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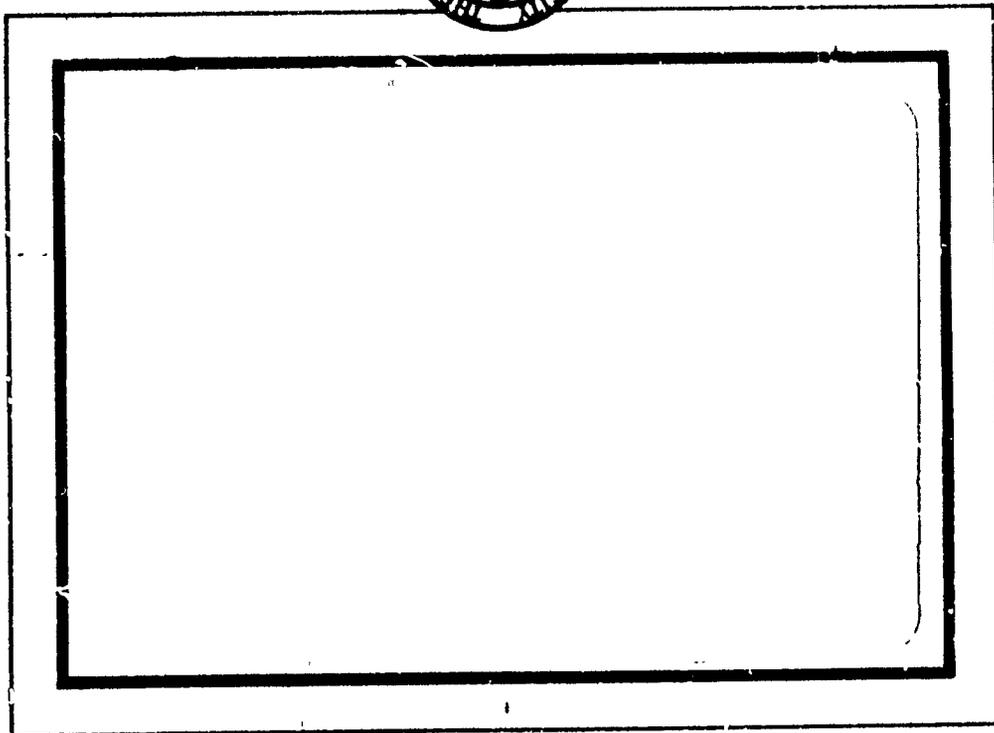
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Paper No. 88

Islam, Development and Politics  
in Malaysia

by

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Fall, 1978

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## Abstract

### Islam, Development and Politics in Malaysia

by

Fred R. von der Mehaen

This study is an effort to assess the impact of Islam on economic development in Malaysia. It initially analyzes three factors that have been argued as reasons for the seeming inability of Malay-Moslems to compete successfully against other communities in the society: 1) Islamic beliefs per se, 2) Malay Islamic practices, and 3) Malay vs Chinese priorities in values. After noting that other Moslem groups have been commercially capable, the paper seeks to ascertain why the Malay Moslem has been limited. Special attention is given British colonial policy and its impact on the traditional Malay environment. It is argued that the Malay has maintained a wholistic set of perceptions based upon an integration of religion, ethnicity and rural traditions which have given him a frame of reference and set of priorities which are less conducive to modern economic activities.

The last point of the paper comments upon the way that growing Malay Moslem nationalism is inhibiting national economic growth while special subsidies, quotas, and other aid to that community are expanding the economic awareness and capabilities of its members. The Malay finds himself under severe cross pressures as his leadership attempts to bring him into a competitive position in the modern world, thus weakening this wholistic perception.

Islam, Development and Politics  
in Malaysia

Contemporary literature on the role of religion as it affects economic and political change has become massive and certainly Islam has not escaped intensive investigation. Theologians, economists, anthropologists, political scientists, and sociologists have analyzed such diverse subjects as the impact of Islamic law on economic behavior, the supposed compatibility of Islam with politics, the relevance of various Weberian hypotheses and particularly the relation of Islam to capitalism and the possible influence of particular sects on economic change.<sup>1</sup> Some authors such as J. Rosenthal have asserted that Islam has a unique impact on its adherents, while others such as C. Kessler call this the "Islamic fallacy."<sup>2</sup> With the growth of financial power among

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<sup>1</sup>B. Turner, Weber and Islam, A Critical Study (London: Routledge and Kegan Paul, 1974); B. Burner, "Islam, Capitalism and the Weber Thesis," British Journal of Sociology, 25 (June, 1974), pp. 230-24; R. Stone, "Religious Ethic and the Spirit of Capitalism in Tunisia," International Journal of Middle Eastern Studies, 5 (1974), pp. 250-273; M. Rodinson, Islam and Capitalism (New York: Pantheon, 1974); R. Bocock, "The Ismailies in Tanzania: A Weberian Analysis," British Journal of Sociology, 22 (December, 1971), pp. 365-79; M. Dia, Islam, Sociétés Africaines et Culture Industrielle (Dakar: Nouvelles Editions Africaines, 1975); R. Bellah, ed., Religion and Progress in Modern Asia (New York: Free Press, 1965); Sami Zubaida, "Economics and Political Activism in Islam," Economy and Society, 1 (1972), pp. 324-37; D. Laitin, "Religion, Political Culture, and the Weberian Tradition," World Politics, 30 (July, 1978), pp. 563-592.

<sup>2</sup>E. Rosenthal, Islam in the Modern National State (Cambridge: Cambridge University Press, 1965) and C. Kessler, "Islam Society and Political Behavior: Some Comparative Implications of the Malay Case," British Journal of Sociology, 23 (March, 1972), pp. 33-50.

oil-rich Moslem states and their increasing political strength, questions regarding the influence of Islam take on added weight.

In the past dozen years Malaysia has become one of the focal points for these considerations and most particularly for a debate over the impact of Islam on the economic and political development of the Malay Moslems. In the economic field the issue has arisen as to the effect of Islam on both general development and the entrepreneurial capabilities of the Malay. In part, this interest was born out of both Malaysia's rather unique place in the Third World and its efforts to improve the position of its Islamic population vis-à-vis other indigenous communities.

Contemporary Malaysia appears an anomaly in Afro-Asia on many counts. It has a comparatively high GDP, even when discounting petroleum revenues. It is one of a handful of developing countries that maintains a competitive political process with vocal opposition in the legislature and, until recently, at least one state government was in the hands of opponents. It retains a viable, if weak, federal system. While practicing a mixed economy of private and state capitalism, the Malaysian rulers proclaim their denial of socialist ideology. All of this in a region characterized more often than not by low living standards, authoritarian centralized regimes and socialist ideologies.

However, the area of atypicality that is the basis of this paper centers on the interaction of religion, ethnicity and economic-social policies. Malaysia is a country where the 55 percent Malay-Moslem population is primarily rural and, when compared to the 35 percent Chinese, poor. Yet, contrary to secular theory and common Afro-Asian practice, representatives of the Malay community control the political system and

have used their power to institute what might be termed an "affirmative action" program for members of their community. This paper seeks to review this political-economic situation as the backdrop to a vital debate which has surrounded government efforts. The fundamental question has been why the Malay-Moslem (and to a Malay it is not possible to maintain one's ethnicity outside Islam) has not been as economically successful as other communities while at the same time monopolizing political power. More particularly, this paper is an effort to assess the role of Islam in molding Malay achievement, and whether government efforts to aid the Malay Moslems has affected overall development.

Prior to outlining the principal elements of the debate we must describe briefly two aspects of the situation, the economic-political role of the Malay and government efforts to effect it. As noted, the Malay tends to be rural and poor, 63 percent of the Malays live in rural areas as against 25 percent of the Chinese and 10 percent Indians. Malay levels of income and amenities have been consistently below the Chinese. As of 1970, the mean income of Malay households was M\$179 while that of Chinese and Indian was M\$310, respectively.<sup>1</sup> When comparing the availability of piped water, toilet facilities and electricity, rural areas where the Malays predominate have been consistently and markedly worse off than the cities.<sup>2</sup> As well, Malays have tended to be less successful in various entrepreneurial activities. As of 1970 they owned less than one percent of the modern corporate sector. Their percentage of share

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<sup>1</sup>Malaysia, Mid-Term Review of the Second Malaysia Plan, 1971-1975 (Kuala Lumpur: Government Press, 1973), pp. 1-73.

<sup>2</sup>Ibid., p. 5.

capital of limited companies was only 0.9 percent in agriculture, forestry and fisheries; 0.7 percent in mining; 2.5 percent in manufacturing; 2.2 percent in construction; 13.3 percent in transportation and communications; 0.8 percent in commerce; and 3.5 percent in banking and insurance. In 1967 Malays held but 11 percent of timber ventures, 13 percent of bus ventures, and were less than 25 percent of the mining workers.<sup>1</sup>

If Malays have been economically disadvantaged, they have dominated the political and administrative structure. The United Front that rules Malaysia is led by the Malay monopolized United Malay National Organization (UMNO). Every Prime Minister, Deputy Prime Minister, and Minister of Education, Defense and Home has been Malay since independence, the majority of parliament are Malay; six out of ten members of the Malaysian Civil Service were Malay in 1970; and 65.4 percent of the military and most of the police were from that community in 1964.<sup>2</sup> We thus have the somewhat anomolous situation of the dominant community in terms of population and political power the poorest one economically.

To redress this imbalance in the economic sphere the government in 1971 launched a program to speed the development of the Malay.<sup>3</sup> Aspects

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<sup>1</sup>See Tham Seong Chee, "Ideology, Politics and Economic Modernization: The Case of the Malays in Malaysia," Southeast Asian Journal of Social Sciences, 1 (1973). pp. 41-59.

<sup>2</sup>For a review of the role of Malays in the bureaucracy, see R. Tillman, Bureaucratic Transition in Malaya (Durham: Duke University Press, 1964); and M. Esman, Administration and Development in Malaysia (Ithaca: Cornell University Press, 1972).

<sup>3</sup>F. von der Mehden, "Communalism, Industrial Policy and Income Distribution in Malaysia," Asian Survey, 15 (March, 1975), pp. 250-63; G. Means, "'Special Rights' as a Strategy for Development: The Case of Malaysia," Comparative Politics, 5 (October, 1972), pp. 29-61.

of the effort have included quotas on employment in the modern sector, subsidies, advice, loans, training and special consideration in government contracts to "Bumiputras" (a term given to "sons of the soil"-- primarily Malays but including other "natives" or those who accept the Moslem religion and Malay customs). These policies have all been directed toward the goal of raising the material level of the Malay and eliminating the "identification of race with economic function." Thus, the employment quota of 40 percent Malays is to bring that population into the modern sector, the goal of 30 percent ownership by 1990 is to do the same, while educational quotas are to give the Malay the background to compete successfully with other communities. All of this is supposedly to be accomplished in a condition of growth thereby not curbing the well-being of Chinese and Indian citizens. Obviously, non-Malays fear that, to mix metaphors, these programs will be promulgated within a zero-sum game, rather than an expanding pie.

## II

The clear evidence of Malay economic backwardness combined with efforts to employ government programs to alleviate that condition has raised many fundamental questions pertaining to the reasons why the Malay has not been competitive and why he needs "special rights." One explanation prominent in the literature and popular discussion has been the alleged debilitating effect of Malay religious traditions and beliefs. Assertions have ranged from the statement of one late Prime Minister that Malays need to follow the protestant work ethic to queries as to the economic efficiency of savings for the Hadj. The debate over the role

of Islam has many facets which may be arranged somewhat arbitrarily into the following three categories:

1. Islamic beliefs per se
2. Malay Islamic practices
3. Malay vs Chinese priorities in values

I will describe briefly each of these points in turn, presenting counter-vailing arguments, including other factors that may be responsible for the place of the Malay and, finally, attempting to integrate the role of Islam with those factors. The central theme of this piece is that Islam as a factor in Malay economic development cannot be disentangled from a variety of other historic, social, and political forces which have molded his perceptions and capabilities.

1) Islam per se--It has been argued that Islam in Malaysia contains within its tenets various beliefs which are antithetical to modern economic systems or which inhibit its adherents in competition with other communities. Islam, it is asserted, emphasizes otherworldly asceticism and its teachers stress that this world is ephemeral and transient, thus weakening efforts to strive for material well-being.<sup>1</sup> Looking at other elements of Weber's Protestant Ethic, authors have observed that the religion does not appear to create a "compulsion to save" or the "release of acquisitive activity" and that the traditional Islamic value system thus is not "conducive to economic development and a pragmatic-

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<sup>1</sup>S. H. Alatas, "Religion and Modernization in Southeast Asia," Archives Européennes de Sociologie, 11 (1970), pp. 270-71. This is not his position.

instrumentalist approach to both political and economic problems.<sup>1</sup> In an article which led to considerable debate, B. Parkinson stated:

The Islamic belief that all things are emanations from God is another important force affecting the Malay's economic behavior, for it tends to make them fatalistic in their approach to life. 'The Malay is very prone, after receiving a setback, to give up striving, that it is the will of God. In economic affairs this is most clearly seen in the concept rezeki, a person's divinely inspired lot.' Such an attitude constitutes a significant drag on economic development...

Islamic Messianism may well have a profound effect on the Malay's economic ambition and aspiration. To the persons who believe in the likelihood of the coming of a 'golden age,' into which they would be led and in which all problems would be solved, there can be a tendency to sit and wait passively for change to occur rather than to become active vehicles for change.<sup>2</sup> At the same time, discussions of the "dead weight" of religious law, divisiveness over issues of dogma and sectarian conflict have not been as important in Malaysia as in the Middle East, Pak. stan or even neighboring Indonesia.<sup>3</sup>

2) Malay Islamic Practices: Specific religious practices have been alluded to as at best economically dysfunctional. Observers have commented upon the implications of public and private expenditures on

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<sup>1</sup>G. Means, "The Role of Islam in the Political Development of Malaysia," Comparative Politics, 1 (January, 1969), p. 282.

<sup>2</sup>B. Parkinson, "Non-Economic Factors in the Economic Retardation of the Rural Malays," Modern Asian Studies, 1 (1967), pp. 40, 41.

<sup>3</sup>See, for example, F. Abbott, Islam and Pakistan (Ithaca: Cornell University Press, 1968) and D. Noer, "Islam in Indonesia and Malaysia: A Preliminary Study," RIMA, 9 (July-December, 1975), pp. 50-70.

religious activities. State budgets put aside almost 5 percent of their funds for Islam at the time of independence and this increased in the years following. Private savings for religious feasts and the Hadj have also been criticized as economically dysfunctional (the government subsidizes the Hadj). While some argue that the saving for the pilgrimage develops habits of frugality, others complain that the relatively large sums spent on such an "economically dysfunctional activity" drains away funds that might otherwise be employed in commercial pursuits.<sup>1</sup> Other areas of continuing debate have been the role of usury, the use of receipts from lotteries and the closing of offices and business on Sundays rather than Fridays. All of these issues have been elements of contention between the more pragmatic Federal Government and the more religiously traditional leaders of East Coast Malaysia. While the latter have called for more orthodox interpretations of dogma, the national leadership has charged that to hold to such tenets would inhibit economic development.<sup>2</sup> Finally, note should be made of the considerable importance given local religious leaders and the perception of them as obstacles to modernization. It is charged that their efforts to maintain a heavily religious orientation in education, to protect the people against the "impurities" of the West, and emphasis on authority and

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<sup>1</sup>For opposite sides on this general question, see W. Wilder, "Islam, Other Factors and Malay Backwardness: Comments on an Argument," Modern Asian Studies, 2 (1968), pp. 155-164; and B. Parkinson, "The Economic Retardation of Malays: A Rejoinder," Modern Asian Studies, 2 (1968), pp. 267-72.

<sup>2</sup>F. von der Mehden, "Religion and Politics in Malaya," Asian Survey, 2 (December, 1963), pp. 610-12. Refusal in Kelantan to collect taxes from liquor and pawn shops cost the state treasury heavily.

tradition have made them the first line of defense against modernization.

3) Malay vs Chinese Priorities: This third element is one in which Islam plays a role but within an amalgam of other perceptions and beliefs. It is argued that the Malays and their chief competitors, the Chinese, have basically different value systems that structure their priorities in economic activities. The Malay priorities, based upon the aforementioned Islamic factors, combined with traditional religious tenets, close identification with the village and the customary ways that surround it and a traditional orientation towards political and religious goals rather than economic, have all led to a denigration of entrepreneurial goals, an unwillingness to modernize and priorities that do not support the Malay in competing in the modern sector.<sup>1</sup> As for the Chinese, they are characterized as a people influenced by both their immigrant status and religious familial heritage which supposedly orient them toward entrepreneurial goals and material well-being. Self-selection brought to Southeast Asia Chinese who were prepared to be more aggressive, willing to take chances and less bound by traditional inhibitions. Non-Chinese also charge that their religious beliefs emphasize money. Thus, Alatas asserts that the Chinese excel in commercial pursuits because: (a) money dominates Chinese religious practices; (b) the obligation to honor ancestors necessitates wealth; (c) public and private events such as New Years and funerals are associated with money; and (d) many taboos and symbols are associated with wealth and good luck.<sup>2</sup> The end results

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<sup>1</sup>For examples of this position, see Parkinson, op. cit., and T. S. Chee, op. cit.; M. Swift, Malay Peasant Society in Jelelu (London: Athlone, 1965), pp. 28-33.

<sup>2</sup>Alatas, op. cit., p. 276.

of these conflicting values thus supposedly lead to different priorities.

Parkinson has best stated this position when he wrote:<sup>1</sup>

Modern psychologists and sociologists maintain that a strong motivating force in the lives of most of us is the desire to succeed. This desire to succeed is no more absent from rural Malay society than it is from any other. But to the Malay success means something different from what it does, for example, to the Malaysian Chinese. The Chinese seem to regard success as being the improvement of their economic position even if this requires some fundamental change or innovation. The Malays seem to regard success as doing what their forebears have approved and practised, but doing it as well as they can. Wealth and economic advancement are desired by the Malays, but not at the expense of renouncing utterly the traditions and traditional occupations of their forefathers to which they have grown accustomed, and which offer them a level of satisfaction greater than that offered by the mere pursuit of economic advancement and wealth.

The economist's maximizing postulates can be interpreted in a similar way. The Chinese and the Malays, because they possess different cultures, attitudes, values and motivations, maximize different things. Neither one is necessarily superior to the other, it is simply that the maximizing postulates of the Chinese are more likely to lead to economic development in the Western sense than are the maximizing postulates of the Malays.

### III

Counterarguments to these perceptions of Malay Islam as an obstacle to economic development and entrepreneurship have been numerous and varied. Of course, there is considerable literature that emphasizes the positive aspects of Islam in encouraging economic activity.<sup>2</sup> References have been made to its stress on personal discipline, frugality, rationality, judicial procedures and other elements of the religion itself.

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<sup>1</sup>Parkinson, "Non-Economic Factors," pp. 42-43.

<sup>2</sup>Rodinson, op. cit.; Wilder, op. cit.

Malaysian scholars and public figures have noted that Muhammad was a merchant and that it was the Arab trader who brought Islam to the area. The point has been made by Bellah, Gsertz, Alatas and others that within Southeast Asia Moslem groups have been successful entrepreneurs. The abilities of Sumatra's Padangers in the commercial field are legendary and immigrants from Minangkabau have done well in Malaysia.<sup>1</sup> Moslems from India, Pakistan and the Middle East who reside in Malaysia have included many successful entrepreneurs and, in fact, they have been accused of employing Bumiputra "special rights" to their advantage.<sup>2</sup> One observer comments that, "the South Indian Moslems belong to the same religion, the same school of thought (Mozhab Shafeil) and the same mystical orders as the Malays. If Islam inhibits rational economic action, there is no reason why the South Indian Muslims should be otherwise than are the Malays."<sup>3</sup>

Of course, the very success of fellow believers begs the question as to how one is to explain the undeniable fact that Malays have not been as successful as other communities. Explanations tend to be historic, socialological, and economic. It is hypothesized here that by the time of independence these forces had molded most Malays into a complex set of perceptions and attitudes that emphasized values of tradition, "race," religion, and family within a rural environment. The adherents to the

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<sup>1</sup>A. Yusuf, "Rural-Urban Malaysia: A Case Study in Cultural Anthropology," Ph.D. dissertation, Rice University, 1976.

<sup>2</sup>D. Nagata, "Muslim Entrepreneurs and the Second Malaysia Plan: Some Socioeconomic Considerations," Asian Research Bulletin (August 1-31, 1972), pp. 1139-1142.

<sup>3</sup>Alatas, op. cit., p. 273.

legacy were suspicious of any external influence that might fracture that mold, whether it be Western education, foreign missionary activity or the advance of modernity as symbolized by growing urbanization.

It is necessary to provide some historical background to explain how this pattern emerged. Colonial Malaya was not a centrally unified political entity controlling, socializing, and nationalizing its population. Rather, it was a feudal society with local sultans at the apex of individual pyramids of power, the bases of which were comparatively small close-knit communities settled along rivers or the coast line.<sup>1</sup> Within this environment Islam performed the role of legitimizing local authority and further integrating the village within a pattern of economics, attitudes and obligations. It became the control element of the rural Malay and as such appears to have reinforced parochialism rather than enhancing the Malay's consciousness of the outside world. As Gordon Means suggests, Islam as it developed

became a vital social force, particularly at the village level. It performed a number of socially significant functions, frequently in conjunction with other institutions. While Islam infused new and rich cultural elements into Malay society, it appeared to make that society somewhat more resistant to external cultural influences by giving its adherents the complacency and ethnocentrism that come from a feeling of cultural and religious superiority. Before the impact of the West, Islam was a vital and expanding force in peninsular and insular Southeast Asia. Yet, Islam did not make a substantial transformation of the recipient society. Instead, Islam adapted to that society in harmony with most existing institutions, beliefs, and practices. During this period, Islam can hardly be described as a religion that promoted in a discernible way the modernization of social structures, values, and attitudes of Malay society.<sup>2</sup>

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<sup>1</sup>For example, see the description by S. Husin Ali in "A Note on Malay Society and Culture," in The Cultural Problems of Malaya in the Context of Southeast Asia, ed. by S. Alisjahbana, X. Nayagam and Wang Gungwu (Kuala Lumpur: University of Malaya, n.d.), pp. 65-75.

<sup>2</sup>Means, op. cit., p. 271.

While the role of Islam in precolonial Malaysia has been somewhat romanticized by contemporary Malay spokesmen, the very idealization of the period has given ideological strength to those viewing religion as a bulwark against perceived invidious elements of Western-led modernization.

British colonial experience further reinforced the parochial and rural character of the Malay world. In part this resulted from a general policy of gradualism regarding change among the Malays. Rather than foster reforms that might "unsettle" their charges the British sought the support the Sultans and Malay traditions as a means of placating the rural population. By sustaining the Malay elite, keeping Christian missionary activities away from the Kampongs and insulating the Malay from Western influences it was hoped that colonial rule would be made easier. Considerable weight must be given the direct-indirect pattern of administration in explaining the different paths of the Malay and non-Malay communities. While settlements such as Malacca, Penang, and Singapore came under direct rule, most Malays continued to live under a classic pattern of indirect administration. Thus, the immigrant Chinese and Indian population found themselves in areas where European commercial and administrative institutions predominated and the influence of the market economy and Western values were more pervasive. Meanwhile, the Malays continued to live, at least symbolically, under traditional rulers in an environment where Islam remained the dominant value system.

Colonial economic policies also tended to lead to a separate path for the Malays. The emphasis on tin mining and plantation agriculture, which employed immigrant workers, was accompanied by a general neglect

of the Malay small-holder. At the same time, the urban British and Chinese used their economic power to gain advantage over the rural Malay population.<sup>1</sup> Colonial policy also contributed to a classic case of "spatial distortion" with an inequitable distribution of government expenditures, services, and programs. Urban and commercial Malaya were the focal points of quality education, modern administration, technological infrastructure and communication. Rural Malaya in contrast provided an environment where the administrative infrastructure was weaker, schooling (particularly Western middle and upper education) was poor or absent, opportunities for commercial advancement were few and role models were either administrative or religious. In the latter situation the Malay saw in Islam a protection against the outside world, a basis for his identity and an assurance that he was a true "son of the soil," in contrast to the more affluent immigrants. Islam became a means by which the rural Malay could differentiate himself from these modern interlopers and an idealized Islam was proclaimed as an alternate philosophy to the mundane, immediate material interest values seemingly proposed by the West.

Thus, at the time of independence the majority of Malays remained tied to a wholistic view that centered on their religion, ethnicity, and rural character. Yet, even prior to the war, cracks were appearing in Malay-Moslem ranks. There had long been differences among the various immigrant groups of Indonesians, Indians, Pakistanis and Arabs, but ideological fissures developed as well, primarily within the more educated. The "modernist" Kuam Muda movement had begun to call for basic changes in

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<sup>1</sup>This position has been most forcefully made by Ungku Aziz in his explanation of Malay rural poverty.

attitudes and behavior.<sup>1</sup> The initial Malay nationalist movements were radical rather than traditional and emphasized secular political goals above religious issues. The educated Malay elite, while attempting to maintain Malay support, was itself being slowly secularized by Western influences from schooling and participation in modern administration. Finally, in rural Malaya the first elements of class division were emerging between establishment Malay landlords and land hungry peasants who used Islam as their unifying theme.<sup>2</sup>

Within these cross-currents the Malay found himself buffeted by those who viewed progress as primarily moral and feared the impact of Moslem-oriented modernization and the national leadership who sought the twin goals of unity and economic development. The former position was clearly presented by a "traditionalist" politician when he declared:

The UMNO claims that we are against progress. We are not. But we are against their kind of progress. Theirs is a progress of bricks and mortar only superficial and materialistic. That is not the kind of progress which is either desirable or necessary. What is required is that sort of progress which is sought by, and which will benefit, the people as a whole--not display projects but projects directed at the needs of all the people, most especially the ordinary people who, for all the years of Alliance rule, are still ground down in hardship and poverty. For us the concept of progress is not simply an economic concept, measurable in terms of the number of factories or land schemes which have been opened. For us progress consists of uplifting a society and a people from material poverty, social oppression and a crippling backwardness. Its goal is moral, not just material. It is directed to the people and its own dignity. That, back to the time of the Prophet Muhammad, is the Muslim meaning of progress.<sup>3</sup>

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<sup>1</sup>For a discussion of these elements see Means, "The Role of Islam," pp. 276-279.

<sup>2</sup>For a most challenging discussion of these developments, see C. Kessler, Islam and Politics in a Malay State (Ithaca: Cornell University Press, 1978).

<sup>3</sup>Quoted in C. Kessler, "Muslim Identity and Political Identity in Kelantan," in Kelantan Religion, Society and Politics in a Malay State, ed. by W. Roff (Kuala Lumpur: Oxford University Press, 1974), p. 305.

Against those who defined progress in more moral tones were the national elite who saw the country's needs primarily in terms of bringing together the racially diverse population and raising the living standards of the population. In order to achieve the former goals, it was necessary to downplay Malay-Moslem chauvinism while economic goals demanded overlooking supposed Islamic restrictions on trade such as rules on Friday business, usury, and taxation. Since the dominant part of the multiracial alliance that ruled Malaysia was Malay, the rural Malay found himself called on to support a group that on the one hand proclaimed protection of his interests and on the other was attempting to lead him away from the parochial, rural ways of his ancestors.

However, it can be argued that while debates over government policies were making headlines, more important activities were taking place within the society which were challenging traditional Malay values. The growth in urbanization and modernization which has touched Malaysia more than almost any other in South-Southeast Asia has begun to make profound changes in Malay life. While we cannot touch all of these developments, a brief review of the role played by education can illustrate the new patterns.<sup>1</sup>

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<sup>1</sup>The literature on education in Malaysia is increasing rapidly. Among publications that touch upon this issue are: M. Rudner, "Education, Development and Change in Malaysia," Southeast Asian Studies, 15 (June, 1977), pp. 23-62; A. Wilson, Education, Mobility, and Expectations of Youths in Malaysia (Berkeley: School of Education, University of California, Mimeo.); C. Enloe, Multi-Ethnic Politics: The Case of Malaysia, Research Monograph Series, No. 2 (Berkeley: University of California, 1970); F. Kee and G. Hean, Perspectives: The Development of Education in Malaysia and Singapore (Kuala Lumpur: Heinemann Educational Book, 1972); and F. Kee and E. Hong, Education in Malaysia (Kuala Lumpur: Heinemann Educational Books, 1971).

Education under the British was not conducive to rural change. Schooling for the elite was primarily directed toward inculcating humanistic values and preparing its members for administration and teaching. Studies centered primarily on Islam, history, and administration and very few Malays entered technical areas. Education for the Malay masses was in the vernacular and its rural bias was purposely formulated to meet local needs. Inadequate science facilities and poorly trained teachers funneled children into nontechnical interests. At the same time, many Malays entered private Islamic schools where technical subjects were largely neglected.<sup>1</sup>

Since independence major efforts have been made to encourage Malays to think in commercial and technical fields. Government funding, quotas in universities and special technical training programs have all led to an increase of Malays at the upper levels. In the rural areas as well attempts have been made to improve technical training and this has been presented in terms of strengthening the Malay community as a whole. These programs have experienced challenges from parents and local traditional leaders who have seen Western ideas as a danger to wholistic religious-ethnic beliefs and behavior. An interesting pattern perhaps resulting from this opposition could be seen in the first graduating class of the Malay language Universiti Kebangsaan. Of 23 Malay graduates in Science none had fathers who were Hadjis. Yet, the force of change through education is bringing new values into the Kampongs and leading young Malays to think of careers other than administration, teaching, and

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<sup>1</sup>Often religious teaching was exchanged for agricultural work.

religion. Studies show that education is weakening the hold of parental occupations on the child's attainments and Malays, seeing the "special rights" available to them have high expectations of what education will bring. Certainly, the government is encouraging both these changes and opportunities for those properly trained.

#### IV

The final section of this paper will comment upon the implications of recent religio-nationalist attitudes as they affect economic development and Malay entrepreneurship. Previous note has been given to government programs formulated to give special aid to Bumiputra in terms of quotas, subsidies and other "affirmative action" policies. These actions have taken place against a backdrop of increased Malay-Islamic self-consciousness, the ironic result of which would appear to be an endangering of the country's immediate overall economic growth and a strengthening of the entrepreneurial potential of the Malay.

My own annual subjective observations of ideological change in Malaysia during the past fifteen years has led to the conclusion that there is an increasing Malay-Islamic nationalism in the polity. The period after the 1969 riots which pitted Malay against Chinese has been one of noteworthy Malay-Islamic assertiveness. This self-consciousness combines the traditional ethnic and religious elements previously noted. With rare exceptions, it does not seek to force Islamic beliefs on others, but emphasizes that Malaysia gives a special role to Malays and their religion and customs. It has not only manifested itself in the economic programs for Malays, but in statements by members of parliament and

MNO, greater attention given to Islamic issues in the press and publicly controlled media and Islamic nationalist comments and behavior of Malay faculty at universities and lower echelons of the civil service. While there has been some backing and filing by the national political leadership, the long-term trend has been one of reinforcing Malay self-consciousness.

It can be argued that this religio-ethnic ideology has become an impediment to overall economic development on five grounds.

1. Non-Malay local business interests have become suspicious of the new economic policies and there has been a resultant fall-off in domestic investment. The 200 largest Malaysian firms saw a drop in investment per quarter from M\$115 million in 1975 to less than M\$15 million last year. There have been other signs of caution by Chinese and Indian businessmen who have been dissatisfied with quota systems for workers and the possible loss of business due to special priorities given to Malay entrepreneurs. While this retrenchment may be temporary, reticence in developing new investment could make the economy more committed to international financing.

2. Chinese and Indian reactions to growing Islam-Malay nationalism have purportedly led to the beginnings of a brain drain. Difficulties in obtaining positions in local educational institutions, language requirements, job quotas, and the general ideological atmosphere has driven some professionals to seek overseas jobs. Young Chinese in particular have become more interested in foreign education and ultimately a job outside Malaysia.

3. Foreign firms have also shown some caution in entering and developing the Malaysian market because of questions arising out of new policies although overseas investment remains strong. Foreign financing is perceived as essential by the government as the Prime Minister has emphasized the need for M\$26.8 billion in such investment from 1976 to 1980. The long-term consequences of Islamic-Malay nationalism have been emphasized particularly by larger firms.

4. There have been charges that lower level Bumiputra bureaucrats and agencies have been more biased in favor of Malays than the leadership and that this has been reflected in actions detrimental to economic growth. (For example, if it said that non-Malay firms have not received the percentage of government orders available by law due to bureaucratic favoritism.)<sup>1</sup> In 1976-77 it is reported that the government planned to spend M\$45 billion in the public sector but only allocated M\$3.7 billion, much of which was simply banked by administrative units. Allegedly the shortfall was due to the unavailability of Bumiputra engineers, contractors and architects and an unwillingness to use Chinese and Indians. The top leadership has recently made major efforts to educate lower level bureaucrats to the need for more flexible policies.

5. Finally, it is charged that due to the quota system in government less well-qualified Bumiputra have been employed to the detriment of national development goals. No empirical evidence is available and such comments tend to be subjective. As in all these cases it is difficult, if not impossible to disentangle Malay assertiveness from Islamic self consciousness. As has been noted, to Malays religion and ethnicity

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<sup>1</sup>Star (May, 1977).

are an integral part of the whole.<sup>1</sup>

Yet, while there may be some at least short-run economic disadvantages to the new policies, they also appear to be loosening the weight of tradition on Malay entrepreneurship and involvement in the modern sector. Viewing the results of government programs as positively as possible (if modernization along Western lines is to be considered desirable), the following patterns appear to be emerging:

(a) More Malays are establishing new business ventures at both the local and national level.<sup>2</sup> In many cases the high amounts of government support and protection provided have made such opportunities very low risk activities. While a number of Malay firms have failed due to poor management, the total number of companies is increasing.

(b) Due to a lack of sufficient capital in the Malay community, quasi-government joint ventures have been developed. This pattern has provided Malay bureaucrats with experience in administering commercial enterprises and made such individuals targets of offers from private sector firms seeking to implement their Bumiputra quotas.

(c) The present quota system has drawn large numbers of Malays from rural areas into an industrial environment. Past studies have

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<sup>1</sup>For an analysis of problems with developing Malay personnel, see "Restructuring Society," School of Comparative Social Sciences, (Penang: Universiti Sain Malaysia, 1975, Mimeo.).

<sup>2</sup>The best extended (if somewhat pessimistic) discussion of Malay entrepreneurship is in T. Chee, *op. cit.*; G. Means, *op. cit.*, pp. 59-61; and R. Winzler, "Ethnic Differences and Economic Change in a Local Malaysian Setting," *Southeast Asian Studies*, 14 (December, 1976), pp. 309-333. Winzler points out that Malays now own 34 percent of the shop houses.

provided considerable evidence as to the impact of the factory situation on workers' perceptions and behavior.<sup>1</sup> As well, since most of these jobs up to now have been in previously Chinese-Indian dominated areas such as Penang, Kuala Lumpur, Malacca and Ipoh, this has forced some change on traditional Malay lifestyles. While Malays tend to live together in cities, the close proximity to the attractions and demands of the modern sector can only have a secularizing influence.

(d) Government programs and politicians have emphasized the importance of the Malay entering the modern sector and competing with other communities. Malay business investment has been presented as both patriotic and religiously sanctioned. In some cases Malay politicians have intimated that unless the Malay could compete successfully against the Chinese the predominant role of the Malay and Islam would deteriorate and ultimately vanish. At the same time we should note that this position runs contrary to the views of a number of Malay writers who have seen modernization as a challenge to both the integrity of Islam and Malay life.<sup>2</sup>

Thus, the Malay-Muslim finds himself open to severe cross-pressures as the national leadership attempts to foster both a modern state and competitive Malay population. By tradition used to following and expecting pronouncements by the leadership, he may see these new signals as

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<sup>1</sup>For example see A. Inkeles and D. Smith, Becoming Modern (Cambridge: Harvard University Press, 1974).

<sup>2</sup>T. S. Chee, "Literary Response and the Social Process," Southeast Asia Journal of Social Science, 3 (1975), p. 89.

endangering the old perceived security of Malay identity with its emphasis upon religion, tradition, and local obligations. Islam which has been the symbol of Malayness is now promulgated by national leaders as the basis for change and modernity.

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