

## Arrested Multiculturalisms

### *Race, Capitalism, and State Formation in Malaysia and Singapore*

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Malaysia and Singapore are often hailed as pluralistic postcolonial countries that have succeeded in institutionalizing peaceful and stable ethnic relations. Malaysia is a federal constitutional monarchy spread over nearly 330,000 square kilometers and divided into Peninsular Malaysia and East Malaysia on the island of Borneo. Of the country's over twenty-nine million people, around half consider themselves Malays, and another one-tenth are indigenous peoples, both making up the important political category of *bumiputera* (literally, "son of the soil" in the Malay language) peoples. The two largest minority groups are the Chinese and the Indians, mostly second- and third-generation descendants of migrants, comprising a quarter and one-fourteenth of the population respectively. Non-naturalized new migrants make up a tenth of the population. Singapore is a republic and island city-state of only over 710 square kilometers sitting at the tip of the Malay Peninsula. Over a third of its 5.3 million population are non-citizens. Among the citizens, almost three-quarters are Chinese, 13 percent are Malays, and 9 percent are Indians.

The achievement of peaceful ethnic relations is remarkable, given that the tumultuous post-World War II decades witnessed the alignment of class struggles and ethnic conflicts. Both countries are successor states to the swath of colonial territory that was known as British Malaya and British Borneo. After the war, the British prepared for decolonization and promoted multiracial citizenship to integrate the disparate ethnic groups making up the local population. The next two decades saw policy reversals and nationalist machinations, guerrilla insurgency and civil strife, and the merger of Malaya, British Borneo, and Singapore into

Malaysia, culminating in the fatal Chinese-Malay racial riots in Singapore in 1964, which led to the separation of Singapore from Malaysia, and in Malaysia in 1969.

These traumatic events pushed forward divergent economic development programs aimed at resolving the political conflict, and institutional arrangements that utilized different forms of multiracialism as the foundation for nation-building. Patronage multiracialism was institutionalized in Malaysia, and corporatist multiracialism in Singapore, aligned with economic policy to promote *bumiputera* and statist capital accumulation respectively. Now, after decades of political stability and economic growth, the old multiracialism is fraying due to economic crises, and the new multiculturalisms envisioned in the 1990s in the midst of reforms in response to globalization have failed to take off.

In this chapter, I discuss the divergence of multiracialism and the arrested development of multiculturalism in Malaysia and Singapore. Against conventional explanations privileging nationalism as the main theoretical register, I argue that both the divergence and arrested development were primarily influenced by state formation in relation to capitalist development. In turn, the trajectories of capitalist development and state formation were heavily shaped by the contradictions of colonial racial formation and the political responses to these contradictions by both colonial and postcolonial actors. In other words, I argue that the divergent multiracialisms and the arrested multiculturalisms in contemporary Malaysia and Singapore have deep origins in the intertwining of race and economic development in colonial Malaya, particularly in the provision of migrant labor for the important tin-mining and rubber plantation export sectors.

Economic histories of Malaya tended to be written in the vein of J. S. Furnivall's theory of the plural society, which postulates the making of a medley of racial groups who interact in the marketplace but do not cohere as a nation.<sup>1</sup> The question has been framed as whether the plural society of disparate Chinese, Indian, and Malay groups was "the outcome of conscious government policies ascribing roles and capitalising on ethnic separation to make overall control easier and to promote British economic interests."<sup>2</sup> For the most part, scholars have interpreted the evidence to answer in the affirmative, that the colonial government promoted "deliberate segregation of labour along racial lines,"<sup>3</sup> or encouraged "a racialized division of labour."<sup>4</sup> For Charles Hirschman, the colonial political economy underpinned the racial ideology that saw each race as biologically programmed to fulfill specific economic functions, and this ideology in turn was used for the colonial census that informed economic and social developmental policy.<sup>5</sup>

While the theory of colonial pluralism could be fruitfully used as an analytical frame to understand the making of multiracialism in Malaysia and Singapore, historical narratives employing the frame tend to revert to a functionalist view of the relationship between state, economy and society.<sup>6</sup> These narratives treat racial ideology as functional in the production and maintenance of political control and economic exploitation, as though state actors had the clarity of mind and the

institutional capacity to engineer political economies with mere racial ideas. This neglects the disruptive influence of events on historical processes that produce the possibility and probability of the events occurring in the first place. It also ignores the autonomy of racial discourses and their lineage in scholarly histories and colonial archives, and the political contestations between myriad groups of state and nonstate actors seeking to appropriate and subvert the discourses.

The approach I adopt here follows Michael Omi and Howard Winant's racial formation perspective, which takes race as a concept signifying social conflicts by indexing phenotypical features of the human body. Racial formation refers to the process of "historically situated projects" of interpreting and representing human bodies and society in order to organize and distribute resources along racial lines.<sup>7</sup> Colonial racial formation in Malaya refers to the process of ethnographic projects representing native bodies and colonial society in order to organize and distribute land and labor along racial lines in order to develop and maintain the colonial state. This privileges a focus on state actors but is justified because the colonial state, through gradual centralization and expansion over the decades from the 1870s to 1930s, was the single most powerful transformative agent in the colony. However, the racial formation perspective requires that my analysis also account for historical contingencies, including the discursive contestation, politics, and unintended consequences that flow from the underlying contradictions of colonial racial formation.

#### THE CONTRADICTIONS OF COLONIAL RACIAL FORMATION

Nineteenth-century British interests in Southeast Asia led to the establishment of the Straits Settlements of Penang, Singapore, and Malacca as free ports, to which laissez-faire colonialism attracted Chinese merchants. Chinese mining and trade interests penetrated the neighboring Malay states on the peninsula using the Straits Settlements as their base. This exacerbated succession crises in the sultanates and fostered widespread political instability in the Straits region. Throughout the 1870s, local governors intervened in the Malay states of Perak and Selangor of their own accord, but London forced the governors to implement Resident rule by advice rather than direct rule. To pay for the start-up costs of government, the British supported development of Chinese tin mining, controlled by triad secret societies. Up till the turn of the century, Perak and Selangor state revenues depended heavily on a duty on tin, mining land rents, and taxing Chinese labor consumer goods such as opium. However, the colonial government did not see dependence on Chinese mining as tenable in the long run and encouraged European planting to supplant Chinese mining.

Shortage of labor hindered the development of the European estates. Some officials wanted to protect the customary authority of the Malay rajas, which entailed

keeping the Malay peasantry in their kin-ordered villages. In any case, most officials thought that their bountiful environment had made the Malay peasants too lazy and self-indulgent to supply useful labor to the European plantations. Chinese workers were favored for their industry, but they were "inclined to be disorderly, cost more in police and supervision, and give more trouble," the British surmised from frequent riots among the Chinese in the Straits Settlements. Tamil workers, however, were seen as "well-behaved and docile" and "accustomed to British rule."<sup>8</sup> Moreover, since southern India was under direct British rule, the supply of labor from there was better assured. The British therefore preferred Tamils. To keep up with the rubber boom in the 1900s, the government promoted free-wage labor by assisting in the recruitment and shipment of Tamil workers.

The state apparatus was greatly expanded and centralized in this period to deal with the exigencies of the boom. The Federal Council was established as a legislative body structured along the lines of the Straits Legislative Council to better represent the interests of the increasing number of European planters and businessmen resident in the Federated Malay States. An elite colonial civil service aided by a subordinate native service staffed mostly by Malays was expanded to oversee the rapid economic development. The Malay elites were no longer seen as a martial group to be salvaged by careful diplomacy. They were now racial resources valued for their local knowledge and to be deployed in the subordinate bureaucracy as assistants to British officers in rural districts.

Chinese labor, previously left alone, came under increasing governmental regulation in efforts to aid the previously neglected European tin-mining sector, which depended on heavy capital investment in machines, as opposed to labor-intensive Chinese mining. Malay farmers, who quickly caught onto the rubber boom and switched to rubber trees, also came under increasing regulation. Concerned about potential Chinese usurpation of Malay smallholdings, the colonial government enacted the Malay Reservations Act in 1913 "to provide protection for the Malays against themselves" by limiting land transactions in reservations to Malays.<sup>9</sup> To resolve food shortages during World War I, the colonial government also enforced rice cultivation on lands alienated to Malay farmers.

By the time the war ended, the key features of colonial racial formation in Malaya had become discernable. The state held a monopoly on the land in the name of the Malays, recruiting Malay elites to manage it. Malay peasants, meanwhile, were tied to the land and segregated from both market forces and the Chinese through the promotion of customary rice production. The distrusted Chinese were increasingly displaced from tin mining, obstructed in agricultural settlement, and left to fend for themselves in urban areas. Tamils, apparently obedient and docile, were imported to work the plantations. European capital dominated the tin and rubber sectors, and Chinese capital, pushed or locked out of these, remained largely mercantile.

This colonial racial formation deepened in the interwar years, and its contradictions began to show. Rubber production restrictions during the postwar commodity slump and the Great Depression saw Malay smallholders further segregated

from the market economy and pushed toward customary rice cultivation. Malay reservations were expanded to curb Chinese agrarian development and lock in Malay rice planting, which deepened Malay underdevelopment.

Policy toward the Chinese crept toward exclusion. In response to political demands from local-born Chinese elites who actively supported the empire during the war, native representation was expanded in the Straits Settlements Legislative Council from one to seven unofficial members in 1923 to reflect the multiracial character of the colony. But this concession was counteracted by the increasing use of Malay indigeneity to keep the Chinese at bay throughout Malaya. When the unofficial members in the newly expanded council called for the civil service to be opened to non-Malays, the government replied that the British were trustees of the Malays, "the owners of the soil," who possessed "special rights in this matter more than any others."<sup>10</sup> Placed on the defensive, conservative local-born Chinese turned to a Chinese racialism that repudiated their centuries-long Malay acculturation. The Malacca-based unofficial council member Tan Cheng Lock opposed the compulsory learning of the Malay language, claiming that Peranakans (Straits-born Chinese) "with a strong Malay admixture revealed . . . dire physical and moral depravity," and that it was the "continual infiltration of pure Chinese blood" through immigration that saved the Straits Chinese, and allowed them to prosper.<sup>11</sup>

Labor unrest in the late 1930s caught the colonial government by surprise. In 1937, despite labor segregation, Chinese and Indian workers in urban sectors and rural estates and mines struck. The involvement of the latter was a revelation, because the Indians were supposed to be docile and well taken care of, and officials had fondly portrayed the Tamil as a simple, childlike figure. The Labour Department had taken special care to prevent them from being politicized, turning the barracks of Tamil laborers into family housing, promoting gardening, and improving vernacular education. After the strikes, the colonial government did an about-face and established state-supported labor unions and industrial courts. These modern institutions of labor representation had important postcolonial consequences, forming the grounds of struggle between centrist and radical-leftist nationalists after World War II, but the government did not have time to develop the unions before war broke out. The unions were unable to challenge the leftists, who had developed strong support on the ground during the decades-long political vacuum caused by British neglect of Chinese workers. Even patronage ties to the estate Indians were not as strong as they seemed, British officials being too blinded by the ethnographic caricature of Tamil docility to see that the Tamils also harbored nationalist sentiments.

#### DECOLONIZATION AND THE POLITICAL ECONOMY OF RACIAL CONFLICT

After World War II, the contradictions of colonial racial formation intensified. The Chinese-dominated, communist-led leftists who had formed the local resistance

to Japanese occupation now controlled the countryside, ready to stage revolution if their demands for equal political representation of the non-Malay masses were not met. Many Indians had joined the Indian National Army and fought alongside the Japanese to win Indian independence, and widespread public support for the INA during the Red Fort trials of its captured officers for treason meant that the British could no longer ignore Indian nationalism in Malaya. Many of the Malay elites collaborated with the Japanese, but the British could not replace them easily with functionaries who were equally loyal and able to command authority over the Malay masses.<sup>12</sup>

Political calculations led to the Malayan Union in 1946, which federated the Malay states and the Straits Settlements states of Penang and Malacca under a single government, with the Malay rulers surrendering their sovereign powers to the British Crown and granting equal rights to most non-Malays domiciled in Malaya. But this led the Malay elites to unite under the United Malays National Organization (UMNO), staging civil disobedience campaigns and withdrawing from participation in the government bureaucracy. The government machinery ground to a halt, and the Union collapsed in 1948. The Federation of Malaya was established, restoring the sovereignty of the Malay rulers and the special rights and position of the Malay people, while tightening citizenship requirements for the non-Malays. The communists revolted and fought the British in a long insurgency.

The British proceeded to establish interethnic bargaining. The Communities Liaison Committee, comprised of six Malays, six Chinese, and one representative apiece of the Indian, Ceylonese, Eurasian, and European communities, was set up in 1949. It was tasked with discussing and make recommendations on the Chinese aiding the economic position of the Malays, political relations between Malays and non-Malays, and the Malayanization of education.<sup>13</sup> The Committee served not only as the platform for interethnic bargaining but to institutionalize the dominant model of multiracial political rule. Conservative noncommunist Chinese and Indian leaders formed the Malayan Chinese Association (MCA), led by Tan Cheng Lock, and the Malayan Indian Congress (MIC), and joined UMNO to form the coalition Alliance Party, which won elections in 1955, 1959, 1964, and 1969 and governed throughout the period. The "consociational democracy" stabilized ethnic relations through quid pro quo bargaining between communal leaders, supported by the communities, mobilized in discrete racial silos.<sup>14</sup> Through the coalition, the non-Malay minorities recognized the special position of the Malays in exchange for equal citizenship rights, while the coalition provided a platform for the negotiation of material concerns specific to each group. As T.N. Harper succinctly summarizes it, the Chinese were concerned with "land rights, and an openness to new leadership which could guarantee a minimum of interference in their economic and cultural affairs," the Indians with "unionism and movements of social reform," and the Malays with "the root cause of Malay poverty, through self-help

and political mobilisation.”<sup>15</sup> The communist insurgency was defeated and, with ethnic relations stabilized in the consociational compact, Malaya became independent in 1957.

### *The Singapore Question*

The one thing that was the constant throughout the whole period was the exclusion of Singapore from the politics of decolonization, from both the Malayan Union and the Federation of Malaya. The British kept Singapore out of the Union so as to keep the demographic balance between Malays and non-Malays, numbering almost 2.5 million people in each category. Postwar Singapore had a population of almost a million, one-fifth that of Malaya, with the Chinese making up around three-quarters of it. The democratization of the colonial racial formation as nationhood approached meant such calculations were necessary to maintain British influence after decolonization. After all, British capital was still heavily invested in the mining and plantation sectors, and rubber and tin remained important strategic resources, especially when the Allies got sucked into the Korean and Vietnam Wars. Singapore mattered directly in this regard because it was the trade and services hub for capital and export of the commodities. By keeping Singapore out of the Union and Federation, the British retained economic control.

Still, it was an anomaly that had to be addressed once Malaya became independent. Singapore clearly could not be kept as a colony indefinitely, while the rest of Southeast Asia achieved independence. Through the 1950s, leftist nationalist influence made its presence felt in Singapore. The Singapore question became acute when it became clear that the sinophone leftists dominated the political scene and the conservative anglophone Straits Chinese leaders supported by the British had no clout after the advent of mass politics. If the British continued to dither on granting Singapore independence, then either the city would eventually be lost to a mass uprising or the Malayan economy would collapse due to political instability caused by the use of force to maintain control. But if the British were to grant Singapore independence quickly, then the city would be handed to the leftists through legitimate elections. The option to integrate Singapore into Malaya, belatedly, was unacceptable to the UMNO leaders, since it would upset the racial balance, inject even greater Chinese power into the economy, and introduce a large group of highly educated non-Malays into the civil service.

Fortuitously for the British, the issue was resolved by a group of anglophone Fabianists, led by a young lawyer, Lee Kuan Yew, who formed the multiracial People's Action Party (PAP) in alliance with sinophone leftists, providing English-educated respectability to the latter. When the PAP pressed for early elections, knowing that it would easily win, the British took a chance and supported Lee's faction so as to outmaneuver the sinophone leftists, whom they suspected of being communist sympathizers. In May 1959, with expanded suffrage, the PAP won the first general election in Singapore under the new Constitution, which allowed for

self-governance. UMNO won three of the eight seats it contested, signifying the strong presence of Malay nationalists in the city-state.

The split between the two camps came when Lee's group started preparing with the British and UMNO to unite Singapore with Malaya, whose prime minister, Tunku Abdul Rahman, viewed merger as more acceptable than having sinophone leftists control Singapore, and hence Malaya's economy. The merged state would also include the two territories of British North Borneo, Sabah and Sarawak, thus maintaining the demographic balance between Malays and non-Malays. Opposed to merger, because they saw it as hampering their goals of quickly establishing an independent socialist state, the sinophone leftists left the PAP to form the Barisan Socialis (Socialist Front). But months before the merger referendum and general election proceeding the referendum, this new party was crippled by crackdowns and administrative detentions of its leaders and unionists on grounds of communist subversion.

In September 1963, the Singapore electorate voted for merger, and five days later, the PAP was returned to government of what was now an autonomous state in the Federation of Malaysia, with less than half the popular vote and a reduced parliamentary majority. Crucially, UMNO broke an agreement with the PAP not to campaign on each other's turf, and supported the Singapore Alliance Party, a multiracial coalition of communally organized parties mimicking the Alliance Party across the causeway, which came third in the popular vote. Despite the vote in favor of a merger, within two years, Malaysia and Singapore would go their separate ways. The reasons for this split relate directly to their divergent political economies, which were both rooted in colonial racial formation.

### *The Political Economy of Racial Conflict*

As much as the economies of the two previously separate political entities of Malaya and Singapore were interlinked and interdependent, the differences were stark and significant. The postwar economic growth of Malaya was still driven by primary commodity exports, with the steady rise in world prices for tin and rubber from 1947 to 1960 fueling the growth of the public sector.<sup>16</sup> Agriculture was still the primary economic sector in Malaya, accounting for nearly 62 percent of workers in 1957, but there was a shift in the distribution of labor from agriculture to the secondary industries of manufacturing and construction, and to the tertiary sectors of commerce and services. In Singapore in 1957, secondary industries accounted for 21 percent and tertiary for 72 percent of the workforce, compared to 10 and 28 percent respectively in Malaya. Much of the increased labor engagement in secondary industries in Malaya was in construction, whereas in Singapore, it was in manufacturing.<sup>17</sup> Thus, Singapore was industrializing while retaining its trading and export hub functions for Malaya, and Malaya was deepening its agrarian economy in the midst of urbanization and the growth of commercial activities among the Chinese.

From the perspective of the PAP leaders in Singapore, the way forward for the economy was to push for industrialization led by the Chinese, who dominated the

secondary and tertiary sectors and held the stock of local capital. Goh Keng Swee, the minister of finance, wrote in 1965 that the strategy was to mobilize domestic savings by relying on profit-oriented business enterprises rather than on a rentier class, and to pursue import substitution in the context of the commodity export economy, since imports accounted for more than a third of the gross national product of Malayam.<sup>18</sup> A few years before merger, in order to attract foreign multinational corporations to drive industrialization, rather than rely on local Chinese capital, Goh created the Economic Development Board and began development of the Jurong industrial estate. Goh believed that the Chinese would be the modernizers of the postcolonial state because they were uprooted migrants shorn of traditionalist institutions, while the Malays remained steeped in the ethos of an agrarian society.<sup>19</sup> He was skeptical, however, of the ability of traditional capital to turn away from the primary commodity sectors,<sup>20</sup> and so saw his task as recruiting (with the help of foreign manufacturing capital) a new class of industrial labor from the Chinese population.

In contrast to Singapore, economic growth in Malaya was still very much grounded in the agrarian export sector, buoyed by a commodities boom in the world market. However, the situation was getting dire, and the sustainability of growth was threatened by the lack of new planting and replanting, especially for Malay smallholdings. Progress was made belatedly in the late 1950s with committed planting schemes, but a lack of administrative expertise caused attempts to kick-start rural development to falter.<sup>21</sup> In addition, problems of capital and experience meant that enterprise in Malaya could not progress beyond cottage industries and contract work. As a result, from 1957 to 1970 the average monthly income in Malaya climbed by 23 percent, to U.S.\$172, for ethnic Malays, and by 26 percent, to U.S.\$381, for the Chinese.<sup>22</sup> The postcolonial state tried to tackle the inequality by preferring Malays in government work and specific economic sectors, while leaving the urban sector, rural plantations, and mines dominated by the Chinese and Western corporations alone. Progress was slow, and it did not help that the Chinese opposed the learning of Malay as the national language and medium of instruction and the integration of Chinese and Tamil vernacular schools into the state system.

These economic and political issues led to the deterioration of cooperative con-sociationalism and threatened the prospect of democracy without consensus. Just as this was occurring, the PAP encouraged an alternative vision.<sup>23</sup> The PAP accused the Alliance Party of fostering "Malay Malaysia" racialism, and in contrast called for a multiracial "Malaysian Malaysia" with equal rights for all. Singapore's minister of culture, S. Rajaratnam, described this vision as one of gradual and equal acculturation toward a Malayan culture by enlarging the overlapping areas of cultural beliefs and practices shared by the Malay, Chinese, and Indian cultures.<sup>24</sup> Arguably, however, the PAP's vision was not free of racialism, as it both tapped into the widespread fear of assimilation into Malay culture among Malaysian

Chinese, and presumed that the Chinese and Indians would have to modernize the nation because the Malays lacked the capacity to do so.

Following the 1963 Singaporean elections, relations between UMNO and the PAP, with their competing multiracial visions quickly soured. Kuala Lumpur dragged its feet in establishing a common market, which would have benefited Singapore's industrialization and led to further entrenchment of non-Malay economic power. These tensions began to be reflected in strained Malay-Chinese relations in Singapore, which were exacerbated when the Singapore-based PAP won a seat in the suburbs of the federal capital, Kuala Lumpur, in the general election in peninsular Malaysia in April 1964 by campaigning on the slogan of a "Malaysian Malaysia." In this toxic political climate, the usually peaceful Malay procession to celebrate the Prophet Muhammad's Birthday in Singapore quickly deteriorated in July 1964 into riots between Chinese secret society and Malay ultranationalist gangs. Curfews were imposed for almost two weeks, but less than two months later, riots broke out again. Thirty-six people died, over five hundred were injured, and over three thousand were arrested, in the worst violence yet seen in postwar Singapore. Chinese-Malay tensions continued to brew, and in an attempt to defuse them, Tunku Abdul Rahman thus decided to expel Singapore from the Malaysian Federation, making Singapore an independent country on August 9, 1965.

However, Chinese-Malay tensions continued to brew in West Malaysia, particularly in the context of widening wealth and income inequality between Chinese and Malays. Things came to a head at the 1969 general election. Having had a glimpse of the PAP's "Malaysian Malaysia" vision, the Chinese swung their support from the Malayan Chinese Association (MCA) to two new left-wing Chinese-dominated parties, the Parti Gerakan Rakyat Malaysia (Malaysian People's Movement Party) and the successor to the PAP, the Democratic Action Party (DAP). Many Malays also swung from UMNO to the Pan-Islamic Party (PAS), indicating unhappiness with the widening racial-class inequality and lack of governmental intervention in the economy.<sup>25</sup> The Alliance Party suffered its worst result, barely getting the majority of the popular vote and a slim four-seat buffer for its parliamentary majority. An opposition victory parade in Kuala Lumpur and a UMNO countermarch led to riots, on May 13, 1969, that spread across much of the city and neighboring areas in Selangor. The rest of the country remained relatively calm, but hundreds, mostly Chinese, died in the violence, the causes of which remain controversial and disputed to this day.

#### CAPITALIST DEVELOPMENT AND DIVERGENT POSTCOLONIAL MULTIRACIALISMS

The 1964 and 1969 race riots disrupted the existing organization and distribution of land and labor along racial lines in Malaysia and Singapore. As we saw earlier, these configurations were crucial to the development and maintenance of

the colonial state, yet they contained contradictions which ultimately altered the postcolonial trajectories of both countries. These contradictions were expressed in both the disjuncture of “Chinese” capital, “Malay” land and “Indian” labor, and the recurring claims by left-wing movements to represent “Chinese” labor. Yet racial formation is not simply a matter of economic or political arrangements; it also requires ethnographic projects that represent the bodies of workers—and society itself—in ways that support the arrangement of labor and land. It is therefore significant that the underlying contradictions of colonial *political economy* exploded in racial violence by way of the *cultural* practices of processions and parades. These processions required interactions between individual bodies, and were a popular expression of communal life in the colonies. As cultural practices they therefore embodied and represented various individuals and communities in different ways. Yet the racial violence of the 1960s left these dual bodies indelibly marked as racial bodies, as “Chinese” and “Malay”.

In the aftermath of the 1964 and 1969 riots, the already divergent multiracialisms in Singapore and Malaysia, the former favoring equal citizenship rights and the latter involving the recognition of the special Malay position in exchange for citizenship rights, developed in very different directions. Given the existing political economy, both, however, favored capital. In Malaysia, the Malay special position became the basis for rapid capital accumulation using the UMNO-captured state to build up a Malay capitalist class on par with the non-Malays. In Singapore, the PAP entrenched formal equality as the basis for extensive autocratic interventions in society, brushing aside the old bourgeoisie to build a state-based capitalism in alliance with multinational capital. *Postcolonial* racial formation in both Malaysia and Singapore therefore refers to the process of *political* projects representing Chinese and Malay bodies and society in order to accumulate *capital* along racial lines to develop and maintain the new nation-state.

#### *Malaysia: Malay Capital Accumulation and Patronage Multiracialism*

After the 1969 riots, the National Operations Council was established and ruled by decree in a state of emergency in Malaysia. Deputy Prime Minister Tun Abdul Razak became director of the Council and the *de facto* head of government. Tunku Abdul Rahman was subsequently forced to resign in Tun Abdul Razak's favor in September 1970, and then as UMNO president in June 1971, a few months after parliamentary rule was reestablished. During the period of Council rule, a debate ensued between mainstream economists in the government and a group of political economists associated with the Department of National Unity. The former group involved many highly educated non-Malay elites and “liberal” Malays led by the minister of finance, who was the MCA representative. Two of the National Unity political economists, the Norwegian Just Faaland and the Malaysian Rais Saniman, went on to document the work that led to the adoption of the New Economic Policy in 1971 in a book published in 1990, *Growth and Ethnic Inequality*.

For Faaland and Saniman, the problem was Malaysia's dual economy, in which a wealthy modern sector existed "side by side with mass rural poverty and underemployment in the traditional sector." Malays were overwhelmingly concentrated in the latter.<sup>26</sup> Mainstream economists saw the problem as Malays not being responsive to capitalism and not working as hard as the Chinese and Indians.<sup>27</sup> Assistance for the poor would help uplift the Malays, and the trickle-down effect of growth would do the rest. Malays were trapped in structural imbalances in income, employment, and ownership of capital.<sup>28</sup> The New Economic Policy aimed, first and foremost, to improve the income balance for Malays, and then secondarily, to maximize employment creation for all races through promotion of labor-intensive production and export-led industrialization.<sup>29</sup> This was to be achieved by tearing down the "system of 'apartheid' constructed against the Malays, openly or indirectly, by the colonial masers," promoting "active participation and equal partnership rather than of disruptive distribution and hand-outs to the Malays," and developing Malay capability for active and equal participation through education and training.<sup>30</sup>

Faaland and Saniman's approach recognized the political and sociological factors in colonial racial formation, but the treatment of the problems remained racial. One of their key recommendations was to design programs that would increase Malay rural income and employment, while stemming Malay migration to the cities and slowing Chinese and Indian migration to Malay-dominated states with principally rural economies. The intention was not to permanently segregate the races, but to foster political stability through integration of races as economic peers.<sup>31</sup> Nevertheless, the progressive project involved the marking and separation of racial bodies.

Furthermore, like mainstream economists, Faaland and Saniman believed that "disunity among the Malays is a historical 'adat' [custom] . . . born out of their instinct, [and] perfected by. . . practice."<sup>32</sup> The New Economic Policy aimed to unite the Malays, but an additional challenge was to construct "a new alliance of moderate elements (Malay, Chinese, and Indian) within the nation."<sup>33</sup> In 1973, to support the New Economic Policy, a new alliance, the Barisan Nasional (National Front), was formed by the component parties of the Alliance—UMNO, the MCA, and the MIC—and a slew of other political parties, including the Parti Gerakan. Barisan went on to win the next four general elections handsomely. In this period, 1974 to 1990, the New Economic Policy formed the bedrock of Malaysian state formation and the political bargaining between the parties representing various racial constituencies.

Faaland and Saniman criticized the five-year plans after 1975 for deviating from the New Economic Policy by focusing on growth rather than racial income equity.<sup>34</sup> They pointed out that Malays accounted for only 13.6 percent of corporate ownership at par value in 1990, up from 3.6 percent in 1975, whereas non-Malays accounted for 56.7 percent, up from 37.5 percent; the greatest loss was to

foreign ownership, which dropped from 53.3 percent to 23.7 percent.<sup>35</sup> The ratio of non-Malay to Malay income fell from 1.71 in 1967 to 1.40 in 1985, but Faaland and Saniman appear to lament that this improvement had come at a cost to racial economic equality in terms of capital ownership.<sup>36</sup> The New Economic Policy aimed for a 30 percent Malay share of corporate ownership by 1990, but together with the trust agencies for Malay interests, only 20 percent was achieved.<sup>37</sup>

The implementation and outcome of the New Economic Policy have been well analyzed; scholars note the strengthening of the state's hand in the economy, particularly in relation to the ownership and management of corporate assets. Beginning with the replacement of the MCA's leader as finance minister by Prime Minister Tun Abdul Razak himself, UMNO elites took control of the administrative-legal levers of the state to make deals on their own behalf with local Chinese and foreign capitalists.<sup>38</sup> Consociational bargaining between peer parties in a coalitional political framework gave way to communal trading of patronage political capital and access to economic privileges dispensed through the UMNO-dominated state.<sup>39</sup>

For UMNO, especially after Mahathir bin Mohamad became prime minister in 1981, political control of both the new Malay and old non-Malay economic elites became the chief objective in the pursuit of national unity. A new Malay capitalist class and middling business class rose up through state patronage within UMNO. Non-Malay capitalists shared in the spoils of nationalizing foreign corporate property and privatizing state assets through the other Barisan Nasional parties, and so were also tied to the political fortunes of UMNO.<sup>40</sup> Export-led growth in commodities, especially in the oil and gas sector, became the focus of the "state-capitalist network."<sup>41</sup>

#### *Singapore: State-Led Industrialization and Corporatist Multiracialism*

In the 1970s and 1980s, Singapore's trajectory was similar to Malaysia's in its underlying thrust: the deepening of state intervention in plural society to maintain political stability and drive economic development, which were seen as mutually reinforcing and necessary condition for each other. The difference was that whereas Malaysia started from the premise of the special position of the Malays as first among equals, Singapore began from a foundation of formal multiracial equality. The New Economic Policy reoriented Malaysia's economic development toward the modernization of the rural sector and the nationalization of the commodity sector to boost Malay income and capital accumulation. After the separation from Malaysia and the loss of the hinterland, there was very little room for Singapore to move as a mercantile city-state. Singapore moved in exactly the opposite direction to Malaysia by seeking to urbanize the island completely for industrialization and proletarianization. Without a large domestic market, import-substitution industrialization was no longer viable, and export-oriented industrialization, following in the footsteps of Japan, South Korea, Taiwan, and Hong Kong was the way forward. Local capital was too deeply involved in

production and trade in the Malayan commodity sector, so the state moved to participate directly in development.

Goh Keng Swee's nascent industrialization program introduced in the early 1960s proved to be a prescient hedge. The newly minted Jurong industrial estate was expanded for export production in the context of heightened regional demand fueled by U.S. intervention in Vietnam. The Economic Development Board took the lead in attracting multinational corporations to invest in the country. A new ideology of survival as a small city-state surrounded by potentially hostile neighbors was formulated, which emphasized a disciplined social organization and competitive labor costs as necessary conditions and therefore implied, politically, the corporatist cooptation of unions and other social groups.<sup>42</sup>

Coupled with forced resettlement of villagers, farmers, and shop house residents into public housing flats, which eventually came to house over 80 percent of the population, the corporatist cooptation of unions and suppression of dissent represented nothing less than a brutal social and cultural revolution that transformed Singapore society into an urban proletarian society dependent on state provision of welfare. For Goh, this was inevitable. Speaking to Australian radio in 1967, Goh cited Max Weber's Protestant Ethic and spelled out the need for an "integrated, comprehensive, all-embracing approach" to modernization. Unapologetically, mentioning the examples of Victorian England and Stalinist Russia, Goh stated that there was "no easy way to grind out of the mass of poor people the economic surplus or savings needed to finance capital accumulation."<sup>43</sup>

The multiracialism that was forged turned out to be corporatist too, with institutions formed to represent racial and religious groups within the ambit of the state, while community grassroots organizations were formed and placed under the direction of the state's People's Association. Mobilized as a cultural resource to cultivate Singapore's social ethic, ethnicity was, however, neutralized as a discursive and electoral resource for oppositional parties and other groups. Speaking at the University of Singapore in 1972, Goh refuted the notion that the government should set norms of good behavior and motivation for individuals to adjust to modernization, citing the difficulty of legislating such matters, and of communicating these needs. "In a multiracial community, there are different criteria by which good conduct is assessed," he said.<sup>44</sup>

This was disingenuous, since modernization by way of public housing and myriad social engineering campaigns that followed resettlement was already shaping the Singaporean worker, whose work ethic was expected to mimic that of the Chinese. The multiracialism of equal differences represented by the linking of Chinese, Malays, Indians, and Eurasians arms was used to convey the message that the Singaporean social ethic was to be one of disciplined national unity, with the government acting as a neutral arbiter for the universal good of society regardless of race. But the equivalent relativity of differences was also used to cut off political organizations from speaking up for any particular group by claiming that it would

open the arena to completing cultural claims that could not be reconciled. The autocratic government tagged dissidents as racial, ethno-linguistic, or religious chauvinists who threatened communal strife, or as agents of neocolonialism or communism.

In a belated move to recognize the persistent socioeconomic marginality of the Malays for historical and structural reasons (and worsened by economic development relying on the proletarian work ethic of the Chinese), the state set up the Council for the Education of Muslim Children in 1982 to fund additional educational programs to help the Malays. By that time, the education system, reformed by Goh to emphasize race-blind academic streaming for the general population, but special education catering to the Chinese elites, had already entrenched the centrality of economic capital and cultural capital for educational outcomes.<sup>45</sup> Thus, the socioeconomic marginality of the Malays was dealt with in a differentiated corporatist manner, in which the Malays were given state funding to help themselves achieve better social mobility through education, because racial self-help was ostensibly the best method to do so given the relativity of racial differences. A decade later, reflecting the state's corporatist multiracialism, equivalent Chinese, Indian, and Eurasian self-help groups were formed to target uplifting of low-income workers—the reproduction of labor through education and the reskilling of labor through training—in racial terms.

#### GLOBALIZING CAPITAL AND ARRESTED MULTICULTURALISMS

By the 1980s, the contradictions of postcolonial racial formation were surfacing in both countries. In Malaysia, the focus on Malay capital accumulation moved the society toward racial equality in terms of class structure and inequality. UMNO came to be dominated by Malay businessmen and grew detached from both grassroots labor and the growing Malay urban middle classes. Nationalization of foreign corporate holdings was hitting the limits, thus reducing the scope of patronage dispensation to the non-Malay capitalists and the ability of the state to keep the multiracial alliance tight.

In Singapore, resettlement of the population was completed, thus ending the supply of new workers and eroding the labor cost competitiveness that multinational corporations were sensitive to. Growing Malay marginality, with politically destabilizing consequences, was only starting to be addressed in a long-term manner through the education of children of low-income families. A policy of foreign immigration distinguishing between low-skilled transient workers and skilled long-term residents, was accelerated to keep labor costs low, but came with an increasing price for corporatist multiracialism, since the migrants could not be integrated into the existing institutions tailored for control of the working-class citizenry.

The contradictions were expressed politically as democratizing pressures. In 1987 and 1988, the Singapore government used the colonial-era Internal Security

Act to arrest over a score of Catholic Church social workers, civil society activists, and opposition party members. Accused of engaging in a "Marxist conspiracy" to overthrow the state, they were kept under indefinite extrajudicial detention. In Malaysia, the government launched copycat crackdowns on civil society and the opposition. In both crackdowns, the need to keep the multiracial peace was used to justify the actions, though it was clear to international human rights organizations and the local middle classes that the governments were trying to stem the tide of democratization hitting East Asia.

The two ruling parties saw large swings against them. Barisan saw its vote share drop from over 60 percent in 1982 to 53 percent in 1990, with the opposition just short of capturing one-third of the parliamentary seats to block constitutional changes. The PAP's vote share dropped from nearly 78 percent in 1980 to 65 percent in 1984, and, during the crackdowns, to 63 percent in 1988 and 61 percent in 1991, with the disorganized opposition prying open four parliamentary seats in that election. The PAP did better than Barisan did in Malaysia because it established a couple of new multiracial institutions in the late 1980s that hampered the opposition parties: group representation constituencies for the election of a slate of candidates that had to include a candidate of a specified minority race; and the ethnic integration policy to prevent minority ethnic enclaves from forming voting blocs in public housing estates.

Malaysian Prime Minister Mahathir's response to the political swing was belated but far more liberal and progressive, at least rhetorically, than that of the PAP. In 1991, in line with a new national development policy to promote manufacturing and accelerate Malay capital accumulation, Mahathir announced a grand Vision 2020 program to mold a single "ethnically integrated" nationality, the "Bangsa Malaysia" (Malaysian Race), which would underpin an advanced industrialized economy, mature democratic polity, and tolerant multicultural society.<sup>46</sup> In Singapore, the new prime minister Goh Chok Tong promised liberalization and to build a kinder and gentler Singapore, as opposed to the brutally disciplined decades of industrialization and proletarianization. Economic reforms to move the economy up the value chain to advanced manufacturing and research-based industries emphasized middle-class formation. Singapore began to see the influx of skilled migrants, and in the early 2000s the government announced that it aimed to foster a new cosmopolitan multiculturalism.

The new multicultural visions resonated with the sustained economic development. The collapse of the Soviet Union and the opening up of Communist China through to the 1990s accelerated global capital flows and kept growth rates high in industrializing Malaysia and reindustrializing Singapore. Singapore's GDP growth averaged 9.0 percent in the decade prior to the Asian Financial Crisis, from 1988 to 1997, compared to the 8.9 percent in the previous two decades marked by primary industrialization.<sup>7</sup> Malaysia's growth rate was more impressive, with corresponding figures of 9.3 percent from 1988 to 1997 compared to 6.5 percent from

1968 to 1987.<sup>48</sup> Helped by a disorganized political opposition starved of discursive resources to challenge its ideological hegemony and unable to present a multicultural alternative, the PAP regained its peak of electoral support with 75 percent of the votes in the 2001 general election. Barisan garnered 65 percent in the 1995 general election.

However, the contradictions of patronage and corporatist multiracialisms soon redoubled in the era of financial crises. The old postcolonial multiracialisms were still institutionally dominant, and the new multiculturalisms remained largely visionary and saw only minor translations into policy. In Malaysia, the 1997 financial crisis brought about a grave challenge from the progressive wing of UMNO led by Deputy Prime Minister Anwar Ibrahim, which was purged and suppressed by draconian crackdowns. Drastic capital and currency controls stabilized the economy and maintained a slower but sustainable pace of growth, thus largely shielding the economy from the further vagaries of global capital in the 2000s.<sup>49</sup> The rural plantation and commodity sectors were protected, and the industrializing and financial sectors were the most affected. The government extended its share of the economy, bailing out and absorbing Malay-owned companies and Chinese banks, while failing to promote local small and medium-sized enterprises (many of which were either non-Malay or interethnic partnerships) because of its focus on Malay capital accumulation.<sup>50</sup>

The main opposition parties, Anwar Ibrahim's Parti Keadilan Rakyat (People's Justice Party), the PAS, and the DAP—respectively representing the urban Malays, rural Malays, and non-Malays—formed a loose multiracial coalition, Pakatan Rakyat (People's Alliance), in 2004 to challenge the Barisan Nasional. In the 2008, in the continued low-growth situation, Barisan saw its electoral support dip to 50 percent, and Pakatan broke Barisan's two-third parliamentary majority and formed the state governments of industrialized Penang and Selangor and rural Kedah and Kelantan. In response, the new prime minister, Najib Razak, launched a "One Malaysia" campaign to promote national unity and expounded a New Economic Model to attract foreign investments to sustain growth. Communal patronage trading and political support from the non-Malays collapsed, as Chinese ownership of the economy plunged, while Malay capital accumulation stalled.<sup>51</sup> The more liberal aspects of Najib's model, such as the move away from Malay capital accumulation and affirmative action, were dropped after the reactionary factions of UMNO revolted. In the 2013 general election, Barisan's electoral support slipped to a record low of 47 percent, its parliamentary majority kept intact by political support from resource-rich Sarawak and Sabah.

In Singapore, the 1997 crisis hastened economic restructuring, and the economy began to shift from a manufacturing to a service base. Foreign immigration accelerated, with the percentage of citizens in the population dropping from 86 percent in 1990 to 74 percent in 2000 and 64 percent in 2010. At the same time, wage growth lagged behind cost-of-living inflation. The socioeconomic marginality

of the Malays persisted, corporatist multiracialism faltered, and younger generations ceased to participate in the grassroots activities organized by the People's Associations. Anti-foreigner sentiment spread in this period, as socioeconomic inequality widened between the top 20 percent income bracket of elite managers and professionals who moved in the same social circles as the foreign expatriates and the rest of the population living in the public housing heartlands. In the 2006 general election, electoral support for the PAP swung downward by almost 9 percent, and in 2011, it fell to a record low of 60 percent. Losing a group representation constituency for the first time, it also lost a key cabinet minister.

Even before the new multiculturalisms could be translated into institutions to secure political stability for development in the context of globalizing capital, the old postcolonial multiracialisms were therefore, eroded by the political-economic contradictions it engendered. Though Malaysia and Singapore went their separate ways and developed their political institutions and economies on different multiracial premises, they ironically came to share the same characteristics of arrested development. Direct involvement of the state in the economy resulted in the underdevelopment of local enterprises and dependence on foreign multinationals. Overlapping racial and class inequalities persist in a slow-growth environment.

## CONCLUSIONS

Malaysia and Singapore represent a paradox in the making of postcolonial multiculturalism, where peaceful ethnic relations that have been achieved by the building of strong states depend on the enduring context of racial conflict. This chronic racial conflict has deep roots in the contradictions of colonial racial formation, manifested economically in the racial division of labor, and politically in the divergent native policies of the Federated Malay States and the Straits Settlements, and then the successor postcolonial states of Malaya and Singapore. While attempts were made by postcolonial state builders to meet each other halfway in the merged state of Malaysia, the state builders eventually fell out, because Singapore looked toward transforming its mercantile economy into an industrial hub, while Kuala Lumpur privileged agrarian and natural resource capitalist development. Due to the racialized character of the economic division of labor, each side pushed for a political multiracialism that suited its economic approach.

After their 1965 separation, the multiracialisms of Malaya and Singapore diverged, based on the differing political-economic logic of capital accumulation and state formation in the two polities. By the 1990s, state formation matured, and their multiracialism became inadequate for a new era of globalization. From the 1990s on, with each deepening capitalist crisis, the contradictions of the old multiracialism and the new economy have shown up in deepening social conflicts, thus arresting the development of more liberal multiculturalisms to match the political

economy of globalization. At the time of writing, both countries stand at a cross-roads. Their state-led multiculturalisms have been arrested, and their economic engines are spluttering. The Chinese-Malay conflict, formed by colonial conceit and hardened during decolonization, remains as real as ever. Both countries are thus marked by peaceful ethnic relations that co-exist with enduring racial conflict, a paradox which has historically been mitigated by strong state-building. Yet attempts to resolve the contradictions of the colonial political economy and then economic globalization have deepened the paradox. The postcolonial states must continue to maintain the precarious balance between peace and conflict if they are to endure. Fifty years after the race riots of the 1960s, racial conflict in Malaysia and Singapore has once again become a frightening prospect.

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