Group-Based Redistribution in Malaysia: Polarization, Incoherence, Stasis

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Abstract
Group-based redistribution is extensive and embedded in Malaysia, and has comprehensively transformed the country since the introduction of the New Economic Policy (NEP) in 1971. The NEP established a “two-pronged” framework of poverty reduction irrespective of race and social restructuring to redress racial inequalities primarily through preferential programmes targeting the disadvantaged Bumiputera majority. The debate surrounding the NEP has under-appreciated its strengths and augmented its omissions and misconceptions, which in turn have shaped policy discourses and attitudes in two ways. First, there is marked polarization, largely along ethnic lines, with the majority group overwhelmingly predisposed in favour of Bumiputera policy and minority groups generally wary of its continuation. The polarization unduly reduces the debate to monolithic pro-NEP vs anti-NEP dispositions, and constricts the solutions to a false binary question of continuing vs terminating the NEP. Second, a broad but incoherent consensus has consolidated around the notion that “need-based” policies should comprehensively replace “race-based” policies. While “need-based” policies are widely embraced, they emphatically do not constitute a substitute for “race-based” policies, or group-based redistribution more generally. Surveys have captured the ethnic polarization surrounding “Malay privileges,” but also show that Malaysians unanimously support universal basic assistance. A systematic policy reformulation with universal basic needs and group-based interventions as enduring and distinct domains might hold out possibilities for new and constructive compromise.

Keywords
affirmative action; inequality; Malaysia; race and ethnicity; redistribution
1. Introduction

Group-based redistribution policies, also known as affirmative action, invariably spur spirited, contentious, and even acrimonious debate in the countries where they are implemented. Unsurprisingly, this policy genre, which preferentially provides opportunities to distinct population groups for upward mobility and capability building, is bound to trigger opposing reactions among beneficiaries and non-beneficiaries. It is also plausible to expect that increasing the scale of intervention heightens the stakes, vested interests, and contestations, and intensifies the attitudes and perceptions toward the policy. Malaysian society, which grapples with one the most embedded and expansive—and majority-favouring—group-based redistributive regimes in the world, tends to hold opinions that induce polarization in some respects, and consensus in others. The combined effect of these concurrent and contrasting outcomes is to perpetuate deadlock and stasis in policy discourses and popular attitudes.

This article investigates the historical, intellectual, and practical factors that contribute to this state of affairs. Group-based redistribution—specifically, in favour of the socioeconomically disadvantaged Bumiputera majority—is rooted in Malaysia's federal constitution. The term "Bumiputera" refers to the Malays, who presently comprise 56% of Malaysia's population, and other indigenous groups (14%). Chinese (23.2%), Indian (6.7%), and other categories (0.7%) make up the balance (Department of Statistics Malaysia, 2022). Malaysia adhered more literally to the constitutional provisions for group-based redistribution in the first dozen years after independence, but vastly expanded this policy regime in the aftermath of the May 13th, 1969, ethnic carnage and the subsequent promulgation of the New Economic Policy (NEP), which has remained beyond its original 1971–1990 timeline. Every major national policy has reaffirmed the NEP and preserved its essence, from its immediate successor the National Development Policy 1991–2000 (Malaysia, 1991) to the latest Madani Economy (Malaysia, 2023). Perceptions and sentiments toward the NEP have been antagonistic from the onset, but the deadlock goes beyond general contentions between policy beneficiaries who favour the policy and others who oppose it.

This article will discuss how the original articulation of the NEP, compounded by misconceptions of the NEP, has amplified conflict and negated reform. Policy discourses have been reduced to clashes between narrow dogmas of continuing vs terminating group-based redistribution and between sweeping assessments of "success" vs "failure." Ingrained mindsets and sentiments fuel Malaysian tendencies to close ranks along ethnic or partisan lines, or to recycle dogmas and polemics, rather than examine these complex issues in a systematic and critical manner (Chin, 2009; Gomez et al., 2021; Kua, 2018; Lim, 2020; Saniman, 2019; Zainuddin, 2019). Empirical literature on the NEP, in both official and academic sources, has adopted the template of Malaysia's development plans in focusing heavily on ethnic equity ownership, omitting systematic analysis of the policy's immediate goal of promoting group participation and mobility and the attendant objective of developing capability and competitiveness. At the same time, the notion that Malaysia should pursue "need-based" in place of "race-based" affirmative action is widely held, most pronouncedly among political elites, popular media, and academia. The emergence and consolidation of this multi-partisan consensus has provided anodyne moral affirmation—that Malaysia has supposedly moved on from race-based policy—but ultimately perpetuates an incoherent prescription and false sense of progress (H.-A. Lee, 2022).
This article references credible surveys that provide evidence that Malaysians are amenable to a coherent system that provides both universal social assistance and group-based redistribution as complements, not substitutes. Nationally representative opinion polls have found unanimous endorsement of basic assistance for all regardless of race, but diverging attitudes toward pro-Bumiputera policies—with sharp polarization between Malays and non-Malays, and significant differentiation between supporters of ethnic-based parties and multi-ethnic parties. Negotiating these complexities will be challenging, but the muddled mainstream discourse of need-based policies replacing race-based policies gets nowhere. Malaysia should instead systematically and constructively provide universal basic needs provision to safeguard well-being and rights alongside group-targeted programmes that promote participation and capability (H.-A. Lee, 2023a).

2. Policy Foundations and Discourses

2.1. Contexts and Precedents

This section discusses key legislative or policy landmarks and the political context within which they emerged. Malaysia’s constitution safeguards equality while also allowing for preferential treatment for the majority Bumiputera group. Article 8 guarantees freedom from discrimination for all without exception, unless “expressly authorized by this constitution.” Article 153 provides such authorization, specifically in safeguarding the “special position” of the Malays and natives of Sabah and Sarawak, “in such manner as may be necessary” through the reservation of a “reasonable” proportion of public service employment, scholarships, training, higher education admissions, and licenses (Commissioner of Law Revision, 2010).

From Malaya’s independence in 1957 and throughout the 1960s, the country arguably adhered to Article 153 in a literal sense, by preferentially providing the listed items—especially scholarships and public sector employment—for the Malays. With Malaysia’s formation in 1963, through the merger of Malaya (subsequently termed Peninsular Malaysia) with Sabah and Sarawak of Borneo Island, the scope of beneficiaries, also known as Bumiputeras, broadened from the Malays to the indigenous groups of Sabah and Sarawak. More generally, the public policy disposition of 1957–1969, characterized as laissez-faire, focused on economic growth and rural development, but treaded lightly in redressing inequality (Gomez & Jomo, 1999). From the mid-1960s, demands for more decisive and effective action to promote Bumiputera interests, which heightened at the first Bumiputera Economic Congress of 1965, gave rise to the creation of Bank Bumiputera and the conversion of the Rural Industrial Development Agency (RIDA) into MARA (Majlis Amanah Rakyat, or Council of Trust for the People), which more explicitly and extensively focused on Bumiputera development.

Inter-ethnic disparities persisted through the 1960s, most consequentially in the Malay community’s lower rates of urbanisation, higher incidence of poverty, limited access to higher education, and under-representation in high-level occupations. By 1970, Malays constituted 53.1% of the total Peninsular Malaysia population but only 27.6% of the urban population, and recorded a poverty rate of 64.8%, above that of the Indians (39.2%) and Chinese (26.0%; see Leete, 2007). Malay students comprised about 40% of the enrolment in the University of Malaya, the only public university at the time, but were severely under-represented among science, engineering, and medical graduates (Selvaratnam, 1988). In employment, Malays constituted 51.4% of all occupations, but only 22.4% of administrative and managerial positions (Malaysia, 1976).
Malaysia was comprehensively transformed by the NEP. The NEP was crafted in the aftermath of the May 13th, 1969, ethnic violence that erupted amid a post-election political crisis. While the tragedy stemmed from political conflicts, the socioeconomic problems of persisting poverty and inter-ethnic disparities made for a combustible social milieu (Von Vorys, 1975). The NEP took root amid a political ferment characterized by the reassertion of Malay political primacy and the proscription of dissent. In 1970, the Sedition Act was amended under emergency rule to expand the definition of seditious tendencies criminalized under this law, making it an offense to “question any matter, right, status, position, privilege, sovereignty or prerogative established or protected” by Article 153 and other provisions in the constitution. Over the years, the constitutionally stipulated Malay special position and concomitant socioeconomic quotas have become distorted into Malay “special rights”—and propagated through popular discourses and the national school syllabus (Brown, 2007).

Debates over group-based redistribution, and the pro-Malay preferential system in particular, have had to contend with invocations of Article 153, reinforced by the Sedition Act. Notwithstanding this article’s focus on policy, one crucial point must be recorded on these recurrent efforts to pre-empt or censor critique. The defense of privileges for the Malay community, couched in the language of “special rights,” imputes a permanent, inalienable, and fundamental quality that departs from the constitution. The status quo can be maintained by vested interests and cemented dogmas favouring “Malay special rights” in perpetuity, which can also rally support by inflaming a sense of threat of losing these “rights.” Efforts to probe new thinking and compromise will continually face such challenges. Nonetheless, breakthroughs could be possible with more tempered and empathetic approaches that recognize the sensitivity of the issue at stake and anchor the discussion on the imperative of promoting Bumiputera, especially Malay, economic participation and capability.

The NEP, promulgated as a vision statement in 1971 and a full-fledged development programme in 1976, would set the tone and template for more extensive pro-Malay redistribution (Malaysia, 1971, 1976). The NEP established a two-pronged framework and proposed a twenty-year time frame, 1971–1990. The first prong set out to reduce and eventually eradicate poverty irrespective of race; the second prong aspired to accelerate social restructuring by reducing and eventually eliminating the identification of race with economic function. This structure judiciously recognized two national objectives that were distinct but interrelated in a “mutually reinforcing” relationship. The articulation of the two prongs implicitly acknowledged that achieving the second prong’s social restructuring would require social restructuring instruments; in other words, Malaysia could not employ the first prong’s instruments of basic needs provisions to achieve the second prong’s objectives of promoting Bumiputera participation in higher education, upward occupational mobility, commercial and industrial enterprise, and equity and wealth ownership.

The basic structure of the NEP has remained firmly in place, with variations over time. The NEP was succeeded by the National Development Plan (1991–2000), the National Vision Plan (2001–2010), various transformation programmes (2011–2020), and short-lived policy rebranding amid post-2020 milieu political fluidity. Each plan recommitted to the NEP, such that it is meaningless to claim that the NEP ended in 1990. Although the relative emphasis of policies may have changed, and new initiatives have been introduced or old programmes modified or retired, the core has endured. Table 1 summarizes the main pro-Bumiputera group-based programmes that are, by and large, still operating currently. The list omits some major projects that have definitively stopped, notably Malaysia’s creation of Bumiputera corporate titans through privatization which was unravelled by the 1997 Asian financial crisis.
Table 1. Malaysia: Major Bumiputera group-based programmes and approximate timing.

<table>
<thead>
<tr>
<th>Policy sector</th>
<th>Programme, preferential mode, and key information</th>
<th>Start period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher education</td>
<td>Exclusively Bumiputera MARA technical institutions and university</td>
<td>1960s</td>
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<tr>
<td></td>
<td>Exclusively Bumiputera MARA education sponsorship</td>
<td>1960s</td>
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<tr>
<td></td>
<td>Bumiputera preference in public university admissions</td>
<td>1970s</td>
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<td></td>
<td>90% Bumiputera quota: MARA secondary-level science residential colleges (MRSM) and pre-university matriculation colleges</td>
<td>2000–2003</td>
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<td></td>
<td>Yayasan Peneraju Pendidikan Bumiputera (financial support for technical and professional training)</td>
<td>2012</td>
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<td></td>
<td>De facto Bumiputera preference in public sector and government-linked companies (GLCs)</td>
<td>1957</td>
</tr>
<tr>
<td>Enterprise development</td>
<td>Public procurement—seven classes, G1 smallest to G7 largest:</td>
<td>1970s</td>
</tr>
<tr>
<td></td>
<td>G1: reserved for 100% Bumiputera-owned companies</td>
<td>1970s</td>
</tr>
<tr>
<td></td>
<td>G2-G6: carve-outs and price preference for majority-Bumiputera companies</td>
<td>1970s</td>
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<tr>
<td></td>
<td>GLC procurement, vendor development</td>
<td>1970s</td>
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<td></td>
<td>Entrepreneurship training through UiTM, GiatMARA, and other MARA programmes</td>
<td>1980s</td>
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<td>Loans and support for small and micro firms (Tekun Nasional(^1)), small and medium enterprises primarily in retail and distribution (PUNB(^2)); Bumiputera programmes within SME Bank and SME Corp(^3); government credit guarantee schemes under SJPP(^4)</td>
<td>1990s</td>
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<td></td>
<td>Ekuinas: private equity fund holding substantial stakes in Bumiputera private enterprise</td>
<td>2009</td>
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<td></td>
<td>Teras selection of competitive and high-growth enterprises for preferential public procurement (2013–2018), INSKEN Entrepreneurship Institute, SUPERB grant for youth entrepreneurs, Bumiputera Facilitation Fund (reconfigured to Bumiputera Prosperity Fund)</td>
<td>2010s</td>
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<td></td>
<td>Bumiputera Economic Action 2030 identification of seven key economic growth activities, three Bumiputera economic transformation areas, seven priority areas</td>
<td>2021</td>
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<td>Wealth and property ownership</td>
<td>Property purchase discounts</td>
<td>1970s</td>
</tr>
<tr>
<td></td>
<td>Public listing equity requirements</td>
<td>1970s</td>
</tr>
<tr>
<td></td>
<td><strong>Amanah Saham Bumiputera</strong> (unit trust) managed by Permodalan Nasional Bhd (National Equity Ltd)</td>
<td>1978</td>
</tr>
</tbody>
</table>

Notes: \(^1\) Tekun Nasional also designates Indians as beneficiaries in some of its programmes; \(^2\) National Entrepreneurship Corporation Ltd. (PUNB) has partnered with Teraju to set up Prosper Teras; \(^3\) Bumiputera Economic Enhancement Program (finance and advisory services; SME Corp), Tunas Usahawan Belia Bumiputera (entrepreneurship and self-employment for young adults: TUBE), Equibumi (financing for taking over divestments or public listing; SME Bank); \(^4\) Syarikat Jaminan Pembiayaan Perniagaan (SJPP), a subsidiary of Ministry of Finance, Inc., operates the Working Capital Guarantee Scheme (Bumiputera), and a parallel scheme for women. Source: H.-A. Lee (2021a).

Malaysia’s policy practices have essentially, if implicitly, maintained the NEP’s two-pronged structure, including major developments since 2010, such as the introduction of cash transfers for low-income households, minimum wage, and broadening of social protection in general, alongside group-targeted assistance in higher education and small and medium enterprises (SMEs) for the Indian and Orang Asli communities. These more recent developments expand on the poverty alleviation and group-based programmes that have been in place since the NEP.
The embeddedness and durability of Bumiputera group-based programmes are underscored by the absence of fundamental policy change despite Malaysia’s political transformation in the wake of the 2018 general election. Since the Barisan Nasional ethnic coalition lost power and its hegemonic Malay party UMNO lost credibility, after ruling for six decades and institutionalising ethnic policies, multi-ethnic parties have consolidated their urban strongholds. Yet Malaysia has seen not only a continuation of ethnic policies (with minor modifications), but indeed a reassertion of pro-Bumiputera policies—with a focus on capacity building and entrepreneurship. Three state-sponsored Bumiputera congresses were held with at high frequency—in 2018, 2020, and 2024. The four preceding Bumiputera economic congresses occurred in 1965, 1968, 1980, and 1992. There are underlying political factors, most saliently the heightened competition for Malay votes among Malay parties, but group-based redistribution policies are also sustained by the logic of their enduring objectives and distinct mechanisms that any Malaysian government, whether constituted by mono-ethnic or multi-ethnic parties, will do better grapple with systematically and effectively rather than conflating the decline of the Barisan Nasional’s ethnic politics with the hoped-for demise of ethnic policies.

2.2. Omissions and Misconceptions

Notwithstanding the clarity in articulating the two prongs, the NEP was marred by three omissions and misconceptions that shaped perceptions, expectations, and attitudes—and, in turn, fuelled contestation and conflict.

First, the NEP insufficiently specified the mechanism, scope, and outcome of its two prongs, especially the second. The first poverty eradication prong would be achieved through raising productivity and income and generating employment opportunities, alongside expanding social services. A vast array of interventions coalesced around a singular target of reducing the poverty rate from 50% in 1971 to 17% in 1990. Toward the second prong’s objective of accelerating social restructuring and redressing racial imbalance, Malaysia would modernise rural economies, facilitate urbanisation, and create a Bumiputera commercial and industrial community. Policy documents conveyed an awareness that Bumiputera to non-Bumiputera disparities were most acute in higher education, high-level occupations (professional and managerial positions), enterprise, and wealth ownership. Targets were set for increasing Bumiputera representation in higher education and advanced fields would by the mid-1980s cease to be tracked and reported. The NEP did not establish and sustain focus on developing Bumiputera capability.

The NEP also failed to clearly acknowledge that facilitating Bumiputera participation and capability in these areas would involve preferential selection and would operate primarily in the public sector and public institutions. This application of preference would also entail some degree of inclusion and exclusion, given the scarcity of opportunities in the main vehicles: public universities and colleges, government employment, or loans disbursed by public institutions. In other words, the pursuit of the NEP’s second prong would unavoidably cause some degree of exclusion of non-beneficiary groups and thus would need to maintain as its driving objective the cultivation of the beneficiary groups’ graduation away from receiving preferential treatment.
Second, the NEP lacked a cohesive and consistent articulation of its ultimate objectives, and the implications of its 1971–1990 timeline—again, particularly concerning the second prong. A greater mindfulness toward the fact that these interventions involved higher education, upward occupational mobility, enterprise, and ownership might have helped the NEP discern that each sector demanded different approaches, targets, and timelines. Interestingly, the Second Malaysia Plan noted that some goals, especially the creation of the Bumiputera Commercial and Industrial Community (BCIC), might “take longer than one generation” to achieve (Malaysia, 1971, p. 9). This phrase intimated that the NEP might extend beyond 1990 and that different policy spheres might follow different timelines. However, this important and perceptive observation was made in a passing, inconsequential manner. It is also important to note that the NEP was not a monolith erected all at once. Few of its policies started operating in 1971. Indeed, the full policy was launched in 1976, and programmes, laws, and measures under its auspices were rolled out piecemeal (Table 1). In light of the complexity and fluidity, it is impossible to envisage the system being dismantled all at once, and more reasonable to formulate targets and timelines specific to each policy sector.

Policy debates were further skewed, and polarization deepened, due to a lack of precision and coherence in other aspects—and tendencies to superimpose preconceived positions onto those ambiguities. The NEP was opaque and noncommittal about its 1971–1990 timeframe. Policy documents omitted a clear and consistent articulation of ultimate objectives, although they provided hints of the goals that the Bumiputera community should achieve “within one generation.” These aspirations were not only vague but also altered between the 1971 and 1976 versions. In the former, the “within one generation” goal was expressed in terms of Bumiputeras being “full partners in the economic life of the nation,” which was suitably lofty, although there was scant elaboration of the meaning of full partnership (Malaysia, 1971, p. 1). The phrase suggests that proportional participation would be one element, but there is also a sense of the Bumiputeras engaging on equal terms with their non-Bumiputera counterparts—that is, without the need for preferential treatment. For this to materialize, the NEP would need to cultivate Bumiputera's capability and competitiveness, leading to confidence and self-reliance. However, the Outline Perspective Plan, while detailing the NEP's execution, reduced the “within one generation” aim from full economic partnership to 30% Bumiputera equity ownership (H.-A. Lee, 2021b; Malaysia, 1976).

The inordinate emphasis of the NEP on equity ownership would materialize in the 1975 Industrial Coordination Act, which mandated industrial firms above a certain size threshold to relinquish 30% of equity to Bumiputera interests and would also shape policy discourses. Instead of a sustained and holistic programme of broadening Bumiputera participation and developing capability, both the policy pursuit of the NEP and pushback against it became rather consumed with the ethnic equity target. Of course, the Industrial Coordination Act was an especially aggressive intervention that triggered strenuous objections from private businesses, resulting in increases in the scale threshold that exempted small- and medium-sized firms, predominantly Chinese-owned, from allocating equity to Bumiputera interests. However, the fixation on equity skewed debates more generally. Equity ownership became among the most highly prioritized and closely monitored policy outcomes.

The NEP unduly rankled policy debates for a third, subtle, and perhaps counterintuitive reason pertaining to overpromises to minority groups that derived from ethnicity-based deliberations rather than a systematic policy formulation, coupled with a misguided growth versus redistribution mindset. As Milne (1976, p. 239) aptly put it, the NEP constituted “a restatement of the ‘bargain’ between the races.” This bargain had, at
Malaya’s independence, straddled political and economic domains, safeguarding citizenship and equality before the law for Malaya-born non-Malays alongside special provisions for Malay monarchies, language, Islam, and socioeconomic opportunity. The corollary in the NEP involved policy assertions and pushbacks within the economic domain that represented lofty community interests rather than grappling with real compromises. For decades, the debates have rather unwittingly perpetuated this incoherence.

The assertion of overt and aggressive pro-Malay policies—under emergency rule, and with some consultative processes sidestepped—had raised consternation among non-Malay political figures and senior bureaucrats (Kathirasen, 2019). The thrust of the new agenda was captured in a March 18, 1970, paper by the newly empowered Department of National Unity entitled *The New Economic Policy*. This document represented the government’s disposition to be incorporated into the Second Malaysia Plan. Three main objectives were set out: (a) reduction of racial economic disparities; (b) creation of employment opportunities; and (c) promotion of overall economic growth. This article added, rather combatively, that “the Government is determined that the reduction in racial economic disparities should be the overriding target even if unforeseen developments occur which pose a harsher conflict than now foreseen between the three objectives” (Department of National Unity, 1970, p. 310; italics in original).

The Economic Planning Unit had taken a different, more growth-centric approach (Faaland et al., 1990). Director-General Thong Yaw Hong was moved to counterbalance what he characterized as “extreme interventionist measures” and prospective policies that could potentially undermine Chinese business interests (Heng, 1997). Thong intervened by including a proviso in the NEP that poverty alleviation would be conducted “irrespective of race,” and efforts to promote national unity and develop a just and progressive Malaysian society would resolutely proceed “in a rapidly expanding economy so that no one will experience any loss or feel any sense of deprivation of his rights, privileges, income, job or opportunity” (Heng, 1997).

This assurance, while magnanimous and uplifting, conflated private sector growth potential with the broader redistributive system that the NEP would oversee, which predominantly operated in the public sector and public institutions. While economic growth could continuously generate private investment and employment and potentially obviate conflicts over the distribution of opportunity, the main sectors of group-based redistribution involved public higher education enrolment, public sector employment, and state-owned enterprise employment, and public financial institutions—in which resources were more finite and hence preferential allocation to Bumiputeras would unavoidably attenuate some opportunity for non-Bumiputeras. Poverty reduction could morally and practically operate on the basis of equality and universalism—“irrespective of race”—but large swathes of the social restructuring regime emphatically could not guarantee the same. For decades Malaysia has witnessed an annual affair of high-scoring public university applicants of minority groups venting their frustrations at being rejected admission to public university or pre-university programmes. Their grievances are valid, but Malaysia remains trapped in a reactionary mode that advocates the abolition of racial quotas and institutionalisation of “meritocracy” as the only solution to this complex predicament.

The NEP, from its onset, failed to systematically and judiciously account for its internal tensions; it promised absolute equality and zero deprivation on matters that should have instead been guided by a commitment to maximize fairness and minimize exclusion. That ethnic considerations drove policymaking is understandable, in light of the ethnic strife and political pressures. Nonetheless, the emerging policy template precluded a
more systematic approach that seeks to balance the role of ethnicity, socioeconomic status, ability, and other criteria in the distribution of opportunity.

3. Attitudes and Perceptions

Debates over group-based redistribution are substantively static, even if the issue receives spirited attention in the public arena. This stasis stems from a failure to appreciate the NEP’s strengths and an inertia that retains the omissions and misconceptions in the policy’s original articulation. This section discusses how popular and academic discourses have reproduced or amplified the polarization and incoherence surrounding the NEP, reducing the policy questions to simplistic dichotomies like (a) continuing vs terminating “the NEP,” (b) ethnic quotas vs meritocracy, or (c) “race-based” policy vs “need-based” policy.

3.1. Polarized Deadlock

Policy debates and popular discourses accentuate and perpetuate the polarization in three specific ways. The first involves the polemical and dichotomous framing discussed in the previous section, which reduces the debate to continuity of the entire system vs termination of the entire system and seeks to replace the problem of “racial quotas” with zero preferential treatment or purist forms of meritocracy. Imperious projection of Bumiputera preferential policies often sets the tone, but the counterclaim that such policies should be abolished unduly—and illogically—widens the rift.

NEP critiques are often rooted in legitimate grievance at minority exclusion, but the lines of argument also confine the notion of deprivation to ethnicity, which accordingly reduces the solution to the elimination of ethnic quotas (Means, 1990). This is saliently replayed in annual complaints of students of minority ethnic groups who are denied admission to public university. Gerakan party president Lim Keng Yaik, a member of the ruling Barisan Nasional coalition, represented this stance in his 1984 critique of the “rigid quota system” for vastly promoting Bumiputera upward mobility but depriving “many young and qualified non-Bumiputeras,” such that the government must bring the “racial quota system...to an end as quickly as possible” (Gerakan, 1984, p. 157). Such posturing, by perpetuating a binary quota-vs-no quota mentality, precludes more systematic approaches that explore ways to conduct merit-based selection (prior academic achievement) in tandem with need-based selection (preference to disadvantaged students) and diversity considerations (public institutions should reflect the population’s composition, not just ethnically, but by region, gender, etc.). Unfortunately, such candid and critical conversations have been forestalled for decades.

Second, dispositions toward the NEP’s results, akin to the conceptual errors discussed above, also commit various empirical missteps or overblown narratives that fuel the polarization. Propagation of biased, inchoate, and monolithic stances toward NEP “success” and “failure,” rather than objective and systematic evaluation commensurate with the policy’s breadth and complexity, reinforces the reflexive tendencies for Malaysians to huddle in irreconcilable pro-NEP vs anti-NEP camps.

The case for the NEP conventionally rides on praise for the successes that warrant policy continuity, or the shortcomings of a project that must stay the course. Such appraisals effusively laud the NEP (Saniman, 2019) or uncritically praise the NEP’s design while only faulting its poor implementation (“Success of the new,”
A number of evaluations of the NEP or affirmative action across multiple policy sectors present a more objective set of findings, but do not address questions of policy continuity or reform (H. G. Lee, 2005; Yusof, 2012). The literature has also replicated the NEP’s omission of clear, coherent, and consistent objectives, instruments, and long-term implications of the second prong. These conceptual omissions discussed earlier, together with empirical gaps that have inadequately accounted for the relevant and effective outcomes of group-based policies, have contributed to the polarization that persists in debates and attitudes.

The opposing view commits empirical missteps of its own. The most simplistic posture asserts NEP failure in broad strokes and prescribes the policy’s dismantlement (Kua, 2018; Lim, 2020). Another popularly vented view takes a more specific position in holding that the NEP has only benefited the Malay elites or the “UMNO-putras” who milk the patronage system, and has “failed the masses” (Chin, 2009). Exploitation by the elites undeniably features in some pro-Bumiputera policies, particularly wealth redistribution, licensing, and public procurement, but not the entire system. These NEP critiques lack a framework that conducts rigorous cost-benefit analysis and seem to have predetermined that the NEP’s costs overwhelmingly outweigh the benefits. The policy implication that typically proceeds from this conclusion—that the NEP must be abolished—also appears to be conveniently aligned. If the NEP only benefits the elites and omits the masses, then its removal will be well-received by the masses. Since it delivers no benefits, its absence will not be felt. Such sweeping conclusions are demonstrably false.

A wide range of data can be marshalled to demonstrate the achievements in broadening Bumiputera socioeconomic access and participation, such as higher education qualifications and professional and management positions, but shortcomings in capacity and competitiveness, such as the higher concentration of Bumiputera enterprises in the micro and small categories with fewer graduating to the middle tier (H.-A. Lee, 2021a, 2023a). The lists in Table 1, which cover an array of Bumiputera programmes, including initiatives of the post-2010 period largely absent in the literature, illustrate the breadth of the system’s outreach, contrary to the polemic that it only benefits a Malay elite, and underscore the impossibility of imposing a one-off, sweeping termination date. The multitude of programmes started operating at different times with different scopes and mandates, and must be managed with targets and timelines of their own.

The subject demands a more detailed analysis such as presented in H.-A. Lee (2021a, 2021c, 2022), but a few points are worth a brief note here. Bumiputera share of public university enrolment, a key policy goal, rose from 40% in 1970 to 67% in 1985, according to the Fourth Malaysia Plan and Fifth Malaysia Plan (Malaysia, 1981, 1986). Notably, the latter was the last time these defining policy documents reported the ethnic composition of universities, despite the centrality of this policy outcome—whereas monitoring of the ethnic distribution of employment and equity ownership continued. Subsequently, reports were sparse except for Mukherjee et al. (2017) who, through exceedingly rare access to the data, found that the Bumiputera share of the degree-level enrolment had reached 81.8% in 2005 and 83.1% in 2008. A recent disclosure, in the form of a parliamentary reply of October 2023, showed a further increase to 86.5% (Rahim et al., 2023). Alongside these marked gains in access and certification, there is considerable evidence corroborating the view that Bumiputera graduates—who predominantly attend public colleges and universities—on average struggle more than other groups to secure employment, particularly for highly skilled jobs in the private sector (H.-A. Lee, 2021a).

A similar pattern of quantitative gains with qualitative shortfalls manifests in the occupational, commercial, and industrial spheres. In 2020, Bumiputeras accounted for 66% of all employed Malaysians, 68% of
professionals, and 65% of technicians and associate professionals. Among managers, however, the Bumiputera share remains the lowest of the occupation groups, at 39% (Department of Statistics Malaysia, 2021). The community's upward mobility into these positions has relied on the public sector (H.-A. Lee, 2012). Registries of professional bodies show variations across fields, with Bumiputeras comprising 80% of medical assistants and nurses, 49% of interior designers, 40% of lawyers, 37% of real estate professionals, and 31% of accountants (Teraju, 2021). Bumiputera enterprise ownership and the proportion of firms that are micro, small, and medium in scale constitute newer and impactful policy indicators of both Bumiputera participation and capacity (the data were not available at the NEP's inception). In 2015, Bumiputera-owned MSMEs comprised just 38% of all Malaysian-owned MSMEs, and among the Bumiputera-owned MSMEs, 88% were classified as micro and only 1% attained medium scale, compared to non-Bumiputera SMES (69% micro, 3% medium; see H.-A. Lee, 2021c).

A third angle is narrower but worth a note here. Both the justifications of the NEP and objections to it have placed an inordinate emphasis on equity ownership. These stances were induced by the NEP's driving fixation on 30% Bumiputera equity holdings and Chinese businesses' antipathy toward policy encroachment on ownership and control, but also became too hinged on the target as the grounds for eliminating the policy. In other words, showing that Bumiputera equity remains beneath 30% has been a linchpin of the case for continuing the NEP (Alhadjri, 2021; Ministry of Economic Affairs, 2019), but proving that Bumiputera ownership has reached 30% has also been leveraged to assert that the NEP has lost its justification and needs to be abolished (CPPS, 2006).

While monitoring progress in ethnic equity ownership is pertinent, NEP critiques that are consumed by this one portion of a vast regime of Bumiputera preferences replicate the NEP's error in omitting the community's overall increase in participation and capability—which are the more consequential factors in enabling the community to undertake reforms that will attenuate the privileges they enjoy. Even if Bumiputera equity ownership can be demonstrated to reach or exceed 30%, as some studies have argued by including government ownership, it is a long stretch to then argue that the NEP has completed its mission and should no longer function. Ultimately, rolling back preferential treatment rides on attaining something closer to the NEP's original goal of Bumiputera full economic partnership—i.e., the community being empowered with capability, competitiveness, and confidence such that rolling back preferential treatment can actually be contemplated.

### 3.2. Incoherent Consensus

Attitudes toward group-based redistribution are in the grip of another dominant discourse—a multi-partisan consensus that starkly contrasts the divisive debate discussed above. This view holds that Malaysia should replace “race-based” policies with “need-based” policies. However, “need-based” assistance, while offering the sentimental appeal of averting racial categorisations, cannot logically or practically serve as an alternative to group-based redistribution.

The stance that Malaysia should pursue “need-based” policies in place of “race-based” policies has echoed at least since the 1980s, but without gaining widespread traction (Gerakan, 1984; Lim, 1988; Osman-Rani, 1990). Decades, later, discourses reached a crescendo following the 2009 dissemination of the opposition Pakatan Rakyat coalition’s policy that expressly advocated replacing “race-based” policies with “need-based”
policies, followed by reactions to the Barisan Nasional Government's New Economic Model (NEM) of 2010 that was popularly misinterpreted as calling for race-based affirmative action to end (National Economic Advisory Council, 2010; see also H.-A. Lee, 2022). The case is emotively resonant and morally appealing. Despite the conclusion that “affirmative action programmes and institutions will continue in the NEM but...will be revamped to remove the rent-seeking and market distorting features which have blemished the effectiveness of the programme” (NEAC, 2010, p. 61), the NEM was rapturously—and erroneously—received as a reform that would terminate pro-Bumiputera affirmative action (Gomez, 2015).

Deep aversion to “race-based” policies—the term itself is loaded and provocative—inclines proponents of reform to embrace “need-based” alternatives, which extend publicly funded help based on need instead of race. However, this notion of need-based alternatives, which continually enjoys resonance in the public sphere and among the intelligentsia—from popular media opinion of influential persons ("Malaysia's system of racial preferences,” 2017; Zainuddin, 2019) to civil society groups (Gabungan Bertindak Malaysia, 2019)—stultifies policy progress by propagating an illusory multi-partisan consensus. Ironically, the seemingly bold reform of replacing race-based with need-based policies cleaves to platitudes while evading critical engagement with actual solutions, thereby perpetuating a vacuous and static non-debate.

4. Popular Sentiments and Prospects for Change

How have the discourses translated into attitudes on the ground? A few surveys have shed credible light on this delicate subject. On the whole, the empirical evidence emphatically shows polarization, especially between Malays and non-Malays, including the indigenous groups of Sabah and Sarawak officially conferred Bumiputera status. The findings also reveal strong preconceived understandings of discrimination, Article 153 (Bumiputera special position), and fairness—or ingrained reactions to such triggering words.

Merdeka Center, Malaysia’s pioneering opinion poll practitioner, has contributed various informative surveys, of which two have asked the most direct questions on perceptions and sentiments toward Malay special rights or privileges. Merdeka Center’s polls obtained a nationally representative, stratified random sample employing telephone interviews. The survey of January–April 2010 obtained 3,000 respondents; the survey of February–March 2022 obtained 1,202 respondents. Asking respondents’ opinions toward precise statements, Merdeka Center (2010) found that wide majorities of Bumiputeras agreed with the NEP and Malay/Bumiputera privileges. Specifically, 73% of Bumiputera respondents agreed with the statement “Malays/Bumiputeras need all the help they can get to move ahead so programs like the NEP should be welcome,” while 59% agreed that “as the original inhabitants of this country, Malays/Bumiputeras should continue to be accorded with special rights and privileges.” Al Ramiah et al. (2017), addressing a similar issue from a different angle, obtained a Peninsular Malaysia representative, stratified random sample of 1,504 respondents in a face-to-face interview, during September–October 2016. They found that, on a scale of 1 to 5 in terms of the level of comfort with Malays being accorded special privileges, Malay respondents averaged almost 4 per 5, while Chinese and Indian respondents averaged about 2 per 5.

Merdeka Center (2022) inquired about Malaysian attitudes toward discrimination, Malay special treatment, and fairness—in the context of the country’s failed initiative to ratify the International Convention on the Elimination of All Forms of Racial Discrimination (ICERD). The survey found a preponderant 81% of Malays agreeing that “Malay special rights and privileges” are a “core feature of our society” that “should stay in
place forever.” A sizable but substantially smaller 44% of non-Malay Bumiputeras agreed, reflecting some reservations at disproportionately receiving fewer benefits. Predictably, a minuscule 4% of Chinese respondents and 1% of Indians agreed, while half of the respondents of these communities most closely identified with the view that “I don't approve of Malay special rights and privileges, but we have to be patient for the sake of national unity.” The question of ICERD is also sharply polarizing, with 16% of Malays, 89% of Chinese, 91% of Indians, and 35% of non-Malay Bumiputeras registering unconditional support. On whether they would "support ICERD if Article 153 also protected," the polarization is less pronounced but this comes with lessened minority support. In this case, 31% of Malays, 49% of non-Malay Bumiputeras, 53% of Chinese, and 56% of Indians agree. Notably, Chinese and Indians view the preservation of Article 153, or the Malay primacy that it symbolizes in popular discourses, as negating a commitment to anti-discrimination. However, this finding also suggests that the compromise of explicitly preserving Article 153 might make ICERD ratification possible.

A few other survey findings warrant our consideration, to fill in the picture and also provide reference for the possibilities that attitudes can be reshaped and the divisions bridged. Among other issues posed in Merdeka Center (2022) are need-based assistance and fair competition. The proposition that people should be “assisted based on need not ethnicity” finds near unanimous support, with 92% of Malays and 99% of all other groups agreeing. On the prospect of “introducing fair competition,” 57% of Malays, 82% of other Bumiputeras, and 98% of Chinese and Indians agree. These responses may be conditioned by desirability bias. Nonetheless, they reflect a Malaysian public that has clarity of mind to distinguish universalist provision of need-oriented assistance from group-targeted policies, particularly pro-Malay policies—and to grasp that both can coexist.

The dominant discourses arguably socialize Malaysians into imbibing restrictive understandings of Article 153 and group-targeted policies and believing that need-based policies should replace race-based policies, despite the ability of the general public to grasp that both can operate concurrently and are not replacements one for the other. Thus, there is some scope for rearticulating policies to propagate more systematic and constructive paths forward. Chai’s (2023) nationally representative survey of youth sheds another important light: that partisan affiliation and different policy sectors also matter. Among youth who support the multi-ethnic coalition Pakatan Harapan, 37% hold the view that “race should not be a consideration in any policy,” compared with 14% of supporters of ethnic party-based Barisan Nasional. Among those who allow for the role of race in policy design, the largest proportion (75–78%) deem that such policies are most pertinent to university admissions. The variations in this assessment across policy sectors—others include employment, primary schooling, and housing—suggest that sector-specific policy design can also be pursued and candidly communicated to the public.

5. Concurrent Polarization and Consensus: Political Conundrums, Policy Solutions

Malaysians are divided by the politics of ethnic representation, but also by habits of thought that heighten the confrontation and induce ethnic or partisan alignment. The Bumiputera majority, especially the Malay community, gravitate toward support for the system of privileges, while minority groups overwhelmingly close ranks in dissent, calling for the system's dissolution. Recent years have seen a reconfiguration of this polarization in the wake of the system's resilience despite the overthrow of the Barisan Nasional coalition of ethnic parties. The rise of multi-ethnic political parties has not delivered the expected demise of ethnicity in
policy-making. Minority groups have overwhelmingly embraced multi-ethnic parties as, inter alia, vehicles that ostensibly represent their opposition to Bumiputra preferential policies.

However, such expectations, emerging from a conflation of ethnic politics with ethnic policies, are simply untenable (Gomez et al., 2021). Malaysia’s pursuit of the NEP’s specific objectives of promoting a disadvantaged group’s participation in areas where they are under-represented called for some application of preferential treatment primarily based on identity. Regardless of the government’s ideological orientation or demographic composition—i.e., whether ruling parties are ethnically exclusive or multi-ethnic—the between-ethnic disparities would have required ethnically targeted redress measures (H.-A. Lee, 2022).

Group-based redistribution policies endure in Malaysia, not just because of political vested interests as often highlighted (although such impulses will persist), but also because they are embedded and coherent in meeting specific nationally established objectives. The emotive basis for supporting minority-favouring policies is understandable, but policy discourses that explicitly oppose Malay-targeted interventions while implicitly welcoming the same types of interventions benefiting minority ethnic groups or women, crumble under the weight of their bias and illogic. Group-targeted interventions, by preferentially providing opportunity, are undoubtedly more hazardous and prone to abuse compared to basic needs provisions. But the policy implication that arises from this acknowledgement is to add safeguards and more stringent implementation to promote equity and accountability, not to terminate group-targeted policies.

The other angle of this policy discourse—that “need-based” measures should replace “race-based” measures—also adds little value to questions of policy reform. This wide consensus holds that pro-poor, “need-based” policies suffice to safeguard the interests of the Bumiputeras since the community comprises a disproportionately higher share of the poor; hence, the community will receive the bulk of help that is targeted at the poor.

This line of argument conflates the objectives and mechanisms of two distinct policy domains and fails to distinguish universalist, rights-based, welfare-oriented policies that provide basic needs from group-based interventions to promote participation and capability (Gomez, 2012). The two prongs of the NEP had conceptualized this distinction, albeit in limited ways. The first prong of poverty eradication irrespective of race was rightly premised on universalism, although the present policy objectives in Malaysia extend beyond helping the poor to safeguarding rights and providing basic needs more broadly—e.g., quality primary and secondary schooling for all, access to public healthcare, broadband access, and more. What is often construed as need-based policies squarely fit within this domain focused on the universal provision of basic needs, which are distinct from the policy domain in which Bumiputera preferential policies of the second prong operate.

Indeed, a case can be made for the terminology of “need-based” and “race-based” itself to be jettisoned for propagating conceptual confusion, particularly in constricting the latter to "race" when the key feature is group-targeted interventions that can be based on race, ethnicity, gender, location, or other identity markers. Over the past decade, Malaysia has maintained and modified Bumiputera policies, notably under the Bumiputera Transformation Programme and Bumiputera Prosperity Vision 2030, and mainstreamed group-based policies targeting the Orang Asli (Peninsular Malaysia indigenous), Indian community, East Malaysian indigenous groups, and women. Enmity and distrust grow in public discourses when opposition to
“race-based” policies translates into calls to abandon only pro-Bumiputera policies, while explicitly or implicitly supporting the same types of group-targeted policies that benefit minorities or women.

In sum, a key step toward breaking out of deadlocked polarization and the dead-end consensus is by pursuing both universal basic needs provisions and protection of basic rights, and group-targeted interventions that promote participation, capability, and diversity in higher education, high-level employment, enterprise, and ownership (H.-A. Lee, 2023b).

6. Conclusion

This article has endeavoured to show how polarization and incoherence have come to pervade group-targeted redistribution, and how such discourses shape public attitudes toward the policy in Malaysia. The transformative NEP positively distinguished poverty reduction policies that reach out to all regardless of race, and acceleration of social restructuring to reduce ethnic imbalances, especially in the Bumiputera community’s opportunity, participation, and capability. However, the NEP fell short. It did not elucidate how and where these two prongs would operate, did not emphasize the ultimate goal of developing capability, and did not clarify the diversity of interventions that demand sector-specific targets and timelines. The NEP allowed for debates to be framed as discussions about (a) majority interests vs minority interests, (b) continuing vs terminating a monolithic notion of the NEP, and (c) maintaining ethnic quotas vs abolishing quotas and introducing pure meritocracy. In recent years, the notion of need-based replacement for race-based policies has also taken hold, propagating platitudes rather than solutions.

Can Malaysia extricate itself from both the deadlock of fierce divisions and the quagmire of a hollow consensus? Entrenched habits of thought and blind spots, which fuel popular sentiments, will be difficult to dispense. At the same time, policy documents of the past decade have begun to identify and integrate Malaysia’s group-based redistributive programmes more clearly and specifically (Malaysia, 2010, 2015, 2021), although there is still much room for improvement. After socioeconomic opportunity has been extensively availed to the Bumiputeras for decades, particularly through mass higher education, policy implementation must increasingly focus on developing capability, competitiveness, and confidence—such as by focusing on quality education and talent development, and promoting dynamic enterprises independent of government-linked companies. There are glimmers of possibility that Malaysians are receptive to more systematic and conciliatory approaches that jointly pursue universalist policies safeguarding rights and basic needs, alongside group-targeted policies promoting participation and capability—for multiple designated ethnic groups, including the Malays, other indigenous groups, and Indian community, and gender-based interventions as well. Such rethinking may be at its inception, but after more than fifty years of stasis, might hold out new possibilities for compromise and coherence.

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