

URBANIZATION AND URBAN MIGRANTS IN MALAYSIA: A COMPARATIVE STUDY BETWEEN CHINESE AND MALAYS*

马来西亚的都市化与城市移民
——对华人与马来人的比较研究

ZHANG Jijiao
(张继焦)

Abstract

This paper examines urbanization in Malaysia and its urban migrants since the launching of the New Economic Policy (NEP) in 1971. Its main purpose is to compare the differences between Chinese and Malay migrants in an urban setting. Migration is seen as a means of social restructuring to urbanize the Bumiputera (Malays and other indigenous communities in Malaysia) and to bring about a more balanced participation

* This paper is the outcome of my project on "Migrants' Urban Adaptation in Malaysia -- A Comparative Study between Chinese and Malay" in 2005 and supported by Asian Scholarship Foundation (ASF) and the project on "Urban Migrants in Asia: A Comparative Study among China, Malaysia and South Korea" in 2006 which was co-ordinated by me and supported by Center for Asia Research, Chinese Academy of Social Sciences. Some materials were drawn from the panel on "Migration in China and Asian-Pacific Region" in 2006 and co-organized by me and Prof. Ellen R. Judd of the University of Manitoba, Canada. I am grateful to Dr. Thock Kiah Wah, Dr. Thock Ker Pong, Dr. Hou Kok Chung, Dr. Voon Phin Keong, Dr. Chia Oai Peng, Dr. Yeoh Kok Kheng, Mr. Wu Wah, Mr. An Huanran, Mr. Tang Ah Chai, Ms. On Lily, Mr. Mok Chek Hou and Dr. Isa Ma Ziliang.

Dr. ZHANG Jijiao Professor, Institute of Ethnology and Anthropology, Chinese Academy of Social Sciences, Beijing 100081. E-mail: Zhjijiao@126.com, jjzhang@cass.org.cn

among different ethnic groups in the modern economic sectors. The fundamental rationale of NEP and the subsequent National Development Policy (1990-2000) is largely economic. The period 1970-2000 has thus been one of intense social mobility in both the Malay and Chinese communities. This paper will also discuss the future development of the Chinese and Malay urban migrants in the country.

摘要

本文检讨了马来西亚自 1971 年实施新经济政策 (NEP) 以来的都市化及其城市移民过程。本文重点探讨华人移民与马来移民在定居都市进程中的差异。人口迁移作为一种对社会进行重组的方式, 被认为是通过土著居民 (包括马来西亚的马来人和其他土著居民) 的城市化, 以便让不同的民族在不同的经济部门中获得均衡的参与机会。推行新经济政策及其随后的国家发展计划 (1990-2000) 的根本原因主要是经济原因。由此, 在 1970-2000 年, 无论是在马来人当中, 还是在华人当中, 都出现了激烈的人口迁移。本文也探讨了华人城市移民与马来城市移民在马来西亚未来的发展前景。

Introduction

Malaysia has achieved remarkable economic growth since its independence in 1957 and is now one of the more urbanized developing countries in the world. Its transformation from a rural agrarian to an urban-based economy has lifted the income levels and living standards of both the urban and rural sectors, and in the process much excess labour has been transferred from the lower to the higher productivity sectors.

Urbanization and population redistribution in this multi-ethnic country have been important policy instruments in achieving the goals of the New Economic Policy (NEP) (1970-1990),¹ the National Development Policy (NDP) (1990-2000),² and Vision 2020.³ Migration is seen as a means of social restructuring to urbanize the *Bumiputera* (the Malays and other indigenous communities),⁴ and to bring about a more balanced participation among the ethnic groups in different economic sectors.

This paper examines the urbanization process and the role of urban migration since the introduction of the NEP. The fundamental rationale of NEP and NDP is economic. The period 1970-2000 has consequently witnessed in particular the intense spatial and social mobility among the Malays. The paper will discuss the emerging and changing roles of the Malays and Chinese in the urbanization process. For this purpose, supplementary materials were collected through interviews of

selected respondents in Johor Bahru and Kuala Lumpur.

Urbanization in Malaysia: 1970–2005

The period between 1970 and 2004, Malaysia has experienced a more than fivefold increase in the number of urban dwellers from 2.96 million to 16.44 million. The level of urbanization has thereby been elevated from 28.4 per cent to 64.4 per cent in the same period (DOS 2005a: 27).

The three components of urban growth are natural increase, rural-urban migration, and reclassification of rural areas and agglomeration of built-up areas. The rate of growth of the urban population has been much higher than those of natural increase and the growth of the rural population. This implies that there has been a substantial influx of migrants from rural areas. Migration accounted for about 40 per cent of urban growth in the state of Selangor and the dynamic growth centre of the Federal capital, Kuala Lumpur. In the state of Johor situated at the southern extremity of Peninsular Malaysia, the inflow of migrants contributed to 28.5 per cent of its urban population growth in 1991 and 51.5 per cent in 2000.

Studies conducted by the Department of Statistics (2004) and Tey (2005) show that rural-urban migration accounted for about 30 per cent of urban population growth in the 1970s, 1980s, 1990s up to the early 2000s. A survey in 2003 showed that 865,980 persons were migrants among the total population of 24.37 million (DOS 2004a: 53).

Regionally, Peninsular Malaysia is more urbanized than Sabah and Sarawak.⁵ The level of urbanization in the peninsula rose from 27 per cent at the time of independence to 65 per cent in 2000. Sabah and Sarawak have also experienced a fairly impressive rate of urbanization, from around 16 per cent in 1970 to close to 50 per cent by 2000. At the state level, the latest statistics in 2000 show that urbanization was most prevalent in Kuala Lumpur (100 per cent), Selangor (88 per cent), Pulau Pinang (80 per cent) and Johor (64 per cent) (DOS 2004b: 31-35).

The population of Kuala Lumpur escalated from about 450,000 in 1970 to around 1.5 million in 2005. That of the adjoining state of Selangor recorded an even faster growth from about a quarter million to close to 4.7 million (DOS 2005b: 3). These two locations were the first to experience suburban growth in the 1970s and has continued unabated since then. However, unlike several Southeast Asian countries, urbanization in Malaysia has not given rise to an all-dominant mega city in the league of Jakarta or Bangkok.

Among the destinations for in-migrants, the most popular is the Klang Valley in Selangor and in which Kuala Lumpur is situated.⁶ Adjoining the commercial and administrative hub of the capital are emerging urban centres that also house the major industrial and residential areas of the country. These factors have combined to attract aspiring youths to seek jobs and prospects in this central region (Zhang 2006c: 202-204).

Of the movements to the major urban centres of the Klang Valley, Johor Bahru (the capital of Johor), Penang and Melaka, half originates from small towns and rural areas. These movements have allowed the better educated to take up more lucrative jobs in the modern sectors of the economy in the major cities. According to my own survey in 2005, a high percentage of Chinese and Malay interviewees possess college diplomas and university degrees (Table 1).

Table 1: Educational Level of Migrants to Urban Centres, 2005

Education level	Chinese		Malay	
	Number	Percentage	Number	Percentage
Primary school	7	6.8	1	1.0
Lower secondary	17	16.5	11	10.7
Upper secondary	24	23.3	26	25.2
Technical and vocational school	4	3.9	6	5.8
College	21	20.4	15	14.6
University	16	15.5	33	32.0
M. A. holders	13	12.6	10	9.7
Ph. D. holders	1	1.0	1	1.0
Total	103	100.0	103	100.0

Source: Zhang 2006a: 131

Although Chinese and Malay migrants to urban areas may come from all parts of the country, the influence of physical proximity is evident as the majority tends to move in from adjoining states. For instance, more than a third of the migrants to Selangor are those who had moved out of the Federal capital, and another 17 per cent had come from the adjoining state of Perak. In Johor Bahru in the south, 41.5 per cent of in-migrants were from the surrounding districts of the state itself (Table 2).

Table 2: Place of Origins of Migrants to Urban Centres, 2005

State	Johor Bahru		Kuala Lumpur	
	Number	Percentage	Number	Percentage
Kedah	3	3.7	4	3.2
Kelantan	4	4.9	7	5.7
Terengganu	2	2.4	3	2.4
Johor	34	41.5	13	10.5
Penang	2	2.4	9	7.3
Perak	8	9.8	21	16.9
Pahang	4	4.9	10	8.1
Selangor	5	6.1	34	27.4
Sembilan	5	6.1	5	4.0
Melaka	6	7.3	5	4.0
Perlis	0	0	4	3.2
Sarawak	4	4.9	5	4.0
Sabah	5	6.1	4	3.2
Total	82	100.1	124	99.9

Zhang 2006a: 131-132

Internal Migration and the Urbanization of Malaysia

One of the main objectives of Malaysian development policies has been to eliminate the association between ethnic groups and occupations as well as geographical locations. Hence, the role of ethnicity in the urbanization process assumes special significance. Reflecting the official policy to promote the urbanization of the Bumiputera, the Malays have recorded the highest inter-state migration rate compared with other ethnic groups (see Tey 2005).

Urban Migrants by Ethnic Group

The Malays form the largest urban migrant groups among the ethnic communities. This is especially so after the introduction of the NEP in 1971. Consequently, the different rates of urbanization between the Malays and Chinese have narrowed considerably. In 1970, only 14.9 per cent of the Malays were living in urban areas compared with 47 per cent of the Chinese and 35 per cent of the Indians. Rapid industrialization and socio-economic development have since then accelerated the urbanization level of all ethnic groups. But the tempo of Malay

urbanization has been significantly higher than those of the other ethnic groups. The rate of increase in Malay urban population rose from 2.2 per cent in 1957 to about 5 per cent in the 1970s and 1980s, before stabilizing at 2.5 per cent in the 1990s (Tey 2005). In contrast, the rate of urbanization among the non-Malays has been much more subdued. The numerical dominance of Bumiputera migrants to urban centres is confirmed by a migration employment survey conducted in 2003 (Table 3).

Table 3: Internal Urban Migrants in Malaysia, 2003

Ethnic group		Number	Percentage
Bumiputera	Malays	427,510	63.6
	Other Bumiputera	109,670	16.3
	Sub-total	537,180	79.9
Chinese		79,040	11.8
Indians		46,290	6.9
Others		10,080	1.5
Total		672,590	100.1

Source: DOS 2004

The accelerating pace of urbanization among the Malays may be attributed to various official programmes to promote rural-urban migration. These include the provision of scholarships and loans for setting up businesses, and the transfer of Malays to fill positions in the civil service, other official organizations, and government-linked corporations in the Federal and state capitals and adjacent districts.

The distribution of ethnic groups shows marked differences between urban and rural areas. In the year 2000, the Malays made up 43.9 per cent of the urban population and 64.6 per cent of the rural population. Relative to the total population, the Malays are still under-represented in urban areas. The Chinese and Indians made up 33.9 per cent and 9.3 per cent respectively of the urban population but only 9.7 per cent and 4.1 per cent of the rural population (DOS 2000).

Consequent upon the differential rates of urbanization, the ethnic mix of the urban population has altered significantly. While the Malays (and a small number of other Bumiputera) made up only 28 per cent of the urban population in 1970, their proportionate share has escalated to 50 per cent (43.9 per cent Malays and 6.1 per cent other Bumiputera) in 2000. Between 1957 and 2004, the Bumiputera population in urban areas has increased from about 27 per cent to 64 per cent (DOS

2005b: 27). On the other hand, the Chinese are making up a declining share of the urban population, from about 59 per cent in 1970 to 34 per cent in 2000 (DOS 2000). This trend is the result of lower rates of natural increase and the fact that the Chinese are more likely to move from one urban centre to another, while the Malays tend to move from rural to urban areas.

Urban Commercial Activities of Malays and Chinese

At the time of independence, the Malays comprised half the population and were found mainly in the agricultural sector. The Chinese who made up 37 per cent of the total population then were mainly occupied in urban commercial activities.

Malay Commercial Activities

In 1970, about two-thirds of the gainfully employed Malays were engaged in agricultural production. With rapid industrialization and urbanization, the employment structure of the country shifted from dependence on the primary to the secondary and tertiary sectors. Consequently, the agricultural sector that accounted for about a third of total employment in 1980 supported only 15.2 per cent in 2000. This was a clear reflection of the movements of the Malays and other Bumiputera out of their traditional sector. In 1980, a little more than half of the Bumiputera were still engaged in agricultural activities, but this has fallen sharply to only 18.2 per cent in 2000 (DOS 2000).

My 2005 survey shows that the four main employment sectors among the Malays were government (24.3 per cent), consulting and agency (19.4 per cent), culture, education, technology and health care (18.5 per cent), and manufacturing (11.7 per cent). By comparison, Chinese in-migrants sought employment in such sectors as culture, education, technology and health care (35.0 per cent), transportation (10.7 per cent), manufacturing (9.7 per cent), and trade (9.7 per cent) (Table 4).

The following examples in my 2005 survey illustrate cases of migration to urban centres among the Malays.

Case 1: Malay, male, junior company staff⁷

Abdul Kadir bin Lanaba, born in Sabah in 1980, was asked to join his brother in Johor Bahru when he completed his secondary education with the SPM (Malaysian

Table 4: Employment of Migrants by Sector, 2005

Employment sector	Chinese		Malays	
	Number	Percentage	Number	Percentage
Dietetic service	4	3.9	2	1.9
Entertainment service	5	4.9	4	3.9
Construction	6	5.8	0	0
Manufacturing	10	9.7	12	11.7
Real estate	1	1.0	0	0
Family service	1	1.0	3	2.9
Trade	10	9.7	10	9.7
Transportation	11	10.7	8	7.8
Government	2	1.9	25	24.3
Beauty and hairdressing	2	1.9	0	0
Culture, education, technology and health care	36	35.0	19	18.5
Consulting and agency	4	3.9	20	19.4
Finance and insurance	7	6.8	0	0
Others	4	3.9	0	0
Total	103	100.1	103	100.1

Source: Zhang 2006a: 139

School Certificate). His brother had been working at Hotel Sofitel in Johor Bahru since 1994. He had obtained the job with the help of a friend from his hometown.

Abdul Kadir's first job as an attendant at Hotel Sofitel fetched him a basic salary of RM500 per month. He worked in the hotel from 1995 until 1997. He then became a supervisor at the house keeping department at Grand Blue Wave Hotel from 1997 to 2000, and managed to increase his earnings by RM200 per month. It was Mr Karu, his "boss" at Hotel Sofitel, who had moved to Grand Blue Wave Hotel and had invited him to join him.

As for his third job as a supervisor at the house keeping department at the Eden Garden Hotel, again it was a friend from Hotel Sofitel who asked him to join him at a higher salary. So Abdul Kadir was able to improve upon his prospects. He stayed until 2004 and increased his basic salary to above RM1,500 per month. He then resigned to return to Sabah but introduced his younger brother to take over. Three months later, he found himself working at Planta Oil for a short spell before joining Master Supplier Ltd. Co. for his current employment with a basic salary of RM1,100 per month.

Case 2: Malay factory workers⁸

My Malay interviewees confirmed that many Sabahans came to Johor Bahru and many worked in electronic, cable and other factories. They generally earn RM800-900 a month and live in Senai, Tampoi and Kampas.

The manufacturing sector, which accounted for only 9.4 per cent of employment in 1970, was a driving force of population movements. In 1980, this sector provided employment to 15.1 per cent of the workforce and raised it further to 26.3 per cent in 2000. The proportion of Bumiputera engaged in the manufacturing sector also rose sharply from 5.3 per cent in 1970 to 11.3 per cent in 1980 and 26.3 per cent in 2000 (DOS 2000).

Along with other Malaysians, relatively more Bumiputera are now engaged in the business and services sectors. Ms. Hanita Shariff is one of Malay typical migrant samples.

Case 3: Malay, female, owner of a petrol service station⁹

Born in Singapore, Hanita Shariff returned to Johor Bahru upon completing her education. She worked at a law agency for more than 15 years while her husband worked in a bank. She managed to accumulate some savings and was able to give loans to her family. She had wanted to run her own business and realized that she needed enough capital. When she applied for the licence to operate a petrol service station, the official was satisfied that she had sufficient capital. To make full use of her available savings was had to defer buying a car or a house.

She then spent two years to find an appropriate location and had to compete with others to acquire one in Johor Bahru. Her husband subsequently left his bank job and joined her to run the company. She was now a happy person with two children, a house, and debt-free. She treated her employees well but did not like to hire members of her family. Among her ten employees, six had come from outside Johor Bahru. They lived in nearby villages where rental was lower than in downtown Johor Bahru.

Hanita learned a lot on how to run a business when she worked at the law agency. Her husband had learned the way of business from the Chinese when he worked in the Chinese bank. The decision to invest in the business was entirely hers. She was able to invest with her own capital without resorting to borrowing from the bank. Her husband's experience in the bank had helped her invest in a business that offered good prospects.

She realized that to invest in a service station, a good location would ensure good business. Johor Bahru's easy accessibility from Singapore and the station's location by the highway explained why 80 per cent of her customers were Singaporeans.

Malays seldom engaged in business and she was proud to be one running her own

business.

The NEP and NDP have played a pivotal role in the creation of a Bumiputera Commercial and Industrial Community (BCIC). This initiative was supported by the government through the allocation of contracts, quotas and licenses to Bumiputera businesses and joint ventures. In addition, government agencies such as the State Economic Development Corporations (SEDCs) were also actively involved in setting up commercial enterprises to assist Bumiputeras. Further progress was made in creating the BCIC with the selection of more small- and medium-scale Bumiputera entrepreneurs to participate in the modern manufacturing and services sectors during the Seventh Malaysia Plan (1996-2000) (M. Fazilah 2002: 5).

In 1995, Bumiputera equity ownership increased substantially to 20.6 per cent from 1.5 per cent in 1969, but still fell short of the 30 per cent target. The Chinese share was 40.9 per cent, or almost double their share in 1969. Following the apparent shortfall of the Bumiputera ownership target, from 1990 to 2000, the NDP which replaced the NEP still emphasized the redistribution objective (See Table 5).

Table 5: Ownership of Share Capital (at Par Value) of Limited Companies in Malaysia, 1969-95 (%)

	1969	1970	1975	1980	1985	1990	1995
Bumiputera (individuals and trust agencies)	1.5	2.4	9.2	12.5	19.1	20.3	20.6
Chinese	22.8	27.2	na	na	33.4	45.5	40.9
Indians	0.9	1.1	na	na	1.2	1.0	1.5
Nominees companies	2.1	6.0	na	na	1.3	8.5	8.3
Locally-controlled companies	10.1	na	na	na	7.2	0.3	1.0
Foreigners	62.1	63.4	53.3	42.9	26.0	25.4	27.7

Note: na = not available

Source: *Seventh Malaysia Plan, 1996-2000*

Implementation of the NEP and NDP called for the government to act as "protector and trustee" of Bumiputera interests. As a "protector", the government offered generous subsidies, loans and grants as well as special treatment in licensing, quotas in employment and tertiary education enrolment for the Bumiputera community. As a "trustee", the government set up "trust agencies" by using public

funds to purchase shares of non-Bumiputera companies or initiate takeovers and mergers of well-established foreign companies in trust until such time when the Bumiputera community itself has enough savings and funds to purchase these shares. The government is also actively involved in commerce and industry through its state enterprises to compete directly with non-Malay businessmen.

When interviewees were asked about preferential treatment, more Malays (51.5 per cent) than Chinese (15.5 per cent) admitted that they received preferential treatment in terms of employment and investment (Table 6). The various forms of preferential treatment included special considerations, employment in preferential industry and high positions. Few Chinese admitted receiving any preferential treatment in terms of employment.

Table 6: Preferential Treatment by Ethnic Group

	Chinese		Malay	
	Number	Percentage	Number	Percentage
Yes	16	15.5	53	51.5
No	87	84.5	50	48.5
Total	103	100.0	103	100.0

Source: Zhang 2006a: 141

Chinese Commercial Activities

The early Chinese tended to congregate in certain areas when they arrived from China. For their mutual interests, they clustered together according to province, district, village or surname affinities. The bonds of common provincial origins are held together by the formation of separate associations for the Hainanese, Hokkien, Hakkas or Cantonese.¹⁰ These associations also served the needs of new clansmen for whom assistance might be extended in their search for employment. Each group would build its temples and other structures that might provide accommodate to newcomers who had no relatives or friends to turn to. These associations still function to further the social, educational, religious and business interests of their members.

Different dialect groups still tend to pursue different trades and businesses. For example, the Hakkas are prone to engage in the textile business while the Hokkiens dominate the rubber trade. For the common interests of the business community, the

Chinese have organized guilds for members to meet or exchange ideas, share information and discuss problems.¹¹ They also provide a channel of communication with the authorities.

The Chinese have a strong enterprising spirit. The early Chinese had arrived penniless. Some worked as petty traders and moved upwards gradually in a typical family business environment. They had to work hard to survive and to fulfill their family obligations. Armed with a self-reliant spirit and aided by a natural tendency to engage in petty trade, many became successful through persistence and thrift. By ploughing back their savings to expand their business, some even emerged as business tycoons. Many of the richest men in Malaysia today are those who started from "rags" to achieve their wealth and prominence.

My 2005 survey shows that more Chinese (47.6 per cent) worked in the private sector than Malays, who were more likely to be employed in the civil service or government corporations. Many Chinese migrants to urban centres had to rely on the help of their friends (32.6 per cent) and their families (22.5 per cent) to obtain employment (Zhang 2006b). The following example is an illustration of the spirit of an enterprising lady who, through hard work and far-sightedness, has succeeded in building up a business chain from scratch.

Case 4: Chinese female, owner of an international beauty group¹²

Clara International is one of Malaysia's most renowned and well-established groups of beauty treatment and training centres. It was founded by Ms. and Dr. Clara Chee who was born in October 1943 in Johor and had lived in Kuala Lumpur since 1977. Her first encounter with cosmetics was in her father's textile shop. Having failed to gain admission to nursing school, possibly because of her petite stature, Clara applied instead to Max Factor for a position as a beauty consultant. She was accepted and subsequently sent for training in Singapore to further her knowledge in cosmetics.

When she realized that Max Factor and Yardly beauty products offered little help for her skin problems, she embarked on the study of the chemistry of cosmetics in order to come up with her own formulations. She left for the United States to study chemistry at the University of Missouri, but later found that Western cosmetic products were not suitable for the Asian complexion. In her search for answers, she opted for another dose of cosmetic chemistry and aesthetic training in England as well as visited large cosmetics manufacturing plants in Europe to observe their operations.

Upon her return, she set up her first salon in Petaling Jaya (outside Kuala Lumpur) in 1977 to provide her own solutions for beauty treatments and tropical skin problems. This initial business endeavour has since become an organization with more than 40 branches in Southeast Asia and China, half of which are fully owned by Clara

International and the rest are joint partnerships and franchises owned by graduates of the Clara Academy.

Urban Commercial Activities: Comparison between Malays and Chinese

A study in 2005 showed that 47.6 per cent of Chinese respondents work in private organizations, and 31.1 per cent work in voluntary or nonprofit organizations. In contrast, 40.8 per cent of the Malays work in government-owned corporations or in the civil service and 33.0 per cent work in private organizations (Table 7).

Table 7: Organization Migrants Serviced in Urban Areas, 2005

Organization	Chinese		Malay	
	Number	Percentage	Number	Percentage
Government-owned	5	4.9	42	40.8
Public company	7	6.8	4	3.9
Foreign-owned/joint venture	9	8.7	2	1.9
Private	49	47.6	34	33.0
Voluntary or nonprofit	32	31.1	16	15.5
Others	1	1.0	5	4.9
Total	103	100.1	103	100.0

Source: Zhang 2006b: 13-14

After 36 years of NEP and NDP, the Malaysian economy may be divided into three broad categories. A privileged category is made up of manufacturing multinational corporations (MNCs) that dominate the export-oriented industrial sector. These corporations have benefited from various official incentives to withstand global competition. These incentives have been regarded as market-distorting "subsidies" by economic experts or the media. The second category comprises small and medium-scale enterprises (SMEs). Most of them are oriented towards the domestic market although some have become successful subcontractors to foreign MNCs. Malay-owned SMEs still depend on state patronage and protection, and make up a politically significant component of this section. A larger component is more resilient and much less reliant on the state, but, being largely Chinese-owned, it has little political clout. The third category

comprises "inter-ethnic" conglomerates. These are corporate entities in banking, resource exploitation, plantations, construction, real estate, gaming, tourism, transportation, utilities and services, and selected import-substituting industries. They dominate these domestic sectors in which state patronage, protection and regulation really matter.

The true riddle of the NEP and its political economy, to use Peter Searle's formulation, is whether the state's "incubation" of "indigenous entrepreneurs" could produce "real capitalists" who would forswear their "unorthodox origins". Searle offered a typology (that resembles a "stages of development of capitalists" model) that depicted Malay capitalism as "a complex amalgam of state, party and private capital" having a variety of human forms: figurehead capitalists, executive-professional directors, executive-trustee directors, functional capitalists, bureaucrats-turned-businessmen, state managers-turned-owners, politicians-turned-businessmen, United Malay National Organization's (UMNO - the pre-eminent ruling party in the government coalition) proxy capitalists-turned businessmen, UMNO's proxy capitalists-turned-corporate captains, rentiers, transitional entrepreneurs and private capitalists (Searle 1999).

Is it possible that some would emerge from "the cocoon of state patronage networks and rent-seeking activity" as "real capitalists" bearing the credentials of independence, dynamism and resilience alien to habitual rent-seekers? In social engineering, there is no guarantee that incubation will result in birth, let alone many births that are free of defects. One could see that unproductive rent-seeking practices in the form of "Ali Baba" ¹³ arrangements, tardiness in acquiring new manage skills, or frequent transfers of businesses followed by demands for more contracts.

As Halim Salleh (1999: 187) astutely noted, a major contribution to "social acquiescence" came from the NEP's efficacy as a "tool to domesticate and Malaysianize the non-Malays" in exchange for an expansion of the Chinese share of the economy. There were opportunities as well for different segments of domestic Chinese capital to adapt to restructuring, form joint venture with influential Malays, and thereby profit from the high rate of state-led growth. Ironically, for those who only saw the NEP as an inter-ethnic zero-sum game over targets and quotas, the protagonists in the dramatic rise of the BCIC proved to be less easily "domesticated". In fact, the achievement of the NEP's targets and the overall efficacy of the state's economic policies were dependent on the functional integrity of a Malay "party-bureaucracy-class" axis.

However, the NEP's abundant opportunities for rent-seeking practices and "instant wealth" spawned influential coalitions and alignments of rival centres of

power among the ranks of party, bureaucracy and class. Then the intra-Malay tensions, initially camouflaged by inter-ethnic disagreements, surfaced with a vengeance. As a result, flashpoints of competition and conflict were created which ruined the party-bureaucracy class nexus into an axis of discord (Khoo 2003: 177).

Urban Communities by Ethnic Groups

Malay urban community

When Malays moved to urban areas, they usually attempt to establish communities with kampung-like¹⁴ characteristics in new urban settings by relying on certain cultural resources they had acquired in rural areas. Many also remain as "folk urbanites"¹⁵, that is, urban-dwellers who operated within the domain of Malay cultural values and religious practices, and whose lifestyles are relatively modest, with strong family and community orientations (Abdul Rahman 2002: 194-195). This suggests that many new middle-class Malays do not feel ill at ease in cities and do not consider the urban environment to be alien or hostile.

The urban Malays may be categorized into three groups. The first is a small group maintaining close relationships with many friends from other ethnic groups. They may be regarded as cosmopolitan in their attitudes and way of life. The second is a much larger group who has fewer non-Malay friends and limited interactions with them. The third is also a small group that is more exclusive and has few contacts with other ethnic groups. It lives mainly within its own ethnic community and interacts with other ethnic groups only at the marketplace.

A fair proportion of urban Malays in Kuala Lumpur and Johor Bahru belongs to the first category. However, an almost equal proportion of the Malays in Kuala Lumpur conducts their lives mainly within their own ethnic group. This finding suggests that one's presence in the multi-ethnic surrounding of major urban centres does not automatically induce one to establish contacts with those from other ethnic groups. On the contrary, it might make one feel a greater need to keep within one's ethnic boundary.

Chinese urban community

With a population of 6 million, the Chinese are the dominant non-Bumiputera community in Malaysia and comprising 26 per cent the total population. They have long settled down in the country and live in harmony with other communities.¹⁶ Under British rule, the Chinese benefited from improved law and order and minimal

interference in their business and cultural affairs. They have come under influences that tend to affect them in different and sometimes conflicting ways. The first of these influences has been towards adaptation, accommodation and even assimilation into Malaysia's host society and culture. A second shift is the re-emphasis of a common Chinese culture while a third shift has been towards a more modern and more Westernized model thanks to their exposure to the modern economy and the presence of English-medium schools.¹⁷ The community is distinguished between the Mandarin-educated and English-educated. The former comprises the majority of the Chinese and generally enroll their children in Chinese schools. Many among the English-educated are illiterate in Chinese and do not speak Mandarin. Although they maintain the core Confucian values, the English-educated are relatively less aware of Chinese history, customs and festivals than the Mandarin-educated (Zhang 2006c).

My field work in 2005 reveals that the values that characterize the urban Chinese are related to material well-being. This is understandable for a community that believes in the need to compete for survival and advancement. They work hard, persevere, and take risks. They adhere to the concept of "no pain, no gain" in their daily life. The Chinese urban community also believes that whatever "comes easy" will vanish just as easily. Chinese children are exhorted to excel in their studies as the path to success.

The Attitudes of Urban Malays and Chinese

To some extent, the success of the Malays has been the result of a "get rich quick" mentality. Some dispose of their shares, licences, permits, or concessions to others who are willing to bear the cost of taking over the commitments. The shops will no longer mean "the ubiquitous Chinese shops" if only the Malays enter and learn the difficult business of retailing that requires dealing with customers other than Malays alone (*New Straits Times*, 27 February 2000). Malay entrepreneurs should start small, expand slowly and "make an assessment of themselves and ensure that they have the financial means, know-how and efficient management skills before venturing into big businesses", as "otherwise they will not only face a lot of problems running their business but they will eventually be forced to close down their business" (*The Star*, 6 December 2000).

Two days before Dr. Mahathir (now Tun) announced his resignation, he firmly indicated that he did not see how Malay weaknesses could be resolved by keeping down the non-Malay community:

If we take out the Chinese and all that they have built and own, there will be no small or big towns in Malaysia, there will be no business and industry, there will be no funds for the subsidies, support and facilities for the Malays.

(*The Star*, 21 June 2002)

As an ethnic group, the Chinese consider peace and harmony as significant values for becoming prosperous. Chinese dislike conflicts and consider them as harmful and undesirable. They have assimilated many aspects of Malay and Indian cultures into their way of life. They are also tolerant and appreciative of the differences that exist in the country and do not act rashly.

In all probability, the next generation of Malaysian Chinese who do not have children in Chinese schools and are more exposed to Western culture, outlook and thoughts may ignore their long-held traditional values. This change will occur more rapidly among the educated population in the urban areas who tend to be more critical, individualistic, technologically savvy and independent. At the same time, the pragmatism of the Chinese is reflected in the increasing popularity of Chinese education among the English-educated families. Chinese parents are now more concerned about inculcating and reinforcing traditional values among the young so that they are aware of their cultural roots.

Future Development: Urbanization and Urban Migrants

Migration to the cities is looked upon as a means to urbanize the Bumiputera and promote their participation in the modern economic sectors. Yet, if Chinese businesses hire some Bumiputera workers, and likewise some Bumiputera businesses hire some Chinese workers, these communities still live and work in their own ethnic worlds. Chinese businesses rely on their social and commercial networks and have benefited from their historical links with the urban economy, while Bumiputera businesses rely on the government and receive preferential treatment from national policies.

The economic rationale of the NEP and NDP has motivated intense Malay social mobility during the past few decades. Historically the new Malay capitalists and the middle class have been largely "engineered" by the state according to the logic of Malay parity with the non-Malays in a capitalist economy and in a milieu bounded by Malay supremacy, restructuring targets, and NEP quotas (Khoo 1995: 85).

My 2005 survey shows that among Chinese interviewees, 24.3 per cent were owners of private business enterprises, 23.3 per cent were employees of enterprises, and 22.3 per cent were professionals. Among Malay interviewees, 34.0 per cent were working in government services, 31.1 per cent were ordinary employees in business enterprises, and 11.7 per cent were middle and lower level managers of enterprises (Zhang 2006b).

It should be plain that the pace of social mobility of the past 30 years or more may not be sustained despite Vision 2020's projections of growth. Future generations of Malays can hardly expect to enjoy the same scale of socio-economic subsidies offered by the NEP's state-led high growth and privatization under the Malaysia Inc. concept. However, neither would these segments of the BCIC, like any other social group in power, voluntarily surrender privileges they have habitually received. As Mahathir (2002) remarks, "unfortunately, their view is that their crutches are symbols of their superior status in the country". This view flows from an ideological framework and justifies the NEP's affirmative action in rectifying the "relative backwardness" of the Malays by granting them a "special position" guaranteed by UMNO's political dominance.

Will the urban Malays and Chinese lose their roots in the frenzy interplay of economic modernization driven by strong state policies and intense private competition for the spoils of both direct and indirect preferential treatment? Certain policy "brakes" may have been thought of to restrain the preoccupation with the pursuit of materialistic success that could sideline the role of cultural influences among increasingly urbanized communities. One of these is the aim to become a "developed nation" within "our own mould" (Mahathir 1991). However, this and other policies are rather vague because, what "our own mould" is, has not been clearly defined, and the implementation towards its realization has been anything but consistent.

Notes

- 1 The New Economic Policy was introduced following the communal riots of 13 May 1969 in Malaysia and one of its objectives as to redress ethnic socio-economic imbalances. Intended to run for a twenty-year period between 1971 and 1990, it was aimed at achieving a two-pronged objectives of reducing poverty irrespective of ethnicity and restructuring society to eradicate the ethnic identification of economic activities.
- 2 The National Development Policy (1990-2000) is in effect an extension of the New Economic Policy.

- 3 "Vision 2020" was introduced by Dr. Mahathir Mohamad, Malaysia's former prime minister, in a speech on 28 January 1991 entitled "Malaysia: the Way Forward". By the year 2020 Malaysia aims to become, economically, a "fully developed industrialized society" and, politically, a "united Malaysian nation" (see Mahathir Mohamad 1991).
- 4 *Bumiputera* literally meaning "sons/daughters of the soil" and is used to refer to the Malays and other indigenous peoples in Malaysia.
- 5 Malaysia consists of 13 states of which 11 are in Peninsular Malaysia, and the other two being Sabah and Sarawak. The country is separate by the South China Sea. There are also three federal territories (Kuala Lumpur, Labuan, and Putra Jaya, the last one created in 2001).
- 6 The Klang Valley in which Kuala Lumpur and the new town of Petaling Jaya are located is the most industrially developed and advanced region in Malaysia.
- 7 Interview with Mr. Abdul Kadir Bin Lanaba in April 19, 2005.
- 8 Interview with Mr. Abdul Kadir Bin Lanaba in April 19, 2005.
- 9 Interview with Ms. Hanita Shariff in March 24, 2005.
- 10 I visited the Hainanese, Hokkien and Cantonese associations, met some of their leaders and attended some of their activities in Malaysia, from January to October 2005.
- 11 I visited some industrial associations (for motor components, coffee, beauty, small business, SME industry, newspaper, real estate, restaurant among others) and met their leaders during my 2005 field work in Malaysia.
- 12 Interview with Ms. Clara Chee and her husband Mr. SC Woo in September 17, 2005.
- 13 "Ali-Baba" enterprises were arrangements of convenience between a Malay (Ali) and a Chinese (Baba). The former lends his name to the latter to slip through the government regulatory net to obtain government contracts or licenses which were normally granted only to Malays. In return, "Ali" earned a commission or, as a sleeping partner, received a share of the profits.
- 14 "Kampung" means village in Malay.
- 15 Folk urbanites are modern urban-dwellers whose lifestyles are relatively modest, with a strong family and community orientation, rather than being cosmopolitan, individualistic and isolated from kin and community. Culturally, folk urbanites - though living in modern urban settings - tend to operate within the domain of their cultural values and religious practices.
- 16 The earliest Chinese settlements in Malaysia can be traced back to the time of the Melaka Sultanate in the 15th century. Known as Babas and Nyongyas, the descendents of these early Melaka Chinese speak Malay while retaining their own values albeit with some distinctive traits. Because of a number of push factors, which included overpopulation, natural calamities and landlord exploitation in the southern coastal provinces of Fujian, Guangdong and Hainan in the 19th century, large groups of Hokkien, Hakka, Teochew, Hainanese and Cantonese left Mainland China for Malaya. The Hokkien were most numerous in Selangor, Penang and Melaka; the Cantonese in Kuala Lumpur. Teochews settled primarily in Kedah, the Hainanese in Terengganu, and the Hakka in Sabah and Sarawak. However, different groups of the Chinese brought with them distinct customs and social practices, and distinguished from one another by their respective dialect groups. Each dialect group has its own network whose purpose is to provide help and support to each other.

- 17 In the colonial period, many Chinese families especially in the urban areas opted to send their children to the English Missionary Schools (English was the official language at that time and, as an international business language, it naturally gained wide acceptance.) In the late 1970s, government English schools were replaced by National (Malay) schools. The medium of instruction was switched from English to Malay. It is now common for young Malaysian Chinese to speak a medley of Mandarin, Cantonese, English and Malay among themselves and also with friends of other ethnic groups.

References

- ABDUL RAHMAN Embong 2002. *State-led Modernization and the New Middle Class in Malaysia*, Houndmills AND New York: Palgrave.
- Department of Statistics, Malaysia (DOS) 2000. *Population and Housing Census 2000*, Putrajaya.
- 2004a. *Migration Survey report 2003*.
- 2004b. *Yearbook of Statistics 2004*.
- 2005a. *Statistics Handbook 2005*.
- 2005b. *Labour Force Survey Report Malaysia 2004*.
- HALIM Salleh, 1999. Development and the politics of social stability in Malaysia. In *Southeast Asian Affairs 1999*, Singapore: ISEAS.
- KHOO Boo Teik 1995. *Paradoxes of Mahathirism: An Intellectual Biography of Mahathir Mohamad*, Kuala Lumpur: Oxford University Press.
- 2003. *Beyond Mahathir: Malaysian Politics and Its Discontents*, London and New York: Zed Books Ltd.
- M. FAZILAH Abdul Samad, 2002. *Bumiputeras in the Corporate Sector: Three Decades of Performance 1970-2000*. Centre for Economic Development and Ethnic Relations (CEDER), University of Malaya.
- MAHATHIR Mohamad, 1970. *The Malay Dilemma*, Singapore: Donald Moore for Asia Pacific Press.
- 1991. *Malaysia: the Way Forward*, Kuala Lumpur: Institute of Strategic and International Studies.
- 2002. Speech at the Harvard Club of Malaysia, Kuala Lumpur, 29 July, reprinted as "The New Malay Dilemma", *New Straits Times*, 30 July 2002.
- Malaysia, Government of 1996. *Seventh Malaysia Plan, 1996-2000*, Kuala Lumpur: Government Printers.
- New Straits Times* 27 February 2000. PM: In business, we must sell to all and not be selective of race.
- SEARLE, Peter 1999. *The Riddle of Malaysian Capitalism: Rent-seekers or Real Capitalists*, New South Wales: Asian Studies Association of Australia.
- TEY Nai Peng 2005. Trends and patterns of urbanization in Malaysia: 1970-2000. In *Asian Urbanization and the New Millennium*, edited by Gayl D Ness and Prem P. Talwar, Marshall Cavendish International (Singapore) Private Limited.

The Star 6 December 2000. PM on downfall of entrepreneurs.

----- 21 June, 2002. PM: Easy to split the Malays.

ZHANG Jijiao 2006a. Urban migrants' adaptation in Malaysia: a comparative study between Chinese and Malay. In *The Future of Asia: Development, Diversity and Sustainability*, edited and compiled by Shen Hong-fang and Xu Ming-qi, Bangkok: Asian Scholarship Foundation: 127-145.

----- 2006b. Urban migrants' employment and enterprise development: a comparative study between Chinese and Malay in Malaysia. Paper for the Sixth Annual Fellows Conference "Weaving Asia's Rich Tapestry: Our Narratives, Our Agendas" organized by Asian Scholarship Foundation, Bangkok, July 3-4.

----- 2006c. *Urban Migrants in Asia: A Comparative Study among China, Malaysia and South Korea*, a research project report.

ZHANG Yunhua and ZHANG Jijiao 1996. *Malay in Southeast of Asia*, Beijing: China Ethnic Photography and Arts Press.