

# The Inequality of Ethnic Chinese in Southeast Asia: On Malaysian Chinese Under Ketuanan Melayu

Qifeng Zhang

School of Political Science and International Studies, University of Queensland, Brisbane, Australia

zhangqifeng631@gmail.com

**Abstract.** This paper aims to explore the inequality faced by Malaysian Chinese by analyzing the root causes of this phenomenon and giving practical suggestions for improvement. It emphasizes that the root cause of inequality in Malaysia lies in the residual Ketuanan Melayu (“Malay Overlordship” or “Malay Supremacy”) ideology within the Malaysian government. National policies based on this ideology have enabled Malays to enjoy a series of unfair privileges in the country, while non-Malay ethnic groups such as Chinese have been discriminated against unfairly for a very long time. By analysing the existence of Ketuanan Melayu and how it works in the fields of politics, economy and education in Malaysia, the paper reveals that Malaysian Chinese are suffering from multi-dimensional institutional discrimination. Finally, the paper provides five suggestions for the Malaysian government to eliminate racial discrimination. These proposals seek to promote racial equality in Malaysia and harmony, prosperity, and unity in this multi-ethnic country.

**Keywords:** Asian studies; inequality; Malaysia; ethnic Chinese; migration studies.

## 1. Introduction

According to official data from the Malaysian government, as of 2024, the population of Malaysia is 34 million. Malaysia is a multi-ethnic country; the Malay population is 17.8 million, accounting for 52.3% of its total population; the Malaysian Chinese population is 6.85 million, accounting for 20.1%, and other races account for 27.6% [1]. Chinese and Malay are the two largest ethnic groups in Malaysia. Most Malaysian Chinese are descendants of Chinese immigrants from southern China (mainly from Fujian and Guangdong) who migrated to Malaysia in the 19th century when it was still a British colony [2]. Compared to Malays, Chinese people have a unique identity and significant differences in culture, religion, and language from the Malays.

Unfortunately, as a multi-ethnic and multicultural country, Malaysia does not appear to be a racially harmonious society. On the contrary, tensions between different ethnic groups have always existed. Although there are other ethnic minorities in Malaysia, such as Indians, Chinese are the largest minority group, making them the core victims of systemic discrimination and racial inequality. According to the Malaysia Racism Report 2022, Malaysian society has long been plagued by racism. Since its 15th General Election, racial conflicts in this country have become more acute and complex. In 2022, the number of incidents of racism, racial discrimination, and xenophobia had surged to 82 (An increase of 49% compared with the total in 2021), breaking the previous record for the highest number of incidents (76 incidents occurred in 2018) [3]. The report states that Racial and/or Religious Politics account for 56% of all discrimination incidents, followed by Racial and/or Religious Expressions of Prejudice, Provocation and/or Incitement (16%) and Racially Discriminatory Government Initiatives and Policies (9%) [3]. Moreover, it should be noted that in the social structure of Malaysia, religion and race are often inseparable. This is because most religious beliefs are based on a specific ethnic group, such as Malays, who are mostly Muslims. Therefore, race and religion are closely intertwined in Malaysian society, and religious discrimination has become an extension and representation of racial discrimination.

So, why is racial discrimination in Malaysia so severe, especially discrimination against Malaysian Chinese? This thesis argues that the root cause for this is largely attributed to a systemic ideology within the Malaysian government based on racial inequality – Ketuanan Melayu (“Malay Overlordship” or “Malay Supremacy”). This ideology emphasizes the priority status of Malays as the

“Bumiputera” (Indigenous people, meaning son of the soil, including Malays and indigenous of Sabah and Sarawak, with Malay’s accounting for 90% of the total.) ethnic group, and rationalize supports to them on multi-dimensional biased policies in politics, economy, and education [4]. This allows Malays to enjoy a series of unfair privileges in the country, while non-Malay ethnic groups such as Chinese have long been in an unequal and discriminatory state.

The purpose of this study is to reveal the fundamental reasons for the inequality that the Malaysian Chinese are facing. In current academic research, many scholars have explored the inequality issues faced by Malaysian Chinese. The research method is mainly based on literature analysis. Because most of the data on the official website of the Malaysian government does not include racial distinctions, this paper relies more on other second-hand sources. It analyses existing research and relevant data information to reveal how Ketuanan Melayu is reflected and the present situation of inequality in the three major fields of politics, economy, and education in Malaysia to prove the argument of this thesis and attempt to provide practical suggestions for improving racial inequality.

## 2. Inequality in Three Domains

### 2.1. Political System

Malaysia's politics are particularly influenced by Ketuanan Melayu, and in practice, it also highly reflects unequal racial discrimination. Even after racist elements have been eliminated from census classification after independence, “the residue of racial ideology” still exists and profoundly influences Malaysia's society [5]. The national constitution of Malaysia recognizes that Malays have a special status that other races do not have, which grants Malays political privileges legally. This is mainly manifested in political discrimination against Chinese people and the absolute dominance of Malays in the bureaucratic systems.

Firstly, Malaysia's constitution clearly embodies Ketuanan Melayu and provides institutionalized privileges for Malays. This privileged status of Malays is clearly stated in Article 153 of the Malaysian Constitution, which grants the King of Malaysia) responsibility for “safeguard[ing] the special position of the Malays and natives of any of the States of Sabah and Sarawak” [6]. This means that the state must provide specific preferential policies for Malays in many areas, including public services. In addition, the Ketuanan Melayu in Malaysia's political system is also reflected in Article 3 of the Constitution, which clearly stipulates the special status of Islam because “Islam is the religion of the Federation”, and most of the people who believe in Islam are Malays [6]. This further created a worldview of “Muslim leaders (us) and non-Muslim Inferiors(them)”, consolidated the privileged position of Malays within the constitutional framework, and strengthened the exclusion of non-Muslims, especially Chinese.

The practice of Ketuanan Melayu in Malaysian politics is first reflected in targeted political discrimination against the Chinese community, which is particularly evident in two historical events. The first event was the Malayan Emergency (1948-1960), when the Malaysian government viewed its Chinese citizens as a potential threat associated with the Malayan National Liberation Army rebels. During this period, approximately 500,000 Malaysian Chinese were forcibly relocated from their homes and resettled in government-monitored settlements [7]. Another incident is the 3 May Incident (1969). In the 1969 general election, after the opposition party (mostly supported by Malaysian Chinese) achieved victory, large-scale racial riots targeting Chinese people erupted in major cities across Malaysia, which eventually escalated into a bloody incident, resulting in 196 deaths, of which 143 were Chinese [8].

Another noteworthy situation is the absolute dominance of Malays within the bureaucratic system. Since its independence, Malays have gained priority in entering the bureaucratic system through Article 153 of the Constitution. This is mainly reflected in three aspects: firstly, Malays control most civil service positions; Secondly, Malays often have a higher proportion in important sectors; Finally, almost all senior official positions are held by Malays [9]. This is supported by data; according to a survey conducted in 2023, Malay’s control 78% of federal government employees and 80% of the

top management positions [10]. However, the proportion of Chinese civil servants has decreased from 18.8% in 1969 to only 5.7% in 2022 and only accounts for 9.5% of senior management personnel [10]. The proportion of Malays is even higher in some important government agencies, especially in law-enforcing departments and the military. 85.4% of the Malaysian police force are Malays, while only 1.9% are Chinese [11]. 85.81% of the Malaysian military members are Malays, while only 0.5% are Chinese [12].

## 2.2. Economic System

In Malaysia's economic system, *Ketuanan Melayu* is particularly prominent. Malays enjoy many superior economic policies that other ethnic groups cannot obtain. These policies provided special economic opportunities for Malays, giving them inherent advantages in accessing resources and accumulating wealth. This economic bias based on ethnicity is reflected in multiple key areas such as employment, stock rights, and real estate. The most notable example is the New Economic Policy (NEP) implemented in 1971, which fundamentally shaped the Malaysian economic system today [13]. NEP makes no secret of its favouritism towards Malays, thereby limiting the economic opportunities of other ethnic groups, especially the Chinese.

NEP is used to ensure Malays' economic control. Although NEP claims its main goal is to promote national unity and social harmony, achieve socio-economic restructuring, and minimize the level of poverty in the country. However, in practice, it clearly carries strong elements of *Ketuanan Melayu*, and the NEP tends to favour Malays more than fairly benefit all ethnic groups in Malaysia, including Chinese. NEP stipulates that indigenous groups (*Bumiputera*) should hold at least 30% of the total resources in all economic and social fields [8]. To achieve this, NEP stipulates that any company wishing to be listed on the Malaysian Stock Exchange must ensure that at least 30% of its shares are held by Malays, and Malays should also obtain more favourable stock purchase conditions [8]. However, other ethnic groups, especially Chinese, have almost no similar preferential policies. In the real estate field, NEP requires developers to ensure that at least 30% of their properties are sold to Malays or other indigenous people when constructing new residential projects [8]. Malay buyers usually can enjoy a 5% to 12% discount on property prices, which has become a "normal phenomenon" in the Malaysian real estate market [8]. These regulations make it difficult for Malaysian Chinese to compete with Malays in real estate investment, as they not only do not have similar discounts but sometimes cannot purchase properties due to racial restrictions. Finally, many government subsidies and financial aid programs are only open to Malays, including in business, public services, and education, where Malays enjoy special economic assistance and low-interest loans, while other ethnic groups do not.

From the results, it can be seen that this unequal economic structure weakens the economic potential of other ethnic groups, especially the Malaysian Chinese. Although the New Economic Policy has ended theoretically, but its subsequent impact remains profound. The advantage of Malays in terms of economic growth continues to this day, while Malaysian Chinese are relatively backward. According to a survey, from 2002 to 2014, the average income growth rate of Malaysian Chinese was 2.7%, much lower than that of Malays (4.9%) [14]. Among the top 1% income group, the income growth rate of the Malays was as high as 8.3%, while the income growth rate of the Malaysian Chinese even suffered a decline (-0.6%) during the same period [14]. A report by the World Bank shows that due to unequal economic policies, many talented Malaysian Chinese choose to leave the country, resulting in a serious brain drain. From 2000 to 2010, the number of Malaysia's brain drain increased from 217,000 to 335,000 [15]. One in every ten skilled workers born in Malaysia chooses to leave Malaysia, which is twice the world average, and most of them are Malaysian Chinese who have gone to Singapore [15].

## 2.3. Education System

In Malaysia, racial inequality based on *Ketuanan Melayu* has become a long-standing issue in its education system and negatively affects educational equity. This phenomenon runs through all levels

of the country's education system from primary school to higher education. It is reflected on multiple levels, including the continued suppression of Chinese language education, the mandatory implementation of Islamic education, the unfair university admission quota system, and this is a clear discrimination against Malaysian Chinese in terms of educational resources and opportunities.

This inequality can first be seen in primary and secondary school teaching. The first and foremost issue is the severe suppression of Chinese language education in Malaysia. Malaysian Chinese have long been committed to preserving the inheritance of their culture and language, and Chinese schools are an important carrier of this. However, the Malaysian government has been exerting pressure on these Chinese schools and attempting to close them. Those Chinese schools' graduates' diplomas are not officially recognized by the Malaysian government; they also lack support in terms of funding and teaching resources and may even be shut down directly by the Malaysian government for no reason [16]. Taking the 1987 "Operation Lalang" as an example, the Malaysian government arrested 107 dissidents (mostly Malaysian Chinese) under the pretext of maintaining social order, closed several newspapers, including Malaysia's largest Chinese language newspaper, the *Sin Chew Daily*, and forcefully suppressed many social movements supporting Chinese education [8]. In sharp contrast to the suppression of Chinese language education, Islamic education based on the Malay people's faith has received strong support from the government. The compulsory implementation of Islamic education further reflects the influence of *Ketuanan Melayu* in primary and secondary education. The government has established the Department of Islamic Development Malaysia (JAKIM), which has extremely strong authority and is responsible for promoting Islamic teaching in primary and secondary education [8].

Secondly, *Ketuanan Melayu* also exists in the higher education system in Malaysia. According to Malaysia's current university quota system, 90% of public university preparatory class spots are reserved for Malays and other indigenous ethnic groups, which poses severe admission discrimination for Malaysian Chinese [17]. In 2023, the Minister of Higher Education stated that the Malays accounted for 81.9% of the student quota in public universities, while the proportion of non-Malay students was only 18.1%, and the gap between the two was extremely significant [17]. This unequal higher education system is not only reflected in the allocation of enrolment quotas but in almost all aspects. For example, the scholarship system in Malaysian universities also heavily favours Malay students, resulting in many outstanding non-Malay students being unable to receive financial aid [9]. Moreover, the racial composition of professors, university staff, and student union members is also highly dominated by Malays. Many Malaysian Chinese students find it challenging to access equal university education resources and opportunities as Malays due to such systemic discrimination [9].

### 3. Suggestions

Based on the analysis above, this thesis proposes the following five feasible measures to the Malaysian government, with its aim to address the issue of racial inequality based on *Ketuanan Melayu* in Malaysian society. These measures will help promote the development of Malaysian society towards greater inclusivity and fairness and reduce the inequality caused by racial discrimination, including:

Firstly, the Malaysian government should acknowledge the existence of *Ketuanan Melayu* and its harm to society to gradually address this issue: the Malaysian government should recognize that *Ketuanan Melayu* still exists in Malaysia, promote open discussions and reduce its impact. This step is crucial because there will not be fundamentally change unless the society recognizes the existence of the problem.

Secondly, the Malaysian government should revise the Malay racial preferential policies in the public service sector: the government should reform its civil service system, reduce public service preferential policies for Malays and encourage more ethnic minorities to gain civil service positions and increase their representation in top management positions and key departments.

Thirdly, the Malaysian government should abolish racial economic privileges: the government can gradually lift special economic policies favouring Malays, create a fair business and investment environment and ensure that all ethnic groups within the country and share the same economic opportunities.

Fourthly, the Malaysian government should reform its unequal education system: the primary and secondary school teaching should incorporate more multicultural education into the curriculum, cultivate students' respect and understanding of different ethnic groups and reduce cultural barriers. University admission quotas and other higher education resources should be allocated more reasonably to avoid unfair education phenomena caused by *Ketuanan Melayu*.

Finally, the Malaysian government should further encourage cross ethnic interaction and cooperation: the government should increase interaction between different ethnic groups in politics, economy, education, thereby promoting mutual understanding and trust among different ethnic groups.

Due to the involvement of deep-seated interest adjustments and institutional changes, the cancellation of Malay privileges may face significant resistance, but it is a necessary step towards establishing a more fair and multicultural harmonious society. To achieve this, both Malay and non-Malay ethnic groups must work together to promote change, especially for Malays and Chinese, the two largest groups in the country. Different ethnic groups in Malaysia need to transcend their historical bias and barriers, establish trust based on mutual understanding and respect to face these problems and ensure the effective implementation of these reforms.

#### 4. Conclusion

In conclusion, this paper discusses the inequality faced by Chinese Malaysians, exposes its root causes, and proposes five suggestions for the Malaysian government on how to improve the current situation. By reviewing existing literature and data and analysing the political, economic, and education system in Malaysia, this study finds that Malaysian Chinese are facing serious inequality and racial discrimination, mainly because of the racial discrimination ideology of *Ketuanan Melayu* existing in the Malaysian government. Influenced by *Ketuanan Melayu*, the government granted many privileges to Malays in terms of politics, economy and education, resulting in systemic discrimination against Chinese in Malaysia today and leading to a surge in racist discrimination events in recent years.

This paper argues that the privileges of Malays are reflected in many aspects. Malaysia has granted special status to Malays in its constitution and provided them with many preferential policies, while other ethnic groups, like Malaysian Chinese, are unable to compete fairly with them and face limitations in accessing resources. In response, this thesis proposes five suggestions to the Malaysian government. Firstly, the government should acknowledge and be aware of the harm caused by *Ketuanan Melayu* to have the motivation to push for reforms. Secondly, the government should reform its civil service system and encourage more ethnic minorities to participate in political decision-making. Thirdly, it should abolish the economic privileges of Malays and ensure equal economic opportunities for all ethnic groups. Fourthly, the government should incorporate more multicultural education into the education system and allocate higher education resources more fairly. Finally, cross-ethnic interaction and cooperation are an important part of achieving social unity. The government should encourage communication between various ethnic groups and enhance mutual trust and understanding.

The inequality faced by Malaysian Chinese is not just related to their own well-being, but it is also harming the unity and development of Malaysia. Malays and Chinese, as the two largest ethnic groups in Malaysia, need to face this challenge together and promote government reforms. In a multi-ethnic society, equal opportunities and rights between different ethnic groups are crucial because a country that discriminates against its own citizens will never achieve true harmony, prosperity, and unity.

Finally, this study hopes that Malaysia can overcome the negative legacy of Ketuanan Melayu in the future and establish a fair and just society, regardless of the races and faiths of its members.

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