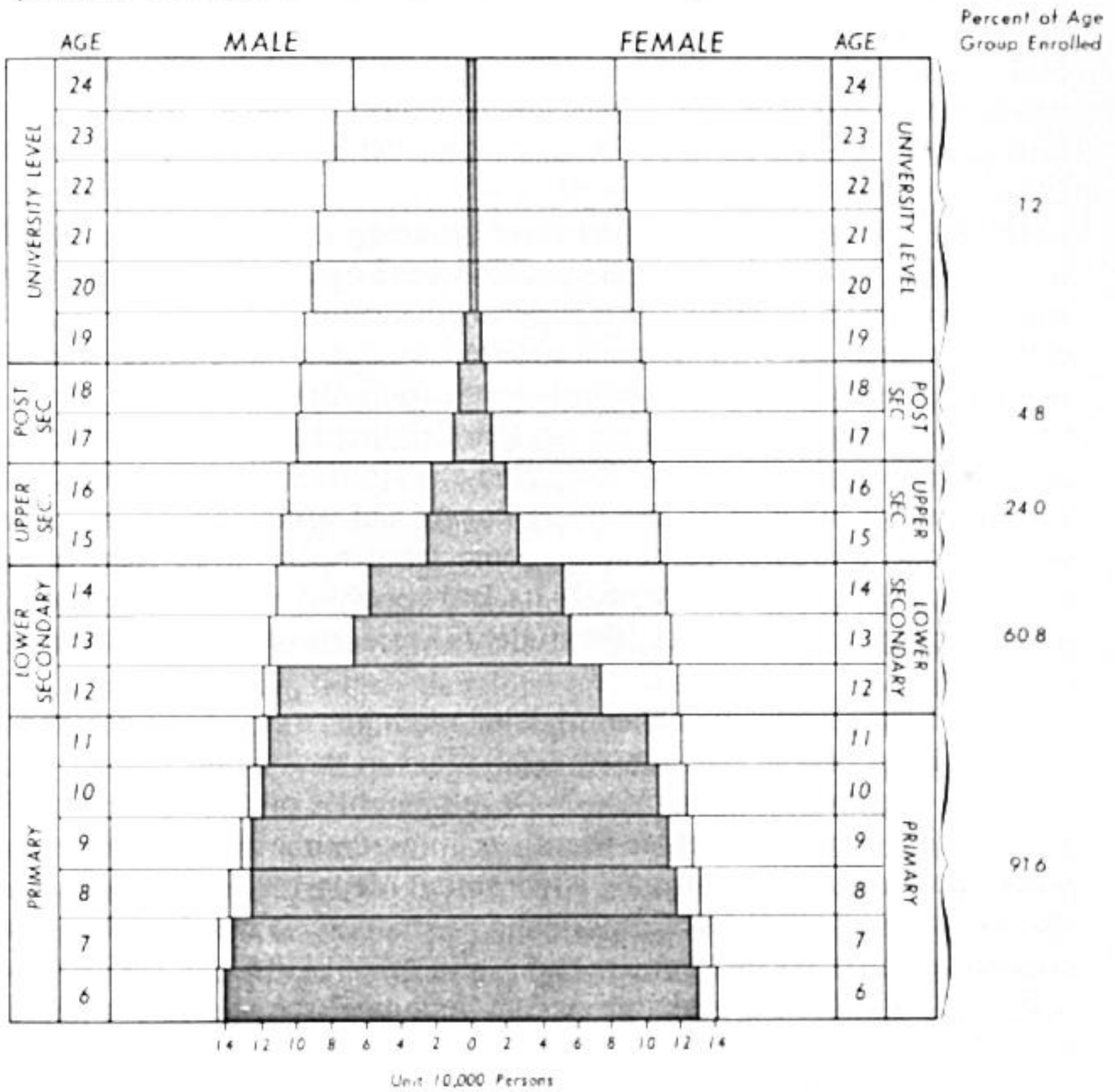
*Table 6. Malaysia, Enrollment in Government-Assisted Schools, 1965 and 1970 (in thousands)*

Level	1965	1970	Annual Change 1965-70 (in percent)
Primary . . . . .	1,421.0	1,679.0	3.4
Lower secondary . . . . .	252.0	418.0	10.6
Upper secondary . . . . .	44.0	99.0	17.7
Technical and vocational . . . . .	2.5	5.5	17.1
Sixth form . . . . .	4.2	11.6	23.0
Technical colleges . . . . .	1.0	5.2	39.0
Teacher training . . . . .	10.2	4.8	-14.0
University . . . . .	2.8	8.5	24.0
<b>TOTAL . . . . .</b>	<b>1,737.7</b>	<b>2,231.6</b>	

schools accounted for 45,000 students, or about 8 percent of enrollment in all secondary schools.

The high value given education as a means of social mobility was reflected in the percentage of school-age children enrolled in government-assisted schools. In the early 1970s about 92 percent of all children of primary-school age (six to eleven years) were enrolled in government-assisted schools (see fig. 13). Only about 61 percent of those in the appropriate age-group were enrolled in lower secondary schools and about 24 percent in upper secondary schools. About 5 percent were in postsecondary (sixth form) schools, and just over 1 percent were enrolled in universities.

The limited information available indicated that, although access to primary education was almost universal regardless of social class or



Source: Based on information from Malaysia, The Treasury, *Economic Report, 1973-74*, Kuala Lumpur, 1973, p. 59.

Figure 13. Malaysia, Enrollment in Government-Assisted Schools and Educational Institutions by Age, 1971-72

economic standing, dropout rates were much higher among children from lower socioeconomic backgrounds. Only 71 percent of children from families with less than average socioeconomic standing were enrolled in primary schools in 1972, compared with about 99 percent of those from families with higher than average standing. The generally better economic position of most Chinese families in part explained higher continuance and success rates among Chinese than among Malay pupils.

Although the expansion of school enrollment reflected the government's interest in providing every child a basic education, the overriding concern of the government was that educational output be brought into conformity with long-term manpower needs of rapid industrial and agricultural development (see ch. 14). Technical and vocational education was first introduced in 1964 and included the development both of attitudes considered conducive to and of skills necessary for national development. Technical and vocational courses were at first offered only on the primary level, but in 1968 such training began to be offered on the secondary level as well.

The shift to vocational and technical training was limited by budgetary considerations, the lack of qualified staff members, and the overall preference of students for a general education. As recently as 1972 only 5 percent of the students enrolled in upper secondary schools were in vocational or technical programs. Unemployment among school dropouts was growing, and an estimated 20 percent of all youths between the ages of fifteen and twenty-four were unemployed. An increasing number of the unemployed had secondary-school educations, and a greater percentage came from rural rather than urban areas. In 1974 about 25,000 students had received vocational or technical training, and about 11,500 students were enrolled in such courses.

Several programs had been developed to ease unemployment among young people, but they were limited in their impact. One such program was the National Youth Development Corps, established in 1969, which provided a three-month training course and attempted to place graduates with various government departments or with the National Youth Pioneer Corps, where students learned motor mechanics, electric wiring, construction, and other skills.

By 1974 there were eight secondary technical schools and nineteen secondary vocational schools. An additional seven institutions were planned for completion before 1975. Projections for 1980 indicated that, even with the proposed expansion of the system, the supply of graduates from technical and vocational schools would be 28,000 fewer than required; there would also be a shortage of 7,000 with university training and of 14,000 with technical or other nonuniversity college training. There would be an oversupply of about 145,000 graduates from general secondary-school programs. Although modification

of the general secondary curriculum to include some practical training might ease the situation, extensive on-the-job training programs would have to be instituted in order to meet national manpower requirements.

## Financing

Although, since independence, aid for educational programs from international organizations and friendly nations has been substantial, the funds available from government revenues have fluctuated considerably with the rise and fall of prices for rubber and tin, making it difficult to plan effectively. Although Sarawak and Sabah continued to supervise the administration of their educational systems, they were almost wholly dependent on the federal government for funding. Government assistance to public schools and to private schools that were eligible for government aid because they conformed to government standards, including curriculum, covered both capital and recurrent costs; private schools were allowed also to receive support from nongovernmental sources. Over 90 percent of the students enrolled in Peninsular Malaysia and in Sabah were in government-assisted schools. About 50 percent of the students enrolled in secondary schools in Sarawak, in contrast, were in nonassisted schools. Primary and lower secondary education in government-assisted schools was free; fees were charged at higher levels, but financial aid was available.

During the First Malaysia Plan (1966-70) just under 70 percent of the M\$470.8 million (for value of the Malaysian ringgit—see Glossary) allocated for educational development was spent. Investments in teacher training and technical education were markedly less than the allocations originally planned. Under the Second Malaysia Plan (1971-75) M\$537.3 million, or about 7.5 percent of the total public development expenditure over the plan period, was allocated to education and training of all kinds. Midplan evaluation indicated that progress in almost every sector exceeded expectations; 63 percent of the investment scheduled for education had been made by 1973, and investment during the last two years of the plan was believed to have reached or nearly reached the target.

Particular emphasis was given to the development of general secondary education, which received about 34 percent of the total expenditure; expansion of technical and vocational training, about 25 percent; and improvement of the university system, about 16 percent. Although a number of international agencies were expected to provide aid during the plan, the majority of capital expenditure was to be financed internally.

## Literacy

The literacy rate increased substantially during the 1960s throughout Malaysia. By the end of the decade, in Peninsular Malaysia an adult education program begun in 1961 had given one year of basic literacy skills to an estimated 1 million adults. Improved programs within the schools, however, were the chief means being employed to improve the literacy rate. According to the preliminary data from the 1970 census the national literacy rate had increased from about 51 percent to almost 59 percent between 1957 and 1970. Revised estimates in 1973 indicated a rate of almost 68 percent. Improvements notwithstanding, illiteracy remained a major problem in the mid-1970s, especially in the interior portions of Sarawak and Sabah.

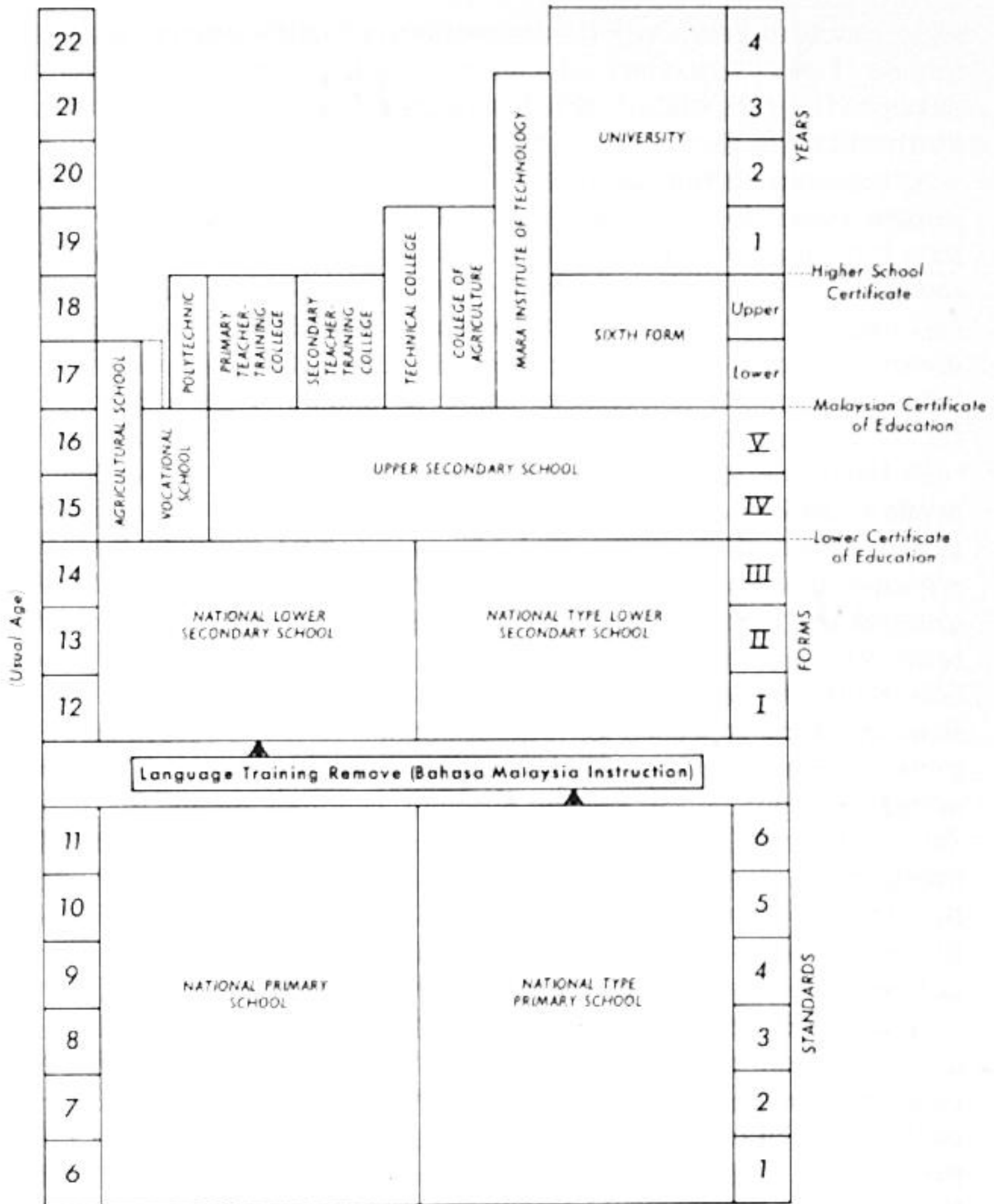
The rate of literacy varied with sex, ethnic group, and geographic area. Although the gap in literacy rates for men and women was narrowing as a result of increased enrollment of girls in primary schools, the estimated literacy rate of males over the age of fifteen in 1970 was about 72 percent compared with about 45 percent for women. Differences in literacy rates among ethnic groups were largely the result of settlement patterns, since urban residents had far greater access to schooling than rural residents. The nomadic peoples living in the interior of the peninsula, Sabah, and Sarawak were almost always unlettered. Literacy among Chinese was slightly higher than among Malays; Indians had the highest estimated literacy rate.

### THE SECULAR EDUCATIONAL SYSTEM

Although there were private kindergartens and nursery schools, mostly in urban areas, the majority of the children began their formal education with primary school at the age of six. Primary education continued through six grades, called standards (see fig. 14). Students were promoted from one standard to the next without passing any countrywide examination, but at the end of the fifth standard an assessment examination was given.

Primary schools were divided into two kinds: the National Primary School offered instruction in Bahasa Malaysia; the National Type Primary School offered instruction in English, Chinese, or Tamil. The shift to Bahasa Malaysia in the National Type Primary School using English was well under way. Since independence Malay and English have been compulsory in all primary schools, producing bilingual competence in English- and national-language schools and trilingual competence in government-aided Chinese- and Tamil-language schools. Chinese or Tamil could be taught as a subject if the parents of fifteen pupils in a school requested it. In addition such subjects as history, geography, civics, art, health, and physical education were provided. During the 1960s many of the primary schools in Sarawak





Note: MIRA is the Malay Amanah Report (Council of Trust for Indigenous Peoples)

Figure 14. Malaysia, Basic Structure of the Educational System, 1974

and Sabah offered only four years of instruction, and the long distance between residence and school often resulted in failure to complete primary education. The situation had improved by the mid-1970s.

Students desiring further education after primary school sought entrance to lower secondary schools. Students having attended a National Type Primary School were required to take a one-year language training program in Bahasa Malaysia before entering a National Lower Secondary School. The National Type Lower Secondary school offered instruction in English, but only private schools offered sec-

ondary education in Chinese; there were no Tamil-language secondary schools. Lower secondary education consisted of three years, forms I through III, at the end of which students took an examination to qualify for a Lower Certificate of Education.

A small proportion of the graduates of form III continued their general academic education in two years of upper secondary school, forms IV and V. Another option open to a small number of lower secondary graduates was a combined program of general academic and technical training in engineering, agriculture, commerce, or domestic science. The demand for places in the academic or combined academic and technical upper secondary schools greatly exceeded availability.

In form V of academic upper secondary school, or combined academic and technical school, students could take the Malaysian Certificate of Education examination. A small proportion of those who passed that examination went on to preuniversity training in form VI, a two-year academic program consisting of lower form VI and upper form VI; graduates of form VI were eligible to take the Higher School Certificate and to enter university. Most holders of the Malaysian Certificate of Education who did obtain further education entered a two- to five-year program in a college offering technical education or teacher training. A special program operated by the Council of Trust for Indigenous Peoples (Majlis Amanah Ra'ayat—MARA), called the MARA Institute of Technology, offered a five-year program that sought to create a group of professional and semiprofessional Malays to become equal partners with other ethnic groups in commercial and industrial concerns in the country (see ch. 14; ch. 15).

Holders of the Higher School Certificate were eligible for entrance into one of the five universities in the country, all of which were located in Peninsular Malaysia. Special scholarships were available for students in Sarawak and Sabah seeking a university education on the peninsula or abroad. Most students who left the country for university educations attended school in Great Britain or elsewhere in the Commonwealth of Nations because of the immediate recognition of degrees from these institutions by the Malayan government.

The University of Malaya, established in 1961, had an enrollment of just under 9,000 students in 1974 and was the largest university in the country. It has always been operated primarily in English, although courses in departments of Tamil studies and Malay studies have been conducted in those languages. Courses conducted in Bahasa Malaysia have been introduced gradually. In July 1969 the minister of education announced the government's plan to convert the university to the use of Bahasa Malaysia as the chief medium of instruction and communication over the next seven to ten years. English would remain a second language of study, still compulsory in all government-assisted schools as it had been since the 1950s, and no

course taught in English would be repeated in Bahasa Malaysia or vice versa.

The Universiti Sains Malaysia in Penang, founded in 1969, was structured along less rigid lines than the University of Malaya and was divided into schools rather than separate faculties. Programs of instruction ranged from standard courses in the sciences to applied courses in planning, building, and housing. Enrollment in 1974 was about 2,400 students. As elsewhere in the educational system, Bahasa Malaysia was the official language of instruction. English, however, was still being used for most courses, and its use was expected to continue until 1983 when the shift to the national language was to be completed.

The National University of Malaysia (Universiti Kebangsaan Malaysia) was established in 1970. Enrollment was about 2,000 students in 1974. A multifunctional institution, it gave primary emphasis to science and technology but also had faculties for literature and the arts, social sciences, and economics and business. The language of instruction was Bahasa Malaysia.

The expansion of existing faculties resulted in the creation of two additional universities in the early 1970s. The Technical College of Malaysia was given university status in 1972 and was renamed Universiti Teknologi Malaysia in 1975. It offered degree courses and diploma courses in such fields as civil engineering, mechanical engineering, surveying, architecture, and regional and urban planning; enrollment in 1974 was about 1,700. The Universiti Pertanian Malaysia, established in 1971 as the result of a merger between the College of Agriculture and the Faculty of Agriculture at the University of Malaya, offered instruction in the early 1970s to about 2,000 students and carried out research and extension service programs.

Increased university enrollment has been achieved in part through several schemes designed to ensure an adequate supply of teachers. About 90 percent of all teachers in government-assisted schools had received some kind of teacher training, including those trained in in-service programs, and were considered qualified by the Ministry of Education. The educational background of many, however, was inadequate. Almost 40 percent of the 55,000 teachers in primary schools had not had a secondary education before receiving their teacher training. Of the almost 20,000 secondary-school teachers only about 15 percent, or about 3,000 were university graduates; of these only 800 held degrees in the sciences.

Efforts had been made to produce a uniform system of training teachers and establishing pay scales. In 1967 a certificate for secondary teachers was introduced. Modifications in the salary system were begun in the early 1970s. An educational exchange program was also begun in the early 1970s, under which teachers from Sarawak and Sabah exchanged places for one year with teachers from Peninsular

Malaysia, exposing the former to better methods through in-service training.

A shortage throughout the nation of trained teachers for rural areas was the result of teachers' preference for employment in urban areas. Use has been made of foreign, English-speaking teachers, especially volunteers from the United States Peace Corps and from Commonwealth countries but also contract employees from various other countries. For students taking instruction in the national language, Indonesian teachers have been used to help meet the need for teachers of science, mathematics, and advanced courses in other subjects.

## ISLAMIC EDUCATION

Government regulations in 1976 required that religious instruction in Islamic studies be provided during regular school hours in all schools that received government funds—except in Sarawak and Sabah—if there were fifteen or more Muslim students enrolled. The extent to which schools complied with the requirement was not known. Muslim students enrolled in schools having fewer than fifteen Muslim students usually obtained religious instruction after school hours either at the local prayer house or at the school.

Islamic schooling leading to eligibility for employment as a religious teacher or religious official was carried out in madrasahs or *pondok* schools. Programs consisted of four years of primary and, in a few cases, four years of secondary education. Each year ended with an examination. Certification varied, but standardization was under way in the mid 1970s.

A 1956 government team surveying private Muslim schools found that most students either had dropped out of secular schools or had not been able to attend other schools, that the texts came exclusively from overseas, and that neither Bahasa Malaysia or Malay literature nor such subjects as arithmetic, geography, and history received much attention. In 1958 an office in the Ministry of Education was charged with administering aid to nongovernment Muslim schools, provided they met certain standards.

In 1955 the Muslim College at Kelang was established to improve Islamic education. The central government hoped that by setting an entrance examination—the subjects to be tested and the appropriate texts having been circulated to Muslim schools and state religious departments beforehand—the content of Muslim primary and secondary education would be improved and standardized.

The problem of improving these standards was complicated during the 1960s by the fact that religious instruction was under the jurisdiction of the various states and not of the federal government. In mid-1974, however, the organization and supervision of Islamic education in government-assisted primary schools was transferred from the state

governments to the Islamic Education Division of the Ministry of Education. The Islamic Education Advisory Council was established at about the same time to study and advise on issues relating to Islamic curriculum and conformity with overall national education policies.

## CHAPTER 9

### CULTURAL EXPRESSION AND MASS COMMUNICATION

The pluralistic, multiracial composition of Malaysian society has supported a diversity of cultural traditions that, although interacting, have remained largely separate and distinct. Malay culture has incorporated varying elements from Indian, Muslim, Indonesian, Chinese, and Thai cultures, among others. The Indian and Chinese communities, however, have maintained cultural traditions reflecting more their ethnic origins than the indigenous cultural environment. This diversity is broadened by the cultural subdivisions of the Chinese and Indians on the basis of village origin and occupation (see ch. 4; ch. 5).

Centuries of contact with external cultures have to some extent harmonized the traditions of even the most isolated ethnic groups. Traditions common to these cultures are found throughout Malaysia and have produced a thread of compatibility that runs through the themes in which the dominant Malay culture had restated these external influences. As extreme examples of the retention of external cultural traditions, glass beads—some of early Roman and Middle Eastern origins—have been highly valued among certain ethnic groups in Sarawak and Sabah, and Chinese pottery from the Tang and Sung dynasties, which is collected in many Malaysian longhouses, has carried considerable prestige.

Although the government has supported artistic expression and the creative adoption of twentieth-century concepts and techniques, much of its effort has been directed toward the revitalization and preservation of traditional cultures. In an effort to halt further erosion of traditional forms of cultural expression by Western influences, the government has instituted training programs in these traditional forms, given financial support to performing groups, established research projects, and provided museum and exhibition facilities.

In the interest of promoting national unity and development the government has followed a policy of media guidance. The mass media have been structured along ethnic, and therefore linguistic, as well as political lines. Since independence the government has progressively increased the number of restrictions on media practices and operations in order to ensure cooperation in the implementation of govern-

ment policies and programs. The existence of these restrictions rather than their rigid enforcement has served to check departures from moderate or approved positions.

## LITERARY TRADITION

Traditionally Malay literature reached the public in nonwritten form; it was recited, staged as drama or shadow plays, or repeated in the form of a proverb. This vocal tradition resulted in the tendency to judge in terms of presentation more than literary value. Malay attitudes toward literature have been changing. Present-day Malay literature is usually identified with its author and presented in written form, and it is supported by a growing domestic demand.

### Malay Prose

The development of Malay literature may be divided into three periods. The traditional period, displaying Indian and Muslim influences, includes all literature produced before contact with British literature in the nineteenth century. The transitional period, reflecting a marked turning toward the Middle East, includes all works produced from the beginning of British rule until the outbreak of World War II. The modern period includes works produced since then.

#### Traditional Period

Traditional Malay literature developed around the royal court and was the product of Indian influences from the first century A.D. until about the thirteenth or fourteenth century. Literature of the Indian period has survived only in manuscripts written in *jawi*, the Arabic script adopted with Islam in the fourteenth and fifteenth centuries.

Indian and Muslim sources were sometimes altered in the course of their coming to the peninsula, with the result that several versions of the same source contained elements assimilated from each other or from cultures through which they had passed. Malay epic tales formed from these two traditions blend Hindu and Muslim names, gods, beliefs, local heroes, and prophets. An epic may have Muslim names but follow a plot based on a Hindu theme, or it may be joined with a *sejarah* (local history of a sultanate). The epics were passed on in either oral or written form. In some cases they were staged as drama or shadow plays or were used for dance themes (see Performing Arts, this ch.). By the eighteenth century their structure and texture had become formalized.

Pre-Islamic sources drew heavily on two Hindu works, the *Mahabharata* and the *Ramayana*, or from the Javanese cycle of the Panji (a Hindu figure) tales. Muslim legends used in the Islamic period came from romances of such figures as Alexander the Great and King Solomon, stories of the Prophet Muhammad, adventures of characters

sometimes rather fantastically related to the Prophet, or tales concocted locally in Malaysia. Other tale cycles included the *Kalila dan Damina* and the *Sukasaptati* and *Bakhtiar* cycles.

*Hikayat Hang Tuah* (Tale of Hang Tuah), which draws on both Indian and Muslim traditions, is a fifteenth-century history that was the only truly original Malay romance until the twentieth century. Set in Malacca during the reign of Mansur Shah, it relates the adventures of the historical figure Hang Tuah, who began as a member of the sultan's bodyguard and rose to the rank of admiral. His adventures present him as the perfect Malay hero—courageous, loyal to the sultan, devout, and romantically gallant.

Many critics believe that the finest literary work in the Malay language is the *Sejarah Melayu* (Malay Annals), written about 1535. The work provides a vivid account of medieval Malacca, draws from the oldest Malay romances and histories, and presents philosophical and ethical exhortations as the last words of dying heroes. Literary contributions after the *Sejarah Melayu* tended to be chronologies of peninsular history.

Less formal than the epic tradition is a body of fables originating with Malaysia's earliest peoples; many of these fables deal with the animals populating the peninsula. The tiger, the Malay king of beasts, is conceived as a dangerous, brutal foe. His frequent opponent, the bear, is more kindly. Elephants are honored. Crocodiles are feared, but they may provide certain protective functions. Many of the fables center on the exploits of the mouse deer (a foot-high ruminant with a mouselike face), an animal common in Malaysia. Early cycles of mouse deer stories credit it with skill and cunning in overcoming larger and dangerous foes; in later cycles the mouse deer assumes an ethical role.

#### Transitional Period

An autobiographical account, *Hikayat Abdullah bin Abdul Kadir Munshi*, written in the nineteenth century, marks the transition between traditional and modern literature. The change was greatest in subject matter. The scholar Abdullah criticized traditional Malay society and moralized about human goodness and frailty. He did not depart radically from traditional style and language, but his style was less cramped, and his language showed greater originality.

The Islamic movement had a great influence on Malay literature by introducing modern Egyptian literature. In 1926 Syed Sheikh Al-Hady, who was connected with the Malay journal *Al-Iman*, adapted and translated the first Egyptian novel, *Faridah Hanum*, into Malay, thus introducing the novel as a literary genre to the peninsula. Although *Faridah Hanum* was a romance about idealized characters and was set in Egypt, the problems treated were contemporary, concerning the emancipation and education of women, premarital sexual relations, and patriotism and national pride.



In the mid-1920s most literary works—primarily short stories—were first published in newspapers. Writers educated in religious schools used these short stories to discuss social and moral problems resulting from westernization and its conflicts with the traditional moral code: religious reform, social progress, and criticism of the social order. Others, especially the Malay- and British-educated, emphasized political themes. One of the writers of this period was Abdul Rahim Kajai, who though essentially a journalist was considered the father of modern Malay short stories. His stories, focusing on social problems, appeared in many newspapers in the 1930s.

In 1929 the first novel dealing with characters in a contemporary setting appeared. Called *Kawan Benar*, it was written by Ahmad bin Abdul Rashid. Ishak Haji Muhammad, a British-educated Malay, also wrote novels as well as short stories concerning political themes.

The Malay-educated and those educated in religious schools did not know English and therefore were not familiar with Western literature or had read only translated works and popular literature; mostly they read Indonesian works, which were concerned primarily with the conflict between the old and the new order in Indonesian society. Representative of the Malay-educated writers influenced by Indonesian works were Harun Muhammad Amin and Abdullah Sidek. Literary activity in the 1930s centered on Persaudaraan Sahabat Pena, a literary society created in 1934, and was one of the elements that helped to seed post-World War II nationalism.

#### Modern Period

During the Japanese occupation there was very little literary activity. Few novels were written, but short stories were printed regularly in periodicals. Many of the short stories and periodicals contained a great deal of Japanese propaganda. Nevertheless the literary changes occurring in the postwar period had their roots in the effects of the Japanese occupation, particularly in increased awareness of modern Indonesian works.

After the Japanese occupation new literary styles did not make an immediate impact on the society, and the pre-World War II literary traditions retained a strong hold, especially in novel writing. Among the novelists of this initial postwar period was Ahmad Lufti, probably the last of Al-Hady's followers, who wrote more than ten short novels. All but his first two works were similar to the prewar didactic novels concerned with social ills and moral degradation from a religious point of view.

Two prewar novelists who continued to be active after World War II were Amin and Ishak. The former displayed a flair for writing a story for its artistic or aesthetic worth. His early novels were romantic stories. Ishak Haji Muhammad wrote of the fate of the common people in contemporary social and political conditions. Novels by

other writers of this period were generally short and were usually regarded by foreign critics as mediocre in content and badly presented.

Whereas pre-World War II traditions were perpetuated in the novels, new life was instilled in Malay literature through short stories and poetry, primarily inspired by a new social and political awareness among young writers who were affected by events inside and outside the country: Malay opposition to the Malayan Union (1946-48), labor unrest in Singapore, the Emergency (see Glossary), and the independence movement, for example. The new literary drive was prompted not only by an increasing national consciousness but also by a desire to enrich Malay literature. The political and social themes were clothed in such sentimental themes as love for country conquering romantic love.

A consciousness of literary creativity and the development of new trends influencing present-day writings can be dated from the formation of a writers' organization in Singapore called the Generation of Writers of the Fifties (Angkatan Sasterawan '50—ASAS '50). It was formed primarily to promote and safeguard writers' interests and to stimulate the production of Malay literature by pooling the resources of young writers. The movement dealt with political questions, social problems, language, and cultural matters. Its slogan was "Art for Society," emphasizing the belief of the group that literature should be used as a tool "for the betterment of society," and the organization possessed an underlying nationalistic tone.

The organization's most productive period was between 1950 and 1954, when prominent members expounded their views through journals, newspapers, and radio. Leading members of the organization also were editors of the popular publications *Utusan Zaman* and *Mastika*. The works of the group included idealization of the nation's past, such as the two novels *Panglima Awang* and *Anak Panglima Awang* by Amin, but their major and lasting importance was their stress on realism. During the 1950s such novels as *Salima* by Samad Said and *Hari Mana Bulan Mana* by Salmi Manja concentrated on the realistic representation of social and political problems. The influence of this group continued through the mid-1970s despite the demise of the formal organizational structure by the end of the 1950s.

The dominant literary tone of the 1960s and the mid-1970s was a continuation of this realistic focus. Writings were somewhat more autobiographical, and many novels originally published only in *jawi* were republished in romanized script. Newspapers and magazines continued to publish literary works but to a lesser degree. The major literary circle seemed composed of young writers publishing in the journal *Penulis*.

## Malay Verse

There is a large body of Malay verse passed on in both written and oral form. The earliest verse was not rigidly metrical but incorporated loose rhythmical patterns. Vestiges of these early verses can be traced to segments of old Tamil verse inserted in parts of the prose text of the *Hikayat Raja-Raja Pasai* (Royal Annals of the Kingdom of Pasai), and they can still be found in village songs and ritual chants. The earliest kind of verse that can be dated is a *shair* passage appearing on a Pasai tombstone from 1380. A *shair* is a long narrative poem composed of quatrains, each of which expresses an idea in elaborate, romantic style. Usually there is a moral or didactic message.

The Malays are very fond of proverbs and have a wealth of proverbial sayings. Like proverbs elsewhere they usually express the views of the simple folk living close to nature. Often they are cynical; nearly always they describe a disagreeable aspect of reality. By structuring what is disagreeable as a law of nature, the people seek to make such realities more bearable.

The pantun, a verse form that can be spoken or sung, is one of the most cherished parts of the Malay literary heritage. It is heard at special times, such as weddings and festivals and during courtship, and it has also been adopted by other ethnic groups, especially the Chinese. The pantun is a simple four-line verse having an *abab* rhyme scheme. It is highly figurative; the first two lines set the mood and provide clues to the meaning, which is more clearly given in the last two lines, usually expressed in similes and metaphors. The message can be a riddle, a comment on life, an expression of an emotion or mood, advice to the lovelorn, or a reflection on history or customs.

Pantuns are often recited or sung by a chorus, especially during a dance. Rival choruses often engage in pantun contests. Some verses are several centuries old, and new ones are constantly being created.

The pantun and the *shair* continued to be the most popular poetic forms through the nineteenth and early twentieth centuries. By the end of the 1930s, however, there was some experimentation with new poetic forms by writers educated in religious schools. Their works appeared largely in such journals as *Majallah Guru* and *Saujana*, published by Malay schoolteachers' associations. The growth of this movement was slow and was interrupted by the outbreak of World War II.

Poetic expression since World War II has been marked by a rejection of traditional verse forms. Most poets have chosen free verse to present topical poems and have been increasingly concerned with political and social issues in a tone that alternates in each poem between the despair and the optimism of modern man. Among the major modern Malay poets whose works brought them recognition during the 1960s and early 1970s were Usman Awang, S.N. Masuri, Said, A.S. Amin, S.I. Noor, and Manja.

## Non-Malay Literature

In addition to works in Malay, there are Malaysian works in Chinese, English, and Tamil. Malay works have been translated into those languages, but fewer works in those languages have been translated into Malay. Despite attempts beginning in the early 1960s, there has been little success in creating a literary movement unifying the four language groups. Chinese and Tamil communities emphasize tradition and have shown a greater interest in drama and poetry than in short stories and novels.

Works in English did not appear until after World War I, and few works of lasting worth were produced. World War II and the Emergency stimulated several highly autobiographical works. In the early 1950s a group of undergraduates began writing avant-garde verse in English. Personal and apocalyptic, the verse reflected the youth and frustration of the writers. After graduation most of them stopped writing, but successive classes contributed new work. Perhaps marking a more advanced step in the use of the English language in Malaysia is *Rib of Earth*, a collection of poetry by Edwin Thumbee.

Non-Malay groups in Sabah and Sarawak have a tradition of long unwritten narratives in poetic form that serve as chronologies and genealogies and also have a semireligious function. Their recitation usually lasts most of one night and may extend for several nights. Efforts to record and study this tradition have been undertaken under the direction of the curator of the Sarawak Museum.

## PERFORMING ARTS

The performing arts have a rich and highly varied tradition in the country. Urban theaters, drama societies, touring companies, radio-broadcasts, and village gatherings provide opportunities for expression. Costumes are frequently elaborate, although simple settings are used. Classic and slapstick comedy, historical drama, and modern social themes are all represented.

### Malay Music and Dance

Literature and music are interwoven in Malay culture to the extent that music appears to serve chiefly to convey texts or to provide rhythm for dancing. Malay musical instruments include wind, string, and percussion. The music is enharmonic, using quarter tones in contrast to the conventional Western full tones and semitones. Malay bands usually consist of eight performers—two drummers, two horn players, and four flageolet players.

Music is part of many occasions in Malay life and provides an important means of cultural transmission. The *orang bedikir* (religious

singing), in which two choirs chant Koranic verses antiphonally, is perhaps the most popular form of village entertainment after a feast. Music plays a special role in shaman seances and at the installation of a sultan, when the new ruler must sit motionless while series of notes are played a prescribed number of times.

Malay dancing nearly always represents some story, message, or idea—a passage from a romance or a depiction of harvest, war, or marriage—and is nearly always a more or less formal performance rather than a group activity, although the number of performers may be so large as to involve a sizable portion of those present. In all dancing of Malay and Javanese origin the body motions, particularly the movement of arms and hands, have specific significance. Dancing is very popular entertainment, and a dancing event may last from evening to dawn.

In the dances that present selected scenes from one of the tales of the Panji cycle, the performers are masked, and their movements are accompanied and punctuated by music. Because of the spectacular elements of the performances and of the music, the text as recited or sung has become secondary to the visual effect; and because of the cost of masks, the same ones are used regardless of the actual romance being presented—all tales have a common hero mask, a common heroine mask, and so on down the list of characters. Thus the audience tends to identify characters by their appearance rather than by their lines. Malays are likely to lose sight of the specific identity of folk heroes and to telescope several into an archhero or archheroine. Often the hero of a specific play uses several names—another indication that in the text as well as in the performance little attempt is made to bring out the personality of any character.

There has been a gradual shift from amateurism to professionalism in dancing. Whereas dances at special occasions were traditionally performed by nonprofessionals with special talent, by the 1970s only professional dancers—and children who had dance training—were called on to perform. It is not considered improper for preadolescent boys and girls to dance together.

### Wayang Kulit

One of the more popular media for the presentation of Malay epics, romances, and dramas is the *wayang kulit* (shadow-puppet show). This is a play of Javanese origin in which the shadows of leather and wood puppets are cast onto a screen that separates the audience from the performers. The performers accompany the puppets' action with recited dialogue and music provided by a small orchestra.

The performance of a shadow play may go on for weeks. Malay audiences do not expect to be shown the whole tale at one sitting; they want to sample the performers' acting rather than learn a story,

since they already know all the stories well. Thus a spectator will often come late to a show and leave early. In addition the show is not spoiled for him—it is in fact enhanced—by sudden interruptions that usually occur in the basic plot when the two clowns, Semar and Chemuras (also called Turas), arrive and attempt to divert the audience by improvised, disrespectful talk about gods and demons. The plays are accompanied by drums, gongs, and Malay violins.

### Non-Malay Performing Arts

Chinese music, like Chinese drama, takes two forms—classical and modern. Chinese music is performed by amateur societies and by the China society, which also leads the effort to promote interest in the Peking Opera and the visual arts. There is a great deal of interest in the composition and performance of string music, particularly for small ensembles.

Chinese classical drama is performed in urban theaters and by touring companies, whereas Malay drama frequently is performed by local groups. Chinese drama is similar to Western opera in that the dialogue is sung and has a close relationship with the instrumental music. In the Chinese classical form the outstanding feature is the predominance of percussion instruments in the rhythmic accompaniment supporting players' lines and actions. Also characteristic of classical Chinese drama are the integration into a play of elaborate dances, the rhythmic and complex formations simulating the highly regimented art of self-defense known as Kun-tow, and reproductions of battle formations. Although period costumes are used, only a minimum of props and scenery is employed because the audience is expected to know some of the symbolism of the actors' standardized gestures and postures. Modern Chinese drama is very similar to Western drama in the use of dialogue instead of mime.

Reflecting a lively interest in Western music, modern Chinese music contains many Western idioms. It is often played and performed with Western instruments, such as the piano, violin, and saxophone, replacing the traditional Chinese drums.

Within the Indian community Hindustani and Tamil songs from motion pictures are particularly popular. Performances of classical music and traditional Indian plays are supported by the Indian Fine Arts Society. Ceremonial music is still played in temples and on special occasions by temple musicians.

The dance is probably the most vital and important form of artistic expression in Sarawak and Sabah. Dances are an integral part of every festivity. Some have religious significance and are used for ingratiating the rice spirits or for driving away evil spirits believed to be causing disease or poor harvests. Dances are held to honor visitors and, on other social occasions, for pure entertainment. The most

popular dance form is a solo performance done more often by men than women. Dancing is taken very seriously, and good dancers achieve a great deal of esteem and widespread fame.

Western popular music is increasingly influencing Malay and Chinese popular music, and Western classical forms are performed in urban centers. The Drama Department of the University of Malaya has shown an interest in experimental theater, and foreign tour groups, such as the French Corps de Ballet, receive enthusiastic welcomes.

## PAINTING

Development of painting as realistic representation has taken place largely in the post-World War II period. The Muslim prohibition against the representation of living things had blocked traditional Malay artisans from realistic portrayals, and painting had been chiefly a decorative art. Painting by Indian and Chinese artists was executed in the styles and media of their cultures and did not reflect indigenous development.

Painting since World War II has embodied a wide range of styles and media and has represented not only an interest in international trends but also the gradual emergence of a national culture. The National Art Gallery and private galleries offer collections of indigenous paintings. Training facilities have been expanded, and Malaysian artists exhibit abroad.

Four basic schools of painting have become discernible. The first school works in the styles and media of Western academic tradition and tends to focus on genre painting. The best known exponent of this school is Muhammad Hoessein, the country's leading portrait painter. His studies in oils and pastels focus on facial and body lines with little concern for background detail or movement and are considered to have clarity and naturalness.

Traditional Chinese landscape painting is the source of inspiration for the second school of painting. This school is less interested in color than in linear relationships and the projection of relations between the natural and spiritual worlds. The third school of painting includes a wide range of basically abstract works that frequently experiment with color intensities and hues. At one extreme are non-objective intellectualizations about man and the modern world; others are more representational. This school is the most responsive to international art movements.

The fourth school is perhaps the most representative of the country's emerging national culture. It is devoted to the use of batik techniques—ordinarily used for making clothing with traditional patterns—for producing murals and wall hangings that depict the new nation and its people. Such is the work of Seah Kin Joe. His batik paintings

use subtle shading and color variations in complicated compositions that possess internal movement, balance, and cohesion.

## ARCHITECTURE

Interaction among environmental, cultural, and historical factors has limited the development of a distinctively national architectural style. The scarcity of easily quarried rock and the limited labor force restricted traditional construction to moderate-sized timber structures. The preponderance in the population of newly arrived ethnic groups, who brought and maintained their own architectural tradition, and the concentration of urban settlements in coastal areas exposed to intercultural exchange and interaction led to the development of eclectic styles.

The only existing traces of structures built before the fifteenth century are ruins of stone temples and gravesites constructed between the fourth and the fifteenth centuries, during the period of Hindu influence. Several of these sites, such as Gua Cha, are being excavated and reconstructed and have proved to be of considerable historical importance. Although not duplicates of Indian prototypes, these structures represent an importation of culture rather than the development of an indigenous tradition of stone construction.

The emergence of an indigenous style of architecture was stimulated by the construction of timber palaces and mansions for Malay royalty and court officials. The first of these structures that can be documented was constructed in the second half of the fifteenth century for the sultan of Malacca. The structures incorporated elements from Thai and other cultures but were Malay in execution. They were constructed for a period of over 400 years, but termites, fire, and wood rot have left few standing. The oldest example, Istana Among Tinggi, which was rebuilt and restored by the government at Seremban in the 1950s, dates only from the mid-1860s. These multiple-storied structures were built on low platforms and were frequently left to weather. Carved panels and borders and intricate fretwork played against simple backgrounds provided rich ornamentation and demonstrated a subtle handling of line, form, and texture.

The timber court palaces of the Malays represented a cultural development that affected only a small portion of the country's population. The average Malaysian lived in timber dwellings that included both individual family dwellings and longhouse compounds, following age-old traditions. Buildings vary from simple huts woven of saplings and palm fronds to hand- and machine-dressed timber structures with thatched or corrugated metal roofs. Exterior decoration is uncommon. The structures are supported on stilts.

The construction of masonry structures was one of the major urban developments of the nineteenth and early twentieth centuries. These



ranged from simple two-storied structures that had balconies or shutters and combined shop and dwelling facilities to more elaborate multiple-storied banks, hotels, and government buildings whose stucco and stone fronts combined Palladian, Moorish, Hindu, Chinese, and other architectural elements. The construction was more reflective of British attempts to adopt European architecture in terms they thought suitable to Asia than of indigenous stylistic developments.

During the 1950s construction in the country considerably increased. War damage and the growing need of the new country for housing, social services, and administrative facilities produced diverse and widespread construction needs. Particularly during the early 1960s the immediacy and scope of these needs resulted in a greater focus on function than on aesthetic considerations. The importance of the 1950s for the country's architectural development lay in an exposure to new materials, techniques, and design concepts. In addition to schools and housing projects, major government projects included the Merdeka Stadium and the Kuala Lumpur International Airport. Private construction brought commercial facilities, hotels, and gas stations.

Architectural development in the 1960s reached a higher level of sophistication in technique and design. Multiple-storied structures used cantilevered support systems, cast-concrete forms, and metal and glass modular units. Sculptured facades and glass walls sought to merge national traditions with international trends and concepts. Interiors featured vibrant colors, warm woods, and contrasting textures. Particularly impressive examples included the National Museum in Kuala Lumpur, the National Mosque, and the Kuching Cathedral. Such functional structures as the modern wharves at Port Kelang (formerly Port Swettenham) and the Cameron Highlands Hydro-Electric Scheme also incorporated advances in design and construction.

## DECORATIVE ARTS

Highly colorful decorative arts are produced by ethnic groups throughout the country. The patterns used vary widely. In some cases they are derived from nature; in others they are based on geometric or abstract designs. Craftsmen produce fragile items, such as paper lanterns and kites for festivals, and more durable wood and metal items. The relatively low cost and the utility of manufactured articles have reduced the importance of crafts, but the continued production of crafts and the teaching of craft skills are being encouraged by governmental, educational, and private organizations.

### Wood Carving and Wickerwork

Wood carving is largely limited to carved house beams or household items that are later painted; the major exception is carving done

for the tourist trade. The Dayaks carve demonic masks with exaggerated features, which are used for ceremonial purposes and dances. The Malay fishing boats along the east coast of the peninsula down to Pahang were traditionally fitted with carved projections designed to hold spars, masts, poles, and anchors. The projections usually were representations of dragons, sea horses, hornbills, or characters from a *wayang kulit*.

Wickerwork is used for the walls that form the inner divisions of houses and for mats placed on the floor for various social activities. Cross or diamond patterns are incorporated into the mats by weaving strands of varicolored palm leafstalks or by dyeing. Wicker baskets and trays of elaborate designs and varied shapes are also made.

### Pottery and Sculpture

The importation of modern manufactured glass and hardware items has displaced what seems once to have been a relatively well developed pottery industry. The handsome Province Wellesley red (named after a region located in northwestern Malaysia) and Johor (Johore) and Perak black ceramics are no longer produced. Selangor is the pottery center of the country, and the pottery industry is dominated by members of the Chinese community. The country has seen only limited sculptural development. Of the handful of sculptors, most of whom work largely in a Western academic style, the majority are Indians.

### Metalwork

Tin in its pure form or combined with other metals is a popular metal for decorative and practical items. It is used as an inlay on wood and for such items as betel nut mortars. Selangor pewter is produced in modern designs and has become internationally competitive. Bronze is used for daggers, swords, cannons, censers, trays, tools, and bowls.

Iron was formerly worked for agricultural tools and continues to be used for crises and knives. The kris (of Indonesian origin) has two styles—one with a hilt forming one part with the blade and one with a hilt of a different material. Characteristic of both kinds is the serpentine blade, the construction of which is difficult and time consuming. Blades are generally etched with a mixture of rice, sulfur, salt, and sometimes arsenic. It is the hilt that is the most decorated, however. If not of the same piece as the blade, it may be of wood, horn, gold, or silver. A great deal of decoration also is lavished on the sheath, made of various kinds of materials. Popular figures in the designs are animals—especially monkeys—and Arabic letters.

Work in gold and silver is done in various forms. Finely worked sweetmeat bowls and trays and boxes for tobacco, betel nuts, and

limes were produced in the courts of the rajas and sultans. Gold and silver jewelry is produced throughout the country for all classes, sometimes as a form of savings.

### Textiles

Pineapple, plantain, palm, and cotton fibers used for spinning in the past have been replaced by imported threads. Silk continues to be imported from the People's Republic of China (PRC). Embroidery of various kinds is done in the peninsula. Lace is manufactured in Malacca, and its Portuguese name, *renda*, indicates that it was adopted from the Portuguese.

Malays love color, preferring colors that are bright and contrasting, and color schemes in fabrics are achieved by weaving various patterns, such as tartan plaids, checks, and stripes. In Terengganu weavers dye silk thread and then weave it into intricate patterns. Gold leaf is used for gilding luxury fabrics.

Batik, the colorful and complex patterns of which are obtained through alternate dyeings of a fabric (areas not dyed the particular color being used are covered with wax), is popular throughout the country. Attempts have been made to produce machine-made batiks commercially to compete with Indonesian production, but the more time-consuming hand-printed process is preferred. Dayak craftsmen produce ceremonial wall hangings in which patterns are obtained by predyeing certain threads before weaving the fabric. The Bajau create a distinctive thick cloth with a red and black design woven through with silver thread.

### ROLE OF THE GOVERNMENT IN ARTISTIC EXPRESSION

Various government efforts sought to promote a national culture and to train individuals in the performance or creation of the traditional (principally Malay) elements being incorporated into that culture. The majority of these efforts were administered through the Ministry of Culture, Youth, and Sports. Implementation of the programs frequently relied on existing educational or mass media facilities. Training in artistic expression was the responsibility of a specialized division of the ministry. Courses offered on state and national levels included the graphic arts, sculpture, weaving, literature, drama, music, dance, and *silat* (the art of self-defense). Goals included discovering new talent, increasing public participation, and raising artistic standards.

Exhibitions and festivals were organized by the ministry throughout the country. Special performances and coverage of the events were often broadcast by television. Drama and dance competitions had become particularly popular by the 1970s. Skills in these areas had

improved, and participation by non-Malays had increased. Popularization of traditional arts was also being attempted through seminars and workshops.

In 1972 the ministry established the Cultural Research Division to facilitate the promotion of traditional national culture and the incorporation of other cultures into the mainstream of Malay traditions. The division has developed a catalog of Malay dances and has recorded the steps of specific kinds of traditional dances. A similar study has been initiated for certain games and for *silat*. A special project sponsored by the United Nations Educational, Scientific and Cultural Organization (UNESCO) has been established to study Malay culture throughout Southeast Asia. The division has also produced bibliographies, illustrated reference materials, and a series of public lectures.

### MASS COMMUNICATION

In traditional society face-to-face communication provided the most important source of information. Such communication often occurred in association with such activities as farming, trading, or informal socializing, which were not perceived by the participants as essentially information-gathering events. Individuals tended to evaluate the information they received on the basis of personal relationships with source of the information. Among the Malays religious leaders, peddlers, and travelers were important carriers of information from community to community, and members of the nobility were highly influential in the interpretation of new information and the formation of public opinion. Among the Chinese such organizations as labor unions, fraternal groups, and mutual protection societies were active transmitters of information.

The most important center for the exchange of information was the bazaar or marketplace, where tradesmen, vendors, government personnel, and shoppers met their counterparts for conversation as well as business. Traders and boatmen often spread news from one bazaar to another; bilingual individuals carried information from the bazaar to various linguistic communities.

The history of the press in Malaysia began in Penang in 1806 with the establishment of the *Government Gazette*, the first of more than 120 newspapers to have been published by the mid-1970s in the territories that constitute present-day Malaysia. During the first half of this period newspapers were written in English and received financial support from either the government or Christian missions. The primary function of the press was to provide commercial information and news from London to British merchants and colonial officials in settlements on the peninsula. Most of these newspapers were short lived and had little influence. The major exception was the *Straits Times and Singapore Journal of Commerce*, founded in 1845, which survived in 1976 as the *New Straits Times*.

By the 1930s newspapers were being published in Chinese, Tamil, and Malay, reflecting the multiracial makeup of the population; articles in these newspapers also reflected a strong ethnic identification. In the same pre-World War II period a shift from a personal press emphasizing editorial commentary to commercially competitive operations concerned with circulation and profit occurred in the English-language press. Newspapers not felt to be serving the interests of the colonial government and related commercial interests were forced to cease operation.

The introduction of mass media to the peninsula has tended to supplement rather than displace the traditional system of communication. This has been especially true in rural areas. By the 1970s the greatest inroads had been made by the broadcasting services. The printed media were used most in urban centers and by the better educated. Newspapers were often read aloud in small villages, and the news was then passed along by word of mouth. The high level of literacy and the sophistication of the mass media in the country, however, had given the mass media a greater role in the communication system of Malaysia, making them more profitable than in many other Asian countries.

During World War II Japanese occupation forces used the media as propaganda organs. Newspapers were given new names and carried articles supporting partnership with Japan and deprecating the Anglo-American presence in Asia. Most of these newspapers continued to be published in English but also offered special editions, sections, or articles in Chinese, Malay, and Tamil. An underground press of more than twenty newspapers, most of which were printed in Chinese, was operated by the Malayan People's Anti-Japanese Army. The Japanese also relied heavily on radio for propaganda and considerably expanded the limited broadcasting facilities that had been constructed privately during the 1920s and 1930s.

After the war the government, confronted by a major communist insurgency during the Emergency, began a systematic expansion of government information services, including radiobroadcasting; the government also sought the cooperation of private media in countering the insurgents' propaganda and gaining the support of the public. On the basis of experiences during this period and subsequent crises the government has come to expect the support of the media in the implementation of national policies and programs.

### Guidance and Control

The cooperation of the media in the implementation of government policies has been set forth by the government as the primary responsibility of the press as a "partner of the government" in national development; in this role the press is to stress positive and ignore nega-

tive aspects of the society. Criticism of government efforts is "postponed" in the interests of national unity and harmony. The mechanisms designed to control and guide media conformity to the role perceived by the government have been highly effective.

Although freedom of speech—without specific mention of the press—is guaranteed by the Constitution, free expression is subject to restrictions the government feels "necessary or expedient in the interest of the security of the Federation." The security interests involved in the Emergency, the move toward independence, confrontation with Indonesia over the formation of Malaysia, the separation of Singapore from the federation, and the communal riots of 1969 were considered justification by the government for establishing guidance and control of the media. The various measures adopted by the government to carry out this policy included legislation, ownership regulation, the supply of information, and both formal and informal communication of guidelines.

The first restrictive legislation was provided by the Printing Presses Act of 1948. Under this act publishers are required to secure printing licenses and publishing permits annually from the Ministry of Home Affairs. These documents may be temporarily or permanently suspended by the ministry without specification of cause. The act was strengthened in 1971 by the inclusion of prohibitions against distortions of facts and inflammation of the public. The press was required to print retractions or corrections under the direction of the ministry if the ministry felt a published article was incorrect. Amendments in 1974 made local ownership a requirement for permits and licenses.

Under the ordinances of the 1948 Seditious Act individuals whose acts, words, speeches, or publications have seditious effect are subject to fine or imprisonment. Included were such acts as arousing discontent or disaffection among the citizenry and promoting ethnic or class hostility. In 1971 the ordinances were amended to include the prohibition of discussion of four issues regarded as sensitive: adoption of Bahasa Malaysia as the national language, special rights granted to Malays, the special position reserved for sultans and other members of the royalty, and citizenship policies for non-Malays (see ch. 10).

The flow of information into the country was checked by the Control of Imported Publications Ordinance of 1958, under which a permanent ban or exclusion of a specific issue of a periodical could be implemented for reasons ranging from morality to national security. Under this ordinance all issues of *Playboy* since 1972 and selected issues of the *Far Eastern Economic Review* during the early 1970s have been excluded from entry into the country, the former for reasons of public morals and the latter because of the ban on discussion of controversial issues relating to political dynamics in the Chinese community (see ch. 11). The Cinematographic Film Ordinance of 1952

provided for the screening of incoming films, the censorship of which was increased in the early 1970s. Various other laws and amendments that directly or indirectly affected the mass media were promulgated after the declaration of a state of emergency in 1969.

Beginning in the early 1970s the government sought to increase its control over the press by restrictive policies regarding foreign ownership; of most immediate concern were the *Straits Times* and several Chinese-language newspapers owned by parent companies in Singapore. Most newspapers sought to comply with these restrictions by selling stock to Malaysian citizens. The *Straits Times* reincorporated itself as the New Straits Times Press, renamed the newspaper the *New Straits Times*, and put 80 percent of its stock in the National Trading Corporation (Perbadanan Nasional—PERNAS), the Malaysian state trading corporation. By the end of 1975 half of all Chinese newspapers were reportedly Malaysian owned, and the remainder were in the process of transferring ownership. Most newspapers in English, Tamil, and Malay not only were locally owned but also were controlled by interests that either participated in or were sympathetic to the government.

Control of broadcasting was maintained through government ownership of the national service and the reliance of the two other limited services on programming provided by the national service. Opposition parties were not allowed to use broadcasting facilities for political purposes. Commercials were carefully screened and were required to conform to the interests of national security and Muslim dicta forbidding consumption of pork and alcohol and regarding the proper role of women. Negative news items were banned from morning newscasts in order to ensure a proper frame of mind in the public on their way to work.

The government maintained considerable control over the media as a result of its predominance as a source of news and information. The National News Agency (Berita Nasional Malaysia—BERNAMA), established in 1967 as an independent public corporation, was directed jointly by representatives of governmental information sources and the private media. The launching of the service with government funds heavily influenced news coverage from the beginning; in addition the Department of Information of the Ministry of Information alone provided more than 350 news releases a month. Although these sources were not always considered highly credible, partial or verbatim use of the copy they provided was the easiest and surest means of remaining within the confines of the government's perception of sensitive issues. Reliance on government copy was especially high in Sarawak and Sabah.

As a result of this restrictive setting the government was only occasionally forced to revoke permits or licenses in order to censure the press. Newspapers were more likely to call the Department of Infor-

mation for guidance than to be called about inappropriate coverage by the Ministry of Information. Topics regarded as sensitive were avoided by the press, and most editors imposed a system of sensitivity review on themselves that was probably more effective than any the government could hope to impose. Editorial comments were bland, and coverage of foreign events closely followed the government policy of reporting only what was of immediate concern.

### Structure of the Media

Of the forty-five newspapers being published in Malaysia in 1974, forty were dailies. The newspapers included twenty-three in Chinese, eleven in English, six in Bahasa Malaysia, three in Tamil, and two in Punjabi. Estimates of total circulation ranged from 900,000 to 1.8 million. Sources agreed that Chinese-language newspapers had the highest circulation (44 percent to 55 percent), English-language newspapers were second (22 percent to 29 percent), and newspapers in Bahasa Malaysia were third (14 percent to 25 percent). The use of special features or inserts in Bahasa Malaysia was increasingly being used by non-Malay newspapers to conform to government support for the use of national language in the press, and more Malays were being hired for the staffs of non-Malay newspapers.

The major source of news for the domestic press was BERNAMA, which provided general news, economic articles, special features, and photographs. The central office in Kuala Lumpur, regional offices, and newspapers subscribing to the service were connected by a teleprinter network. The government was a major source of information for, as well as a prime user of, the service. News was printed in both English and Bahasa Malaysia. Other news services, which provided mainly international news, included Agence France Presse, Associated Press, Tass, United Press International, Reuters, Cathay Information Service, Central News Agency, Thai News Agency, and Antara, the Indonesian news service.

There were about thirty periodicals being published in the country in the mid-1970s; about one-half were printed in Bahasa Malaysia. Almost two-thirds of all major periodicals were published on the peninsula, and of these all but three were published in Kuala Lumpur. Many periodicals were published by government agencies, departments, or ministries; others were associated with private organizations and interests, some of which were occupationally oriented. There were about twenty-five publishing houses, all but one of which were located in Peninsular Malaysia; publications ranged from short monographs to full-length books.

All broadcasting services were provided by Radio Television Malaysia, owned and operated by the government. A commercially operated rediffusion wired system and a facility on the Royal Australian



Air Force Base provided rebroadcasts of the national radio service to a limited audience. Radio transmission was over shortwave, medium-wave, and frequency modulation (FM). There were five domestic networks, two broadcasting in Bahasa Malaysia and one each in Chinese, Tamil, and English. Considerable emphasis in programming was given to social and cultural content and issues related to national development. Local stations used programs from Kuala Lumpur and regional coverage specially designed to meet local interests. The daily schedule included an educational series in coordination with the Ministry of Education. Broadcasts reached all but the most isolated and mountainous regions.

Television programs were broadcast over two networks; one offered programs exclusively in Bahasa Malaysia, and the other included programs in Tamil, English, and Chinese as well. About half of all program content was produced domestically. Foreign films with subtitles or dubbed-in sound tracks were popular. Service was restricted to portions of Peninsular Malaysia and Sabah, but a special service for Sarawak and limited color broadcasting were to be introduced. Considerable time was devoted to news and information programs operated in conjunction with Radio Malaysia; an educational series was also included.

Modern facilities were provided in Kuala Lumpur in 1969 for the central television service and in 1973 for Radio Malaysia at a total cost of M\$3.69 million (for value of the Malaysian ringgit—see Glossary). The National Broadcasting Training Center offered instruction to Malaysians and students from nearby Asian countries. In the years since World War II broadcasting had become a sophisticated, well-equipped service and was the most effective medium at the disposal of the government for the promotion of national unity and development.

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A useful presentation of artistic expression in Malaysia is offered by Mubin Sheppard in *Taman Indera*. Biographical sketches of present-day artists are found in *Contemporary Artists of Malaysia* by Dolores Wharton. Description and analysis of mass media are provided in several articles by John Lent. A discussion of regional newspapers is offered by David Hitchcock in *Provincial Press and National Development in Malaysia and the Philippines*. (For further information see Bibliography.)

## SECTION II. POLITICAL

### CHAPTER 10

#### THE GOVERNMENTAL SYSTEM

On January 15, 1976, Deputy Prime Minister Datuk Hussein bin Onn was sworn in as prime minister, succeeding Tun Abdul Razak, who had died the previous day while on medical leave in London. At the end of February Tuanku Yahya Petra ibni Al-Marhum Sultan Ibrahim was formally installed in Kuala Lumpur as the new supreme head, or constitutional monarch, for a term of five years. Both events took place in an orderly manner without a transitional crisis or political turmoil, thus assuring the continuity of a stable governmental system and underscoring the widely shared political consensus that public affairs should be managed within the framework of the Federal Constitution of Malaysia.

Since independence in 1957 the governmental system has generally worked within a constitutional framework that is based on the principle and practice of parliamentary democracy. The Constitution has an important place in the political life of the people. It not only provides checks and balances for public authorities, federal and state, but also offers broad guidelines for reconciling and balancing the interests of various ethnic communities. Equally important, it stipulates a bill of rights, which may, however, be restricted if the authorities find restrictions necessary in the interests of internal security (see ch. 17).

The federal charter provides for a strong central government and thirteen autonomous states, each of which has a separate written constitution. Nine of the states are governed by hereditary sultans or rulers and four by appointed officers, called governors in Malacca, Penang, and Sarawak and the *yang di-pertua negara* in Sabah. The legislative jurisdiction of Malaysia is divided into federal and state spheres and another sphere over which the federal and state authorities may exercise concurrent jurisdiction. Legislative conflict or dispute between the federal and state governments is precluded by an express constitutional stipulation of the supremacy of federal authority over the states.

Federal and state governments are patterned after the British model. Executive authority is vested in a cabinet, chaired at the federal level by the prime minister and at the state level by his counterpart, known as the chief executive or chief minister (*menteri besar*). Legislative authority is exercised by the federal Parliament and the state

legislative assemblies. Cabinet members are drawn from and are accountable to the Parliament and the legislative assemblies, which are controlled by the political organization winning a popular mandate in elections held every five years. In 1976 federal and state cabinet members were all members of the National Front—a multiracial coalition of nine political parties built around the traditionally dominant United Malays National Organization (see ch. 11).

Judicial power is the domain of an independent hierarchy of courts under the Federal Court, the highest court of the country. The legal system is based on English common law, a legacy of British rule. It also includes a body of customary law that is applied in certain matters to Muslims throughout the country and to natives in the states of Sarawak and Sabah. Judicial integrity is generally unimpaired.

Federal and state governments are major employers; at the end of 1973 there were about 350,000 public servants on governmental payrolls. Care is taken to ensure the nonpartisanship of civil and military officials under the constitutionally provided public service commissions. In some ways Malays are accorded preferential status under the federal Constitution, especially in government employment, religion, education, and commerce (see ch. 4; ch. 8; ch. 13).

Administrative procedures vary somewhat among states and at the local level as a result of different historical circumstances. The principal difference is between the eleven Peninsular Malaysia states and the Borneo states of Sarawak and Sabah, which were incorporated in 1963 into what is officially called the Federation of Malaysia. On the whole, however, the differences are not major, and the federal and state authorities are striving for uniformity and standardization.

## THE CONSTITUTIONAL FRAMEWORK

The Federal Constitution of Malaysia bears the imprint of traditions partly indigenous and partly Western. It provides a broad framework for reconciling the conflicting needs of a racially divided society and for achieving a political accommodation among the country's numerous princely states (see ch. 4; ch. 11).

### Background

The Constitution evolved from political circumstances after World War II, circumstances marked by growing Malay nationalism and by the strong aspirations of non-Malay communities to acquire citizenship and full political rights. In December 1945 the British colonial administration and the sultans or rulers of the Malay states signed a series of agreements known collectively as the MacMichael treaties, which constituted the basis for the British-proposed Malayan Union. The union came into nominal existence in April 1946 but was discard-

ed in 1948 because of strong Malay opposition. The highly centralized British-led union was unpopular with the Malays generally. For one thing the British plan to grant citizenship to the economically powerful Chinese on an equal basis was seen as a threat to the special position of Malays. For another the centralization of powers would potentially affect the hereditary prerogatives of the ruling class in Malay states (see ch. 3).

The union was abandoned in February 1948 in favor of a new constitutional form as stipulated in the Federation of Malaya Agreement of 1948. Under this accord the principle of an effective centralized government was retained, but many of the traditional rights and prerogatives enjoyed by Malay rulers were returned to them, and legal requirements for citizenship were considerably tightened.

The country's first general election, held in July 1955, marked a turning point in constitutional development and provided a powerful impetus to the rising demand for national independence. In that election the Alliance Party, formed in 1952 by Tengku Abdul Rahman as a multiracial coalition, won a decisive victory, advocating independence within four years and pledging interracial collaboration. Discussions of the constitutional and political future of Malaya were begun in August 1955, and in January and February 1956 a constitutional conference in London agreed on full independence for Malaya within the Commonwealth of Nations by August 31, 1957. In addition the conference decided that a commission would be appointed to draft a constitution.

Chaired by Lord Reid, the constitutional commission drafted a document providing for a federated state with a strong central government based on parliamentary democracy. The draft charter sought to safeguard, among other things, "the special position of the Malays and the legitimate interests of other communities." The final draft—a product of consultation and compromise among the British authorities, the Malay rulers, and the Alliance Party leaders—was endorsed by the Federal Legislative Council, which had been formed as a result of the general election held two years earlier. The new constitution—officially the Constitution of the Federation of Malaya—came into effect on August 31, 1957, when independence was formally proclaimed.

The Federation of Malaya consisted of nine Malay states, each under a hereditary ruler, and the two nonprincely states of Penang and Malacca, each under a governor appointed by the supreme head of the federation (*yang di-pertuan agong*). Although revised on several occasions, the 1957 Constitution remained unchanged in substance until September 1963, when it was altered in accordance with the Malaysia Act of 1963, under which Singapore, Sarawak, and Sabah were incorporated into the federation. The charter was amended rather than rewritten, partly to ensure constitutional continuity for the

new Federation of Malaysia; at that time the constitution was re-named the Federal Constitution of Malaysia. In 1965 Singapore seceded to form an independent entity.

The Malaysia Act, an integral part of the legal basis for the new federation, went into effect on September 16, 1963. Part IV of the act was to have the same constitutional effect as if embodied in the Federal Constitution of Malaysia; it contained temporary and transitional provisions to meet the constitutional and political conditions of the newly incorporated states of Singapore, Sabah, and Sarawak (see ch. 3; ch. 12). Specifically Part IV of the Malaysia Act dealt with the terms of reconstituting the Parliament and the judiciary, defining the nature of federal-state relationships as they affected the new states, and providing constitutional safeguards in matters of official language, religion, local government, citizenship, and the special position of the indigenous populations of Sabah and Sarawak.

### **The Federal Constitution of Malaysia**

The Constitution provides for a federal form of government having a bicameral federal parliament, a British-patterned cabinet accountable to the electorate through the legislative body, and an independent judiciary. It is an extraordinarily long and detailed document embracing such categories as fundamental liberties, citizenship, federal and state governments, relations between the federation and the states, financial provisions, elections, public services, and miscellaneous matters.

#### **Fundamental Liberties**

The Constitution guarantees fundamental liberties in language that is familiar to Western democracies. But these liberties, especially those freedoms relating to speech, expression, peaceable assembly, and the formation of associations, may be restricted by law on grounds of national security, conduct of diplomacy, and maintenance of public order or public morality. Since independence internal security has been the most frequently cited reason for such restriction (see ch. 17). Among the guaranteed civil rights are those of freedom of religion and freedom of movement. The people are also granted the right to public education regardless of religion, race, descent, or place of birth. They are entitled to the equal protection of the law. Slavery and forced labor are prohibited.

The liberty of the person is prominent among the constitutionally guaranteed rights. No person is to be deprived of life or liberty without due process of law. A citizen is not to be subjected to arbitrary detention, double jeopardy, or retroactive application of criminal laws. The intent of the framers of the Constitution was that the courts would serve as the guardians of basic liberties. In case of detention the arrested person must be expeditiously notified of cause, allowed

counsel of his choice, and arraigned before a magistrate within twenty-four hours of apprehension (see ch. 17).

Although Islam is specifically designated "the religion of the Federation," other faiths may be practiced in peace and harmony. No one may be taxed to support a religion that is alien to his beliefs. Each religious group is authorized to regulate its internal matters as it sees fit, to own property, and to establish and maintain its organizations and charities. All religions, however, are subject to any general law relating to public order, public health, or morality. Every person has the right to propagate his faith, but the Constitution empowers each state to control or restrict by law the "propagation of any religious doctrine or belief among persons professing the Muslim religion." The freedom to convert non-Muslims to Islam is not expressly forbidden, however (see ch. 6).

#### Emergency Powers

In practice the fundamental liberties were occasionally restricted under emergency provisions. The need for this restriction was widely accepted as early as 1948 when the country was seriously beset by communist subversion (see ch. 17). Article 149 empowers the parliament to enact laws against subversion—with or without a proclamation of emergency by the supreme head. Such laws may be passed when there is organized violence, actual or potential, against persons or property by "any substantial body of persons, whether inside or outside the Federation." Moreover Parliament may act in the face of situations, actual or potential, abetting disaffection against the supreme head or any government in the country and engendering feelings of ill will and hostility likely to cause violence between different races or other classes of the people. Conditions likely to dislocate the existing order and to endanger national security were other grounds for emergency legislation.

In emergencies safeguards relating to due process of law, freedom of movement, prohibition against the banishment of citizens, and freedom of speech, assembly, and association may be set aside indefinitely unless the law permitting such restrictions is repealed by both houses of Parliament. Legal restrictions invoked specifically under the Internal Security Act of 1960, as amended in 1962, may also permit detention without trial and the closing of schools.

National crisis is dealt with by Article 150 as well. In this instance the government may exercise special powers but only after a proclamation of emergency is declared by the supreme head, invariably on the advice and request of the cabinet or of the prime minister. This proclamation may be issued when the supreme head is satisfied that "a grave emergency exists whereby the security or economic life of the Federation or of any part thereof is threatened." If the proclamation is issued while Parliament is not in session, the supreme head must summon Parliament as soon as practicable and, until the two

houses are actually in session, may promulgate ordinances having the force of law if contingencies require immediate action.

The proclamation of emergency and any related ordinance promulgated by the supreme head must be laid before both houses of Parliament for their consent. The proclamation is valid for a period of six months unless revoked sooner by the two houses. Even after it is annulled, a new proclamation may be issued by the supreme head. While the proclamation is in force, the federal government may pass laws on matters that are reserved under the Constitution for a state government. This emergency power does not apply, however, to "any matter of Muslim law or the custom of the Malays, or with respect to any matter of native law or custom" in Sabah or Sarawak, nor does it extend to matters relating to religion, citizenship, or language (see ch. 4; ch. 5; ch. 6).

Persons detained without trial under articles 149 and 150 are protected from official abuse. Under Article 151 the authority must inform the detainee as soon as possible of the grounds for his being taken into custody and must give him the opportunity to make representations against his detention. The authority is not required to disclose facts, the revelation of which might be prejudicial to the national interests. Detention may not last more than three months unless an advisory board has reviewed the case and has made recommendations thereon to the supreme head.

#### Citizenship

Citizenship qualifications as provided for in Part III and the Second Schedule are detailed and very lengthy. The matter of citizenship is complex because of its social, political, and economic ramifications pertaining to the Malay and non-Malay communities (see ch. 4; ch. 11; ch. 13).

The concept of common citizenship for all races in the country originated in the proposals for the formation of the short-lived Malayan Union in 1946. Until then there had been state citizenship and later, in the case of several of the native states, citizenship of the United Kingdom and its colonies. Under the Malayan Union scheme citizenship was to be granted to all persons who were born in Malaya or who met certain residence requirements. This approach was decidedly unpopular among the Malays, who saw it in effect as a British policy of what has been called the "political equalization of the Chinese, Indians, and Malays" and hence as a threat to what they believed should be their preeminent status as the "sons of the soil." The Malays insisted that citizenship should be based on familiarity with Malay culture, particularly the language, and on undivided loyalty toward the Malay nation. In any case they stressed that their "special position" should be constitutionally safeguarded.

As a result citizenship requirements were tightened in 1948, although not as much as some adamant Malays would have wished.

Subsequently, in 1952, the requirements were liberalized somewhat as part of the program against the largely Chinese-controlled communist insurrection, which had been launched in 1948 (see ch. 17). The liberalization was intended to enlist the political support of the Chinese and to draw them into a broad united front against the communist rebels. In the years after 1952 provisions for acquiring citizenship were gradually relaxed further in favor of non-Malays. One notable exception to this trend occurred in 1962 when the 1957 Constitution was amended so that the principle of *jus soli* (the rule that citizenship of a child is determined by the place of birth) could no longer be an adequate ground for automatic federal citizenship if neither of the parents was a citizen of, or a permanent resident in, the federation. This amendment was designed to ensure compliance with citizenship laws not only in letter but also in spirit.

Four basic categories are established for acquisition of citizenship. First, citizenship can be obtained "by operation of law," that is, by persons who were citizens before August 31, 1957; by children of Malay parents; by persons born in the federation on or after August 31, 1957, but before October 1962; and by persons born on or after August 31, 1957, if one of the parents was a citizen or a permanent resident of the federation at the time of the person's birth. The second category is "by registration" of wives and children of citizens and of persons over the age of eighteen who were born before August 31, 1957, provided they had resided in the federation for at least five of the preceding seven years, as well as those who had resided there for at least seven of the preceding ten years. "Elementary" knowledge of the Malay language, good character, and a declared intention of permanent residency are also required.

The third category is through naturalization of persons twenty-one years old and over. Applicants must have good character and an "adequate" knowledge of Malay and have resided in the federation for at least ten of the last twelve years including the twelve months immediately preceding the date of application. They must also show intent to reside in the country permanently. Under the fourth category Malaysian citizenship may be extended by law to everyone born or naturalized in any state or new territory acceding to the Federation of Malaysia.

Malaysian citizenship may be terminated under certain specified circumstances but, where the termination is involuntary, especially on the part of those who are citizens by operation of law, the authorities must first establish proof that the persons in question have committed a deliberate act inconsistent with their citizenship status. Under the Constitution, which does not recognize dual citizenship, the government may deprive any person of his citizenship if he has acquired by registration, naturalization, or other voluntary and formal act (other than marriage) the citizenship of any foreign nation. Malaysian citi-



zens are automatically citizens of the Commonwealth, but they are liable to lose their Malaysian citizenship if they exercise any of the political rights (for example, voting in an election) available to them in another Commonwealth country in which they happen to reside.

#### Amendment

The Constitution can be amended only by an act of Parliament. Procedures are complex, but in general a bill for amendment must be approved by a two-thirds majority of the total membership of each house. Some amendments affecting the rulers and governors of the states and the special privileges of Malays can become effective only with the consent of the Conference of Rulers (Majlis Raja-Raja) (see *The Federal Government*, this ch.). Some articles of special interest to the states of Sarawak and Sabah must have the concurrence of the governors of those states or the governor of the state concerned. Other articles may be amended by a two-thirds majority in each house of Parliament without recourse to any other governmental organ or political division. Still others, dealing with comparatively unimportant matters, can be amended by a simple majority.

#### Federal-State Relations

Malaysia is a federation of thirteen equal and autonomous states, and its legislative authority is divided between the federal government and the states. Federalism as practiced in Malaysia is notable in that the Parliament enjoys decisive superiority over the states in exercising legislative powers. The intent of the framers of the Constitution was that the country should have a strong centralized government and that the autonomy of the states should be balanced against the overriding need for such a centralized government.

The Constitution provides for three legislative jurisdictions: federal, state, and concurrent. The Parliament is empowered to enact bills concerning such matters as external affairs, national defense, civil defense, internal security, civil and criminal law, administration of justice, immigration, naturalization, and citizenship. Other federal subjects include finance, currency, banking, foreign exchange, trade, commerce, industry, insurance, shipping, navigation, marine fisheries, communications, transport, public works, public utilities, census, scientific and technical research, education (elementary, secondary, and university), public health, newspapers, and censorship.

Among the subjects within the domain of the state legislative assemblies are Muslim law, personal and family law for Muslims, Malay custom, organization and procedure of kadi courts (Muslim-judge religious courts), control of missionary work among persons professing Islam, land and land tenure, agriculture and forestry, local government, state public works, and riverine fishing. Sabah and Sarawak are granted additional legislative powers with respect to native law and custom, operation of native courts, local authorities created by state

law, ports and harbors other than those under federal control, cadastral land surveys, libraries, historical monuments and records, and—in the case of Sabah—the Sabah railroad.

Parliament and the legislative assemblies may exercise concurrent jurisdiction over social welfare, child care, protection of women and juveniles, scholarship, protection of wildlife, national parks, animal husbandry, town and country planning, public health and sanitation, disease prevention, irrigation, and soil conservation. For Sabah and Sarawak the concurrent list also covers personal and family law, adulteration of foodstuffs, shipping under fifteen registered tons, hydroelectric power, agricultural and forestry research, charities in the states, theaters and films, and midterm local elections.

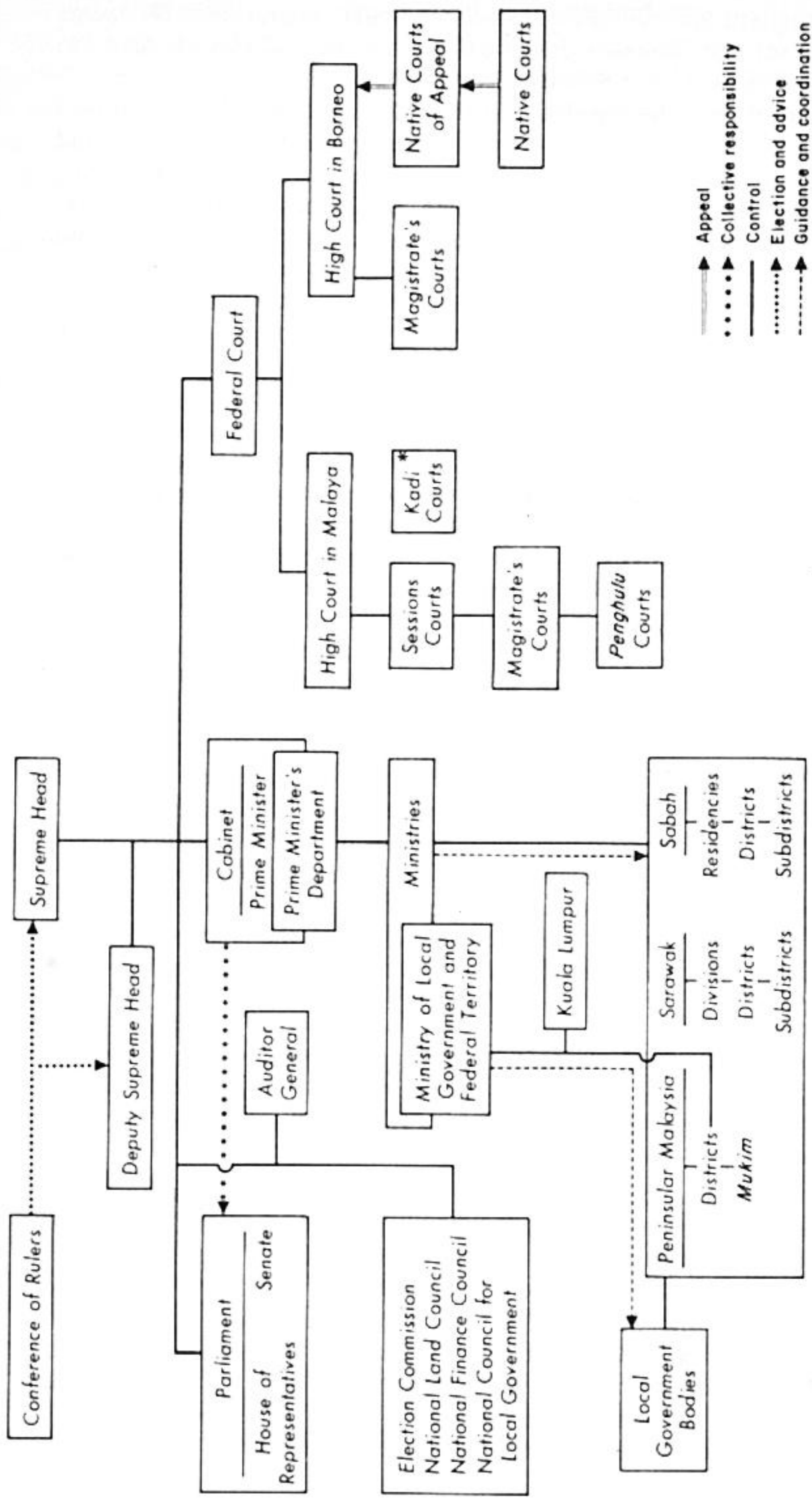
The Constitution states that federal law takes precedence over state law in case of inconsistency or conflict. The state list notwithstanding, Parliament may also enact a bill concerning any state subject (but with prior "consultation" with the state or states concerned) if warranted by the conduct of foreign relations or by the need to promote uniformity of the laws of two or more states (in Peninsular Malaysia only) or if so requested by the legislature of any state. In an effort to minimize potential friction the Constitution stipulates that the executive authority of every state shall be so exercised "as to ensure compliance with any federal law applying to that State; and as not to impede or prejudice the exercise of the executive authority of the Federation."

The federal government also has the power to acquire state land, after consultation with the state government concerned, and use it for any federal purpose. National development is also a subject in which federal authority generally transcends state rights. The federal government may set in motion a development plan in any area or areas in one or more of the states after consultation with the National Finance Council, the National Land Council, and the states concerned (see ch. 13).

## THE FEDERAL GOVERNMENT

### The Supreme Head of the Federation

The supreme head of the federation—also called the paramount ruler, king, or supreme sovereign—is a constitutional monarch and the titular head of Malaysia (see fig. 15). Rules of election prescribe that only hereditary sultans or rulers may stand for election and vote and that ordinarily the most senior ruler (based on dates of accession) should be elected unless that ruler is a minor, has declined to offer himself for election, or has been determined unfit to reign by the Conference of Rulers voting by secret ballot. Governors, although members of the Conference of Rulers, are not permitted to participate



\* Appeals are taken to state rights.

Figure 15. Malaysia, Organization of the Governmental System, 1976

in this election. To be elected the candidate needs the affirmative votes of at least five of his peers. The election is for a five-year term that cannot be renewed until the ruler of each state has been elected supreme head at least once.

Because the supreme head is a constitutional sovereign, his powers are limited. Although the executive authority of the federation is vested in him and all laws are proclaimed and executed in his name, the Constitution stipulates that the supreme head must act in most instances on the advice of the cabinet or of a minister acting under the general authority of the cabinet.

The supreme head convenes Parliament and may also prorogue or dissolve it when so requested by the prime minister. In appointing the prime minister the supreme head is guided by the parliamentary convention of naming the leader of the majority party or of the political coalition commanding a majority in the lower house. Among his other functions are those of assenting to all laws submitted to him for promulgation; exercising the power of pardon and reprieve—as the supreme commander of the armed forces—for offenses triable by court-martial; and appointing the lord president (chief justice) and judges of the Federal Court and judges of the two second-level courts—the High Court in Malaya (for Peninsular Malaysia) and the High Court in Borneo (for Sarawak and Sabah)—on the advice of the prime minister after consulting the Conference of Rulers.

Although Islam is the official religion of Malaysia, the supreme head does not automatically represent the faith for the federation as a whole but only for Penang and Malacca in addition to his own state. The rulers of other states, concurrently the Muslim religious leaders in those states, may, however, authorize the supreme head to represent them in certain religious matters extending to the federation as a whole (see ch. 6).

While in office the supreme head cannot exercise any power as the sovereign and political leader of his home state. His authority as ruler of the state must be delegated to a regent appointed by him. The power to amend the constitution of his state remains in his hands, however.

The Constitution provides for the office of deputy supreme head of the federation (*timbangan yang di-pertuan agong*), who is elected by the Conference of Rulers in the same manner as the supreme head. The deputy supreme head remains ruler of his state and carries out the functions of the supreme head in the event of the latter's disability or absence from the country lasting over fifteen days. In the event of the supreme head's death or resignation the deputy does not automatically succeed to the throne; a new sovereign must be elected by the Conference of Rulers, in which case the deputy supreme head is the first entitled to be offered the office of supreme head.

## The Conference of Rulers

The Conference of Rulers consists of nine hereditary rulers and four governors appointed by the supreme head. Its principal function is to elect or remove the supreme head and the deputy supreme head. Other functions assigned to the conference include consenting to or withholding consent from any law and making or giving advice on any appointment involving high public officials; agreeing to or disagreeing with the extension of any religious acts, observances, or ceremonies to the federation as a whole except Sabah and Sarawak; and deliberating on questions of national policy.

When the conference deliberates on matters of national policy, the supreme head must be accompanied by the prime minister, the rulers by their chief executives, and the governors by their chief ministers. This formal requirement suggests that the Conference of Rulers is not allowed independence on matters of general political concern, inasmuch as its members must be guided in their deliberations by the advice of their political executives. With respect to the election of the supreme head and the deputy supreme head, however, the conference is exclusive, because only the nine hereditary members of the body are entitled to vote.

Meeting three or four times a year in sessions lasting three days each, the conference exercises its right to consultation and consent in matters affecting the alteration of state boundaries; the privileges, position, honors, or dignities of the rulers; religious issues of interest to the country as a whole; and any law to amend certain provisions of the Constitution. Consultation is also mandatory in matters affecting the special position of the Malays and the natives of Sabah and Sarawak.

## The Prime Minister and the Cabinet

The prime minister (*perdana menteri*) is the head of the government. Appointed formally by the supreme head, he must be a citizen by birth—not by registration or naturalization—and a member of the House of Representatives who, in the judgment of the supreme head, is likely to command the confidence of the majority of the members of the lower house. By political convention under the British-patterned system of cabinet government, the prime minister invariably is the leader of the party or coalition commanding a parliamentary majority in the house. If he ceases to command that confidence, he must either resign along with his cabinet or request the supreme head to dissolve Parliament; in either case a general election must follow to form a new government (see ch. 11).

The prime minister presides over the cabinet (*juma'ah menteri*), whose members he chooses from among the members of either cham-

ber of Parliament or from among those of the legislative assemblies. The prime minister is responsible for keeping the supreme head informed about the general administration of the country and for advising him on the appointment of judges, the auditor general, the Public Services Commission, and the Election Commission. He also enjoys a broad range of discretionary power in filling senior posts in the civil service.

The top policymaking body in the government, the cabinet, meets once a week in private. Its members, who are collectively responsible to Parliament for cabinet decisions, are chosen not only for their professional merits but also on the basis of political and racial balance (see ch. 11). Their decisions are made by consensus, and the secretary to the cabinet (concurrently the head of the Prime Minister's Department)—the only civil servant allowed by statute to attend cabinet meetings—is entrusted with the administrative matters of the cabinet as well as the responsibility for overseeing implementation of cabinet decisions. Depending on the nature of deliberations, however, other senior civil servants may be invited to attend.

The prime minister is assisted by a deputy prime minister, a position not mentioned either in the Constitution or in any law but one that has become an integral part of the executive leadership. By convention the deputy is a member of Parliament chosen by the prime minister and is usually the second most influential figure within the ruling political group.

In discharging his functions a cabinet minister relies on an assistant minister who serves as his deputy; the minister and his deputy are also aided by two secretaries, one in charge of parliamentary affairs and the other in charge of political or public relations duties. Whereas the assistant minister must be a member of Parliament, the parliamentary and political secretaries need not be and may be appointed and dismissed by the prime minister at his discretion.

In mid-1976 twenty-one ministries and three ministers without portfolio (attached to the Prime Minister's Department) carried out various executive functions. Their policies and actions were coordinated and supervised by the ministerial-level Prime Minister's Department, perhaps the most pivotal unit within the bureaucracy. This department attends to the administrative needs of cabinet meetings and of the Advisory Committee on the Relationship Between the Central Government and the State Governments and also deals with matters relating to appointments, duties, responsibilities, terms of service, and privileges of public officials in the special or political category. Among those officials are governors, the president of the Senate, the speaker of the House of Representatives, and their deputies; ministers and assistant ministers of the federal government; members of the Senate; parliamentary and political secretaries; judges and members of various commissions established under the Constitution; the

keeper of the ruler's seal; and statutory appointees. The parliamentary calendar and the royal address to the inaugural session of Parliament are also handled by the department.

The Prime Minister's Department is responsible for "significant national problems requiring immediate remedial measures," public complaints, protocol affairs, psychological warfare, the environment and nuclear energy, public administration, and economic planning. The Economic Planning Unit of the department provides secretarial and staff work for the National Economic Council and the National Development Planning Committee and advises the National Action Council. Administrative and advisory bodies may be established under the department depending on the changing needs and priorities of the government.

The twenty-one ministries, as announced by the government in March 1976, were agriculture; communications; culture, youth, and sports; defense; education; finance; foreign affairs; health; home affairs; housing and village development; information; labor and manpower; lands and regional development; law and attorney general; local government and federal territory; primary industries; public enterprises; science, technology, and environment; trade and industry; welfare services; and works and utilities. This list of ministries was the first announced by Prime Minister Onn, who had succeeded the late Prime Minister Razak, and represents only a slight modification of the previous lineup.

### **Other Constitutionally Provided Offices**

The Constitution provides for a number of regulatory and executive agencies to deal with matters of concern to both federal and state governments. The National Land Council, for example, is assigned the function of formulating "a national policy for the promotion and control of the utilization of land throughout the Federation for mining, agriculture, forestry or any other purposes" in consultation with the federal and state governments and the National Finance Council.

The National Finance Council is convened by the prime minister at least once a year or whenever three or more state governments request a meeting. The council must be consulted on such issues as federal grants to the states, the formulation of national development plans, raising loans, the assignment of taxes or fees to states, and loans to any of the states (see ch. 13). In addition financial and accounting procedures as well as audits and accounts of the federation and the states and other public authorities require deliberation by the council.

The National Council for Local Government is charged with formulating a national policy for the promotion, development, and control of local government throughout the federation and for the administra-

tion of any relevant laws. Any bill on local government requires prior scrutiny by the council so that uniformity in procedures and practices can prevail throughout the country.

Apart from these there are public bodies whose functions are primarily administrative. They are the Armed Forces Council, the Judicial and Legal Service Commission, the Public Services Commission, the Police Force Commission, the Railway Service Commission, and the offices of the attorney general and the auditor general.

As the chief legal officer of the federation, the attorney general serves as the principal legal adviser to the supreme head, the prime minister, and the cabinet. Appointed by the supreme head on the advice of the prime minister, he must be a person qualified to be a judge of the Federal Court. He may but need not be a cabinet member.

The office of the auditor general, an independent agency with a sizable staff, scrutinizes the receipt, expenditure, and application of all public funds by both federal and state governments as well as by all public authorities. The auditor general is appointed in the same manner as the attorney general, but the concurrence of the Conference of Rulers is also required. To ensure his independence and impartiality the auditor general can only be removed from office on grounds of misbehavior or disability formally proved by a special tribunal appointed by the supreme head. His audit reports on the federal government are presented to the House of Representatives through the supreme head; those on the state governments are submitted to the legislative assemblies through the rulers or governors.

### The Parliament

The Constitution provides for a bicameral federal legislature known as the Parliament. It consists of two chambers: the Senate (Dewan Negara) and the House of Representatives (Dewan Rakyat).

The fifty-eight-member Senate is made up of twenty-six elected members—two from each state—and thirty-two members appointed by the supreme head upon nomination by the prime minister (see table 7). The elected senators are chosen by the legislative assemblies of the states they represent and are usually but not necessarily members of those bodies. The appointed senators are persons who, in the supreme head's opinion, "have rendered distinguished public service or have achieved distinction in the professions, commerce, industry, agriculture, cultural activities or social service or are representative of racial minorities or are capable of representing the interests of aborigines."

The Senate is a continuous body, unaffected by the dissolution of the lower house. A senator holds office for six years. Under the Constitution the Parliament may increase the number of elected senators from each state from two to three, provided that the additional seats



Table 7. *Malaysia, Seats in Parliament and the Legislative Assemblies by State, 1974*<sup>1</sup>

State	Parliament		Legislative Assemblies
	Senate	House of Representatives	
Johor (Johore) . . . . .	2	16	32
Kedah . . . . .	2	13	26
Kelantan . . . . .	2	12	36
Malacca . . . . .	2	4	20
Negeri Sembilan . . . . .	2	6	24
Pahang . . . . .	2	8	32
Penang . . . . .	2	9	27
Perak . . . . .	2	21	42
Perlis . . . . .	2	2	12
Sabah . . . . .	2	16	32 (48) <sup>2</sup>
Sarawak . . . . .	2	24	48
Selangor . . . . .	2	11	33
Terengganu . . . . .	2	7	28
Kuala Lumpur (federal territory) . . . . .	0	5	0
(Appointed) <sup>3</sup> . . . . .	32	0	0
<b>TOTAL . . . . .</b>	<b>58</b>	<b>154</b>	<b>392 (408)<sup>2</sup></b>

<sup>1</sup> The number of seats at the time of the federal and state elections held on August 24, 1974.

<sup>2</sup> Sabah had no state election in August 1974; this figure is based on the state election held on October 5, 1971. According to a new electoral delimitation approved in July 1974, the number of seats in the legislative assembly of Sabah would be forty-eight for future elections, bringing to 408 the total number of legislative assembly seats.

<sup>3</sup> Appointed by the supreme head on the advice of the cabinet or the prime minister.

be filled by direct popular election. As of mid-1976 this option had not been exercised.

The Constitution allows the House of Representatives a total of 144 seats—104 for Peninsular Malaysia, twenty-four for Sarawak, and sixteen for Sabah. By August 1974, however, the seats had been increased to 154 through a new electoral delimitation. The lower house members, or representatives as they are officially called, are directly elected.

Each house selects its own officers-president and deputy president of the Senate, speaker and deputy speaker of the house—and appoints committees for the deliberation of legislative motions. The speaker may be either a member of the house or a nonelected person; in the latter case the speaker so chosen is to be considered a member of the house along with the 144 elected members but is not allowed to vote on any motion. A speaker who is an elected member of the house may cast a tie-breaking vote, however. This voting restriction on the speaker is aimed at ensuring the speaker's impartiality in his parliamentary conduct.

Both houses make their own rules and pass bills usually by a simple majority of the members present. Members of Parliament are granted immunity, and their official conduct cannot be questioned in any court of law. In a constitutional amendment passed in March 1971, however, parliamentary privilege may be restricted by law if deemed imperative in the interests of internal security, public order, or communal harmony.

Parliament must be called into session by the supreme head on the advice of the prime minister at least once every six months. If it is dissolved by the supreme head, a general election must be held within sixty days in Peninsular Malaysia and ninety days in Sabah and Sarawak; the newly elected legislature must be summoned to convene within 120 days of the dissolution.

Bills may be initiated in either chamber, but money bills, which can be moved only by cabinet ministers, originate only in the House of Representatives. Bills require the consent of both houses before being submitted to the supreme head for his assent and promulgation. Whereas the lower house can veto any bill passed by the Senate, the latter can only delay bills—for up to thirteen months in the case of an ordinary bill and for only one month in the case of money bills. A money bill is presented to the supreme head for assent if it is not passed by the Senate without amendment within one month. Other bills can bypass Senate concurrence if they are passed twice by the house in successive sessions—a year having elapsed between the two actions. Bills are processed in three readings.

### The Judiciary

The legal system of Malaysia, as of most other member states of the Commonwealth, is in the common law tradition. It is influenced liberally by British legal principles and judicial practices and institutions as transplanted with little modification before the country's independence. In 1975 a judicial link was still nominally maintained between Malaysia and the United Kingdom through the possibility of appeal from a decision of the Federal Court of Malaysia through the supreme head to the Judicial Committee of the Privy Council in London; at the end of the year, however, the House of Representatives passed a bill to abolish appeals to the Privy Council of criminal and constitutional cases. Official speculation at that time was that the bill might be implemented "in a year or two at an appropriate time."

Under the Constitution—and in practice as well—the judiciary is independent of executive and legislative control. Except for kadi courts the Judicial branch is entirely under federal jurisdiction. It may pronounce on the legality of any act of the federal and state governments and on the validity of any law passed by the federal and state legislatures. Under the Courts of Judicature Act of 1963 the judiciary

—specifically the Federal Court and the two high courts—may exercise the power to interpret any provision of the federal and state constitutions. Subordinate courts below the high courts are established by federal law rather than by the Constitution. These inferior tribunals are called sessions courts, magistrate's courts, and *penghulu* (chief) courts in Peninsular Malaysia and magistrate's courts, native courts, and native courts of appeal in Sarawak and Sabah (see State Government, this ch.).

Administratively the judiciary is under the charge of a chief registrar who is directly responsible to the lord president of the Federal Court (the supreme head of the judicial branch, comparable to the chief justice of the United States). The chief registrar is concerned with administrative aspects of the Federal Court and appeals to the supreme head for pardons and commutations of sentence; the formulation of new court procedures is also his responsibility.

The Constitution provides for the Federal Court as the nation's highest tribunal and for two high courts of equal jurisdiction and status—one for Peninsular Malaysia and the other for Sarawak and Sabah. The Federal Court consists of the lord president, the two chief justices of the high courts, four other judges, and such additional judges of the high courts as may be appointed by the lord president. Sitting in Kuala Lumpur, this court has exclusive jurisdiction in appeals from decisions of a high court, jurisdictional questions involving the federal and state legislatures, and disputes on any other question between the federal government and any state government or between state governments.

Each of the high courts consists of a chief justice and a varying number of other judges—from four to fifteen judges for the High Court in Malaya and from four to eight judges for the High Court in Borneo. The high courts have unlimited original jurisdiction in criminal and civil cases. They exercise appellate, revisionary, and general supervisory jurisdiction over all lower courts other than the Kadi courts.

Judicial integrity and independence are secured by constitutional stipulation concerning the appointment, removal, tenure, and remuneration of judges. Moreover, to forestall the possibility of the judiciary's becoming involved in partisan politics directly or indirectly, the Constitution prohibits Parliament from discussing the conduct of a judge of the Federal Court or a high court except on a substantive motion of which notice has been served by not less than one-fourth of the total number of members of Parliament. State legislative assemblies are not allowed to question a judge's conduct under any condition.

Barring misbehavior or disability as determined by a special tribunal, the judges of the Federal Court and the high courts hold office until the age of sixty-five years. They are appointed formally by the

supreme head but actually on the nomination of the prime minister. To qualify as a federal judge a person must be a citizen and have been either an advocate before the Federal Court or the high courts for ten years preceding the appointment or a member of the judicial and legal service of the federation or any state.

### The Public Services

More than 100 years of British rule bequeathed a distinctively British flavor to Malaysia's public services. Before independence in 1957 the relatively small and elitist Malayan Civil Service (MCS), traditionally staffed by predominantly British and a small number of Indian and Malay officials, provided the country with a professional body of administrators. The MCS filled practically all the senior administrative and technical positions of the government, the lower levels being staffed by Malay officials.

In anticipation of the country's independence in 1957 the colonial government—after consultation with the British Colonial Office—announced in 1956 a policy of "Malayanization" (see Glossary) under which British civil servants serving in Malaya were to be replaced by Malays. This policy set the stage for an exodus of British officials and at the same time encountered a serious shortage of trained Malay administrators. Vacancies were filled by promoting lower grade civil servants; this in turn created vacancies at lower levels of the government for which replacements were not immediately available.

After independence the government found it difficult to entice qualified young men into its civil service ranks. Rapid economic growth in the country enabled private business to offer higher salaries than the government could pay and thus draw on many of the best qualified college graduates. Moreover, as a result of its emphasis on Malayani- zation, the government denied itself in many instances the services of qualified Chinese and to a lesser extent Indian applicants. Nonetheless the security offered by civil service and the prestige attached to holding a government position have given some incentive to young Malays to prepare themselves for government service.

Under the Constitution the term *public services* encompasses government employees administered by one generalist and four specialized commissions in matters of recruitment, appointment, promotion, transfer, and discipline. The generalist category comes under the jurisdiction of the Public Services Commission, and the specialized groups are administered by the Armed Forces Council, the Judicial and Legal Service Commission (for the middle and lower ranks of the judiciary other than those requiring formal appointment by the supreme head), the Police Force Commission, and the Railway Service Commission. State employees are subject to their own public service commissions, but in some cases state services may come under the

control of the federal Public Services Commission. Terms of service, salary, career development, pensions, and the size of the entire public services are administered by a centralized personnel unit, the Public Services Department. Training is the responsibility of the National Institute of Public Administration, which was set up under the department in 1972.

Certain public officials are excluded from their federal or state jurisdiction. These officials include the judges of the Federal Court and the high courts, members of Parliament and the legislative assemblies and their staffs, higher ranking members of the diplomatic service, members of commissions or councils created by the federal or state constitutions, the attorney general, the auditor general, the personal staff of the supreme head or of a ruler or governor, and others designated by law.

Federal employees are classified into four major categories. Those in the first division—the highest in educational or professional qualifications—occupy the top administrative positions in the federal government and assist members of the cabinet and high state officials. Invariably they are members of the elite Malaysian Administrative and Foreign Service. At times serving in different states as district officers, some of them exercise considerable power on the local level. The second division includes middle-level and junior officers. The last two divisions overlap but in general include clerical and unskilled officeworkers.

In the years after World War II the matter of what the Constitution calls "the special position of Malays and the legitimate interests of other communities" has been a significant focus of the government's policy of reconciling the competing interests of all communities (see ch. 4). Thus Article 153 of the Constitution calls upon the supreme head to exercise his function

in such manner as may be necessary to safeguard the special position of the Malays and to ensure the reservation for Malays of such proportion as he may deem reasonable of positions in the public service (other than the public service of a State) and of scholarships, exhibitions and other similar educational or training privileges or special facilities given or accorded by the Federal Government and, when any permit or license for the operation of any trade or business is required by federal law, then, subject to the provisions of that law and this Article, of such permits and licenses.

The supreme head has been similarly obligated to safeguard, since 1963, the interests of natives in Sarawak and Sabah.

Tan Sri Mohamed Suffian bin Hashim (who was lord president of the Federal Court in 1976) wrote in 1971 that the Malaysian government had set quotas for employment of Malays, not in all public service sectors but in selected government ministries and agencies and then only with respect to officers of first-division rank. The ministries include home affairs and foreign affairs, in which the ethnic ratio is four Malays to one non-Malay. The agencies include the judicial and

legal service and the customs service, three Malays to one non-Malay, and the police force, four Malays to one non-Malay. In the armed forces an unspecified quota extends to the rank and file.

Sketchy data available for November 1968 suggested that, the quota system notwithstanding, non-Malays actually outnumbered Malays in the first-division classification of the federal services as a whole—except in three areas: Malay officers were in the majority in generalist-administrative occupations (seven Malays to five non-Malays), legal services (two to one), and the armed forces (two to one). In other federal service occupations requiring technical and professional training in scientific, medical, and statistical subjects, there were more non-Malays than Malays. The ratio of non-Malays to Malays was eleven to one among health and medical officers; five to one among physical scientists, architects, and engineers; four to one among statisticians; three to one among specialists in transport and mass media; and two to one among natural scientists and police officers.

## STATE GOVERNMENT

Each of the thirteen states is governed, apart from provisions of the federal Constitution pertaining to the states, by its own written state constitution. Broadly stated, the principle of cabinet government is adopted, as at the federal level, as the basis for governmental organization in all the states. The eleven states of Peninsular Malaysia are divided into districts, which consist of five to ten *mukim* (called *daerah* in Kelantan). Sarawak has divisions that are subdivided into districts and subdistricts. Sabah has residencies, districts, and subdistricts.

### Rulers and Governors

The ruler or governor is the titular head of the state and within his jurisdiction has a limited range of discretionary power somewhat comparable to that of the supreme head at the national level. He must act upon the advice of his cabinet, or executive council as it is formally called, which is chaired by the chief minister (*menteri besar*). The rulers of the nine dynastic states of Peninsular Malaysia—Johor (Johore), Kedah, Kelantan, Negeri Sembilan, Pahang, Perak, Perlis, Selangor, and Terengganu—are chosen by a variety of methods peculiar to each state. Eight of the nine usually inherit their titles from their predecessors, who in most instances were their fathers; the ruler of Negeri Sembilan is chosen from among nine local Malay chiefs. Seven of the nine rulers are called sultans, the exceptions being those of Perlis and Negeri Sembilan, who are called *raja* and *yang di-per-tuan besar* respectively. The nine rulers hold office for life unless they become unfit.

Malacca, Penang, and Sarawak are headed by governors and Sabah by the *yang di-pertua negara*, all of whom are appointed by the supreme head after consulting the state's chief minister. The governors need not be Muslims but must be federal citizens by birth. Appointed for four years at a time, they may be reappointed and may resign at any time, but they can be removed from office only by the supreme head after a resolution to that effect has been passed by the legislative assembly. The governors and the *yang di-pertua negara* of Sabah are represented on the Conference of Rulers but do not participate in discussions relating to the status of state rulers or the election of the supreme head. The governors, unlike the rulers, are not the titular heads of Islam in their states and hence do not exercise discretionary powers relating to Islamic affairs.

### Executives

The head of the government in a state is the chief executive or chief minister, appointed by the ruler or governor. His function in a state is much like that of the prime minister of the federal government. He must be a member of the legislative assembly who commands the confidence of the majority of his colleagues, that is, the effective leader of the party or coalition commanding a parliamentary majority in the legislative assembly. A non-Malay can become a chief minister in a Malay state if he happens to enjoy majority support in the legislature and is a federal citizen by birth.

The chief minister presides over the executive council (called the supreme council in Sarawak and the cabinet in Sabah). The council members, appointed by the rulers or governors on the advice of their chief executive officers, are collectively answerable to their legislative assemblies, not to the ceremonial heads of the states. The council must resign en bloc and be replaced by a new council when it loses the confidence of a majority (unless the chief minister or governor requests the ruler or governor to dissolve the legislative assembly). New elections must be held within sixty days in Peninsular Malaysia and ninety days in Sabah and Sarawak when legislative assemblies are dissolved.

### Legislative Assemblies

The legislative assembly (the council *negeri* in Sarawak) bears the same relationship to the executive council at the state level as the Parliament bears to the federal cabinet. The executive council is drawn from the dominant party group within the assembly and cannot remain in office without that group's support. All legislative assemblies are unicameral, and their members are directly elected. The term of an assembly is five years unless the assembly is sooner dissolved.

Legislative assemblies generally follow procedures similar to those employed by the Parliament. Most meet four or five times a year, each session generally being short except for the budget debate. State legislators are granted parliamentary privileges and immunity. The validity of parliamentary proceedings cannot be questioned in any court of law. A bill becomes law when assented to by the ruler or governor.

## Courts

The administration of justice in the states falls under federal jurisdiction; there is no separate state judiciary except for the Kadi courts, which are established by the legislative assemblies. At the top of the judicial hierarchy in the states are the two high courts, which are designated in the Constitution as the High Court in Malaya and the High Court in Borneo. The High Court in Malaya has its principal registry in Kuala Lumpur, and the other sits alternately in Kuching, Sarawak, and in Kota Kinabalu, Sabah. Apart from their appellate, revisionary, and general supervisory jurisdictions over subordinate courts, the high courts are responsible for the general administration of lower courts through registrars and their deputies who are accountable to the chief justices of the high courts (see *The Federal Government*, this ch.).

In Peninsular Malaysia sessions courts (seventeen in 1973) are situated in principal cities and have criminal jurisdiction over offenses punishable by fines or by imprisonment for up to ten years. In some instances cases punishable by a term of up to fourteen years may be tried, but more serious cases are usually reserved for the High Court in Malaya. The civil jurisdiction of the sessions courts extends to cases where the amount in dispute ranges from M\$5,000 to M\$10,000 (for value of the Malaysian ringgit—see Glossary).

The magistrate's courts consist of first- and second-class courts and try both criminal and civil cases, albeit of a more restricted nature than in sessions courts. The first-class magistrate's courts, of which there were fifty-five in 1973, may hear criminal cases for which the maximum penalty does not exceed five years' imprisonment or which are punishable by fines only; they can hear civil cases in which the amount in dispute does not exceed M\$2,000. The second-class magistrate's courts (thirty-four in 1973) exercise criminal jurisdiction over cases involving a prison term of up to twelve months or fines only; their civil jurisdiction is over minor cases.

In each *mukim* in Peninsular Malaysia a *penghulu* court under the presiding *penghulu* (*mukim* chief) has jurisdiction over minor disputes and misdemeanors. Civil cases heard are those involving debt or liquidated demand not exceeding M\$50, and criminal offenses are those punishable with a fine of not more than M\$50. Appearance before the



*penghulu* court is restricted to parties who speak and understand the Malay language; they may elect to be tried by a magistrate's court.

The kadi court in Peninsular Malaysia is a traditional state court, reflecting the ruler's role in Islamic affairs. Its jurisdiction extends only to Muslims and over such domestic matters as marriage, divorce, maintenance, and inheritance. Appeals from the kadi courts may be taken to the rulers, the ultimate appellate authority in religious matters.

In Sarawak and Sabah criminal and civil suits outside the purview of the High Court in Borneo are disposed of by the magistrate's courts presided over by four levels of magistrates. Stipendiary magistrates try criminal offenses carrying a penalty of up to three years' imprisonment and a fine not exceeding M\$5,000 and civil disputes involving a sum of up to M\$3,000. First-class magistrates may try criminal offenses punishable by a maximum sentence of twelve months in prison and a fine of up to M\$2,000. Lesser cases are tried by second- and third-class magistrates. In both states disputes relating to native law and custom (including Muslim law and custom) are adjudicated by native courts or by magistrates who at their discretion or at the request of the parties concerned may call in one or more suitable persons as assessors or advisers. Decisions of the native courts may be referred to the native courts of appeal, presided over by a high court judge in both states.

## DISTRICT AND LOCAL GOVERNMENTS

Below the state level Malaysia has two separate though mutually cooperative governing bodies: the district administration and local government bodies. The district government serves as the executive arm of both federal and state authorities in the rural areas of the country. The local authorities are constituted separately with varying degrees of autonomy; they fall under the jurisdiction of state governments but, in view of the lack of uniformity in governing procedures among them, they are at the same time subject to the coordinating and advisory jurisdiction of the federal Ministry of Local Government and Federal Territory.

The district is headed by a district officer as in the years of British colonial rule. He is still looked upon by many rural inhabitants as the personification of governmental authority. In Peninsular Malaysia he is drawn from the federal administrative services and reports to the Ministry of Local Government and Federal Territory through the appropriate offices of the state government. In Sarawak and Sabah he is a member of the state administrative services and reports to the office in charge of local government through an administrator (head of division in Sarawak) or a resident (head of a residency in Sabah). The administrator or the resident supervises and coordinates the activities

of the districts under his jurisdiction. The importance of this intermediary position between the state government and the district has gradually declined, in that departmental chiefs in the state capitals tend to work with the district officer directly; this intermediary tier may eventually be phased out.

The district officer's duties are varied. He is responsible for general administration and revenue collection. He has the judicial and police powers of a magistrate, which he exercises occasionally in times of rebellion or riot, although the trend has been to assign the law-and-order function to full-time magistrates and police officers. His importance has grown steadily in recent years as a result of new responsibilities for complex tasks of development requiring close coordination and cooperation with federal, state, and local authorities. He often presides over local committees handling such functions as rural development, land utilization, and education.

The *mukim* in Peninsular Malaysia may be a large, sparsely inhabited tract of land or may include one or several kampongs (villages). Each *mukim* is governed by a *penghulu* (*penggawa* in Kelantan). Locally elected for five years or appointed by a state government, the *penghulu* is the principal agent of liaison between the district and the kampong; he is answerable to the district officer and receives a salary in addition to remission of at least part of his land rent. He appoints a small number of assistants variously known as *naib* or *sidang*. The kampong elects a chief called a *ketua kampong*, who is regarded as a village spokesman rather than a government official.

Local self-administration, which had not had a solid foundation, was given much impetus by the enactment of the Local Authorities Election Ordinance of 1950 and the Local Councils Ordinance of 1952. For the most part elected, the local bodies vary considerably in degree of self-governing capacity as well as in designation. Ipoh, the capital of Perak, has a municipal council. Elsewhere in Peninsular Malaysia the local bodies are variously known as city councils, town councils, town boards, rural district councils, and local councils. In Sarawak, Kuching has a municipal council, and local authorities are organized for other areas. In Sabah town boards and district councils are constituted for self-government.

The pattern of local government varies widely. As of early 1973 there were no local bodies in five of the eleven states of Peninsular Malaysia (Johor, Kedah, Kelantan, Malacca, and Negeri Sembilan). Such local functions as education, sanitation, health, roads and town planning were taken over by the states and carried out through appropriate district administrations. The abolition was explained as necessary to improve administrative efficiency, eliminate corruption, and cope with financial instability and a dearth of monetary resources at the local level. Where the local bodies continued to operate, they were manned by locally paid officials and enjoyed limited revenue-

fixing powers. In 1976 it was unclear whether the actions of these five state governments would be followed in the other states of Malaysia. In any event there was no indication that local elections would be held in the near future; the last local elections in Malaysia had been held in 1963, and those scheduled for late 1965 had been suspended earlier in the year because of a diplomatic crisis involving Indonesia (see ch. 12).

## THE ELECTORAL SYSTEM

The Constitution provides for the Election Commission as an independent body to conduct fair and just elections to Parliament, state legislative assemblies, and local government bodies. The commission is required to prepare and revise electoral rolls, delimit constituencies, and review the constituencies at intervals of not more than ten and not less than eight years. The chairman and three other members of the commission are appointed for life (or until the mandatory retirement age of sixty-five) by the supreme head after consulting the Conference of Rulers; they can be removed only on grounds of misbehavior or disability.

The Constitution requires that in the delimitation of electoral boundaries the number of voters or electors in each single-member constituency be "approximately equal." At the same time the Constitution stipulates that "in some cases a rural constituency may contain as little as one half of the electors of any urban constituency." This "weightage" system is instituted because of what the charter calls "the greater difficulty of reaching electors in the rural districts and other disadvantages facing rural constituencies." This system also in effect gives the predominantly Malay-inhabited rural constituencies an advantage at the polls over Chinese voters, who tend to concentrate in urban areas (see ch. 4).

All elections are by secret ballot on the basis of universal adult franchise. Citizens twenty-one years old and older are qualified to register and vote; at the end of 1973 there was a total of slightly more than 4 million registered electors.

Elections to Parliament and legislative assemblies are held every five years, barring the unanticipated dissolution of these bodies. Citizens twenty-one years old and older are qualified to run for the House of Representatives, legislative assemblies, and local bodies. Candidates for the Senate must be at least thirty years old. As of August 1974 Parliament had fifty-eight senators and 154 representatives, and the state legislative assemblies had a total of 392 members.

## CHAPTER 11

### POLITICAL DYNAMICS

In 1976 the dominant political group continued to be the United Malays National Organization (UMNO), founded in 1946 by Malay nationalists to safeguard their traditional political prerogatives from any encroachment by non-Malays (see ch. 3). It was led by Datuk Hussein bin Onn who, as head of the dominant bloc in Parliament, was by convention also the prime minister of the federal government. Onn's predecessors as UMNO leader and prime minister were Tengku Abdul Rahman (1957-70) and Tun Abdul Razak (1970-76), who died in office.

UMNO's overriding concern in the mid-1970s was twofold: to achieve national unity in a multiracial and multicultural society and to accelerate the pace of economic development so that all segments of the population could equitably share the benefits of nation building. Such a concern was dictated by the interracial tensions and the adverse consequences they might have on the stability of civil and political orders. Therefore UMNO had found it necessary to soften its initial pro-Malay orientation and form a coalition with other organizations representing various ethnic communities.

This coalition had worked through the Alliance Party, commonly called the Alliance, which was set up in 1952 to promote intercommunal harmony and cooperation. Until its dissolution in 1974 the Alliance embraced, in addition to UMNO, the Malaysian Chinese Association (until 1963 the Malayan Chinese Association—MCA) and the Malaysian Indian Congress (until 1963 the Malayan Indian Congress—MIC); in 1972 and 1973 three more organizations were added to the coalition. The Alliance was replaced in early 1974 by the more broadly based National Front (Barisan Nasional).

The ruling coalition in 1976, the National Front was the product of soul-searching by all communal groups in the aftermath of the racial riots of 1969 (see ch. 3). It grew out of the pragmatic, renewed realization on all sides that interracial harmony should be fostered and maintained as an overriding priority; that poverty, viewed as a major source of tensions and disaffection, should be removed from all sectors of society irrespective of race; and that the Malay community in general should be allowed to play a more active role in the commercial and industrial sectors, long dominated by the Chinese. Such a

recognition came as close to a national consensus as was ever possible in the years since independence, although there apparently remained differences over how intercommunal harmony and cooperation could best be achieved.

The National Front derived its mandate to govern from the resounding electoral victory its components collectively achieved in 1974; the mandate would continue, barring unforeseen circumstances, until tested again in 1979 in the regularly scheduled general elections. In the 1974 election the component parties, although they retained their separate identities, campaigned on the National Front's unified platform, which stressed national unity and economic development, supported the government's New Economic Policy, and reaffirmed Malaysia's neutrality and nonalignment in foreign affairs.

In the mid-1970s partisan competition showed the somber effects of the racial crisis of 1969, a crisis immediately responsible for the suspension of parliamentary government and party politics in the May 1969-February 1971 period. Party activities were markedly less flamboyant than those of pre-1969 years, a result of a constitutional amendment in 1971 that was supported by most parties, the notable exception being the predominantly Chinese Democratic Action Party (DAP)—still the principal opposition group in 1976. The amendment banned any public discussion of communally sensitive topics, including the special position of Malays, the sovereignty and privileges of Malay rulers, Malay as the sole national language, and citizenship issues. The ban denied the DAP and others any issues that might destabilize the political scene if not muted.

Other factors affecting the country's stability included the insurgency led by one of the factions of the divided communist movement and potential backlashes caused either by Malay dissatisfaction with unfulfilled economic promises of the National Front government or by Chinese reactions against any economic measures they might consider aggressively pro-Malay. In any case the government was portraying its efforts to forge national unity as an arduous, long-range process requiring a substantial uplift in the quality of rural life of all races, a groundswell of noncommunal "Malaysian" outlook, and a racial balance in the economic sphere. The ultimate success of the government's strategy for achieving national unity appeared to hinge on its economic performance; at stake was not only intercommunal peace but also the country's continuing experiment with parliamentary democracy.

### THE MULTIRACIAL BASIS OF POLITICS

In an analysis of Malaysian government and politics published in 1967, R.S. Milne stated that, more than anything else, politics based on ethnic cleavages—or communalism as the situation is usually

called—dictated the pattern of the economy, helped to shape the Constitution, and influenced the democratic process and party politics. Similarly Gordon P. Means wrote in his *Malaysian Politics* (1970) that the central issues of Malaysian politics in the years after the end of World War II were so markedly communal that “other potential conflicts and lines of political cleavage have been fairly effectively subordinated.” In 1976 these observations remained generally valid, although instances of interracial friction were not as readily discernible as they were before the communal clashes of 1969 (see ch. 3).

The communal differences, which coincide with religious, linguistic, and other cultural divisions, had little or no political effect before World War II. The British evinced little concern for interracial harmony or cooperation; they ruled Malaya indirectly through Malay rulers while relying on Chinese and Indian entrepreneurs and workers for their economic contribution to the modern economy. Their laissez-faire approach reinforced the racial cleavages already created by the persistence of conflicting customs and ethnocentrism (see ch. 4; ch. 5).

Communalism acquired increasingly political implications after the war as a result of incipient Malay nationalism, which was translated into both anti-Chinese sentiment and a growing desire for independence from the British. During the war years Malay nationalism had been considerably stimulated and in fact was fostered by the Japanese occupation against the British and Chinese as a military expedient. The postwar British plan to rule Malaya directly in the form of the Malayan Union encountered predictably stiff opposition from the UMNO-led Malays, who feared that such a plan would not only weaken their traditional enjoyment of political privilege but also open the way for political encroachment by the economically powerful Chinese (see ch. 3; ch. 10).

As independence neared, an overriding issue for the British and the communal groups represented by the UMNO, MCA, and MIC was to find a way to ensure intercommunal peace, which they believed to be critical in light of the massive communal carnage precipitated by the partition and independence of India in 1948. Thus in the mid-1950s the three organizations contrived a rough compromise acceptable to the British, a compromise that was to become an integral part of the 1957 Constitution and that remained largely intact even after Malaysia was formed in 1963 (see ch. 10).

The bargain was based on the assumption that the status quo—the political preeminence of the Malays and the economic dominance of the Chinese—would remain undisturbed but that in due course the Malays would be encouraged to venture into the modern economic sphere, as would the Chinese and other non-Malays into the political domain. Specifically the Constitution provided that only a Malay could become the supreme head or constitutional monarch of the na-

tion and guaranteed at the same time the inviolability of Malay rulers' privileges, the establishment of Islam as the state religion, and the designation of Malay as the national language (Bahasa Malaysia).

Electurally the Malays, only slightly outnumbering the non-Malays, were given a two-to-one weight in voting power, assuring them of a dominant voice in the political process. Moreover under Article 153 of the Constitution they were accorded preferential consideration in the allocation of positions in the public services, in scholarships and educational facilities, and in the issuance of business permits or licenses. In exchange citizenship qualifications for non-Malays were liberalized in order that the Chinese and others might eventually play a full part in the political life of the country. In addition the Chinese and Indians were assured under the Constitution of freedom to engage in business.

The compromises helped to ensure communal peace—at least temporarily—but did little to narrow the communal distance or create a cross-communal consensus. Essentially aimed at mechanical balance, they continued to be volatile, susceptible to conflicting charges that the benefits envisioned under the bargain not only were slow to appear but in any case would redound to the advantage of the other side.

Some non-Malays, the Chinese in particular, attacked the compromises, especially the constitutional provisions safeguarding the "special position of the Malays," as giving possibly permanent advantage to the Malays; they were quick to point out that the provisions contained no procedure for periodic review. They also charged that the racial, as opposed to economic, criterion of the constitutional safeguards was unjust inasmuch as the impoverished segments of the Chinese and Indian communities would benefit little if at all under the existing constitutional system. A considerable number of non-Malays insisted that they too should be given protection in matters of language, education, and employment. They were particularly apprehensive that the government's Malay-centered language, educational, and religious policies would eventually result in the obliteration of their own distinct cultural identities (see ch. 4; ch. 8).

The interracial compromises, assiduously defended by the Alliance, were also viewed with skepticism by militantly ethnocentrist Malays, who contended that, because the country belonged to Malays, all non-Malay influences should be removed from Malay society. A growing number of economically deprived Malays and conservative Malay extremists, or ultras as they were sometimes called, blamed the Chinese for their economic frustrations. In the circumstances the Alliance policy of interracial coalition came under increasing pressure from both Malay and Chinese extremists. Not surprisingly partisan conflict between the Alliance and the opposition tended to accentuate the fear of dominance by the other. The political climate was marked by exchanges of charges and countercharges and by the heightening

of racial sentiment. The situation was also complicated by the ambiguity of the Alliance concept of "national unity," which was perhaps left purposely imprecise.

Communal tension was principally responsible for the separation of Singapore from Malaysia in 1965 (see ch. 3). Political relations between Lee Kuan Yew's Singapore state government and the UMNO-dominated Alliance leadership began to sour in 1964. Observers have attributed this development to Lee's efforts to extend his socialist-oriented political base to Peninsular Malaysia. As head of the People's Action Party (PAP), whose political objectives included abolishing inequalities of wealth and opportunity, the anticomunal and anti-communist Lee sought to gain support for his concept of a "Malaysian Malaysia," a multiracial and noncommunal polity in which no single race or community would be allowed to preempt privileges and power. In the process he appealed to the have-nots of all races—Malays, Chinese, Indians, and others—who stood to gain little or nothing from the intercommunal compromises of the 1950s.

Conservative UMNO and MCA politicians within the Alliance power structure interpreted Lee's politicking as a frontal assault on their policies of interracial coalition and hence a threat to the very foundation of Malaysian political stability. UMNO leaders in particular perceived Lee's "Malaysian Malaysia" as undermining their political privileges, which they jealously guarded as a counterweight to Chinese economic power. Despite his avowedly noncommunal intentions Lee's policies exacerbated communal tensions, stirring long-standing Malay fears of a Chinese political takeover. In the eyes of Malays such fears were not without foundation, if only because of the arithmetic of ethnic alignment in the new federation: Malays constituted only 39 percent of the combined population and Chinese 42 percent.

Calm was briefly restored after Singapore's separation, but the UMNO and MCA leaders still had to contend with a growing number of zealots among non-Malays and Malays alike. The racial rioting on the island of Penang in November 1967 underscored the fact that practically all Malaysian problems, of whatever origin, were susceptible to misperception along communal lines. The trouble started as a spontaneous popular outcry against the Alliance government's inept handling of a currency devaluation (see ch. 3). The popular anger cut across racial divisions because the devaluation adversely affected the poorer segments of all races but quickly assumed communal overtones as a result of partisan agitation. The racial violence of May 13, 1969, three days after the country's third general election, was to mark a turning point in Malaysia's contemporary politics (see ch. 3). The election brought unexpected reverses for both UMNO and MCA, cause for heightened concern within the Alliance. The setbacks appeared to reflect the conflicting pressures stemming from the Malay's



mounting socioeconomic frustrations and the growing indications of Chinese political assertiveness.

The principal beneficiaries of Alliance reverses were the Pan-Malayan Islamic Party (PMIP), the traditional rival to UMNO within the Malay community; the Chinese-oriented DAP, the major opposition to the Alliance; and another Chinese-dominated opposition party, the Malaysian People's Movement (Gerakan Rakyat Malaysian—better known as Gerakan). In the 1969 election campaign DAP challenged the Alliance in general and the MCA in particular on the ground that the intercommunal compromises of the 1950s had been made, as one observer described, "between political parties, not ethnic communities, and that one generation could not bind later generations."

The 1969 civil disorders led to the proclamation of a national emergency and suspension of parliamentary rule. The government was placed under the direction of the National Operations Council, whose two top leaders were Prime Minister Abdul Rahman and Deputy Prime Minister Razak; the council had a wide range of emergency powers (see ch. 3). Pledging the resumption of parliamentary democracy as early as practicable, the council moved decisively to restore law and order and promote better interethnic relations. The Department of National Unity was established to study racial problems and find necessary corrective measures. At about the same time the National Goodwill Council was formed to improve interracial relations. In January 1970 the National Consultative Council was added in order to establish "positive and practical guidelines for interracial cooperation and social integration for the growth of a Malaysian national identity." The council had as its members more than sixty prominent leaders of political parties, state governments, religious organizations, educational institutions, business groups, labor, the press, and women's groups.

Basic to the National Operations Council's plan for national unity was the New Economic Policy, which was conceived during 1970 and made an integral part of the Second Malaysia Plan (1971-75). Heralded as the keynote for a new era in economic and social development, the New Economic Policy was based on the assumption that national integration could be achieved only if the poverty of all Malaysians was eliminated and Malaysia was restructured in such a way that race would no longer be identified with economic function. The restructuring was to be accomplished by the creation of a Malay commercial and industrial community within a period of twenty years through vigorous government assistance. The government was quick to stress that the economic policy would be implemented in such a way that the interests of non-Malays would not be compromised.

The New Economic Policy was related to two other measures, both political. One was the official emphasis on Rukunegara (National Ideology), first proclaimed in August 1970. A government source

characterized Rukunegara as the embodiment of "the national objectives and values and the fundamental principles to guide the citizens and the nation"—in short "a national consensus." The other was a set of constitutionally sanctioned operating rules on the conduct of partisan competition.

Rukunegara—*rukun* (principle) plus *negara* (nation)—grew out of the sober conclusion by representatives of various national organizations that the unbridled communal politics of the pre-1969 period must not be allowed to continue. Through informal and unpublicized discussions that they held as invited members of the National Consultative Council, they agreed that some suprapartisan consensus on fundamentals was imperative if the state of emergency were to be lifted and parliamentary politics restored. Rukunegara was spelled out in some 20,000 words, but its essence consists of five national objectives and five principles. Specifically these objectives were to achieve greater multiracial unity, to maintain a democratic way of life, to create a just society in which the wealth of the nation is shared equitably, to ensure a liberal approach to the nation's rich and diverse cultural traditions, and to build a progressive society based on modern science and technology. These aims were to be achieved by policies and measures compatible with the five principles, which stressed the value of belief in God, loyalty to king and nation, the Constitution, the rule of law, and good behavior and morality.

Parliamentary rule was reinstated in February 1971 under the pre-1969 Alliance leadership but not until a new set of ground rules had been worked out by the National Consultative Council. The rules were formalized in an amendment to the Constitution in March that prohibited any public discussion or questioning of racially charged issues; the sedition act passed at the same time made violators criminally liable (see ch. 4; ch. 10; ch. 17). In the same month the National Unity Council was set up in place of the National Consultative Council, which had achieved its chartered goal of providing "a secure and permanent base for the restoration of parliamentary democracy." The stated purpose of the new body, placed under the prime minister, was to examine the question of national integration and recommend appropriate measures consistent with the ideals of Rukunegara.

Any communally inspired politicking thus outlawed, the amendment further entrenched Malay political primacy. Prime Minister Razak had warned that, if the amendment were rejected, the alternative was the renewed suspension of parliamentary rule and the prospect of indefinite emergency rule under UMNO leadership. Thus the political primacy of the Malays had the acquiescence if not the full support of non-Malays as an unavoidable means of ensuring communal balance. A notable exception was the DAP, which in 1970 had refused to endorse Rukunegara, attacking it as a Malay-imposed ideology having little cross-communal, grass-roots support. The mixed reactions of non-

Malays showed the difficulty of creating a nation-building consensus acceptable to major groups in a racially fragmented society.

The amendment and accompanying measures designed to sweeten the economic prospects for Malays had far-reaching ramifications. They had helped reassure Malay chauvinists who had been frustrated over such communally tainted issues as rural poverty, unemployment, and limited educational opportunities. Perturbed by growing non-Malay challenges to what they believed was their inalienable birthright—Malay political supremacy—these elements had pressed for more aggressive UMNO intervention on behalf of Malays, politically and economically. The New Economic Policy, launched in July 1971, was in part UMNO's answer to these right-wing pressures within the Malay community. A considerable number of non-Malays perceived the New Economic Policy as being heavily weighted in favor of Malays and prejudicial to the have-nots of non-Malay communities.

In any event perhaps the more notable ramification was the flurry of debates within all of the opposition parties on the pros and cons of conditional cooperation with the Alliance. This situation was brought to pass either because of satisfaction with UMNO's more pro-Malay posture or because of the pragmatic awareness that continued opposition based on communalism would be futile under the constitutional amendment of 1971. It was also quite possible that these debates were prompted by the Alliance's conciliatory gestures toward the opposition with promises of sharing the perquisites of power within the framework of a more broadly representative national government.

Factional infighting within the opposition groups during 1971 and 1972 erupted in some instances into defections to the Alliance and in others into a marriage of convenience with the Alliance, the net result being the Alliance's growing political strength. In February 1972 Gerakan formed a coalition state government with the Alliance in Penang. Considerably weakened by a factional split in 1971, Gerakan needed not only additional insurance for its political survival but also the goodwill of the Alliance federal government for economic development in Penang. Three months later another opposition group, the People's Progressive Party (PPP), entered into a coalition with the Alliance in Perak; this move enabled the party to bolster its sagging strength. For its part the Alliance enhanced its multiracial image in Perak, an ethnically balanced state in which its traditional opponent, PMIP, had substantial appeal.

In August 1972 the Alliance and the Islamic Party of Peninsular Malaya (Partai Islam se Tanah Malayu—PAS)—the new name adopted in mid-1971 by the former PMIP—initiated talks on possible cooperation, culminating in an announcement in December 1972 of coalition at the state and federal levels. The Alliance partnership with PAS meant the burying of intra-Malay political differences, at least temporarily. All these developments set the stage for the formation of a

more broadly representative National Front government several months before the general elections of August 1974; the old Alliance lapsed.

The National Front, made up of nine parties, won overwhelmingly in 1974, taking 135 of the 154 federal parliamentary seats and 344 of the 392 state assembly seats in an election that many commentators saw as a de facto national referendum on the front's policies of pragmatic interracial coalition. The UMNO, MCA, and MIC—the mainstays of the front as of the Alliance—substantially improved their collective position, gaining a combined total of eighty-five seats as compared with sixty-six in the 1969 elections. The election results were not without cause for concern, however. In its *Asia 1975 Yearbook* the usually reliable *Far Eastern Economic Review* commented on the significance of the 1974 election:

The Malay community tended to close ranks around the National Front to the point that in Malay majority areas virtually every National Front candidate of whatever race was returned. The danger of this polarization is clear. Official sources suggest that about 50 percent of the urban Chinese voted for the opposition and this could only lead to a hardening of the Malay position within the Government. Senior ministers say the view is too pessimistic but concede that the National Front would be under increasing pressure from its Malay rank and file to accelerate attempts to bring the *bumiputras* into the mainstream of Malaysian economic life. Any attempts to harden policies already undertaken would inevitably encroach into the existing Chinese economic control.

### POLITICAL ELITE

Since independence political power has been mostly in the hands of a small group of Malays, who have ruled the nation through UMNO in coalition with MCA and MIC, the principal political vehicles for the Chinese and Indian communities respectively. Although the coalition suggested a tripartite partnership of approximately equal political groups, the primacy of the Malays has never been in doubt in theory or in fact.

In the mid-1970s the political elite included, as it had since independence, a select body of popularly elected officials at the federal and state levels, the leaders and officers of major parties embraced by the ruling National Front coalition, the Malay royalty, senior civil service officials, and heads of the various tribal communities in Sabah and Sarawak. Access to elite status was generally competitive, open to all aspirants who demonstrated their abilities as political organizers, administrative executives, or possessors of exceptional skills in the various fields of national endeavor. Wealth and royal background, if accompanied by personal merit, further tended to enhance the position of aspirants to power.

Senior civil servants, many of whom were Malays, exerted a stabilizing influence on the political scene. Their expert knowledge and

experience were of vital importance to cabinet members, who relied on them for assistance in decisionmaking and for advice. In order to ensure the professional integrity of the civil service, government officials were forbidden to run for elective office or to take orders from politicians other than those serving as federal or state cabinet ministers. This rule of nonpartisanship applied equally to members of the military and police forces. The military forces do not have a tradition of political activism and remained politically neutral under the National Front government as they had under the Alliance.

The Malay royalty as a whole continued to exercise a function that was more symbolic than substantive. Its members had great personal and social prestige but exerted little influence in the formulation and execution of day-to-day policy. Nonetheless they were considered an integral part of the Malay political elite, partly because of their symbolic role as the standard-bearers of Malay political supremacy and partly because of their role as the repository of Malay customs and cultural tradition. The privileges and powers of Malay rulers—including the supreme head (constitutional monarch) and eight other Malay titular heads of state governments—are among the several issues that were placed above public questioning under the constitutional amendment adopted in 1971.

Malaysia's power elite was centered in the federal cabinet, whose members were drawn primarily from UMNO and secondarily from MCA, MIC, and other members of the National Front coalition. Generally the composition of the cabinet reflected the need for interracial balance as well as the relative political weight shown by various participants in the coalition. At the intermediate level there were thirteen geographic centers of power, each the seat of a state government; the cabinet of a state government was headed by a chief executive officer known as *menteri besar* (chief minister). Below the state level were elected state assembly members, district officers, and village heads serving on local development bodies. In this hierarchy of power cabinets in effect served as the central links through which influences of career politicians and senior bureaucrats were intermeshed and brought to bear on the decisionmaking process. At all levels UMNO branches and their local leaders played a key role as the dominant voice and the mediator of conflicting interests, especially in areas with a large Malay population; in predominantly non-Malay areas the MCA and MIC performed a similar role.

Tribal chieftains in the Borneo states also have symbolic functions of traditional ethnic and religious significance but, unlike the Malay royalty of Peninsular Malaysia, they have retained considerable temporal power over administrative and judicial matters. In most cases they are appointed by state governments from among those best fit to lead their tribal groups. In an effort to prevent the politicization of

tribal groups, however, tribal chiefs are required to resign their positions before undertaking political activities within their communities.

One notable aspect of the political elite was that political power was not closely coterminous with economic power, although the two were not independent of each other. Rather the two axes of power—the Malays and Chinese—were complementary; the Malay leaders relied, at least in the short run, on the economic acumen and resources of the Chinese, who in turn depended on the Malays and the constitutional guarantee of free enterprise for their economic existence. Such interdependency would probably undergo a qualitative change as the government-sponsored enterprises for Malays gathered sufficient momentum and the Malay leadership gained easier access to non-Chinese, foreign economic resources for internal development. More Malay ventures in banking, commerce, construction, finance, and transportation would probably mean broader bases of power for the Malays. In exchange non-Malays might find themselves in a better position to articulate their political interests more forcefully and effectively.

Another notable feature was the gradual coming to the fore among Malays and non-Malays alike of a new generation of political leaders who had gone through the ebb and flow of intercommunal politics. In outlook and training the contemporary leaders of UMNO, MCA, MIC, and various other political organizations were perhaps more assertive of communal interests than their predecessors who had dominated the scene through the 1960s. The communal leaders who contrived the interracial bargain of the 1950s had by the early 1970s either died or retired. Through the 1960s, despite their differing communal origins, these English-speaking, westernized leaders had held the country together, ensuring intercommunal cooperation and social harmony partly through their power of persuasion within their communities and partly by themselves acting as channels of intercommunal communication. In the end, however, their formula for interracial peace failed to withstand the conflicting pressures stemming from the politics of mass mobilization based on communal interests. It took the constitutional amendment of 1971 to set forth new rules of political behavior for the 1970s and perhaps beyond. Such an artificial constraint, however, posed a continuing challenge to the National Front leadership in that any failure to respond to the conflicting needs of Malays and non-Malays within the post-1971 political framework would have far-reaching consequences.

### **POLITICAL COMPETITION**

In the mid-1970s political conflict or cooperation occurred, as it had since independence, largely within a multiparty system; in this setting UMNO continued to be preponderant at the federal and state levels,

constituting the backbone of the National Front government. The parties of the National Front were for the most part communally organized, and as a result their relative political strength tended to be correlated with the density of communal populations in different states. UMNO had by far the largest number of party branches throughout the country. Other parties were geographically delimited; those operating in Peninsular Malaysia had no organizational network in the Borneo states, and conversely the parties of Sabah and Sarawak had no following outside those states.

### The National Front

In 1976 the National Front comprised eleven political parties, including the nine parties that had collaborated in the 1974 general election and two that joined the front in June 1976 (see table 8). These parties continued to maintain their separate, communally oriented identities. Interparty communication and coordination were the responsibility of a supreme executive committee, the National Front's top policymaking council; each of the affiliated parties had at least three delegates on the committee, which was chaired by the president of UMNO, who was prime minister of the federal government.

#### The United Malays National Organization

The United Malays National Organization (UMNO) was founded in 1946 by a group of conservative, affluent Malays exclusively to promote Malay political interests. But in 1952 it entered into a limited electoral alliance with MCA and by 1955 had joined forces also with MIC in what came to be known as the tripartite Alliance. The show of intercommunal solidarity was essential as Malaya was preparing to assume power as an independent nation two years later.

The unquestioned senior partner in the National Front, as it had been in the Alliance, UMNO was the most important political organization in Malaysia. It had branches in virtually every electoral district and always had the single largest bloc of members in the House of Representatives (see table 9). Its top policymaking body was the Supreme Council, whose twenty-two members, including the president and five vice presidents, were elected every three years by the party's 2,000 general assembly delegates. The president of the council was the leader of UMNO. Other senior members of the Supreme Council were often members of the cabinet. The council was thus an important focus of political power, and its influence on decisionmaking at the national level was perhaps unmatched by any other institution including the federal cabinet. It had an important say in the distribution of cabinet posts among the various National Front parties; moreover it had the ultimate power to select UMNO candidates for general elections.

From 1971 it was increasingly evident that militant advocates of the ethnic Malay cause, that is, of an accelerated socioeconomic advance-

Table 8. Malaysia, Political Parties, June 1976

Party	Number of Seats in Parliament	Remarks
<b>The National Front Coalition:</b>		
United Malays National Organization (UMNO) . . . . .	62	
Malaysian Chinese Association (MCA) . . . . .	19	Called Malaysian Chinese Association before the birth of Malaysia in 1963
Sabah Alliance Party (SAP) . . . . .	16	Virtually synonymous with the United Sabah National Organization (USNO), the party's backbone
<b>Islamic Party of Peninsular Malaya (Partai Islam Se Tanah Melayu—PAS) . . . . .</b>		
Sarawak National Party (SNAP) . . . . .	13	Known as the Pan-Malayan Islamic Party before mid-1971
Partai Bumiputera Pesaka Bersatu Sarawak (PBPBS) . . . . .	9	Joined the National Front in mid-June 1976
	8	In 1976 Secretary General Haji Abdul Rahman bin Jaji Yaakub was the chief minister of Sarawak state government
<b>Sarawak United People's Party (SUPP) . . . . .</b>		
Malaysian People's Movement (Gerakan Rakyat Malaysia—Gerakan) . . . . .	7	Predominantly Chinese
Malaysian Indian Congress (MIC) . . . . .	5	Predominantly Chinese; based in Penang
People's Progressive Party (PPP) . . . . .	4	Known as Malaysian Indian Congress before 1963
People's Racially United Front of Sabah (Bersatu Rakyat Jelata Sabah—BERJAYA) . . . . .	1	Largely Chinese; based in Perak
	0	Formed in July 1975 and defeated SAP in the state elections of April 1976; application for membership in the National Front approved in mid-June 1976; Sabah's chief ministership was held by BERJAYA's leader in 1976
<b>Opposition Parties:</b>		
Democratic Action Party (DAP) . . . . .	9	Predominantly Chinese; based in many states of Peninsular Malaysia
<b>Social Justice Party (Partai Keadilan)</b>		
Masharakat—PEKEMAS) . . . . .	1	Predominantly Chinese and a moderate alternative to DAP
Socialist People's Party of Malaysia (Partai Sosialis Rakyat Malaysia—PSRM) . . . . .	0	Called People's Party (Partai Rakyat) until December 1969; Malay-oriented, socialist party



Table 9. Malaysia, Parliamentary Strength by Party, 1959-74<sup>1</sup>

Party	1959	1964	1969	1974
<b>Parties in Peninsular Malaysia<sup>2</sup></b>				
United Malays National Organization . . . . .	54	59	51	62
Malaysian Chinese Association . . . . .	17	27	13	19
Malaysian Indian Congress . . . . .	3	3	2	4
Islamic Party of Peninsular Malaya <sup>3</sup> . . . . .	13	9	12	13
People's Progressive Party . . . . .	4	2	4	1
Democratic Action Party . . . . .	.. <sup>4</sup>	.. <sup>4</sup>	13	9
Malaysian People's Movement . . . . .	.. <sup>4</sup>	.. <sup>4</sup>	8	5
Social Justice Party . . . . .	.. <sup>4</sup>	.. <sup>4</sup>	.. <sup>4</sup>	1
Socialist People's Party of Malaysia . . . . .	.. <sup>5</sup>	.. <sup>5</sup>	0	0
<b>Parties in the Borneo States</b>				
Partai Bumiputera Pesaka Bersatu Sarawak . . . . .	.. <sup>6</sup>	.. <sup>4</sup>	10 <sup>7</sup>	8
Sarawak National Party . . . . .	.. <sup>6</sup>	.. <sup>8</sup>	9 <sup>9</sup>	9
Sarawak United People's Party . . . . .	.. <sup>6</sup>	.. <sup>8</sup>	5 <sup>9</sup>	7
Sabah Alliance Party . . . . .	.. <sup>6</sup>	.. <sup>8</sup>	16 <sup>10</sup>	16

<sup>1</sup> Elections for Parliament were held in the indicated years except that in Sarawak they were held in 1970 and in Sabah in 1969 and in 1970.

<sup>2</sup> Minor parties are omitted.

<sup>3</sup> Until mid-1971 the Pan-Malayan Islamic Party.

<sup>4</sup> Did not exist at the time of the federal parliamentary election.

<sup>5</sup> Did not contest the election.

<sup>6</sup> Sarawak and Sabah joined Malaysia in September 1963.

<sup>7</sup> Before merger in 1973 this party's three main components won a total of ten seats in the parliamentary elections of 1970: Party Bumiputera, 5; Party Pesaka Anak Sarawak, 3; and Sarawak Chinese Association, 2.

<sup>8</sup> No federal elections in the Borneo states in 1964.

<sup>9</sup> Won in the parliamentary elections of 1970.

<sup>10</sup> Sabah Alliance returned ten seats unopposed in May 1969 and one more in 1970, and the remaining five seats were contested in the elections of 1970.

ment of the Malay community, were gaining influence within the Supreme Council at the expense of moderate figures. This trend was also apparent within the party's 150,000-member youth branch, commonly referred to as UMNO Youth.

Ideologically UMNO was never homogeneous; traditionally among its rank and file were moderates, or the old guard, favoring close interracial rapport and an evolutionary approach in UMNO's efforts to rectify the economic imbalance between Malays and Chinese. There were also extremists, or ultras, who would use all the resources and powers of the government to hasten the process of equalizing economic opportunities. The persistence of such internal fissures was tacitly acknowledged by Prime Minister Onn in May 1976 when he admonished unnamed "destructive elements" in the UMNO who he said had been leveling wild accusations and criticisms at the party leadership since the early months of 1976. He stated that in a large organization like UMNO there were bound to be differences of opinion between the "old guard" and "young members" of the party, differences that he stressed should be settled according to internal,

democratic procedures as laid down under the party constitution and regulations.

Over the years UMNO stood for intercommunal cooperation, but at the same time it consistently sought to advance the "case for the Malays." Specifically UMNO leaders sought to safeguard and promote the Malays' special position in regard to government employment, educational policy, language, commercial licenses, preferential land policies, and so on. They also vigorously sought to propagate the culture and religion of the Malays among non-Malay communities. These efforts were undertaken under UMNO's platform, which called for faith in God, loyalty to the supreme head and the nation, justice and discipline, neutrality and self-reliance in foreign affairs, and the establishment of "Malaysian democracy." From 1974 redistribution of land to the peasants and restriction on the size of individual landholdings were also emphasized.

Functional components of UMNO included, in addition to UMNO Youth, sections dealing with financial affairs, economic affairs, social affairs, education, religion, labor affairs, and women's affairs. The ulama (religious leaders) section played a substantial role in enlisting grass-roots support in a society where Muslim religious leaders enjoyed considerable status and influence among the mass of the people (see ch. 6).

#### Other Coalition Parties in Peninsular Malaysia

The MCA, founded in 1949 by a group of businessmen associated with the Chinese Chamber of Commerce, was the principal political vehicle of the Chinese community in the Alliance. It had, however, its share of factional strife at the top and continuing differences within the organization over the nature of cooperation with UMNO. Some of the MCA founders, who forged the communal understanding with UMNO leaders, were not infrequently criticized by "young turks" for an alleged sellout and for not presenting the case for the Chinese more forcefully to UMNO politicians. Moreover from the mid-1960s MCA was increasingly challenged by Chinese with more radical and ethnocentric views and Chinese intellectuals for its alleged failure to respond to the needs of the poorest sections of the Chinese community.

Observers generally agreed that popular dissatisfaction with MCA, coupled with MCA's inability to attract the younger members of the community, was largely responsible for the organization's sharp electoral setback in 1969 and for the substantial gains of other Chinese-dominated parties that had campaigned against the Alliance coalition in general and MCA in particular. As a result the party initiated a series of internal reforms designed both to make the party more responsive to grass-roots needs and to foster a more national and less parochial outlook on the part of the Chinese.

Nevertheless internal tensions finally erupted in the summer of 1973 in a clash between the old guard headed by Tun Tan Siew Sin and the reformist faction of Lim Keng Yaik. Tun Tan Siew Sin, MCA's president and concurrently minister of finance since 1959, and his allies were attacked for failing to articulate the Chinese point of view in negotiations with UMNO leaders. Several months later Lim, then a federal cabinet minister, left to join Gerakan, as did his several hundred followers, who had been expelled from MCA. In April 1974 Tun Tan Siew Sin resigned from the presidency of MCA, reportedly because of poor health, and was succeeded by his deputy, Datuk Lee San Choon.

In the general election of August 1974 MCA showed a strong recovery from its disappointing performance in 1969 and, as expected, became the second most important component of the new National Front coalition government. It appeared that MCA was helped considerably, as one source put it, by the mathematics of coalition politics, which enabled it to secure enough Chinese and Malay votes in rural and semiurban areas. In the predominantly Chinese towns, such as Kuala Lumpur, Ipoh, Seremban, Malacca, and even Alor Setar, however, many voters supported MCA's archrival, the Democratic Action Party (DAP).

MCA's credible comeback notwithstanding, it was evident that a substantial proportion of the Chinese community continued to vote against the MCA. This could be attributed to the Chinese perception of their status in relation to other Malaysians. Economically and politically Chinese appeared to be perturbed about what they felt was the federal government's sacrificing of non-Malay interests to boost Malay economic welfare. Culturally the constitutional designation of Malay as the only national language rankled many Chinese because of its potential effect on Chinese cultural identity in Malaysia. Although the language issue was not as politically charged in the mid-1970s as it had been during the 1960s, a considerable number of Chinese still expressed the view that the national educational system should be modified to permit the use of the Chinese language in predominantly Chinese areas.

On balance, however, MCA appeared to have support from a majority of its ethnic constituents, who tended to equate economic security with the continuity of interracial collaboration. Such a view could be altered one way or the other, depending not only on MCA's effectiveness as the principal communal agent but also on UMNO's ability to assuage both manifest and latent Chinese apprehensions about the government's economic and educational policies.

Most of the Indian community, about 11 percent of the total Malaysian population, continued to be represented by MIC, established in 1946 to provide for the expression of Indian opinion. In 1955 MIC joined the Alliance coalition as the representative of the third major

ethnic community of the country. Generally its political activities were more subdued than those of the Chinese; conscious of its limited strength, MIC did not aspire to much political power, but it did seek to be represented.

For years MIC was troubled by factionalism, which grew particularly pronounced after 1968. Infighting took place between those supporting the MIC president, Tan Sri V.T. Sambanthan, and those rallying behind its vice president, Tan Sri V. Manickavasagam. The crisis of leadership was resolved through Prime Minister Razak's intercession in 1972, and in June 1973 Tan Sri Manickavasagam took over the presidency of MIC. The new leader had strong support from young Indian intellectuals, who pressed for a more positive MIC role in seeking to raise the living standards of Indians, among the poorest of the country's three ethnic communities, within the framework of the government's New Economic Policy.

A notable development in Malaysian politics was the decision in June 1971 of PMIP's successor, PAS, to join the National Front coalition. The implications of this event for the future of Malaysian politics had yet to be fully assessed, but at least in 1976 the collaboration of PAS with UMNO tended to reduce intra-Malay friction and enhanced the prospect that greater Malay solidarity would act as a spur to the government's drive for accelerated economic development in the interests of the *bumiputera* (sons of the soil). To the extent that such a development effort also had beneficial effects for non-Malays, the PAS-UMNO partnership might augur well for the government's efforts to achieve national unity and social harmony. By the same token any substantial economic gains by Malays without equitable or proportionate returns for non-Malays might widen the communal gap and postpone the government's goal of achieving communal unification by the end of the century. The PAS alliance with UMNO thus presented both the possibility of greater national integration and the risk of sociopolitical polarization.

PAS can be traced back to 1948, when it was launched by Islamic leaders, theologians, and ultranationals as the Malayan Muslim Party. During the early 1950s it worked through UMNO, but it assumed a separate organizational identity in 1955 as PMIP; the cause of the split was a disagreement over UMNO's proposal to grant citizenship automatically to all persons born in Malaya, a proposal that would have opened the door to an expanded political role for the Chinese community.

PMIP gained prominence in 1959 when it captured forty-one of fifty-four state assembly seats and thirteen of sixteen federal seats in the backward, predominantly Malay states of Kelantan and Terengganu. This credible showing not only enabled the party to form state governments in the two states but also gave it the largest number of seats of any opposition party in Parliament. This electoral perform-

ance also laid the ground for PMIP's challenge to UMNO's claims to be the sole spokesman or agent of Malay hopes and interests. The party also showed scattered strength in Pahang, Perak, Selangor, and Kedah.

PMIP's success in 1959 was attributed to a combination of circumstances. Its candidates generally identified themselves with the hopes and frustrations of poor rural Malays, among whom Islam held a powerful appeal as a vehicle for political mobilization. They portrayed UMNO candidates as self-seeking, factionally preoccupied agents of a distant elitist bureaucracy settled snugly in Kuala Lumpur, inattentive and unresponsive to grass-roots grievances. In these processes Islam was used as a readily comprehensible idiom for discussion and articulation of village issues, mainly to dramatize UMNO's alleged lack of concern for distributive justice. From all indications, despite PMIP's allegations that UMNO was pro-Chinese, communalism had only minor importance as a partisan issue in Kelantan and Terengganu, where the Chinese economic presence was insignificant and hence scarcely a source of popular discontent. The 1959 election results in these states pointed to the likelihood that popular perceptions of conflict between the haves and have-nots could have political consequences, actual and potential, even when these perceptions were unaffected by communal considerations.

In 1969, despite UMNO's strong campaign to dislodge PMIP from its strongholds, PMIP managed to retain power in Kelantan and improved its strength in Kedah, Terengganu, and Perlis. The party garnered about 24 percent of the total vote—or about 44 percent of the Malay votes, assuming that PMIP's support came almost entirely from Malays, who in 1969 accounted for roughly 53 percent of the national electorate. PMIP was vulnerable to UMNO, however, in those electoral districts where UMNO candidates were backed by the Alliance's selective dispensing of patronage and federal economic development funds.

During 1971 PMIP underwent a transformation. Although the causes were difficult to establish with any degree of certainty, UMNO's visible shift to a more ethnocentric posture early in 1971—undoubtedly in reaction to the object lessons of the 1969 elections and riots—may well have put PMIP on the defensive. More likely PMIP had to reassess its political options in light of the constitutional amendment of 1971, the New Economic Policy, and possibly even discreet suggestions by some influential UMNO members for greater UMNO-PMIP unity; such suggestions were probably spurred by the widely publicized moves in February-April 1971 among Chinese leaders of all strata and political inclinations to strengthen intra-Chinese unity.

Whatever the reasons, the party was rocked by internal squabbles evidenced by mass defections; in August 1971 alone some 3,000 members in Terengganu reportedly quit PAS (the successor to PMIP)

to join UMNO. (Two months earlier, for reasons still unclear in 1976, PMIP had adopted the new name.) In December 1972 party delegates voted by a two-to-one margin to collaborate with UMNO at the federal and state levels. Proponents defended the move as a practical though temporary means of ensuring access to additional development funds and of bolstering the party's strength. Opponents argued that the coalition was a betrayal of party principles. In June 1974 PAS, led by Dato Mohamed Asri bin Haji Muda, voted overwhelmingly in favor of continued partnership with UMNO through the new National Front. In the general elections held two months later it won all but one of the seats it contested: thirteen parliamentary seats and forty-nine state assembly seats.

Gerakan was organized in early 1968 by a group of Chinese and Malay politicians and intellectuals as a noncommunal, moderately socialist alternative to the Alliance coalition. Predominantly Chinese in membership, it drew support largely from the English-educated, moderate intellectuals and urban workers. Gerakan appealed to both Chinese and Malays with a program stressing the need to provide special aid to the economically weak Malays and other indigenous peoples and to enable them to enjoy the fruits of business, trade, and the professions on a just and equitable basis. On the issue of the special position of the Malays the party took a conciliatory stand, contending that the continued use of Chinese and Tamil in education up to the higher school certificate level would not impede the Alliance goal of creating a common Malaysian nation or retard the development of Malay as the sole national language (see ch. 8).

As its first party chairman Gerakan chose a well-known Malay intellectual, Syed Hussein Alatas, and as vice chairman Lim Chong Eu, a former MCA president (1958-59) and former leader of the Penang-based United Democratic Party (founded in 1962 by a breakaway group from MCA but dissolved in 1968 because of an attempted takeover by ethnocentric Chinese members). Among other influential figures were Tan Chee Khoon and V. Veerappen, former leaders of the socialist Labor Party (formed in 1954 but dissolved in 1966), and Wang Gungwu, a highly respected historian.

In 1969, on the strength of its impressive electoral gains, Gerakan captured the Penang state government under the chief ministership of Lim; it was widely believed at the time that the race riots of May 1969 were precipitated in part by Gerakan's victory marches and by the inflammatory effects these celebrations had on aroused Malays (see ch. 3). The party's fortunes declined considerably during 1971 as a result of a factional rupture between Alatas and Lim, culminating in an exodus led by the party chairman. In February 1972 the debilitated Gerakan became the first opposition group to enter into coalition with the Alliance. In 1974 it joined the new National Front under the lead-

ership of Lim Chong Eu and Lim Keng Yaik, who had joined Gerakan in 1973 after a factional quarrel with the MCA's old guard.

The smallest component of the National Front, the People's Progressive Party (PPP), was first organized in 1953 by the Seenivasagam brothers, of Ceylonese Tamil origin, as the Perak Progressive Party. Confined to the state of Perak and particularly the municipality of Ipoh, which it controlled, it managed to win several federal seats. PPP had among its founding members Chinese, Malay, Indians, and Ceylonese but drew the bulk of its support from the Chinese community.

PPP was socialist in domestic matters with a strong emphasis on economic egalitarianism but had no radical proposals beyond the eventual nationalization of tin and rubber. Though officially multiracial and inclined to support the concept of a "Malaysian Malaysia," it sought to advance Chinese interests, particularly on the issues of language and education. As a result it opposed those measures providing for the special position of the Malays and hence refused, along with DAP, to support the constitutional amendment bill of 1971. Nonetheless PPP did not advocate measures that were exclusively pro-Chinese; its primary goal was to seek parity of rights and privileges between Malays and non-Malays. In 1972 PPP became the second opposition party to cooperate with the Alliance; in 1974, when only one of its four members of Parliament was returned, it blamed the defeat on the compromising of its image as a result of joining the Alliance and the National Front.

#### **The National Front Parties in the Borneo States**

Politics in Sarawak and Sabah were similar to those in Peninsular Malaysia in that communal considerations, though more complex, were a key issue. In one important respect, however, they were markedly different because of the complications stemming from the circumstances in which both states joined Malaysia in 1963; these complications centered on the differences in interpretation and approach between the federal government in Kuala Lumpur and the political groups of Sarawak and Sabah with respect to state rights. The way in which federal-state relations affected political activities in the two states differed somewhat according to circumstances peculiar to each. In Sarawak partisan conflicts were focused on the form and content of coalition alignments among contending groups; continual instability attendant on the distribution of power within coalition structures led not infrequently to federal intervention. In Sabah politics were dominated for the most part by the conflicting needs and styles of two prominent persons: Tun Dato Haji Mustapha bin Datu Harun and Tun Datuk Haji Mohamed Fuad, known as Donald Stephens before 1968. Through mid-1975 the politics of Sabah were contained largely under an umbrella organization called the Sabah Alliance Party (SAP).

In mid-1976 the politics of Sarawak were dominated by three major groups: Partai Bumiputera Pesaka Bersatu Sarawak (PBPBS), the Sarawak United People's Party (SUPP), and the Sarawak National Party (SNAP). All three were affiliated with the National Front.

PBPBS can be traced back to late 1962, when the Sarawak United Front—renamed the Sarawak Alliance Party in 1963—was formed to work for the formation of Malaysia. The united front was composed of several ethnically conservative groups representing the Iban (also known as Sea Dayak), Land Dayak, Melanau, Malays, and Chinese; in Sarawak and Sabah the term *Malay* refers to those professing Islam regardless of ethnic identification (see ch. 4). Because of its disparate character the organization continued to experience interracial bickering resulting in defections and frequent coalition realignments.

After 1966 the Sarawak Alliance Party was reconstituted as a coalition of three major components: the Party Pesaka Anak Sarawak (Pesaka), representing the native Iban, Kayan, and Kenyah; Party Bumiputera, a merger in December 1966 of two Malay parties, the Barisan Rakyat Jati Sarawak (BARJASA) and the Party Negara Sarawak (PANAS); and the Sarawak Chinese Association, launched in 1962 as a local counterpart of MCA by a group of wealthy, conservative Chinese leaders. Party Bumiputera came into being at the urging of the Alliance leadership in Kuala Lumpur partly as a vehicle for increasing federal government influence within and through the Sarawak Alliance Party and partly as a show of unity between Malays and other indigenous peoples; the dominant group within the alliance, it was led by Haji Abdul Rahman bin Haji Yaakub.

In 1970 the long-standing tension between the native tribes and Malays came to a head, resulting in Pesaka's decision to contest the 1970 state election independently and against the Sarawak Alliance Party, which it considered a tool of the federal government. Pesaka's grievances stemmed from Kuala Lumpur's policies on "Malayanizing" the Sarawak civil service, establishing Malay as the sole national language, and promoting the propagation of Islam in Sarawak through federal assistance and what it regarded as general insensitivity to the rights of indigenous Sarawak peoples.

The Sarawak Alliance Party suffered substantial losses in the 1970 election but managed to retain power for two reasons: Pesaka's decision to continue cooperation as before and, more important, SUPP's decision to enter into coalition with the Sarawak Alliance Party. As a result politics remained fairly stable under the chief ministership of Abdul Rahman Yaakub, despite an uneasy truce between Pesaka and Party Bumiputera; these two parties merged in January 1973 as PBPBS, and the Sarawak Chinese Association dissolved itself. In 1974 PBPBS joined the National Front coalition and elected Tan Sri Dato Temenggong Jugah anak Barieng (former head of Pesaka, chairman of the Sarawak Alliance, and the federal cabinet minister in



charge of Sarawak affairs) party president and Chief Minister Abdul Rahman Yaakub secretary general.

In the general election of 1974 many of PBPBS's Iban candidates who had campaigned on the platform of the National Front were not returned. It was evident that a large number of Iban and other native voters supported the candidates of other parties to dramatize their grievances. These native voters, who regarded themselves as the dominant *bumiputera* of Sarawak, insisted that they should obtain the same special privileges and safeguards as the Malay *bumiputera* in Peninsular Malaysia.

SUPP was the first legal party to be formed in Sarawak in 1959. Patterned after the multiracial and socialist People's Action Party (PAP) of Singapore, SUPP sought its support from nearly all races—initially it had some support from Iban and Malays—but its leaders and most of its members were Chinese. It remained a Chinese movement, drawing its support mostly from the more militant, ethnocentric elements of economically weak and undereducated Chinese.

SUPP was for many years torn by factional strife between noncommunist moderates and procommunist elements, the latter being entrenched at some of the district and precinct party branches. The procommunist wing reportedly provided legal cover for clandestine communist subversives; its leaders were often charged with attempts to threaten internal security. Despite SUPP's factional troubles, however, the party had a sizable popular following and capitalized on grass-roots dissatisfaction with alleged federal encroachment on the rights of non-Malays in Sarawak. In 1970 SUPP emerged with the largest single bloc of state assembly seats and formed a coalition government with the Sarawak Alliance Party. Three years later the party issued a manifesto pledging its opposition to any form of political violence and repudiating any connection with illegal forms of political activity. In mid 1974 it joined the National Front under the chairmanship of Ong Kee Hui, who in 1976 was the federal cabinet minister in charge of science, technology, and environment.

SNAP was organized in 1961 by conservative and ethnocentric Iban and Land Dayak leaders; as a component of the Sarawak Alliance Party it challenged Pesaka for influence among their tribal followers. SNAP consistently portrayed itself as the genuine defender of the "special position" of Sarawak as defined in the Malaysia Act of 1963, which was incorporated in the Constitution; it also argued that the federal government policy of national integration as it applied to Sarawak was ill advised. Frustrated by what it regarded as increasing federal interference in local affairs, SNAP left the Sarawak Alliance Party in 1966 to promote its cause independently. In late 1971 it reportedly lost some 1,000 moderates to Party Bumiputera and a smaller number to Pesaka, but its popularity grew steadily under the growing influence of a group of vocal, young, educated Iban. In the 1974 elec-

tions SNAP emerged as the strongest party in Sarawak with eighteen state assembly seats, although they were not enough to offset the combined strength of PBPBS and SUPP.

In late 1975 talks were started between SNAP's leaders—President Datuk Dunstan Endawie and Secretary General Leo Moggie—and the National Front concerning SNAP's possible participation in the coalition. The negotiations culminated in SNAP's membership in the front in mid-June 1976.

In Sabah the Muslim-Malay-oriented United Sabah National Organization (USNO) was the strongest political group from its founding in 1961 until it was dethroned as a result of defeat in the state elections held in April 1976. It was the backbone of SAP, which was launched in 1962 as a multiracial coalition of groups representing the Muslim Malays, Chinese, and various tribal peoples. The Chinese were represented by the Sabah Chinese Association (SCA), formed in 1965 as a Sabah counterpart of MCA. The principal representative of the tribal peoples was the United Pasok Kadazan Organizations (UPKO), under Tun Fuad. USNO was under the firm direction of Tun Mustapha, a Sulu Muslim, who went through the motions of cooperation with the federal authorities. In return the UMNO-dominated federal government extended moral and material backing to Tun Mustapha in an attempt to increase Kuala Lumpur's political leverage and isolate those political elements resisting the federal government policy of accelerated national integration.

The stability of Sabah politics depended, then, on the dominant personalities of Tun Mustapha and Tun Fuad, both of whom had appealed in the 1967 state elections to conflicting racial and religious themes and emerged with roughly equal electoral support. But USNO, SCA, and the federal authorities were determined that, unless Tun Fuad agreed to Tun Mustapha's terms, his UPKO would be excluded from SAP and in any case would have to accept a subordinate position in the coalition. Tun Fuad instead withdrew from SAP and sounded out the possibility of a united front with SNAP, Sarawak's foremost defender of native rights.

In January 1968 UPKO decided, however, to merge with USNO; by that time it had become clear that Tun Mustapha's efforts to induce defections from UPKO were succeeding, and thus the party moved to avert its disintegration through what it hoped would be a temporary union. Whatever the intentions, with UPKO's demise Tun Mustapha's political supremacy became a certainty, and after 1968 the politics of Sabah came to be virtually identified with the colorful style and strong-man tactics of Tun Mustapha.

In 1971 Tun Mustapha's SAP won all thirty-two seats in the state legislature. In the general election of August 1974 all sixteen federal seats assigned to Sabah were won by SAP, fifteen of them unopposed. After the elections, however, an opposition group charged

that its candidates had been forcibly prevented by the authorities from submitting their nomination papers; two of its candidates were under house arrest, and three were in hiding. This incident fueled an already widespread suspicion of political corruption and mismanagement in Sabah.

By mid-1975, moreover, it had become apparent to Kuala Lumpur that under Tun Mustapha Sabah was rapidly becoming an autocracy; there were also indications that he wanted Sabah to secede from Malaysia to form a new state called the Federation of Minsupala Sabah, having as its components Sabah and the neighboring Philippine islands of Mindanao, Sulu, and Palawan, with which Sabah had historical ties. The reaction in both Kuala Lumpur and Sabah was swift: a new political party was formed in mid-July 1975 in Sabah with quiet but firm backing from Kuala Lumpur. Tun Fuad stepped down from his titular position as Sabah's state governor and assumed the presidency of the new party, the People's Racially United Front of Sabah (Bersatu Rakyat Jelata Sabah, or BERJAYA). When BERJAYA (meaning success or victory in Malay) applied for membership in the National Front, Ghafar Baba, secretary general of the National Front and a powerful figure in UMNO, let it be known that the application would be considered in conjunction with the question of whether Tun Mustapha's SAP should remain allied with the National Front. In October 1975 Tun Mustapha resigned his office as chief minister of Sabah.

There appeared to be some misgivings among the UMNO rank and file in Kuala Lumpur about the propriety of UMNO's support for BERJAYA, which they regarded as a non-Malay party opposing the Malay-dominated SAP. Despite the prognostication of most observers BERJAYA defeated SAP in a relatively free election held in April 1976 for Sabah's state legislature. It won twenty-eight of the forty-eight assembly seats; SAP captured the rest. After the election Tun Mustapha struck a note of conciliation by publicly pledging to abide by the law and give the state a loyal opposition. A new state government was formed under the chief ministership of Tun Fuad.

The Sabah political scene was clouded briefly in early June 1976 when the chief minister and his key supporters were killed in an air crash near Kota Kinabalu, Sabah's capital. A new chief minister was sworn in promptly to fill the leadership gap. Meanwhile the National Front made it official in mid-June 1976 that BERJAYA would be admitted to the coalition and SAP would remain in it.

### Opposition Parties

In the mid-1970s, as a result of the National Front's flexible accommodation, opposition parties were unable to mount an effective show of strength. Their difficulty was compounded by the legal restrictions placed on debating communally sensitive issues in 1971; public utter-

ances of words interpreted by the authorities as likely to generate feelings of ill will or hostility between ethnic groups were cause for police arrest and prosecution under the laws dealing with internal security and sedition. Moreover personality conflicts and policy differences made it difficult for the opposition groups to organize a united front or enter into an electoral alliance. Electoral pacts were possible in some instances, but more often they failed to materialize.

The most widely based of the opposition groups was the Democratic Action Party (DAP), which in 1974 captured nine federal seats. Others included the Social Justice Party (Partai Keadilan Masyarakat—PEKEMAS) and the Socialist People's Party of Malaysia (Partai Socialist Rakyat Malaysia—PSRM).

DAP had its origins in 1964 as a branch of Singapore's PAP on the mainland; it assumed an independent identity after Singapore was separated from Malaysia in August 1965. Chinese in leadership, it was a noncommunal, moderately socialist movement drawing the bulk of its support from intellectuals and non-Malay voters—largely young, liberal Chinese and some of the economically weaker rural Chinese. DAP made a strong showing in the 1969 general elections at the expense of the conservative MCA candidates. In early 1971 it evidently had talks with MCA president Tun Tan Siew Sin, possibly about a merger or some cooperation; after an exchange of allegations and counter-allegations over who had initiated the talks, the negotiations were broken off. From 1972 to mid-1974 a sizable number of party members defected to MCA and PEKEMAS. In the general elections of 1974, however, DAP had the support of the majority of urban Chinese voters, an indication that DAP may well have been the chief beneficiary of growing Chinese apprehensions about the federal government's *bumiputera* program. The party's electoral support was strongest in Perak, Penang, Malacca, and Negeri Sembilan.

In January 1976, shortly after Prime Minister Onn assumed office, Secretary General Encik Lim Kit Siang of DAP assured him of the party's full support of the National Front's nation-building policies. Nonetheless in the eyes of the National Front leaders DAP remained a source of what they called "divisiveness"; in April 1976, for example, Prime Minister Onn accused DAP of clamoring for national unity in word only while actually creating disunity and sowing antigovernment feelings through a continued demand for multilingualism. At that time the prime minister rejected DAP's demand to set up a royal commission of inquiry into the question of national unity; he said that such an investigation would be unnecessary inasmuch as the issue of unity could be adequately handled by the existing National Unity Board in accordance with the principles of Rukunegara.

PEKEMAS, headed by Tan Chee Khoon, was set up in September 1971 by a Chinese group that broke away from Gerakan. Its multiracial and multicultural platform was similar to that of DAP but more

moderate; it too was predominantly Chinese in membership. In the 1974 elections it fielded 129 candidates—thirty-six for federal seats and the remainder for state seats—but won only one federal and one state seat. PEKEMAS had to compete against both DAP and the National Front parties.

PSRM was a Malay-oriented, socialist party tracing its origins to 1955, when it was formed as the People's Party (Partai Rakyat). Despite its noncommunal stance the party consistently identified itself with Malay interests, which it interpreted in Marxist terms of class struggle; the party argued that the Malays' special position must be safeguarded as long as "capitalism exists to exploit the Malays." It also advocated public ownership of certain basic industries, objected to foreign investment in Malaysia, opposed Malaysia's involvement in any military alliances including the five-power defense arrangement, and demanded the repeal of all internal security laws and the release of political prisoners. As expected, the party was susceptible to communist propaganda and penetration. In the general election of 1969 it polled only 1.3 percent of the popular vote. In December 1969, therefore, it sought to improve its image by adopting a more moderate, socialist platform and decided to change its name to include the word *Socialist*. In the general election of 1974, when the party received 3.7 percent of the national vote, its campaign concentrated on the relatively underdeveloped and predominantly Malay states of Terengganu, Pahang, Perlis, Kelantan, and Kedah, appealing to farmers and fishermen. In addition it sought the support of poorer Chinese in Penang and Malacca. None of the party's 113 federal and state candidates was elected, but in Terengganu the party drew an average of 30 percent of the popular votes in some of the electoral districts for the state assembly. The Terengganu showing, though a localized phenomenon, suggested that PSRM had some appeal among the Malays in the face of strong competition from UMNO and PAS.

## CHAPTER 12

### FOREIGN RELATIONS

Pragmatism is a principal feature of Malaysian foreign relations. Conspicuous since the mid-1960s, this trend stems from the recognition in Kuala Lumpur that, given Malaysia's critical dependence on free trade, the country's national interest could be best served by the cultivation of friendly relations with all countries irrespective of ideological and social differences. Malaysia has gradually broadened the scope of its diplomatic and trade ties with the communist countries and the nonaligned countries of the third world—without abandoning, however, its traditional links to the United Kingdom and the West.

The pragmatic approach has been adopted for security reasons as well. In 1967 the United Kingdom, upon which Malaysia had depended for many of its defense needs and much of its economic aid, decided to reduce its military and aid commitments to Southeast Asia. Two years later the United States announced its intention to scale down its military involvement in Asia. Against this backdrop the need for self-reliance on the one side and the fear of a potential power vacuum in Southeast Asia on the other became pressing issues, giving a powerful impetus to Malaysia's quest for a regional scheme that would not only ensure peace and security for the region but also enable the countries of the region to cooperate in nonmilitary areas without great power intrusions.

To Malaysia the concept of the neutralization of Southeast Asia is not premised on vague hopes or euphoric dreams; it rests on the conviction that peace, security, self-reliance, and cooperation not only among the Southeast Asian countries but between those countries and outside powers are all intertwined and inseparable. Since the concept was enunciated in 1970, Malaysia has consistently maintained that the countries of Southeast Asia should be allowed to chart their own future, individually and collectively, under the guaranteed, collective sponsorship of the United States, the Soviet Union, and the People's Republic of China (PRC).

The Association of Southeast Asian Nations (ASEAN) has an important part in the Malaysian scheme of foreign policy. Formed by Indonesia, Malaysia, the Philippines, Singapore, and Thailand, this regional organization is viewed by Malaysia and its partners as a forum in which new habits of consultation and cooperation could be

fostered. A major diplomatic challenge facing Malaysia in 1976 was to induce the new governments of the Indochinese states to join ASEAN. Equally formidable was the continuing problem of encouraging the countries of the region to bury their past misunderstandings.

## DETERMINANTS OF FOREIGN RELATIONS

Before 1957 the external affairs of Malaya had been managed by the United Kingdom as part of its overall foreign and colonial responsibilities. The British gave limited diplomatic training to a small number of Malay civil servants in London and in British missions in Australia, India, and Pakistan. These Malays filled most of the senior posts in the diplomatic and administrative services after their country gained independence in 1957. Their British training, coupled with the peaceful way in which Malaya gained national freedom, made for a pro-British and hence pro-Western foreign posture through much of the 1960s.

Malaysia's foreign relations have also been governed by such diverse factors as anticommunism, support of national self-determination, opposition to racial discrimination, nonalignment, regional cooperation, and the country's dependence on exports of tin and rubber for its foreign exchange earnings. Emphasis on each of these factors has varied according to changing internal and external circumstances.

Malaysia's costly struggle against communist terrorism before and after independence was bound to place an indelible mark on the conduct of its foreign relations (see ch. 3). Because the communist terrorists were predominantly Chinese who were suspected of having been inspired and directed by the communist leaders in Peking, Malaysia's foreign policy posture had strong ideological and ethnic aspects. Even though Malaysia maintained commercial ties with the PRC, it had until 1974 refused to acknowledge the communist Chinese government as the sole and lawful representative of the Chinese people. Nor did Malaysia for that matter recognize the noncommunist Republic of China (Nationalist China) on the island of Taiwan as the lawful representative of the Chinese. Anticommunism tended to reinforce the country's pro-Western inclination.

Despite the legacy of British rule the country entered independence relatively unencumbered by a heritage of bitterness toward its former colonial master. Before 1957 the British authorities had generally treated the Malay rulers with respect. The internment of Malay nationalists before World War II was deeply resented, but the British policy of peaceful transfer of power in the postwar period eventually evoked pro-British sentiments. Malaysians saw little inconsistency in retaining links with the British while supporting the cause of national self-determination through opposition to any form of colonialism and racial discrimination elsewhere. Malaysia's image of itself as an

emerging and new nation has been reflected in its continued efforts to identify with the aspirations and needs of other Afro-Asian peoples and countries.

Noninvolvement in great power conflicts, or nonalignment as the government of Malaysia describes it, was a major aspect of foreign policy. After independence in 1957 Malaya—wishing neither to alienate such neighbors as Burma, India, and Indonesia nor to provoke the PRC—did not join the Southeast Asia Treaty Organization (SEATO). Instead it opted for a bilateral mutual defense pact with the United Kingdom. The government's position was that this bilateral arrangement did not contradict its nonalignment policy inasmuch as it was not concluded in the context of any East-West conflict, as were SEATO and other multilateral military alliances. In any case Malaysia's voting record on many international issues in the United Nations (UN) generally coincided with those of nonaligned countries. Its claim to being a nonaligned country, however, was given recognition rather belatedly in April 1969 when it was invited to attend the Preparatory Meeting of Nonaligned Countries held in Tanzania.

Kuala Lumpur's active interest in regionalism stems partly from its close historic ties with such neighbors as Indonesia, the Philippines, and Thailand and partly from the changing great power relationships in the Asian context. ASEAN remains the most important of the regional cooperative schemes in which Malaysia has been involved. As of 1976 it had achieved only marginal results because the ASEAN members, themselves underdeveloped countries, could offer few practical benefits to each other through intraregional exchange. Nonetheless interest in regional self-reliance remained strong in the light of perceived dangers stemming from the unpredictability of great power competition for influence in Asia.

Tin and rubber, the leading foreign exchange earners, have been significant as determinants of Malaysian foreign relations (see ch. 13; ch. 15). The critical importance of these commodity exports had underlined the pragmatic need to foster goodwill abroad. This element was particularly compelling in the mid-1960s when the price of rubber continued to drop and Malaysia continued to experience stagnation in exports. Against this background and with the declining importance of the United Kingdom and the United States as traditional customers, Malaysia in 1967 opened diplomatic relations with the Soviet Union, which by then had become the biggest buyer of Malaysian rubber.

## NEUTRALIZATION OF SOUTHEAST ASIA

Since the mid-1960s Malaysian leaders have been concerned about the implications that the Vietnam war and the British policy of economic and military retrenchment east of Suez would have for Southeast Asia in general and Malaysia in particular. This active concern



led to Malaysia's support of the United States military effort in Vietnam as part of its consistent opposition to any form of communist aggression and at the same time to its working for a peaceful settlement of the war. Equally important, the shifting priorities in British foreign policy spurred Malaysia's efforts to meet its national needs through self-reliance and regional cooperation. The United States decision, made public in mid-1969, to lower its military posture in Asia further accentuated the quest for self-reliance and for a new means of ensuring peace and security in the region.

In espousing a nonalignment policy Malaysian leaders have been mindful of the possibility that dependence on or alliance with a major power would court the risk of foreign interference and above all the danger of Malaysian involvement in great power rivalry and conflict. At the same time, however, they have also been aware that a growing Soviet naval presence in the Indian Ocean, the anticipated British departure, the United States policy, and the PRC'S traditional interest in Southeast Asia would have potentially dangerous and destabilizing consequences for the region.

Malaysia has therefore pursued somewhat contradictory objectives: to forestall great power intervention in Southeast Asia and to prevent a power vacuum there. According to the official view in Kuala Lumpur, Southeast Asia is bound to be "a natural target for exploitation and an arena for big power struggle" in the light of its strategic importance, economic potential, and political fragmentation. This potentially dangerous situation was said to require "clear ground rules" so that the region would no longer be reduced to an arena of competition and conflict among major powers. The aim of neutralization of Southeast Asia arose from these considerations.

According to official Malaysian sources the concept of neutrality for the region was mooted in Kuala Lumpur as early as 1966 and 1967, but it was not until September 1970 that the idea was first publicized internationally. This occurred at the Conference of Nonaligned Nations in Lusaka, Zambia, where Deputy Prime Minister Tun Abdul Razak called on the nonaligned countries to take a greater interest in the scheme of guaranteed (by the United States, the Soviet Union, and the PRC) neutrality for Southeast Asia including Indochinese states. In October 1971, as prime minister, Razak elaborated on this concept in his speech before the United Nations General Assembly and evidently succeeded in persuading the five ASEAN countries to accept neutralization as a desirable goal for the region.

The ASEAN representatives met in Kuala Lumpur in November 1971 to examine, among other things, the question of neutralization, and they signed a declaration pledging their "necessary efforts toward the recognition of and respect for Southeast Asia as a Zone of Peace, Freedom, and Neutrality, free from any form or manner of interference by outside powers." Razak acknowledged at the time that his

government as well as other ASEAN countries had no illusions about the "long and difficult road ahead of us" in efforts to attain the goal of neutralization. In 1976 the concept remained a major foreign policy goal for Malaysia and an object of continuing exploratory study. As of mid-1976 Malaysia had not yet formally approached any of the major powers concerning the 1971 declaration, but it was amply clear that, whereas Malaysia continued to welcome foreign economic assistance for its own economy and for its ASEAN partners as well, it did not want any great power military bases in the region.

## ADMINISTRATION OF FOREIGN AFFAIRS

In the years immediately after independence the country was prevented from opening diplomatic relations with many countries as a result of a shortage of qualified personnel. The earliest representation went to countries in the Commonwealth of Nations, the United States, and immediate neighbors. By the end of 1974 Malaysia had established thirty-four embassies (nine of them, accredited to fellow Commonwealth countries, were called high commissions), fourteen consulates (ten of them honorary), and permanent missions to the United Nations in New York and Geneva. There were thirty-nine resident foreign missions in Kuala Lumpur.

The management of foreign affairs has grown increasingly complex. From 1957 until his retirement in late 1970, the Ministry of Foreign Affairs was headed by Cambridge-educated Prime Minister Tengku Abdul Rahman who, according to Robert O. Tilman, "formulated much of Malaysia's foreign policy almost single-handedly and these policies usually included a close association with his British friends and cronies." He was succeeded as foreign minister and prime minister by Razak, who played an important part in the diversification of Malaysia's foreign contacts by placing pronounced emphasis on non-alignment and the neutralization of Southeast Asia and by changing Malaysia's policy toward the PRC.

The increasing complexity of foreign affairs led to the appointment of a full-time, separate minister for the first time in mid-1975. Nevertheless Prime Minister Datuk Hussein bin Onn, who assumed office in 1976, played a leading role in the formulation of foreign policy as had his predecessors. Senior members of the cabinet, Parliament, and the United Malays National Organization (UMNO)—the dominant force behind the coalition government—also carried much weight in deliberations on the country's external policies.

As of mid-1976 the Ministry of Foreign Affairs had four functional areas: political (including external information), economic, administrative (personnel, finance, consular affairs, and inspection), and protocol. The first three of these were under deputy secretaries general, who reported, as did the chief of protocol, to their immediate superi-

or, the secretary general for foreign affairs, who was the top-ranking career official of the ministry.

The ministry's political functions were carried out by divisions with distinct responsibilities concerning East Asia, Southeast Asia (divided into sections for ASEAN countries and non-ASEAN countries), South Asia and the Pacific, West Asia (Middle East) and Africa, Europe (western and eastern including the Soviet Union), the Americas (north and south), and the United Nations and the Commonwealth. There were separate divisions dealing with the matters of the law of the sea and neutralization. Economic functions were handled by three divisions: one each in charge of ASEAN and other regional organizations, matters of development and technology, and trade and general affairs.

Foreign service personnel are recruited by the Public Services Commission and trained by the National Institute of Public Administration. Each year one or two officers are selected for advanced training at the University of London or Oxford University or in Australia. In keeping with the constitutional stipulation concerning the protection of the special position of Malays, recruitment policy gives ethnic Malays a three-to-one preference over non-Malays (see ch. 4; ch. 10).

## RELATIONS WITH SELECTED COUNTRIES

### Indonesia

In the mid-1970s Malaysia maintained very close and friendly relations with Indonesia, with which it has more in common than it has with any other neighbor in culture, language, religion, and ethnic roots. This cordiality contrasted sharply with the mutual enmity of the 1963-65 period during which their ruptured relations had major regional consequences.

The sources of this initial enmity were apparent as early as 1957; it was attributable partly to the different political circumstances in which the two countries won their national freedom: Malaya through peaceful negotiations with the British and Indonesia through armed struggle against the Dutch. These experiences had their effects on the distinctly different sets of domestic and foreign policies the two countries pursued after each gained independence. Retaining British links and remaining a member of the Commonwealth, Malaya on the one hand adopted an essentially pro-Western posture, continued parliamentary democracy, and encouraged free enterprise. On the other hand Indonesia—embittered by its experience—turned against the West, embraced the PRC, eschewed parliamentary politics, and grew increasingly intolerant of a free enterprise economy.

In 1957 Malaya did not support Indonesia's claim to Dutch-held West Irian (West New Guinea), and in 1958 it incurred the wrath of

Indonesia by giving asylum to Indonesian rebels involved in an anti-government revolt on Sumatra. Indonesia countered by obstructing Malayan shipping in the Strait of Malacca and harassing Malayan nationals residing in Indonesia. In 1959 the two countries signed a treaty of friendship, but their mutual distrust proved too deeply embedded to foster a spirit of amity and cooperation.

Prime Minister Abdul Rahman's suggestion in 1961 to form a federation of Malaya, Singapore, and the three Borneo states of Brunei, Sabah, and Sarawak was coolly received in Jakarta. In 1962 Indonesia indicated its intention of opposing the federation if it meant the establishment of foreign military bases in northern Borneo. When the Federation of Malaysia came into existence in September 1963, and given Abdul Rahman's decision to retain British military bases in the new federation, Indonesia reacted with unmitigated hostility, denouncing Malaysia as a vehicle for perpetuating colonialism in Southeast Asia. Almost immediately President Sukarno launched a "crush Malaysia" campaign, a "confrontation" as he dubbed it. This development meant the stillbirth of a new organization called MAPHILINDO, a regional arrangement that had been contemplated in an agreement reached by Malaya, the Philippines, and Indonesia in Manila in August 1963.

Malaysia broke off diplomatic relations, and economic ties were also severed. Later in September Indonesia carried out assaults on Malaysian naval and merchant vessels, and Indonesian guerrillas attacked villages in Sabah and Sarawak. A cease-fire was arranged in January 1964 as a result of the mediatory efforts of the United States, but hostilities resumed after mid-1964 when Indonesia refused to withdraw its forces from Sarawak. Between July and September 1964 Indonesian amphibious and airborne operations were reported to have taken place in the state of Johor (Johore), in Peninsular Malaysia.

Any prospects for wider hostilities were averted by a chain of violent domestic convulsions inside Indonesia after an ill-fated coup attempt by Indonesian Communists in September 1965. These events not only had disastrous consequences for the Communists but also led to the eventual downfall of Sukarno as an effective leader and to the demise of his "guided democracy."

In March 1966 the assumption of political power by General Suharto set the stage for gradual improvement in Malaysian-Indonesian relations. Three months later, meeting in Bangkok, representatives of the two countries pledged to take practical steps to restore friendly relations; this intention was formalized by signing a normalization agreement in August 1966. In March 1967 trade and commercial links were reestablished, and the two countries agreed to cooperate in the suppression of communist elements operating in Borneo and of piracy in the Strait of Malacca. Diplomatic relations were fully restored in August 1967.

In March 1968 the two nations issued a joint statement pledging their common resolve to seek peaceful settlement of any future dispute. A new treaty of friendship was concluded in March 1970. At that time an accord was signed delineating the boundary through the 600-mile Strait of Malacca, where their separate claims to twelve-mile territorial jurisdiction overlapped in some areas.

In November 1971 the Malaysian and Indonesian governments jointly declared that the strait would no longer be considered an international sea-lane, that it would in the future be open only for shipping or innocent passage, and that supertankers would be banned from the seaway. In March 1972 they went a step further by proclaiming that foreign warships would henceforth be required to inform the two littoral states in advance of intended passage and that, for reasons of environmental protection and navigational safety, tankers of over 200,000 deadweight tons would not be allowed to use the seaway. Another example of mutual cooperation was the signing in 1974 of an extradition treaty, which went into effect in August 1975.

### The Philippines

The sources of mutual understanding with the Philippines, although strained and temporarily inactive, remained. Relations were generally cordial in 1976 as the two countries, which share a common cultural heritage, continued their efforts to improve bilateral ties as well as multilateral cooperation through ASEAN.

Until 1962 the two nations had friendly relations, seeking mutual cooperation through the short-lived Association of Southeast Asia (ASA), which was formed in 1961 by Malaya, the Philippines, and Thailand as a cooperative regional forum for economic, cultural, scientific, and administrative purposes. In August 1963 the two countries joined Indonesia in agreeing to take exploratory steps toward the creation of MAPHILINDO as machinery for mutual consultation and assistance.

Close historical ties between the peoples of Malaysia and the Philippines proved also, however, to be a source of contemporary friction. This was particularly the case with the dispute over the Philippine claim to Sabah. The claim is based on the Philippine contention that the sultan of Sulu "leased"—not "ceded" as Malaysia counters—parts of Sabah to the British North Borneo Company in 1878. Manila's efforts to recover the territory that had originally been ruled by the sultanate of Sulu but since 1963 had been under Malaysian sovereignty were formally initiated in early 1962, culminating in the Philippine representation to the United Kingdom of its claim to "a certain portion of the island of Borneo and adjacent islands" in early 1963.

The British rejected the claim, stating that the status of North Borneo was never in dispute and that in any case the territory in question

would become part of the yet-to-be formed Federation of Malaysia. The Philippines withheld recognition from Malaysia when the latter was inaugurated and recalled its ambassador. Malaysia broke off diplomatic relations.

Relations were normalized in June 1966 but without a solution to the territorial issue. The Philippines revived the question in 1968, and it became the subject of acrimonious negotiations held at the neutral site of Bangkok in the summer of that year. Malaysia insisted that there was, to begin with, no basis for dispute and rejected the Philippine demand that the issue be referred to the International Court of Justice in The Hague. The situation was aggravated further in September 1968 when the Philippine government enacted a bill redefining the national boundaries; a new Philippine map included much of Sabah. Malaysia suspended diplomatic relations and also abrogated the anti-smuggling agreement the two countries had signed earlier in the year. In October 1968 the Philippines again demanded that the territorial question be taken to the world court; there were violent mass demonstrations in Kuala Lumpur.

The restoration of diplomatic relations was announced at the opening session of the ASEAN ministerial conference held in Malaysia in December 1969. This was seen as expressing the intent of both sides not to have their bilateral differences interfere with the work of ASEAN. In the mid-1970s indications were that the two countries were more interested in seeking a common ground for cooperation. In August 1975 the Philippines stated that, in the interests of regional cooperation, it would not press its claim at least for the moment.

For its part the Malaysian government appeared to be taking steps to stop the flow of weapons and ammunition from Sabah to Muslim insurgents in the southern Philippines. The arms aid to the antigovernment Muslim rebels had been another major source of antagonism between the two countries. The Philippine government for years maintained that Sabah's chief minister, Tun Dato Haji Mustapha bin Datu Harun, was aiding the rebels in southern Mindanao to satisfy his ambition to create a secessionist state consisting of Sabah and the Philippine islands of Mindanao, Palawan, Sulu, Tawi-Tawi, and Basilan. According to an early 1976 issue of the *Christian Science Monitor*, weapons and ammunition were flown into Sabah from Libya and then smuggled into the Philippines in boats. This source also stated that the federal government of Malaysia continued "to tolerate a radio station in Sabah that broadcasts to the southern Philippines in support of the Muslim insurgents." It also suggested that this tolerance might be Malaysia's "possible bargaining counter in its dealings with the Philippines."

## Thailand

Malaysia and Thailand share close historical ties, similarly a source of both common interest and conflict. Their relations have been affected by mutual suspicion of irredentist maneuvers by the other, border security, and shared interest in regional cooperation.

The Malaysian-Thai border has remained a troublesome area because of lingering separatist sentiments on each side. Thailand's four southern provinces are inhabited by a large number of Malay Muslims and hence are a cause for Thai apprehension that Malaysia might seek to annex the Thai provinces or support the Muslim separatist movement there. Conversely Thailand has been suspected of aiding and abetting separatism among thousands of Thai-speaking Buddhists in the northern Malaysian states of Kedah, Perlis, Kelantan, and Terengganu. These states had been under Thai rule until they were ceded to the British in 1909 and were regained by Thailand during World War II only to be ceded again to the British at the end of the war.

The border region has also presented a security problem to the Malaysian and Thai authorities, who have since 1959 sought to cooperate in the suppression of communist guerrillas operating along the border. A joint border committee set up in 1965 announced in 1969 that the security forces of either country would be allowed the right of hot pursuit as far as five miles into the other's territory. This measure was strengthened in 1970 so that regular troops could join police units in the territory of the other for as long as seventy-two hours. In practice, however, mutual cooperation was rather limited (see ch. 16). For years the Thai government was more concerned with security problems in the northeastern region than in the southern provinces. The presence on Thai soil of about 400 members of the Malaysian Police Field Force was not warmly received in Bangkok and was tolerated at best as a necessary irritation. Moreover the Thai authorities were not unaware of the Malaysian presence as a potential source of aid and comfort to separatist elements active in the sensitive area of Betong, across from the northwestern corner of Perak. The situation came to a head in May 1976 when local Thai residents demonstrated at Betong against the Malaysian police unit after an alleged bombing and strafing by the Malaysian air force against suspected communist operatives in the area. In the next month, at the request of the Thai government, the Malaysian unit along with intelligence and support staffs withdrew from Betong. The two countries began discussions about a new border agreement; results were inconclusive as of mid-1976.

Malaysia and Thailand have actively sought to further ASEAN cooperation. When Malaysia's relations with Indonesia were severely strained in 1963 and 1964, Thailand offered Bangkok as a neutral site for reconciliation talks. Bangkok was used for much the same purpose in 1968 when Malaysia and the Philippines were at odds over territorial questions.

## Singapore

An integral part of Malaysia from September 1963 through July 1965, Singapore is intimately tied to Peninsular Malaysia geographically, economically, and culturally. A personality clash between Abdul Rahman of Malaysia and Prime Minister Lee Kuan Yew of Singapore, political competition, and racial tensions eventually led to the separation of Singapore from Malaysia in August 1965 (see ch. 3). Under the separation the two sides promised close cooperation in defense, foreign policy, and economic affairs.

The British decision in 1967 to withdraw their military presence from Malaysia and Singapore by 1971 aroused considerable apprehension in Kuala Lumpur and Singapore, and the first ministerial-level conference since the separation was held later that year to map out steps for the joint defense of the region. Nonetheless the residue of mutual suspicion militated against any significant thaw in relations. Economically the two countries continued to be more competitive than cooperative. In defense, however, a five-power defense arrangement provided the mechanism for a closer degree of cooperation (see ch. 16).

Cooperation was apparent also in their joint efforts to ensure the safety of navigation and control of pollution hazards in the Strait of Malacca. Malaysia continued to consult Singapore as well as Indonesia on the use of the seaway. Singapore maintained, however, that the strait should be considered part of the international high seas to ensure free access for all to it; in 1971 Singapore refused to sign the Malaysian-Indonesian declaration that the seaway be treated as being within the jurisdiction of the littoral states.

### The People's Republic of China

In 1976 relations with the People's Republic of China (PRC) were correct and improving. This could be attributed to the establishment of diplomatic relations between the two countries in May 1974, when Malaysia became the first ASEAN country to recognize the communist government of mainland China.

Long before World War II the presence of a large ethnic Chinese population in what became Peninsular Malaysia was a source of major concern to the British authorities; Chiang Kai-shek's Kuomintang government was seen as exerting a powerful influence on the Chinese population in Malaya, especially in Chinese schools and business circles. In the postwar years Malayan fears of PRC expansionist aims and activities in Southeast Asia in general and Malaysia in particular handicapped the development of mutually acceptable relations. A still further impediment was the PRC's support of Indonesia during the confrontation of the 1963-65 period.



Despite Malaysia's antipathy to the PRC and nationalist China alike, its relations with both have been flexible and pragmatic. With the ending of the Emergency (see Glossary) in 1960 Malaysia pursued a two-China policy, allowed indirect trade with the PRC, and permitted Chinese to visit relatives in the PRC and reenter Malaysia. Similarly Malaysia adopted a pragmatic posture in its relations with Nationalist China, although it refused to extend diplomatic recognition because of intermittent Nationalist Chinese attempts to interfere in the affairs of the Chinese community in Malaysia.

Malaysia's China policy underwent a major shift in October 1970 when it announced the intention of seeking the support of the PRC, the United States, and the Soviet Union for neutralization of Southeast Asia. It also let it be known that a new China policy would be followed as a demonstration of Malaysia's strict nonalignment posture. In November Deputy Prime Minister Tun Ismail bin Dato Abdul Rahman publicly indicated his government's readiness to begin political talks with the PRC, which he described as the lawful government of the Chinese people, and establish diplomatic relations if the PRC terminated its anti-Malaysian propaganda and its support of communist guerillas inside Malaysia. In 1971 a trade agreement was signed so that the two countries could for the first time trade directly with each other without intermediaries in Singapore and Hong Kong.

Throughout 1972 and 1973 trade steadily increased, as did contacts in sports and cultural events. Malaysia continued to rationalize its posture in terms of its commitment to nonalignment and regional neutralization. At the same time it continued to express concern over Peking's moral support of the Malayan Communist Party and its hostile radiobroadcasts. Nonetheless formal talks were started in mid-1973, paving the way for Prime Minister Razak's official visit to Peking in May 1974.

In the joint communiqué issued on May 31, 1974, Malaysia and the PRC pledged to develop their relations on the basis of the principles of mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. They also agreed to "consider all foreign aggression, interference, control and subversion to be impermissible" and to oppose "any attempt by any country or group of countries to establish hegemony or create spheres of influence in any part of the world." In recognizing the PRC as the only lawful governing entity of the Chinese people, Malaysia acknowledged that Taiwan was an inalienable part of the territory of the PRC.

For its part the PRC stated:

Malaysia is a multi-racial country with peoples of Malay, Chinese and other ethnic origins. Both the Government of the People's Republic of China and the Government of Malaysia declare that they do not recognize dual nationality. Proceeding from this principle, the Chinese Government considers anyone

of Chinese origin who had taken up of his own will or acquired Malaysian nationality as automatically forfeiting Chinese nationality. As for those residents who retain Chinese nationality of their own will, the Chinese Government, acting in accordance with its consistent policy, will enjoin them to abide by the law of the Government of Malaysia, respect the customs and habits of the people there and live in amity with them. And their proper rights and interests will be protected by the Government of China and respected by the Government of Malaysia.

On the day the joint communiqué was released Malaysia issued a statement terminating its consular relations with Nationalist China. The statement said that all trade relations, investments, and tourism between Malaysia and Taiwan would be continued by "private individuals based on people-to-people relations and on a local basis."

### The United States

Relations with the United States continued to be cordial in 1976. Indications were that Malaysian-American ties would be cemented further in the late 1970s in the light of Malaysia's growing interest in the United States as a major source of investment and technology for its industrial development and as an important market for its goods.

Before the 1960s the United States had shown comparatively little interest in the Federation of Malaya per se; its broad objective had been to encourage friendship and cooperation among the countries of Southeast Asia generally. Malaya had been viewed in Washington as an area falling within the British sphere of influence and hence requiring only secondary attention in political or defense matters.

This situation was to change gradually after 1962 when Peace Corps volunteers began serving in Malaya and after 1963 when a Fulbright cultural and educational exchange agreement was signed between the two countries. These developments led to a better understanding of the United States among the Malayan public, although political and business circles in Malaya were upset by such actions as those in 1961 and 1962 when the United States disposed of its stockpiles of rubber and tin, Malaya's staple exports. They insisted that the American actions would hurt the economy.

When Malaysia was formed in September 1963, the United States promptly recognized it without qualification and welcomed the federation as an important step toward regional stability. After Malaysian-Indonesian relations were ruptured and Indonesia launched its "crush Malaysia" campaign, the United States sought to prevent hostilities through noninvolvement and mediation. In late September American military assistance to Indonesia was suspended, and in March 1964 its economic and technical assistance to Jakarta was virtually halted. Also in early 1964 the United States sought to persuade Malaysia, Indonesia, and the Philippines to reach a negotiated harmony, but Malaysian-Indonesian differences could not be narrowed. In July

1964, amid the worsening confrontation between Kuala Lumpur and Jakarta, Prime Minister Abdul Rahman paid a visit to Washington, announcing that the United States had agreed to provide military training for Malaysians and that he had requested other forms of military assistance from the United States. Four months later an American military fact-finding mission was dispatched to Malaysia (see ch. 16).

After the mid-1960s, coinciding with the announced British intention to retrench its overseas economic and defense commitments, Malaysia sought closer ties with the United States and expressed, albeit unsuccessfully, a keen interest in obtaining American financial aid for the First Malaysia Plan (1966-70) (see ch. 13). The Malaysian government gave support to the United States involvement in Vietnam, although not without strong opposition from sections of the Malaysian population. In 1967 the British government caused concern in Kuala Lumpur by announcing its policy of phasing out its defense forces from Malaysia and Singapore by the end of 1971. Nonetheless Malaysia did not seek to align militarily with the United States, in keeping with its policy of nonalliance with any military bloc.

Economically the United States became a significant factor in Malaysia's external relations. Bilateral trade increased steadily over the years from the equivalent of US\$207 million in 1966 to US\$384 million in 1972 and to over US\$1 billion in 1974. Growth was also evident in American private investment in Malaysia—from an estimated US\$200 million in 1968 to US\$379 million in 1972 to US\$461 million in 1974 (see ch. 15). In April 1975 an official Malaysian estimate predicted that the American investment would more than double by the end of the 1970s.

In mid-1976 over 200 Peace Corps volunteers (mostly secondary-school teachers) continued to serve in Malaysia; the Public Law 480 (Food for Peace) program was still in effect, as was the Fulbright educational and cultural exchange program. A modest military training program for Malaysians was continuing and, in response to Malaysia's renewed interest after mid-1975 in procuring American military equipment for its counterinsurgency program, the United States, which supported Malaysia's self-reliant effort to develop its economy while combating communist insurgency, initiated steps to provide a small foreign military sales credit to Malaysia for the United States fiscal years 1976 and 1977. On the one hand the prevailing assumption of the United States was that Malaysia was rich in resources and sufficiently developed to do without economic aid; through the mid-1970s American aid to Malaysia remained the lowest in Asia. On the other hand Malaysia continued to hold the view that Western nations in general and the United States in particular should be more generous in dispensing developmental assistance for Malaysia (see ch. 15).

The United States continued close consultations with Malaysia on the matter of the American disposal of surplus stockpiles of tin and rubber, of major concern for many years to the Malaysian government. United States policy was to carry out stockpile disposal programs in a manner that would have as few adverse consequences as possible for the Malaysian economy.

### Other Countries

Malaysia maintained ties with many other countries in Asia and elsewhere in the world. Trade, Islamic heritage, and regional cooperation were important underlying considerations. Japan continued to figure importantly in Malaysian foreign trade as a principal buyer and supplier and also as a major source of foreign capital and technology (see ch. 15). Cordial ties were also maintained with India and Sri Lanka (Ceylon), with which Malaysia shared common experiences under British rule and continued association through the Commonwealth. The presence of Indian and to a lesser extent Ceylonese minorities in Malaysia has been partly responsible for the keen interest of Kuala Lumpur in internal and external developments in those two countries. Relations with Pakistan, once strained, were restored in 1966; in the past Malaysia and Pakistan had occasional differences because of their conflicting sympathies with respect to India, Indonesia, and the PRC. Malaysia's pro-Indian sentiments at the time of Sino-Indian border clashes in the late 1950s and in the early 1960s were not shared by Pakistan. Conversely Pakistan's pro-Chinese and pro-Indonesian stance aroused ill feelings in Kuala Lumpur. The end of the Indonesian-Malaysian confrontation in 1966 and the gradual improvement in Malaysia's relations with the PRC helped to usher in an era of reconciliation between Malaysia and Pakistan.

Malaysia has actively sought to broaden and improve ties with many Afro-Asian nations. Initially this effort was dictated by Malaysia's confrontation with Indonesia and its competition for support from these nations. In the early 1970s, however, it was prompted by the objective of neutralizing Southeast Asia (see *Neutralization of Southeast Asia*, this ch.). In order to lend credence to its avowed policy of nonalignment and peaceful intent toward all nations Malaysia announced in March 1973 its dissociation from the Asian and Pacific Council (ASPAC), a regional grouping set up in 1966 on the initiative of the Republic of Korea (South Korea) to promote political solidarity among noncommunist nations in Asia. ASPAC, which had been denounced by the PRC, had as its charter members Australia, Nationalist China, Japan, Malaysia, New Zealand, the Philippines, Thailand, and the Republic of Vietnam (South Vietnam).

Shortly after the dissociation—the first by an ASEAN country—Malaysia established diplomatic relations with the Democratic Repub-

lic of Vietnam (North Vietnam), at the end of March. It also took the lead as the first ASEAN state to recognize or establish formal relations with other communist-ruled countries: the German Democratic Republic (East Germany) in April, the Democratic People's Republic of Korea (North Korea) in June 1973, the PRC in May 1974, Cuba in February 1975, and the new governments in Cambodia and South Vietnam in April and May 1975 respectively.

Islam, the official religion of Malaysia, has much symbolic importance in Malaysian attitudes toward other countries, particularly those countries sharing the same faith. Malaysia has consistently supported the Arab cause against Israel and sought to promote consultation and cooperation with the Islamic world. It took part in the first Islamic summit conference, held in Rabat, Morocco, in 1969 and was host to the Fifth Islamic Conference of Foreign Ministers in June 1974. At the conference Malaysia urged Islamic countries to lend more substance to their unity and cooperation by establishing an Islamic economic and technical cooperation scheme, by encouraging economic complementarity through greater trade and investment, by utilizing unused funds of the Islamic Development Bank within the Islamic world, and by easing travel restrictions among fellow countries.

The legacy of British colonial rule—although of decreasing importance—links Malaysia to the United Kingdom and such fellow Commonwealth countries as Australia and New Zealand. Trade, investment, and shared political values remain important elements in Malaysian ties with the British. Defense is another major consideration. With the end of the Malaysian-Indonesian confrontation in 1966 the British government moved rapidly to reduce its military presence in Malaysia and to formulate its plans for military disengagement east of Suez by the end of 1971. The British actions stirred concern in both Kuala Lumpur and Singapore and hence the demand that some formal defense agreements with the United Kingdom be continued. In 1968 and 1969 the United Kingdom, Australia, Malaysia, New Zealand, and Singapore held conferences in Kuala Lumpur to discuss the defense of Malaysia and Singapore, and eventually a new regional defense scheme—commonly referred to as the five-power defense arrangement—was agreed on by the five countries in April 1971. The five countries agreed at that time to continue to cooperate in matters affecting the “indivisible” defense of the Malaysian-Singapore areas. It was also announced that the forces of Australia, New Zealand, and the United Kingdom (or ANZUK forces as they are sometimes called) would continue to maintain a presence in the area even after the end of 1971 and that the Anglo-Malaysian Defense Agreement of 1957, which would expire in November 1971, would be replaced by the five-power defense arrangement (see ch. 16). In the mid-1970s both Malaysia and Singapore continued to participate in the joint military exercises of these five countries.

Trade was a major factor in Malaysia's relations with West European nations; it was also largely instrumental in Malaysia's expressed interest as early as 1964 in establishing formal ties with communist countries on the basis of peaceful coexistence, although the PRC was singled out at that time as a notable exception. The emergence of the Soviet Union as a major customer for Malaysian rubber resulted in the formal establishment of diplomatic relations with the Soviet government in November 1967. Earlier in 1967 Yugoslavia had become the first communist state to have formal ties with Malaysia; by 1973 Malaysia had official ties with all communist states in Eastern Europe but one—Albania.

The Soviet Union evidently figures as a major factor in Malaysia's scheme of regional neutralization. Soviet support for the scheme has been regarded as essential if only because of Malaysian apprehension that the lower military profile of the United Kingdom and the United States in Asia might be taken advantage of by the Soviet Union. In September 1969, for instance, the Malaysian government expressed its concern that the growing Soviet naval presence in the Indian Ocean posed a threat to the security of Malaysia and of the region; it had also signaled, without endorsement, its interest in the open-ended Soviet proposal of June 1969 to create an Asian collective security system. In the mid-1970s Malaysia's claim of the right of prior notification of the use of the Strait of Malacca contradicted the Soviet insistence on the right of unimpeded passage for both merchant vessels and warships.

### UNITED NATIONS AND REGIONAL COOPERATION

A member of the United Nations (UN) since 1957, Malaysia participates in its activities and in many of its specialized agencies. It has sought to strengthen the peacemaking capacity of the world organization, for example, by purchasing UN bonds to finance operations in the Congo and by sending troops to the Congo under the UN flag. Malaysia opposed attempts by the Soviet Union to weaken the UN secretary generalship after the death of Dag Hammarskjöld. Malaysia's contribution was rewarded by its election to a nonpermanent seat on the Security Council in 1965, an event that caused Indonesia's temporary withdrawal from the world body. In 1972 Malaysia was selected as one of the fifteen members of the Ad Hoc Committee on the Indian Ocean, which was set up by the General Assembly to study the implications of and practical steps to implement the resolution on the Indian Ocean. Under this resolution, adopted by the General Assembly in December 1971, the Indian Ocean was declared "a zone of peace" from which all offensive and defensive armaments and all military bases should be excluded.

Regionalism remains an abiding faith for Malaysian leaders, who have since 1958 assiduously sought to realize a framework for politi-

cal and economic cooperation with their neighbors. The first to bear fruit was ASA, formed in 1961 by Malaya, the Philippines, and Thailand; ASA failed, however, because of the Philippine claim to Sabah and resulting antagonism between Kuala Lumpur and Manila.

MAPHILINDO was another regional scheme in which Malaysia took an interest. Promoted in the early 1960s principally by the Philippines and Indonesia, the MAPHILINDO concept was based in part on Malay ethnic roots shared in varying degrees by the three countries. The formation of Malaysia in September 1963 and the ensuing confrontation with Indonesia meant the end of that concept. As of 1976 Malaysia's most significant involvement in regionalism was with ASEAN, which was formed in August 1967 as a loose grouping much like ASA in objectives but with two new members—Indonesia and Singapore. The stated objectives of ASEAN included mutual cooperation in food production, commerce and industry, civil aviation, tourism, communications, meteorology, and shipping. ASEAN leaders have expressed their hope that the new organization could someday be transformed into something like the European Economic Community.

Malaysia has taken an active role in efforts to develop ASEAN as what it calls a nonmilitary, nonantagonistic, and nonideological organization. Its leaders have maintained that if successful the ASEAN scheme could be accepted on its merits by the rest of Southeast Asia and that national and regional security in Southeast Asia could be better secured through new politicoeconomic arrangements than by what they call outdated and irrelevant cold war alignments and military pacts. They have also contended that the neutralization of the region as proposed by Malaysia and agreed on by ASEAN was "an up-to-date response to the challenge of new and still evolving forces." Regional neutrality, to be applied first to ASEAN countries, is seen in Kuala Lumpur as a positive step in the furtherance of "national and regional resiliences." Malaysian leaders let it be known emphatically that they would not be affected by "self-fulfilling prophecies of doom such as the domino theory."

ASEAN has been viewed with suspicion in Hanoi. Nonetheless the organization has continually appealed to North Vietnam and other nonmembers in Southeast Asia to associate themselves with the regional grouping in a common effort to ensure peace and mutually beneficial cooperation among themselves. In May 1975, for example, Prime Minister Razak called on the governments of Cambodia and South Vietnam to set aside "recriminations over the past and ancient fears born of the cold war" and work with ASEAN to build a neutralized Southeast Asia.

Through the end of 1975 the five ASEAN countries shared a broad consensus on the need for mutual cooperation in almost every field of their national endeavor. Disagreements persisted, however, over the methods of bringing about such cooperation. Malaysia remained sus-

picious of Philippine intentions regarding Sabah and hence opposed any arbitration or negotiated settlement of political disputes among ASEAN nations. Economic nationalism was still a potent force in all of these countries, so that Indonesia was disinclined to accept any tariff cuts or other forms of economic integration, fearing domination by the more economically advanced members. Conversely other members feared domination by Indonesia, militarily the most powerful within ASEAN.

Nonetheless steps were being taken to promote cooperation and lower mutual misperceptions. In the years after its creation in 1967 by far the most significant ASEAN event was the first summit conference in February 1976. At the end of that meeting in Bali, Indonesia, ASEAN leaders signed the Declaration of ASEAN Concord and the Treaty of Amity and Cooperation in Southeast Asia. Generally the conference focused its concern on economic matters, reaching agreement on plans to share food and crude oil in times of shortage, join in industrial projects, and cooperate in the marketing of commodities. It also signed an agreement to set up a central secretariat in the Indonesian capital, Jakarta.

Neither the treaty nor the declaration represented any dramatic initiative or change in ASEAN's original purposes. Basically a compromise designed to accommodate the differing views of the members, both documents reiterated the intention of ASEAN leaders to "continue to work for the promotion of peace, stability, progress" in the region. One notable new feature was the provision in the treaty creating a "high council of ministers." The council, consisting of the five ASEAN ministers, would offer its "good offices" in mediating disputes, the settlement of which would be contingent, however, on the consent of "all the parties to the dispute."



## SECTION III. ECONOMIC

### CHAPTER 13

#### CHARACTER AND STRUCTURE OF THE ECONOMY

In the mid-1970s Malaysia's economic system reflected policies inaugurated in 1971. From dependence on private enterprise and government support for guiding economic development the economy moved toward greater reliance on the role of government. The government assumed the primary responsibility for setting the economy's basic pattern, for pursuing policies to implement this pattern, and for solving economic problems. In assuming the role of economic leadership the government maintained the open and friendly attitude toward the private sector that had been its traditional policy.

Imbalances in economic development, the residual effect of the country's colonial heritage, were still evident in 1976. Imbalances existed between rural and urban areas, between Peninsular Malaysia and the Borneo states of Sabah and Sarawak, and within Peninsular Malaysia between the tin and rubber belt of the west and the less developed northern and east coast states. There were also imbalances between ethnic groups, which resulted in marked income and occupational disparities. Generally the Chinese continued to be urban and economically well off, the Malays rural and poor. In addition the unemployment rate remained high in 1976, above 7 percent, an indication that industrialization policies still had not provided enough jobs to absorb large annual increases in the labor force or to eliminate existing underemployment in rural areas.

The government has addressed itself to these root causes of instability and dissatisfaction, but only since 1971 and the introduction of the New Economic Policy, contained within the Second Malaysia Plan (1971-75), have strong initiatives been taken. The heart of the policy was an accelerated industrialization program directed by the government in conjunction with a rural land development program. Major features of the program were the establishment of labor-intensive industries, the dispersal of industry from urban to rural areas, and the establishment of plants in the depressed states of Peninsular Malaysia and Borneo. Rural development was intended not only to raise rural incomes and open new land for cultivation but also to diversify commercial agriculture and move it away from its traditional dependence on rubber. Agriculture was aided by increased double-

cropping on the basis of irrigation programs and the wider use of fertilizer, so that in 1976 the country was close to self-sufficiency in rice.

The character of the economy was largely an outgrowth of developments during the colonial period. In 1976 the economy was based on the production and export of raw materials—especially rubber, tin, and palm oil—and the import of goods for domestic consumption or for production facilities. For this reason it was vulnerable to changes in world economic forces and to the disparate trends in prices for raw materials and for finished products. Nevertheless, in the process of development that has been going on since independence in 1957, important structural changes have occurred.

Agriculture remained an important component of the economy, although its contribution to gross domestic product (GDP—see Glossary) fell from 38 percent in 1960 to about 31 percent in 1975. The decline in agriculture was partly explained by the growth in manufacturing, which in the 1970s emerged as the economy's most dynamic sector. Responding to policies supportive of industrialization for both domestic and export use, manufacturing increased its contribution to GDP from 9 percent in 1960 to about 16 percent in 1975. Tertiary activities—transport, communication, trade, banking, and insurance—contributed the largest portion of GDP in 1975, 41 percent (see table 10). Although down slightly from earlier levels, the contribution of these services partly reflected the continued importance of foreign trade to the economy. In 1975 external trade accounted for more than 40 percent of gross national product (GNP—see Glossary), only marginally below the 1960 contribution of about 50 percent.

At the outset rubber and tin production, the traditional bedrock of the economy, were developed and controlled by foreign investment and management. Production has gradually shifted to Malaysian control, and in 1976 the government took control of the largest tin-producing company in the world. The country was the world's largest producer of both tin and rubber in 1975, but because of the instability of world prices and the known decline in tin reserves an objective of government economic policy has been the development of a wider range of export commodities. Diversification has proved successful: palm oil became the country's second largest export earner in 1975 and was expected eventually to overtake rubber production as the leading commercial crop. The country was also a major producer of tropical hardwoods.

Infrastructure has never been a serious bottleneck to the country's development goals; both the colonial and independent governments provided and maintained well-developed services. Until 1972 prudent fiscal policies provided considerable financial stability and, despite the country's vulnerability to changes in world prices for its commodities, domestic prices had remained almost constant. Since 1972, however, inflation has emerged as a problem and joined unemployment among the country's most severe economic challenges.

Table 10. Malaysia, Gross Domestic Product by Sector, 1971-75  
(amounts in millions of Malaysian ringgits)<sup>1</sup>

Sector	Amount					Percent of Total				
	1971	1972	1973	1974	1975	1971	1972	1973	1974	1975
Agriculture, forestry, and fishing . . .	3,350	3,349	5,040	5,900	5,597	32	30	35	35	31
Mining and quarrying . . . . .	546	566	561	900	798	5	5	4	5	4
Manufacturing . . . . .	1,322	1,450	2,006	2,500	2,875	13	13	14	15	16
Construction . . . . .	414	486	657	745	836	4	4	5	4	5
Electricity and water . . . . .	266	303	352	410	474	2	3	2	2	3
Other services <sup>2</sup> . . . . .	4,557	5,037	5,733	6,592	7,290	44	45	40	39	41
<b>TOTAL . . . . .</b>	<b>10,455</b>	<b>11,191</b>	<b>14,349</b>	<b>17,047</b>	<b>17,870</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

<sup>1</sup> For value of the Malaysian ringgit—see Glossary.

<sup>2</sup> Includes transport, communication, trade, banking, insurance, public administration, and dwellings.

Source: Based on information from Malaysia, The Treasury, *Economic Report, 1975-76*, Kuala Lumpur, 1975.

The economic aspects of the ethnically diverse population remained one of the most critical problems facing the government in 1976 as it tried to combat ethnic specialization in economic activity. Traditionally Chinese have gravitated to commerce, finance, and small-scale industry; Malays have engaged in subsistence agriculture; and Indians have been mostly plantation workers. Economic policy between 1971 and 1975 was aimed at increasing the participation by Malays and other indigenous peoples—the *bumiputera* (sons of the soil)—in the modern sectors of the economy and reducing proportionately the large percentage of foreign ownership in the corporate sector as the economy expanded.

The long-run outlook for the country's economy was relatively optimistic in mid-1976; exports were expected to lead the economy out of the worldwide recession. Despite a per capita GNP of about US\$600—among the highest in Southeast Asia—rural poverty remained a problem in 1976, and the emphasis of the Third Malaysia Plan (1976-80) was expected to be the eradication of poverty in the overall context of ethnic economic equalization. The achievement of the country's economic goals, given the plural nature of the society, was widely perceived as a political and economic challenge.

## STRUCTURE AND GROWTH OF THE ECONOMY

### Economic Impact of Colonial Rule

The formation of Malaysia's modern economic structure began in the 1870s when Great Britain took an active interest in the Muslim sultanates that formed the hinterland of the already established Straits Settlements (see ch. 3). British involvement in the Malay states arose from the discovery of tin in Perak and Selangor and the resulting rapid immigration of Chinese through the Straits Settlements to work in the tin fields. Railroads, roads, and other infrastructural facilities were soon constructed throughout the "tin belt," aided by the federation of the states of Perak, Selangor, Negeri Sembilan, and Pahang in 1895 with a capital in the newly founded town of Kuala Lumpur. By 1910 a west coast railroad reached from Penang in the north to Johor Baharu at the southern tip of the peninsula, with feeder lines to coastal ports and the major tin-mining areas. The tin boom, which made Malaysia the world's most important tin producer, generated the first wave of modern development in the country.

A second wave of development, spreading the modern economy far beyond the tin-mining centers, came with the rubber plantations. By the turn of the century the price of rubber on the world market was quite high because of the influence of demand from the new automobile industry. Rubber planting expanded rapidly after 1905, when rubber seedlings were smuggled out of Brazil and introduced into Malay-

sia. Rubber planting started from the railroad lines and roads and subsequently spread along the entire coastal plain of the western portion of Peninsular Malaysia.

The rapid expansion of rubber planting was helped by the immigration of workers from China and India and the release of labor from tin mines with the European introduction of laborsaving machinery. In the early years of economic expansion Malays did not generally engage in tin mining, rubber tapping, or infrastructure development but stayed with their traditional activities of fishing, rice cultivation, and fruit farming. In fact conditions for workers in the tin mines and on the larger rubber plantations were considered miserable, and only immigrants were willing to take these jobs. As a result the preindependence development of wealth in the country was based on imported Chinese and Indian coolie labor under the direction of European, generally British, management. The early identification of immigrant Asian groups with the modern sectors of the economy—coupled with Malay avoidance of this sector, both voluntarily and because of colonial policy—served to establish the eventually disruptive income inequalities and patterns of ethnic occupational specialization.

By the end of World War II Malaysia was the world's foremost producer of rubber and tin. In the early 1930s the economy suffered from the worldwide depression, and expansion of infrastructure and services slowed considerably. Economic development was completely disrupted by the Japanese occupation of the peninsula, which began December 8, 1941.

Post-World War II moves in the direction of self-government were delayed because of the guerilla warfare known as the Emergency (see Glossary), which began in June 1948. Tactics used against the insurgents included energetic efforts aimed at economic improvement to win the population to the government side. The country became independent on August 31, 1957 but the Emergency was not declared ended until 1960. Despite guerrilla harassment and the cost of the Emergency, the economy recovered rapidly during the 1950s, supported by the boom in demand for rubber and tin during the Korean War. When Malaysia became independent, it inherited a sound infrastructure and the highest aggregate standard of living in Southeast Asia, with the possible exception of Hong Kong.

The Borneo states of Sabah and Sarawak remained British colonies until 1963, when they were incorporated into Malaysia. Sabah had been ruled by the British North Borneo Company from 1882 until the Japanese occupation of Borneo in 1942, and there had been little economic development beyond timber exploitation and rubber planting. Sarawak was ruled from 1841 to 1946 by the legendary so-called White Rajas of the British Brooke family. After the incorporation of Sabah and Sarawak the pace of economic development there accelerated, in part as the result of discoveries of petroleum and copper.

Since independence the basic infrastructure of roads and public services has begun to spread from the coastal towns into the thinly populated hinterland.

With a per capita GNP in 1975 of about US\$600 Malaysia was the most prosperous developing country in Southeast Asia with the exception of the city-state of Singapore and the British crown colony of Hong Kong. This economic standard was achieved through the exploitation before and after independence of a natural environment particularly suited to rubber cultivation, rich deposits of tin, and a well-developed, British-inspired commercial structure. It has been said that Malaysia, owing to its natural resources, was a country in which resources were substantially developed and the people prospered greatly under the colonial system. This was only partly true.

The British developed natural and human resources only in the sectors that were considered important by the ruling interests. Consequently the export agriculture and extractive industries were emphasized while other resources—primarily domestic agriculture—were neglected. The net result of this policy was the creation of a dual economy, in which a foreign-dominated export sector coexisted with a rural, traditional Malay-dominated subsistence agriculture sector.

In colonial Malaysia capital accumulation and technological progress took place exclusively in, or for the benefit of, the developed export sector. Modern technology was applied mostly in the European-dominated sectors of plantation agriculture and mining, and there was little or no technological progress in nonexport peasant agriculture or in small industries and handicrafts.

The foreign-dominated export sector used both labor- and land-intensive production methods in agriculture and capital-intensive techniques in processing raw materials. These practices resulted in a system in which plantations and mines were economically dependent on the mother country—the United Kingdom—which provided the capital, technical knowledge, and managerial skills.

The participation of Malays in the export sector during the colonial period was negligible; the Malay rural economy continued to be tied to the traditional occupations of ricegrowing, smallholder rubber cultivation, fishing, and fruit cultivation. Although it was a monetized economy, techniques were poor, productivity was low, and capital input was minimal. The non-Malay Asian populations were mainly in the urban centers and often served as middlemen between the big European trading and management firms—the agency houses—and the indigenous population, collecting smallholder produce and distributing imported goods. Malay peasants were characterized by geographic isolation, subsistence production, and low income. Aside from the geographic and sociocultural factors that kept the Malays in low-paying rural production there was the official colonial policy of noninterference with the indigenous social system, which reinforced Malay noninvolvement in the modern economy.

## Early Years of Independence, 1957-70

Colonial economic development, with its reliance on indirect rule through the sultanates, isolated indigenous Malay society from the process of economic change and resulted in ethnic economic specialization and income disparities. The one exception to this general pattern was that the British trained Malays for positions in the government bureaucracy. Although Malaysia's economy as inherited from the colonial period evidenced a relatively high per capita income at the time of independence, it was highly skewed in favor of the Chinese and Indian minorities. Malay isolation from the modern sector was made apparent by data for 1957 that found 74 percent of the economically active Malays engaged in agriculture, forestry, and fishing; one-half of these were rice farmers, and four-fifths of all Malays were living in villages and settlements with populations under 1,000.

Since 1957 Malaysia has been committed to promoting economic growth and distributing wealth and income more equitably. Interethnic harmony in pursuit of these goals was to have been maintained through a social compact that was accepted at the time of independence. The Malays would have the paramount place in the political, cultural, and religious life of the country; the Chinese and to a lesser extent the Indians would dominate the economy. The Constitution took into account the plural nature of the society and the differences in economic status between Malay and non-Malay communities. It was in this political context, as well as through inheritance of a *laissez-faire* economic tradition from the British, that Malaysia's economic policy after 1957 involved minimum government interference and none of the major policy changes so common in other countries upon achieving independence. It was not until 1969 that a reassessment of economic and social priorities after the riots of that year brought a reduction in this compartmentalization of communal interests and a modification of the *laissez-faire* approach.

The economy grew steadily during the 1960s; real GNP increased at a rate slightly exceeding 6 percent a year. The country remained dependent on foreign trade during this period, and exports accounted for about 50 percent of GNP. The external political crises involving Singapore and Indonesia had little lasting effect on the economy. Although the price of rubber, Malaysia's main economic asset, fell steadily during the 1960s, the loss in value was offset by productivity improvements in which Malaysia has been and continues to be a pioneer.

The economy's proven resilience was considered a reflection of the country's endowment in natural resources, ample reserves of land, and the resourcefulness of the private sector. Thus the improvement of tin prices in 1965 and the beginning of a timber export boom helped to avert an economic downturn after the separation from Sin-

gapore. In 1969—when civil disorder could seriously have threatened production, investment, and general business confidence—a rise in rubber prices lessened the impact and made it possible to strengthen foreign exchange reserves to a level equivalent to over 70 percent of annual merchandise imports.

Diversification of the economy was vigorously pursued between 1960 and 1970 in order to break away from the colonial-inspired dependence on the export of rubber and tin, both of which faced fluctuating prices; the tin industry had the additional problem of exhaustion of reserves. A strong productivity push in the rubber sector through massive replanting in the early 1960s was followed by a successful diversification of exports in the late 1960s into timber and gradually into palm oil. Rubber's share of total export earnings fell from 48 percent in 1961 to 33 percent in 1970. Tin earnings remained strong throughout the decade. Total exports of all kinds fell from 55 percent of GDP in 1961 to 48 percent in 1970 as production for the domestic market expanded rapidly.

The growth of manufacturing had a relatively late start because of the traditional openness of the economy and its large consumer capacity, which permitted free importation of most manufactured goods for what was by Asian standards a relatively high-income market. The openness of the economy was evident in the fact that Malaysia's manufacturing industry was largely unprotected until 1968. Although the lack of protection probably dampened manufacturing growth, the development that did take place was characterized by an ability to export goods on a competitive basis and thus avoid the pitfall of having overprotected industries that catered solely to a domestic market, as happened in several other developing countries. The generally moderate government encouragement of manufacturing helped industry to grow by about 11 percent a year, and the manufacturing sector's share of GDP rose from 8 percent in 1961 to about 13 percent by 1970. Since the late 1960s the government has followed a more vigorous policy toward industrial promotion, and the Investment Incentives Act of 1968 introduced generous tax-free periods for certain new industries and special concessions for export industries.

The years between 1957 and 1970 witnessed a gradual structural change within the private sector of the economy. Active business growth had initially been confined to the largely foreign-owned, export-oriented primary sector, which consisted of tin mines and rubber estates, to which had been added a local smallholder rubber-producing sector of equivalent size. In the mid-1960s, however, private investment in manufacturing came into its own, not only as an increasingly important element of internally oriented development but also as a major field for indigenous fixed capital formation, although private foreign participation was still encouraged by the government.



Despite this structural shift in the private sector total private investment between 1960 and 1970 remained remarkably constant. The sluggishness of private investment was not so much the result of inadequate financial resources as it was a reflection of the fact that business ownership had remained concentrated in European and nonindigenous Asian hands. There was insufficient incentive to increase investment in the traditional export sector because of the limited market for such traditional products and the vulnerability of prices to uncontrollable forces. In the foreign-owned private sector there was also a reluctance to expand investment, given the fact that the already substantial investment there was a source of adverse sentiment. The government's *laissez-faire* policy toward the private sector led to ambiguity in official attitudes toward industrialization: moderate import substitution by domestic industry was desired, but the government was unwilling to retreat from its traditional preference for minimally regulated, inexpensive, and liberal imports and export-led growth.

In the governmental sector of the economy substantial infrastructure investment had been made in the 1950s. Overall the country's physical infrastructural investment was quite adequate—in some respects excellent—and never represented a serious bottleneck to development. An important shift in the government's role took place in the 1960s, when land development—traditionally a private estate function—became a government function reserved largely for Malaysian smallholder development. In contrast with the past, the responsibility for sustaining a high rate of agricultural production and exports shifted from the private to the public sector and especially to government agencies charged with land development, agricultural modernization, and crop diversification. Under these circumstances the pace of public sector development, particularly in agriculture, was critical. Public investment was relatively static during the 1960s and dropped in Peninsular Malaysia from 7.2 percent of GDP in 1965 to 6.0 percent in 1970.

The inactivity of investment, which posed a threat to satisfactory long-term growth, was particularly disappointing because the country did not suffer from a serious shortage of financial resources. Although national savings fluctuated widely as a result of swings in the export sector, the overall trend during the 1960s was considered satisfactory. In addition the country's external borrowing capacity went largely untapped, reflecting the generally conservative fiscal policy during this period.

During the 1960s there was a slow growth in incomes, accompanied by inadequate growth of employment opportunities, increased open unemployment, and a widening of urban-rural disparities in income and living standards. The rate of unemployment increased from about 6 percent in 1962 to about 8 percent at the end of the decade. By 1970

the economy had retained its markedly dual character. For example, in agriculture in 1970 the modern estate sector employed about 18 percent of the agricultural labor force but accounted for 50 percent of Peninsular Malaysia's rubber production and 91 percent of its palm oil; the low-income traditional agricultural sector, which consisted mainly of smallholder rubber and rice farmers, was about 80 percent Malay.

These disparities were to some extent overlooked because of the rapid economic growth of the period. During the 1960s agricultural growth—measured in rates of increase in output, employment, and income—was greatest in the smallholder sector. Impressive increases in rice output were achieved through more extensive double-cropping and introduction of irrigation facilities; 33 percent of ricelands were double-cropped in the early 1970s as against only 2 percent in 1960. The rural sector also benefited from diversification into oil palm cultivation in the 1960s.

Despite the significant achievements in rural development and improvement in standards of living, the income disparity between the traditional agricultural sector and the rest of the economy widened. In large part this situation could be explained by international factors and the long gestation period of rural development projects; domestic political concerns and the inadequacy of the government's effort also played a role. The worsening relative position of the traditional agricultural sector mainly affected Malays, but rural Chinese and Indians were also affected. Although poverty existed in urban areas and outside agriculture in rural areas, the small-scale agricultural sector accounted for the bulk of the country's low-income households.

The communal riots of 1969, whatever their immediate causes, were at least partly rooted in the tensions arising from unbalanced economic growth. Unemployment emerged as a major problem during the 1960s. Growth, though adequate on the average, had been unsteady. The uneven distribution of income between urban and rural dwellers and among regions was probably no different from the pattern that has emerged in most developing nations. In Malaysia, however, the inequalities in income distribution were measured more strictly given their general coincidence with racial distinctions. Malays, as had been true in the colonial period, still formed the majority of the low-income groups and still lived in rural areas and poorer regions; the Chinese predominated in the relatively better off income groups, regions, and urban areas.

A related problem was the unequal distribution of business wealth and control over modern enterprise. Government policy between 1957 and 1970 did little to alter the inherited pattern of colonial domination; data for 1970 found an extraordinarily high degree of control by foreign interests, substantial Chinese holdings, and negligible Malay holdings. By the end of the 1960s the country was realizing only one

of the two goals set out in 1957, overall economic growth; the riots of 1969 sharply focused the government's attention on the need for a more vigorous policy of bringing the indigenous populations into the mainstream of modern economic growth.

### The 1970-75 Period

Malaysia's economic performance between 1970 and 1975 was mixed owing to the economy's continued dependence on exports and the effects of the worldwide recession. GDP recorded an average growth of about 11 percent a year over the period, but the growth was extremely uneven; a 1973 growth rate of 27 percent was offset by a 3-percent rate in 1975. Manufacturing emerged as a major growth sector in the 1970s, and economic diversification policies bore fruit as palm oil challenged rubber as the foremost export earner. Public sector outlays, which included both government consumption and public investment, accelerated because of a policy change in favor of more intervention in economic management to redress ethnic economic imbalances, in line with corrective economic measures articulated in the Second Malaysia Plan and its New Economic Policy (see Planning and Development, this ch.).

Economic performance took on special significance in the 1970s because the government not only promised that growth would continue but also set ambitious targets for the redistribution of wealth to help reduce ethnic tensions. Results were difficult to evaluate, however, since data reflecting the success of the redistributive efforts were still largely unavailable in mid-1976. Overall economic performance generally reflected external conditions. The country's economic growth between 1970 and 1972 suffered from deterioration in the external terms of trade, which resulted from a drop in rubber prices and an increase in import prices. During 1973 the economy enjoyed a boom supported by high rubber and tin prices and strong export performances of other commodities.

As a major commodities exporter and a country moving into export-oriented manufacturing, Malaysia could not insulate itself from the world recession of 1974 and 1975, and demand for the country's products fell sharply. Policies introduced in 1974 to hold down inflation—a new phenomenon for the country—were reversed in 1975 in an effort to revive slow business activity. But it was apparent that after a number of years of economic progress 1975 was a disappointing note on which to conclude the Second Malaysia Plan period.

The Second Malaysia Plan was a key part of the government's intensive efforts to eradicate poverty and restructure Malaysian society. Its goal was to promote the economic progress of the *bumiputera* so that they could catch up with the Chinese, who along with foreigners have long dominated business. The government hoped to have at-

tained full employment and the redistribution of business ownership by 1990, so that Malays and other indigenous peoples would own and operate at least 30 percent of all commercial and industrial activity.

Although 1975 represented an economic setback in that the government underestimated the severity of the recession and real economic growth amounted to only about half of the predicted 5 percent, projections for 1976 and beyond remained optimistic. In November 1975 the treasury of Malaysia estimated that the country would benefit from the worldwide economic recovery that began in the last quarter of 1975 and that the country's own recovery would gain momentum with a projected growth rate of 6 percent in 1976 and an even higher rate in 1977. The treasury predicted that the recovery would be led by exports.

Since 1972 inflation has emerged as one of Malaysia's primary economic problems. After a decade of price stability during which consumer prices rose an average of only 1 percent a year, domestic prices began to show a noticeable upward trend. Average consumer prices in 1972 were 3 percent higher than in 1971, and they jumped by more than 10 percent in 1973. In 1974 prices rose by another 18 percent. In 1975 improvement was apparent; the annual rate of increase was about 7 percent. Price pressures have been the result of both imported inflation and rapid increases in domestic demand.

Malaysia has not been adversely affected by the high price of petroleum and in the long term will probably benefit from it. In 1973 Malaysia's production of crude petroleum was about 100,000 barrels a day. Production was expected to be three or four times greater by the late 1970s. In 1973 the country became a net exporter of petroleum products and, as production increases, petroleum will become an important foreign exchange earner. Substantial reserves of natural gas are also available; Malaysia was expected to start exporting significant quantities of liquefied natural gas by 1979, further strengthening the country's strong position in world trade.

Along with increased public sector expenditures after 1971, private investment grew in the 1970s in response to government incentives for industrial development until the overall economic slowdown of 1975. The pace of foreign investment picked up in the early 1970s as well but suffered a setback in 1975 in the wake of the recession and the uncertainty of foreign investors about the intent of certain Malaysian laws and amendments of that year (see ch. 14; ch. 15). Nevertheless the factors that have attracted foreign investors in the past—political stability, trainable manpower, investment incentives, industrial estates and free trade zones, good port facilities, and the availability of domestic financial resources—were expected to attract investors once again as the effects of the recession waned.

## Mechanisms of Control

### Fiscal Policy

The public finance system evolved from a colonial system that favored minimal taxation and public expenditures. Government spending during much of that period provided a few social services in urban areas and infrastructure development to benefit the burgeoning tin and rubber industries. Until the 1950s, when development expenditure was used as a counterinsurgency measure, social considerations were only secondary in public expenditure. From the earliest days of British rule the Straits Settlements pursued a policy of free ports, which narrowed the scope of effective taxation. In the Malay states minimal customs duties were levied on exports of rubber and tin and on imports.

Until Malaysia was established in 1963, the states of Sarawak, Sabah (then North Borneo), and Singapore maintained separate government budgets. After 1963 most public finances were incorporated into a federal budget, with certain reservations for state authorities. The same pattern was continued after Singapore withdrew in 1965. The administration of public finance is the function of the Ministry of Finance, which includes among its departments the Budget Division, the Tax Division, the Department of Inland Revenue, and the Royal Customs and Excise Department. In 1976 the fiscal system encompassed the financial activities of three levels of government—federal, state, and local—but the federal level was by far dominant. The major instrument of public finance was the budget of the federal government. The fiscal year coincided with the calendar year.

In 1975 about 72 percent of the federal budget of M\$6.9 billion (for value of the Malaysian ringgit—see Glossary) constituted operating expenditure, and the balance was allocated to development expenditure, a pattern that has been maintained since 1971. Operating expenditure in 1975 was about 8 percent higher than the original estimate because of the government's pump-priming activities to offset the year's recessionary tendencies. The biggest item in recurrent expenditure was the allocation for wages, which in 1975 was expected to amount to about 50.4 percent of total operating expenditures. The wage bill has been increasing steadily since 1973, an indication of the expansion in the scope and activities of the government since the inauguration of the Second Malaysia Plan.

The largest share of operating expenditure in 1975 by sector was allocated to social services, which included health and education expenditures and absorbed 33 percent of total operating expenditures (see table 11). Defense and internal security constituted the next largest sector; in 1974 it accounted for 26 percent of total operating expenditure, defense taking up about 19 percent and police 7 percent. In 1975 security expenditure was expected to increase by about 15 per-

Table 11. Malaysia, Federal Government Operating Expenditure, 1971-75  
(amounts in millions of Malaysian ringgits)<sup>1</sup>

Sector	Amount					Percent of Total				
	1971	1972	1973	1974	1975	1971	1972	1973	1974	1975
Defense and internal security . . . . .	592	774	904	1,103	1,263	25	25	27	26	26
Social Services . . . . .	778	1,080	1,109	1,413	1,638	32	35	33	33	33
Agriculture and rural development . .	61	74	56	161	196	3	2	2	4	4
Debt servicing . . . . .	278	324	413	493	634	11	11	12	11	13
Other <sup>2</sup> . . . . .	689	816	859	1,145	1,219	29	27	26	26	24
<b>TOTAL . . . . .</b>	<b>2,398</b>	<b>3,068</b>	<b>3,341</b>	<b>4,315</b>	<b>4,950</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

<sup>1</sup> For value of the Malaysian ringgit—see Glossary.

<sup>2</sup> Includes commerce and communication, general administration, transfer payments, and pensions.

Source: Based on information from Malaysia, The Treasury, *Economic Report, 1975-76*, Kuala Lumpur, 1975.

cent, although it would continue to represent about 26 percent of the total. Other sectors that received major shares of the operating budget included services and general administrative expenditure.

The overall operating expenditure of about M\$18 billion between 1971 and 1975—the Second Malaysia Plan period—was nearly twice as much as the amount spent between 1966 and 1970. The basic reason for the sharp increase was the rapid extension in the scope and activities of the federal government to provide the required administrative infrastructure for carrying out development programs. It also represented a fundamental shift away from the *laissez-faire* tradition of the colonial period toward a budget philosophy that would play a dynamic role in promoting economic growth and income distribution. This shift in emphasis was an effort to translate into action a lesson drawn from the May 1969 riots, that the “trickle down” strategy of development had not solved the problems of the country and that growth was a necessary but not sufficient condition for development.

The budget for 1976 was prepared after the disappointing economic performance of 1975 and the worldwide recession that was a stark reminder of the country's vulnerability to external influences. The minister of finance—and subsequently prime minister—Datuk Hussein bin Onn projected that private investment might not be able to provide the thrust for a rapid economic recovery and that in such an event the government would have to play a leading role in hastening the process, particularly if the expected boost from the external sector were not sufficiently strong. Data available in mid-1976, however, indicated that the private sector was being relied on as the investment leader, at least through 1980, and that “state capitalism” would play a secondary role to “free enterprise.”

The government financed its expenditures through a program that included the use of tax revenue, nontax revenue, and borrowing. In 1975 tax revenues, which included both direct and indirect taxes, accounted for about 62 percent of total revenues; borrowing made up about 30 percent. The nontax portion of 8 percent consisted of revenue from the Federal Territory of Kuala Lumpur, government commercial undertakings, and receipts for specific government services.

The country's tax base has grown steadily since the introduction of the income tax in 1947, and since 1965 the growth in tax revenues has been due to the growth in the domestic economy and the introduction of various tax measures. These tax measures have included a surtax on imports imposed in 1967; and export tax on timber and palm oil issued in 1968; excise duties on sugar and on motor cars, both dating from 1970; and export surcharges imposed in 1974 for palm oil, tin, and rubber. The tax incidence—tax revenue as a proportion of GNP—increased steadily: 14 percent in 1965, 17 percent in 1970, 20 percent in 1974, and 24 percent in 1975. During the 1971-75 period GNP grew by about 13.2 percent a year while the average growth rate of federal tax revenues was about 18.8 percent.

Indirect taxes, which included export duties, import duties, surtaxes, and excise duties, accounted for 52 percent of total revenue in 1975. The worldwide recession was partly responsible for a reduction of indirect taxes between 1974 and 1975 as export tax revenues from rubber and tin declined; the decrease in revenue from rubber and tin was partly compensated for by an increase in palm oil revenues. A lower level of internal demand, along with the impact of import-substituting industries in the manufacturing sector, resulted in a gradual decline in the revenue from import duties but a corresponding increase in returns from excise duties and the sales tax.

Direct taxes accounted for 41 percent of total tax revenues in 1975 compared with 22 percent in 1960. The increased contribution of direct taxes to total tax revenue was brought about by an expansion of the income tax base. Of the total 1975 income tax contribution the company income tax accounted for 84 percent and personal income tax for the remaining 16 percent. The personal income tax component has decreased proportionally because of the significant increase of the company income tax base brought about by the expansion of the petroleum industry.

The difference between budgeted revenues and expenditures constitutes the deficit, which Malaysia makes up by borrowing from both domestic and foreign sources. Thirty percent of the government's 1975 revenue was borrowed, 19 percent from domestic sources and 11 percent from foreign sources. The total public debt increased by 24 percent in 1975, largely to finance the large deficit caused by increases in development expenditure and low revenues caused by the recession. Domestic debt constituted a major portion of the public debt but declined slightly in the early 1970s. About 84 percent of the outstanding debt was in the form of government securities, and the balance was in treasury bills.

The anticipated upturn in the key industrial countries and the consequent improved outlook for Malaysia's major commodity exports were expected to improve revenue growth in 1976. Nevertheless it was estimated that there would be a 1976 deficit of about MS2.2 billion. Debt servicing, never a major problem in the 1960s, increased from 7 percent in 1965 to 11 percent in 1974 and 13 percent in 1975 and became the third heaviest charge on the budget, after social services and security. The debt increase was considered essential to achieve the goals of the development plans.

#### Monetary Policy and Banking

Commercial banking facilities were developed in the nineteenth century to meet the needs of the colonial powers engaged in foreign trade and mining, which were the major economic activities. Early banking facilities were branches of European banks that were incorporated abroad and maintained overseas headquarters; branch offices were located in Singapore at first and later in Penang. In 1884 the



Chartered Bank of India established branches in Kuala Lumpur and Taiping, both centers of tin mining. After the beginning of the twentieth century services were broadened by the establishment of Malaysian Chinese banks, some of which had headquarters in Malaysia and some in Singapore. Although the number of domestic banks has since increased, in 1975 banks incorporated in foreign countries held 51.9 percent of total deposits, a decrease from 65.4 percent in 1968.

Until 1958 there was no special banking legislation. Banking was carried on under the provisions of laws that related to companies in general. The Banking Ordinance of 1958, which came into force in January 1959, provided for licensing and regulating banks in Malaysia. Also in 1958 the Central Bank Ordinance established the Bank Negara Malaysia (Central Bank of Malaysia), which began operations in January 1959 with headquarters in Kuala Lumpur. These ordinances formed the legislative framework for banking in Malaysia.

The principal objectives of Bank Negara Malaysia as the country's central bank were to promote monetary stability, to develop a sound financial structure, and to influence the credit situation to the advantage of the country. Thus it had the responsibility for formulating and implementing the country's monetary and banking policies within the framework of the overall national economic policy. To carry out these responsibilities the bank was equipped with the traditional instruments of policy, including the establishment of statutory reserve ratios and liquidity ratios, control of interest rates, and moral suasion.

In 1974 the country was served by thirty-five commercial banks with total deposits of M\$4.3 billion, or 70.4 percent of total deposits. Commercial banks were permitted to make loans and to invest in government securities. Since commercial banks have the important function of credit creation, they took the lead in financing activities under the Second Malaysia Plan.

In 1974 the commercial banks became directly involved in the national effort to combat inflation with the introduction of quantitative restrictions on the growth of credit. Credit growth ceilings, along with other measures, were aimed at dampening the rate of monetary expansion as part of the government's anti-inflationary drive. Since 1971 the banks have also been called upon to step up their lending to the *bumiputera* community and to small-scale enterprises. To facilitate this expansion the Credit Guarantee Corporation was established in 1972 and commenced business in 1973; in addition the commercial banks were encouraged to set up special units in their banks to deal solely with such loans, and by the end of 1974 all commercial banks had established these special units. Despite the credit restraints imposed to combat inflation, credit extended to the *bumiputera* community increased from 4.2 percent of total loans in 1971 to 9.6 percent at the end of 1974. Credit extended to the small-scale enterprises did not

show a similar rise: it constituted 15.2 percent of total loans at the end of 1974, compared with 14.7 percent at the end of 1971.

In addition to the commercial banks there were a variety of institutions both publicly and privately sponsored that collected savings, made investments, and provided special kinds of financing. Borrowing companies—finance companies that accepted deposits from ten or more people and were licensed under the Borrowing Companies Act of 1969—constituted the second most important source of private sector credit, after commercial banks. Credits given by the borrowing companies complemented those given by commercial banks and were mainly for commercial, industrial, and residential construction. At the end of 1974 thirty-two borrowing companies were in operation.

At the end of 1974 there were eight merchant banks, and it was felt that these institutions would contribute to the increasing sophistication and efficiency of the country's financial system. The merchant banks provided a wide range of services that included underwriting facilities, financial investment and management advice, and investment portfolio management. These institutions were also allowed to accept term deposits from banks, borrowing companies, and other financial institutions.

Other significant financial intermediaries included the National Savings Bank, which was established in 1974 to replace the former Post Office Savings Bank. Its purpose was to generate savings, especially small savings, on a national scale to help finance the government's development efforts. It was hoped that the National Savings Bank would be able to compete with private commercial banks more effectively than its predecessor. The Employees Provident Fund—a form of social security—and other pension funds provided the principal source of the government's development funds. The Bank Pertanian Malaysia was the principal agricultural credit institution, and the Malaysian Industrial Development Finance Limited provided the main sources of medium-and long-term industrial credit (see ch. 14).

After 1974 monetary measures were introduced to counter recessionary tendencies. The main aim of monetary policy was to provide sufficient growth in liquidity and to stimulate an adequate flow of credit for productive purposes as well as to ensure a better distribution of credit to priority groups in accordance with the national policy objectives to enhance the economic condition of the *bumiputera*. However, in pursuit of these objectives care was to be taken to avoid aggravating the rate of inflation, which had reached record highs in 1974.

These monetary measures in 1975 were partly successful in that the country was able to contain the inflation rate. Nevertheless the monetary policy alone could not free the export-oriented economy from the effects of a widespread recession. Despite the gradual easing of interest rates through 1975 investment was sluggish, and economic growth

suffered as a consequence. The gradual improvement in the economic climate toward the end of 1975 and the optimistic expectations for 1976 and beyond were expected to reverse the contractionary impact of 1975 and have a positive influence on money supply.

## PLANNING AND DEVELOPMENT

The two five-year economic development plans launched by the Federation of Malaya reversed a colonial policy that had ignored Malay demands for rural improvement in favor of more conservative fiscal policies and the priority of concentrating resources on the Emergency (see ch. 3). The nation's leaders, however, could not ignore criticism against the urban-biased allocation of budgetary resources; since 1955 agricultural and rural development—in a series of five-year plans—has absorbed a large proportion of public expenditures. Machinery for the formulation and administration of development plans was lodged in the prime minister's department; since 1961 implementation of the plan has been the responsibility of the Economic Planning Unit (see ch. 10).

The First Malayan Five Year Plan (1956-60) allocated 24 percent of total public expenditure to agriculture in addition to large sums to infrastructure, which also directly contributed to rural improvement. Under the Second Malayan Five Year Plan (1961-65) development expenditure increased for agriculture and rural development, particularly land development schemes, physical infrastructure, and social services; this heightened commitment was reflected in the plan's objective "to provide facilities and opportunities for the rural population to improve its level of economic and social wellbeing." This emphasis was thought to have at least partly reflected the political reverses suffered by the Alliance Party in the 1959 elections, when many Malays protested through fringe parties that the economic improvement they had been promised had not occurred.

With the formation of Malaysia in 1963 the integration of the economies of Peninsular Malaysia, Sabah, and Sarawak assumed importance in the new nation's plan—the First Malaysia Plan (1966-70); the plan also emphasized the goal of combating the lingering problems of ethnic economic specialization and the resultant income disparities. In addition the problem of unemployment had appeared in the 1960s for, despite a satisfactory GDP growth rate, employment growth had not kept pace. To combat these ills the First Malaysia Plan had the triple objective of attaining income growth, generating employment, and achieving a more equitable income distribution, in particular between rural and urban populations.

The achievements of the First Malaysia Plan were mixed. Production and income increased, traditional exports performed well, and diversification of production proceeded well; yet both public and pri-

vate investment fell short of the target. More serious failings were that rural poverty remained practically unaffected, corporate ownership remained concentrated in the foreign and Chinese communities, and the Malay population still constituted the overwhelming majority of those living in poverty. Economic differences between states remained marked as the rubber-and tin-producing states of the west coast of Peninsular Malaysia continued to control the nation's wealth and the Malay-dominated states of the north and east remained poor and rural.

Dissatisfaction with the distribution of benefits of economic growth and concern over income inequality provided the basis for the New Economic Policy articulated in the Second Malaysia Plan (1971-75). The aims of the policy were to reduce and eventually eradicate poverty by raising income levels and increasing employment opportunities for all Malaysians, irrespective of ethnic background, and to accelerate the process of restructuring Malaysian society to correct economic imbalances so as to reduce and eventually eliminate the identification of ethnic group with economic function. More specifically the policy aimed at reducing the sharp income differences between Malays and non-Malays by reducing ethnic disparities in the ownership and control of assets in the modern sector and by reducing the concentration of Malays in traditional low-income rural activities while increasing Malay employment in the relatively high-income urban sector. The government saw these goals as necessary for national unity as well as desirable in their own right. The 1969 riots highlighted the dangers inherent in a multiracial society where prejudices based on ethnic origin were exacerbated by relatively rigidly structured economic disparities. It was felt that future political stability would depend largely, though not wholly, on the progress made toward correcting these disparities.

The Outline Perspective Plan (1970-90) issued in 1973 was concerned with the broad objectives of promoting national unity and creating a modern socioeconomic environment that would provide adequate opportunities for the advancement of all Malaysians, irrespective of ethnic origin or region of residence. The Second Malaysia Plan marked the first five years of this long-term period, and the Third Malaysia Plan (1976-80), released in the summer of 1976, would continue these objectives so that the plan's goals could be accomplished within the twenty years.

The perspective plan incorporated the objectives of the New Economic Policy within the context of rapid economic growth. It sought to generate employment opportunities at a rate sufficient to bring about the full employment of the labor force and the redistribution of the ownership of economically productive assets in the country so that by 1990 Malays and other indigenous peoples would own and operate at least 30 percent of the total commercial and industrial ac-

tivities of the economy in all categories and scales of operation. The increased Malay presence was to be achieved by the creation of a Malay entrepreneurial community through active government assistance. Government-created public bodies, such as the National Trading Corporation (Perbadanan Nasional—PERNAS) and National Petroleum (Petroleum Nasional—PETRONAS), participated in the modern sector as proxies for Malay private owners who would eventually take these bodies over. The pattern of share ownership in 1990 was also intended to be more balanced; Malaysians were to account for 70 percent of total share capital within the corporate sector. Although the foreign share was expected to decline from 61 percent in 1970 to 30 percent in 1990, the volume of shares held by foreign interests was projected to be about five times more in 1990 than in 1970.

Between 1970 and 1990 the economy was expected to maintain an overall growth of 7 percent per year while undergoing significant structural changes away from agriculture and toward manufacturing. Unemployment as a percentage of the labor force was to be reduced from the 1970 level of 7.5 percent to about 4 percent by 1990. The growth and employment targets were to be accompanied by rapid overall productivity growth in the economy and reductions in the level of underemployment in the work force. Ethnic balance in employment was to reflect the composition of the labor force and the goal of full employment for all ethnic groups by 1990.

The government's development strategy considered economic growth a necessary but not sufficient condition for the achievement of a more equitable society. The benefits of growth had failed to trickle down at a sufficient pace to elevate the poorer levels of society. The perspective plan and the New Economic Policy were therefore designed to ensure that the government would be able to influence the pattern of economic growth in directions that will bring about a more equitable sharing of the benefits of growth and development among all Malaysians.

The development expenditure of the government between 1971 and 1975 was expected to reach M\$7.2 billion, or 89 percent of the revised target for the Second Malaysia Plan. For 1976 the government allocated about M\$1.9 billion for development. Of the total second plan expenditure 68 percent went to economic services, the bulk of it for agriculture and rural development. The next largest expenditure was for social services, of which education accounted for the largest share.

Preliminary estimates of the achievements of the Second Malaysia Plan indicated a mixed performance; a final analysis, to be contained in the Third Malaysia Plan, was not fully available in mid-1976. It was estimated that real per capita income had increased by 3 percent annually between 1971 and 1975. The poverty rate—defined as the percentage of the population earning less than M\$160 per month—de-

clined from 49 percent to 43 percent. Unemployment improved only slightly, from 7.5 to about 7.4 percent. However, employment of Malays and other indigenous peoples increased substantially—from 29 to 33 percent in manufacturing and from 24 to 34 percent in the commercial sector. *Bumiputera* equity ownership inched up from about 3 to 7.8 percent; although this constituted more than a doubling of Malay ownership, it was considered unsatisfactory, and a great deal of the progress represented equity held in trust for Malays by government-managed enterprises.

In the context of the government's expanding role and its emphatic promotion of Malay participation in the modern economy, legislation adopted in 1975 implying nationalization measures for certain enterprises generated concern among investors that the government's traditionally open and friendly attitude toward the private sector was undergoing change (see ch. 14; ch. 15). It was anticipated, however, that the Third Malaysia Plan would incorporate a set of balanced goals that would maintain the confidence of Malaysian Chinese and foreign investors and would reassure the country's non-Malay citizens that they were not being discriminated against in official economic policy. Similarly the targets of the plan were expected to shift slightly away from the former emphasis on Malay participation to an attack on poverty among all racial groups.

## PROBLEMS AND PROSPECTS

The most significant achievement of the Second Malaysia Plan appeared to be the ending of the traditional avoidance of large-scale government investment. Public fixed investment, which had expanded by only 1.9 percent a year during the First Malaysia Plan and had been expected to grow by about 6 percent a year during the Second Malaysia Plan, actually increased by 32 percent during the first two years of the plan. Equally important has been the rise in direct federal government development expenditure by about 70 percent in the first three years of the second plan. Increased government involvement, however, has also generated considerable uncertainty among non-Malays about their future economic role and at the same time has evoked skepticism among Malays over the feasibility of bringing about significant shifts in the economic positions of the three major ethnic groups. These anxieties were further exacerbated by the general view that there were serious contradictions between more equal distribution of benefits and the drive toward rapid growth.

Economic observers in the mid-1970s felt that the country's goals of obtaining high growth rates, reducing poverty levels, narrowing racial income imbalances, and increasing Malay participation were economically possible. This favorable economic judgment was based on several factors. The country had both sufficient land and favorable

long-term export prospects to provide a basis for rapid growth in the smallholder agricultural sector. The deterioration in terms of trade, especially severe in 1975, was expected to slow considerably, and the export sector was expected to lead the country out of the 1975 recession. The sharp expansion in public development outlays between 1971 and 1975 demonstrated that the government was willing to follow aggressive policies in pursuit of its social and economic objectives. Finally the private sector has a tradition of dynamism, and Malaysia's resources remain attractive to foreign investors despite a downturn in 1975.

The most critical of the economic tasks facing the country will be that of creating jobs. Labor force growth has been at the high level of 3.2 percent a year during the 1970s and was projected to drop only slightly to about 3 percent during the 1980s. If open unemployment is to be reduced from its high levels in the mid-1970s to 4 percent by 1990, employment growth between 1970 and 1990 will have to average around 3.4 percent a year, compared with the 2.6 percent it achieved between 1961 and 1970.

Through 1985 greater employment growth would have to be achieved by the agricultural sector; at the same time real earnings per worker were to increase, and the income gap between this low-income sector and the rest of the economy was to be narrowed. Economists have suggested that an average annual growth rate of about 7 percent will be necessary if significant progress is to be achieved in all these areas. Although this growth rate is high, it was not considered to be out of reach.

The anticipated emphasis on smallholder agriculture did not imply a perpetuation of the present pattern of the Malaysian economy. Even with the expected acceleration in agricultural employment, agriculture would provide only about 30 percent of the additional jobs during the period. The share of agriculture in total employment was expected to fall to 40 percent by 1985 from 50 percent in 1970. The structural shift from agriculture will also be reflected in a further decline in the share of agriculture in GDP from a mid-1970s level of about 30 percent to about 25 percent in 1985.

The manufacturing sector was expected to be the real growth sector of the economy. Until the recession of 1974 and 1975 manufacturing had sustained a growth rate of about 10 percent a year, and between 1968 and 1973 manufactured exports doubled. The need for a structural shift toward manufacturing arose also from the heavy dependence on the exports of a few primary products and uncertainty surrounding world demand for them. Rapid manufacturing growth was also considered necessary to ensure reasonable progress toward greater Malay participation in ownership and employment in the modern sector without seriously curtailing opportunities for non-Malays.

## CHAPTER 14

### AGRICULTURE AND INDUSTRY

Agriculture continued to be the predominant sector of the Malaysian economy and accounted for about 31 percent of the gross domestic product (GDP—see Glossary) in 1975. Natural rubber was the most important contributor, but an extensive program of crop diversification begun in the early 1960s had resulted in the rising importance of palm oil as a cash crop. Peninsular Malaysia produced about 90 percent of its rice needs; Sabah and Sarawak, however, relied on imports for their rice requirements.

Agricultural organization in 1975, which found Malays concentrated in either low-income or subsistence small holdings that coexisted with foreign-dominated commercial estates and Chinese enterprises, reflected the persistence of a dual economic structure created in the colonial period. Government policy after independence, especially since 1971, was one aimed at eradicating poverty and bettering the poor economic position of the rural Malay portion of the population. An important feature of this policy has been the increase in public expenditure for the rural sector.

In 1975 industry—including mining, manufacturing, construction, and utilities—generated about 28 percent of GDP. Since independence in 1957 a major national goal has been a transformation of the industrial sector from one dependent on the export economies of rubber and tin to one exhibiting greater diversification and thus more suitable for an industrializing nation that wished to lessen its vulnerability to fluctuating primary product prices.

The government has pursued an aggressive strategy of industrial development that included and encouraged foreign participation (see ch. 13). The overall growth in response to this strategy was satisfactory, but economic imbalances persisted. The corporate sector became a foreign-dominated enclave. Among Malaysians the Chinese occupied the most important industrial position. The participation by Malays and other indigenous peoples in the modern industrial sector was negligible. The government enunciated a new economic policy in 1971 that abandoned the relatively laissez-faire approach that had preceded it. The major aim of this new policy was to increase the share of Malays and other indigenous peoples in the industrial and other high-growth sectors of the economy through a variety of government-initiated programs and enterprises.



## PRINCIPAL PREINDEPENDENCE AGRICULTURAL AND INDUSTRIAL PATTERNS

### A Dual Economy

A major effect of British rule in Malaya was the emergence of a dual economy in which a foreign-dominated modern sector that emphasized trade, tin mining, and rubber cultivation for export coexisted with a Malay-dominated traditional sector in which products were derived from rural subsistence cultivation and in which techniques of production were little affected by British intervention. The modern industrial sector was concentrated in the Federated Malay States and the Straits Settlements; the traditional sector was in the Unfederated Malay States of the north and east (see ch. 3).

The principal products of the traditional sector were rice and fish; important cash crops were rubber and coconut. Rice cultivation was a way of life for the rural Malay, in part as a result of a government effort to reserve rice production for Malays. Non-Malays were discouraged from growing rice, and requests for large tracts of land for mechanized ricegrowing were explicitly refused. Malay peasant landholdings tended to be small (see Agriculture, this ch.) (see ch. 5). The traditional sector was nearly self-sufficient in rice during most of the colonial period, whereas imports were needed to supply urban areas and the modern sector.

The dichotomy between the modern and traditional sectors also extended generally to the occupational distribution of the country's three main ethnic groups. Only a decade before independence about 75 percent of the peasant fishermen and ricegrowers were Malays; Indians were almost exclusively concentrated in the rubber estate labor force; and mining, manufacturing, and utilities—which employed about 10 percent of the labor force—were dominated by Chinese. Ownership of trade enterprises, rubber estates, and large-scale tin mines tended to be in the hands of British and other foreign firms.

The modern sector was initially dominated by trade. Malaya was situated on the best sea route between China and Europe, and until the end of the nineteenth century the colony's value to the British was rooted in trade. Both Penang and Singapore were founded and prospered as free ports that provided entrepôt services; Singapore eventually surpassed Penang to become one of the most important commercial centers in Asia. Singapore and Penang were also the chief manufacturing centers of the colony. In addition to rubber milling and tin smelting, they provided engineering and woodworking industries, breweries, and food-processing factories.

Important as subsistence production and entrepôt trade were in Malaysia's colonial economy, it was on the production of rubber and tin

that Malaysia's wealth was based. A similarity of organization and structure developed between the rubber-growing industry and the tin-mining industry because both, in being dominated by Europeans, used a system of management devised earlier for the entrepôt trade (see ch. 13). In one respect, however, the two industries were notably different. Tin was mined first by local workers and subsequently by immigrant Chinese long before European capital took any interest in the industry; rubber, however, was introduced as a European crop, and only later was it produced by the local population.

## Tin

Tin mining can be traced back at least to the ninth century A.D., when it was mentioned by Arab writers. Tin appeared as an item of trade in the thirteenth century when it was recorded as one of the products of Kelantan and Pahang exported to China. By 1513, after the Portuguese conquest of Malacca, tin was being imported into Europe. The Dutch ousted the Portuguese from Malacca in 1641 and established trading posts on the Perak River and at Kuala Selangor in an attempt to monopolize the trade.

Until the middle of the nineteenth century tin production was in the hands of the Malays. Although Arabs, Portuguese, Dutch, and British in turn controlled the tin trade, none attempted to gain control over production. Production of tin during this period was low; the output was less than 500 tons annually. Several developments in the nineteenth century, however, helped to transform the tin-mining industry in Malaya into the most important in the world. The first was the influx of Chinese into the Malay states after the establishment of the Straits Settlements in 1826. The second was the discovery of extensive, rich tin deposits in Perak and Selangor, which further encouraged Chinese immigration. By the time of the British intervention in the Malay states in 1874, the Chinese had gained control of tin production. Thereafter tin mining developed rapidly; it owed its expansion to the political stability provided by the British as well as to a growing demand for tin by the tinplate industries of Great Britain and the United States.

By 1900 tin mining had become the most important source of wealth, and the country had become the largest producer of tin in the world; the annual output exceeded 40,000 tons. Initially Chinese labor-intensive mining methods dominated production, as the more mechanized European methods proved to be more costly than necessary to exploit the rich and easily accessible tin deposits. The main British contribution during this period was the construction of roads and railroads to link mines with seaports; this infrastructure development was so rapid that by the end of the century not only were all the important mining centers for Perak connected by road, but all the

important mining towns—Taiping, Ipoh, Kuala Lumpur, and Seremban—also were linked to their respective ports by railroad. Within the industry the British took the lead over the Chinese in smelting.

From 1900 on European mining interests made a successful entry into all areas of the industry. The Europeans introduced not only large amounts of capital but also new dredging techniques that proved especially valuable as the more easily worked tin deposits became exhausted. Gradually Europeans began to replace the Chinese as the chief producers of tin in Malaya. In 1900 European companies produced only 10 percent of the total output; Chinese producers, 90 percent. By 1910 European companies were producing 22 percent of the total; by 1920, some 36 percent. The Europeans established production equality with the Chinese in 1928; one year later the European share of tin output totaled 61 percent, and this proportion remained relatively stable through the mid-1970s.

Political as well as technological factors enabled foreign companies to gain control of the industry. Foreign enterprises had the advantage of a British colonial government whose official policy worked to their benefit. Early in the twentieth century a series of enactments established official control over tin mining in all stages, and no one was allowed to open a mine without governmental permission. The official decision to grant a license to mine was heavily influenced by the amount of capital a mining firm could raise; application of this criterion gave foreign companies, with their heavy investments in fixed capital, an advantage over the smaller Chinese firms.

The tin industry was especially important in the early stages of the nation's development. It was responsible for a very substantial proportion of Chinese immigration. Infrastructure, largely to serve tin-producing areas, was developed from revenues exacted from the export duty on tin. By 1931 the railroad system was virtually complete and identical with the system in operation in 1976. Although direct employment in tin mining accounted for little more than 1 percent of total employment at the time of independence, it contributed 25 percent of the total value of exports—second only to rubber—and accounted for about 5 percent of the gross national product (GNP—see Glossary).

## Rubber

Developments in the tin industry were paralleled by changes in agriculture. Cultivation expanded to serve the new townships, and plantations devoted to the export market appeared as well. Early examples of agricultural export products included sugar, pepper, spices and coffee. Some of these enterprises were European, some Chinese; none was very successful.

Brazilian rubber was first introduced into the country experimentally in 1877. Little was done to expand rubber production until 1888,

when Henry Ridley, curator of the Botanic Gardens of Singapore, tried to convince a number of coffee planters that there was a promising future in rubber. Although neither the planters nor government officials shared Ridley's fervor—his persistent efforts earned him the sobriquet of "mad Ridley" or "rubber Ridley"—his efforts did result in the establishment of a number of small rubber plantations by 1900.

Ridley's foresight was rewarded in the first decade of the twentieth century, when rubber planting expanded dramatically in response to an increased world demand owing to the growth of the automobile industry and the perfection of the pneumatic tire. Malaysian rubber exports grew from 6,000 long tons in 1910 to 33,000 long tons by 1913 and 200,000 long tons in 1919. In the years just before independence production exceeded 600,000 long tons, and Malaysia ranked second only to Indonesia in the output of natural rubber.

Although Europeans were instrumental in developing the rubber industry through the establishment of estates—areas of more than 100 acres—after the second decade of the twentieth century they were no longer in exclusive control of production. Buoyant rubber prices encouraged small-holding farmers to plant rubber, often at the expense of rice or food production and in the face of government discouragement. After 1920 Malay, Chinese, and Indian small holdings constituted about half of the total rubber acreage. Malays were concentrated in holdings of under ten acres; the Chinese and Indians, in holdings of between ten and ninety-nine acres. It has been demonstrated that, even in the worst years of the depression of the 1930s, a peasant was financially better off if he grew rubber for exchange rather than rice. Nevertheless the government's fear of lessened food production and a sense of the instability and danger of rubber as a peasant crop were responsible for refusal to alienate new lands for rubber growing and for a generally unsympathetic official attitude toward smallholders in allocating the rubber quota.

Although rubber small holdings were developed in Sabah and Sarawak, the industry began and remained concentrated along the western littoral of Peninsular Malaysia. The special attraction of Peninsular Malaysia to rubber planters was based on the suitable climate and soils, cheap and abundant Indian labor, and the network of roads and railroads already laid out to provide the tin-mining industry with access to the deepwater ports of Penang and Port Kelang (formerly Port Swettenham).

At the time of independence the rubber industry was of greater importance to the economy than tin. Rubber estates occupied about 65 percent of the entire cultivated area of Peninsular Malaysia and contributed about 60 percent of domestic export earnings. The rubber industry employed more people than the tin industry and made a greater contribution to national income; like tin, rubber was very sensitive to price fluctuations on the world market, and postindependence eco-

conomic policy was geared to moving away from concentration in these two products.

## AGRICULTURE

### The Agricultural Setting and Land Use

The agricultural sector generated about 31 percent of GDP in 1975, provided employment for about 47 percent of the economically active population, and accounted for about 60 percent of Malaysia's foreign exchange earnings. Large gains in productivity in the 1960s led to expansion of rubber exports. In the same period crop diversification—notably an increase in oil palm cultivation—was vigorously encouraged and resulted in Malaysia's becoming the world's largest producer of palm oil. Rice production has increased through the use of improved technology and double-cropping, and in 1976 the country was nearing self-sufficiency. Malaysia was second only to the Republic of China (Nationalist China) as an exporter of pineapple. Such other crops as coconut, groundnuts (peanuts), coffee, fruits, and vegetables were grown mainly for domestic consumption.

Of the country's total area of about 128,000 square miles, only a small proportion was under cultivation. In 1975 less than 25 percent of Peninsular Malaysia and only about 3 percent of Sarawak and Sabah was being cultivated. Of the cultivated acreage in Peninsular Malaysia in 1975, rubber occupied about 53 percent, oil palm 16 percent, and rice paddy 19 percent. Other significant crop acreages were devoted to the cultivation of coconut, fruits, tea, coffee, and spices (see fig. 16). Large estates accounted for about 50 percent of the production of rubber and 58 percent of the production of oil palm; but smallholder proportions were being increased, especially in oil palm, as government policy strongly favored enlarging the smallholder share.

Malaysian landholdings were divided into estates (areas of 100 acres or more) and small holdings (areas of under 100 acres). According to a 1960 agricultural census, the latest available in mid-1976, the average size of all rubber estates was 800 acres; about 65 percent of the estates had less than 500 acres, and about 10 percent had more than 2,000 acres. Most of the largest estates were controlled by foreigners. In 1972 it was estimated that the average rubber small holding amounted to about sixteen acres and that about 18 percent of the smallholders had less than three acres.

Rice cultivation was almost entirely the province of smallholders; in 1971 the average rice holding was about five acres. Eighty percent of the land in coconut production was under smallholder operation. Coconut estates averaged about 1,000 acres; several were over 3,500 acres. The production of oil palm, originally an estate crop, had a

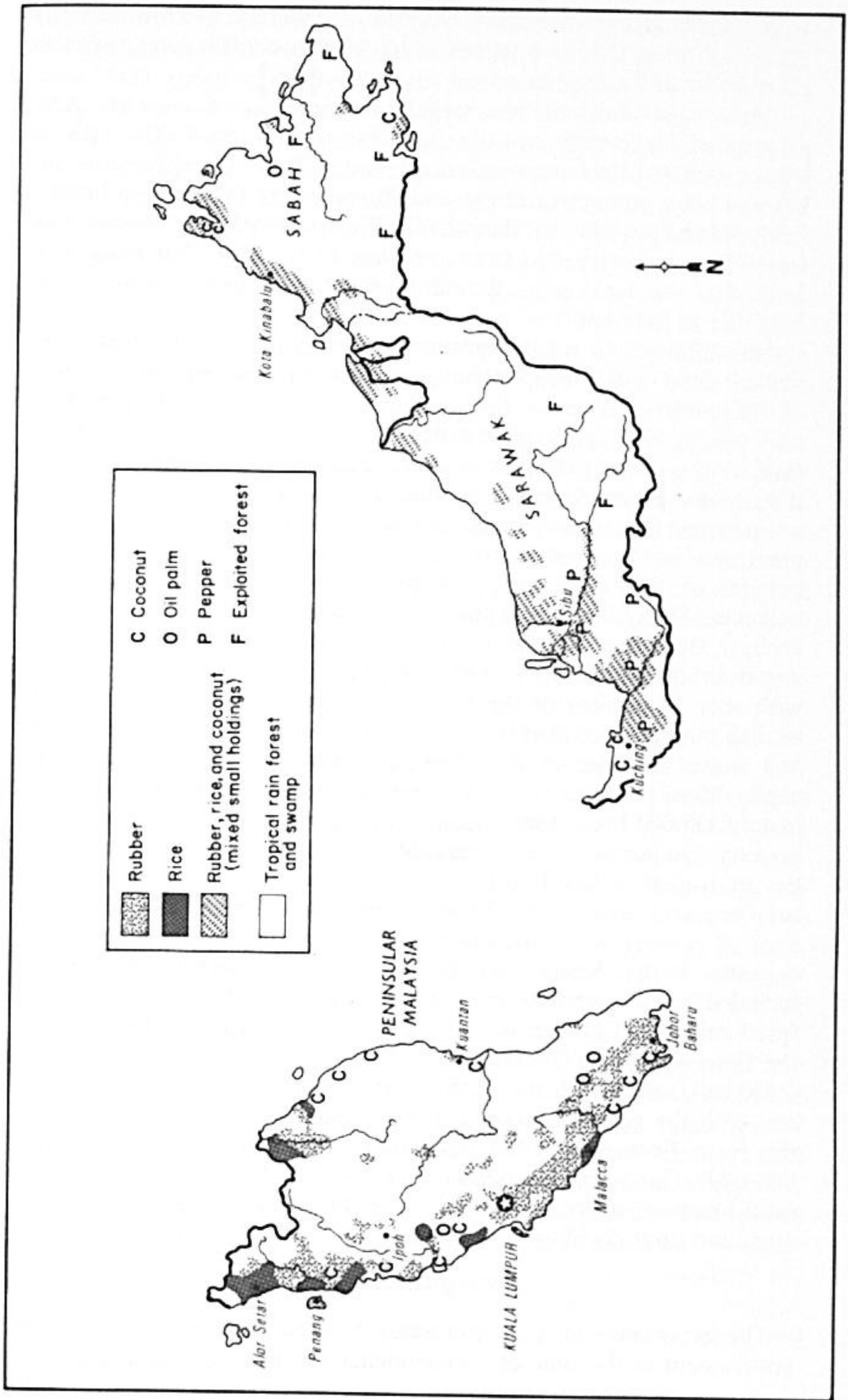


Figure 16. Malaysia, Agriculture and Land Use, 1971

large smallholder participation because of government crop diversification schemes. Oil palm estates averaged about 2,000 acres, whereas oil palm small holdings averaged about ten acres.

Tenancy in Malaysia was largely restricted to rice paddy land; farmers of other crops usually held title to their land. The ratio of owner-operated holdings was largest among those specializing in rubber and other permanent crops, and 90 percent of export crop farmers held permanent title to their land. The proportion of paddy land farmed by tenants varied from province to province, but reliable information was lacking on the actual number of paddy farmers who held title to their land.

Amid Malaysia's relative prosperity the agricultural population included some of the most economically and socially depressed sectors of the society. Whereas the average annual income per capita for Malaysia in 1973 approximated the equivalent of US\$477, for agriculture it was about half that amount. Economic imbalances reflected disparities of ownership and income, and Malays tended to have lower incomes than non-Malays; nearly 80 percent of Malay employment was in the rural sector, compared with slightly more than 50 percent of non-Malay employment. Even within the rural sector, however, Malay incomes tended to be much lower than those of other groups. More than 50 percent of the total Malay labor force was engaged in traditional low-income smallholder agriculture, compared with only 14 percent of the non-Malay force. From the limited data available it appeared that the smaller paddy rice and rubber producers had annual incomes of the equivalent of only US\$70 to US\$90 per capita. Data available for Peninsular Malaysia indicated that approximately 535,000 households engaged in agriculture in 1970 fell into the poverty category—having a monthly per capita income of less than the equivalent of US\$10 (M\$25) (for value of the Malaysian ringgit—see Glossary); 83 percent of these households were Malay. The incidence of poverty was particularly high in the states of Kelantan, Terengganu, Perlis, Kedah, and Perak. Subsectors with severe poverty included east coast fishermen, rubber estate workers, and residents (predominantly Chinese) of New Villages created in the 1950s during the Emergency (see Glossary).

Dissatisfaction with the distribution of benefits of economic growth and with the growing racial income inequality provided the basis for the New Economic Policy included in the Second Malaysia Plan (1971-75). One result has been the increasing attention given to raising rural incomes, especially those of smallholders, through land settlement and rural development schemes.

### **Agricultural Policy**

The importance of agricultural development was recognized by the government at the time of independence. Unlike the colonial govern-

ment, which was oriented toward the modern sector, the Alliance Party coalition made rural development a major part of its platform. Since 1955 agricultural development has absorbed a large proportion of public sector nondefense expenditure. The First Malayan Five Year Plan (1956-60) allocated 24 percent of total public expenditure to agriculture as well as spending large sums on social overhead capital and the building of infrastructure, which directly contributed to rural development. Under the Second Malayan Five Year Plan (1961-65) there were additional increases in spending on agriculture and rural development, particularly on land development schemes, infrastructure, and social services. A major move in the direction of rural development was made in 1959 with the formation of the Ministry for Rural Development under the charge of Deputy Prime Minister Tun Abdul Razak.

Under the First Malaysia Plan (1966-70) the integration of the economies of Peninsular Malaysia, Sabah, and Sarawak assumed primary importance, but rural development continued to be a major objective as well. The output of agriculture, including forestry and fishing, grew at an average rate of 8 percent a year from 1966 to 1970. In addition provision was made for increased land development, modernization of farming techniques, and establishment of marketing and credit institutions.

The First Malaysia Plan witnessed the establishment and development of several institutions that were designed to expand and modernize agriculture. The Federal Agriculture Marketing Authority was established in 1965 to improve the efficiency of the agricultural marketing system. The Malaysian Agricultural Research and Development Institute, established in 1968, was charged with the responsibility for production research on all crops except rubber, as well as on livestock, poultry, and freshwater fisheries. In 1969 the government established Bank Pertanian Malaysia to strengthen and coordinate public sector credit programs for agriculture. The Federal Land Consolidation and Rehabilitation Authority was established in 1966 as an addition to the Federal Land Development Authority, founded in 1956, for the purpose of land development and rehabilitation.

The Second Malaysia Plan was proposed in the aftermath of the racial riots of 1969. A new economic policy was articulated with the objectives of eradicating poverty among all Malaysians regardless of race and restructuring Malaysian society in order to correct racial economic imbalances (see ch. 13). Land development and improvement and the establishment of new agriculture-supportive institutions were important elements of the program for rural development under the new plan. Although the Second Malaysia Plan emphasized the need to expand the role of Malays in the industrial sector, the bulk of investment expenditure was directed toward rural development and modernization (see table 12).



Table 12. Malaysia, Public Development Expenditure for Rural Development, Peninsular Malaysia, 1956-75

(in millions of Malaysian ringgits)<sup>1</sup>

	Rural Development	Other Development	Total
Total Expenditure			
1956-60.....	545.2	418.8	964.0
1961-70 <sup>2</sup> .....	3,100.8	2,208.1	5,308.9
1971-75 <sup>3</sup> .....	3,494.8	3,114.2	6,609.0
Percent of Total			
1956-60.....	56.6	43.4	100.0
1961-70 <sup>2</sup> .....	58.0	42.0	100.0
1971-75 <sup>3</sup> .....	53.0	47.0	100.0

<sup>1</sup> For value of the Malaysian ringgit—see Glossary.

<sup>2</sup> Estimated.

<sup>3</sup> Targeted.

Source: Based on information from Malaysia, *First Malaysia Plan, 1966-1970*, Kuala Lumpur, 1965, pp. 28-29; and Malaysia, *Second Malaysia Plan, 1971-1975*, Kuala Lumpur, 1971, pp. 68-71.

Under the Second Malaysia Plan agricultural policy encouraged the development and broadening of the national resource base by providing for expanded infrastructure, increased farm output, and crop diversification. Through such programs as the Green Book, introduced in 1974, the government sought to induce farmers to grow more of the minor crops, such as vegetables and fruits, to promote rural self-sufficiency in these crops and conserve rural cash incomes. The Farmer's Organization Authority was established in 1973 to coordinate the activities of agricultural cooperative societies, existing farmers' associations, and government agencies engaged in promoting agricultural development.

In the mid-1970s the policy of improving smallholder farming through various programs still left rural areas behind urban areas in income, health benefits, education, and employment opportunities. Certain rural areas were more impoverished than others; in general a sizable proportion of the rural population was landless, in debt, and subsisting outside the mainstream of the economy. The Malaysian government, sensitive to these problems, redirected its efforts to alleviate rural poverty. In mid-1976 greater resources were to be allocated to the improvement of smallholder productivity and income in existing agricultural areas (as distinct from the development and settlement of new land). The Third Malaysia Plan (1976-80), released in the summer of 1976, was expected to provide increased funds and more

ambitious programs to redress the economic imbalance between the less developed states and the rest of the country.

### Land Development and Crop Diversification

The major aim of the agricultural development policy of the 1970s was an increase in output and employment in smallholder agriculture. Rapid growth of small-scale agriculture was believed essential not only for an attack on rural poverty but also for a more rapid creation of jobs. In order to influence smallholder production increased efforts in the area of land development were deemed most important under the new development policy.

Land development in Malaysia had traditionally been left to the private estate sector, in which foreign companies predominated; after independence, however, the estate acreage declined. Rubber estate acreage in Peninsular Malaysia declined from more than 2 million acres in 1955 to about 1.6 million in 1969. In part this decline reflected the fragmentation of estates into units smaller than 100 acres, which then became reclassified as small holdings, in part the replanting in oil palm of acreages formerly planted in rubber, and to a certain extent the unwillingness of owners to expand their estates. Of a total of 880,000 acres newly planted in rubber between 1955 and 1969, only 145,000 acres (less than 17 percent) were in estates.

Beginning in the early 1960s the government gave high priority to land development and settlement as well as crop diversification. Expenditure on land development in Peninsular Malaysia rose from M\$17 million during the 1956-60 period to M\$130 million during the 1961-65 period and M\$1.1 billion under a revised allocation during the Second Malaysia Plan.

Various state and federal agencies were involved in land development and settlement; the two most important were the Federal Land Development Authority and the Federal Land Consolidation and Rehabilitation Authority. The Federal Land Development Authority was the more important of the two and has become the largest and most efficient land agency in the country. From 10,500 acres opened up in 1960, the authority steadily increased its annual rate of land development to 51,500 acres in 1970. By 1974 the authority had developed a total of 627,650 acres and settled some 42,300 families.

In the field of settlement the Federal Land Consolidation and Rehabilitation Authority was empowered to take over and rehabilitate, on request, state land schemes for unemployed youths and blocks of land that were inadequately developed. By mid-1969 it had rehabilitated about 22,800 acres. In 1972 and 1973 it undertook youth settlement schemes devoted primarily to rubber and oil palm production; about 18,900 acres were involved, and over 1,200 youths had been settled by mid-1974.

Apart from development and settlement, substantial investment was made in drainage and irrigation as part of the overall agricultural land development program to raise the productivity and incomes of farmers. From 1961 to 1965 about 113,000 acres of rice paddy land in Peninsular Malaysia were improved through irrigation facilities. Between 1966 and 1970 an additional 202,000 acres were irrigated, and some 173,000 acres of coconut, rubber, and other crops benefited from improved drainage. Drainage and irrigation were also provided to more than 40,000 acres of rice and other crops in Sabah and Sarawak under the First Malaysia Plan.

The government also undertook an extensive program of rubber replanting to replace older, less productive trees with new ones. During the 1966-70 period about 304,000 acres of small holdings were replanted in Peninsular Malaysia, and more than 12,000 acres were replanted in Sabah and Sarawak. Although small holdings, which constituted about 60 percent of total rubber acreage in Peninsular Malaysia in 1970, benefited from this replanting, they still accounted for less than half of the total rubber production. The average yield from small holdings, estimated at about 676 pounds per acre in 1970, was far below the average of about 1,016 pounds per acre achieved on estates. The lower yields were explained largely by the fact that, despite some replanting, by 1970 only about 63 percent of smallholder acreage was in high-yielding rubber, compared with about 92 percent in the estate sector.

Other major programs of land development during the First Malaysia Plan included rehabilitation of low-yielding coconut holdings, modernization of fishing methods, and assistance for poultry and livestock development. Improvement in these sectors was accomplished through a combination of government and private initiative.

Diversification included steps not only to modernize the rubber industry but also to decrease the economy's dependence on rubber. Building on a strong research base and the experience gained through being the world's foremost producer, Malaysia was able to strengthen its competitive position by reducing the cost of production and improving the quality of its product. Despite only a marginal rise in total acreage from 4.4 million acres in 1960 to 4.8 million acres in 1970, output of rubber expanded by 5.2 percent annually. By 1970 uniform-quality Standard Malaysian Rubber (SMR) accounted for about one-fifth of total rubber exports. Despite these developments the Malaysian economy's dependence on rubber has lessened over the years; rubber as a proportion of total merchandise exports receipts fell from 55 percent in 1960 to 34 percent in 1970 (see ch. 15).

The dependence of the economy on rubber was reduced over the period of the first and second Malaysia plans by expansion in the output of other products. There was a particularly strong advance in timber production, especially in Sabah, and the government promoted

a major movement of smallholders into oil palm cultivation. At the federal level the most important agency promoting smallholder crop diversification to oil palm was the Rubber Industries Smallholder Development Agency (RISDA). RISDA aimed at developing 150,000 acres between 1971 and 1975. Although progress was slow, by 1974 about 42,260 acres—divided almost evenly between oil palm and rubber—had been developed. Among other crops that benefited from the diversification moves were tapioca, sugar, cocoa, and maize (corn).

Between 1966 and 1970 the Federal Land Development Authority planted 179,000 acres—46,000 in rubber and 133,000 in oil palm—in Peninsular Malaysia. In Sabah about 115,000 acres were developed during the period; about one-half was planted in oil palm, almost one-quarter in coconut, and the remainder in rubber, rice, and cocoa. In Sarawak, where unencumbered agricultural land was in short supply, nearly 50,000 acres were developed, largely through programs in the public sector; two-thirds of this acreage was planted in coconut and more than one-fifth in rubber.

The land development program was expected to make a considerable contribution to the Second Malaysia Plan's aim of developing over 1 million acres, more than twice the acreage developed under the previous plan. To achieve this target the public sector land development program was broadened, and increased reliance was placed on regional land development authorities. The Federal Land Development Authority was expected to continue its dominant land development role in Peninsular Malaysia; in Sabah and Sarawak land development was handled by the Sabah Land Development Authority and the Sarawak Land Development Authority.

The land development measures taken by the government to improve the quality of rural life have been substantial, but in mid-1976 rural poverty was still a fact of life, and a change in program emphasis was being considered. The successes evidenced in increased crop productivity and expanded rural infrastructure were offset by the limited number of recipients affected by the programs. A major criticism of the land development policy was that resources allocated to the development and settlement of new land had been too large in comparison with those devoted to increasing the productivity and incomes of small farmers in established agricultural areas. The government estimated that about 535,000 families engaged in agriculture fell into the poverty category in 1970; the resettlement of 42,300 families by the Federal Land Development Authority by 1974 had thus barely begun to alleviate rural poverty. Beneficiaries of the land development program have not always been those in greatest need.

Under the Constitution matters of land tenure and development were held to be state functions, and the federal government was required to negotiate with the state governments for alienation of land and for development projects. A state furnishing land had the right to

insist that half the land so developed be reserved for its own citizens. This condition tended to limit the impact of land development; for example, farming families from Kedah and Perak, two states that accounted for 38.1 percent of poor rural households in 1970, made up only 12.9 percent of the settlers on land development schemes. Pahang, however, and Johor (Johore), states that contributed large amounts of land, accounted for 50.1 percent of the settlers but only 23.5 percent of the estimated total of poor rural families. Among the last beneficiaries of land development schemes were non-Malay rural families. Thus, although Chinese and Indians accounted for 9.6 percent and 5.4 percent respectively of the estimated number of poor rural families, they constituted only 2.2 percent and 1.8 percent of all settlers. They were handicapped by constitutional guarantees reserving land strictly for Malays and by the unwillingness of state governments to increase the number of non-Malays in their states.

The government's concern over rural poverty and income distribution resulted in reevaluation of its policy and recognition of the need to spread the benefits of development expenditure to a larger proportion of the rural population. It was anticipated that the Third Malaysia Plan, in a departure from a 1973 prospective plan that envisaged further increases in land development targets, would recommend that land settlement programs be maintained at 1971 levels and that the additional resources available for agricultural development be allocated to improving agriculture in previously developed areas.

### Agricultural Techniques and Operations

Agricultural techniques varied widely throughout the country. They were in general quite simple, and cultivation was by handtools. The most popular handtool, the *changkul*, resembled a long, broad hoe; it was for digging and weeding and for opening and closing irrigation channels. A three-pronged fork was also a popular handtool. Draft animals provided power for plowing as well as for transport.

Mechanized equipment was not widely used until after World War II. During the early 1950s the government made considerable effort to make smallholders aware of the benefits of mechanization and to encourage the use of machinery by estate owners. Progress was slow, and by 1960 tractors were used on less than 10 percent of all estates and 2 percent of other farms. Large machines and implements were not always suited to the topography, the climate, and the size of holdings. Moreover, since labor was relatively plentiful and cheap, the investment return on mechanization often was not high enough to serve as an incentive.

Strides toward mechanization since 1970 were most evident in the Muda River area of Kedah and Perlis, the "rice bowl" of Malaysia. By 1975 government efforts in this region had resulted in the virtual

disappearance of the water buffalo and its replacement by small tractors. Equivalent success had yet to be achieved in other areas. Modernization was also provided through extensive irrigation projects. Paddy farmers were provided irrigation facilities that increased the area of double-cropping. Additional modernization efforts included the construction of farm roads, the establishment of rice-milling facilities, and the use of high-yield varieties of seeds.

The most striking characteristic of agricultural practices was the dissimilarity of production methods between estates and small holdings. Whereas production on estates was organized on a corporate basis, small holdings were operated at or near subsistence level and followed preindustrial methods of cultivation.

Although total estate acreage decreased after independence, estates tended to have higher yields per acre than small holdings. As recently as 1973 the government announced that most Malays in agricultural occupations were still found "in low productivity activities." In 1970 in Peninsular Malaysia the Malay share of the corporate agriculture sector amounted to 0.3 percent compared with foreign ownership of about 71 percent, whereas in the noncorporate agriculture sector Malay ownership was about 47 percent (see table 13).

The modest Malay share of modern agricultural ownership was a heritage of colonial policy that favored the establishment of large, export-oriented, incorporated estates, planted primarily in rubber. Other factors that inhibited Malay participation in modern farming included land fragmentation and lack of capital and other resources. Subdivision and fragmentation of agricultural land was common in states where distribution of property was influenced by the Muslim law of inheritance (see ch. 5).

Farming methods in Peninsular Malaysia were more advanced than those in Sarawak and Sabah in terms of double-cropping, irrigation

*Table 13. Malaysia, Ownership of Assets in Modern Agriculture, Peninsular Malaysia, 1970*  
(in percent of planted acreage)

Ownership	Corporate Sector	Noncorporate Sector
Malay . . . . .	0.3	47.1
Chinese . . . . .	25.9	32.8
Indian . . . . .	0.3	10.1
Other . . . . .	2.7	1.8
Government . . . . .	0.0	2.3
Foreign . . . . .	70.8	5.9
<b>TOTAL . . . . .</b>	<b>100.0</b>	<b>100.0</b>

Source: Based on information from Malaysia, *Mid-Term Review of the Second Malaysia Plan, 1971-1975*, Kuala Lumpur, 1973.

systems, mechanization and equipment, fertilizers, and disease and pest control. In Sarawak and Sabah the acceptance of more advanced farming methods was slow because of the widespread practice of shifting cultivation—under which land is cleared by burning a section of the forest, farmed for several years until the soil is exhausted, and then abandoned for a time to allow the soil to rejuvenate while the farmer burns and plants new areas. The problems accompanying the practice of shifting cultivation include the destruction of forest reserves and the erosion of topsoil, especially in the areas at greater altitude.

Under government auspices each state had a series of programs aimed at modernizing general production practices. These included drainage and irrigation facilities, disease and pest control, subsidies for the use of machinery and fertilizers, and adult education programs for farmers and their families.

## Commercial Crops

### Rubber

Natural rubber remained the most valuable export crop in the mid-1970s. It accounted for about 15 percent of GNP and for more than 30 percent of foreign exchange earnings. Peninsular Malaysia accounted for 96 percent of rubber production; the estate sector accounted for about 42 percent and the smallholder sector about 58 percent of total production in Malaysia.

At the end of 1974 the area planted in rubber amounted to about 2 million acres. Of this, 623,400 acres were on estates; this proportion had been decreasing somewhat as estates converted to oil palm. Despite the reduction in acreage, estate output—almost all of which was derived from high-yielding trees—accounted for a considerable portion of total rubber production.

In order to help smallholders increase rubber output, RISDA undertook programs for both replanting and new planting. The Malaysian Rubber Development Corporation also played an important role in helping to raise the incomes of rubber smallholders; the latex and unsmoked rubber sheets produced by smallholders were purchased by the corporation at prices more favorable than those obtainable from dealers.

One of the major problems that beset rubber production was competition from synthetic rubber. In order to strengthen the position of natural rubber on the world market, the government in 1965 established a uniform grade of rubber—SMR—to eliminate production malpractices and improve quality. The Rubber Research Institute of Malaysia, the largest single-crop institute in the world, continued the effort to improve the quality of natural rubber. By 1975 it had developed new high-yield clones that increased rubber yields per acre five-

fold. Although rubber production declined in both 1974 and 1975, the government was optimistic for the future. The upturn in the economies of the industrialized countries contributed to the optimism; so did the enhanced competitive position of natural rubber against synthetic rubber, which suffered from increased petroleum prices.

#### **Palm Oil**

Efforts to diversify the agricultural sector were rewarded in 1975 when palm oil—an edible vegetable oil used in margarine and shortening—achieved earnings close to those of rubber. It was the first time in Malaysia's modern history that rubber was challenged for first place. Palm oil production in 1975 was estimated at a record level of about 1.3 million tons, an increase of 26 percent over 1974, reflecting an increase in both the area harvested and world prices. The total area under oil palm cultivation for all of Malaysia in 1975 was estimated at about 1.4 million acres, an increase of about 18 percent over 1974. The major acreage increases occurred in Johor, Pahang, and Selangor.

To facilitate the production and export of palm oil, such supporting facilities as palm oil mills and bulk storage facilities were operated at Port Kelang and Pasir Gudang; additional facilities were planned for Kuantan. The government also expected to establish a palm oil refinery at Pasir Gudang to commence operations in 1977.

Private estates constituted about 58 percent of the total acreage under oil palm cultivation and were expected to increase their plantings, primarily through conversion of land planted in rubber. RISDA has also alienated land for oil palm, and in 1976 it was expected to develop over half of the land newly planted with oil palm under a scheme whereby smallholders participate as shareholders and profits are distributed as dividends. Malaysian officials were confident that palm oil would be the leading product under the Third Malaysia Plan, and the government announced that it was planning to set up a palm oil licensing authority to control the cultivation and expansion of the crop.

#### **Forest Products**

Timber products constituted Malaysia's third most valuable export crop in 1975. There had been a downturn in production, however, resulting from reduced demand among Malaysia's chief buyers and among timber-processing factories in Malaysia.

In 1975 about 51 percent of the total sawlog production came from Peninsular Malaysia; production from Sabah and Sarawak accounted for roughly 40 percent and 9 percent respectively. About 85 percent of the logs produced in Peninsular Malaysia were processed into sawn timber and other wood products. Since there was little timber processing in the Borneo states, about 95 percent of the logs produced were exported.



Because of the rapid expansion in lumbering operations, the government has placed increased emphasis on reforestation programs. As a conservation measure, only one-sixtieth of the forestland in the country can be granted by the government each year for lumbering.

#### Other Commercial Crops

Other commercial crops included pepper, pineapple, cocoa, copra, coffee, tea, and tobacco. In most instances smallholder production constituted a large share of the total. Sarawak produced about 90 percent of Malaysian pepper, mainly on small holdings, followed by Johor. Of the estimated total pineapple production in 1975, almost half was from small holdings, although production had declined—mainly because of a switch by smallholders to more remunerative crops. The growth in cocoa production, particularly in Peninsular Malaysia, was mainly the result of the availability of new disease-resistant and high-yielding species. About 60 percent of the area planted in cocoa in 1975 was in the estate sector; the balance was under smallholder cultivation.

### Food Crops

#### Rice

Rice was the principal staple of the Malaysian diet. It made up more than 20 percent of the food consumed by the entire population and as much as 35 percent of the diet of rural Malays. The government, hoping to achieve self-sufficiency in rice, has strongly encouraged domestic production. Official measures have included direct support through the operation of a guaranteed minimum price and a fertilizer subsidy scheme and indirect support through the expansion of irrigation and drainage facilities and a rice research program.

Rice production for 1975 was estimated at 1.3 million tons. This level of production would have served more than 90 percent of Peninsular Malaysia's needs, except that some of the crop had to be diverted to Sabah and Sarawak. Sixty percent of Peninsular Malaysia's 1 million acres of riceland was being double-cropped in 1975, compared with less than 10 percent in 1965.

In 1975 Malaysia was near self-sufficiency in rice, but the yields were among the lowest in Asia. Although variations existed from area to area, yields increased very slowly—from 3,160 pounds per acre in 1960 to 3,480 pounds in 1973 for the main season crop. It was expected that farmers in Peninsular Malaysia would have to depend on increasing productivity for any major increases in production, as all but about 60,000 acres of the land suitable for rice had been brought under cultivation. Emphasis was being placed on increasing yields through application of several intensive methods, including further irrigation and double-cropping, use of high-yield seed varieties, and

application of fertilizers and pesticides. The major irrigation projects in 1975 included the Muda Scheme of Kedah and Perlis, the Kemubu Project, and the Besut Project of Terengganu. Exploitation of potential riceland in Sabah and Sarak was limited by a labor shortage, and in these states large-scale cultivation and mechanization programs were being contemplated.

#### Other Food Crops

In addition to rice a wide variety of crops was grown for local consumption. Of these, maize was the only important grain and was grown by smallholders. Sweet potatoes and cassava were among the most important of the root crops. Vegetables were grown in Malay and Chinese market gardens. In elevated areas, such as the Cameron Highlands, and in Sabah vegetables and fruits associated with temperate climates were grown. Tropical fruits, such as rambutans and mangosteens, were common in small holdings. Oranges were the main citrus fruit.

### Animal Husbandry

Animal husbandry was not a significant occupation, and livestock products accounted for less than 5 percent of the gross value of agricultural production in 1972. There was, however, fairly rapid modernization of the pig and poultry sectors, which had led to an annual growth of about 5 percent in livestock production since 1964.

Consumption patterns generally followed the dietary preferences of the Muslim, Chinese, and Indian communities (see ch. 4). Overall meat consumption was low and was concentrated heavily in the higher income groups, in the towns, and among the Chinese. Very little fresh milk was drunk; the main market was for sweetened condensed milk.

Cattle numbers remained relatively stable between 1960 and 1970. The national cattle herd in 1971 was estimated at about 319,000 head, including 286,000 in Peninsular Malaysia, 25,000 in Sabah, and 8,000 in Sarawak. The two major kinds of cattle included the draft Kelantan kind, which were small hardy animals, and the medium-sized Local Indian Dairy kind.

Water buffalo accounted for over half of the fresh beef supply. In 1971 there were an estimated 297,000 buffalo, including 227,000 in Peninsular Malaysia, 62,000 in Sabah, and 8,000 in Sarawak. They were raised mainly in the rice-producing areas, where they were kept for plowing paddy fields and for meat and could be sold for cash in an emergency.

### Fishing

Over 1,000 species of fish were found in Malaysian waters. Over 250 species were used for food, although only twenty of these were

marketed fresh, dried, or salted on a large scale. Fish was more abundant than meat and was the second staple food of the country; it provided between 70 and 80 percent of the animal protein consumed.

The marine fish catch was about 568,400 tons in 1975, of which 450,000 tons was estimated for Peninsular Malaysia. About 75 percent was caught in the Strait of Malacca, which was calmer than the South China Sea and where the fishing methods were more modern. It was estimated that about 80 percent of the 1975 catch was consumed domestically; the balance was exported, mainly to Singapore.

## INDUSTRY

### Industrial Policy and Role of the Government

#### Postindependence Policy

Industrialization of the economy, with emphasis on the expansion of manufacturing, was a major goal of the government after independence. The country's specialization in rubber and tin, the prices of which fluctuated widely in world markets, had caused considerable instability in the economy. In encouraging industrial development the government's policy was to leave the operation of industry to private enterprise while the government served as a coordinator and furnished necessary assistance to the private sector.

The early policy recommendation for industrialization were made in a 1955 report prepared by the International Bank for Reconstruction and Development (IBRD, commonly known as the World Bank) and a report of the Industrial Development Working Party, set up by the government in 1957. The World Bank recommended an expanded educational system that would concentrate on training facilities for skilled industrial workers, and it emphasized the need for industrial credit institutions and endorsed the view that overseas enterprise and technology were essential for industrial development. The working party report recommended the provision of services for industry, including establishment of industrial estates and credit facilities; financial inducements to private enterprise, such as income tax relief; and inducements foreign capital.

In the first decade of independence, the government encouraged industrialization through an active program of industrial estate development. In general the government provided these estates with roads, water, and power; construction of plants was left to private industrialists. In recognition of the difficulties that confront small industries in securing adequate financial resources, the Malayan Industrial Estates Limited (MIEL) was established to build plants for sale on easy credit terms. The first estate was located at Petaling Jaya in Selangor, and by 1966 other estates were located in the developed areas of Johor

Baharu, Ipoh, Butterworth, Seramban and Taiping. The estates catered to both heavy and light industry.

The Pioneer Industries Ordinance, passed in 1958, provided incentives—exemption from income tax and from import duties on equipment—for two to five years for firms considered beneficial to the economy. The Ministry of Commerce and Industry had considerable latitude in determining the qualifications of firms for approval. At the end of 1966 there were 143 firms holding pioneer certificates that were involved in the manufacture of chemicals, foods and beverages, metal products, and textiles. Of the total, 120 were located in Peninsular Malaysia, twelve in Sarawak, and eleven in Sabah.

As additional assistance to industrial development the government set up or participated in several special financing services. The Malaysian Industrial Development Finance Limited (MIDFL) was organized in 1960 to provide medium-and long-term loans for industry. The government and the central bank, Bank Negara Malaysia, contributed 20 percent of the capital of this institution, and private Malaysian sources provided 11 percent; the remaining 69 percent came from foreign sources, a condition that limited equity participation by indigenous groups in pioneer firms.

The Council of Trust for Indigenous Peoples (Majlis Amanah Ra'ayat—MARA) and the Bank Bumiputra were established to promote the participation of Malays and other indigenous peoples in commerce and industry. The council extended financial and technical aid to firms that were predominantly Malay and initiated educational and technical training programs for interested Malays. It provided both equity and loan financing. Bank Bumiputra was a commercial bank whose function was to channel credit and banking facilities as well as technical and advisory services to Malays.

The Federal Industrial Development Authority (FIDA), established in 1965, became operational in 1967; its purpose was to promote and coordinate industrial development. Generally the activities of FIDA were aimed at accelerating industrial development, establishing new industries, and solving industrial problems in accordance with government policy.

By 1966 the private sector had responded to the guidelines laid out by the government, and economic diversification had progressed. The economy was strengthened by growth in manufacturing; Peninsular Malaysia's manufacturing output increased by 9.9 percent between 1961 and 1965, and its share of GDP rose from 8.5 percent in 1960 to 10.4 percent in 1965. The growth of manufacturing was oriented toward the home market, and domestic products began to replace imported foodstuffs, beverages, tobacco products, petroleum products, cement, rubber, fertilizers, textiles, and steel bars. In Sabah and Sarawak public investment was concentrated on the expansion of infrastructure, and manufacturing remained of negligible importance.

Despite these overall advances the average size of manufacturing establishments remained quite small, and the sector employed only about 7 percent of the total labor force in 1965. According to a 1963 census of the manufacturing sector as a whole, average full-time employment per manufacturing establishment was about ten workers. About 82 percent of all manufacturing establishments employed fewer than ten full-time workers, but these plants contributed only about 14 percent of total output. Conversely industries that employed more than fifty full-time workers per establishment accounted for about 4 percent of the total number of establishments but contributed about 60 percent of total output.

The industrialization policy the country followed during the second half of the 1960s was outlined in the First Malaysia Plan (see ch. 13). No major policy changes were envisaged: the government continued to allow private operational control of the industrial sector and to encourage foreign involvement; it also continued to offer facilities aimed at promoting Malay ownership and at upgrading Malay management skills in the operation of manufacturing ventures.

In March 1968 the Investment Incentives Act replaced the Pioneer Industries Ordinance with a comprehensive piece of legislation. Incentives were offered in the form of pioneer status to firms that desired such designation and qualified for acceptance. Requirements, which were more carefully defined than formerly, included employment of a specific percentage of Malays and availability of ownership to Malays. The act stipulated that new industries that depended entirely on the Malaysian market for sales were required to have 51-percent Malaysian ownership; foreign companies that were entirely export oriented were permitted to retain 100 percent of the equity. Companies whose export performance fell between these two situations were permitted to negotiate with the government on the percentage of equity they wished to retain. Special investment tax credits were made available to firms that did not qualify or did not want to become pioneer industries, and allowances were made for expenses incurred in export promotion.

The overall economic results of the diversification program of the First Malaysia Plan were positive. The manufacturing sector, geared mainly to replacing imports, developed rapidly under a system of moderate protection and generous incentives. As a result the manufacturing sector in Peninsular Malaysia recorded an annual growth rate of 9.9 percent between 1965 and 1970 while its contribution to GDP increased from 10.4 percent to 12.7 percent (see table 14). This performance was significant in view of the 5.5 percent annual growth of GDP.

Success in expanding the manufacturing industry, however, was not accompanied by substantially greater participation by Malays in the modern industrial sector. In 1970 Malays made up 7 percent of the

Table 14. Malaysia, Gross Domestic Product by Sector,  
Peninsular Malaysia, 1965, 1968, and 1970  
(in percent)

Sector	1965	1968	1970
Agriculture, forestry, and fishing . . . . .	31.5	32.0	33.5
Mining and quarrying . . . . .	9.1	9.0	7.2
Manufacturing . . . . .	10.4	12.0	12.7
Construction . . . . .	4.0	4.0	4.0
Services and other . . . . .	45.0	43.0	42.6
<b>TOTAL . . . . .</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Based on information from Malaysia, *Second Malaysia Plan, 1971-1975*, Kuala Lumpur, 1971, p. 31.

manufacturing sector management, compared with 68 percent Chinese, 4 percent Indian, and 18 percent foreign. During the 1960s there was no major spontaneous movement of Malays to the urban industrial sector from the rural agricultural sector (see ch. 2). Investment in agricultural development possibly contributed to this relative immobility (see Agriculture, this ch.). Reliance on a relatively laissez-faire industrial system also tended to promote a continuation of the patterns and imbalances in industrial ownership and employment that the nation had inherited—and accepted—at the time of independence (see table 15).

#### Industrial Policy in the Second Malaysia Plan (1971-75)

The outbreak of violent riots in May 1969 marked an important turning point in the country's approach to industrial development and

Table 15. Malaysia, Ownership of Share Capital of Companies  
Incorporated in Peninsular Malaysia, 1969

Ownership	Share Capital	
	Amount (in thousands of Malaysian ringgits)*	Percent
Malay interests . . . . .	70,633	1.5
Chinese interests . . . . .	1,064,795	22.8
Indian interests . . . . .	40,983	0.9
Foreign interests . . . . .	2,909,845	62.1
Other interests . . . . .	591,284	12.7
<b>TOTAL . . . . .</b>	<b>4,677,540</b>	<b>100.0</b>

\*For value of the Malaysian ringgit—see Glossary.

Source: Based on information from Malaysia, *Second Malaysia Plan, 1971-1975*, Kuala Lumpur, 1971, p. 40.

led to incorporating in the Second Malaysia Plan the New Economic Policy, which had the sweeping objectives of restructuring society and eradicating poverty. The New Economic Policy marked a departure from the earlier laissez-faire approach to a bolder one that included the use of public enterprise. Before 1970 the implementation of government services to foster Malay participation was, in the words of the First Malaysia Plan, dependent on Malays' responding "in availing themselves of these facilities and services and putting them to good and proper use." The Second Malaysia Plan, however, established direct government participation in a wide range of productive enterprises. The work of agencies in operation before 1969—such as FIDA, MIDFL, and MARA—was stepped up. Several new public enterprises—notably the National Trading Corporation (Perbadanan Nasional—PERNAS), the State Economic Development Corporation, and the Urban Development Authority—were established with the exclusive aim of bringing about a better balance of ethnic groups in commerce and industry (see ch. 13).

PERNAS was empowered to purchase businesses, operate in joint-venture activities, and develop new industries that would be held in trust until sufficient Malay private capital was available to take them over. By 1975 PERNAS had formed eight wholly owned subsidiaries in insurance, trading, construction, properties, engineering, securities, and mining. It had also formed joint ventures with the private sector for mining, containerization, trading, hotels, and consulting services. Various public agencies built commercial premises, undertook commercial and industrial projects, and provided financial assistance to give Malays the means of playing a greater role in the management and control of commerce and industry.

Specific targets for industrial participation by Malays and other indigenous peoples were set forth in the Outline Perspective Plan (1970-90), released in 1973 (see table 16; table 17). The programs to alter the ownership and employment structure were intended also to improve Malay income. The government assumed that increasing Malay participation in employment and ownership would make it possible to correct the imbalances in income distribution as well.

In accordance with its decision that greater government enforcement would be needed to correct economic imbalances, beginning in 1972 the government required companies applying for pioneer status and investment incentives to meet stated requirements relating to Malay participation. The Petroleum Development (Amendment) Act and the Industrial Coordination Act were passed in 1975 in order to establish greater government control over industry in line with these objectives. The Petroleum Development Act stipulated that not only the refining, processing, and manufacturing of petroleum and petrochemicals products but also the marketing and distribution of such products were the sole right of National Petroleum (Petroleum Na-

Table 16. *Malaysia, Ownership of Share Capital of Limited Companies, Peninsular Malaysia, 1970 and Projected 1990*  
(in millions of Malaysian ringgits)<sup>1</sup>

Ownership	1970		1990	
	Amount	Percent	Amount	Percent
Malay and other indigenous people . . . . .	102.6	1.9	14,075.5	30.1
Non-Malay Malaysian <sup>2</sup> . . . . .	1,978.5	37.4	18,796.5	40.1
Foreign . . . . .	3,207.9	60.7	13,949.0	29.8
<b>TOTAL . . . . .</b>	<b>5,289.0</b>	<b>100.0</b>	<b>46,821.0</b>	<b>100.0</b>

<sup>1</sup> For value of the Malaysian ringgit—see Glossary.

<sup>2</sup> Non-Malay Malaysian includes Chinese and Indian.

Source: Based on information from "Malaysia Clarifies Application of Rules on Equity Structure," *Business Asia*, VII, No. 2, January 9, 1976, pp. 12-13.

sional—PETRONAS), the state oil company. More important, a provision regarding voting rights would enable PETRONAS to control private companies without having to put up large amounts of capital. Tengku Razaleigh Hamzah, who was then chairman of PETRONAS and in mid-1976 was appointed finance minister, defended the act by asserting, "If [Malaysia] cannot succeed in gaining control of our natural resources through freely negotiated commercial and legitimate means, then we must reluctantly strive to work for the enactment of a law requiring foreign companies dealing in the exploitation of natural resources to give majority control to Malaysians."

The Industrial Coordination Act stated that all manufacturing activities with capital of M\$100,000 or with twenty-five or more workers had to be licensed by the minister of trade and industry and that any condition deemed suitable could be attached to the license; failure to comply with such conditions could result in revocation of the license. The provisions of this act caused considerable concern in industrial circles, especially among Malaysian Chinese manufacturers. Since a substantial number of Chinese-run firms operated without pioneer status, they had been subjected to minimal controls, particularly regarding the matter of Malay employment and ownership. The government maintained that the new law, although its purpose was to enforce increased industrial participation by Malays and other indigenous peoples, was not instituted to the detriment of any one group.

One of the act's major aims was to close existing loopholes so that practically all firms would be subject to the New Economic Policy objectives. Existing firms were divided into three categories for the purpose of enforcement: firms approved after January 1, 1972; firms approved before January 1, 1972; and firms operating without Ministry of Trade and Industry approval. All firms had to submit to the



Table 17. Malaysia, Employment by Ethnic Group and Sector,  
Peninsular Malaysia, 1970 and Projected 1990  
(in percent)

Ethnic Group	Agriculture, Forestry, and Fishing		Mining and Quarrying		Manufacturing		Construction	
	1970	1990	1970	1990	1970	1990	1970	1990
Malay	67.6	60.0	24.8	50.3	28.9	50.0	21.7	50.0
Chinese	21.4	29.1	66.0	39.2	65.4	40.0	72.1	40.2
Indian	10.1	10.2	8.4	9.8	5.3	9.6	6.0	9.6
Other	0.9	0.7	0.8	0.7	0.4	0.4	0.2	0.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Based on information from Malaysia, *Mid-Term Review of the Second Malaysia Plan, 1971-1975*, Kuala Lumpur, 1973.

ministry proposals as to how they would comply with the long-term policy establishing 70-percent Malaysian (nonforeign) ownership (including 30 percent by Malays and other indigenous peoples) by 1990. Accepted proposals would then become the new equity conditions for these companies.

In early 1976 it was too soon to assess the success of the government's efforts to correct economic imbalances, partly because of the postponement of the issuance of the Third Malaysia Plan after the unexpected death of Prime Minister Razak in January 1976 (see ch. 13). Preliminary reports indicated that the Third Malaysia Plan would continue the overall policies of the Second Malaysia Plan. In addition it was expected to emphasize the development of industries involved in advanced technology and precision engineering in response to the requirements of the country's level of development.

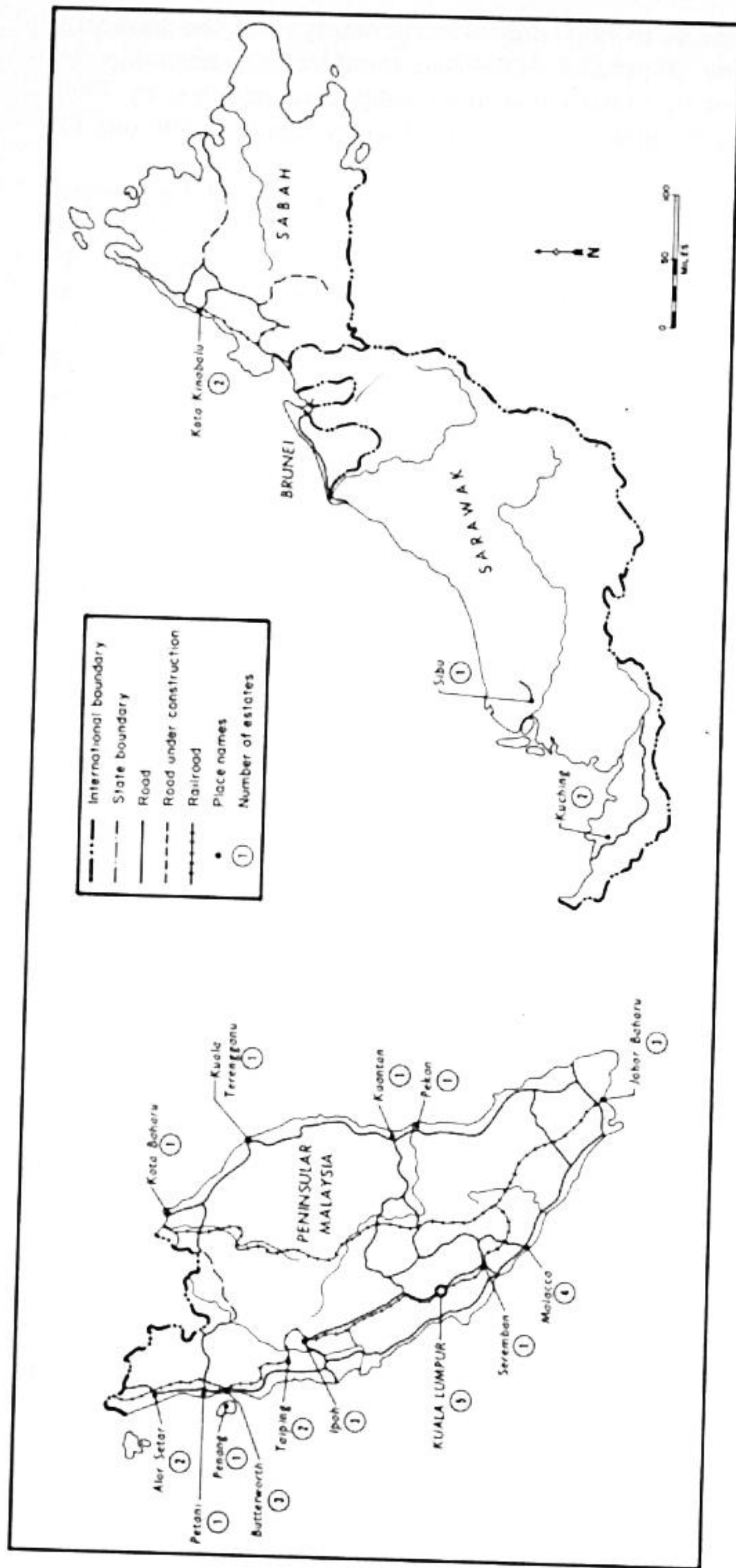
Industrial growth was slowed by the world recession, but the mood of the country was moderately optimistic in mid-1976. Investment incentives seemed to be playing a diminished role in attracting new investors; more than half of the 1974 industrial approvals involved no tax exemptions, suggesting that investors were responding to such inducements as relative economic and political stability, an educated and trainable labor force, and an efficient bureaucracy. Those investors who set up joint ventures with Malaysian bodies—such as PERNAS—as partners seemed to have fewer operating problems than those who worked entirely in the private sector.

The government's program for industrial growth included the dispersal of industry away from already developed areas—the west coast of Peninsular Malaysia—and toward further processing of agricultural and raw materials (see ch. 13). Industrial dispersal had the political aim of raising rural and small town living standards and the social aim of curbing the drift of young people into the larger towns and cities. Official sources indicated some success in this program; the proportion of new projects in the newly developing areas rose from 43 percent in 1971 to 63 percent in 1974. Part of the reason for this development was the establishment of industrial estates on the east coast of Peninsular Malaysia (see fig. 17). In 1973 four such estates were either planned or operational in Kelantan, Terengganu, and Pahang.

## Mining

Mining activities contributed about 4 percent of the value of GDP in 1975. Peninsular Malaysia provided about 69 percent of this contribution. In real terms production from the mining sector declined by about 5 percent from 1974 levels, mainly as the result of a decline of about 6 percent in the production of tin.

According to forecasts in the Second Malaysia Plan, the contribution of the mining sector to GDP was expected to fall by about 13



Source: Based on information from "Industrial Estates in Malaysia," *Business Asia*, IV, No. 22, June 1, 1973, pp. 172-173.

Figure 17. Malaysia, Location of Industrial Estates, Planned or Operational, 1973

percent from 1970 to 1975 because of the decline in commercial reserves of iron and tin. Output of crude oil however, was expected to increase. Employment in mining was estimated at about 64,000 in 1970 and was expected to decrease to about 60,000 by 1975. In 1967 Malays accounted for 21.4 percent of mining workers, Chinese for 67.2 percent, and Indians for 10.3 percent. The mining industry had insignificant Malay ownership at the beginning of the Second Malaysia Plan. More than 70 percent of the share capital was owned by foreign interests except in tin mining, where foreign ownership was about 64.1 percent.

The principal minerals being exploited in the early 1970s were tin, petroleum, bauxite, and copper (see table 18). Iron ore was an important export item before 1970 but, as the larger mines became exhausted and were closed, it ceased to be of major significance. Malaysian mineral resources were widely distributed, and the country possessed supplies of most of the minerals—with the exception of good coking coal—needed for industrialization (see fig. 18). Almost all mineral production was exported, and export taxes were an important source of government revenue. Industrialization plans would require the retention of a larger share of mining production for domestic use, and exports would decrease unless exploration should uncover new reserves that could be exploited economically.

#### Tin

Malaysia, the world's foremost producer of tin, supplies about 43 percent of the needs of the noncommunist world. In 1975 the country produced roughly 64,000 long tons, 6 percent less than in 1974; the decrease resulted mainly from low prices on the world market, which necessitated the imposition in 1975 of export restrictions by the International Tin Council (ITC). As a result of the reduced prices a number of mines found it uneconomic to operate and ceased production. In the first eight months of 1975 the number of active mines decreased from 1,025 to 960. Data for 1974 indicated that about 53 percent of tin production emanated from gravel pump mines and that production from dredges contributed about 32 percent of output. Total employment in the tin-mining industry in Malaysia was estimated to be about 44,000.

Malaysia was a member of the ITC, which—through the International Tin Agreements—has since 1956 acted to prevent wide price fluctuations. A buffer stock, to which each member is required to contribute a specific amount, has been maintained, and the ITC has established prices at which tin from the stock is bought or sold. In view of increased production costs, the ITC raised the buffer stock price range in January 1975.

The acceptance by the ITC of the principle that its price range bear a relationship to the costs of production was an important development for the tin industry. The ITC also agreed to a Malaysian propos-

Table 18. Malaysia, Production of Mineral Commodities, 1971-73

Commodity	Unit	1971	1972	1973
<b>Metals:</b>				
Antimony . . . . .	metric tons	289	205	200
Bauxite . . . . .	thousands of metric tons	978	1,076	1,143
Copper . . . . .	metric tons	210	60	50
Gold . . . . .	troy ounces	5,671	4,900	3,800
Iron ore and concentrate . . . . .	thousands of metric tons	950	520	517
Manganese ore and concentrate . . . . .	do . . . . .	12,700	33,528	28,801
Tin:				
Mine output . . . . .	long tons	74,253	75,617	71,119
Smelter output . . . . .	do . . . . .	85,170	88,004	61,166
Titanium concentrate . . . . .	metric tons	155,945	152,174	152,200
Tungsten . . . . .	do . . . . .	8	5	7
Zirconium concentrate . . . . .	do . . . . .	2,643	1,651	2,000
<b>Nonmetals:</b>				
Cement . . . . .	thousands of metric tons	1,095	1,160	1,143
Clay . . . . .	do . . . . .	11,655	104,978	105,398
<b>Mineral Fuels</b>				
Petroleum (crude) . . . . .	thousands of 42-gallon barrels	25,249	34,170	33,450
Refined products . . . . .	do . . . . .	46,298	50,493	41,439

Source: Based on information from U.S. Department of the Interior, Bureau of Mines, *The Mineral Industry of Malaysia*, (Preprint from the 1973 Bureau of Mines *Mineral Yearbook*, III, Area Reports: International), Washington, 1973, pp. 1-2.

al that annual studies on costs of production in tin mines be made a permanent feature. Efforts by Malaysia to increase international participation in the ITC, especially among producer nations, were evidenced in December 1975 as Malaysia urged the People's Republic of China (PRC) and Burma, both major tin producers, to join the council. Malaysia blamed the depressed tin market not only on the worldwide recession but also on the uncontrolled exports of the PRC and Burma. A Malaysian delegation was expected to visit the PRC sometime in 1976 for bilateral talks on cooperation within the industry.

Because existing tin mines had been in operation for many years, encouragement of prospecting for new fields was an important government objective. At the end of 1975 explorations had not revealed any large new deposits with the exception of one in south Selangor, and prospects for offshore tin mining were still in doubt. The government, emphasizing potential reserves in offshore locations and in more remote areas of the country, reported in late 1975 that prospects for future production of tin appeared good.

#### Petroleum

A notable development in Malaysia's mineral industries was the increase in petroleum production in the Borneo states, mainly Sarawak, in the 1970s. Total production of crude oil was estimated at 32.6 million barrels—about 90,000 barrels per day—in 1975, an increase of about 10 percent over 1974. About 30 million barrels of this total was produced by Sarawak Shell Berhad. The increase came about with the entry into production of two oil companies in Sabah—Exxon Production and Sabah Shell Petroleum—that together accounted for about 2.6 million barrels in 1975. Total production was projected to increase in 1976 by another 11 percent; it was anticipated that production by Sabah Shell Petroleum would triple and that production by the other two companies would remain at 1975 levels.

Production of natural gas, mainly in Sarawak, was estimated at 98.5 million cubic yards in 1975 and was expected to expand to 108.3 million cubic yards in 1976 with the anticipated increase in oil production. There was no production of liquefied natural gas in 1975, but it was expected to commence in Sarawak in 1976.

Most of Malaysia's petroleum requirements were met by three refineries—two in Port Dickson and one in Lutong; their maximum refining capacity of about 185,000 barrels per day was considered sufficient to fulfill domestic demand until 1980. Available 1975 figures indicated that the amount of oil actually refined was only about 77,000 barrels a day; estimated 1976 refinery production was set at about 84,700 barrels a day.

The growing importance of the petroleum industry to the country's economy was reflected in the enactment of the Petroleum Development Bill in 1974. Under this act the entire ownership and the exclusive right to explore and exploit petroleum in Malaysia were vested in

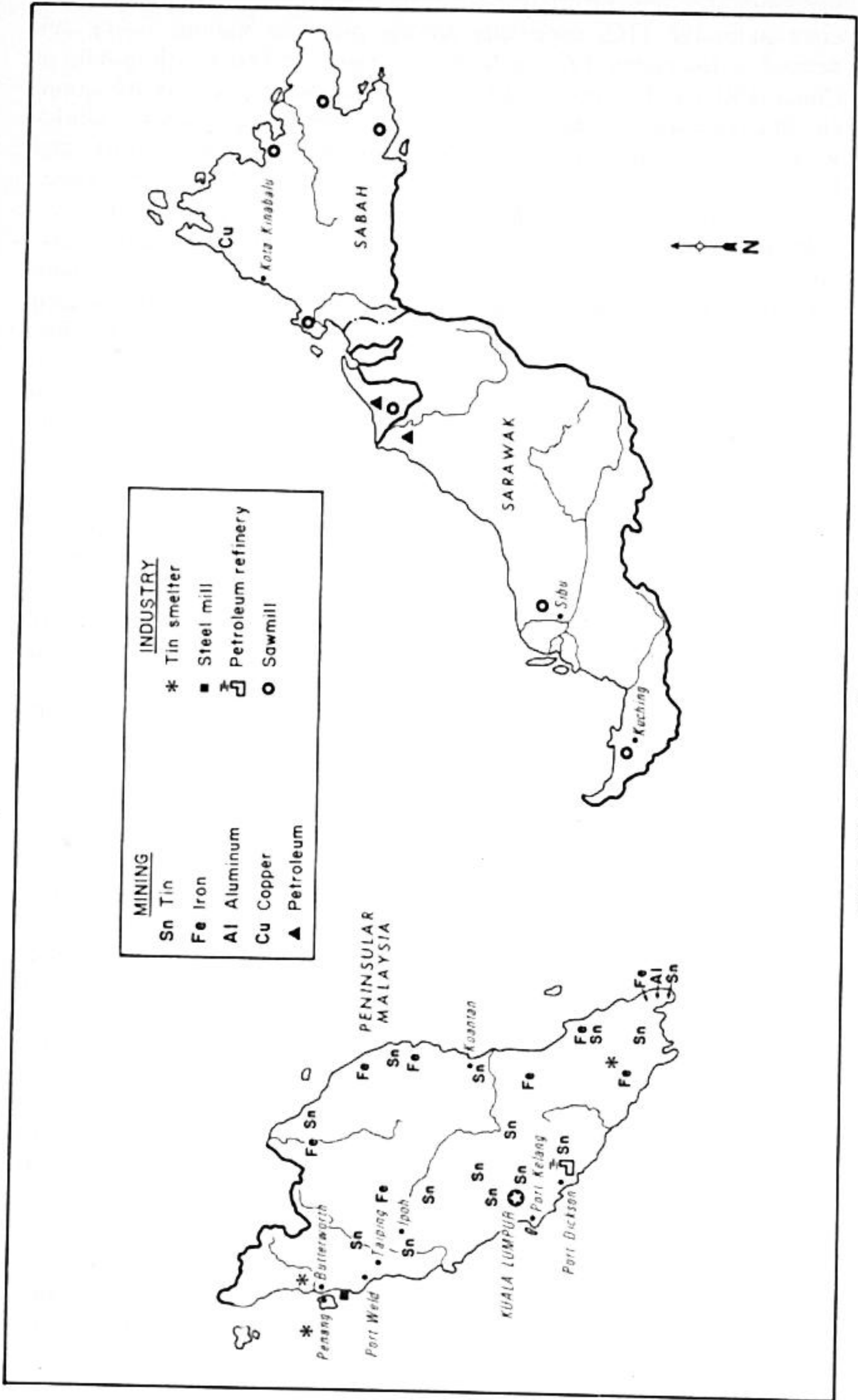


Figure 18. Malaysia. Mining and Industry, 1971

PETRONAS, which was subject to the control and direction of the prime minister. Additional powers were granted to PETRONAS in 1975 with the enactment of the Petroleum Development (Amendment) Act, which extended to PETRONAS sole rights over the marketing and distribution of all petroleum products as well as a provision to control companies without putting up capital through the issuance to PETRONAS of management shares.

In an effort to develop and control the downstream activities, PETRONAS has studied the use of the country's hydrocarbon resources. On the basis of the PETRONAS studies the overall prospects for the petroleum industry were considered good, and in early 1976 underwater exploration was being carried out for additional oil deposits off Sabah and Sarawak.

#### Other Minerals

Production of iron ore continued its downward trend with a 1974 output of 480,600 tons. Output of bauxite at 947,500 tons in 1974 also marked a decrease from 1973 production. Malaysia also produces a variety of other minerals—such as gold, columbite, ilmenite, monazite, scheelite, wolframite, and zircon—as by-products of tin mining. Copper, formerly derived as a by-product of tin mining, was expected to assume major importance as a result of a large deposit located in Sabah, which has reserves of an estimated 77 million tons of ore at an average grade of about 0.6 percent copper. Production was expected to be about 110,000 tons of copper concentrate a year.

### Manufacturing

In 1975 manufacturing activities contributed about 16 percent of GDP, Peninsular Malaysia accounting for 93 percent of the total. During the 1960s manufacturing was the most rapidly growing sector of the economy. The growth of value added in manufacturing in Peninsular Malaysia average about 10.4 percent per year during the First Malaysia Plan period. The Second Malaysia Plan aimed for growth in the manufacturing sector of about 12.5 percent per year and a rise in manufacturing's share of GDP from 12.7 percent in 1970 to 17 percent in 1975.

The recession in the industrial countries and the sluggish domestic demand were blamed by the government for the negligible growth in manufacturing in 1975 compared with a growth of 15 percent in 1974. The wood products and transport equipment industries were the most seriously affected. Significant declines also occurred in the basic metals and chemical industries. Production in the processing of estate-grown agricultural products and of textiles, cement, and electrical machinery rose by 20, 15, 4, and 14 percent respectively during the first half of 1975.



The food industry was the most valuable in the manufacturing sector; it accounted for 17 percent of manufacturing output in 1975. With the government's emphasis on agriculture-based industries, output was expected to contribute further to manufacturing production in 1976. The processing of estate-grown agricultural products ranked second to food production and accounted for over 12 percent of manufacturing output in 1975. The substantial production increase in this industry in 1975 was largely the result of increases in the output of palm oil factories and coconut oil mills.

Output of wood products, which accounted for 12 percent of total manufacturing, declined in 1975 in response to decreased demand in Malaysia's major overseas markets. Recovery in this industry was expected in 1976 as accumulated stocks diminished and as demand increased with the expected upturn in the construction industry abroad. The government's encouragement of the domestic building of timber houses was also expected to boost the timber industry in 1976.

Chemical products output, amounting to 10 percent of manufacturing output, also declined in 1975, reflecting the shortage of raw materials caused by a decline in the output of Malaysia's major suppliers. The overall decline affected the output of chemical fertilizers, paints, lacquers, soaps, and washing and cleaning compounds. In an effort to increase the output of chemical fertilizers, in June 1975 the government removed the export ban and import duty exemption that had been granted for fertilizers at the beginning of 1974.

Production of other major manufactures—beverages, tobacco, and electronic products—slackened considerably in 1975 with reduced domestic and foreign demand. For similar reasons the output of companies granted pioneer status, which had recorded very strong growth in 1974, slowed substantially in 1975.

A major development in the manufacturing sector in the 1970s was the increased emphasis given to export-oriented industries. Free-trade zones have been introduced, which enable manufacturers to import free of duty machinery, raw materials, and component parts and to export finished goods with a minimum of customs formalities. In 1974 free trade zones were declared in the states of Penang, Selangor, and Malacca. Industries located in the free trade zones included electronic equipment, rubber products, and textiles. These industries contributed to the expansion of manufactured exports, which accounted for 11 percent of total exports in 1973 as compared with 3 percent in 1960.

## CONSTRUCTION

The construction industry contributed about M\$836 million in 1975, which constituted about 5 percent of GDP and represented a growth rate of 10 percent over the previous year. Continuing an earlier trend,

the construction industry reached boom proportions in 1973, and activity moderated only as the 1974-75 recession affected investment in industrial and commercial buildings. Total employment in the construction industry reached 138,000 in 1975. Growth of the construction industry in the 1970s was spurred by the government's policy of promoting homeownership, the rapid pace of commercial and industrial development in the country, the sustained expansion of public works (including infrastructure development), and the establishment of townships in the various regional development schemes (see ch. 13).

Although private construction weakened in 1974, public sector construction remained strong and countered the recessionary trend. Serious shortages and sharp increases in the prices of construction materials, which featured prominently in 1974, were no longer constraints in 1975 as a result of the slowdown in demand and the improvement in production capacities.

## POWER

Despite the existence of natural gas and oil off the coasts of Sabah and Sarawak, hydroelectric potential was still the most valuable indigenous energy resource for power, and the development of this resource was being actively pursued. Since the mid-1960s the demand for electric power has been growing by about 14 percent per year. Industry and mining were the largest users of power in 1974, followed by commercial and residential consumers.

Power was supplied principally by autonomous government-owned entities; the largest was the National Electricity Board, which served Peninsular Malaysia—with the exception of part of Perak, supplied by the privately owned Perak River Hydroelectric Power Company, and of Penang, which was supplied by municipally owned plants. The Sabah Electricity Board and the Sarawak Electricity Supply Corporation supplied these two states on Borneo. The total capacity installed by these entities in 1975 was about 1,194 megawatts, of which the National Electricity Board accounted for about 72 percent. In addition more than 100 small diesel plants, owned by small electric companies, were licensed to supply power.

Rural electrification, which started in the 1950s when large numbers of the rural population were concentrated in villages during the Emergency, was accelerated under the Second Malaysia Plan. By the end of 1974 more than 2,000 villages serving 197,000 consumers had been electrified. Although rural electrification was a government goal, it was carried out on an informal basis. Villagers would make application to state governments for supply; state administrators would select villages from those applications for recommendation to the federal government, which would then reject or accept the program according to the availability of funds.

In December 1975 Malaysia received a loan of US\$35 million from the World Bank. This loan, for the seventh power project the bank has helped to finance in the country, was to assist the long-range expansion program of the National Electricity Board. The board's interconnected system covered most of the western side of Peninsular Malaysia in 1976. Links to Kuantan, Kota Baharu, and Kuala Terengganu on the east coast were projected to be completed by 1980, when the entire peninsula will be interconnected through a national grid.

## CHAPTER 15

### FOREIGN AND DOMESTIC TRADE

In 1975 Malaysia's foreign trade was adversely affected by the worldwide recession, and the country's trade account recorded its first deficit. At the same time, however, the increasing variety of export trade demonstrated the success of the government's policy of remodeling the historical pattern of trade and trading relations. The country had been dependent on the export of two major raw materials, rubber and tin, for the foreign reserves required to import needed consumer and capital goods. Although rubber and tin were essential commodities in an industrializing world, they faced fluctuating prices because of changes in world demand and the availability of substitutes, but the prices of manufactured imports changed only slowly. Because of this disparate behavior of export and import prices, the terms of trade were of great importance to the well-being of the economy.

A major objective of the first and second Malaysia development plans was the improvement of this adverse trade situation (see ch. 13). The government encouraged the diversification of natural resource exports and established investment policies to encourage the inflow of foreign capital and the establishment of industries that could produce goods for export or produce domestically goods previously imported. The diversified trading relations in 1975 reflected loosened ties with Singapore and the removal of Commonwealth of Nations trade preferences in the 1960s.

The domestic marketing of goods in Malaysia was conducted for the most part by trading companies that operated sales outlets in the principal cities of the country. Rural areas were served by small general stores whose proprietors provided both goods and credit. Distribution of goods within the country was primarily in the hands of Chinese, who acted as agents for import-export firms, as shopkeepers in urban areas, and as merchants and moneylenders in rural areas. Greater participation by Malays and other indigenous peoples in commercial activities was a fundamental objective of the Second Malaysia Plan (1971-75).

## FOREIGN TRADE

### Background and Organization of Trade

The geographic location of the Malay Peninsula was responsible for an early involvement in world trade. Situated along a strategic water passage—the Strait of Malacca—the peninsula attracted the attention of traders and was the focus of a migration, mainly from India, of peoples seeking commodities that were useful in their own countries or that might be traded with other countries. The peninsula was a way station on trade routes between China and the Near East, and early Southeast Asian empires made the same discovery the British would make centuries later—that control of the Strait of Malacca was of both political and economic importance.

The founding of Malacca in the early fifteenth century was important in expanding the role of commerce on the peninsula. Early Malacca had a considerable entrepôt trade and attracted merchants from Arab countries, India, Burma, China, and Thailand. The arrival of Europeans in the sixteenth century—Portuguese, Dutch, and later British—added to the trading groups and the commercial competition in the area.

Developments in the Western world in the seventeenth and eighteenth centuries determined the course of political and commercial events in Southeast Asia. The European industrial revolution created a need for additional sources of raw materials for production and provided expanded markets for finished products. These circumstances focused the attention of Europe on the potential of East and Southeast Asia and strengthened political and commercial rivalries among European nations. Two events in the nineteenth century had further effects: the replacement of sailing ships by steamers necessitated the maintenance of coaling stations along the sea routes, and the opening of the Suez Canal in 1869 intensified European contact with Southeast Asia.

Stable domestic governments in Asia and an understanding among European nations were essential to an uninterrupted flow of raw materials and the use of ports as transfer points for goods. To this end Southeast Asia was divided into spheres of influence by the Europeans. The Malay Peninsula came under British administration and continued so until 1957. The British precedent was largely responsible for the establishment of free trade policies that were not modified until the 1960s.

Malacca and the port areas of Penang and Singapore, both founded by the British, came under British rule in 1824 and were constituted as the Straits Settlements in 1826. Singapore, because of its location and the British policy of free trade, became the major entrepôt of Southeast Asia; Penang was of secondary importance. The establish-

ment of Hong Kong in 1842-diverted much of the China trade from Singapore, and until the 1870s the states of Malaya were an economic backwater touched by international trade only at the Straits Settlements. Within the next sixty years, however, Malaya became one of Great Britain's most prosperous possessions, owing to the development of major mining and agricultural enterprises, notably tin and rubber, in the adjacent Malay territory.

Improved Western technology and the worldwide increase in demand for industrial materials after 1850 changed the pattern of production for export and the marketing methods in the area. Tin had long been produced for export in modest quantities by methods that required only moderate investment (see ch. 14). Production was mainly in the hands of the Chinese. In the early twentieth century, however, new and more productive methods of extraction using a dredge were introduced. These methods, which required higher capital investment and greater technological skill, were responsible for the entrance of large European firms into the production and marketing of tin.

Rubber, which became the major export commodity, was brought into cultivation during the last quarter of the nineteenth century. In the beginning rubber was cultivated with other crops, most frequently coffee, on estates owned by Western firms. With the advent of the automobile age in the early twentieth century, the demand for tires increased the importance of rubber in world trade and brought about changes in the size of enterprises, the amount of capital required, the kind of entrepreneurs, and the methods of marketing.

New rubber estates were larger than those established earlier. Many were publicly owned companies representing European capital, predominantly British, and managed by merchant agency houses established in Singapore. Because of their capital resources, agency houses were able to provide integrated services of management, commodity marketing, shipping arrangements, insurance of cargo, and financing. Estates were also established by a few major rubber manufacturing concerns, and Chinese capitalists also organized rubber enterprises.

Other commodities that became significant in the export trade were produced in different ways by a variety of ethnic groups. Palm oil was produced on estates, most of which were owned by Europeans; only since the 1960s have smallholders been important. The Chinese were prominent in investment and production of tin and rubber. The Malays participated in the rubber industry, mainly as smallholders.

Trade increased rapidly until World War II. The volume of trade almost doubled between 1896—when the Federated Malay States were founded—and 1900, and it continued to increase rapidly until 1905. The rate of increase then slowed until the 1920s, when it again became more pronounced. The volume of trade reached a prewar climax in 1926, when the total trade of the country was M\$619.5 mil-

lion (for value of the Malaysian ringgit—see Glossary). The trade balance remained in Malaysia's favor up to the beginning of World War II, largely because of the development of the tin and later the rubber industries. Tin was the dominant export until 1915, when rubber came to the fore; by 1925 the exports of rubber were valued at nearly four times those of tin. Together these two exports accounted for the major part of the total export trade, a situation that began to change only as a result of the economic diversification policies adopted by the government since independence.

Export of commodities produced by large estates and import of their requirements have mostly been carried on by the agency houses that managed the estates; no intermediaries were necessary. Large British trading firms that were active in Malaya during the nineteenth century—such as the Guthrie Corporation, Sime Darby and Company, and Harrisons and Crosfield—were active in the 1970s and offered comprehensive services, including marketing, shipping, insurance, and estate management. Malay participation in trading activities was minimal until the introduction of the New Economic Policy of the Second Malaysia Plan in 1971. Through such agencies as the National Trading Corporation (Perbadanan Nasional—PERNAS) and the Federal Agriculture Marketing Authority the government has entered areas traditionally dominated by alien groups. In 1975 there were not enough data to determine the effectiveness of government efforts to increase Malay participation. Nevertheless the agency houses were employing Malays to fill the domestic executive corps, restructuring their companies to meet Malay equity requirements, and entering into joint ventures with entities established by Malays.

In the nineteenth century Singapore, a free port under British administration, was a focal point for East-West commerce. Cargo was unloaded, divided, and reshipped to the Malay states and other countries. Commodities were also collected from the Malay area, packaged, and exported to countries in the West. Singapore continued to play a role as an entrepôt in the 1970s, although after independence Malaysian ports increased in importance and a larger share of trade was carried on directly with foreign countries. From 1958 to 1975 the share of imports for the Malay Peninsula passing through Singapore declined; in 1958 about 40 percent of such imports were from or via Singapore, whereas in 1975 the share had dropped to 9 percent. Exports to or via Singapore from the Malay Peninsula dropped from 34 percent in 1958 to 20 percent in 1975.

The two principal ports of Malaysia in 1976 were Port Kelang (formerly Port Swettenham), which served Kuala Lumpur, and Penang, which included Butterworth directly across the harbor on the mainland. Together they handled almost three-quarters of the country's international trade in 1975. Other ports were Malacca on the west coast of Peninsular Malaysia and Dungan on the east coast.

Sabah had two major ports: Sandakan, the shipping center for the timber industry, and Kota Kinabalu, the capital of the state. Principal ports of Sarawak were Kuching and Sibu. Expansion and improvement of port facilities—including wharf construction and the provision of containerization facilities—were major goals of the government in both the first and the second Malaysian development plans.

There were five customs regions in 1975, three in Peninsular Malaysia and one each in Sabah and Sarawak. Since 1969 the customs tariff has been based on the Brussels Tariff Nomenclature (BTN), which was used by most countries in international trade as a basis for classifying commodities. It applied to Peninsular Malaysia, Sabah, and Sarawak and detailed the common Malaysian customs tariff and the international import duties to be levied on imports into each area. For goods made in Malaysia, trade among the three areas was duty free. Non-Malaysian goods that were moved from one area to another were subject to internal import duties.

Import duties were imposed ad valorem on the cost, insurance, and freight (c.i.f.) value of the product; rates ranged from nothing to 100 percent, but in 1975 only a few items were dutiable at over 25 percent. Almost all imports were subject to a surtax of 4 percent on the total c.i.f. value. A free-trade-zone bill passed in 1971 established areas into which goods of any description, unless specifically prohibited by law, could be brought without payment of customs duties. Goods in a free trade zone could be removed for export or for transfer to another free trade zone in the country. In 1973 there were two free trade zones, one each in Penang and Selangor states. Others were either planned or being implemented in the states of Kedah, Negeri Sembilan, Malacca, and Johor (Johore). In 1969 Penang lost its free port status, leaving Singapore as the principal reminder of the peninsula's free trade past.

### Role of Government

The government has played an important role in foreign economic relations through measures taken to attract foreign investment and aid as well as through the promotion and regulation of trade. The government has also been active through membership and participation in international organizations bearing on the conduct of trade. Under the direction of the International Trade Division of the Ministry of Trade and Industry were almost all activities relating to foreign economic relations, the most important of which included export development, international trade relations, and membership in regional economic groups. The Economic Division of the Ministry of Foreign Affairs coordinated the country's participation in international economic activities that had a bearing on the foreign policy of Malaysia and its bilateral and multilateral relations with other countries.



The government has encouraged foreign investment in the economy since independence and for many years promoted the principle of a free enterprise economy. To attract foreign industrial investment, tax incentives were offered to foreign investors for the establishment of desired industries. Industries that offered export potential or qualified for pioneer status were given priority (see ch. 14). In 1975 the fiscal incentives available were those included in the Investment Incentives Act of 1968 and the Investment Incentives Amendment Act of 1971. Repatriation of capital was subject to only minimal control, and only companies that depended entirely on the Malaysian market for sales were required to have majority domestic participation in equity.

A concern that the investment climate was deteriorating was evident among foreign investors and some local entrepreneurs in 1975 after the passage of the Petroleum Development (Amendment) Act and the Industrial Coordination Act (see ch. 14). However, the government held an international seminar in Kuala Lumpur in October 1975 on the subject of investment opportunities in Malaysia, during which it reiterated the importance of foreign investment in the country's past and future. The prime minister, Tun Abdul Razak, recognized the "important role of foreign investment" in the country's development program; and the minister of trade and industry assured conference participants that the country did not "practice any form of discrimination when considering projects, whether they are promoted by local or foreign investors."

Under the auspices of the Export Development Section of the Ministry of Trade and Industry, the government implemented export promotion programs that included participating in trade fairs and exhibitions, sending trade missions abroad, and publishing export promotion literature. The International Trade Division, as overseer of the export sector, was charged with the implementation of measures to secure the most advantageous entry terms for Malaysian products into international markets. To promote trade throughout the world the government in 1966 initiated the establishment of trade missions. By 1974 twenty trade missions had been established. In the United States trade mission offices were located in New York and San Francisco.

The International Trade Relations Section of the ministry represented Malaysia at meetings of such international organizations as the General Agreement on Tariffs and Trade (GATT) and the United Nations Conference on Trade and Development (UNCTAD). Malaysia also participated in the International Rubber Study Group, the International Tin Council (ITC) and, under the auspices of GATT, the Multilateral Trade Negotiations.

The government has repeatedly pressed for improved market access to the European Economic Community (EEC, also known as the Common Market). Representations have been made bilaterally and on a regional basis in collaboration with other member countries of the

Association of Southeast Asian Nations (ASEAN). The ASEAN-Brussels Committee and the Special Coordinating Committee of ASEAN have been set up to coordinate the negotiating positions to be adopted by ASEAN members. In 1974 EEC and ASEAN agreed in principle to setting up a joint ASEAN-EEC study group that would look into possible areas of economic cooperation. Malaysia can expect to benefit from these contacts through the expansion of exports, especially food products.

### Composition of Trade

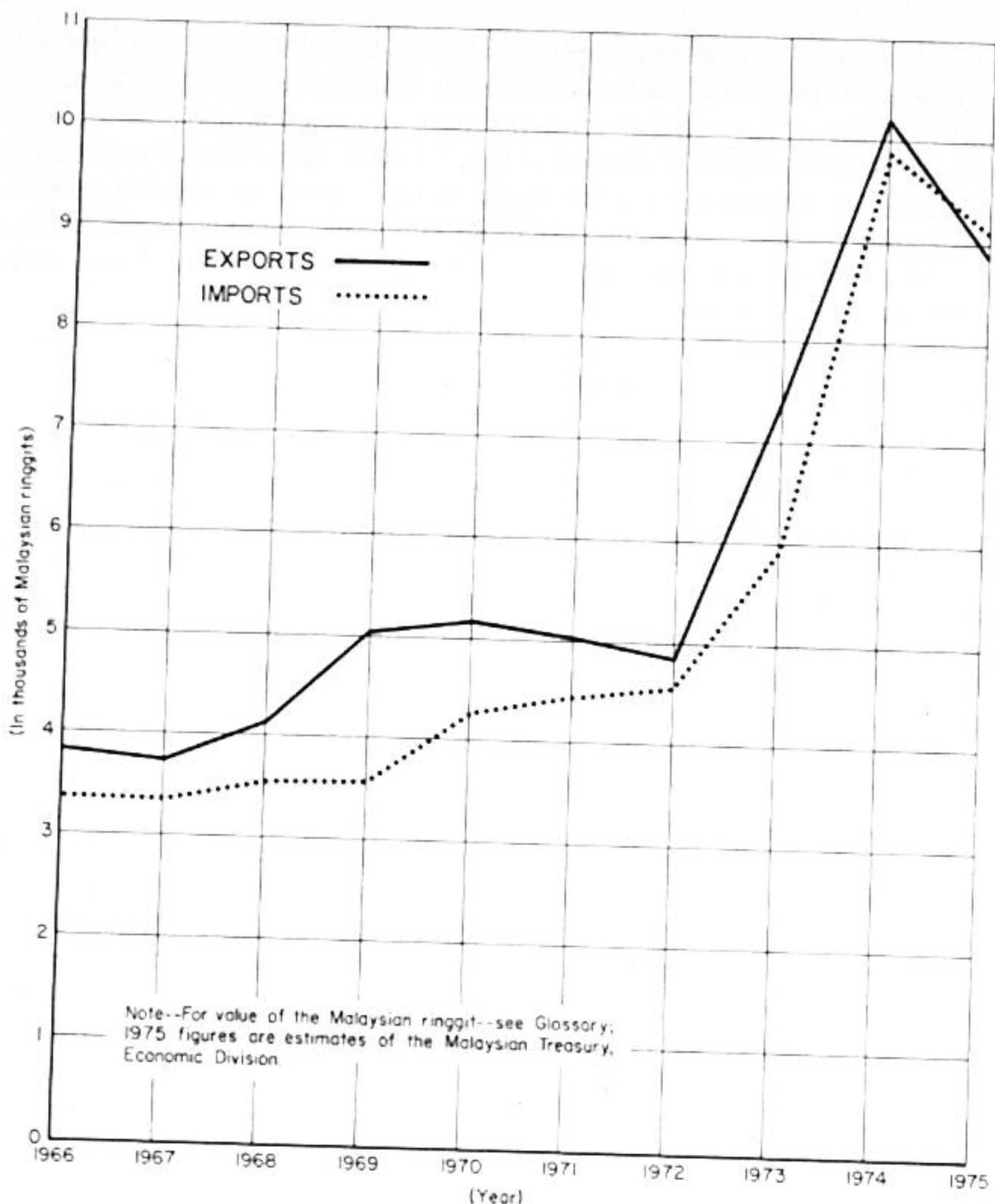
The Malaysian economy was essentially an export economy. The export sector has contributed no less than 40 percent of the gross national product (GNP) of the country in each year since independence, and in 1975 exports contributed about 52 percent. Among developing countries Malaysia was one of the most dependent on export trade; in 1975 it could not insulate itself from the world recession, which caused a sharp decrease in demand for the country's rubber, tin, and lumber.

From 1966 to 1975 Malaysia's annual exports increased from M\$3.8 billion to an estimated M\$8.9 billion. Imports over the same period increased from M\$3.4 billion to M\$9.1 billion. Until 1975 the balance of trade had consistently been in Malaysia's favor, a fact that had enabled the country to build a healthy foreign exchange position, contributing to the essential strength of the economy as a whole. During 1975 the balance of trade showed a deficit for the first time since independence, but the consensus was that there would again be a surplus in 1976 as the economies of the industrial nations recovered from the worldwide recession (see fig. 19).

#### Exports

According to official estimates the value of gross exports in 1975 was M\$8.9 billion a decrease of 13 percent from the 1974 level of M\$10.2 billion. The 1975 decline in the value of exports marked the end of two years of fast growth. Officials predicted that the country's export sector would rebound in 1976 owing to the higher world prices expected to result from the recovery of the economies of Malaysia's major trading partners. At least through mid-1976 these predictions had proved accurate for such key export commodities as rubber and tin.

Diversification has been an overriding aim of economic policy since 1957, and the effort has been successful in the export sector. Comparison of the country's exports at the start of the First Malaysia Plan (1966-70) and the end of the Second Malaysia Plan in 1975 illustrated the diversification of exports (see table 19). Officials of the Bank Negara Malaysia, the country's central bank, believed that the econo-



Source: Based on information from Malaysia, The Treasury, *Economic Report, 1975-76*, Kuala Lumpur, 1975, pp. xii-xiii, xxii-xxiii.

Figure 19. Malaysia, Balance of Trade, 1966-75

my was set for a period of high growth at least through late 1977 and that the thrust for this growth would come from the export sector.

Rubber continued to be the mainstay of the economy and in 1975 contributed 20 percent of the value of total exports. The 1975 rubber export volume of 1.3 million tons continued to make Malaysia the world's largest producer but was the lowest level recorded since 1968. The low demand abroad for rubber resulted in a sharp decline in rubber prices. The price decline was restrained somewhat through the introduction of a government-initiated program that withheld rubber

Table 19. *Malaysia, Exports by Value and Percent of Total Exports, 1966, 1971, and 1975*  
(in millions of Malaysian ringgits)<sup>1</sup>

Commodity	1966		1971		1975 <sup>2</sup>	
	Value	Percent of Total	Value	Percent of Total	Value	Percent of Total
Rubber . . . . .	1,473.9	38	1,460.4	29	1,810	20
Tin and tin in concentrates . . . . .	793.0	21	905.8	18	1,064	12
Sawlogs . . . . .	384.8	10	640.5	13	628	7
Petroleum, crude and partly refined . . . . .	104.2	3	389.9	8	734	8
Palm oil . . . . .	120.0	3	573.4	11	1,399	16
Sawn timber . . . . .	81.5	2	191.7	4	365	4
Manufactured goods . . . . .	366.6	10	511.7	10	1,680	19
Other . . . . .	521.7	13	343.4	7	1,220	14
<b>TOTAL . . . . .</b>	<b>3,845.8</b>	<b>100</b>	<b>5,016.8</b>	<b>100</b>	<b>8,900</b>	<b>100</b>

<sup>1</sup> For value of the Malaysian ringgit—see Glossary.

<sup>2</sup> Estimates prepared by the Malaysian Treasury, Economic Division.

Source: Based on information from Malaysia, *The Treasury, Economic Report, 1975-76*, Kuala Lumpur, 1975, pp. xiv, xvi-xx.

from the world market and resulted in a drop in production. The second half of 1975 witnessed a recovery in rubber prices, and the government estimated that the volume of rubber exported in 1976 would increase by about 11 percent to about 1.5 million tons.

A factor expected to contribute to increases in the price and the export volume of rubber in 1976 was the increase in the production cost of synthetic rubber as a result of the increase in crude oil prices. Despite its optimism the government was still concerned over price fluctuations, which have historically plagued the industry. Although in 1976 rubber was no longer as dominant as in the mid-1960s, when it accounted for about 40 percent of total exports, it continued to be considered a key economic commodity. Fully one-quarter of the country's labor force was in some way dependent on the industry, and a large percentage of the approximately 300,000 rubber smallholders and the 200,000 estate laborers were included in the lowest income groups. Measures initiated to stabilize rubber prices and therefore smallholder incomes included production controls apportioned among members of the Association of Natural Rubber Producing Countries and an international rubber buffer stock similar to the tin buffer stock, created to soften the impact of price changes.

In order to expand rubber exports the government has undertaken measures to develop Kuala Lumpur as an international rubber market—trade missions, a continuous price-reporting system, and a clearinghouse to facilitate the settlement of contracts. The necessary infrastructure in banking, foreign exchange, telecommunications, and port and transport facilities was also being improved.

Palm oil was the foremost performer and the second biggest export earner after rubber in 1975. Palm oil exports, which constituted about 16 percent of total merchandise exports in 1974, were estimated to have increased in 1975 to 1.2 million tons, up about 34 percent over the 1974 figure of 900,000 tons. Export volume was expected to exceed 2 million tons by 1979.

Palm oil prices fluctuated during 1975 but averaged about M\$1,015 per ton, a 36-percent decline from the high level of M\$1,574 attained in 1974. Nevertheless prices were on the upswing during the second half of 1975, mainly as a result of a decrease in the United States stock of soybeans and a continued high demand for fats and oils. Export proceeds in 1975 amounted to about M\$1,399 million, 29 percent higher than the 1974 figure of M\$1,086 million. The increase in export value in 1975 was based primarily on an increase in export volume.

The prospects for Malaysian palm oil seemed good because of increased demand from foreign buyers and expanding domestic refineries. Although export prices were expected to decline slightly in 1976 as a result of stronger competition from other vegetable oils, independent observers predicted that the 1970s would be the decade for palm oil, just as the 1920s and 1930s had been the decades for rubber.

Tin was the fourth-ranking export in 1975, when its value declined by 30 percent because of lower export prices and a lower volume of exports under restrictions imposed by the ITC. Tin prices rebounded after the introduction of export controls and remained at around M\$1,000 per pikul (one pikul equals 133.3 pounds) for the second half of 1975, but the average price for the year was 12 percent lower than in 1974. The government predicted that the average price for tin in 1976 would be about M\$975 per pikul, still considered low. It was expected that, in order to compensate for lower prices, production would increase by 4 percent over 1975 levels to about 80,000 tons.

Under the Fifth International Tin Agreement, concluded in Geneva in June 1975 and set to take effect in July 1976, the tin market was expected to be stabilized through an emphasis on buffer stockpiles. The effectiveness of the agreement was enhanced when the United States, the largest consumer of tin, agreed to sign.

The export value of sawlogs and sawn timber together accounted for 11 percent of total exports in 1975. The 1975 levels represented value deteriorations of 39 percent and 17 percent from 1974 because of the effects of the recession on the construction industry in consumer countries. The low demand for sawlogs in 1974 and 1975 prompted the South East Asia Lumber Producers Association (SEALPA) to impose export quotas for 1975. Malaysia's share of the export quota was 29 percent in 1975. Only loggers from Sabah—which accounted for about 84 percent of total sawlog exports—were subject to these restrictions; the other states were not association members.

The expected recovery in the construction and building sectors of the major timber-importing countries in 1976 was expected to raise both volume and export value. Data available in mid-1976 indicated that the timber industry had made a substantial recovery; timber factories and sawmills were going back to full production.

Inadequate shipping facilities were considered a bottleneck in the development of new markets for sawlog and timber exports. To overcome this problem the Malaysian Timber Industry Board planned to establish a timber freight bureau to coordinate space bookings for Malaysian timber exporters. It was believed that centralizing shipping services would make the country's timber product more competitive in the world market. In addition the board intended to set up a specialized export terminal at Port Kelang to provide facilities for loading timber for shipment.

After impressive gains in the early 1970s, exports of manufactured goods slowed to an increase of only 12 percent in 1975 and accounted for about 19 percent of total exports. This reduction in growth was blamed on the decline in demand due to the recession. Significant declines were recorded in exports of manufactured wood products, iron and steel products, and chemical products. Exports of manufactured textile and rubber products increased. Prospects for exports of

manufactured products beyond 1975 were considered good and were supported by the government policy that encouraged resource-based industries in which the country has a comparative advantage.

The export value of crude and partly refined petroleum increased by about 9 percent in 1975 to M\$734 million, 8 percent of total exports. The 1975 figure reflected an increase in production to 26 million barrels after the country had experienced volume declines in 1972, 1973, and 1974. The export value of petroleum products in 1975 declined by about 20 percent of M\$123 million because of a decline in export volume and the imposition of export controls on kerosine; in 1976, however, these exports were expected to recover in volume and value.

The contribution of minor commodities to total export value in 1975 was about 11 percent of the total. Pepper was the most important contributor. Exports of coconut oil, copra, and bauxite also contributed significant earnings in 1975.

The most important export commodities of Sabah were sawlogs, petroleum, and copra. Sarawak exported petroleum, timber, pepper, and bauxite. Peninsular Malaysia was the source of almost all of the manufactured goods exported, which included food products, beverages, tobacco, chemicals and chemical products, wood products, textiles and clothing, rubber products, footwear, electronic components, and miscellaneous commodities. Peninsular Malaysia contributed all of the tin exports and most of the rubber exports. The bulk of palm oil exports came from Peninsular Malaysia, although Sabah and Sarawak were increasing their shares through development schemes.

### Imports

In 1975 the gross value of imports, including those for processing and reexporting, was about M\$9,100 million in contrast to about M\$9,700 million in 1974 (see table 20). Sluggish domestic demand was responsible for the slowdown in imports in 1975. Nevertheless the decline of 6 percent in imports was not enough to offset the decline in exports, and the country experienced its first trade deficit since independence.

In 1975 the major import categories, in order of value, were machinery and transport equipment; food, beverages, and tobacco; manufactured goods; mineral fuels; and chemicals. The most significant changes in share were the increase in value of machinery and transport equipment, which accounted for 31 percent of import value in 1975 and 24 percent in 1966, and the decline in the share of food, beverages, and tobacco from 25 percent of the total in 1966 to 18 percent in 1975. Peninsular Malaysia accounted for about 79 percent of total imports in 1975.

Consumption goods accounted for about 17 percent of total imports in 1975; food imports constituted the most important items in this cat-

Table 20. Malaysia, Value of Imports by SITC Classification, 1970-75<sup>1</sup>  
(in millions of Malaysian ringgits)<sup>2</sup>

Commodity	1970	1971	1972	1973	1974	1975 <sup>3</sup>
Food, beverages, and tobacco . . . . .	879.6	827.0	890.5	1,176.2	1,678.4	1,630
Crude materials, inedible . . . . .	322.2	266.9	310.3	372.7	538.8	560
Mineral fuels . . . . .	517.6	576.1	368.3	392.8	1,004.3	1,150
Oils and fats . . . . .	23.9	23.1	22.3	26.9	44.1	42
Chemicals . . . . .	312.5	340.9	377.2	526.2	879.1	790
Manufactures classified by material . . . . .	770.2	782.7	847.7	1,250.1	1,871.1	1,580
Machinery and transport equipment . . . . .	1,197.3	1,349.7	1,470.8	1,786.6	3,173.9	2,790
Miscellaneous manufactures <sup>4</sup> . . . . .	204.2	198.8	199.9	330.0	557.9	600
<b>Total Imports . . . . .</b>	<b>4,227.5</b>	<b>4,365.2</b>	<b>4,487.0</b>	<b>5,861.5</b>	<b>9,747.6</b>	<b>9,142</b>

<sup>1</sup> Standard International Trade Classification.

<sup>2</sup> For value of the Malaysian ringgit—see Glossary.

<sup>3</sup> Estimates of the Malaysian Treasury, Economic Division.

<sup>4</sup> Includes furniture, clothing, and footwear.

Source: Based on information from Malaysia, The Treasury, *Economic Report, 1975-76*, Kuala Lumpur, 1975, xxiv-xxv.



egory, but household appliances and automobiles were also important. Imports of investment goods, 32 percent of total imports, registered a 5-percent decline in 1975 after a 71-percent gain in 1974. The imposition of import controls and the slowdown in the construction and building industries led to a substantial decline in the imports of manufactured goods and intermediate goods. The share of imports for reexporting declined from 4 percent of total imports in 1974 to 2 percent in 1975.

With the anticipation of domestic economic recovery in 1976, the 1975 decline in imports was expected to be reversed to meet the demands of increased economic activity. Thus imports for 1976 were expected to increase by about 11 percent. Investment and intermediate goods were expected to benefit the most as domestic manufacturing activity picked up. Imports of consumption goods, however, would probably continue to decline as Malaysian industries became better able to cater to domestic needs that were formerly satisfied by imported goods.

### Direction of Trade

As a source of industrial raw materials and a user of manufactured and processed goods for consumption and investment, Malaysia carried on trade with countries all over the world (see table 21). Because of Malaysia's long-standing political and economic affiliations with Great Britain and its membership in the Commonwealth, the members of which customarily extend tariff preferences to other members, trade with these countries was important through the 1960s. Malaysia, depending heavily on the export sector and espousing free world trade, has gradually phased out preferences accorded to Commonwealth countries, and by June 1972 only a few items were treated preferentially. In 1975 the country's export markets were concentrated in the developed countries of Japan, the United States, the United Kingdom, the EEC, and Singapore—which together accounted for more than 70 percent of Malaysia's gross exports. Japan, the leading supplier of imported goods, accounted for 20 percent of total imports. Other major contributors were the United States, the United Kingdom, Singapore, and the EEC.

#### Japan

Because of a complementarity of production systems by which industrial materials were exchanged for manufactured and semimanufactured commodities, Japan has emerged as Malaysia's major trading partner. Since 1972, however, trade balance between the two countries has been negative for Malaysia; in 1975 exports totaled MSS1,230 million and imports MS1,760 million.

Table 21. *Malaysia, Direction of Trade, 1966, 1971, and 1974*  
(in millions of United States dollars)

Country	Exports		Imports	
	1966	1971	1966	1971
United Kingdom . . . . .	82.3	107.2	156.6	207.0
Singapore . . . . .	309.8	368.2	127.5	110.7
Australia . . . . .	29.2	30.0	58.9	84.2
United States . . . . .	176.7	208.0	50.3	96.7
EEC <sup>1</sup> . . . . .	160.8	299.4	140.6	358.8
Soviet Union . . . . .	81.4	49.8	1.9	3.6
Eastern Europe . . . . .	24.5	18.0	2.6	14.7
Japan . . . . .	273.3	298.6	104.1	283.0
Thailand . . . . .	10.2	25.0	62.0	42.8
PRC <sup>3</sup> . . . . .	1.3	18.2	78.4	66.1
Other . . . . .	107.3	216.6	321.3	177.1
<b>TOTAL . . . . .</b>	<b>1,256.8</b>	<b>1,639.0</b>	<b>1,104.2</b>	<b>1,444.7</b>
				<b>4,156.2</b>

<sup>1</sup> European Economic Community.

<sup>2</sup> The 1974 EEC figures exclude the United Kingdom.

<sup>3</sup> People's Republic of China.

Source: Based on information from *Direction of Trade Annual, 1970-1974*, Washington, 1974; and *Direction of Trade Annual, 1966-1970*, Washington, 1970.

Malaysia's trade with Japan in 1975 reflected the effects of the worldwide recession; imports and exports declined from 1974 levels by 20 percent and 28 percent respectively. Japan was the primary purchaser of Malaysian sawlogs, absorbing 65 percent of total exports, and of crude and partly refined petroleum, accounting for 41 percent. Other significant export commodities to Japan were tin, palm oil, and sawn timber. In return Japan was the source of a wide variety of manufactured goods, including machinery and transport equipment.

#### United States

In both 1974 and 1975 the United States ranked second to Japan as a trading partner. The value of exports exceeded the value of imports, and in 1975 there was a trade surplus of M\$350 million. Rubber and tin continued to be valuable exports, and in 1975 the United States ranked second in the purchase of both these commodities; it was the largest purchaser of palm oil in 1975, absorbing about 27 percent. Imports from the United States included machinery and transport equipment, chemicals, and manufactured goods.

Palm oil exports have had a substantial impact on the American market since 1973, and the United States government was under pressure in 1975 from domestic soybean producers to impose duties or quotas on palm oil to halt its free entry. There were also reports of pressure on the United States government to influence the International Bank for Reconstruction and Development (IBRD, commonly known as the World Bank) and the Asian Development Bank to reconsider their loan commitments to finance Malaysia's oil palm cultivation projects.

Although it was considered unlikely that such pressures would be brought to bear, the issue prompted a United States Department of Agriculture official to comment that international lending agencies should direct their efforts toward helping countries increase food production for internal use and that "extreme caution should be taken when providing assistance for production aimed at export." Because the United States was not bound under GATT to maintain a free or zero import duty on palm oil, there was a possibility that imports would be curbed. Malaysian observers, though concerned, tended to minimize the possibility of import curbs. It was also felt that, if import curbs were imposed, Malaysian palm oil would compete effectively against United States soybean oil in other world markets.

#### ASEAN

In 1975 countries in the Association of Southeast Asian Nations (ASEAN) accounted for 23 percent of Malaysia's exports and 15 percent of its imports. Singapore dominated this trade as both an entre-

pôt and a final market. Historically Singapore was an important destination for rubber exports; it was also a major destination for sawlogs, palm oil, palm kernels, coconut oil, pepper, and canned pineapple. As a source of imports it was a distribution point for commodities from all over the world.

ASEAN was created in 1967 as an economic and social organization, but disparities in the development of the five member nations have retarded economic progress. Economic cooperation among the ASEAN countries was advanced in the 1976 meeting of the heads of government of the member states. Among the agreements reached at the conference were plans to share food and crude oil, join in industrial projects, and cooperate in marketing commodities.

Although the 1976 ASEAN agreements did not create a regional common market, the leaders agreed to set up a preferential system for food and crude oil. In cases of scarcity the producing nations would supply products to their partners, possibly at preferential prices; in cases of oversupply the consumers would keep buying from their ASEAN partners rather than shop in the world market.

#### Other Nations

The Soviet Union ranked as an important purchaser of Malaysian natural rubber and tin but contributed only an insignificant amount of imports. The United Kingdom and the Federal Republic of Germany (West Germany) were important sources of machinery, tools, and manufactured goods. As markets for exports both countries received rubber, tin, and palm oil and kernels. In 1975 the Netherlands emerged as the largest purchaser of Malaysian tin and the third largest purchaser of palm oil.

Australia, a source of meat, meat products, and dairy products, provided a market for rubber, tin, and sawn timber. The People's Republic of China (PRC) was a source of rice imports and an increasingly important market for rubber. Exports of manufactures to the East African countries had increased; trade with the East European countries continued to be insignificant.

#### Trade Agreements

In mid-1976 Malaysia had bilateral trade pacts with Australia, New Zealand, Japan, Egypt, the Republic of Korea (South Korea), Indonesia, the Soviet Union, Yugoslavia, Poland, Bulgaria, Czechoslovakia, Romania, and Hungary. Bilateral trade agreements were being considered with Saudi Arabia, Iran, Iraq, and the Democratic People's Republic of Korea (North Korea).

The primary objective of the trade agreements was to "strengthen, facilitate, and extend" trade relations with the countries concerned. Except for the trade agreements with Australia and New Zealand,

which provided for reciprocal tariff concessions, the agreements provided for mutual most-favored-nation treatment with respect to such trade matters as customs duties, taxes, and rules and formalities affecting exports and imports.

Trade relations with members of the EEC and other Western countries were mostly regulated by multilateral arrangements made through GATT and UNCTAD. Removal of preferences for Commonwealth countries had loosened trade ties with those countries.

## FOREIGN INVESTMENT AND ASSISTANCE

Foreign capital, which had contributed to the development of the country since the nineteenth century, had originally been invested in rubber plantations and tin mines by firms from the United Kingdom. After World War II the sources of private foreign investment diversified in response to a government policy that offered various incentives and promoted a free enterprise economy. The government enacted economic and tax legislation that stimulated private investment in manufacturing and other industries, and it provided infrastructure facilities and incentives to channel resources in the directions most desired under the national development program. By 1974 investment had diversified far beyond agricultural and mining ventures and involved twenty-two countries. Ranked according to the value of paid-up capital in pioneer companies, the most important countries in 1974 were Singapore, the United States, the United Kingdom, Japan, and Hong Kong; together they accounted for about 85 percent of the total paid-up capital investment in pioneer companies of US\$524 million. Total United States investment in 1975, including investment in both pioneer and nonpioneer companies, exceeded US\$460 million. United States capital was invested in fields ranging from oil exploration and timber processing to the manufacture of textiles and sophisticated electronic components.

As a consequence of this substantial investment, the ownership of a large proportion of the corporate sector of the economy was in foreign hands. Government policy since 1971 had been directed at restructuring corporate ownership so that by 1990 foreign ownership would be reduced to 30 percent from a 1970 level of 60 percent. This goal was to be accomplished through a policy aimed at increasing the indigenous ownership share and not through discrimination against foreigners. Nevertheless 1975 witnessed a decrease in the foreign capital inflow, attributed at least in part to the uncertainty surrounding the intent of the Petroleum Development (Amendment) Act and the Industrial Coordination Act, both passed in 1975. The government sought to alleviate foreign apprehension by holding an investment seminar in Kuala Lumpur in 1975 in which top government officials

emphasized that foreign investment was welcome and had a role to play in Malaysian development plans.

Foreign economic aid has been received from a number of sources although, because of Malaysia's relative wealth compared to other developing nations, the country was not a major recipient of aid. In the late 1950s the British government made grants to assist in defraying the cost of the Emergency (see Glossary) and to aid in the development of national defense. Capital assistance was also received from other Commonwealth countries, including Canada, New Zealand, and Australia.

International financial institutions provided most of the economic aid to the country. As of June 30, 1975, the World Bank had approved twenty-nine loans amounting to US\$630 million. The majority of these loans were granted for development projects in electric power, irrigation, telecommunications, education, and agriculture. The Asian Development Bank made its first loan to Malaysia in 1968, and by 1975 the country had received US\$228 million in loans and about US\$670,000 in technical assistance. These loans have been used for electricity production, port projects, highway development, land development, and water supply.

Technical assistance, which included the provision of experts and training, was supplied by several members of the Colombo Plan, of which Malaysia was a member. The Colombo Plan is a technical cooperation group that came into operation in 1951 and included among its members several Asian states as well as the United Kingdom, Australia, New Zealand, Japan, Canada, and the United States. The country has entered into technical and economic cooperation agreements with a number of countries, including Belgium, West Germany, Romania, Bulgaria, Yugoslavia, Poland, the Soviet Union, and the Netherlands.

Malaysia did not qualify for assistance from the United States Agency for International Development because of an American belief that the country was rich and developed enough to do without economic aid. This view was not held by the Malaysians; officials complained that the country found it difficult to borrow in international money markets because interest rates were high and that it needed more money to maintain the pace of development. Some financial assistance was provided by the Export-Import Bank, as well as a number of private United States commercial banks. Additional United States support for the Malaysian development effort was provided through the Peace Corps program, the Public Law 480 (Food for Peace) program, a military assistance program that provided training for Malaysians in the United States, an educational exchange program, and a cultural exchange program.

Development aid from the Middle East became prominent in 1975. Not only was Malaysia a member of the Islamic Development Bank,

but in 1975 the country also signed loan agreements with Saudi Arabia and Kuwait. The Saudi loans were for university expansion and land development; the Kuwaiti loan was for land development. Malaysian-Arab relations were further strengthened in 1975 by the creation of the Arab-Malaysian Development Finance Corporation, the first joint venture between Malaysia and the Middle East.

### DOMESTIC TRADE

In 1975 commercial activity generated a major share of the country's national income. The most important commercial flows—between localized rural markets and urban trade centers—concerned the movement of primary products in exchange for consumer goods. Distribution within the country tended to be handled through middlemen; price increase and, in some areas, shipping delays were common. Producers and consumers in rural areas were connected to local sales outlets by an extensive credit system that in turn linked the local outlets to large firms and distributors. The government has advanced consumer and producer cooperatives as a means of counteracting this credit problem.

Nonindigenous ethnic groups have come to dominate certain aspects of commercial activity in the country. Traditionally Malays have had little interest in participating in commerce. Distribution of goods within the country has thus been in the hands of Chinese, who acted as agents for import-export firms, as shopkeepers in urban areas, and as merchants and moneylenders in rural areas.

The Domestic Trade Division of the Ministry of Trade and Industry was the major government agency that formulated policy and implemented measures to create a sound commercial climate and provide protection for established domestic industries. In protecting local industries the division administered import controls to regulate and channel imports in accordance with domestic needs. It was responsible for price review and supervision and for ensuring that there were sufficient supplies of essential commodities. The Domestic Trade Division was also responsible, in conjunction with other governmental and nongovernmental bodies, for promoting participation by Malays and other indigenous people in trade in line with the objectives of the New Economic Policy.

Wholesale trade was characterized by a small number of large enterprises. Retail trade was characterized by many small establishments, which accounted for the larger share of employment; these tended to be small family businesses, for the most part owned and managed by non-Malays. In corporate commercial enterprises, data for Peninsular Malaysia in 1969 showed that Malay ownership of share capital was less than 1 percent; other Malaysians owned close to 52 percent, and foreign interests owned almost 48 percent. At the

start of the Second Malaysia Plan in 1971 Malay participation remained insignificant in wholesale trade and in banking and finance. Foreigners held the dominant position in wholesale trade and more than half the share capital in banking and finance. Other Malaysians, including Chinese and Indians, accounted for about 40 percent of the share capital in banking and finance and about 25 percent in wholesale trade.

A major feature of commercial activity was the close link between the import-export sector and domestic trade. Large trade concerns engaged simultaneously in import-export trade and in domestic trade as both wholesalers and retailers. A major trading company might represent several hundred foreign suppliers and be involved in the marketing of several thousand products. It might sell to factories and other producing enterprises, to government agencies that owned and operated public facilities, to construction and building companies, and to wholesale and retail outlets. Medium-sized and smaller trading houses, most of them owned by Malaysians, were also highly diversified in the range of products handled. These firms took orders from customers, sold to final users, and engaged in wholesale and retail trade.

Other variations existed in the distribution pattern. Supermarkets and department stores could be found in the larger urban areas, but most retail units were composed of one man or a family peddling on a street or working out of a small stall or shop. Urban shops dealing in one kind of item competed side by side, whereas rural stores were frequently the only source of supply for their area and carried a wide range of items.

The marketing of agricultural products was traditionally in the hands of the large estates and agency houses. Since independence, however, the importance of smallholders as market producers has increased. Surplus rice—the food staple—was usually transferred from farmer to market through a series of middlemen against whom the small farmer was at a financial disadvantage. The government has sought through direct intervention in the market to minimize the role of middlemen. Government marketing policies have included community stockpiling, stabilizing prices through the establishment of minimum rice prices, and licensing and controlling rice mills. The marketing of other major smallholder cash crops, including rubber and palm oil, was increasingly subject to government intervention to insulate smallholders from price fluctuations and thereby stabilize rural incomes.

Rural product distribution was usually handled through retail food markets, many of which were provided by the state or local government. Retailers rented stall space and received supplies of fresh vegetables, fruits, fish, and meats from Chinese wholesalers or local pro-



ducers. Women sold much of the local produce and locally produced handicrafts.

Barter was uncommon, and most transactions involved the exchange of money or credit. In the past the absence of institutional credit had little relevance to Malaysian agriculture; the estate sector was financed largely by foreign capital, and local credit needs were met by the well-developed commercial banking system. The rapid development of rural agriculture since independence saw a decline in the importance of production in the estate sector relative to smallholder production. As a result the demand for rural credit has increased, and the absence of an effective institutional source has constrained rural growth.

The government has actively sought to alleviate the restrictive credit situation in which farm families have to borrow from moneylenders and middlemen at exorbitant interest rates. Institutional credit facilities, state-controlled commodity purchasing centers, and training programs for commercial activities were becoming available through many government-sponsored agencies set up during the first and second Malaysian development periods. Particularly in rural areas, cooperative societies have been formed for consumer purchases, milling of crops, rice storage, rubber curing and sale, transport needs, construction, farm mechanization, and land development. Government measures undertaken to protect consumers have included fiscal and monetary policies to control inflation, price tagging, an antihoarding campaign, and a declaration that the prices of essential goods could not be raised without approval of the Ministry of Trade and Industry (see ch. 13).

## SECTION IV. NATIONAL SECURITY

### CHAPTER 16

#### THE ARMED FORCES

Malaysia's basic defense posture in the mid-1970s was one of depending on its own armed forces for preserving the country's internal security, developing alliances with neighboring countries as needed for border security problems, and attempting to maintain good relations with nations in Southeast Asia while aiming at a guarantee of neutrality for the area from the world's major powers (see ch. 12). Events since the end of World War II have moved Malaysia steadily toward this approach to national security. From 1948 through 1967 the Commonwealth of Nations had supplied a major share of the country's defensive forces. But as early as 1957, when the Federation of Malaya became independent, the country's political leaders realized that the country must eventually be responsible for its own internal security and external defense.

The creation of Malaysia in 1963 gave added thrust to the drive toward creation of armed forces that would be independent of Commonwealth support, but perhaps the most influential factor was the British decision in 1967 to remove most of its forces "east of Suez." Malaysia's perception of its defensive needs was also strongly influenced by the long struggle against communist insurgents from 1948 to 1960 and by the confrontation with Indonesia from 1963 to 1965 (see ch. 17). By early 1976 the only Commonwealth forces remaining in Malaysia were two squadrons from Australia using Mirage aircraft based at Butterworth. Malaysia's own armed forces had increased in strength from about 33,800 in 1968 to about 61,000 in 1975; their primary mission was to preserve the country's internal security.

Malaysia's armed forces in the mid-1970s reflected both the multiracial character of the country's population and the special position of Malays among the country's ethnic groups, particularly in institutions of political and administrative importance. Thus membership in the Royal Malay Regiment (RMR), the largest single unit in the ground forces, continued to be restricted to Malays. All other army units and the entire navy and air force were multiracial. There were no data available on the precise racial composition of the services, but observers estimated that the army was primarily Malay and that the

navy and air force had a disproportionate number of Chinese and Indians. In 1976 the navy was commanded by an Indian.

In the mid-1970s the armed forces were professional and disciplined; they had high morale and excellent relations with the civilian population. The three services appeared fully capable of performing essential internal security tasks, and the government continued to see that they were modernized and in no need of outside support in such tasks. The small armed forces could not, however, repel strong aggressors from outside the country without assistance.

There were no indications of serious ethnic problems in any of the services. The operations of military forces called into action during the 1969 communal disturbances—the first major test of loyalty and responsiveness since the withdrawal of most Commonwealth forces—strongly suggested that the armed forces continued to be regarded and to regard themselves as a national institution serving political leaders whose attention was devoted principally to the dynamics of maintaining ethnic balance (see ch. 11). In this sense the armed forces could be viewed as being above, if not fully immune to, the country's underlying ethnic rivalries.

## **NATIONAL DEFENSE CONCEPT AND ARMED FORCES MISSION**

In the mid-1970s Malaysia's leaders judged that the country's defense could best be provided for by developing armed forces that could ensure its internal security, by cooperating with Indonesia and Thailand on communist insurgent problems, and by retaining for as long as possible its defense arrangements with the United Kingdom, Australia, New Zealand, and Singapore. The Malaysian government also sought to maintain good relations with its neighbors through regional associations.

### **Commonwealth Support**

Realizing that its defense forces were in a formative stage, the newly independent Federation of Malaya signed the Anglo-Malayan Defence Agreement (AMDA) with the United Kingdom in 1957. It provided that the United Kingdom, while assisting in development of the federation's forces, would remain the guarantor of the country's defense. In 1959 Australia and New Zealand, although not signatories of the agreement, formally associated themselves with it. In 1963 Sabah and Sarawak were brought under the provisions of AMDA, which was then retitled the Anglo-Malaysian Defence Agreement.

There were no further developments regarding Malaysia's defense relations with the Commonwealth nations until the United Kingdom's decision in 1967 that as an economy move it would withdraw the bulk

of its forces "east of Suez" by 1971. Malaysia then began to speed up the development of its own forces. In 1971, when AMDA was about to expire, the Malaysian government, expressing a continued requirement for external defense support, negotiated a five-power defense arrangement to take its place. Although no treaty was signed to formalize the new defense agreement, letters were exchanged spelling out the arrangements. The United Kingdom, Australia, and New Zealand were to station forces of modest size, most of them Australian, in Singapore and Malaysia. In the event of an attack on one member, member countries were to hold immediate consultations on measures to be taken. The continuing indivisibility of Malaysia and Singapore for defense purposes was acknowledged. At the time Australian, New Zealand, and United Kingdom (referred to as ANZUK) forces stationed in Malaysia and Singapore consisted of three infantry battalions, about five warships, two submarines, and a supporting contingent of fighters, bombers, helicopters, and reconnaissance aircraft.

By early 1976 almost all Commonwealth forces had pulled out of Malaysia and Singapore. During the 1971-76 period Malaysia's armed forces had made steady progress in assuming responsibility for the defense of the country. The five-power defense arrangement was, however, still in force in 1976, and Malaysia hoped it would continue until the goal of a neutral Southeast Asia could be realized. Joint five-power defense exercises were still being held in 1976.

### **Regional Military Cooperation**

Malaysia's efforts at cooperation with Indonesia and Thailand on border problems involving communist insurgents had yielded mixed results. In general the Malaysian-Indonesian efforts had been effective; communist forces in Sarawak had been reduced to a fraction of their strength in the 1960s. The insurgents operating in the Thailand-Malaysia border area, however, had consistently maintained a strength of about 2,000.

Indonesian-Malaysian cooperation on anticommunist operations began in 1973 and consisted of joint patrols aimed at preventing infiltration of either country as well as piracy and smuggling. Cooperation between the two countries was intensified in late 1975. Under agreements reached at that time joint operations were no longer confined to border areas; there were to be training and intelligence exchanges and efforts to achieve arms compatibility.

Thai-Malaysian cooperation on the insurgent problem began in 1965 but has been hampered by long-standing border issues. Thais regard the presence of Malay Muslims in southern Thailand with apprehension, fearing an irredentist movement in the area; Malaysians have been concerned that Thai troops are unwilling to mount an offensive

against the Communists, many of whom are based on the Thai side of the border. Other difficulties were illustrated by a reported incident in April 1976 in which it was alleged that Malaysian air force planes strafed and bombed insurgents inside Thailand. This was regarded by the Thais as a violation of the "hot pursuit" agreement whereby only ground troops of one country could pursue the enemy to a distance of five miles into the other country. As a result of the April incident, in June 1976 the Thai government asked Malaysia to withdraw some 400 Malaysian security personnel based on the Thai side of the border (see ch. 12).

The maintenance of good relations with other nations in Southeast Asia was also a keystone of Malaysia's defense policy in the mid-1970s, and toward that end Malaysia vigorously promoted the goals of the Association of Southeast Asian Nations (ASEAN) (see ch. 12). The Malaysian leaders saw ASEAN not as a military grouping but as a forum that would ensure continued good relations among the member nations and that could evolve into a regional grouping similar to the European Economic Community.

### Armed Forces Mission

The government of Malaysia has given the armed forces the overall mission of defending the country against external aggression, securing the lines of communication between and within its territories, and assisting in ensuring the maintenance of authority by the elected government. In practice the armed forces have been engaged almost entirely in internal security operations.

In mid-1976 Malaysia's armed services were actively engaged in countering small but active armed communist units on the Thai-Malaysian border and in Sarawak. Royal Malaysian Army forces cooperated with paramilitary elements of the police in ground operations against the Communists in Peninsular Malaysia and were responsible for almost all operations against insurgents in Sarawak. The Royal Malaysian Navy (RMN), cooperating with Indonesian naval forces, conducted counterinsurgency operations in the Strait of Malacca. Royal Malaysian Air Force (RMAF) participation in counterinsurgency operations has been principally in troop transportation; however, in 1974 the air force made the first air strikes against the insurgents since the end of the Emergency (see Glossary) in 1960.

In addition to security functions each Malaysian military service was also under orders to assist the civilian population. The navy, for example, could be used at sea in search and rescue operations or for evacuation of areas threatened by flood; the air force could be used in evacuation measures after disasters; and the army performed such tasks as building roads and bridges in remote areas. Military, police, and civilian officials worked closely together at the district level on

security matters; each district had a security committee that included a district officer and senior military police officers of the district.

### National Defense Decisionmaking

Command of the armed forces is vested by the Constitution in the supreme head of the federation (*yang di-pertuan agong*) (see ch. 10). All activities of the defense establishment are carried out under his authority. The Constitution further specifies that all officers hold the supreme head's commission and that he has the prerogative of granting mercy in military offenses triable by court-martial. The power to declare war, however, rests with the Parliament. Thus the armed forces are servants of both the supreme head and the people, the latter exercising control through elected representatives in Parliament, which determines the size and composition of the services and appropriations needed to support them.

In practice control of the armed forces was in early 1976 exercised by the National Security Council (NSC), which had the responsibility for coordinating the country's defense and security efforts. The NSC was created in 1971 as a successor to the National Operations Council, which had run the country after the 1969 riots. Proceedings of the NSC were not made public; meetings, chaired by the prime minister and attended by selected cabinet ministers, were usually held monthly. Attending the meetings as representatives for security matters were the chief of the armed forces staff and the inspector general of police.

The Ministry of Defense was the headquarters of the defense establishment but was subject to the decisions and directions of the NSC. The minister chaired the Armed Forces Council, which was responsible for administrative, command, and disciplinary matters related to the armed forces. One member of the Armed Forces Council represented the rulers and was appointed by the Conference of Rulers (see ch. 10). Other members included the chief of the armed forces staff; the secretary for defense; senior staff officers of the armed forces representing each service; and at times two additional members, either military or civilian. The Armed Forces Council did not make decisions regarding armed forces operations; such decisions were made by the NSC. Responsibility for giving the Ministry of Defense and the NSC professional advice on strategy and operations and on the military implications of defense policy rested with the Chief of the Armed Forces Staff Committee. It included the Chief of the armed forces staff as chairman; the army, navy, and air force chiefs of staff; the chief of logistics; and the chief of the personnel staff.

# ARMED FORCES AND MALAYSIAN SOCIETY

## Background and Role

Early inhabitants of present-day Malaysia were grouped in several small, isolated states on the peninsula and in tribal groupings in Borneo that had little intercourse with one another. Some temporary cohesion, if not actual unity of the region, was established by the ancient empires of Sri Vijaya, Majapahit, and Malacca. These dominated the area for varying periods of its history and reduce the small states to vassalage. They also provided some formal military experience through the conscription of subjugated peoples into the conquering armies. Such service, however, was looked on as a burden imposed by an intruder rather than as a duty or responsibility.

Even after the last of these empires fell in the fifteenth century, one development tended to reinforce traditional local dependence on small, irregular forces: the Strait of Malacca and the South China Sea became strategic world trade routes plied by ships carrying great wealth. Because the small states in Malaya and Borneo bordered the sea, they found it profitable to develop ports at river mouths from which to prey on shipping and exact tolls. Small scale guerrilla warfare and piracy bred warriors and local chieftains who could hold a small band together as long as they were undefeated but could not produce large or disciplined forces united for aggression or defense. Such was the situation when the Europeans arrived.

Superior European naval strength soon dominated the area, but piracy and internal bickering continued. Orderly development and trade in the region were seriously impaired. Even though the British had sent increasing numbers of their armed forces to be stationed in the Malay Peninsula, it was not until 1805 that they were able to impose a peace that resulted in dissolution of the private armies. The almost universal practice of wearing the kris, a serpentine dagger that had traditionally been associated with the Malay warrior, was prohibited by law. It remained, however, a symbol of military virtue, typically representing individual rather than national or organizational accomplishment. Until independence in 1957 the British retained all responsibility for defense of the areas of Malaya and northern Borneo; there was therefore little or no incentive for young men to join the services as a matter of national pride. The British did succeed in creating armed forces that owed their loyalty to a service rather than to regional rulers.

The British also created a unit that generated a degree of pride based on race, if not nationhood. For many years they had recruited native Malays into their colonial forces; in 1932 the British formed the unit that later became the RMR. It was not until 1952 that Chinese and Indians were permitted to join other, multiracial units

formed by the government. The multiracial nature of the ground forces—and the armed forces in general—tended to become more pronounced as these forces grew. The growth of the ground forces was most rapid after 1968, when the British decided to remove most of their forces “east of Suez.” The severe communal rioting in 1969 and the renewal of insurgency also brought about an acceleration of the planned expansion of the ground forces (see ch. 17).

By the mid-1970s the military services were professional groups. They did not directly participate or intrude in the political or economic life of the country in the manner of military establishments of several neighboring countries. Nor did they have a history of involvement in political matters, and in early 1976 no major military figure evidenced national political ambitions. Only a major national crisis, such as the communal riots of 1969, might force the military into actions that could involve them in matters verging on the political. In 1969, for example, Malay troops of the RMR were sent to the most sensitive areas of conflict. Some observers commented that the Malay troops were more sympathetic to the Malay than to the Chinese point of view during the riots. On balance, however, the RMR performed its duties at that time professionally and with no apparent bias. There has been no occasion since 1969 when troops have had to be summoned to quell disturbances, and there was no evidence in mid-1976 to indicate that the armed forces would do other than perform their duties as required and without prejudice.

Because the armed services had no recruitment problems—they were in fact able to choose the best from among those applying for openings—the quality of both officers and enlisted personnel in all three services was high. Morale was also high, as was reflected in the pride servicemen took in their units. Malaysian newspapers regularly featured stories and photographs of unit formations saluting outgoing or incoming commanders, and the sports pages reported the exploits of various military units on the soccer fields. The civilian population appeared proud of the national military service, and relations between the armed forces and civilians seemed excellent.

### **The Military and the Economy**

According to the 1970 census Malaysia's population was 10,439,430. Of this number about 20 percent were males between the ages of fifteen and forty-five. Basic military manpower came from this group, although increasing numbers of women were working in administrative jobs in all reserve elements of the armed forces. Comparable data were not available on the ethnic composition of males or females in this age-group; presumably such data would reflect the general composition of the Malaysian population, which in 1970 was about 49 percent Malay, about 34 percent Chinese, and the rest Indian, Pakis-



tani, or other. Even if such data were available, however, it would not reflect the actual ethnic composition of the armed forces in the mid-1970s.

In early 1976 Malaysia had no trouble maintaining a volunteer armed force. Most recruits were Malay males between the ages of eighteen and twenty-five, for whom military service was a particularly desirable career because of the pay and perquisites. Nevertheless the situation did not present a drain on manpower available for the civilian labor force because of the small size of the armed forces and high unemployment and underemployment rates (see ch. 2). In the long run the predominance of young Malays in the military service will probably benefit the country because it provides them with badly needed technical skills.

If the ability of any nation to mobilize its strength in time of war is less a matter of manpower than one of facilities, equipment, and finance to support augmented forces, then Malaysia's mobilization potential in the mid-1970s was not great. The navy and air force were small and had no ships or aircraft in reserve; thus these services could not be increased much beyond their regular active-duty strength. The army could call on the Local Defense Corps and the Territorial Army; the sizable paramilitary forces of the police could also be used as ground force personnel (see ch. 17). Malaysia would be hard pressed, however, to arm and pay additional forces and to provide them with training areas and facilities. With facilities available in 1976 full, unaided mobilization strength for all three services of about 100,000 could probably be reached in about one year.

In 1976 almost all personnel on duty in the three services were volunteers; doctors and dentists were conscripted to serve for one year. A system of general conscription was available for use if needed. In 1952 the National Security Ordinance had been passed, which called for conscription to meet personnel needs during the Emergency but, except for the requirement for registration, it was not used until much later. As of mid-1976 there had been only one call-up: in 1964 a class of 14,000 was inducted as a temporary precautionary measure during the confrontation with Indonesia. Even then most of the class was assigned to civil defense organizations, and only about 3,000 entered the regular forces.

The National Security Ordinance had not been repealed as of mid-1976. It requires all male citizens from twenty-one to twenty-eight years of age to register for possible induction into one of the services, the police, or a civil defense organization for tours of duty of up to two years. Very few are exempt from liability. Among those excused are senior government employees, members of the police, religious officials, the mentally disordered, and the physically handicapped; but even individuals in these groups must apply for formal exemption cer-

tificates. When extreme hardship is thought to be involved, individuals can have their obligation to serve postponed temporarily.

Financial support for the armed forces comes out of the annual national budget's appropriations for the Ministry of Defense. In 1974 estimated defense expenditures were more than M\$1.0 billion (for value of the Malaysian ringgit—see Glossary), or about 4.8 percent of the gross national product (GNP—see Glossary). Between 1968 and 1974 defense expenditures ranged from a low of 3.6 percent of the GNP in 1969 to a high of 6.8 percent in 1972. Expenditures for defense and security generally averaged close to 20 percent of the total budget in the first half of the 1970s; the estimated budget for 1976 called for defense expenditures alone of about M\$1.3 billion, or about 14 percent of the total budget.

One of the government's main objectives has been to achieve a degree of logistical self-sufficiency. Toward that end it created in 1970 the Supply Division and the Defense Procurement Division within the Ministry of Defense to coordinate procurement and production activities for all services. The Supply Division, which has separate sections dealing with technical and nontechnical items, is responsible for procurement of equipment and stores, including rations; it is also responsible for maintenance and repair services required by the armed forces. The defense procurement division is charged with seeing that the armed forces receive needed equipment expeditiously, encouraging local production of needed materials and services, upgrading the technical know-how of the armed forces, and planning defense production projects.

Malaysia has made modest but steady gains in its efforts to be more independent by producing its own equipment, goods, and services. After the completion of the Hong Leong-Lurssen Shipyard at Butterworth in 1971, the RMN could for the first time do routine maintenance work on its ships at a Malaysian shipyard; when finished in 1980, the naval base at Lumut will provide full maintenance and repair facilities. In 1972 Malaysia's first munitions factory, Sharik Explosives Malaysia, opened; it had an initial production capacity of 20 million rounds of ammunition per year. A small-arms assembly plant was built in 1973. Plans were in hand to establish an aircraft overhaul depot.

Supporting the efforts of the supply and defense procurement divisions was the Defense Research Center. The center tested equipment and carried out operational research and development projects for the armed forces. It comprised four main technical divisions: the Technical Secretariat, Information and Specification Division; the Laboratory Division; the Inspection and Proof Division, small arms ammunition; and the Research and Analysis Division.

In early 1976 Malaysia was still dependent on outside sources for most items required by the armed services. Light items, such as

clothing and foodstuffs, could be obtained locally; arms and other heavy items were purchased abroad. The Defense Research Center was making progress in such matters as developing repair and maintenance policies and solving inventory and stores problems.

## STATUS AND DEVELOPMENT OF THE ARMED FORCES

### Ground Forces

#### Status in 1976

The army in early 1976 was essentially a light infantry force of about 51,000 men. Headquarters were in Kuala Lumpur; combat and support units included twenty-four infantry battalions, three artillery regiments, three reconnaissance regiments, one special service (commando) regiment, and three signals regiments. The units were organized into eight brigades for operations; for administrative convenience the army was also organized into two divisions. Headquarters of the 1st Division was in Kuching, Sarawak; headquarters of the 2nd Division was at Sungai Besi, Peninsular Malaysia. Vehicles included armored cars, scout cars, and personnel carriers. Arms included 105-mm howitzers, 40-mm antiaircraft guns, 4.2-inch mortars, and 120-mm recoilless rifles. The government hoped to make the M-16 its basic infantryman's weapon.

Malaysian ground forces also included the general service corps, which handled clerical pay and educational, legal, and public relations services; the military police; the service corps; the ordnance corps; the electrical and mechanical engineers; the medical and dental corps; and the intelligence corps.

The army did not have a regular reserve, that is, a force consisting of retired officers, servicemen retained as reserves to complete their enlistments, and servicemen transferred to the reserves on completion of full-term service. It did have the Territorial Army, which was a volunteer force, and the Local Defense Corps, the equivalent of a militia, which for all practical purposes was a reserve force. Members of these reserves engaged in part-time training and could be called up in time of emergency. The primary difference between the volunteer force and the Local Defense Corps was that the former could be used in offensive operations whereas the latter usually performed such duties as guarding local roads or bridges. In early 1976 the volunteer force had a strength of about 26,000; no figures were available on the Local Defense Corps, but presumably it was at least as large as the volunteer force.

#### Historical Development

In 1932 the British selected twenty-five young Malays for special training as the basis of a completely Malay unit; the number was later

increased to about 125 men, the size of a company. After a year of training and evaluation the experiment was declared a success, and further recruiting brought the company to battalion strength. This was the first unit of what was to become the RMR. When the extension of World War II to eastern Asia became apparent, additional companies were created to form a second battalion. Both units assisted in resisting the Japanese invasion of the Malay Peninsula. After the Japanese victory in 1942 the Malay battalions were scattered; some elements joined the British-supported guerrilla units known as Force 136.

After the war the British authorities recalled members of the Malay battalions who had survived the jungle fighting and reactivated the two battalions. In 1948 the peninsula was thrown into disorder by communist terrorists; a twelve-year period known as the Emergency began (see ch. 17). The Malay Regiment, as it came to be called, was heavily committed in the campaign against the Communists, and in 1948 a third Malay battalion was created; by 1962 there were eight. Meanwhile the supreme head had authorized the prefix *Royal* to be added to the official title of the regiment. By early 1976 the RMR had thirteen battalions.

The government began forming the first non-Malay ground units in 1952 when the threat posed by communist terrorists in the jungles was at its height and additional forces were needed. A new unit, the Federation Regiment, was formed to accommodate Chinese and Indians who volunteered for military service. Recruitment for the new organization was carried out according to a theoretical balance among ethnic groups; the unit was to be 50 percent Chinese, 25 percent Malays, and 25 percent Indians and Eurasians.

Attempts to adhere to the ratios proved impractical. Many Malays applied, but qualified Chinese, particularly those suitable for commissions, were slow in responding. Nevertheless the battalion's rolls were filled, and a second unit was added to the Federation Regiment in 1957. Despite difficulties in recruiting Chinese, Indians, and other ethnic groups, the government decided that a light armored force, also multiracial, should be added to support infantry units. One squadron, called the Federation Armored Car Regiment, was activated in 1952. In 1957 this squadron was expanded to regimental size; its road patrols played an important role during the Emergency.

The Federation Regiment and the Federation Armored Car Regiment operated as separate units until 1960, when they were amalgamated and renamed the Federation Reconnaissance Corps. When Malaysia was formed in 1963, the corps underwent a final name change, substituting the designation *Malaysian* for *Federation* in its official title. No fundamental changes in the Malaysian Reconnaissance Corps (MRC) had taken place by 1976; the multiracial character of its units remained unchanged. In 1975 there were three regiments in the MRC.

The Malaysian Rangers became an integral part of the regular Malaysian army in 1963. These units were an outgrowth of the Sarawak Rangers, expert jungle fighters created originally in 1862 by Sir James Brooke as an independent force to aid in pacifying tribal chieftains. Later they were incorporated into the Sarawak Constabulary (see ch. 17).

In 1952 the colonial government, which lacked jungle trackers and believed that only the Iban (Sea Dayak) of Sarawak possessed appropriate qualities for the task, appealed to that protectorate for help in locating communist strongholds in the jungles of Malaya. Sarawak responded by establishing a permanent organization of Iban volunteers called the Sarawak Rangers. The group was sent to Malaya, where its performance was much acclaimed and the group received many decorations and awards.

After the Emergency the rangers returned to Sarawak, where they were incorporated into the British army as a colonial force available for worldwide service. When Sarawak became part of Malaysia in 1963, the Sarawak Rangers were detached from the British forces, incorporated into the Malaysian army, and renamed the Malaysian Rangers. With British help the rangers began to expand into a multiracial force. The first battalion was raised in Sarawak and made up of Iban from the Sarawak Rangers. The cadre of the second battalion was provided by the RMR and the MRC, but most of its personnel came from Sabah. The third and fourth battalions were created in 1965 and in 1966; both were recruited on a Malaysia-wide basis. By mid-1976 there were eight ranger battalions.

The Territorial Army, the equivalent of the army reserve, goes back to a system of home guards, local forces created during the Emergency to protect kampongs and New Villages (see Glossary) from terrorist attacks. Recruitment among civilian inhabitants of the areas that the Home Guards defended was authorized, and the organization grew to a strength of about 300,000 before the Emergency subsided.

Once the immediate threat had passed, the Home Guards began to disband. The government decided, however, to put the experienced manpower of the Home Guards to use. In 1959 remaining Home Guards elements were grouped into infantry battalions and support units and renamed the Territorial Army, which was divided at that time into two elements: an assault section, which supported the regular army, performed the same functions as the regular army, and could be used anywhere in the country, and a section called the Local Defense Corps, units of which usually remained in their home areas and performed such duties as guarding bridges.

## Navy

The Royal Malaysian Navy (RMN) came into being as a volunteer force to augment British naval forces during World War II. Most of its personnel served aboard ships of the British Royal Navy in India, Ceylon, and East Africa. This volunteer force was demobilized after the war but was reactivated in 1948 as an indigenous Malayan naval force under British command and control. It served in the area as a colonial defense unit until the Federation of Malaya became independent in 1957; at that time administration and operations were transferred to the new government, although the naval force continued to be based and headquartered at the British naval base at Woodlands, Singapore. When Malaysia was formed, the naval forces became the RMN. In 1970 the Malaysian government began building a base for its navy at Lumut, Peninsular Malaysia; it was scheduled for completion in about 1980. By 1975 the RMN was completely run by Malaysians and, although the main naval base was still located at Woodlands, RMN headquarters was in Kuala Lumpur.

In early 1976 the navy was the smallest of the three forces, having a personnel strength of about 4,800. The RMN was primarily a patrol force of about seventy vessels; it included a frigate equipped with surface-to-air missiles, two squadrons of fast patrol boats equipped with short-range surface-to-surface missiles, and armor-plated riverine craft expressly designed for use in guerrilla warfare. The navy also had hydrographic survey ships, as it was the national unit charged with making these surveys. The first fast patrol boats built in Malaysia for the navy were commissioned in March 1976; an additional thirty were on order.

The Lumut base when completed will have a dockyard, maintenance and repair facilities, and a shop for sophisticated equipment. Bases at Sibul and Kuantan were scheduled for completion in 1976 or 1977.

As in the army, there was in 1976 no regular reserve. There was, however, the Naval Volunteer Reserve, which was in effect a reserve force. Its size in early 1976 was about 450, and like the army reserve it was open to women. An indication of the attractiveness to young people of the naval reserve can be seen in recruitment statistics published in early 1976: for sixty openings there had been over 1,000 applications.

## Air Force

The Royal Malaysian Air Force (RMAF) is the youngest of the nation's armed forces. It was created in 1958 as the Royal Malayan Air Force with personnel who had been serving with the British Royal Air Force as flight personnel or with the Royal Air Force Regiment (Ma-

laya) in guard and maintenance units. The RMAF took over the former British air base at Kuala Lumpur, which still served as its headquarters in 1976. Plans were under way in 1976 to build a new base in Kuala Lumpur to house the expanding force. Other RMAF bases were at Kuching, Alor Setar, Kuantan, and Butterworth.

Like the other forces the RMAF substituted *Malaysian* for *Malayan* in its official title in 1963. As an independent national force the RMAF recruited all Malaysians regardless of ethnic background. Although there were no data in early 1976 on the ethnic composition of the air force, most observers agreed that it attracted Chinese, particularly as pilots.

The air force had a personnel strength in early 1976 of about 5,300. Its inventory of about 200 aircraft included twenty jet fighters, a large number of transport aircraft, and at least forty-six helicopters; the most advanced aircraft in the air force was the F-5 fighter. The air force also had on order six C-130 transports. The RMAF was organized into squadrons based on the type and mission of the aircraft involved.

Two Australian squadrons of Mirage fighter-bombers were based at Butterworth as of early 1976, but they were not used in operations against local insurgents. The RMAF was planning to take over full responsibility for Malaysia's air defense, possibly by the end of 1976. No data were available in mid-1976 on the size of the RMAF's volunteer reserve, which was open to both men and women, but it was probably less than 250.

## RECRUITMENT AND TRAINING

In 1976 personnel on duty in all three armed forces, with the exception of the RMR, were recruited from the society at large without regard to ethnic origin. Applicants for all services had to be between the ages of eighteen and twenty-five, physically fit, and at least five feet two inches tall and to have completed the equivalent of an eighth-grade education.

Although promotion from the ranks was possible in all three services, entry to the commissioned ranks was through cadetship in one of the service academies. All cadets took basic training at Port Dickson. For army cadets it was followed by either a two-year regular service course or two one-year courses at the Royal Military College at Sungai Besi. For naval cadets there was a three-year follow-up course at the Singapore base, including a year of training at sea. After basic training air force cadets attended a six-month course at the Royal Military College, then received special training at either the School of Flying at Alor Setar, the Helicopter School at Kuala Lumpur, or the School of Aircraft Training at Kinrara. Candidates for officer training had to meet the same basic requirements as recruits

but were also given extensive tests to determine their suitability as officers.

Formal training installations were still somewhat limited in early 1976, but the country was making steady progress in providing much of the training required for its forces. Existing training installations were well organized and closely supervised, and courses were conducted and attended with enthusiasm. Each of the services had facilities for training its personnel, but much advanced technical and specialist training was taken at facilities of Commonwealth forces in the United Kingdom, Australia, New Zealand, or India, and since 1965 in service schools in the United States. Senior officers might be selected for training at the Joint Services Staff College in the United Kingdom or Australia, and more senior officers might attend the Royal College of Defence Studies in London.

The Armed Forces Staff College in Kuala Lumpur offered its first one-year course in 1971; a new complex in Kuala Lumpur for the college was in the planning stage in 1976. Forty officers attended the Armed Forces Staff College class that began in January 1976; eight were from other countries, including for the first time an African.

Construction on a special warfare center, which will include underwater and airborne schools, was begun near Malacca in 1973; it was scheduled for completion in 1976. Some of the facilities of the center were in use by early 1976, and all graduates of the Royal Military College, beginning with the 1976 class, will be required to undergo basic commando training at the center.

Virtually all of the combat experience of the ground forces has been in jungle warfare, a kind of conflict in which Malaysians are recognized as among the most skillful in the world. These skills do not derive from a natural acquaintance with the jungle, although the jungle is generally familiar to most people in Malaysia. The soldiers' skills are acquired through training and experience. Only the Iban of Sarawak are jungle experts because densely forested and mountainous areas form their natural habitat. It was their methods that were developed into formalized tactics by the original Sarawak Rangers and later incorporated into the general training regime for all ground forces. Skills developed in training are further honed by experience; each army battalion usually spends about seven months of the year in the jungle.

The services were particularly proud of advances in pilot training. The government estimated in early 1976 that 95 percent of pilot training could be given at installations within the country. Only helicopter instructors had to be trained abroad.

High on the list of training priorities was that of giving youths the opportunity to continue their education and possibly prepare themselves for service in the military. Toward this end the RMC maintained a boys' wing, in which selected students completed their sec-



ondary education. Some graduates went on to obtain commissions; others dropped out of the college to join the armed forces. To advance the technical capabilities of Malays, the Ministry of Defense administered the Armed Forces Technical Apprentice Training School at Port Dickson. The school, which admitted Malays only, gave a three-year course; only males who were under the age of sixteen and had a lower certificate of education (equivalent to having an elementary school education) were admitted.

Reserve training was making advances equivalent to those of the regular services. Women in the army reserves were being given signal training; some had participated in signal exercises under field conditions. Women in the navy were receiving training in firearms, signals techniques, and navy tradition.

### RANK, PAY, AND CONDITIONS OF SERVICE

Until mid-1974 the armed forces used the British grade and rank structure from recruit through general and flag rank. Beginning in June 1974, however, most navy and air force officer ranks were changed to conform to those of the army. General and flag ranks remained unchanged (see table 22). Rank insignia were not changed.

Most uniforms are essentially the same as those in the British forces. The most distinctive uniform in the Malaysian services belongs to the officers and men of the RMR. Dress uniform for enlisted men of that unit is a white tunic, white trousers, black shoes, a dark green knee-length sarong, and a black Muslim cap to which the regimental badge is affixed. For officers, dress uniform includes a white tunic, black trousers with a gold stripe, a black sash worn around the waist, black shoes, and a black Muslim cap with a gold stripe.

In 1976 the pay system was the same for the three services and consisted of a base value for each grade and certain allowances. The entire schedule is revised periodically to reflect economic conditions and is correlated with general civil service salaries and wages as well as with previous military pay schedules. Armed forces pay therefore

*Table 22. Malaysia, Armed Forces Ranks, 1976*

Old Navy Rank	Old Air Force Rank	New Rank
Captain . . . . .	Group Captain	Colonel (navy or air)
Commander . . . . .	Wing Commander	Lieutenant Colonel (navy or air)
Lieutenant Commander . . . . .	Squadron Leader	Major (navy or air)
Lieutenant . . . . .	Flight Lieutenant	Captain (navy or air)
Sublieutenant . . . . .	Flying Officer	Lieutenant (navy or air)
Midshipman . . . . .	Pilot Officer	Second Lieutenant (navy or air)

was as good as pay available in the civilian sector or better. In early 1976 the government was pondering the need for another revision, the last having been made in 1972.

Provision is made for pay increases within grade by automatic augmentations of the base pay; these usually occur at two-year intervals. In addition to base pay each serviceman is entitled to a uniform allowance, a rental allowance if government quarters are not furnished—on a scale according to rank—and a housing allowance for his family if he is separated from them. Officers who occupy government quarters are required to pay the government a modest sum, according to rank. Other allowances include special pay for army commandos, navy divers, and air force pilots.

Usual retirement for enlisted men is after twenty-one years of service. For officers of the rank of captain and below the mandatory retirement age is forty-five; for major and lieutenant colonel, fifty; and for colonel and above, fifty-five. Optional retirement can be taken by officers five years before the mandatory retirement age.

Retirement pay is based on a percentage of base pay dependent on the number of years of service: 50 percent of base pay on completion of thirty-three years and four months of service. For fewer years of service a different formula has been developed to determine retirement pay. Provisions are made for widows of retirees, and pensions are also provided for widows of servicemen who die while on active duty.

The Veterans Affairs Division was established in 1971 within the Ministry of Defense to assist ex-servicemen and those preparing to retire. For veterans the division offered assistance in obtaining employment; other benefits included allocation of places in land development programs and preference when applying for transport licenses. For servicemen nearing retirement it offered to sponsor training in technical, vocational, agricultural, or commercial subjects at approved training facilities or on the job.

Medical and dental facilities for the Malaysian armed forces were limited in 1976, but as in other areas steady progress was being made. The armed forces medical and dental corps administered two hospitals and maintained smaller units throughout the country. One hospital was sufficiently advanced to give basic courses in aviation medicine.

Careful attention was paid to religious and other food requirements of all troops. Specific food demands of Malays, Chinese, and Indians were satisfied whenever possible.

Malaysians are enthusiastic about sports, and the military system recognizes their value for troop morale. Soccer, track and field sports, and cricket are popular. Motion pictures are one of the favorite forms of entertainment; all established military posts have motion

picture theaters, and mobile units regularly visit troops who are away from their home stations.

Federal orders, decorations, and medals were first established in 1958. Their order of precedence changes periodically. Orders and awards of the federation always take precedence over those of the individual states. Foreign decorations or awards may be worn.

In 1974 the highest federal award was the Supreme Gallantry Award, given to men or women for supreme acts of courage or sacrifice in time of peace or war. The second highest award was the Royal and Family Orders. This award had only one grade and was restricted to the supreme head. Next in order came the Most Exalted Order of the Crown; it had only one grade, and membership was restricted to thirty individuals, fifteen of whom could be foreigners.

Next in order of precedence came five classes of Orders of Chivalry with varying numbers of grades in each class. Depending on the level of the award he received, a Malaysian might be permitted to use the honorific term *Tun*, *Tan Sri*, or *Datuk* before his name. Awards were made to men and women who had rendered meritorious service to Malaysia. Medals to the Orders of Chivalry, also awarded for meritorious service to Malaysia, were next in precedence, followed by the Gallantry Award, given to all ranks for heroism in the face of the enemy.

Other medals awarded included one for long service in the armed forces, good conduct awards for members of the volunteer armed forces and police, and the long service and good conduct awards for regular members of the police. Mention in dispatch awards could be given to members of the armed forces or police for acts of gallantry deserving recognition but not sufficient to merit a decoration.

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A useful exposition of Malaysia's national defense posture is contained in Robert L. Rau's "Major Issues in the Security Policies of Indonesia, Malaysia, and Singapore." Frequent statements by Malaysia's governmental leaders bearing on the subject are found in issues of the *Malaysian Digest*, published by the Malaysian Ministry of Foreign Affairs. The background to and substantive parts of the Five-Power Agreement can be found in Sevinc Carlson's *Malaysia: Search for National Unity and Economic Growth*; details of the ANZUK forces are given in a 1974 article in the *Asian Defence Journal*. Efforts to develop an order of battle for Malaysian forces begin with the International Institute of Strategic Studies' *Military Balance, 1975-1976*. Additional data supporting and elaborating on that in the *Military Balance, 1975-1976* are found in SIPRI publications and in such periodicals as the *Asia Research Bulletin* and the *Foreign Broadcast Information Service* and in two Malaysian newspapers: *Straits Echo*, published in Penang, and the *Malay Mail*, published in Kuala

Lumpur. Helpful data on organization of forces can also be found in the official Malaysia yearbooks, from 1971 through 1974. The *Federation of Malaya, Official Yearbook, 1962*, is particularly good on historical background and development of sources. (For further information see Bibliography.)

## CHAPTER 17

### PUBLIC ORDER AND INTERNAL SECURITY

Since 1948 Malaysia has been subjected to various forms of internal disorder that have disrupted the social, economic, and political life of the country. None of these disruptions, however, was serious enough to prevent the formation and continuation of a stable, independent government, although extraordinary measures provided for in the Constitution have had to be employed to ensure this stability.

Perhaps the most significant challenge to the government came during the period from 1948 to 1960, referred to as the Emergency (see Glossary), when communist insurgents waged a full-scale guerrilla war that was won by government forces only after the application of military and police controls and the thorough integration of the military and civilian administrations into a united defense effort.

A second serious threat began with the creation of Malaysia in 1963. The newly formed government was forced to cope not only with a small but determined communist force remaining in the jungles but also with an armed confrontation with Indonesia and diplomatic problems with the Philippines (see ch. 12). Indonesian aggression against Malaysia continued until Indonesian President Sukarno's "confrontation policy" was abandoned by a military government that assumed power in Indonesia in 1966. During the confrontation Malaysia depended on the military support of the United Kingdom, Australia, and New Zealand to oppose Indonesian incursions into Sabah and Sarawak. Although never creating a military problem for Malaysia, the Philippines initially opposed on the basis of a territorial claim the inclusion of parts of northern Borneo in Malaysia. The claim was not settled, but it was in effect withdrawn in the interests of regional cooperation.

As is true of virtually every aspect of national life, the matter of public order is affected by relations among the three principal ethnic groups—Malays, Chinese, and Indians. The potential for instability arising from ethnic tensions is present and recognized by the country's political leaders. Ethnic tensions emerged as a major threat to the government's stability in 1969 when severe communal rioting followed national elections in May (see ch. 3). The government declared an emergency and moved rapidly and effectively to restore order. Some constitutional guarantees were suspended, and the National

Operations Council (NOC) was given power to rule by decree. The emergency ended in 1971 when Parliament was reconvened. Laws enacted under the NOC, however, had not been rescinded, and in 1975, when the small, fragmented communist organization began to increase its use of terrorist and armed guerrilla tactics, the government used regulations passed in 1969 to take extraordinary actions to contain the new communist activity.

The government also took swift action in response to particularly violent antigovernment student demonstrations in late 1974 in Kuala Lumpur, Penang, and Ipoh. A 1975 amendment to the Universities and University Colleges Act of 1971 sharply circumscribed political activities of university students.

Despite these challenges public order and internal security remained under generally strong control. The police were a national agency, subject to federal policy, administration, and operational control. They were well organized and adequately trained and were receiving continuing attention in long-range government planning. When needed the armed forces also played a role in maintaining order. Action against internal subversive and other disruptive elements was so effective that essential services operated without serious interruption. The government was confident in early 1976 that, barring large-scale attack by external forces, public order and internal security could continue to be maintained throughout the nation.

## **FACTORS AFFECTING PUBLIC ORDER AND STABILITY**

Virtually all Malaysia's problems affecting the maintenance of order and the stability of the government in the mid-1970s had a direct or indirect ethnic association. Ethnic divisions complicated the more characteristic problems facing developing countries: rapid population growth, industrialization, urbanization, and the increasing expectations of young people as they became better educated. Even the problem of the communist insurgency, to which Malaysian security forces were devoting much of their time and effort, had ethnic implications because the greatest number of insurgents were Chinese.

In many ways the insurgent problem was the easiest of Malaysia's security problems to deal with. The Communists were a relatively small, determined group that operated largely in jungles far from populated areas. In addition, because of its largely Chinese membership and because its propaganda themes were mostly broadcast in Mandarin from the People's Republic of China (PRC), the appeal of the Malayan Communist Party to Malays was minimal. Although the Communists had established a Muslim group in an effort to appeal to the Malays, it was reportedly a facade with little or no membership or appeal. Similarly the Communists' appeal to the Chinese was not making much headway in the mid-1970s.

To deal with the communist insurgency the government not only kept up steady military pressure on the remaining communist forces and used police work to ferret out sympathizers but also retained tough laws to be used expeditiously and selectively. In addition the government sought to draw the population into the fight against subversives by creating community self-help programs and people's volunteer corps.

Much more difficult for the government to handle was the matter of ethnic relations. This required careful and constant watchfulness by leaders of the Malay, Chinese, and Indian communities. The May 1969 communal violence was the most dramatic illustration of racial tensions erupting with little warning. Although the government effectively reimposed order after the riots, the leaders of the major ethnic factions also recognized a need to address political, social, and economic problems brought to the fore by the rioting (see ch. 11; ch. 13).

Primary responsibility for maintaining internal order was vested in the Royal Malaysian Police (RMP), except for various paramilitary assignments of the armed forces (see ch. 16). The Special Branch of the RMP was the unit responsible for control of the communist movement, terrorism, and subversive organizations; the Criminal Investigation Division (CID) was responsible for controlling crime; the Police Field Force (PFF) engaged in paramilitary operations against communist terrorists; and the Federal Reserve Units (FRU) were an anti-riot force.

### **The Communist Threat**

There was in early 1976 no single, monolithic communist party in Malaysia. The Malayan Communist Party, which operated in Peninsular Malaysia, was split into three factions as a result of differences within the party leadership. The Communists in Sarawak, who had no known link with any faction of the party, lost much of their military strength in 1973 when one of their leaders and most of his armed supporters surrendered to Malaysian authorities. The only factor uniting the disparate communist groups was a desire to dissolve the Federation of Malaysia. There was no evidence that the groups were receiving material support from outside Malaysia, although a radio station called Voice of the Malayan Revolution (VMR) was broadcasting from inside the PRC in support of the main faction of the Malayan Communist Party.

The Malaysian government was confident it could contain the communist insurgencies; officials viewed the situation in the mid-1970s as much less severe than the Emergency. Nonetheless, because the Communists retained the capability to perpetrate isolated acts of violence, particularly in urban areas, the government in 1975 issued

emergency national security regulations and planned to increase Malaysia's police force by 60 percent by about 1980.

#### Malayan Communist Party

Communism as an organized force came to Malaysia in the early 1920s, emerging in a pattern that has characterized the party ever since. Early organizing attempts by British and Indonesian branches of the international movement were unsuccessful because their agents could not establish rapport with the local population. Chinese agents, however, gained entrance to the Chinese community and played on the strong emotional attachment most Chinese had for the land of their origin and on animosities they felt toward the Malays. Communism thus began as, and has remained, a predominantly Chinese phenomenon.

During the first several years of its existence the Malayan Communist Party was occupied with recruiting and extending its organization and followed policies of penetration, infiltration, propaganda, and the creation of popular fronts. Although no mass support developed, the party was able to establish itself in the Chinese community, create a few fronts and communist youth leagues, place some teachers in Chinese schools, and gain influence in labor organizations. Despite moderate success in these operations, the Malayan Communist Party before World War II was not a decisive force and at most constituted only an occasional threat.

The outbreak of World War II and the invasion of the peninsula by Japanese forces provided the Communists with an opportunity to improve their position. During the Japanese occupation the Communists led the resistance movement, their military arm being the Malayan People's Anti-Japanese Army (MPAJA). Although the Communists offered no threat to the Japanese, they did have considerable nuisance value. Efforts by allied forces to support the underground in Malaysia enabled the Communists to acquire a stock of arms and matériel, which they kept hidden in the jungle.

At the end of the war MPAJA was the only armed body in existence in Malaysia; by not acting quickly before the British returned some weeks after the end of hostilities, the Malayan Communist Party may have missed its chance to take over the government of the country. When the British did return, they suppressed the party and forced it to revert to such tactics as infiltrating labor unions. In 1948, probably as the result of a decision made by high echelons of the communist party outside Malaysia, the Malayan Communist Party under its leader Chin Peng began to work toward overthrowing the government by force. Taking to the jungles, the party used arms and matériel cached during World War II. This marked the beginning of the Emergency.



The revolt got off to an auspicious start, largely because the government's security forces were not yet organized or strong enough to contain the terrorists. The British, however, brought in strong military reinforcements, civilian vigilante corps were created to protect vital installations, a state of emergency was declared, and extraordinary powers were granted federal and local authorities to deal with the unrest. Gradually the situation was stabilized.

Once these administrative measures were in operation, the government launched a two-pronged attack designed to isolate the communist terrorists from the people and to dry up their sources of supply and intelligence. Residents from communist-dominated sections were resettled in a series of New Villages in areas away from the jungle. These settlements were completely enclosed in barbed wire, provided with permanent military garrisons, and patrolled on a twenty-four-hour basis to regulate all ingress and egress. This not only provided immunity from communist extortion and reestablished a measure of confidence in the government but also, by granting the settlements considerable autonomy in government, blunted communist propaganda about British exploitation of the people. More important, it supported the second countermeasure by forcing the terrorists to emerge from their jungle hideouts in search of new sources of food, supplies, and intelligence, thereby risking capture or annihilation.

Governmental actions proved effective, and by 1960 they had forced Chin Peng and a small, armed group to take refuge in the jungles across the Thai-Malaysian border. In 1960 the Emergency was declared ended.

After Chin Peng's retreat subsequent disruptive efforts by the Malayan Communist Party posed no serious threat to the country's internal security; moreover the general strategy of the party at that time appeared to be to rebuild its support structure. In 1968, however, VMR, broadcasting from the PRC, announced that the party had decided to follow the path of revolutionary violence. Because of personality conflicts and ideological disputes, including differences over strategy, serious dissent arose among party leaders.

In February 1970 the party's Eighth Regiment, about 200 armed men in the Perlis-Kedah border area, broke away from the party's main body and established the Malayan Communist Party—Revolutionary Faction (MCP-RF). A second breakaway group calling itself the Malayan Communist Party—Marxist-Leninist (MCP-ML) announced its creation in October 1974; the latter group consisted of elements of the Twelfth Regiment, which in early 1976 was operating in northern Perak, although how many of the regiment's estimated 800 men the MCP-ML included was not known. Most of the Twelfth Regiment appeared to have remained loyal to Chin Peng. Also remaining with Chin Peng were the Tenth Regiment of some 500 men, most of them Malays, operating in Kelantan and Terengganu, and the

Fifth Regiment with about 150 men, operating in Perak south of the Twelfth Regiment. Other, smaller units were run from Chin Peng's headquarters.

Much less was known in early 1976 about the underground political arm of the Communists in Malaysia, the Malayan National Liberation Front. Available estimates were that it may have had 800 cadres in the mid-1970s and perhaps four times that number of supporters and sympathizers. The Malayan Communist Party considered Singapore part of Malaysia, and about 100 of the party's political activists may have been in Singapore. The Malaysian government in 1974, after two years of investigative work by the Special Branch, arrested virtually all major liberation front cadres in Kuala Lumpur and Selangor.

Any effects the internal split and government counterinsurgency efforts may have on the Malayan Communist Party were still not clear by early 1976. In early 1976 the number of armed Communists near the Thai-Malaysian border was estimated to be about 2,000, almost all of them based in Thailand.

In 1974 elements of at least two factions of the Malayan Communist Party began to step up their use of guerrilla tactics and terrorism in Peninsular Malaysia; some actions occurred in the heart of Kuala Lumpur. In one dramatic incident in May 1974 the Communists blew up millions of dollars' worth of construction equipment being used to build a highway between the northern states of Kelantan and Perak. In August 1975 in Kuala Lumpur a huge metal statue commemorating the victory of the government in 1960 was destroyed. In September 1975 grenades were thrown at a PFF platoon assembling for a morning parade in Kuala Lumpur; two officers died, and fifty-one were wounded.

The government reacted to the increased aggressiveness in communist tactics by promulgating in 1975 the Essential (Security Cases) Regulations, which brought about changes in judicial procedures in cases involving national security (see Criminal Law and Procedures, this ch.). Additional measures were also taken to involve the Malaysian population in the fight against the Communists.

A community self-reliance program was begun in September 1975 that required tenant registration and patrolling of neighborhoods by citizens carrying sticks, whistles, and flashlights; all men between the ages of eighteen and fifty-five were required to participate in the patrolling, which occurred between 1:00 A.M. and 5:00 A.M. The government planned to have the program operating countrywide by the end of 1976. A public relations program initiated by the government emphasized that in addition to its security function the self-reliance program had a civic action aspect; citizens were to get to know their neighbors and help them when needed. In March 1976 the government announced formation of a national committee of a people's volunteer corps and planned to follow it up with district and village committees.

Volunteers for this program were to be given training, and some were to be armed. Also in March the prime minister assigned two ministers without portfolio to visit problem areas from time to time and report their findings after discussions with local leaders.

#### Communist Organization in Sarawak

Although the government's response in 1975 and early 1976 to the communist threat applied to Sabah and Sarawak as well as Peninsular Malaysia, the threat in the Borneo states by early 1976 was negligible. There had been little or no communist activity in Sabah, and the Sarawak Communist Organization became more of an annoyance than a problem in October 1973 after the surrender of Bong Kee Chok, one of the organization's leaders, to government forces. Well over half of his 700-man force surrendered with him.

Communism was introduced to Sarawak by Chinese immigrants in the 1930s but did not make any substantial advances until after 1949, when the Communists benefited from the prestige generated by the communist takeover of mainland China. The Communists found support among Chinese students and port workers. By 1963 the Sarawak Communist Organization was able to mount a serious challenge to Sarawak's incorporation into Malaysia. The government of Sarawak reacted quickly: some communist leaders were detained; others, including Bong, were deported.

Indonesia's policy of confrontation gave the organization a chance to rebuild, and Bong returned to Sarawak by way of Indonesia. Small units of young people from Sarawak crossed the border to Kalimantan (Indonesian Borneo), where they received Indonesian training. The units easily slipped across the border and engaged in raids and terrorism in Sarawak.

The threat to Sarawak did not lessen until 1966, when the Indonesian military government that had assumed power from President Sukarno ended the confrontation. Sarawak Communist Organization leaders were forced to flee to the jungles on the Indonesian-Malaysian border, and by 1972 Malaysian and Indonesian security forces were operating jointly along the Kalimantan-Sarawak border and maintaining effective pressure on the Communists. The Sarawak Communists, calling themselves the North Kalimantan Communist Party, survived the cutoff of Indonesian assistance.

In 1972 there were an estimated 700 armed members, almost all of them in Sarawak's Third Division, opposed by some 6,000 government troops; by September 1973 there were an estimated 1,200 guerrillas opposed by government forces numbering some 13,000. When Bong negotiated surrender terms of virtual amnesty in 1973, he brought with him almost 500 armed men. By 1976 the communist organization in Sarawak had not recovered from this loss; nevertheless

the government maintained 10,000 troops there to counter the remaining poorly armed Communists.

Until 1970 the Communists in Sarawak had planned to use the Sarawak United People's Party, a Chinese party, as their front organization, having heavily infiltrated student and labor elements that supported it. In 1970, however, moderate elements in the Sarawak United People's Party forced out leftist elements and joined the ruling alliance in Sarawak.

### Communal and Social Issues

Although the several communist organizations in Malaysia were the only ones calling for complete change of the structure of the federation, there were two other potential sources of instability: ethnic relations and university students. Political matters of any moment in Malaysia have to do with communal questions, especially the expectations or fears associated with the rights of ethnic communities as set forth in the Constitution (see ch. 10; ch. 11). The causes of tension and potential violence are very complex. They include political, social, and economic relations within each ethnic community; competition between communities; and simply an insistent expression of ethnic pride and identity (see ch. 4). These factors lie below the surface of everyday life and have occasionally contributed to racial outbreaks or disturbances, which have led to a high priority on an alert and effective police force.

Communal rioting followed the May general elections in 1969. Although details on specific events triggering the rioting were still not clear in 1976, the riots were certainly fanned by long-standing communal tensions. Generally opposition parties, particularly those with Chinese membership, had made significant gains in the elections. Some of the Chinese celebrating the elections may have gone into Malay areas of Kuala Lumpur. Elements of the United Malays National Organization (UMNO), the ruling national alliance, organized counterdemonstrations, which moved into Chinese sectors. Racial insults were exchanged, and rioting ensued. Before the security forces, consisting of both police and army units, could restore order, there were, according to official statistics, 196 deaths, the overwhelming majority of them Chinese.

On May 15, two days after the elections, a state of emergency was declared, and the NOC was set up as an instrument of government (see ch. 10). For almost two years Parliament did not meet. When it did, it amended the Constitution to prevent public discussion of basic ethnic matters covered by the Constitution. The 1971 constitutional amendment and related amendments of the Sedition Act make it a crime of sedition to discuss parts of the Constitution referring to the rights or privileges relating to citizenship, national language and use

of other languages for nonofficial purposes, and the status of Malay rulers and of Malay privileges.

Perhaps the thorniest problem facing the government in early 1976 was that of controlling the disruptive actions of university students. The government did not anticipate the violence of the student reactions in December 1974 to what the students felt were government injustices, including corruption at various levels and neglect of the rural poor. Although there had been earlier student demonstrations, those in December were particularly violent, and the government reacted by suppressing student activities. In later demonstrations involving such matters as the length of male students' hair and of female students' dresses the government took an equally firm approach.

Student activities had posed no real problem for the Malaysian government until the events of December 1974, when violent student demonstrations broke out after the arrest of three student leaders who had protested the deaths of three people in Baling, allegedly from starvation. Order was restored by the police. On rather slim evidence the government blamed the violence on "Communists and other anti-national elements," and in early 1976 some of the more than 1,000 students arrested were still being detained; the exact number was not known, but it was probably small. Those released were not allowed to be active in student affairs other than athletics or to take part in political activities.

In April 1975 Parliament passed a bill amending the Universities and University Colleges Act of 1971. The amendments restricted student political activity, made collection of funds difficult, made student officials criminally responsible for actions of the group, and dissolved existing student groups.

Later in 1975 actions of Malaysian students abroad, most of whom were Chinese, resulted in additional government regulations aimed at keeping close watch over them. In October 1975, when the prime minister, Tun Abdul Razak, visited Australia and New Zealand, he encountered demonstrations by students, some of them Malaysians. The government responded in mid-October 1975 by announcing that students going abroad would be investigated and those returning would be detained if their activities warranted such an action.

As of early 1976 the government had shown less flexibility in dealing with the university students as a relatively unfamiliar internal security problem than with the more familiar problems of ethnic relations and the communist threat. The students in early 1976 did not pose a threat to the government's stability, but their possible susceptibility to influence by one of the communist factions would probably be carefully monitored by government authorities, as would relations among the major ethnic groups within the student body.

## Incidence of Crime

In 1976 available statistics on the incidence of crime in Malaysia covered ordinary crimes of a serious nature only, and none related to emergencies proclaimed by the government. The data, which covered the 1963-72 period for Peninsular Malaysia, the 1963-74 period for Sabah, and the 1960-74 period for Sarawak, suggested that, with the exception of the number of reported robberies in Sarawak, there were no discernible upward or downward trends in reported crimes (see table 23; table 24; table 25). Robbery was the most frequently reported serious crime. Sarawak was the only area to show a general rise in the numbers of crimes reported during the 1963-74 period.

Table 23. *Malaysia, Incidence of Serious Crime, Peninsular Malaysia, 1963-72*

Year	Murder	Attempted Murder	Gang Robbery	Other Robbery
1963 .....	116	41	203	910
1964 .....	164	37	208	1,077
1965 .....	135	32	191	1,027
1966 .....	127	31	265	1,307
1967 .....	167	46	301	1,876
1968 .....	161	64	284	1,977
1969 .....	318	60	138	1,353
1970 .....	133	44	66	805
1971 .....	154	34	78	884
1972 .....	127	42	164	1,404

Source: Based on information from *Malaysia 1974: Official Year Book, XIV*, Kuala Lumpur, 1975, pp. 491-492.

## POLICE

The Ministry of Home Affairs is responsible for police activities throughout the nation. These responsibilities are carried out in accordance with the Police Act of 1963, which unified into a single service the separate police forces of the states of the former Federation of Malaya and those of Sabah and Sarawak and established the RMP.

### Historical Development

From their earliest days the police forces have had a marked paramilitary aspect. Fifteenth-century accounts of life in the peninsula describe a feudal society in which the ruler of a particular area was supreme and the next most powerful figures were the *bendahara* (chief minister) and the *temenggong*, who was in charge of the armed

Table 24. Malaysia, Incidence of Serious Crime, Sarawak, 1960-74

Year	Murder and Manslaughter	Attempted Murder and Attempted Suicide	Robbery
1960 . . . . .	9	19	1,353
1961 . . . . .	28	8	1,333
1962 . . . . .	23	3	1,658
1963 . . . . .	17	9	1,724
1964 . . . . .	14	15	1,961
1965 . . . . .	22	22	2,008
1966 . . . . .	15	16	1,819
1967 . . . . .	16	26	2,191
1968 . . . . .	19	28	2,075
1969 . . . . .	19	33	1,914
1970 . . . . .	32	32	2,309
1971 . . . . .	59	31	2,541
1972 . . . . .	58	49	2,688
1973 . . . . .	37	20	2,565
1974 . . . . .	31	37	2,718

Source: Based on information from *Malaysia 1974: Official Year Book*, XIV, Kuala Lumpur, 1975, pp. 491-492.

Table 25. Malaysia, Incidence of Serious Crime, Sabah, 1963-74

Year	Murder	Attempted Murder	Gang Robbery*
1963 . . . . .	28	9	36
1964 . . . . .	31	11	28
1965 . . . . .	20	11	9
1966 . . . . .	16	29	11
1967 . . . . .	14	18	12
1968 . . . . .	16	21	6
1969 . . . . .	18	28	10
1970 . . . . .	15	41	10
1971 . . . . .	14	40	12
1972 . . . . .	20	4	23
1973 . . . . .	14	17	20
1974 . . . . .	12	7	28

\*No data on robberies other than gang robberies were available for Sabah.

Source: Based on information from *Malaysia 1974: Official Year Book*, XIV, Kuala Lumpur, 1975, pp. 491-492.

forces and police. The duties of the *temenggong* included arresting criminals, building prisons, and carrying out executions; a police force under the *temenggong* patrolled city streets at night. Control of outlying areas was in the hands of the *penghulu* (village headman), who was the link between the peasant and the local ruler.

When the Portuguese conquered Malacca in 1511, they generally left this established system untouched; local government and justice remained in the hands of native officials, and the *penghulu* retained his essential role. Portuguese residents of Malacca were, however, subject to Portuguese law. Neither the Dutch nor the British in the first years of their hegemony over the peninsula made any significant changes in the forces of law and order. The *penghulu*, with the village police, was the main instrument of rural government. To keep order in the towns the British used Indians, especially Sikhs, as reserve forces.

The modern Malaysian police force dates from 1806, when the British formed a police force in Penang. In 1824 a similar unit was established in Malacca. The Perak Armed Police was established in 1867, followed by similar organizations in Negeri Sembilan, Selangor, and Pahang. These forces operated separately until 1896, when the British amalgamated them into the Federated Malay States Police. These police units were trained by noncommissioned officers of the British Army.

Events in the latter part of the nineteenth century and early part of the twentieth century in present-day Peninsular Malaysia also dictated the development of the police along paramilitary lines. During that period the peninsula was a land of almost continuous disorder punctuated by insurrections and rebellions in various states. Many local territorial chiefs employed armed retainers, who often terrorized the countryside (see ch. 3). The problem of maintaining public order, therefore, consisted largely of dispatching armed patrols along the trails and paths between towns and settlements.

By 1920 all states in the peninsula had police forces. Increased immigration by Chinese and Indians in the early twentieth century brought new problems, including those associated with increased urbanization. Law Enforcement agencies had to cope with urban criminal gangs as well as with banditry and terrorism in outlying areas and particularly with the problem of suppressing the Chinese secret societies responsible for these new forms of crime. As a result the police, while retaining a strong paramilitary capability, began to develop larger and more sophisticated facilities for criminal investigation, detection, and apprehension; for example, a fingerprint registry was established in 1904.

When the Japanese occupied Malaysia in 1942, they used the Malaysian police to support Japanese operations against MPAJA guerrillas and their suspected supporters. With the surrender of the Japanese in 1945 the organization and operations of the police were disrupted, and much of the police force itself was no longer trusted by the people. The British found on their return that there was a need for extensive investigation and retraining of the entire force. In 1946 the police forces of the Federated Malay States Police and the inde-



pendent forces of the other states were integrated into the Malay Union Police, renamed the Federation of Malaya Police in 1948.

During the prolonged Emergency from 1948 to 1960, when public order was massively threatened by the depredations of communist terrorists, police forces in Peninsular Malaysia quadrupled; they were given greater authority under centralized state control and directed to increase attention to recruiting, training, and equipping police personnel. The police were required not only to fight the communist terrorists as a paramilitary adjunct to regular armed forces but also to develop a role in gathering specialized intelligence.

Law enforcement in Sarawak before the arrival of the first White Raja in 1841 was rudimentary and dealt largely with tax collection (see ch. 3). People living in outlying areas were not subject to any significant central control. Under the White Rajas a police force initially took the form of troops led by the raja himself; subsequently a separate group was formed to perform more conventional duties in the towns. In 1932 these two elements were merged to form the small Sarawak Constabulary. When the last of the White Rajas ceded Sarawak to the British in 1946, the British made a major effort to improve the quality and efficiency of these forces instead of merely reorganizing them. The emphasis within the Sarawak Constabulary had been on paramilitary training and procedures; the British put increasing emphasis on regular police work. The British organized the Sarawak Constabulary into the Regular Police with responsibility for civil police duties, the Field Force to patrol the jungle and rural areas, and the Special Force to deal with investigation and control of subversion. In Sabah the British created an organization similar to that in Sarawak after Sabah was ceded by the British North Borneo Company in 1946.

The amalgamation of Sabah, Sarawak, and the Federation of Malaya into Malaysia in 1963 was the occasion for developing final plans to unify their separate police organizations into a single national police force to be called the Royal Malaysian Police (RMP). The name change was authorized, the constabularies of Sabah and Sarawak were subordinated to federal authority for policy and supervision, and the RMP in essentially its 1976 form was established.

The Malaysian budget for 1976 called for expenditures for the police of about M\$406 million (for value of the Malaysian ringgit—see Glossary). This was about 5 percent of the overall budget, roughly the same percentage as for the preceding three years.

### Organization and Strength

The total strength of the RMP was estimated at about 42,000 in early 1976. In late 1975 the government announced that the police force would be expanded by 27,000 over the next four or five years. There

were in addition about 20,000 volunteers who assisted with security tasks when needed. The geographic distribution of these forces could not be determined with any great degree of certainty, but most were in Peninsular Malaysia.

Ultimate control of the RMP was vested in the Ministry of Home Affairs, but the administration, coordination, and direction of all police activities were delegated to the inspector general of police, who exercised his authority through police headquarters in Kuala Lumpur. RMP headquarters was organized on a directorate basis to carry out the missions of maintaining law and order, preserving the peace and security of Malaysia, preventing and detecting crime, apprehending and prosecuting offenders, and collecting security intelligence.

RMP headquarters consisted of the office of the inspector general and four staff departments: Internal Security and Public Order, CID, Special Branch, and Management. Deputy directors oversaw the operations of the staff departments. The police commissioners of Sabah and Sarawak and the chief police officers of each state in Peninsular Malaysia were responsible for day-to-day command and administration of the police.

The major operating elements of the RMP were the Police Field Force (PFF), the Federal Reserve Units (FRU), the CID, the Special Branch, and the Marine Police. Other police units performed support or conventional police tasks, such as directing traffic and ensuring the maintenance of communications. The RMP also had a women's contingent, which had as its principal function dealing with crimes and problems related to women and young children. The police also maintained various kinds of volunteer units, the largest of which was the People's Volunteer Reserve, whose functions were to supplement the regular force, particularly in time of national emergency. In late 1975 the government was planning to reorganize the PFF to emphasize unconventional tactics, to increase the size of the Special Branch, and to obtain modern weapons and facilities for the police.

#### **Police Field Force**

The PFF, trained and equipped along military lines, had an estimated strength of 15,000 in 1975 and was primarily used in operations against insurgents in the jungles. The PFF also served as a reserve force in the event of civil disorder. Its seventeen battalions were organized into the north, central, southeast, and east brigades. Although there were PFF units in Sabah and Sarawak, most were committed against communist insurgents in northern Peninsular Malaysia. Units were supplied with scout cars equipped with machine guns and radios.

#### **Federal Reserve Units**

The FRU were specialized, highly mobile units trained to deal with critical public order situations; they were the police action units used

along with the military to quell the May 1969 riots. The FRU were also used to control large crowds, protect important persons when required, and help in the event of national or local disasters. They could also be used to reinforce local police in the event the latter were unable to cope with an increase in crime.

#### **Criminal Investigation Division and Special Branch**

The CID, created in 1970, was responsible for detecting and investigating criminal offenses and prosecuting criminals. At both federal and state levels the CID was organized into special divisions and branches that dealt with specific kinds of crimes. The only exception to this was the CID unit responsible for cases concerning crimes against the property of the Malayan Railway Administration. This unit operated only at the federal level.

The Special Branch collected, assessed, and disseminated intelligence concerning the security of Malaysia. Details of its operations are not made public.

#### **Marine Police**

The Marine Police patrolled territorial and coastal waters to prevent, detect, and investigate breaches of the law, including piracy; protect fishing and other marine craft; assist in maritime search and rescue efforts; and police areas of the country accessible only by water. The Marine Police were particularly active off Sarawak in support of security forces operating against insurgents; these support operations included delivering material for the ground forces, patrolling, and maintaining blockades. In late 1975 the Marine Police had 109 patrol boats. In March 1976 they ordered an additional thirty speedboats to deal with illegal trawling, especially in the seas off Perak and Penang.

#### **People's Volunteer Reserve**

The People's Volunteer Reserve, although not an integral part of the RMP, had participated since its formation in 1957 in handling every crisis faced by Malaysia. Its members were volunteers who performed such duties as carrying out patrols, directing traffic, and controlling crowds. There were about 20,000 members of the reserve, and in late 1975 consideration was being given to providing them with arms if the security situation were to deteriorate.

### **Personnel and Training**

No racial or ethnic restrictions were placed on eligibility for membership in any of the police forces; nevertheless the police, like other national institutions, reflected ethnic issues. Although precise data were not available in 1976, most observers agreed that the ethnic

makeup of the RMP did not conform to the ethnic distribution of the entire population. Because a career in the police has long been popular with Malay villagers, most of the police in Peninsular Malaysia were Malay. In Sabah and Sarawak most of the police came from the ethnic groups native to those states.

Indians were present at all levels of the RMP; for example, the chief of CID in Kuala Lumpur in early 1976 was Indian. Chinese also entered police service and rose to senior positions but usually preferred service in the CID or Special Branch. In accordance with the general aims of the Second Malaysia Plan (1971-75), efforts were made to "Malayanize" the elements of the police in which Chinese predominated. But by late 1975 the government was making efforts to induce Chinese to take up careers in the police intelligence services; some Chinese complained, however, that Malays would always be preferred for promotion. As of early 1976 the inspector general of police had always been a Malay.

Ethnic problems did not appear to affect the quality and effectiveness of the police forces. Most personnel of the RMP, regardless of the branch to which they were assigned, displayed high morale and pride in belonging to the service. The force was well organized and adequately trained, living conditions were good, and pay was comparable to what members might expect to receive in civilian life. Police corruption was rare, and its incidence was kept low by swift and severe punitive action against all offenders. Internecine rivalries, either among units or between the leaders and the rank and file, had never appeared in sufficient strength to affect the unity of the force seriously. Consequently the RMP as a professional agency had proved fully capable of coping with cases of individual crime, with riots and other threats to internal peace and security, and with the maintenance of public order and tranquillity.

As for its relations with the civilian population, the RMP had for years stressed the need to win friends; the police were instructed to control difficult situations by using firm but not harsh measures. Although these restrictions were usually followed, there were periods when police actions seemed heavy handed. One such period occurred in September 1975 after a grenade attack on a police platoon in Kuala Lumpur, when police reaction bordered on harassment of the general population. After protests from the public the inspector general of police agreed to allow community leaders or representatives of residents' associations to accompany police on house searches.

Given some minor variations dictated by local conditions, there were three usual methods of joining the police services, each based on the educational qualifications of the applicant. Candidates who had completed at least the sixth year of primary education might be recruited as constables; those who held the Malaysia Certificate of Education might be accepted as probationary inspectors; and those

with degrees from recognized universities or who had passed the final bar examinations were recruited as probationary assistant superintendents of police.

Malaysia offered its police personnel training facilities and programs that were the equal of any in Southeast Asia. The Police Training School in Kuala Lumpur offered basic training for constable recruits and refresher courses for junior officers. Higher level courses were given at the Police College in Kuala Kubu Baharu. There were separate schools for CID and Special Branch personnel, and paramilitary training for the PFF was given at Ulu Kinta in Perak. Unit training was also given when appropriate. The Police College offered courses to police from other nations, particularly those from lesser developed countries in Asia. Conversely members of the RMR were regularly sent abroad to attend courses in such countries as the United States, the United Kingdom, Australia, and Japan.

## CRIMINAL LAW AND PROCEDURES

### Constitutional Rights

The Constitution guarantees fundamental rights to all Malaysian citizens and the basic rights of due process of law to all accused persons (see ch. 10). Its provisions have been carefully drafted to provide for these rights and at the same time to allow the central authorities all powers necessary to deal with national emergencies. For example, citizens arrested must be informed of charges against them, granted the counsel of their choice, and arraigned before a magistrate within one day of arrest; these rights may be abrogated when the security of the nation is threatened. That condition obtained in 1969 after communal rioting, and some laws enacted then remained in force in early 1976. In 1975, when the government sought to curb increased communist activity, it used the 1969 laws to make sweeping changes in judicial procedures, changes that it said were temporary. According to the October 1975 regulations, issued as Essential (Security Cases) Regulations under the 1969 Emergency Ordinance (Public Order for the Prevention of Crime), there would be no trial by jury in national security cases; the accused would have to prove his innocence; witnesses could give evidence without appearing at the trial; and any court, not only the high courts, could try national security cases. In early 1976 the 1975 regulations remained in effect, but there were no data available on how they were being applied. There were 3,454 individuals detained for internal security reasons between May 1969 and November 1975, and 1,444 were still being held in late 1975. After pressure from several Malaysian bar associations some of the more controversial features of the security regulations, such as retroactivity, were modified.

## Criminal Law

The criminal law of Malaysia is defined in the penal code that was written by the British for the Straits Settlements and gradually applied elsewhere. In 1948 it was amended to cover all the peninsular states. Other amendments followed, and by 1970 Malaysia had a penal code that was still applied in 1976. It was not until mid-1975, however, that this code was amended to include Sabah and Sarawak. One clause in the amended code retains the use of assessors rather than a jury system in Sabah and Sarawak, although the 1975 amendment gives Parliament the power to introduce a jury system in those two states when it is so resolved by both houses. Other elements of the former penal codes of Sabah and Sarawak were introduced in the 1975 amendment; two of these are simplified procedures for issuing warrants and for dispersing unlawful assemblies.

The penal code defines categories of offenses as those perpetrated against property, against the person, and against the state and public tranquillity; it lists death, imprisonment, whipping, and fines as legally approved punishments. Imprisonment with hard labor and solitary confinement were abolished in 1952, and the number of offenses for which whipping could be imposed was sharply reduced.

The death sentence is mandatory for murder, for attempts to murder or injure the head of a Malaysian state, and in cases in which firearms are used for the purpose of extortion, robbery, resisting arrest, or escaping from custody. Persons convicted of trafficking in dangerous drugs, successfully inciting mutiny in the armed forces, causing the suicide of an insane or intoxicated person, or possessing firearms illegally may be punished by death or life imprisonment. Reflecting the particular problem of gangsterism is a legal provision that, if one person commits a murder during a robbery, all other participants in the robbery may be given the death penalty.

In general the penal code permits the judge considerable freedom in passing sentence. For many crimes he may sentence the convicted offender either to life imprisonment or to a shorter term appropriate to the seriousness of the offense. With the exception of the penalty for robbery at night, for which a prison term of fourteen years may be imposed, all prison terms are either for life or for ten years or less.

## Criminal Court Procedures

Criminal court procedures were based on those of Great Britain. Accused persons were guaranteed a fair trial in one of the established courts having jurisdiction in the area where the crime was committed. There were three levels of courts of original jurisdiction: offenses punishable by fines or imprisonment ranging from three months to

five years were tried in magistrate's courts; sessions courts had jurisdiction over offenses for which the maximum term or imprisonment did not exceed ten years; the High Court in Malaya and the High Court in Borneo had unlimited original criminal jurisdiction, but usually only cases outside the jurisdiction of the lower courts were brought before them (see ch. 10).

Magistrates and the presidents of sessions courts sat alone and were competent to judge all cases within their jurisdiction. The high courts were presided over by a qualified judge, but in the High Court in Malaya he sat with a jury when trying capital cases; in the High Court in Borneo there was no jury trial, but in all cases the judge sat with two or more assessors.

The courts gave special attention to offenders under seventeen years of age. They were tried in juvenile courts that consisted of a president of a sessions court, who determined guilt; two lay assessors sat in camera with the president and advised him on sentencing. If found guilty a juvenile was usually sent to a special school until he was twenty-one; the school educated the young offender and trained him for postrelease employment. The juvenile courts did not have competence in national security cases.

Decisions of court trials in criminal cases could be appealed if there were either a question of law or a dispute of fact. Appeals from magistrate and sessions courts were made to the high courts. The final court of appeal in criminal matters was the Federal Court. The supreme head of the federation (*yang di-pertuan agong*) had power to grant pardons or suspend sentences in national security and court-martial cases (see ch. 10).

If an appeal failed, mitigation of sentence was still possible through the exercise of various powers of mercy vested in the supreme head or in the heads of states. These individuals, at their own discretion, could grant pardons, respites, or reprieves of sentences for crimes committed in their territories. In national security and court-martial cases, however, only the supreme head had these powers.

Justice was ordinarily dispensed in an open court where not only the principals in any case—judge, lawyers, accused, witnesses—but also journalists, if the case warranted their attention, and people who were just curious were present. Although Malay was the official national language, much court work was done in English because of the technical nature of the proceedings, and a body of legal literature had not yet been created in Malay. Testimony could be given in any language, and to alleviate any resulting language problems the court provided assistance to those who needed it, by providing interpreters for example.

## PRISON SYSTEM

Before World War II policies and concepts regarding prisons and the treatment of prisoners were basically punitive. The idea that the best deterrent to crime was incarceration that made an offender's life hard and unpleasant governed all prison administration. After the war, however, this belief was mitigated by the concept that reformation of prisoners through humane treatment and vocational training was a wiser course. Accordingly prisons adopted in 1953 the principles enunciated in the Standard Minimum Rules for the Treatment of Prisoners prepared by the United Nations.

The Malaysian Prisons Service under the Ministry of Home Affairs administered and operated the prison system; the director general of prisons was the responsible official. There were separate prisons departments under the prisons service for Peninsular Malaysia, Sarawak, and Sabah. In 1974 the departments supervised seventeen institutions, including the Prison Officers' Training Depot in Peninsular Malaysia, seven in Sabah, and six in Sarawak. Penal institutions ranged from conventional walled compounds to open farms for young offenders and detention camps where inmates worked in the fields under minimum supervision during daylight hours. All prisons conducted educational programs and instruction in useful arts and crafts, and all carried out welfare activities for prisoners, including after-discharge aid and employment counseling. To facilitate rehabilitation and determine the kind of prison to which they should be sent, inmates were placed in one of seven broad categories. These ranged from youths and first offenders to detainees under the Internal Security Act of 1960.

In Peninsular Malaysia first offenders and well-behaved prisoners were sent to the Central Training Prison at Taiping. Regional training prisons at Penang, Alor Setar, Kuala Lumpur, and Johor Baharu housed recidivists. Young male offenders were sent to reform schools in Telok Mas, Ayer Keroh, and Malacca; girls were sent to a school in Batu Gajah. The Pulau Jerejak Rehabilitation Center housed individuals detained but not tried under the 1969 Public Order for the Prevention of Crime. Detention camps at Taiping and Muar held people detained but not tried under the Internal Security Act of 1960. The Special Prison at Seremban received all classes of prisoners and people awaiting deportation. There were also local prisons for individuals convicted of lesser crimes. These were at Kuantan for adult males, at Sungei Petani for young males, and at Kuala Lumpur, Georgetown, Alor Setar, and Pengkalan for females.

Sarawak had a central prison and a women's prison at Kuching; regional prisons at Simanggang, Sibul, Miri, and Limbang; and detention camps for men and women at Kuching. Sabah had a central prison, a women's prison, and a detention camp at Kota Kinabalu; re-



gional prisons at Sandakan and Tawau; a minimum security prison at Keningau; and a reform school.

The first phase of a modern prison complex at Kajang in Selangor was scheduled for completion in 1976. When finished it was to include, in addition to the main prison for men, the prisons department headquarters, a prison officers' training facility, a women's prison, a medical prison, and a short-term prison.

\* \* \*

The Malaysia yearbook series and the *Malay Mail* yearbook provide useful but general information on the history, organization, and functions of the police and of the prisons systems as well as some crime statistics. Information on police strength, effectiveness, and morale comes from several sources, but especially Daniel Southerland's series in the *Christian Science Monitor* and Kevin Rafferty in the *Financial Times*. Useful information can also be found in the RMP magazine *Pengaman*, which contains articles in Malay and English. For details on the Malaysian penal code it is necessary to go to the code itself. Criminal court procedures are well covered in Tan Sri Mohamed Suffian bin Hashim's *An Introduction to the Constitution of Malaysia*. For details on the 1975 Essential (Security Cases) Regulations, it is necessary to go to the regulations themselves, which are published in the official *Gazette*. Internal security problems are covered by the *Far Eastern Economic Review*; an article by Peter Simms in the *Asian Defence Journal* is very helpful on Malayan Communist Party organization and tactics. Full accounts of the 1969 riots are found in an article by Anthony Reid in *Australian Outlook* and in Felix Gagliano's *Communal Violence in Malaysia, 1969: The Political Aftermath*. (For further information see Bibliography.)

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## GLOSSARY

- adat*—Customary law, local or regional custom, customary behavior.
- Alliance Party—The ruling coalition of UMNO (*q.v.*), MCA (*q.v.*), and MIC (*q.v.*) from independence until replaced in 1974 by the National Front (*q.v.*). In 1972 and 1973 the tripartite coalition was broadened to embrace other parties.
- bumiputera*—Literally, sons of the soil. Refers to the ethnic groups considered by the government to be indigenous to Malaysia, principally Malays, tribal groups of Sabah and Sarawak, and aborigines but not including Malaysian-born Chinese, Indians, or Europeans. *Bumiputera* are constitutionally entitled to favored treatment in government policy.
- Confrontation—Sometimes referred to as *konfrontasi*. Indonesia's hostile confrontation with Malaysia, including military action, mostly along the border between Kalimantan and Sabah and Sarawak beginning in 1963. Terminated on August 11, 1966.
- DAP—Democratic Action Party. Opposition party; majority of members are Chinese.
- datuk* (also spelled *dato* or *datu*)—Title of distinction; traditional title of nonroyal district chief; also an honorific.
- Emergency—Period of communist insurgency in the Federation of Malaya from 1948 to 1960; most active between 1948 and 1951.
- Federation of Malaya—Nation comprising the states of Malay Peninsula formerly under British control, excluding Singapore; became independent in 1957.
- fiscal year (FY)—Malaysian fiscal year corresponds to calendar year.
- GDP—Gross domestic product. Equals GNP (*q.v.*) at market prices less income from foreign investments and possessions owned abroad.
- GNP—Gross national product. The value at market prices of all goods and services produced in the country during a given period plus interest, profits, and dividends received from abroad.
- guru—Teacher; an honorific.
- haj—Muslim pilgrimage to Mecca.
- haji—One who has made the Muslim pilgrimage to Mecca and is thereafter entitled to affix the word before his name as an honorific title. The corresponding feminine title is *hajah*.

- halus*—Literally, finely textured, delicate. Behavior that is polite, refined, and sensitive; prized by Malays as opposed to *kasar* (q.v.) behavior.
- imam*—Leader of the congregation of a mosque or prayerhouse (*surau*—q.v.).
- kampong*—Village; hamlet; enclave; neighborhood.
- kapitan*—Headman of a Chinese or other nonindigenous enclave, group, or organization.
- kasar*—Literally, rough. Behavior that is crude, abrasive, uncultured; opposite of *halus* (q.v.).
- keluarga*—Among Malays the group of close kin with whom the individual lives and works and to whom he owes his greatest obligations; close friends may be included in the group.
- ketua kampong*—Village headman.
- kongsi*—Chinese organization or society based on rules patterned after traditional clan rules. As developed by migrant miners, a cooperative venture in which all laborers lived together, dividing living costs and sharing profits; the *kapitan* (q.v.) received a double share.
- Kuo Yü—Mandarin Chinese, adopted in 1918 as the official language of China and used as a lingua franca among Chinese Malaysians.
- Malay—Defined in the Constitution as “a person who professes the Muslim religion, habitually speaks the Malay language, [and] conforms to Malay custom.”
- “Malayanization”—A policy announced in 1956 under which British colonial officials were to be replaced by Malay officials.
- Malayan Union—Plan of the British immediately after World War II to unite the Malay states and the Straits Settlements under a central government, thereby reducing state autonomy. Abandoned in 1948 in the face of Malay resistance.
- Malaysian ringgit (M\$)—Basic unit of currency, composed of 100 sen. Names of currency units were changed from dollars and cents in July 1975. Exchange rate with the United States dollar has floated since June 21, 1973. At the end of 1975 US\$1 equaled M\$2.57. From 1957 to June 21, 1973, the par value of the ringgit was M\$3.06 per US\$1.
- MARA—Majlis Amanah Ra'ayat (Council of Trust for Indigenous Peoples). Organized in 1965 to encourage *bumiputera* (q.v.) participation in business and industry through the extension of technical and financial aid and the initiation of technical training programs.
- MCA—Malaysian (formerly Malayan) Chinese Association. One of three political parties that made up the Alliance Party (q.v.); participates in the National Front (q.v.).
- MIC—Malaysian (formerly Malayan) Indian Congress. One of three political parties that made up the Alliance Party (q.v.); participates in the National Front (q.v.).

- mukim*—Smallest administrative division, usually comprising several villages. Also the area served by a mosque of general assembly (a mosque used for Friday prayers).
- National Front—The ruling coalition formed in 1974 to replace the Alliance Party (*q.v.*).
- New Villages—Communities established, fenced, and supervised by the government for the resettlement of rural populations, mostly Chinese, who were susceptible to attack or solicitation by communist guerrillas during the Emergency (*q.v.*).
- Peninsular Malaysia—Malaysian portion of the Malay Peninsula, formerly occupied by Federation of Malaya (*q.v.*); sometimes referred to as West Malaysia.
- pikul—A Malaysian unit of weight, variable but usually equivalent to about 133 pounds.
- Sri Vijaya—Empire consisting of seaports along coasts facing the Strait of Malacca and the Java and South China seas. Powerful from the seventh to twelfth centuries A.D., its capital was near the present-day site of Palembang in southern Sumatra.
- sultan—Islamic ruler who is both the sacred and the secular chief of his realm.
- surau*—Prayerhouse; a building in a village used for religious purposes but not a mosque of general assembly (a mosque used for Friday prayers).
- UMNO—United Malays National Organization. One of the three parties that made up the Alliance Party (*q.v.*); the backbone of the National Front (*q.v.*) coalition government in mid-1976.
- White Rajas—British rulers of Sarawak. First raja, Sir James Brooke, founded the dynasty in 1841. At his death in 1868 he was succeeded by his nephew, Raja Charles Brooke. Third and last raja, Charles Vyner Brooke, reigned from 1917 to 1946, at which time he ceded Sarawak to the British crown.
- yang di-pertuan agong*—Supreme head of Malaysia. Title given to the national monarch elected for a five-year term by and from among the hereditary rulers of the nine Malay states.

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