

## The Role of MARA (The Council of Trust for Indigenous Peoples) in Enforcing Affirmative Action in Malaysia

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### Abstract

Malaysia is one of a few countries in which a majority and politically dominant ethnic group, the Bumiputera<sup>1</sup> were socially excluded and economically in the aftermath of colonial rule. Bumiputera under-representation in tertiary education institutions and upper occupational positions, and in ownership and control over economic activity, were starker in Malaysia than in most nations that implement forms of affirmative action. Post-independence Malaya was characterized by a social structure, aptly described as an ethnic division of labour, in which groups were preponderantly and persistently confined to particular occupations and industries. Through British colonial rule and migration processes, foreign interests came to dominate the ownership of resources and capital, while Malays, Chinese and Indians, lived and worked in separate geographic and economic spheres. Ethnic social stratification was reinforced by disparities in educational and job opportunities. One of the affirmative action been taken by the government is the establishment of MARA (The Council of Trust for Indigenous Peoples) in 1966. Under the tertiary education, MARA (Council of Trust for the Indigenous People) set up junior residential colleges primarily for pupils in rural and unprivileged areas which enjoyed higher standards of teaching and facilities, especially in science classes. Throughout the years, MARA has established many other institutions too in order to increase the social mobility of the Bumiputera. MARA has played the main role as a statutory body in helping Malaysia to perform an affirmative action.

### 1. Introduction

This article discusses the socio-economic conditions of Malay society before independence. This economic conditions then led to the establishment of an organisation to aid Bumiputera citizens in general, the Rural Industrial Development Authority (RIDA) founded in 1951 by Dato' Onn bin Jaafar. This chapter also discusses the development, successes and failures of RIDA that then led to the birth of a new organisation, the *Majlis Amanah Rakyat* (Council of Trust for the Indigenous People). This decision, more than a change of names, change in administration and with a clearer goal. This chapter also provides a critical analysis of the formation of MARA and its more efficient role in the uplifting of Malay socio-economic condition, especially in education. The formation of MARA was expected to answer the deficiency of the old RIDA organisation.

### 2. Socio-Economic Conditions of Malay Society in Pre-Independent Malaya

Since the fall of Malacca to the Portuguese in 1511, the Malay states have fallen to the Western powers, such as the Portuguese, the Dutch, and the British. British occupation of Malaya brought about considerable changes in the economic structure of native society. The economic policy introduced by the British was of the modern variety. Native society, hitherto engaged in traditional self-sufficient economic activity, was exposed to a new form of international trade. British arrival changed the economic and political system of native Malay society.

During the colonial era, the natives were viewed as an indolent and lazy people. They were considered insignificant in the larger scheme of economic development. The British colonialists only included the aristocrats in their new economic structure, while the commoners were placed in traditional settlements. They were encouraged to persist with their old self-sufficient system.<sup>2</sup> The British pointed them away by focusing on modern economic development. This

<sup>1</sup> Bumiputera refers to "son of the soil", refer to the Malay and other indigenous groups.

<sup>2</sup> Firdaus Haji Abdullah, 1985. *Kepimpinan Melayu (Satu Rakaman Kewartawanan)*, Fajar Bakti, Petaling Jaya, p. 57.

lopsided development brought about a socio-economic imbalance in Malaya. The skewed economic growth created a dual economy<sup>3</sup>. Traditional-era economic system has been described as such:

*"In pre-British feudal era or in the colonial one, the economy of the Malay people was backwards, and they were oppressed, and this situation is well-described in the idiom "easy to say, difficult to do"*

This dual economy led to a wide economic gap between the rich and the poor. The Malays were more focused on rural areas, in line with their kampong-centred traditional agricultural economy. The Chinese were concentrated in towns that ran the modern economy. Likewise, the Indians were focused in the estates to work the rubber plantations. Usually, the colonialists would focus on areas with favourable economic potential such as mining towns that dealt with the tin trade.

These economic centres were main locations for the construction of roads,<sup>4</sup> bridges, railways<sup>5</sup> and jetty terminals in harbours. The British also introduced Western lifestyle along with the transportation facilities. Almost all Towns were equipped for modern living. They introduced concrete and terrace buildings, government buildings, police stations, prisons, reading rooms, and official residences. Electricity and clean water was introduced to improve the living standards of the people.

During the colonial period, the natives of Malaya generally worked as farmers, fishermen, and engravers. Although colonial development threatened native livelihood to a certain extent, they persisted in this way of life. For example, the construction of a land transportation system and the rise of new towns led to the waning of traditional economic activity. The river, hitherto a main mode of transportation, lost this battle against modernity.

In the 20<sup>th</sup> century, Malaya showed a rapid economic development. This development focused on tin mining and rubber planting. The two modern economic activities grew rapidly in Malaya after British arrival, but the opportunity to participate in this economy was not seized upon by the Malays, who were more comfortable with the traditional self-sufficient farming and fishing activities. Although in the early stages, tin mining was the domain of Malay nobility such as Long Jaafar, the lack of manpower led the Malay nobles to allow Chinese entrepreneurs to run the mines. From here, the massive influx of Chinese immigrants led to their monopolisation of this sector.<sup>6</sup> This situation also happened in the rubber plantations, monopolised by the Indians that came from their motherland.

This mass influx of Indian and Chinese labourers led to change in societal structure in Malaya. It led to the formation of a plural society. According to J.S. Furnivall, a plural society is:

*"In Burma, as in Java, probably the first thing that strikes the visitor is the medley of peoples ... It is in the strictest sense a medley, for they mix but do not combine. Each group holds by its own religion, its own culture and language, its own ideas*

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<sup>3</sup>Dual economy meant a mode of production arranged to produce two different and parallel types of output. The first method is modern economy, while the second is traditional economy. The modern sector is arranged and based on the Western manufacturing and organisation system integrated into global economy and the modern business system, and developed in time. At the same time, the unorganised traditional system is very isolated and only indirectly connected to the outside world. The modern sector grows and develops into the Town, trade and industry sectors, while the traditional sector remains stagnant and even declines when challenged by the modern sector. Just Faaland et al, 1991. DEB: Pertumbuhan dan Ketaksamaan, Dewan Bahasa dan Pustaka: Kuala Lumpur, p. 8.

<sup>4</sup>The construction of roads at the early stages was to connect the mines to the terminals near the rivers. From there, the tin would be brought to the nearest harbour. In 1902, road construction increased with the introduction of the ever-important motorised vehicles. In 1911, a road from Seberang Perai to Malacca was constructed. In the same year, construction of a road from Kuala Lumpur to Kuantan was completed. This meant west coast states were now connected to the east coast states. Between 1911 and 1928, a road was built connecting Perlis to the north and Singapore to the south. However, roads were built to intensify colonial capitalist economy, and not for the benefit of the natives.

<sup>5</sup>Railways also played an important role in the economic development of Malaya. The first railways built were the ones connecting Taiping and Port Weld (1885), Kuala Lumpur to Port Swettenham (1889), Seremban to Port Dickson (1891), and Ipoh and Tapah to Telok Anson (1896). By 1904, all tin mines in Perak, Selangor, and Negeri Sembilan had railway services. Refer to Amarjit Kaur, 1985. Bridge and Barrier, Transport and Communication in Colonial Malaya 1870-1957, Singapore : Oxford University Press, p.99. See also Chai Hon Chan, 1967. The Development of British Malaya 1896-1909, Kuala Lumpur : Oxford University Press, p. 56.

<sup>6</sup> Khazim Tamrin dan Nabir Abdullah, "Imperialisme Barat dan Kesedaran Kebangsaan Masyarakat Tempatan", in Wan Abdul Rahman (et.al), Sejarah Perkembangan Tamadun Dunia, Kuala Lumpur: DBP, 1996. p. 313.

and ways. As individuals they meet, but only in the market place, in buying and selling ... in the economic sphere there is a division of labour along racial lines.<sup>7</sup>

The extract shows that the situation in Malaya was similar to that of Burma and Java. The Malays worked as farmers and fishermen, and lived in villages. The Chinese lived in towns and engaged in mining and commerce, while the Indians lived in rubber plantations and worked as rubber tappers. They lived in one area, but only interacted in certain matters.

The economic statistics of Malaya in the 1940s clearly reflect Malay economic poverty in occupation and annual income.

**Table 1.1:** Distribution of Occupation by Ethnic Group, 1947.

Occupation	Malay (%)	Chinese (%)	Indian and Others (%)	Total
Agriculture	57	30	13	889
-rice farming	70	27	3	508
-rubber planting	39	33	28	381
Mining	14	71	15	39
Manufacturing and construction	19	70	11	125
Services	27	48	25	407
Government	54	11	35	105
Total	44	40	16	1565

**Source:** G.D. Ness, 1967. *Bureaucracy and Rural Development*, University of California Press.

The above table show the majority of Malays were dominant in the agricultural sector compared to other ethnic groups in Malaysia. This British-led dual economy policy separated the Malay traditional agricultural system from the multi-racial capitalist trade economy. The Malays were also lacking in education. The Malays were still unaware of the importance of education, and held regressive views on education. This situation was aggravated by British policy of providing the bare minimum education to Malay children, enough for them to serve as better farmers or fishermen than their parents.<sup>8</sup> This situation is reflected in the following extract:

*"The aim of the Government is not to turn out a few well-educated youths, nor a number of less well-educated boys: rather it is to improve the bulk of the people, and to make the son of the fisherman or peasant a more intelligent fisherman or peasant than his father had been, and a man whose education will enable him to understand how his lot in life fits in with the scheme of life around him."<sup>9</sup>*

The education provided for the Malays centred on agriculture and fisheries. The education level was sufficient in teaching pupils to write, read, and count, and some other life skills. Quality education resided with the English stream, which were founded by Christian missionaries. The rural folk at the time were hesitant to send their children to English schools, for fear of compromising their faith.<sup>10</sup>

The partial attitude of the British was evident when graduates from Malay schools were denied positions in the government sector, and as a result a lot of the Malay youths became unemployed. They had no opportunity to join the very limited economic and administrative sectors, and had to settle for lower posts, such as police, office boys, and government servants. In short, the education provided for the Malays failed to bring about social mobility.

<sup>7</sup> J.S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*, Cambridge: University Press, 1948. p. 304.

<sup>8</sup> British education policy in Malaya was described as 'dualistic' and two-tiered, as it privileged English education and reserved it for the elites, while the locals received vernacular education. English education was there to train low-level white-collar staff, while vernacular education was allowed to maintain the status quo of society. Loh, Philip, F.S, *Seed of Separatism, Educational Policy In Malaya 1874-1940*, New York: Oxford University Press, 1975. p. 64.

<sup>9</sup> William R. Roff, [Malay translation by Ahmad Boestamam], 2003. *Nasionalisme Melayu*, Kuala Lumpur: Penerbit Universiti Malaya, p. 127.

<sup>10</sup> *Ibid.*, p. 64.

The number of Malay students receiving English education was miniscule, and concentrated on the aristocracy. The aristocrats received their education from especially the Malay College Kuala Kangsar, founded in 1905. This College played the main role of producing the Malay elite class.<sup>11</sup>This mini college prepared the students to sit for the examination run by the University Of Cambridge Board Of Exams. The graduates of this college were then qualified to hold posts in the colonial administration. Nevertheless, Malay reception of English education was frigid. This could be seen in the following table:

**Table 1.2:** Student Admission to English schools in the Federation of Malaya

Year	Malay	Student Admission	Percentage of Malay Students
1919	758	8456	8.9
1920	934	9208	10.1
1921	1345	10,105	13.3
1922	1612	10,450	15.4
1923	2055	11,594	17.7
1924	2310	12,806	18.0
1925	2556	13,768	18.5
1926	2707	14,509	18.6
1927	2772	16,283	17.0
1928	2794	16,185	17.2
1929	2817	17,113	16.4
1930	2905	17,997	16.4
1932	2605	17,477	15.1
1933	2713	16,417	16.5
1935	2540	16,496	15.4
1937	2558	17,161	14.9

**Source:** Philip Loh Fook Seng, 1975. *Seed of Separatism, Educational Policy In Malaya 1874-1940*, Oxford University Press, p.82.

The above table shows the statistic of student admission into English schools between 1919 and 1937. In 1919, only 8.9% of Malay students went to English schools. However, there were signs of gradual increase, and the percentage reached 14.9% in 1937. This cold reception of English schools meant the Malay citizenry was more concentrated in the Malay vernacular education system, which indirectly prevented them from holding a higher post.

This situation then ultimately condemned the Malay society to economic backwardness. They were beginning to be concerned with the economic power of other races in Malaya, while feeling threatened in their position as the natives. They realised that if this economic weakness was coupled with political impotency, it would threaten their position and caused them to lose out to the other races. To remedy this economic imbalance, the British High Commissioner proposed the creation of the Rural Industrial Development Agency (RIDA).

RIDA, or the Rural Industrial Development Agency was created when Malaya was not yet independent, in August 1950.<sup>12</sup>It was the brainchild of the President of the United Malay National Organization (UMNO), Dato' Onn bin Jaafar. As the President of UMNO, he proposed an idea to form a body responsible for the socio-economic progress of the Malays. Dato' Onn was President of UMNO from 1946 to 1951, and he was a tireless leader in his advocacy of Malay welfare in all aspects.<sup>13</sup>

<sup>11</sup> Philip Loh Fook Seng, *Seed of Separatism, Educational Policy In Malaya 1874-1940*, Oxford University Press, 1975, p. 79.

<sup>12</sup> D.E. Fiennes, 1957. *Report on Rural Industrial and Development Authority 1950-1955*, Kuala Lumpur: Government Press, p.2.

<sup>13</sup> Dato' Onn was born in 1895 in Bukit Gambir, Johore. He was the son of Dato' Jaafar, then *Mentri Besar* of Johore during the reign of Sultan Abu Bakar, while his mother Hanim Rogayah was of Circassian descent. He received early education at the Alderburgh Lodge School Suffolk, England, a preparatory school. He also received education at the Malay College Kuala Kangsar. He served as President of UMNO (1946-1951), President of the Independence of Malaya Party (IMP) in 1951 and President of *Parti Negara* in 1954 until his retirement from the political arena in the 1960s. He died in Johore on 20 January 1962. See Ramlah Adam, 2002. *Sumbanganmu Di Kenang*, Kuala Lumpur: Dewan Bahasa dan Pustaka, pp.1-3.

The Malay economic hardship compelled Dato' Onn to seek opportunity to help the Malays enhance their socio-economic position. His opportunity came when the British wanted the Malays to relax citizenship laws to include non-Malays as suggested by the Communities Liaison Committee (CLC) at the end of 1950.<sup>14</sup> The British used the CLC motto of "Equality and Justice For the People of Malaya"<sup>15</sup> as a strategy to regain the trust of the non-Malays resentful of Malay political domination. Following this domination, many among the Chinese joined the Communist Party of Malaya (CPM). The Emergency, declared on July 1948, grew more troublesome with Chinese strong support of the CPM. The CPM also received the support of a small number of the Malay left. In order to reduce the influence of the CPM, the British requested UMNO and Dato' Onn to relax citizenship provisions in the Malay States by accepting the concept of conditional *Jus Soli*<sup>16</sup> for non-Malay children born in the states. The British hoped this liberalisation would diminish Chinese and Malay support of the CPM.<sup>17</sup> With the loosening of citizenship provisions, the British hoped to cripple the CPM and restore political stability.

Dato' Onn saw this situation as a golden opportunity to pressure the British to provide economic and social aid to the Malays. UMNO would not agree to the CLC proposals unless the British provide a written guarantee of economic and social aid for the Malays.<sup>18</sup> The British relented and argued that Malay-non-Malay cooperation was a necessary counter to left, especially CPM, propaganda. The CLC arrived at a formula in improving Malay lot through these methods:

- a) The government should provide subsidies for Malay industries and establish a trade school to train Malays in economic skill.
- b) The transportation sector should be open to Malays.
- c) Malays should receive main priority in education and employment opportunities.
- d) Non-Malay traders and employers should encourage Malay participation in all economic sector such as tin-mining, the rubber industry, and retail.<sup>19</sup>

This cooperation gave birth to the Rural Industrial Development Authority (RIDA). In the October 1950 meeting of the CLC in Kuala Lumpur, Henry Gurney declared the instituting of RIDA. The organisation was founded on November 1950 to address rural Malay poverty and economic backwardness. The British set RIDA up as a vehicle towards Malay development.<sup>20</sup> According to Charles Gamba:

*"Rida intends to help all ethnic, but its main task will be to raise the standards of living of the rural population comprising most of Malay small-holder but aiding them to improve their methods of production. This will include the introduction of suitable fertilizer and heavy machinery; a number of tractors have already been put in use. Cooperative and credits consumers shops will set up in the later the villager will be able to clear his debt in produce a part of the crop".<sup>21</sup>*

While according to D.E.M. Fiennes:

*"RIDA's general objective was to stimulate the development of the rural areas, and in particular those are occupied by Malay small farmers. It was hoped that the economic level of these country areas would thereby be raised, so that their people would lose their mistrust of other races and be more readily integrated into a united Malayan nation".<sup>22</sup>*

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<sup>14</sup> CLC was an inter-racial working committee formed 10 January 1949. It consisted of representatives of all ethnic groups in Malaya. The British as sponsor of the CLC pushed for equal treatment on the question of citizenship for all races. The CLC pushed for the outsiders/foreigners to be recognised as subjects of the Malay rulers in the Malay states. See Ramlah Adam, 1985. *Ekonomi Masyarakat Melayu 1951-1955: RIDA Satu Analisis Pembentukan Dasar Ekonomi Melayu Sebelum Merdeka*, pp.16-17.

<sup>15</sup> Ho Hui Ling, 2004, *Darurat 1948-1960 Keadaan Sosial di Tanah Melayu*, Kuala Lumpur:Universiti Malaya, p.142.

<sup>16</sup>The principle of *Jus Soli* was introduced in the Malayan Union Plan of 1946. This principle offered direct citizenship for those born in Malaya. Non-Malays born as subjects of the Malay rulers were automatically Federation citizens. The Federal Constitution provided for two types of citizenship, based on legal enforcement, and application. With this citizenship offer, Malaya was no longer the sole domain of the Malays, and shared among other races. See Mohd. Isa Othman, *Sejarah Malaysia(1800-1963)*, Utusan Publications, Kuala Lumpur, 2002. p. 297.

<sup>17</sup> *Ibid*, p.299.

<sup>18</sup> D.E.Fiennes, 1957, *Report on Rural Industrial and Development Authority 1950-1955*, Kuala Lumpur:Government Press, p.218.

<sup>19</sup> Ong Hak Ching, 2000, *Chinese Politics in Malaya 1942-1955: The Dynamics of British Policy*, Bangi: Universiti Kebangsaan Malaysia, pp. 154-155.

<sup>20</sup> Ramlah Adam, *Dato' Onn Ja'afar: Pengasas Kemerdekaan*, p. 219.

<sup>21</sup> Charles Gamba and Ungku Aziz, 10.10.1951, "RIDA individual plan which the authority will then put in Operation' in *Far Eastern Survey*, p.173.

<sup>22</sup> D.E.M. Fiennes, *Report on Rural Industrial and Development Authority 1950-1955*, p.2.

Therefore, RIDA, founded on August 1950 to alleviate Malay economic backwardness and hardship, was to be an aspiration for Malay development. Simultaneously, Dato' Onn was appointed Chairman of RIDA.<sup>23</sup>

Generally, RIDA's main work was divided into three fields, namely enterprise, credit, and training. Among the work carried out in enterprise included the promotion of agriculture, fisheries, animal husbandry, small industry, construction of communication system, public facilities, leadership and skill training, and scholarships.<sup>24</sup> For example in agriculture, RIDA attempted to switch Malay agriculture policy, from the traditional self-sufficient economy to the more profit-oriented modern economic one. RIDA, through its projects, tried to modernise and develop rice planting, a staple of Malay agriculture. It was desired that the use of modern machinery such as tractor stop lough the rice fields in Kelantan, Selangor, Pahang, and Perak would facilitate in cultivation.<sup>25</sup> The use of tractors for ploughing would reduce the cost of agriculture management, the work would be faster, and output would greatly increase, as opposed to the use of traditional hand tools.<sup>26</sup>

RIDA's other efforts to improve on the agriculture activity include the improvement of the irrigation system in agricultural activity. This was to allow for farmers to work in the field for a minimum amount of time. With significant water resources, farmers could work on rice farming twice a year. This was the case with the irrigation system developed by RIDA in Kelantan, at the Tekka Dua River in 1953.<sup>27</sup>

Furthermore, rubber was an important agriculture activity. RIDA also encouraged rubber planting among rural folks in Malaya at the time. RIDA gave aid to rubber producers by providing better quality rubber that would multiply rubber revenue. RIDA also provided loans to cooperatives involved in the activity. This led to the establishment of a rubber factory in Johore, the Grisek rubber factory in Muar district, built 17 February 1953.<sup>28</sup> The construction of this factory cost \$323,000.<sup>29</sup>

The setting of this rubber factory also aided small rubber planters in marketing their produce without having to resort to middlemen.<sup>30</sup> This indirectly helped them make profit. For example, small planter's revenue totalled around \$200,000.<sup>31</sup> In fisheries, RIDA attempted to improve the living standard of fishermen by fixing the fishing system, provide capital aid and purchasing boats and fishing equipment. In 1952, the state of Kelantan received an allocation of \$29,000, Terengganu received an allocation of \$29,240, and Selangor received \$20,000.<sup>32</sup> RIDA also helped in the construction of ice storage for storing fish as well as a dockyard in Terengganu. Small loans to individuals were also available, such as in Malacca when loans were provided for freshwater fish farming.<sup>33</sup>

RIDA also offered loans to Malays especially in the rural areas. The RIDA loans came with low interest rates. However, this rate would change from time to time. For example, in the 1954 and 1955 RIDA Report it was stated the interest rate was around 5% and they were required to settle payment within 12 months.<sup>34</sup>

Loans made on behalf of cooperative were subject to 6% interest rate. In addition, any individual that applied and failed to settle his loans would be fined and compelled to repay the loan at a higher interest rate, around 7%.<sup>35</sup> RIDA would approve an individual's loan application based on his working paper presentation. The officer in charge of loans would evaluate the proposed project. For example, a smaller project would be provided a loan of \$2500, while larger projects were provided loans higher than \$2500.<sup>36</sup>

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<sup>23</sup> Ramlah Adam, 1994, *Dato'Onn Jaafar: Pengasas Kemerdekaan, Kuala Lumpur: Dewan Bahasa dan Pustaka*, p.219. Refers to Ho Hui Ling, *Darurat 1948-1960 Keadaan Sosial di Tanah Melayu*, p.143.

<sup>24</sup> Ramlah Adam, *Dato' Onn Jaafar: Pengasas Kemerdekaan*, p.228.

<sup>25</sup> RIDA Progress Report, 1st July 1952 to December 1952, No.35 31/12/53, pp.1-48; and RIDA Report Up to December 1952, No.45, pp.1-46.

<sup>26</sup> Rural and Industrial Development Authority, *Annual Report on Rural and Industrial Development Authority 1957*, p.19.

<sup>27</sup> Rural and Industrial Development Authority, *Annual Report on Rural and Industrial Development Authority 1954*, p.8.

<sup>28</sup> *Ibid*, p.9.

<sup>29</sup> D.E.M.Fiennes, *Penyata Diatas Lembaga Kemajuan Kampung dan Perusahaan 1950-1955*, p.24.

<sup>30</sup> Rural and Industrial Development Authority, *Annual Report on Rural Industrial and Development Authority 1955*, p.5.

<sup>31</sup> D.E.M.Fiennes, *Penyata Di atas Lembaga Kemajuan Kampung dan Perusahaan 1950-1955*, p.25.

<sup>32</sup> RIDA report from July 1952 to 31 December 1952, *Minutes and Council Papers of Federal Legislative Councils (South Session) March 1953 to January 1954*, 6/5/53, pp. 58-80.

<sup>33</sup> RIDA Progress Report to end of 1951, No.24/52, *Minutes and Council Papers of Federal Legislative Council (Fifth Session), March 1953 to February 1955*, 9/3/52, pp. 38-52.

<sup>34</sup> Rural Industrial Development Authority, *Annual Report of the Rural Industrial Development Authority 1954*, p. 4.

<sup>35</sup> *Ibid*.

<sup>36</sup> *Ibid*, p. 4.

**Table 1.3:** Loans approved by RIDA 1951-1964.

Year	Number of loans	Total
1951	18	\$ 354,954.00
1952	87	\$ 271,027.00
1953	286	\$ 2,376,934.71
1954	749	\$ 2,520,657.38
1955	622	\$ 1,231,521.12
1956	692	\$ 280,197.00
1957	595	\$ 1,856,709.00
1958	379	\$ 1,412,622.00
1959	412	\$ 729,672.00
1960	612	\$ 873,617.07
1961	1,054	\$ 1,784,219.93
1962	1,204	\$ 4,443,632.65
1963	699	\$ 3,337,425.97
1964	819	\$ 3,010,101.60
TOTAL	8,258	\$26,779,390.28 <sup>37</sup>

**Source:** Parliamentary Debates: October 1964 to December 1964, Volume 1, No.19, col. 26-40.

Based on Table 1.3, from 1951 to October 1964, 8,258 loans were given out totalling \$26,779,390.28. The expenditure was insufficient to aid people in rural areas. On the issue of loan repayment, until 1959, RIDA managed to recover \$10,965,970. RIDA's success in recovery of loans received commendation from the International Monetary Fund (IMF) that visited the Federation of Malaya in 1959.<sup>38</sup>

RIDA also functioned to provide education and training to villagers to equip them with proper skills. Most rural Malays at the time only received primary-level formal education. This made it difficult for them to be involved in better employment sectors. To that end, RIDA founded the RIDA Training Division to arrange training schemes in line with Malay development plans. Among the RIDA training centres include the *Taman Asohan RIDA* (RIDA Domestic Training Centre) in Kuala Lumpur,<sup>39</sup> the Medan Anyaman RIDA (Mat-Weaving Centre) in Rusila, Terengganu,<sup>40</sup> the *Dewan Latihan RIDA* (RIDA Training College) in Petaling Jaya,<sup>41</sup> *Bagan Latehan RIDA* (RIDA Training Centre), Kuala Terengganu,<sup>42</sup> *Sekolah Jentera Berladang* (School of Mechanical Cultivation) in Ipoh, Perak<sup>43</sup> and *Pusat Latihan Pengurus Ladang Getah* (the Rubber Estate Manager Training Centre).<sup>44</sup>

**Table 1.4:** Trainees in *Taman Asohan RIDA* until 1959

<sup>37</sup>Up to end of October 1964.

<sup>38</sup>Laporan Tahunan RIDA, 1959, p. 17.

<sup>39</sup>Taman Asohan RIDA taught courses on skills to increase additional household income. Among skills taught were sewing, cooking, embroidery, house-cleaning, caring for young children, gardening, and religious education. See Rural and Industrial Development Authority Federation of Malaya, Annual Report 1958, pp. 17-18.

<sup>40</sup>Medan Anyaman RIDA was established in Rusila, Kuala Terengganu. This centre taught methods of weaving pandanus leaves for women to increase their income. Parliamentary Debates, Dewan Rakyat, Volume II, No.1, 26/5/1965, Government Printer, 1966, col.435.

<sup>41</sup>Dewan Latihan RIDA was established in 1956. This College trained Bumiputera children interested in trade and industry. Minute Paper No. M.R.D.(D), RIDA Bulletin Monthly, No. 137, 1/6/63-30/6/63. See Rural and Industrial Development Authority Federation of Malaya, Annual Report 1958, pp.18-19.

<sup>42</sup>Bagan Latehan RIDA was established in Kuala Terengganu. It was to provide for carpentry and metal craft to the locals. It specialised in rattan-weaving. See Rural and Industrial Development Authority Federation of Malaya, Annual Report 1958, p.20.

<sup>43</sup>Sekolah Jentera Berladang was established in Ipoh, Perak. It was the first training centre introduced by RIDA. This school provided training on the use of tractors for farmers to improve their farming. See Rural and Industrial Development Authority Federation of Malaya, Annual Report 1958, p.20.

<sup>44</sup>Pusat Latihan Pengurus Ladang Getah was introduced at the Rubber Research Institute in Kuala Lumpur in 1954 and at a rubber factory in Grisek, Johore. It provided practical training for the management of rubber plantations to the trainees. See Rural and Industrial Development Authority Federation of Malaya, Annual Report 1958, p.21.

State	1956	1957	1958	1959	1960
Johore	41	72	20	9	142
Kedah	34	69	15	20	138
Kelantan	44	80	21	14	159
Malacca	25	49	12	11	97
Negeri Sembilan	42	86	22	14	164
Pahang	43	78	20	7	148
Penang	21	38	10	16	85
Perak	41	80	20	24	165
Perlis	21	39	8	8	76
Selangor	39	79	21	9	148
Terengganu	40	79	10	11	142
Total	393	749	179	143	1,464

**Source:** Parliamentary Debates, Volume 1, No.3, 25/11/1959, col.85.

Based on Table 1.4, the RIDA Domestic Training Centre played a significant role in the training of Malay girls in home economics. From 1956 to 1959, around 1,464 trainees were trained by *Taman Asohan RIDA*. In 1963 around 244 adult class teachers<sup>45</sup> were trained in the centre, and in 1964, 740 trainees from rural areas were taught home economic courses.<sup>46</sup> The *Taman Asohan* graduates then became home economics teachers in adult classes maintained by the Ministry for Rural Development.

MARA was a new body with a new form of administration. This meant with the passing of the bill for the setting up of MARA, all matters pertaining to RIDA would no longer be applicable. As the demand to establish MARA was as a replacement of RIDA, the government took immediate action and in December 1965, the Parliament of Malaysia passed the MARA Act or MARA and on 1 March 1966, MARA was established.<sup>47</sup>

When Tun Haji Abdul Razak presented the MARA Bill in the House of Representatives, he explained the setting up of MARA:

*"The rationale of the setting up of a Council (MARA) is to have a body capable of implementing government policy to improve the rural economy and provide them with larger and broader opportunities in business and enterprise. Until today, this work was undertaken by RIDA, but RIDA was established during the colonial period, and as such has not the form, breath, and soul necessary to bear this important task in line with the will of the people in our free and sovereign nation. With that in mind, it is felt that RIDA should be replaced with a new Board with a new form, breath, and soul."<sup>48</sup>*

Under this new arrangement, MARA like RIDA before it was placed under the Ministry of National and Rural Development. It consisted of a Chairman and fourteen members. These Council Members consist of representatives from the Ministry of Finance, one from the Ministry of Trade and Industry, one from Agriculture and Cooperatives, two from National and Rural Development, five members experienced in business and enterprise, and four other members. The Chairman of this Council was also held the Chairmanship of MARA. A Working Committee was formed to monitor and approve of MARA projects.

### 3. MARA Organisation Structure and Its Function

MARA administration structure is divided into seven divisions, each headed by a Director. Each Director was fully responsible in carrying out the directives of the MARA Chairman. Those chosen were from officers known to have the proper spirit, earnestness, and commitment to the task assigned. The seven divisions consisted of five Operating Divisions: training, loans, transport, enterprise and trade, and counselling. The other two divisions were service and

<sup>45</sup>Parliamentary Debates, Dewan Rakyat, Volume 1, No.20, 20/5/64, Government Printer, 1965, col.329.

<sup>46</sup>Parliamentary Debates, Dewan Rakyat, Volume 1, No.11, Government Printer, 1965, col.2330.

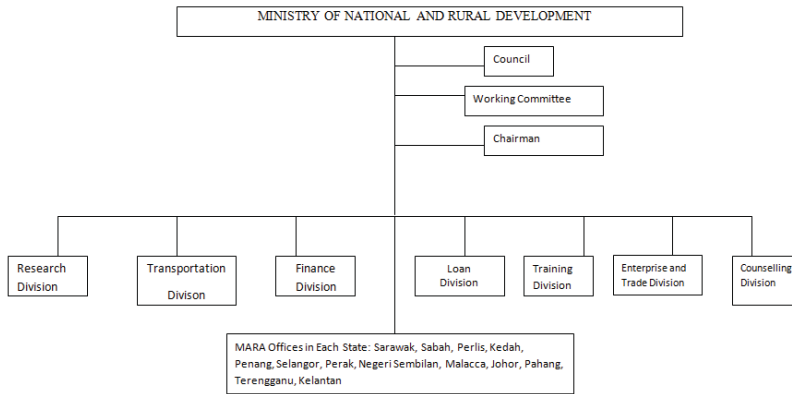
<sup>47</sup>See also the Speech of the Deputy Prime Minister in the second reading "The Timbalan Yang di Pertuan Agong (Remuneration Amendment Bill) in the House of Representatives on 3 June 1965, Ucapan Tun Haji Abdul Razak bin Hussein 1965, Arkib Negara Malaysia, p.74.

<sup>48</sup>Parliamentary Debates, Dewan Rakyat, Volume II, No.12, 1966, col.2196



accounts, placed under the service category.<sup>49</sup> Chart 1.3 refers to the Majlis Amanah Rakyat organisational chart formed in 1966.

Chart 1.7: MARA Organisational Structure in 1966



Source: MARA Annual Report 1966

MARA's main tasks at the time were threefold. First, they served as agents that provide training to businessmen and Bumiputras that desire to be involved in business. They would be provided with training, loan or capital aid, and advice and counselling until they could carry out their business successfully. In addition, the RIDA Training College would be expanded to provide training specifically for village youths.

Second, MARA provided aid to Bumiputra companies venturing into bus and taxi services in rural areas. MARA also provided the opportunity for citizens to buy shares they needed. Various efficient measures were undertaken to ensure the bus service provided would not be a financial liability to rural inhabitants in the future. The third is in enterprise and trade, where MARA provided aid to people in rural areas venturing into enterprise.<sup>50</sup>

Some of MARA's functions were inherited from RIDA. For example, MARA also provided loans as RIDA did, but MARA would only approve loans of those identified as successful in their business and who were willing to follow MARA's guidance. MARA was not as lenient as RIDA,<sup>51</sup> and more active in providing aid to improve the economic standing of people especially in the rural areas, in order to improve native economy. MARA was formed out of RIDA's shortcomings, which were used as a lesson to construct a more successful MARA. This was stated in the MARA Act that came into effect on 1 March 1966.<sup>52</sup> Article 6 of the MARA Act:

*"It shall be the duty of the Majlis to promote, stimulate, facilitate and undertake economic and social development in Malaysia and more particularly in the rural areas thereof."<sup>53</sup>*

MARA provided training, not only to Bumiputras, but also all citizens without consideration of background, that required aid and assistance in economic and business matters.<sup>54</sup> With the enforcement of the MARA Act, RIDA was effectively abolished, but some important elements of the old law made it into the MARA Act.<sup>55</sup>

<sup>49</sup>MARA Annual Report 1966, pp. 14-16.

<sup>50</sup> Ibid, pp. 2200-2202.

<sup>51</sup> Ibid.

<sup>52</sup>Even though the MARA Act came into effect on 1 March 1966, MARA was already functioning after the Bumiputra Economic Congress convened. See Parliamentary Debates, Volume II, No.12, 11/11/1965, col.2198. However, the Malaysian Parliament passed the Undang-Undang Majlis Amanah Rakyaton December 1965.BK/MARA 8, MARA Secara Ringkas, p. 7.

<sup>53</sup>Akta MARA, Artikel 6/1, 1966. Dany Press, p.25.

<sup>54</sup> Parliamentary Debates, Dewan Rakyat, Volume II, No.11, 10 Nov 1965, col.2202.

<sup>55</sup> BK/MARA, Buletin MARA Secara Ringkas, 1966, pp.8-9.

Each Director was responsible for carrying out the directives of the MARA Chairman. These Directors were chosen from officers identified as committed, sincere in their work, and enthusiastic. The Training and Education Division is among the more important divisions, and responsible for improving social mobility of the community. On 1 July 1966, Encik Mansor was loaned from the Shell Company to MARA to assume Directorship. Encik Mansor bin Othman<sup>56</sup> was appointed as Director of the Training Division. He streamlined the MARA Training Division and increased the number of its members to thrice the original amount. He provided for the Training Division a Five-Year Budget Plan amounting to \$81 million. He was responsible for adjusting the attitude of MARA officials and staff especially, and the rural community in general. He was also responsible for introducing the idea of the secondary and vocational education system. He was a reputable visionary in the shaping of the basis of MARA education.

#### 4. Conclusion

RIDA was founded to help the people from rural areas to improve their standard of living. This was especially true for the Malays, who were among the poorest. However, there were flaws in the implementation of RIDA, which led to its failure. RIDA's failure then paved the way for the birth of MARA in 1966. MARA was formed with the vision of strengthen Malay economy. Reflecting its name, it was hoped the body would continue to serve to the goal of uplifting the Malays. MARA was formed with a strong structure to ensure it was on the right path. The efficient allocation of duty highlighted the difference between the MARA and RIDA structures, and thus it indirectly consolidated MARA administration.

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<sup>56</sup> Encik Mansor bin Othman was born in Kuala Pilah on 12 January 1924. He received education at the Malay School Kuala Pilah and at Tuanku Mohammad School in Kuala Pilah. In 1941, he continued his education in Raffles College, Singapore, but this education was cut short due to the Second World War. He continued his education from 1946 to 1948. He was a teacher in Negeri Sembilan and became an Education Officer after he received his Honours Degree in Mathematics from the University of Malaya, Singapore. In 1954, he resigned from his teaching post and served in Shell Company Malaysia Limited. His last occupation before his loan to MARA was as Public Relations officer. He served as Director of MARA Training Division until 4 April 1969. See Personal File of En Mansor bin Othman, MARA Human Resource Division.