

Poverty Reduction Strategies in Malaysia

1970-2000: Some Lessons

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Abstract

The government of Malaysia has formulated a range of national development policies during 1970-2000. Among them, the major policies can be broadly classified in to three: New Economic Policy (NEP), National Development Policy (NP) and Vision 2020. All the major policies embody the philosophy of development of the Malaysian government; i.e. growth with poverty reduction. These policies have been successful in not only meeting poverty reduction targets but exceeded them. Rapid expansion of the economy, especially the expansion of the modern sector, was the major factor contributed to poverty reduction by creating employment opportunities which resulted large improvements in the living standards across all ethnic groups. Government investment on education and training enable the poor to acquire necessary skills and training to enter high wage modern sector employment. Government run affirmative action programmes targeted to the poor also ensued that the benefits of development be equally distributed among all the groups to ensure the social harmony in the plural society. The major factors contributed to the success achieved by the Malaysian economy include the outward oriented policy stance, stable political climate, and firm commitment of the leaders and well balanced macroeconomic management. All these factors helped the economy to take full advantage of the opportunities arising from the globalization of the world economy.

1. Introduction

In the East and Southeast region, Malaysia stands out as one of the most outstanding economies in terms of the rate of economic growth and poverty reduction. During the

last three decades, the annual growth of gross domestic product was higher than 6 percent except during the recession in 1985-86 and the financial crisis in 1997. This is a very impressive rate of growth by developing country standard. Consistent with the high growth rates during the period, per capita income increased from US\$ 900 in 1970 to US\$ 3400 in 2000 (Bank Negara Malaysia, 2000). Per capita income in Malaysia in 2000 was second only to Singapore in the countries in Southeast Asia and considerably higher than that of other countries of the region.

During the same period, the Malaysian economy experienced a dramatic reduction in the incidence of poverty. Poverty incidence in Malaysia fell from 52.4% in 1970 to 5.5% in 2000. There was also considerable progress in reducing hard-core poverty as well to only 0.5% by 2000. The reduction in poverty was accompanied by rising living standards with a relatively equal distribution of income.

It has been suggested by a number of studies that the large reductions in poverty incidence in Malaysia was the result of the high growth achieved by the economy (JBIC, 2001; Mahbot, 1997; Ragayah, 2000). Some other studies suggest that this success in poverty reduction has not been a result of growth alone. They claim that this success was unlikely without the relentless efforts of the government in including poverty eradication as a major development objective and formulating specific policies and programs aiming at eradicating poverty (Shireen, 1998; Khan, 2002; and Nair, 2000).

The paper reviews the poverty reduction strategies adopted by the Malaysian government over 1970-2000 with the view to draw lessons for developing countries. This paper is organised as follows. The next section provides a brief review of the background of Malaysian society since independence which led to a large shift in development policies in 1970s. Section three discusses the main development policies adopted in last three decades and section four discusses the strategies adopted in eradicating poverty in Malaysia. In section five, the achievements of the development policies are analysed. The next section concludes the paper with some lessons that can be learnt from the Malaysian experience.

2. Background Perspective of Malaysian Society

Malaysia is a multi-ethnic society with three distinct ethnic groups, the Bumiputheras (Malays and other minority indigenous ethnic groups), Chinese and Indians forming the major ethnic groups. In 2000, Bumiputera's accounted for 58 percent of the population which Chinese and Indians accounted for 24 percent and 7 percent respectively. Others including non-citizen migrant workers accounted for the remaining 11 percent of the population (Hasan and Hashim, 2001).

Malaysia inherited its multi-ethnic society from the British colonial rule in the nineteenth century (Snodgrass, 1980). Under the colonial rule, the ethnic composition of pre-colonial Malaysia has changed greatly as large numbers of Chinese were brought in to Malaysia to work in the tin mining industry and the Indians were brought in to work in the rubber plantation and rail roads. During this period, Bumiputeras continued to

remain in the traditional subsistence agricultural activities and they were largely left out from the industrial development of the economy. As a result, at the time of independence in 1957, the ethnic groups were identified with the economic activities and separated by geographical locations. At the time, population of Malaysia was about 6.2 million, of which about 50 percent were Malay, 37 percent were Chinese and 12 percent were Indians. The majority of the Malays (80 percent) lived in rural areas and the majority of the Chinese lived in relatively developed urban areas (Khan, 2002).

During the colonial rule, most of the schools located in the urban areas used English as the medium of instruction while the schools located in the rural areas used Malay language (Mahathir, 1998). Since the positions in the civil service, professional and managerial jobs were held by those who were educated in English, the Malays who were mainly educated in the government schools in the rural areas were deprived from the opportunities to enter the upper social classes and felt marginalised in their own country (Roslan, 2002). However, the Chinese and Indian immigrants who lived in urban areas educated their children in English medium and they were able to enter the business and professional fields.

After independence in 1957, the ruling government continued the *laissez-faire* economic policy of the colonial government for industrial development. Instead of direct intervention in industrial development, the government created a favorable investment climate through tax holidays, industrial estates and supporting services and infrastructure. But government intervened extensively to promote rural development by directly

investing in agriculture and rural development and providing social and physical infrastructure. Government interventions were biased towards the rural areas where most of the Malay population lived. During 1956-70, agriculture and rural development accounted for 22.3 percent of government spending compared to 2.4 percent in industrial development.

Although this policy resulted modest growth rates - during 1956-60, the economy grew at average annual rate of 4.1 per cent and during 1961 – 70, it has further increased to 5.2 per cent – it did not address the socio-economic imbalances inherent in the society. The benefits of this high growth had not trickled down to the poor as predicted by the growth theory.

By 1970, about half of the population lived in poverty. Further, the problem of poverty was worsened by the fact that the majority of the poor were Bumiputeras. In 1970, among the Bumiputeras, 66 per cent were poor while 27 per cent of Chinese and 35 percent of Indians were poor. Further, the incidence of poverty in rural areas was much higher than that of urban areas. In 1970, 59 percent of the rural population fell below the poverty line¹ compared to 21percent of the urban population. Since 80 percent of the Malays lived in the rural sector, the bulk of the poor were Malays.

¹ About 70 percent of the population lived in the rural areas.

Although the average income of Malaysia at the time was higher relative to its neighbors, large income disparities were evident within and between major ethnic groups². In 1970, the average mean monthly income of a Malay household was RM 170 per month, while it was RM 390 for a Chinese household and RM 300 for an Indian family.

The disparities between main ethnic groups can also be seen in ownership of capital assets, employment and occupation. In 1970, the ownership of 63.4 percent of capital assets was in the hands of foreigners while the Chinese owned 27.2 percent and a mere 2.4 percent was owned by the Malays (Drabble, 2000). The majority of the Malays were engaged in low productive subsistence agriculture and fishing. In contrast, the non-Malays, particularly Chinese had moved out of the lower paid occupations in the agricultural and low skill service industries into highly paid occupations in the secondary and tertiary sectors. They enjoyed greater economic strength and dominated most modern sector activities. In 1970, 68 percent of those employed in agriculture were Bumiputeras while 69 percent employed in the secondary sector and 62 percent employed in the tertiary sector were non-Bumiputeras (Malaysia, 1991). Further, the Chinese held 63 percent of the administrative and managerial jobs while Bumiputeras held only 24 percent (Jomo, 1990). The Indians were found to be in a socio-economic position between the Malays and the Chinese.

The Malays were unhappy with their lower economic status as compared to that of the Chinese and believed that free market economic policies of the government only ensured

² In 1970, the GDP per capita in Malaysia in 1985 prices was US\$ 1420 compared with \$ 638 in Indonesia, \$1132 in Philippines, \$1658 in Singapore and \$ 943 in Thailand (Global Development Finance and World Development Indicators, <http://www.cepr.net/IMF>).

the growth of Chinese economic interest. They felt that the government had not done much to uplift the economic status of the Malays. On the other hand, Chinese believed that Malay dominated government was biased towards Malays and felt discriminated³. This rising tension between ethnic groups culminated in a series of riots in Peninsular Malaysia⁴ in 1969 (Jomo, 1990). The government responded to the riots by introducing the New Economic Policy (NEP) which marked a major shift in national development policies in 1970.

3. Major Development Policies in Malaysia 1970-2000

The government of Malaysia has formulated a range of national development policies during 1970-2000. These policies consisted of core national policies; long term, medium term, annuals and special development plans; and sectoral and industry specific master plans. Among them, the core policies which formed the basis for all the other policies and plans were the most important. They can be broadly classified in to three, the New Economic Policies (NEP), 1971-1990, and the National Development Policy, 1991-2000 and Vision 2020, 2001-2020.

3.1 New Economic Policy 1971-90

The introduction of the NEP in 1970 marked a new phase in the economic and social development of Malaysia. Under this policy, the government played a more active and

³ Since independence, the Malaysian Federal Government has been running by a coalition of parties representing the three main ethnic groups, and been dominated by the United Malay national Organisation (UMNO), the chief party of the majority Malays.

⁴ Malaysia consisted of 13 states, divided by the Pacific Ocean into the two portions of West Malaysia (11 states) and East Malaysia (2 states Sabah and Sarawak). West Malaysia is also referred to as Peninsular Malaysia.

direct role in resource allocation, production and trade primarily through public enterprises. The NEP incorporated in five year plans for the two decades 1971-1990 to restructure the economy and the society. It was basically ethnicity oriented policy which accorded the Bumiputera preferential treatment to correct socio-economic imbalances persisted in between the ethnic groups in the society (Jomo, 1994).

The NEP's over-riding objective of national unity was to be attained through two specific strategies. The first was to reduce absolute poverty with the intention of eventually eradicating it, by generating new employment opportunities and raising income levels of all Malaysians irrespective of race. The second was to restructure the society to correct economic imbalances so as to eliminate the identification of race with economic function (Malaysia, 1991).

These goals were to be achieved through the modernization of rural life, a rapid and balanced economic growth and the creation of a Bumiputera commercial and industrial community. It was targeted to achieve an average annual growth rate of 8 percent over the 1970-90 period through creating a large modern sector. This high growth was necessary in order to provide increasing employment and economic opportunities for the poor and other disadvantage groups to raise their incomes. High growth rates were also necessary to ensure that distribution did not take place from the reallocation of existing wealth but from expanding and new sources of wealth. This was to ensure that no group was forcibly deprived of its existing wealth.

Under NEP, government targeted reducing overall poverty incidence in Peninsular Malaysia from 49.3 percent in 1970 to 16.7 percent by 1990. Rural and urban poverty incidences were to be reduced to 23 percent and 9 percent respectively⁵.

Restructuring of the society was to be achieved by restructuring of employment and ownership of share capital. In this regard, government set two major targets for the next 20 years. First, employment at all levels and in all sectors, particularly in the secondary and tertiary sectors should reflect the ethnic composition of the population. This was to be achieved through the development of appropriate education and training programmes, direct incentives and various administrative measures to increase their participation in various professions and technical fields. Second, Bumiputera ownership of capital was to rise to at least to 30 percent of the total by 1990. To achieve the second target, the government adopted a policy of nationalization, under which government bought out equity of foreign held companies and establishing trust companies for Bumiputeras.

3.2 National Development Policy 1991-2000

The NDP succeeded the NEP in 1991. The NDP indicated a shift from the NEP's emphasis on redistribution to growth, especially industrialization with a marked reduction in the role of the public sector. The main objective of NDP was to attain balanced development in order to create a more united and just society. To achieve this objective, NDP relied more on the private sector. It was expected private sector to play a leading role in the expansion of the economy. The public sector played a supportive and complementary role. The government ensured that it create conditions which are

⁵ The strategies and programmes to achieve these targets are discussed in section 4.

conducive for the growth of private investment and the development of private sector initiatives and entrepreneurship. This was achieved through directing favorable fiscal policies and other non-fiscal incentives as well as the streamlining of rules and regulations..

Under NDP, rapid growth was to be achieved by increasing productivity so as to enable the country to face the challenges of rapid technological developments and the changing global economic environment. To be competitive in international markets, the structure of industry was changed towards more technologically sophisticated and better quality products.

By 1990, the problem of poverty was not as serious as they were in 1970. Therefore in dealing with the remaining problems of poverty, NDP shifted its focus towards the eradication of hardcore poverty and relative poverty. Restructuring of society was to be achieved through creating more employment opportunities and developing the Bumiputera Commercial and Industrial Community to increase the participation of the Bumiputera in the modern sectors of the economy.

3.3 Vision 2020

The NEP and NDP were complemented by the Vision 2020, which is a vision of what Malaysia should be like in the year 2020. It provides the long term objectives of becoming a 'fully developed nation' by 2020. This policy projects sustained rapid growth of 7 percent per annum for the period 1991-2020, so by 2020, Malaysia will

become a fully developed nation. This growth is to be achieved through rapid industrialization by diversifying manufacturing base and develop small and medium scale industries and inter industry linkages. In this regard, development of human resources is of particular important in meeting skills requirements of modern industrial economy. While pursuing the objective of the accelerated industrialization drive, the policies also ensured the development of agriculture and services sectors in order to promote balanced economic growth.

4. Poverty Reduction Strategies

In Malaysia, poverty reduction became a major objective in national development plans with the introduction of NEP in 1971. Since then, though there were modifications to the policies, its importance has remained unchanged indicating successive governments' commitment to poverty eradication.

Under NEP, the strategy for eradication of poverty consisted of three major components (Malaysia, 1971). The first aimed at increasing income and productivity of those in low productivity occupations through the expansion of their productive capital, and utilizing the capital efficiently. This was to be achieved by the adoption of modern techniques, the provision of better facilities such as land, replanting, irrigation, introduction of new crops, improved marketing and credit, financial and technical assistance. Secondly, the government aimed at improving the living standards of the low-income groups by providing a wide range of free or subsidized social services. Such services included housing, electricity, water, transportation, health and medical services, education,

recreation and community facilities. The third component was to increase opportunities for inter-sectoral mobility from low productivity areas to high productivity areas. This was facilitated by the provision of financial and technical skills, necessary education and training and the organizational arrangements.

The creation of employment opportunities for the poor is a prerequisite for raising incomes of the poor. This was to be achieved by rapid economic growth brought about by the expansion of the modern industrial sector of the economy. It was expected that the rapid growth of this sector would not only contribute to generate employment opportunities but also provide opportunities for higher income jobs. Emphasis was also given to small scale industries, exports of manufactured goods, construction industry and services which have significant employment potentials.

The NEP policies emphasized projects that modernize traditional production which will enable the poor to participate in the opportunities provided by the expanding modern economic sector. Since the majority of the poor are in the agricultural sector, the government focused on the programmes that would raise the productivity of this sector which would in turn raise agriculture incomes. These programmes included distribution and settlement of land, development of cultivated land through drainage and irrigation, application of fertilizers and more intensive cultivation such as double cropping, inter-cropping. Village industries and rural entrepreneurs which would provide an additional source of income were encouraged through incentives. The government provided institutional and agricultural support services to reduce real costs of production

and increase efficiency in production. These included extension services, research, training, subsidized credit and other essential inputs, price subsidies.

Another strategy adopted in eradicating poverty was the provision of better and more efficient services in education. The government viewed education as the main means for the poor to move up the social ladder as it provides access to better paying jobs. Greater attention was also given to equip Bumiputeras and the poor of other races with necessary training and skills to enable rural to urban migration and participate in modern economic activities. These programmes included subjects related to work attitudes and values in order to motivate participants to be better, more productive workers.

The government also focused on improving the quality of life of the poor through the provision of infrastructural facilities. These included the extension of the coverage of basic amenities and services, particularly to the rural areas where the majority of the poor lived.

During the NDP period, anti poverty programmes focused on the hardcore poor. These programmes included several components aimed at children, mothers, senior citizens and heads of the households. Priorities were given to income generating projects, the inculcation of positive values and providing direct welfare assistance. The programmes involved the delivery of appropriate projects to meet their specific needs, such as additional opportunities to increase their employability and income, better housing, food supplements for children and educational assistance. Less emphasis was given to welfare

handouts as a means of eradicating poverty, except for aged and disabled who are unable to engage in employment.

In addition, the government introduced the Bumiputera Unit Trust loan scheme in 1992. That programme provided each Bumiputera hardcore poor family with a RM 5000 interest free loan to purchase shares in a unit trust scheme so as to increase their incomes.

Other than government programmes, non-government organizations (NGOs) and the private sector implemented their own programmes for the poor and the hardcore poor. With the support of private companies, NGO's provided interest free small business loans to poor and hard core poor families. Other programmes focused on skills training with guaranteed employment, educational assistance and better housing.

5. Achievements

During the periods of NEP and NDP, Malaysia achieved rapid and almost continuous rates of economic growth, remarkable reductions in incidence of poverty and marked progress in meeting targets for the restructuring of society by bringing the Malays into the mainstream economic activities.

During the NEP period, the economy grew at an average annual growth rate of 6.7 percent. Though the growth rates fell short of expectations, annual growth rate of real GDP was higher than 6 percent except during the recession in 1985-86 and the financial crisis which swept across the region in 1997. In the 1970's the economy grew at an

average annual growth rate of 8.3 percent as against 5.1 percent during the pre NEP decade of the 1960s. Due to the depressive effects of the recession in 1985-86, the average annual growth rate in 1980's was slowed down to 6 percent. After recovering in 1987, the economy grew at roughly more than 8 percent annually until the financial crisis 1997. The economy experienced a negative growth in 1998 but picked up from 1999 and sustained at an average annual rate of 4.5 percent. Consistent with the high growth rates during this period, per capita income in 1987 prices increased by 3.5 times from US\$1371 in 1970 to US\$ 4600 in 2000 (Khan, 2002).

Malaysia's performance on poverty reduction not only met expectations but exceeded them. The incidence of poverty in Peninsular Malaysia declined from 49.4 percent in 1970 to 15.0 percent in 1990. The incidence of rural poverty and urban poverty in Peninsular Malaysia also declined to 19.3 percent and 7.3 percent respectively. These figures show that the NEP had reduced poverty beyond its target (Malaysia, 1991, 1996).

Despite the impressive progress made in reduction of incidence of poverty, ethnic disparities in poverty have continued. The poverty rate for the Bumiputeras decreased from 65.0 percent in 1970 to 20.8 percent in 1990. Although the incidence of poverty among Bumiputeras has decreased by about 68 percent since 1970, it is still high compared to only 5.7 percent for the Chinese and 8 percent for the Indians.

Table 1: Targets and Achievements of the NEP

	1970	Target (1990)	Achieved (1990)
Growth rate of GDP		8.0 (% p.a. in	6.7 (% p.a. in

		1971-90)	1971-90)
Incidence of Poverty in Peninsular Malaysia			
Overall	49.3	16.7	15.0
Rural	58.7	23.0	19.3
Urban	21.3	9.1	7.3
Ownership of share capital			
Bumiputera	2.4	30.0	19.3
Non-Bumiputera	34.3	40.0	45.5
Foreigners	63.3	30.0	25.5

Note: NEP set targets for reducing poverty only for Peninsular Malaysia.

Source: Malaysia (1991, 1996)

The NDP policies targeted reducing incidence of poverty from 16.5 in 1990 to 7.2 percent in 2000. As under the NEP, this target was exceeded by reaching 5.5 percent in 2000. It was also targeted to reduce hardcore poverty to 0.5 percent by 2000. However, this target fell short of expectations and reached only 1.4 percent⁶.

The impressive record of poverty reduction in Malaysia is also reflected by improvements in a number of social indicators. Since 1990, a significant improvement in access to basic services can be observed. By 2000, 93 percent of the population had access to safe drinking water while 97.6 percent had access to electricity (EPU, 2004). By the end of 1995, about 88 percent of the urban poor households and 72 percent of rural poor households had access to electricity while 92 percent of the urban poor and 65 percent of the rural poor households had access to safe drinking water (Malaysia, 1996). During the period primary enrolment rate increased from 87 in 1970 to 96.8 in 2000. Life expectancy rates for both females and males increased to 75 years and 70.2 years,

⁶ Under the NDP, targets for rural and urban poverty were dropped and targets for hardcore poverty were introduced.

respectively by 2000. Literacy rate was as high as 93.8 in 2000. These indicators are similar to those of the middle income countries and in some cases, high income countries.

Despite the immense efforts of the government, the policies did not succeed in increasing Bumiputera share of capital ownership as anticipated. Under the NEP, the Bumiputera share of capital ownership increased from 2.4 percent in 1970 to 19.3 percent in 1990 which was much below the anticipated share of 30 percent. Chinese continued to own 45.5 percent of share capital while 25.5 percent was owned by foreigners. As under the NEP, the NDP also was not successful in reaching the target of increasing the Bumiputera share of capital ownership to 30 percent. By 2000, Bumiputera share stagnated at 19 percent while that of Chinese had fallen to 40 percent and ownership by foreigners increased to 31 percent (Malaysia, 2001).

Though the policies were not successful in achieving redistributive targets, the targets for restructuring employment were achieved even before 1990. Reflecting the rapid growth in the economy, total employment increased from 3.4 million in 1970 to 6.6 million in 1990 and 8.9 million in 2000. Consistent with the increase in employment, unemployment decreased from 7.8 percent in 1970 to 5.1 in 1990 and 3.0 percent in 2000. During 1994-97, the economy was at virtual full employment with unemployment below 3 percent (Malaysia, 1996).

Most of the new employment opportunities came from the rapidly expanding manufacturing sector. This was reflected in the changes in the sectoral shares of

employment. The employment share in the primary sector decreased from 50.5 percent in 1970 to 27.8 percent in 1990 and 16.1 percent in 2000. In the secondary sector it was increased to 26.5 percent in 1990 and 42.5 percent in 2000 from 18 percent in 1970 while that of the tertiary sector increased to 45.9 percent in 1990 from 31.5 percent in 1970. However, this share again decreased to 41.4 percent in 2000.

With the growth of employment and sectoral changes in employment, the policies were successful in achieving increases in Bumiputera representation in the modern sector to reflect the ethnic composition of the population. By 1990, Bumiputera employment share in the secondary and tertiary sectors rose from 14.6 percent and 24.4 percent in 1970 to 26.3 percent and 36.9 percent respectively in 1990. This was further increased to 39.4 percent and 41.8 percent in 2000. As anticipated by the policies, Bumiputera employment in the primary sector had fallen from 61 percent in 1970 to 36.7 percent in 1990 and 18.8 percent in 2000 (see Table 2).

The policies were also successful in increasing Bumiputera share in employment in all the occupational categories except agriculture (Table 2). They became the major group in all the occupational categories except in administrative and managerial categories. Though their percentage in administrative and managerial categories increased from 22.4 in 1970 to 36.5 in 2000 it was lower than the percentage of Chinese in this category (53.0). The percentage of Bumiputeras in professional and technical category increased from 47.2 in 1970 to 63.6 in 2000. These changes in employment share in major

occupational categories over the NEP and NDP periods represent a fairly well balanced structure of all the ethnic groups.

6. Conclusions

Malaysia experienced a rapid and sustained growth rates, successfully reduced incidence of poverty and achieved a marked progress in meeting targets for the restructuring of society during the last three decades. These achievements of Malaysia which provide valuable lessons to other developing countries are the results of the major development policies adopted since 1970.

Rapid expansion of the economy, especially the expansion of the modern sector, contributed significantly to poverty reduction by creating employment opportunities which resulted large improvements in the living standards across all ethnic groups. However, rapid growth alone would not have been able to reduce poverty without the strong government emphasis on distributing the gains of development across all the sectors of the economy.

Malaysia's government included elimination of poverty as an integral component of major policies signifying the importance that the government attached to it. Two broad types of strategies were adopted in reducing incidence of poverty: expansion of the economy and government run affirmative action programs targeted to the poor.

The government emphasis on human resource development paved the way to the poor to acquire necessary skills and qualifications to gain employment in the expanding modern, high wage sectors of the economy. This resulted the shift of large number of workers out of the traditionally low paid rural occupations into better paid modern sector employment and uplifted themselves out of the poverty. This ensured that there is no intergenerational transfer of poverty. Attention was also paid to improving the quality of life of the poor through the upgrading or expansion of public services, social amenities and physical infrastructure.

Apart from providing opportunities for the poor to become involved in the expanding economy, government targeted programs identified sub groups among the poor such as the hard core poor, female headed families, elderly people, the handicapped and indigenous groups which has unique problems that have to be dealt with differently. Government policies also ensued that the benefits of development be equally distributed among all the groups to ensure the social harmony in the plural society.

The major factors contributed to the success achieved by the Malaysian economy include the outward oriented policy stance, stable political climate, and firm commitment of the leaders and well balanced macroeconomic management. All these factors helped the economy to take full advantage of the opportunities arising from the globalization of the world economy.

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Table 2: Incidence of Poverty and Number of Poor Households 1970-2002

Year	1970	1976	1980	1984	1987	1990	1993	1995	1997	1999	2000	2002
Incidence of poverty(%)												
Overall	52.4 (791.8)	42.4 (764.4)	29.0	20.7 (649.4)	17.3	16.5 (619.4)	13.5 (517.2)	8.7 (418.3)	6.8 (332.4)	8.1 (360.1)	5.5 (276.0)	5.1 (269.7)
Rural	58.7 (705.9)	50.9 (669.6)	37.4	27.3 (556.4)	22.4	21.8 (530.3)	18.6	15.3 (319.0)	11.8 (267.5)	12.4 (257.4)	10.0	11.4 (198.3)
Urban	21.3 (85.9)	18.7 (94.9)	12.6	8.5 (93.0)	8.1	7.5 (89.1)	5.3	3.7 (99.3)	2.4 (64.9)	3.4 (102.7)	1.9	2.0 (69.6)
Malay	65.9	56.4	NA	25.8	23.8	20.8	NA	NA	NA	10.2	NA	7.3
Chinese	27.5	19.2	NA	7.8	7.1	5.7	NA	NA	NA	2.6	NA	1.5
Indians	40.2	28.5	NA	10.1	9.7	8.0	NA	NA	NA	1.9	NA	1.9
Incidence of hardcore poverty (%)												
Overall	NA	NA	NA	6.9 (216.1)		4.0 (143.1)	NA	2.1 (88.8)	1.4 (67.5)	1.4 (66.1)	0.5	1.0 (52.9)
Rural	NA	NA	NA	9.3 (189.9)		5.2 (126.8)	NA	3.6 (76.5)	2.5 (55.3)	2.4 (52.1)	1.0	2.3 (40.3)
Urban	NA	NA	NA	2.4 (26.2)		1.4 (16.3)	NA	0.9 (12.3)	0.4 (12.2)	0.5 (13.9)	0.1	0.4 (12.6)

Note: Number of poor households (000) is given in parenthesis.

NA: not available.

Source: Household Income surveys, Malaysia Plans, Economic Reports, Ministry of Finance, various issues.

Table 3: Employment by ethnic group and sector 1970-2000

(percentage employed as a proportion of ethnic group)

Sector	1970			1990			2000		
	Bumiputera	Chinese	Indian	Bumiputera	Chinese	Indian	Bumiputera	Chinese	Indian
Primary	61.0	25.4	51.2	36.7	13.5	21.8	18.8	6.2	11.0
Secondary	14.6	37.7	18.9	26.3	36.5	39.8	39.4	39.4	53.5
Tertiary	24.4	36.8	29.9	36.9	49.9	38.3	41.8	49.3	35.5

Source: Henderson (2003), Drabble (2000), Hassan and Hashim (2001)

Table 4: Employment by ethnic group and Occupation 1970-2000

Occupation	1970			1985				2000			
	Bumiputera	Chinese	Indian	Bumiputera	Chinese	Indian	Others	Bumiputera	Chinese	Indian	Others
Professionals and Technical	47.0	39.5	10.8	54.4	32.4	11.1	2.1	63.6	25.9	8.6	1.9
Administrative and managerial	24.1	62.9	7.8	28.2	66.0	5.0	0.8	36.5	53.0	6.5	4.0
Clerical	35.4	45.9	17.2	54.0	36.8	8.7	0.5	56.1	32.7	9.4	1.8
Sales	26.7	61.7	11.1	37.9	56.8	5.2	0.1	37.5	50.4	6.4	5.7
Services	44.3	39.6	14.6	57.9	31.2	9.7	1.2	57.5	21.3	8.7	12.5
Agricultural	72.0	18.3	9.7	73.5	17.2	8.3	1.1	60.3	10.9	6.9	21.9
Production	34.2	55.9	9.6	45.5	43.1	10.9	0.5	44.1	33.7	10.5	11.7

Source: Jomo (1990), Malaysia (1996)

