

Mechanisms of Political Development in Achieving: Harmony and Coexistence in Multinational States Malaysia as a Model

آليات التنمية السياسية لتحقيق الانسجام والتعايش في الدول المتعددة القوميات:

دولة ماليزيا أنموذجا.

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Abstract:

Many developing countries have been drawing up policies and strategies that would achieve the development of their economies and their people, and reach the status of developed countries. Each of them followed a certain approach, whether socialist or capitalist, including those who understand that mixing the merits of the two models together. But the reproduction of models and experiments and their direct projections is sometimes due to the negativity of the inadequacy and failure to take into account the specificity of each experiment. That requires adapting some aspects in accordance with the local specificity of resources, values, and principles. The Malaysian experience is one of the most important experiences — a global leader in development — as it presented a contemporary development project that combines modernity and Islam, and matches advanced global models.

Keywords: Ethnic Pluralism; Social Harmony; Political Development; Islamic Values; Peaceful Coexistence.

ملخص:

لقد دأبت العديد من الدول النامية على رسم سياسات واستراتيجيات من شأنها أن تحقق تنمية اقتصادياتها وشعوبها، والوصول إلى مصاف الدول المتطورة. وقد اتبعت كل واحدة منها نهجا معينا سواء اشتراكيا أو رأسماليا، ومنها من تفتن إلى أن يمزج بين محاسن النموذجين معا. ولكن استنساخ النماذج والتجارب وإسقاطاتها المباشرة، إنما أحيانا يعود بالسلب لعدم الملائمة وعدم مراعاة خصوصية كل تجربة. لأن ذلك يتطلب تكيف بعض الجوانب وفقا لما يتوافق مع الخصوصية المحلية من موارد وقيم ومبادئ. وتعتبر التجربة الماليزية واحدة من أهم التجارب العالمية الرائدة في مجال التنمية، حيث قدمت مشروعا تنمويا معاصرا يجمع بين الحداثة والإسلام ويضاهي النماذج العالمية المتقدمة.

كلمات مفتاحية: التعددية العرقية؛ الانسجام الاجتماعي؛ التنمية السياسية؛ القيم الإسلامية؛ التعايش السلمي.

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1- Introduction

Since gaining independence in 1957, Malaysia has gradually embarked on a multifaceted path of national development, adopting various strategies tailored to the specific needs and challenges of each historical phase. This trajectory was shaped not only by economic considerations but also by the country's complex sociocultural fabric, marked by pronounced ethnic and religious diversity. Such plurality necessitated the implementation of flexible, inclusive, and context-sensitive policy frameworks to ensure political cohesion and social harmony.

Drawing inspiration from successful developmental models—particularly the Japanese and South Korean experiences—Malaysia integrated key elements such as strong ethical values and work discipline into its nation-building process. These choices were underpinned by visionary political leadership, most notably that of Dr. Mahathir Mohamad, whose tenure was instrumental in advancing Malaysia's transformation into an emerging economy. His successors, while adopting different approaches, generally maintained the national commitment to progressive development. Among these efforts was the "Civilizational Islam" (Islam Hadhari) initiative introduced by Prime Minister Abdullah Ahmad Badawi in 2003, which sought to root Malaysia's modernization within the ethical and civilizational values of Islam.

In this context, the present study seeks to address the following central research question:

How has Malaysia succeeded in achieving political development, social cohesion, and peaceful coexistence within a multiethnic society?.

2- Methods

This research employs a qualitative analytical method, relying on a review of secondary data including academic literature, policy documents, government reports, and speeches by key political figures. The study is structured following the IMRAD model, dividing the analysis into a socio-economic contextualization of Malaysia, a historical overview of the developmental process, and an examination of the mechanisms employed to manage pluralism and ensure development. The ethical dimension of governance is also analyzed through the lens of Islamic civilizational principles.

3- Results

This study's findings affirm that Malaysia's development strategy was multifaceted and deliberately designed to manage its internal diversity and economic challenges. The main outcomes are summarized as follows:

1. By the late 1980s, Malaysia had effectively shifted from an import-substitution model to an export-oriented industrial economy, leading to robust GDP growth and expanded employment.

2. Following independence, a unique social contract was established that enabled peaceful coexistence among Malays, Chinese, and Indians. This was achieved by ensuring political leadership for Malays and economic liberties for the Chinese and Indian communities.

3. Ethnic tensions were addressed through affirmative action policies like the New Economic Policy (NEP), which focused on poverty alleviation and economic restructuring without dispossessing minority groups of their assets.

4. Mahathir's "Look East Policy" fostered a culture inspired by Japanese and Korean work ethics, resulting in the development of a disciplined, professional, and skilled workforce.

5. Under Prime Minister Abdullah Badawi, the promotion of "Islam Hadhari" (Civilizational Islam) introduced values such as integrity, moderation, and social justice into governance, reinforcing ethical and moral development.

6. Education and human capital development were prioritized through initiatives such as sending students abroad and expanding domestic higher education institutions and research hubs, paving the way for a knowledge-driven economy.

7. Institutions like Tabung Haji (Pilgrimage Fund) and Islamic banking were established early to align economic participation with Islamic values, encouraging savings and financial inclusion among Muslims.

8. Political stability was largely maintained through peaceful electoral transitions and robust state institutions that safeguarded law, order, and effective public service delivery.

9. Mechanisms for public engagement—such as community-based decision-making in Kuala Lumpur—reflected the government's efforts toward inclusive governance.

These results collectively demonstrate that Malaysia's development success was not accidental but the outcome of deliberate, inclusive, and ethically grounded planning.

4- Discussion

Section One: A Socio-Economic Study of Malaysia

1. Malaysia: Demographic and Religious Composition

Malaysia is a Southeast Asian Islamic nation with its capital in Kuala Lumpur. It consists of two geographically distinct regions: Peninsular Malaysia (formerly West Malaysia) and East Malaysia (Sabah and Sarawak), separated by the South China Sea. The Federation of Malaysia was formed in 1963 through the union of Malaya, Sabah, Sarawak, and Singapore. At that time, only Malaya was independent, while the others were still British colonies. However, the federation changed quickly when Singapore exited in 1965, and Sabah and Sarawak's roles within the union were later redefined (Saleh, 2008, p. 13).

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Spanning about 330,000 square kilometers, Malaysia has a tropical climate with year-round rainfall and warmth. Rainforests cover nearly 68% of its territory, and the country is rich in resources such as tin, petroleum, gas, timber, and copper. One of Malaysia's key features is its ethnic and religious diversity, with three main groups: Malays, Chinese, and Indians. At independence in 1957, Malays made up 50% of the population, Chinese 37%, and Indians 12%. The 1963 inclusion of Sabah and Sarawak slightly increased the Malay proportion, which continued to rise due to higher growth rates (Saleh, 2008, p. 14).

By 2016, Malaysia's population reached approximately 31.7 million. Of these, more than 26 million were Malaysian citizens. Ethnic Malays and other indigenous groups, collectively known as Bumiputra, constituted about 67.4% of the citizenry, while Chinese Malaysians made up 24.6%, Indians 7.3%, and others 0.8%. Non-citizens residing in Malaysia numbered around 2.3 million (8.2% of the total population) (Al-Tamimi, 2004, p. 34).

Ethnic Malays, who are all Muslim and speak the Malay language, form the most homogeneous and demographically dominant group. The Chinese, noted for their economic dynamism and organizational skills, are primarily urban dwellers and have historically maintained strong social networks, mutual support systems, and secret societies (Al-Tamimi, 2004, p. 42).

2. Social Fabric and Diversity Management

One of the pivotal elements of Malaysia's developmental success lies in its effective management of ethnic and cultural diversity. The country's "social contract"—an unwritten political understanding among its major ethnic groups—has played a crucial role in maintaining national stability. This framework acknowledged the country's inherent ethnic, religious, and economic disparities and pursued conflict resolution through gradual reform, mutual accommodation, and inclusive governance.

Central to this process was the establishment of a political "win-win game," whereby all groups could benefit from national development without one group's gain coming at another's expense. Visionary political leadership facilitated this consensus, recognizing that zero-sum politics—where one group's success entails another's loss—would be detrimental to national unity and development (Saleh, 2008, p. 16).

At the core of Malaysia's strategy for managing ethnic differences was the principle of peaceful coexistence, ensuring equal rights for all, and encouraging shared responsibility in national development. This approach prioritized inclusive growth, whereby the socio-economic shares of all ethnic groups were increased—albeit at different rates—through expansion and redistribution without dispossessing or marginalizing others.

Ethnic Malays (Bumiputera) harbored deep concerns about their future and felt a pervasive mistrust toward the Chinese community. At the time of independence, the Chinese made up 37% of the population and dominated the urban economy and commercial sectors. In contrast, the Malays—comprising the majority—were primarily rural, undereducated, and economically marginalized, controlling only about 2% of the economy. At the same time, many Chinese feared for their rights and property in a political system dominated by the Malays, particularly since over 75% of the Chinese population had been born in Malaysia by independence (Al-Munoufi, 2006, p. 281).

Malaysia's foundational compromise for national stability rested on two key pillars: first, ensuring Malays a fair share of national wealth and political leadership; and second, guaranteeing non-Malays full citizenship rights, including cultural autonomy and access to mother-tongue education. Political elites—particularly from the Chinese and Indian communities—accepted limited affirmative action for Malays, recognizing that exclusion and perceived injustice could provoke unrest harmful to all. Importantly, these policies were framed not as zero-sum, but as part of a growing economy with shared benefits (Al-Munoufi, 2006, p. 283).

Since independence in 1957, Malaysia has largely enjoyed political stability, with the exception of the 1969 ethnic riots following general elections. Notably, the country witnessed multiple peaceful transfers of power, with four prime ministers taking office without crisis, and eleven national elections held without major irregularities or disruptions, even amid internal political tensions (Al-Husseini, 2013, p. 35).

The complex ethnic legacy inherited by Malaysia—especially after the 1969 unrest—prompted policymakers to develop preventative and integrative mechanisms to avoid future conflict. Instead of adopting a singular model of governance, Malaysia employed a hybrid framework: cultural assimilation through education, public celebrations, and shared civil rituals; and institutional integration via the creation of inclusive political and social institutions. These efforts sought to build a new civic identity, one rooted not in ethnicity but in national belonging and citizenship (Marboui, 2015, p. 171).

3. The Role of Religion in Malaysian Society

In a society characterized by religious pluralism and ethnic complexity, the relationship between religion and the state in Malaysia has always been a delicate issue. At the time of independence, Muslims—though recognized as the indigenous population—comprised just over half of the population. Chinese Malaysians, in contrast, wielded significant economic influence and, through coalition politics and electoral strength, exercised considerable political clout as well.

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Given these dynamics, Malaysian leaders reached a consensus to adopt a moderately secular state model, ensuring religious freedom and cultural rights for all communities. Although the ruling United Malays National Organization (UMNO) was an ethnically Malay and Muslim-majority party, it adopted a pragmatic and inclusive approach, forming multiethnic coalitions and avoiding rigid religious policies (Al-Tamimi, 2004, p. 65).

Malaysian society, broadly speaking, is characterized by moderation and tolerance. This ethos was reflected in the government's approach, which espoused a form of "moderate secularism" that neither suppressed religious expression nor permitted religious extremism. Rather than repressing Islamic political movements, the state preferred strategies of accommodation, engagement, and regulated competition—occasionally using media and economic tools, but steering clear of coercion or violence (Saleh, 2008, p. 17).

In line with these principles, the Malaysian government implemented several national development plans guided by Islamic ethical values. These initiatives sought to balance spiritual, economic, educational, and legal priorities within a broader civilizational framework. One notable example was the introduction of the Islam Hadhari (Civilizational Islam) doctrine, promoted to revive the true essence of Islam as a vehicle for modernization and national upliftment (El-Sayed Selim, 1999, p. 112).

Malaysia's developmental strategy thus integrated lessons from global models, particularly Japan's, while also embedding Islamic moral principles within a modern, technologically advanced framework. This unique synthesis—merging tradition with modernity—will be examined in greater depth in the following section on Malaysia's developmental path.

Section Two: The Trajectory of the Developmental Experience in Malaysia

Malaysia's development journey has progressed through several transformative stages, evolving from a largely agrarian economy with limited domestic capacity into a leading exporter and a widely cited model of socio-economic transformation. As Dr. Abdel Fadil notes, this trajectory must be viewed within its historical context. After gaining independence in 1957, Malaysia initially adopted an import-substitution strategy, focusing on consumer goods industries previously dominated by foreign firms. However, this approach had limited success due to a small domestic market, weak aggregate demand, and its failure to generate sufficient employment or economic value (Al-Sawi, 2009, p. 33).

Former Prime Minister Mahathir Mohamad, in a lecture at the University of Khartoum, emphasized that Malaysia faced severe economic stagnation in its early years—marked by low GDP and high unemployment—while remaining subjected to a colonial-style capitalist model based on the extraction of raw materials. Lacking a coherent economic vision, the Malaysian state chose to

selectively adapt elements from global models. Inspired by socialist planning principles, the government launched five-year development plans alongside long-term strategies focused on employment generation and income improvement (Masha, 2013, p. 3).

Mahathir frequently acknowledged the importance of East Asian models, particularly those of Japan and South Korea, emphasizing their strong work ethic and organizational discipline. He often cited the close-knit relationships between workers and employers in these countries and the sense of personal accountability associated with job performance—so intense that professional failure could be a source of deep shame or even suicide among Japanese workers (Mahathir, 2016, p. 65).

Malaysia's development unfolded in three main phases (Al-Sawi, 2008, p. 33):

Phase One (1970s): This phase was marked by state-led industrialization and a strategic pivot toward export-oriented manufacturing, particularly in labor-intensive sectors like electronics. These policies helped reduce unemployment and narrow income disparities between the economically dominant Chinese minority and the Malay majority. State-owned enterprises, notably in the petroleum sector, acquired key assets previously held by British and Chinese firms. By the end of the decade, Malaysia had made significant strides in industrial capacity building and economic restructuring.

Phase Two (Early 1980s): The introduction of the Fourth Malaysia Plan signaled a shift toward import-substitution industrialization, focusing on the development of heavy industries under public ownership. The state retained a central role in economic planning, investment, and resource distribution.

Phase Three (Mid-1980s–2000): During this period, three successive five-year plans emphasized deepening export-led growth, upgrading national infrastructure, fostering intra-ASEAN economic integration, and cultivating a Malay entrepreneurial class. These initiatives were instrumental in Malaysia's transformation into a semi-industrialized economy with a more equitable social structure.

Malaysia's development strategy was both pragmatic and forward-looking, as it acknowledged the risks inherent in ethnic economic monopolies and proactively pursued a model of distributive justice. These efforts played a crucial role in preventing the systemic marginalization of any particular group and in establishing the foundations for a resilient and relatively cohesive national identity.

Section Three: Mechanisms and Instruments of Development in Malaysia

Malaysia's developmental success cannot be fully understood without examining the institutional, ideological, and ethical frameworks through which development was operationalized. The country's approach was not solely economic; rather, it was deeply embedded in cultural and

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religious values, notably those derived from Islam, combined with effective institutional mechanisms and participatory governance.

1. Islamic Institutions and the Ethical Foundations of Development

One of the first notable mechanisms Malaysia employed was the establishment of Lembaga Tabung Haji (the Pilgrims Fund Board) in 1969. This economic institution was designed to facilitate Malaysian Muslims' pilgrimage to Mecca, while also functioning as a major cooperative investment fund. It marked the beginning of institutionalizing Islamic values within the economic structure of the country. With the ascension of Prime Minister Mahathir Mohamad in 1981, Islamic ethics were consciously integrated into national development strategies. A regulatory body was established to ensure the compatibility of development plans with Islamic principles (Al-Joujari, 2008, p. 11).

Furthermore, two significant institutions were launched in 1983 as part of this ethical framework: Bank Islam Malaysia and the International Islamic University Malaysia (IIUM). These institutions served as dual pillars in developing Malaysia's Islamic economy and education sector. Together, they operationalized Islamic objectives (*maqasid al-shariah*) in both economic life and civic culture. Prime Minister Abdullah Ahmad Badawi later introduced the concept of "Civilizational Islam" (*Islam Hadhari*)—a vision seeking to revive Islamic values of peace, progress, and collective well-being. This approach aimed to make Islamic principles compatible with modern governance and technological advancement, ensuring that religion could be a driver rather than a hindrance to national progress (Al-Joujari, 2008, p. 12).

2. The Role of Islamic Values in National Policy and Public Life

Islamic values became central to shaping Malaysia's national policies both domestically and internationally. According to former Deputy Prime Minister Anwar Ibrahim and Dr. Abdulaziz Othman Altwaijri (former Director General of ISESCO), Malaysia and Indonesia stood out among Muslim-majority countries for their developmental achievements due to their balanced, moderate understanding of Islam. These values informed the construction of a political system based on democracy, ethical governance, and inclusive development (Fadel, 2010, p. 171).

This model places emphasis on key values that align with the overarching objectives (*maqāsid*) of Islamic law (*Sharia*), with a particular focus on safeguarding the following essential components: religion (*dīn*), intellect (*‘aql*), life (*nafs*), property (*māl*), lineage (*nasab*),

honor ('ird), the family, justice, and security. These elements are viewed as the bedrock of a harmonious, ethical, and prosperous society—one in which Islamic principles are not only preserved but also actualized within the framework of modern development (El-Sayed Selim, 1999, p. 115).

The Civilizational Islam approach promoted holistic development—material and spiritual—centered on knowledge, balanced growth, and ethical citizenship. This included:

Justice and Accountability in Governance: Through its participatory decision-making program known as People's Participation Program, the Malaysian government institutionalized inclusive governance, especially in Kuala Lumpur. This initiative enabled civil society, NGOs, and citizens to actively shape public policy. The core principles were communicativeness and interactivity, which ensured both the legitimacy and quality of public decisions (Omar & HoonLeh, 2009, pp. 30–31).

Knowledge-Driven Society: Human capital development became a national priority. Massive investments were made in education, research, and international academic exchanges. Thousands of students were sent abroad, particularly to Japan, while national institutions received enhanced funding for scientific and technological advancement.

Quality of Life and Social Welfare: As outlined in Malaysia's 11th Development Plan (11MP), raising living standards involved improving public healthcare, adequate housing, and social cohesion. The concept of "well-being" was pursued not only economically but through fostering a values-based and harmonious society (Government of Malaysia, 2017, p. 13).

3. Inclusive Development, Gender Equity, and National Security

Malaysia's Constitution guarantees equal rights to women and ethnic minorities. This was not merely symbolic; policies were enacted to ensure equal access to education, political participation, and economic opportunities. The active inclusion of these groups became a cornerstone of Malaysia's human development strategy. National defense and territorial integrity were also seen as vital to development. The government committed to comprehensive growth across all regions—avoiding the urban-rural divide—by investing in infrastructure and agricultural support mechanisms to complement industrial expansion (El-Sayed Selim, 1999, p. 116).

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Malaysia also emphasized social justice and economic equity. It recognized that the majority Malay population had long been underrepresented in the economy and launched affirmative action programs to expand their participation. At the same time, it avoided alienating non-Malay communities by ensuring that economic growth was sufficiently expansive to benefit all groups (Al-Sawi, 2008, p. 31).

Malaysia's commitment to self-reliance also featured prominently. The country prioritized domestic savings and the efficient mobilization of natural resources to minimize dependency on foreign debt and external pressures.

4. The Islamic Developmental State: Between Market and Morality

Malaysia's development model has been described as a quasi-Islamic developmental state, one that integrated market-based economics with moral governance inspired by Islamic principles. The state facilitated privatization while maintaining oversight over strategic sectors. Citizens were not mere economic agents but were empowered as ethical participants in nation-building.

Despite criticisms—particularly regarding the privatization of natural resources—Malaysia largely succeeded in minimizing the social costs of liberalization through unemployment insurance and guaranteed wage increases in key sectors. This pragmatic blend of market reform, Islamic ethics, and participatory governance contributed to sustained social cohesion and national identity (Al-Sawi, 2008, p. 33).

Scholars have increasingly identified Malaysia as a future epicenter of Islamic modernization, potentially outpacing traditional power centers in the Middle East. By combining technological innovation with Islamic ethical frameworks, Malaysia offers a unique, non-Western path to modernity.

5- Conclusion

Malaysia's experience in managing ethnic and religious diversity represents a strategic and pragmatic model of pluralistic governance in the Global South. Peace and socioeconomic development were achieved through a deliberate system rooted in power-sharing, institutional flexibility, and a values-based developmental agenda. The state transformed ethnic heterogeneity into a foundation for inclusive nation-building by recognizing the rights and aspirations of Malays, Chinese, and Indians through a balance of affirmative action, civil rights, and cultural autonomy. Political stability was prioritized over full liberal democracy in the early post-independence period, allowing for the

implementation of long-term strategies and the prevention of ethnic conflict. Multi-ethnic political coalitions played a key role in maintaining national cohesion and avoiding the fragmentation that affected many post-colonial states.

Developmental achievements, in turn, bolstered regime legitimacy and helped mitigate ethnic grievances. Poverty reduction, educational expansion, and more equitable wealth distribution fostered social cohesion and reduced exclusion. Islamic values were also incorporated not as instruments of exclusion, but as ethical foundations for governance—most notably through the Islam Hadhari initiative, which aimed to harmonize religious principles with modernization and inclusive development. Malaysia's case demonstrates that ethnic diversity need not obstruct national unity if inclusive institutions, equitable development, and committed leadership are in place. However, the long-term viability of this model depends on its capacity to adapt to evolving demands for democratic reform, globalization, and generational change. As such, Malaysia offers a hybrid model—neither strictly liberal nor authoritarian—that blends pragmatism, cultural specificity, and historical awareness to achieve stability and progress in a divided society.

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