

Income Inequality, Poverty and Development Policy in Malaysia

By

A.H.Roslan

School of Economics, Universiti Utara Malaysia,
06010 UUM Sintok, Kedah Darul Aman, MALAYSIA

E-Mail: ahroslan@uum.edu.my

Fax: (006)-04-9285751

Abstract

This paper examines income inequality and poverty in Malaysia. It is argued that government intervention under the New Economic Policy has been successful in generating economic growth and development of the country in general, and in the development of the Malay ethnic group in particular. Government intervention that begins in the 1970s has significantly reduced poverty, particularly poverty amongst the Malay ethnic group. Furthermore, the overall income inequality as well as inter-ethnic and rural-urban inequality has also decline since the middle of 1970 to 1990. Since 1990 however, even though poverty has decline further, income inequality has started to rise. Besides there emerge a new dimension of inequality, that is intra-ethnic inequality. This paper argues that the existence of intra-ethnic inequality, particularly intra-Malay inequality, pose the major challenge to Malaysian policy-makers. The reason is that, government intervention under the New Economic Policy is articulated in the political rhetoric of ethnicity, and it appears to be coherent in addressing the problem of poverty amongst the Malays when majority of them were in poverty. The New Economic Policy has significantly reduced poverty amongst the Malay, and there now exist a new problem of intra-Malay inequality. The existence of intra-Malay inequality suggests that deeper division amongst the Malay community has emerged, implying that there emerged diverse and conflicting interests within the Malay community itself. Continued use of ethnicity as the foundation of economic policy is no longer coherent, and hence could only be undertaken with the risk of greater discontent, paradoxically amongst the Malay community. In such a situation, government intervention that is articulated in the political rhetoric of ethnicity would be incoherent to solve this new problem of inequality.

1. Introduction

Malaysia inherited a multiracial society when independence was achieved from the British in 1957. In the early years of independence, a marked income inequality existed between the Malay (Bumiputera) and the non-Malay (non-Bumiputera).¹ The imbalance became untenable in the late 1960s, when racial riots occurred in May 1969. The riots proved to be damaging for nation-building. As a response, the government introduced the New Economic Policy in 1970, which accorded the Bumiputera preferential treatment to correct the perceived imbalances. Thus, the NEP was basically an affirmative action, pro-Malay economic policy. The New Development Policy (NDP) succeeded the NEP when it came to an end in 1990. While there were differences in priorities and strategies between the two, the NDP was still basically a pro-Malay policy, or what is called by Torii (1997) “ethnicity-oriented policy”. During the implementation of NEP and NDP, Malaysia achieved a very rapid economic growth and significantly reduce poverty, and brought the Malays into the mainstream economic activities.

Some observers of Malaysia’s economic development have argued that Malaysia appears to represent one of the success stories of a developing economy [see for example The World Bank (1993) and Chowdhury and Islam (1996)]. The argument of this paper is that, while to certain extent these observations are correct, what they fail to see is that these achievements are basically the initial impact of the NEP. It should be realised that the NEP is articulated in the language of ethnicity. The pro-Malay economic policy of distributing income appeared to be coherent and succeeded in the initial years since the poor were overwhelmingly from the Malay community. Ethnicity, as the cornerstone of the economic policy to solve the economic problem facing the Malay community, then became doubly attractive because it leads to the empowerment of the countryside and the creation of a domestic market for industrial products. When the policy successfully raised income of the Malays and substantially reduced poverty amongst them, the question of intra-Malay inequality come to the surface. It can no longer be ignored. Continuing to articulate a policy in the political rhetoric of ethnicity then become internally inconsistent to develop the Malay community as it was in the past. The emergence of cleavages within the Malay community as well as the emergence of cross-cutting cleavages in society, made it difficult to address the new problem of income distribution (i.e. intra-Malay inequality) through the political rhetoric of ethnicity. Continuing the ethnicity-oriented economic policy would apparently lead to internal contradictions and tension within the Malays. Thus, along with the economic success, the NEP is also sewing the seeds of future problems for itself.

II. Background of Malaysian Society

¹ Bumiputera literally means the "son of the soil". The Malays are the main Bumiputera in Peninsular Malaysia. In Sabah, the main Bumiputera are Kadazan, Bajau and Murut, while in Sarawak they are Iban, Malay, Bidayuh and Melanau. Since this paper concentrates on Peninsular Malaysia, the term "Malay" and "Bumiputera" will be used interchangeably.

Malaysian society is a multiethnic society, with the Malays, Chinese and Indians forming the major ethnic groups. In 1996, the Bumiputera accounted for 61.0 percent of the population, the Chinese 30.0 percent, the Indians 8.0 percent, and other minority groups made up the remaining 1.0 percent (Gomez and Jomo, 1997, p.1). In general each of the ethnic groups is different in terms of their language, culture and religion. The Malay language is “Bahasa Melayu”, the Chinese languages are Cantonese and Hokkien, and the Indian language is Tamil. The Malays are mostly Muslim, while the Chinese and the Indian are mostly Buddhist and Hindu, respectively.

The multiethnic characteristic of Malaysian society was inherited from the British during their occupation of Malaya² from 1786 to 1957 (Snodgrass 1980, pp. 22-42; Anand 1983, pp.1-4; Faaland et.al. 1990, p.2-4). While there were already some Chinese and Indian in Malaya before the British occupation, it is during the British occupation that the mass migration of the Chinese and the Indians took place. Starting in the second half of the nineteenth century and up to the 1930s, the British had encouraged large scale Chinese and Indian immigration to Malaya, to supply their manpower need in the tin mining industries and rubber plantations which were mainly located in the west coast of Peninsular Malaysia. The Chinese were brought by the British to work in the tin mines, while the Indians to work in the rubber plantations. The Malays remained in the traditional subsistence agriculture and thus were left out of the modern sector of the economy.

As a result, in the early years of independence, each ethnic group was segregated in terms of geographical area. The majority of the Malays were found in the north and eastern states of Peninsular Malaysia such as Terengganu, Kelantan, Kedah and Perlis. These states were basically agricultural states and relatively underdeveloped. On the other hand, the Chinese and Indians were concentrated in the western states of Peninsular Malaysia such as Selangor, Negeri Sembilan, Perak and Pulau Pinang, which are relatively more developed and prosperous. Besides, the Malay were less urbanised compared to the Chinese and the Indians as indicated in Table II.1 below. In 1957, almost 90 percent of the Malays lived in the rural area, compared to about 55 percent of the Chinese and 70 percent of the Indians. This situation remained throughout the 1960s.

Table II.1: Population by Community Groups and Degree of Urbanisation at 1957 and 1970 Census (Peninsular Malaysia).

1957		1970	
Urban Area (%)	Rural Area (%)	Urban Area (%)	Rural Area (%)

²Before independent from the Colonial British in 1957, Peninsular Malaysia was known as Malaya.

Malays	11.2	88.8	14.9	85.1
Chinese	44.7	55.3	47.4	52.6
Indians	30.6	69.4	34.7	65.3
Others	49.3	50.7	40.8	59.2
Total	26.5	73.5	28.7	71.3

Source: Mehden (1975).

During the British rule, each ethnic group also generally experienced different education systems (Mahathir 1998, p.74-75; Shastri 1993, p.3). Most Malays were educated in the government school system located in the rural areas that used the Malay language as the medium of instruction. The Chinese on the other hand sent their children to the Chinese medium schools, which were established by Chinese voluntary associations. Nevertheless, the elite segment of each ethnic group generally sent their children to the English medium schools located in the urban areas, where the quality of education was far better than the rural Malay-medium school. Furthermore, most secondary and tertiary education was available in the urban areas with English as the medium of instruction. Those who were educated at the English-medium schools tended to gain positions in the civil service, commerce, business, and professions. Since most of the Malays were educated in the rural Malay medium schools, this indirectly limited their upward social mobility.

Besides, in the early years of independence, each ethnic group was also separated by their economic functions. The economic activities of the Malay were largely subsistence agriculture and fishing. The Chinese were involved in commerce and modern sectors of the economy, while the Indians were labourers in the rubber plantations.³ Thus, not only did each ethnic group differ in terms of their language, culture and religion, they were also separated in terms of geographical location, education and economic functions. It is not surprising that there was very little integration and interaction between the ethnic groups. Another reason for the lack of integration and interaction was that many of the immigrant Chinese and Indians perceived Malaya only to be a transition land rather than their new homeland. Hence, no need was felt among the immigrant populations to integrate and interact with the Malays since they intended to return back to China or India after accumulating enough savings (Gomez and Jomo, 1997, p. 11). Communication between ethnic groups is carried out by their political leaders, generally the elite of each ethnic group. The political leaders therefore functioned as the spokespersons and brokers for their respective ethnic groups (Shastri, 1993, p.3).

³In 1957, 73 percent of Malays were in agriculture, forestry and fishing, compared to only 40 percent of the Chinese and 56 percent of the Indians (Shastri 1993, p.3). Of the Malays, 37 percent of them were engaged in rice cultivation, and 25 percent in the rubber smallholdings. Of the Indians, 48 percent of them were labourers in the rubber plantations. In the modern economic sector, the Malays composed only 7 percent of the manufacturing sector management in 1970, compared to 68 percent of the Chinese, 4 percent Indian and 18 percent foreign (Mehden, 1975, p. 250).

Ethnicity therefore cut across almost all spheres of life. Indeed, it was the differences in their economic functions as well as their educational experience that probably reinforced their ethnic differences and influenced their perceptions of each other. Naturally the differences and lack of interaction between the ethnic groups led to the prejudices and the preoccupation with ethnic issues in almost all spheres of Malaysian life - social, cultural, economic and political. Thus while the issue faced by society might have involved many other dimensions, it was the ethnic dimension that really received most public and political attention. Ethnicity dominated all aspects of Malaysian life and as a result, ethnic cleavages were found at almost all levels and aspects of life, as explained by Mauzy (1997, p. 107):

“These groups were divided by coinciding cleavages of race, language, religion, customs, area of residence and to a large extent, by type of occupation. Predictably, they lined up on the same opposing sides on every politically relevant issue”.

As seen, despite the emergence of the multiracial society in Malaysia, there was very little integration and interaction among the ethnic communities in the early years of independence. Ethnicity cut across almost all spheres of life. Thus, the question of unity and nation-building was an important question in the newly independent Malaysia. However, nation-building was overwhelmed by the existence of economic imbalance between the ethnic groups, as will be seen below.

III. Income Inequality and Poverty 1957- 1970

After independence in 1957, while the Malaysian Constitution did stress that the socio-economic development of the Malay was to be promoted, active government intervention in the economy to help the Malay was not implemented immediately. The ruling Alliance government continued the laissez-faire economic policy of the colonial government. The laissez-faire approach nevertheless resulted in rapid economic growth. Real GDP growth rate was 4.1% in 1956-1960 period, 5.0% in the 1961-1965 period and 5.4% in the 1966-70 (Bank Negara 1994, p.4). However, despite the rapid growth, the trickle down process did not appear to work as expected. Towards the end of 1960s, about half the population was living under poverty as indicated in the incidence of poverty (see Table III.1).

The complexity of the poverty problem arose from the fact that there was an association between poverty incidences with a particular ethnic group. The bulk of the poor were notably high among the Malays compared to the non-Malays. While in the period of 1957 to 1970 there was a reduction in the incidence of poverty among the Malays, they remained the largest. In 1970, 65.9 percent of the Malays were poor, compared to only 27.5 and 40.2 percent respectively of the Chinese and Indians. Besides, poverty incidence was more serious in the rural than in the urban areas. Therefore, while there were Chinese and Indian poor, as well as urban poor, generally the problem of poverty was perceived to be the problem of the rural and the Malay households. As the majority of the rural households were Malay, the Malay then became synonymous with the poor, i.e. the poor were generally the Malays, and the Malays were generally poor.

Table III.1: Incidence of Poverty in Peninsular Malaysia (%), 1957 and 1970.

	1957/58	1970
All Households	51.2	49.3
Rural households	59.6	58.7
Urban households	29.7	21.3
Malay		
All households	70.5	65.9
Rural households	74.9	70.3
Urban households	32.7	38.8
Chinese		
All households	27.4	27.5
Rural households	25.2	24.6
Urban households	29.4	30.5
Indian		
All households	35.7	40.2
Rural households	44.8	31.8
Urban households	31.5	44.9

Source: Ikemoto (1985).

In addition, there was also a significant imbalance in terms of wealth (equity) ownership between the Malays and the Chinese. As shown in Table III.2, by 1970 the Malays owned only about 2.4 percent of the ownership of share capital, while the Chinese owned 27.2 percent. Furthermore, there also existed inter-ethnic inequality in terms of employment and occupation, which reflected the differences in skills, education and experiences of each ethnic group. By 1970, about two-third of those employed in the primary sector were Malays, while the non-Malays on the other hand, were largely employed in the secondary and tertiary sectors as shown in Table III.3. Besides the difference in the pattern of employment, there were also significant differences in terms of occupation. The professional, technical, sales and managerial jobs were predominantly held by the Chinese, while about three-quarter of the Malays were agricultural workers mostly involved in small, subsistence farming and fishing activities (Klitgaard and Katz, 1983: p. 335). Thus, not only were the Malays found to be poor, but also they were primarily associated with agriculture, a low productivity sector. On the other hand, the non-Malays were associated with mining, manufacturing and construction, a high productivity sector.

Table III.2: Ownership of Share Capital (at par value) of Limited Companies, 1970 (%).

Ownership Group	1970
Malay/Bumiputera	2.4
Malay/Bumiputera individuals & institutions	1.6
Trust agencies	0.8

Non-Malays/non-Bumiputera	28.3
Chinese	27.2
Indian	1.1
Others	-
Nominee companies	6.0
Foreigners	63.4

Source: Gomez and Jomo (1997).

Table III.3: Sectoral Employment of Bumiputera and non-Bumiputera (%) in Peninsular Malaysia, 1970.

Sector	Bumiputera	Non-Bumiputera
Primary ¹	67.6	32.4
Secondary ²	30.8	69.2
Tertiary ³	37.9	62.1

Note:

¹Agriculture

²Mining, manufacturing, construction, utilities and transport.

³Wholesale and retail trade, finance, government and other services.

Source: Malaysia (1991).

However, while it was true that the bulk of the poor were Malays, and there existed economic imbalances between the Malay and the Chinese, an ethnic perspective of the problem appeared to be a narrow and simplistic view of the complex problem of poverty and inequality. This point became more obvious when income inequality was examined. Table III.4 shows the mean income and income distribution in Peninsular Malaysia from 1957/58 to 1970. It shows that while the mean monthly household income in real terms increased from RM 207 in 1957/58 to RM261 in 1970, income inequality however worsened, as indicated by the increase in Gini coefficient from 0.412 to 0.513. The rich appeared to benefit the most from the rapid economic growth at the expense of the poor (middle and lower-income groups). The share of the national income captured by the high-income group (top 20 %) rose from 48.6 to 55.9 during the above period. The share of the poorest 40 per cent of the population fell from 15.9 to 11.6 per cent, and this fall was especially sharp between 1967/68 and 1970.

Besides, it appeared that the rich were mostly urban and the bulk of the poor were mostly rural (see Table III.5). The ratio of the mean income between the urban and rural households -- the urban-rural disparity ratio -- went up, and there was a sudden increase in the two years before 1970. Income inequality worsened, but more for the rural population. Not only did the rural population become poorer than their urban counterparts on average, but also there was another development in the countryside. The Gini coefficient went up dramatically. Income inequality among the rural, predominantly Malay population, increased faster than inequality amongst the urban dwellers.

Table III.4: Distribution of Household Income in Peninsular Malaysia, 1957-1970.

	1957/58	1967/68	1970
--	---------	---------	------

Mean income (RM Per Month)*	207	226	261
Median income (RM Per Month)*	150	145	164
Mean to Median Income Ratio	1.38	1.56	1.59
Gini coefficient	0.412	0.444	0.513
Income Share of:			
Top 20%	48.6	51.3	55.9
Middle 40%	35.5	34.4	32.5
Bottom 40%	15.9	14.3	11.6

Note:

*1959 RM prices

Source: Perumal (1989).

Table III.5: Distribution of Household Income in Peninsular Malaysia by Area, 1957-1970.

	1957/58	1967/68	1970
Urban Households			
Mean Income (RM Per Month)*	307	340	424
Median Income (RM Per Month)*	207	232	262
Gini Coefficient	0.429	0.447	0.494
Income Share of:			
Top 20%	49.6	51.8	55.0
Middle 40%	33.2	34.0	32.8
Bottom 40%	17.2	14.2	12.2
Rural Households			
Mean Income (RM Per Month)*	166	175	198
Median Income (RM Per Month)*	126	126	138
Gini Coefficient	0.374	0.399	0.463
Income Share of:			
Top 20%	44.5	46.8	51.0
Middle 40%	37.3	36.7	35.9
Bottom 40%	18.2	16.7	13.1
Urban-Rural Disparity Ratio	1.84	1.95	2.14

Note:

*1959 RM prices

Source: Perumal (1989) and Snodgrass (1980).

Income distribution also worsened for each of the three ethnic groups (see Table III.6). The Malays moved from the least unequal to the most unequal, measured in the Gini coefficient of income distribution, amongst the three ethnic groups. The poor amongst the Indian population fared the worst in the following sense. The median and the mean income were identical for this group in 1957/58, but the median income was considerably lower than the mean in 1970. The median income had, in fact, declined between these two periods uniquely for the Indians. Besides, the picture of intra-group distribution painted in Table III.6 was reflected in both urban and rural areas. The intra-group inequality increased amongst both the rural and urban Malays more than it did for their Chinese counterparts. It was particularly pronounced amongst Malay rural households. What is more interesting is that decomposition of inequality shows that it is intra-ethnic and intra-area inequality that explained most of total inequality (see Table III.7). Thus income inequality in Malaysia during the 1960s is complex. It cannot be explained through either ethnic or location (rural-urban).

Table III.6: Distribution of Household Income by Ethnic Groups in Peninsular Malaysia, 1957-1970.

	1957/58	1967/68	1970
Malay			
Mean Income (RM Per Month)*	134	154	170
Median Income (RM Per Month)*	108	113	119
Gini Coefficient	0.342	0.400	0.466
Income Share of:			
Top 20%	42.5	48.2	52.5
Middle 40%	38.0	34.8	34.8
Bottom 40%	19.5	17.0	12.7
Chinese			
Mean Income (RM Per Month)*	288	329	390
Median Income (RM Per Month)*	214	246	265
Gini Coefficient	0.374	0.391	0.455
Income Share of:			
Top 20%	45.8	46.7	52.6
Middle 40%	36.2	36.3	33.5
Bottom 40%	18.0	17.0	13.9
Indian			
Mean Income (RM Per Month)*	228	245	300
Median Income (RM Per Month)*	228	180	192
Gini Coefficient	0.347	0.403	0.463
Income Share of:			
Top 20%	43.7	48.1	54.2
Middle 40%	36.6	35.6	31.5
Bottom 40%	19.7	16.3	14.3

Note:

*1959 RM prices

Source: Perumal (1989) and Snodgrass (1980).

Table III.7: Theil Index and Its Decomposition

	Anand (1983)	Ikemoto (1985)		Shireen (1998)			
	1970	1957/58	1970	1979	1984	1987	1989
Overall	0.5161	0.3692	0.4693	0.4176	0.4276	0.3716	0.3541
Inter-ethnic	0.0671 (13.0%)	0.0748 (20.3%)	0.0845 (18.0%)	0.0467 (11.1%)	0.0359 (8.4%)	0.0273 (7.3%)	0.0308 (8.7%)
Inter-Area	- (13.7%)	0.0394 (10.7%)	0.0753 (16.0%)	0.0405 (9.7%)	0.0485* (11.3%)	0.0336 (9.0%)	0.0342 (9.7%)

Note:

*1984 Rural-Urban component overestimated as it includes “Others” in the samples during calculations. Percent contribution is given parentheses.

Source: (i) Anand (1983); (ii) Ikemoto (1985); (iii) Shireen (1998).

Unfortunately, the observation that there was a widening gap between the rich and the poor, even within groups, did not form the central focus of the political debate. Instead, the problem of distribution was viewed from the narrow ethnic perspective. As a result, even though the gap between the rich and the poor widened even within groups, the perception of injustice was focused only on the distribution between ethnic groups. The problem of intra-group inequality, particularly intra-Malay inequality, was ignored in the political discourse. The heart of the political debate fell on inter-group inequality, especially between the Malay and Chinese populations, had increased (see Table III.8).

Table III.8: Disparity Ratio Between Ethnic Groups in Peninsular Malaysia, 1957-1970.

	1957/58	1967/68	1970
Chinese-Malay	2.16	2.14	2.25
Indian-Malay	1.71	1.60	1.75
Chinese-Indian	1.27	1.34	1.29

Source: Calculated from Table III.6

As the distributional problem was looked at from ethnic dimension, the complexity of the problem of poverty and inequality was reduced to just a simple problem of inter-ethnic inequality, i.e. Malay-Chinese inequality. Naturally, ethnicity then became the cornerstone of the policy solution to the Malay economic problem, as will be discussed in the next section.

IV. The New Economic Policy 1971-1990

The poor economic condition of the Malays as well as the notable economic imbalance between the Malays and the Chinese was unsatisfactory to the Malays.⁴

⁴ The momentum peaked in the 1960s. The Malays organised the First Bumiputera Economic Congress in June 1965, where the economic problems of the Malay were discussed and the strategies and programs to enhance the Malay economic position were drawn up. In September 1968, the second Bumiputera Economic Congress was held. This time around, the Congress reassessed the progress and achievements since the first congress. Basically, the Congress came to the conclusion that after almost

Feelings of dissatisfaction and strong criticism of the government laissez-faire approach emerged from the Malays. For the Malays, the continuation of the colonial laissez-faire economic policy by the Alliance government after independence in 1957 had only ensured the growth of the Chinese economic interest, but it had not done much to increase the plight of the Malays. To the Malays, the Alliance government was too friendly to Chinese interests. A more aggressive government intervention was called for to speed the upward mobility of the Malays in education, employment and the economy of the country to keep them abreast with the non-Malays.

What made the situation explosive was the fact that the frustration was almost equivalent amongst the Chinese ethnic group. The Chinese felt that the government was doing too much for the Malays and felt discriminated. From their perspective, the government was biased towards the Malays, and they thus became more vocal in criticising the “Malay special rights”. The rising tension came to a peak with racial riots on the May 13 1969. It appeared that the racial riots marked a major turning point in Malaysia's development policy as they paved the way for affirmative action policies in favour of the Malay to be implemented.

A new economic policy, which was called the New Economic Policy (NEP), was announced in 1970. The NEP was to be implemented in the span of twenty years (1971-1990). The approach of the NEP to overcome the perceived socio-economic imbalances in society was by giving preferential treatments to the Malays and other indigenous people. The ultimate aim of the NEP was to achieve national unity and to foster nation-building. The way to unite the multiethnic population visualised in the NEP was through active government intervention to reduce inter-ethnic inequality by employing preferential treatments in favour of the Malays. Implicitly, therefore, inter-ethnic equality was depicted as a prerequisite to social peace and stability, as well as prosperity. As such, the NEP implicitly regarded that unity was synonymous with the correction of ethnic economic imbalances (Mauzy 1997, p. 120), and considered it inevitable but necessary to solve the inter-ethnic economic imbalances that existed in the country (Jomo 1991, p.469). There were two specific objectives of the NEP. The first was to eradicate poverty by raising income levels and increasing employment opportunities for all Malaysians irrespective of race, while the second was to restructure the society so that the identification of ethnic groups with economic function was eliminated (Malaysia, 1991).⁵

ten years of independence, the progress made to uplift the economic position of the Malays had not matched the expectations of the Malays. The government was perceived as having failed to restore their position as the indigenous people to its proper place, as inspired in their struggle of independence.

⁵ The two stated objectives of the NEP were actually associated with the Malay nationalist economic agenda. Thus, the NEP could be viewed as a fulfilment of the Malay nationalist economic agenda, as suggested by Shamsul (1997, p. 251):

“If seen from the Malay nationalist perspective, the two central objectives of the NEP, to eradicate poverty and to restructure society, are essentially parts of the overall nationalist economic agenda.”

The strategy to reduce poverty consisted of three major components (Shireen, 1998). The first was to improve the quality of life of the poor by improving the provision of social services to them such as housing, health, education and public utilities. The second was to increase the income and productivity of the poor. This was to be done by expanding their productive capital and utilising the capital efficiently by adopting modern techniques and the provision of better facilities such as land, replanting and redevelopment of crops, irrigation, introduction of new crops, and improved marketing, credit, financial and technical assistance. Finally, to increase employment opportunities for inter-sectoral mobility out of low productivity areas and activities. In this regard, the necessary education, training, financial and technical skills would be provided to facilitate the movements into the modern sector of the economy.

With regard to the second objective, it was to be achieved through the restructuring of the employment pattern, ownership of share capital in the corporate sector, and the creation of a Bumiputera Commercial and Industrial Community (BCIC). The creation of BCIC was regarded as important since this would ensure a meaningful participation of the Bumiputera in the modern sector of the economy. Thus, the NEP envisaged restructuring of society in three levels. First, to increase the share of Bumiputera employment in the modern industrial sectors. Second, to increase the Bumiputera share in corporate ownership, and third, to increase the number of Bumiputera entrepreneurs and Bumiputera managerial control. The targets of the NEP with regards to its objectives are shown in Table IV.1 below.

Table IV.1: Selected Socio-Economic Targets of the NEP.

	1970	Target (1990)
I. Incidence of Poverty ¹		
Overall	49.3	16.7
Rural	58.7	23.0
Urban	21.3	9.1
II. Corporate Equity Ownership		
Bumiputera	2.4	30.0
Other Malaysians	34.3	40.0
Foreigners	63.3	30.0
III. Bumiputera Employment by Sector (% of total employment)		
Primary	67.6	61.4
Secondary	30.8	51.9
Tertiary	37.9	48.4
IV. Bumiputera Employment by Category (% of total employment)		

Professional and Technical	47.2	50.0
Administrative and Managerial	22.4	49.3
Clerical	33.4	47.9
Sales	23.9	36.9
Agricultural	68.7	62.3
Production	31.3	52.0
Services	42.9	52.3

Note:

¹Peninsular Malaysia only

Source: Malaysia (1991), Table 2-1, p. 34.

In order to achieve these targets, various economic and social institutions were developed to assist the Bumiputera (Kok Swee Kheng, 1994; Rajakrishnan, 1993; Stafford, 1997). Government agencies that already existed in the 1960s to assist the Bumiputera such as FELDA (Federal Land Development Authority), MARA (Peoples Trust Council), FAMA (Food and Marketing Authority) and MARDI (Malaysian Agricultural Research and Development Institute) were supported with huge funds to implement and accelerate rural development projects. Besides the existing government agencies, new agencies such as RISDA (Rubber Industry Smallholders Development Authority), MAJUIKAN (Fisheries Board) and MAJUTERNAK (Cattle Board) were established to increase income and productivity of the Bumiputera. In addition, UDA (Urban Development Authority) and SEDCs (State Economic Development Corporations) were also set up to carry out commercial and industrial projects, which in turn would allow and encourage greater participation of the Bumiputera in these activities, and hence induce them to move from rural to urban areas. Credit facilities, advisory services and the physical infrastructure such as shops and houses were also provided through agencies such as MARA, MIDF (Malaysian Industrial Development Foundation), CGC (Credit Guarantee Corporation) and Bank Bumiputera. Of significance in increasing Bumiputera participation and ownership in the economy was the establishment of PERNAS (Perbadanan Nasional or National Corporation) in 1970. PERNAS was responsible for buying and developing companies and holding them in trust for the Bumiputera, and latter selling them on to private Bumiputera interests.

Table IV.2 shows the amount of funds allocated in various Malaysia Five-Year Plans to carry out the two objectives of the NEP - poverty eradication and restructuring the society. From the Second to the Fifth Malaysia Plans, total allocation for both objectives of the NEP averaged more than 30%. It appears that poverty eradication formed a large proportion of the allocation. Nevertheless, the share of the restructuring increased over time, particularly in the Fourth Malaysia Plan.

Table IV.2: Federal Allocation for the NEP, 1971-1990 (RM Million).

	Poverty Eradication	Restructuring Society	Overlapping	Total	Total Federal Government Allocation
2nd Malaysia Plan (1971-1975)	2350.0 (26.3)	508.3 (5.6)	3.4 (0.0)	2861.7 (31.9)	8950
3rd Malaysia Plan	6373.4	2376.0	149.0	8898.4	31147

(1976-1980)	(20.5)	(7.6)	(0.5)	(28.6)	
4th Malaysia Plan	9319.2	4397.6	300.5	14017.3	39330
(1981-1985)	(23.7)	(11.2)	(0.8)	(35.7)	
5th Malaysia Plan	15835.1	4201.6	0.0	20036.7	48860
(1986-1990)	(32.4)	(8.6)	(0.0)	(41.0)	
4th Malaysia Plan	10497.0	6576.8	464.5	17538.3	74000
(1981-1985) (Revised)	(14.2)	(8.9)	(0.6)	(23.7)	
5th Malaysia Plan	13661.4	2711.6	0.0	16373.0	57512
(1986-1990) (Revised)	(23.8)	(4.7)	(0.0)	(28.5)	

Note:

Figures in parentheses show percentage of total allocation.

Source: Kok Swee Kheng (1994).

To ensure that no other sections of the community would be deprived as a result of implementation of the NEP, the restructuring objective is to be carried out in the context of rapid economic growth. Thus, rapid economic growth was of paramount importance to realise the NEP's objectives. Towards this end, the NEP projected an annual growth rate of GDP 8.0 percent (Malaysia, 1991).

V. Economic Growth and Development During the NEP Period

During the NEP period, Malaysia experienced a remarkably high economic growth. In the 1970s, the economy was growing at an average annual growth rate of 8.3 percent (Table V.1). The economy was in recession in the 1985-86 period, but started to recover in 1987. Since then, GDP growth rate has been sustained at roughly more than 8.0 percent annually. The rapid growth was accompanied by relatively low and stable prices (Table V.2) as well as a low and declining unemployment rate (Table V.3). The remarkable growth and development record of Malaysia during the past decades has been widely acknowledged. Indeed, Malaysia has been recognised as one of the “economic miracles” of East Asia (World Bank, 1993).

Table V.1: Annual Growth Rates of Gross Domestic Product (% , at constant prices).

Year	Malaysia Five-Year Plans					
	1 st 1966-1970 (1965=100)	2 nd 1971-1975 (1970=100)	3 rd 1976-80 (1970=100)	4 th 1981-1985 (1978=100)	5 th 1986-1990 (1978=100)	6 th 1991-1995 (1978=100)
1	6.2	10.0	11.6	6.9	1.2	8.7
2	1.0	9.4	7.8	6.0	5.4	7.8
3	4.2	11.7	6.7	6.2	8.9	8.3
4	10.4	8.3	9.3	7.8	9.2	9.2
5	5.0	0.8	7.4	-1.1	9.7	9.5
Average	5.4	8.0	8.6	5.2	6.9	8.7

Source: Bank Negara Malaysia (1994, 1996).

Table V.2: Annual Growth Rate of Consumer Prices (%).

Malaysia Five-Year Plans						
	1st	2nd	3rd	4th	5th	6th
	1966-1970	1971-1975	1976-80	1981-1985	1986-1990	1991-1995
Year	(1967=100)	(1967=100)	(1967=100)	(1980=100)	(1980=100)	(1994=100)
1	1.0	1.6	2.6	9.7	0.7	4.4
2	5.8	3.2	4.8	5.8	0.3	4.7
3	-0.2	10.5	4.9	3.7	2.5	3.6
4	-0.4	17.4	3.6	3.9	2.8	3.7
5	1.9	4.5	6.7	0.3	3.1	3.4
Average	1.6	7.4	4.5	4.7	1.9	4.0

Note:

Up to 1980, data refers to Peninsular Malaysia only

Source: Bank Negara Malaysia (1994, 1996).

Table V.3: Unemployment Rate (%), 1960 - 1995.

Year	No. Employed	Labour force	Unemployment rate
	('000)	('000)	(%)
1960	2310	n.a.	n.a.
1970	3396	3682	7.8
1980	4817	5122	5.7
1990	6621	7047	5.6
1995	7915	8140	2.8

Note:

n.a. = not available

Source: (i) Kok Swee Kheng (1994). (ii) Malaysia (1996).

There was also a rapid structural transformation of the economy. Between 1970 and 1995, the contribution of agriculture to GDP declined from 29.0 percent to 13.5 percent, while the contribution of the manufacturing sector increased from 13.9 percent to 33.1 percent (Table V.4). The economic structural changes were also been reflected in the structure of employment. The share of agriculture in total employment fell from 50.5 percent in 1970 to 18.0 percent in 1995, while the share of manufacturing sector has increased from 11.4 percent in 1970 to 25.9 percent in 1995 (Table V.5). The rapid growth of the economy was also reflected in the increase in per capita income. It was merely RM721 in 1960 (Bank Negara Malaysia, 1994), but increased significantly to RM6099 in 1990 and further to RM9786 in 1995 (Malaysia, 1996, p. 36). Besides, there was tremendous improvement in the quality of life among the Malaysians, such as in health and education (see Table V.6).

Table V.4: Composition of Gross Domestic Products (% at constant prices).

	1970	1975	1980	1985	1990	1995
Agriculture, Forestry and Fishing	29.0	27.7	22.9	20.8	18.7	13.5
Construction	3.8	3.8	4.6	4.8	3.5	4.5
Manufacturing	13.9	16.4	19.6	19.7	27.0	33.1
Mining and Quarrying	13.7	4.6	10.1	10.5	9.7	7.5
Services	36.2	47.5	42.8	44.2	42.3	41.4

Source: (i) Bank Negara Malaysia (1994, p. 6); (ii) Malaysia (1991, p. 72); (iii) Ministry of Finance (1996, p. xiv – xv), Economic Report 1996/97.

Table V.5: Employment by Sector (% of total employment).

	1970	1980	1990	1995
Agriculture, Forestry and Fishing	50.5	39.7	27.8	18.0
Construction	4.0	5.5	6.4	8.3
Manufacturing	11.4	15.6	19.5	25.9
Mining and Quarrying	2.6	1.7	0.6	0.5
Services	31.5	37.5	45.7	47.3

Source: (i) Kok Swee Kheng (1994); (ii) Malaysia (1996).

Table V.6: Selected Quality of Life Indicators

	1970	1990 ^a
Life expectancy (years) ^b		
Males	61.6	69.0
Females	65.6	73.5
Birth rate (per 1000 population)	32.4	27.1
Infant mortality rate (per 1000 live birth)	39.4	13.5
Death rate (per 1000 population)	6.7	4.7
Primary school enrolment ratio (%)	88.2	98.9
Teacher/Pupil ratio (primary and secondary)	28.9	20.9
Doctor/Population ratio	1:4302	1:2656
Television sets (per 1000 population)	22	100
Passenger cars (per 1000 population)	26	96
Telephones (per 1000 population)	1.0	9.7
Total roads (km)	21182	39113

Notes:

^aRefers to 1989 figures

^bPeninsular Malaysia only

Source: Malaysia (1991).

The NEP also appeared to have been successful in reducing poverty. Indeed, government official figures show that the NEP reduced poverty beyond its target (see Table V.7). Furthermore, the identification of ethnic group with economic function was reduced during the NEP period. Table V.8 below shows that the percentage of Bumiputera in professional and technical occupation increased from 46.7 percent in 1970 to 64.3 percent in 1995. Indeed, the percentage of Bumiputera in all other occupations, except for agricultural occupation, increased. There was also an increase in the number and percentage of registered professionals from the Malay (Bumiputera) ethnic group (see Table V.9). In 1970, only 225 Bumiputera were registered as professionals, which is about 5.0 percent of the total registered. In 1995 however, the number increased significantly to 19344, which was about one third of the total registered. These were a reflection of the significant increase in Malay enrolment in higher learning institutions, as well as in various technical training

institutes during the NEP period. The ownership of share capital by the Bumiputera increased from 2.4 percent in 1970 to 20.6 percent in 1995 (see Table V.10). Thus, even though it still fell short of the NEP target of 30.0 percent, the Bumiputera seemed to have made quite a significant progress in terms of ownership and control of capital.⁶

Table V.7: Incidence of Poverty in Peninsular Malaysia: Targets and Achievements of NEP.

	1970	OPP1 Target 1990	Achieved 1990
Peninsular Malaysia	49.3	16.7	15.0
Rural	58.7	23.0	19.3
Urban	21.3	9.1	7.3
Bumiputera	65.0		20.8
Chinese	26.0		5.7
Indians	39.0		8.0
Others	44.8		18.0

Source: Malaysia (1991, 1996).

Table V.8: Employment by Occupation and Ethnic Group.

	Bumiputera			Chinese			Indians		
	1970	1990	1995	1970	1990	1995	1970	1990	1995
Professional & Technical	46.9	60.5	64.3	39.5	29.1	26.2	10.8	7.7	7.3
Teachers and Nurses		68.5	72.3		24.6	20.5		6.4	6.6
Administrative & Managerial	24.1	28.7	36.1	62.9	62.2	54.7	7.8	4.0	5.1
Clerical & Related Workers	35.4	52.4	57.2	45.9	38.6	34.4	17.2	8.6	7.7
Sales & Related Workers	26.7	29.9	36.2	61.7	58.4	51.9	11.1	6.8	6.5
Service Workers	44.3	57.8	58.2	39.6	26.8	22.8	14.6	9.5	8.7
Agricultural Workers	72.0	69.1	63.1	17.3	13.8	12.9	9.7	7.3	7.5
Production Workers	34.2	43.6	44.8	55.9	39.6	35.0	9.6	10.8	10.3

Sources: (i) Rajakrisnan (1993), Table 4, p. 224. (ii) Malaysia (1996), Table 3-3, pp. 82-83.

Table V.9: Registered Professionals^a by Ethnic Groups, 1970-1995.

	1970 ^b		1980		1990		1995	
	No.	%	No.	%	No.	%	No.	%
Bumiputera	225	4.9	2534	14.9	11753	29.0	19344	33.1
Chinese	2793	61.0	10812	63.5	22641	55.9	30636	52.4
Indian	1066	23.3	2963	17.4	5363	13.2	7542	12.9
Others	492	10.8	708	4.2	750	1.9	939	1.6
Total	4576	100.0	17017	100.0	40507	100.0	58461	100.0

Notes:

^aarchitects, accountants, engineers, dentists, doctors, veterinary surgeons, surveyors, lawyers.

^bexcluding surveyors and lawyers

Source: (i) Jomo (1991), p.498, Table 6; (ii) Malaysia (1996), Table 3-4, p. 84.

Table V.10: Ownership of Share Capital (at par value) of Limited Companies

⁶ Some have argued that the actual size of Bumiputera share of corporate capital is considerably underestimated (see Gomez and Jomo 1997, p. 166).

Ownership Group	1970	1990	1995
Bumiputera	2.4	19.3	20.6
Bumiputera individuals & institutions	1.6	14.2	18.6
Trust agencies	0.8	5.1	2.0
Non-Bumiputera	28.3	46.8	43.4
Chinese	27.2	45.5	40.9
Indian	1.1	1.0	1.5
Others	-	0.3	1.0
Nominee companies	6.0	8.5	8.3
Foreigners	63.4	25.4	27.7

Source: Gomez and Jomo (1997), Table 6.3, p. 168.

Thus, during the NEP period, not only was there remarkable economic growth and development of the country, there was also improvement in the economic position of the Malays as well. Poverty eradication in particular was successful under the NEP. Furthermore, there was the emergence of the Malay middle-class, as well as a noticeable Malay business-class, never before imagined.

VI. The Paradox of the NEP

The success of the NEP in bringing the Malay community into mainstream economic activities has been highlighted as a vindication of the NEP.⁷ The problem with this claim is that it might have increased expectation for continuation of the ethnicity-oriented policy (i.e. pro-Bumiputera policy), with the perception that it has worked well for the development of the country, particularly for the Malays. However, this might not be the case. Thus this claim needs scrutiny.

As being indicated earlier, the NEP appeared to have been successful in raising income, and thus reducing poverty and raising the quality of life of Malaysians. However, there is a disturbing development concurrent with these successes of the NEP. While the incidence of poverty was significantly reduced, income inequality began to increase after 1990. The inequality trend is shown in Table VI.1 and Table VI.2 below.

Table VI.1: Trends in Household Income Distribution in Peninsular Malaysia

	1970	1976	1979	1990	1995
Mean Income (RM per month)	267	514	693	1167	2007
Median Income (RM per month)	167	313	436	n.a.	n.a.
Gini Coefficient	0.502	0.529	0.508	0.446	0.4560
Share of Top 20%	56.1	57.7	55.7	50.3	n.a
Share of Middle 40%	32.7	31.2	32.4	35.2	n.a

⁷ In the Second Outline Perspective Plan (OPP2) 1991-2000, it has been claimed that (Malaysia 1991, p. 98):

“A remarkable achievement of the NEP was that it significantly improved income distribution without adversely affecting growth. In fact, the economy was able to achieve a high rate of economic growth during the 1971-1990 period on the account of the social and political stability created by the NEP”.

Share of Bottom 20%	11.2	11.1	11.9	14.5	n.a
---------------------	------	------	------	------	-----

Source: (i) Snodgrass (1980); (ii) Malaysia (1990, 1996, 2001); Shari (2000).

Table VI.2: Gini Coefficient by Ethnic Groups, 1957-1995.

	Overall	Malay	Chinese	Indian
1957/58	0.412	0.342	0.374	0.347
1967/68	0.444	0.400	0.391	0.403
1970	0.502	0.466	0.455	0.463
1976	0.529	0.494	0.505	0.458
1979	0.493	0.488	0.470	0.460
1984	0.480	0.469	0.452	0.417
1987	0.458	0.447	0.428	0.402
1990	0.446	0.428	0.423	0.394
1995	0.4560	n.a.	n.a.	n.a.
1997	0.4586	0.4495	0.4188	0.4092

Note:

n.a.=not available

Figures for 1997 is taken from MAPEN II (Table 2.57, p. 189).

Source: (i) Snodgrass (1980); (ii) Shari and Zin (1990); (iii) Malaysia (1990, 1996, 2001); (iv) MAPEN II (2001).

The government appears to have stopped publishing intra-ethnic distribution figures, which were readily available until 1990, and it is likely that intra-ethnic inequality has worsened for at least the Malay community. Indeed, the government acknowledged that intra-ethnic income inequality is still high, particularly among the Bumiputera. The concern for the high intra-Malay inequality could be drawn from the following excerpt (Malaysia 1991, p.100):

"Intra-ethnic income disparities are still sizeable, with inequality among the Bumiputera being higher relative to that of the non-Bumiputera. The Gini coefficient in 1990 for the Bumiputera was 0.428 while that for the Chinese was 0.423 and the Indians 0.394. As another comparison, whilst the mean income of the top 20 percent of the Chinese household was about 8.6 times the income of the bottom 20 percent, the disparity between the top and bottom income households for the Bumiputera was about 9.2 times."

Indeed, the above concern is confirmed by the figures taken from the report by MAPEN II. However, intra-Malay or intra-ethnic inequality is not the focus of the NEP. Thus, despite the significance of the intra-ethnic inequality problem, the government continued to insist that inter-ethnic inequality would remain the main focus of Malaysia's economic policy. Consider the following paragraph:

"The NEP, it must be iterated, was not concerned with making all the bumiputeras earn equally, or share equally, the wealth distributed amongst them. ...The intention of the NEP was to create in the bumiputera community the same division of labour and rewards as was found in the non-bumiputera communities, particularly the Chinese. ... The equitableness was not to be between individuals, but between communities" (Mahathir Mohamad, 1998, pp. 33-34).

As mentioned earlier, the claim that the NEP was responsible for Malaysia's economic success might have raised expectation for the continuation of the pro-Bumiputera policy. The expectation of greater equality of income distribution, an expectation that was encouraged by the NEP, could be fulfilled at least in terms of inter-ethnic equality for a period, when majority of the Malays were living in poverty. However, as the NEP was successful in reducing poverty amongst the Malay, the expectation can no longer be fulfilled through inter-ethnic equality. Income redistribution policy must address the question of intra-ethnic (intra-Malay) inequality, but since the policy is articulated through the political rhetoric of ethnicity, it cannot respond effectively to this question. The ethnicity-oriented policy in essence becomes incoherent.

For the policy to be coherent, there must be a coherence of interests among its members. This implies that the Malays must not be deeply divided – be it socially, economically or politically. As poverty amongst the Malay has been successfully reduced under the NEP, the fact that intra-Malay inequality remained high throughout the NEP period must be an inconvenient fact. In other words, the success of the NEP has resulted in the Malays become no longer economically homogeneous as before. There has now emerged for example, a Malay urban working class, a Malay middle (professional) class and also a Malay business (capitalist) class. Hence, deeper social and political cleavages might have evolved within the Malay community. The Malays therefore might no longer share a common economic and political interest amongst them as before. Besides, cross-cutting cleavages might also have emerged in the society where the interests of some quarters of the Malay are coinciding with some quarters of other ethnic groups such as the Chinese and the Indians (Rae and Taylor, 1970).

As a consequent, it will be difficult to address the question of intra-Malay inequality through the political rhetoric of ethnicity. As cleavages began to appear within the Malay community, the instruments of NEP were unable to respond to this new challenge. The political rhetoric of ethnicity is too impoverished to articulate a coherent response to the new reality that the Malays are no longer an economically homogeneous community. The political rhetoric of ethnicity is unable to articulate the interests of all the factions that existed within the Malays. The failure to address this intra-Malay distribution issue, in turn, has brought about major political crises facing the Malays today. It might also partially explain the 1999 general election, where it has been estimated that about 70 percent of the Malays voted against UMNO (see Kamaruddin Jaafar, 2000, p. 27). Thus, while the success of the NEP might have raised expectation for the continuation of the pro-Bumiputera policy, the policy is now not only incoherent for development of the Malays (Bumiputera), it also might no longer draw considerable support from them as before.

VII. Conclusions

A desire to develop a country where inequality between ethnic groups is significant raises the question of the way to achieve it. The ethnicity-oriented policy, a policy that focuses on reducing inter-ethnic inequality appears to provide a solution. It follows that what matters for this approach with regards to equality is the equality is

between groups rather than between individuals. In this paper, the economic policy that aimed at improving the economic position of the Malay ethnic group in Malaysia is examined.

It has been shown that since the 1970s, Malaysia has achieved a remarkable growth and development. The economic structure of the country has also been transformed from dependence on agriculture to a more broadly based economy. An exceptional success has been made in poverty eradication. These successes have been made against the background of political rhetoric of ethnicity. However, the policy of distributing income on an ethnic basis succeeded in the initial years because the poor were overwhelmingly from the Malay community. However, this rhetoric has made it difficult for the government to respond to intra-Malay inequality when the poor were no longer entirely from the Malay ethnic group. The policy cannot respond effectively to the new problem of high intra-Malay inequality, which in effect results from the policy itself. Internal contradictions of the policy become more and more apparent as the government pressed on with continuing the policy to develop the Malay ethnic group. Indeed, this internal contradiction might explain the current political turmoil in Malaysia. It is shown here that a policy that is sustained through the rhetoric of ethnicity has become obsolete due to the policy's own successes.

Bibliography

- Anand, S. (1977), Aspects of Poverty in Malaysia, *Review of Income and Wealth*, vol. 23, pp. 1-16.
- Anand, S. (1983), *Inequality and Poverty in Malaysia: Measurement and Decomposition*, Oxford University Press.
- Bank Negara Malaysia (1994), *Money and Banking in Malaysia*, Kuala Lumpur: Bank Negara Malaysia.
- Bank Negara Malaysia (1997), *Bank Negara Malaysia Annual Report 1996*, Kuala Lumpur: Bank Negara Malaysia.
- Bowie, A. (1988), Redistribution with Growth? The Dilemmas of State-Sponsored Economic Development in Malaysia, *Journal of Developing Societies*, vol. IV, pp. 52-66.
- Bowie, A. (1991), *Crossing the Industrial Divide - State, Society, and the Politics of Economic Transformation in Malaysia*, New York: Columbia University Press.
- Breton, A. (1964), The Economics of Nationalism, *Journal of Political Economy*, vol. 72, no. 4, pp. 376-86.
- Chowdhury, A. and Islam, I. (1996), The Institutional and Political Framework of Growth in an Ethnically Diverse Society: The Case of Malaysia, *Canadian Journal of Development Studies*, vol. XVII, no. 3, pp. 487-512.
- Collier, P. (1999), The Political Economy of Ethnicity, *Annual World Bank Conference on Development Economics 1998*, pp. 387-99.
- Faaland, J., Parkinson, J.R. and Rais Saniman (1990), *Growth and Ethnic Inequality: Malaysia's New Economic Policy*, Kuala Lumpur: Dewan Bahasa dan Pustaka.
- Gomez, E. T. and Jomo, K.S. (1997), *Malaysia's Political Economy: Politics, Patronage and Profits*, Cambridge University Press.
- Heng Pek Koon (1997), The New Economic Policy and The Chinese Community in Peninsular Malaysia, *The Developing Economies*, vol. XXXV, no. 3, pp. 262-92.
- Ikemoto, Y. (1985), Income Distribution in Malaysia: 1957-80, *The Developing Economies*, vol. XXIII, no. 4, pp. 347-67.
- Jesudason, J. V. (1997), Chinese Business and Ethnic Equilibrium in Malaysia, *Development and Change*, vol. 28, pp. 119-41.
- Jomo, K. S. (1989), Malaysia's New Economic Policy and National Unity, *Third World Quarterly*, vol. 11, no. 4, pp. 36-53.

- Jomo, K. S. (1991), Whither Malaysia's New Economic Policy?, *Pacific Affairs*, vol. 63, no. 4, pp. 469-99.
- Kamarudin Jaffar (2000), *Pilihanraya 1999 dan Masa Depan Politik Malaysia*, Kuala Lumpur: Ikdas Sdn. Bhd.
- Klitgaard, R. and Katz, R. (1983), Overcoming Ethnic Inequalities: Lessons from Malaysia, *Journal of Policy Analysis and Management*, vol. 2, no. 3, pp. 333-49.
- Kok Swee Kheng (1994), *Malaysia to 2003 - From Redistribution to Growth*, The Economist Intelligence Unit.
- Lucas, R. E. B. and Verry, D.W. (1996), Growth and Income Distribution in Malaysia, *International Labour Review*, vol. 135, no. 5, pp. 553-75.
- Mahathir Mohamad (1990), *The Way Forward - Vision 2020*, A Working Paper Presented at the Malaysian Business Council, Kuala Lumpur.
- Mahathir Mohamad (1998), *The Way Forward*, London: Weidenfeld & Nicolson.
- Malaysia (1991), *The Second Outline Perspective Plan, 1991-2000*, Kuala Lumpur: National Printing Department.
- Malaysia (1996), *Seventh Malaysia Plan, 1996-2000*, Kuala Lumpur: National Printing Department.
- Malaysia (2001), *Eighth Malaysia Plan, 2001-2005*, Kuala Lumpur: National Printing Department.
- Malaysia (2001), *The Third Outline Perspective Plan, 2001-2010*, Kuala Lumpur: National Printing Department.
- Mapen II (2001). *Dasar Pembangunan Wawasan, 2001-2010*. Laporan Majlis Perundingan Ekonomi Negara Kedua (MAPEN II).
- Mauzy, D. K. (1997), Malay Political Hegemony and 'Coercive Consociationalism', In McGarry, J. and O'Leary, B. (Eds.), *The Politics of Conflict Regulation*, London: Routledge.
- Mehden, F. R. von der (1975), Communalism, Industrial Policy and Income Distribution in Malaysia, *Asian Survey*, pp. 247-61.
- Milne, R. S. (1976), The Politics of Malaysia's New Economic Policy, *Pacific Affairs*, vol. 49, no. 2, pp. 235-62.
- Milne, R. S. (1986), Malaysia - Beyond the New Economic Policy, *Asian Survey*, vol. 26, no. 12, pp. 1364-82.
- Ministry of Finance (1996), *Economic Report 1996/97*, Kuala Lumpur: Percetakan Nasional Malaysia Berhad.

- Perumal, M. (1989), Economic Growth and Income Inequality in Malaysia, 1957-1984, *Singapore Economic Review*, vol. 34, no. 2, pp. 33-46.
- Rajakrisnan, R. (1993), Racial Inequality and Social Reconstruction in Malaysia, *Journal of Asian and African Studies*, vol. 28, no. 3/4, pp. 217-29.
- Rasiah, R. and I. Shari (2001), Market, Government and Malaysia's New Economic Policy, *Cambridge Journal of Economics*, Vol. 25, Issue 1, pp. 57-78.
- Shamsul, A. B. (1983), The Politics of Poverty Eradication: The Implementation of Development Projects in a Malaysian District, *Pacific Affairs*, vol. 56 (Autumn), no. 3, pp. 455-476.
- Shamsul, A. B. (1997), The Economic Dimension of Malay Nationalism - The Socio-Historical Roots of the New Economic Policy and Its Contemporary Implications, *The Developing Economies*, vol. XXXV, no. 3, pp. 240-61.
- Shari, I. (2000), Economic Growth and Income Inequality in Malaysia, 1971-95, *Journal of the Asia Pacific Economy*, vol. 5, no. 1/2, pp. 112-24.
- Shari, I. and Zin, R.H.M. (1990), The Patterns and Trends of Income Distribution in Malaysia, 1970-1987, *Singapore Economic Review*, vol. 35, no. 1, pp. 102-23.
- Shastri, A. (1993), Preferential Policies in Malaysia, *Pew Case Studies in International Affairs, Case No. 458*, Institute for the Study of Diplomacy, School of Foreign Service, Georgetown University, Washington D.C.
- Shireen Mardziah Hashim (1998), *Income Inequality and Poverty in Malaysia*, Rowman & Littlefield Publishers, Inc.
- Siddique, S. and Suryadinata, L. (1981), Bumiputera and Pribumi: Economic Nationalism (Idiginism) in Malaysia and Indonesia, *Pacific Affairs*, vol. 54, Issue 4 (Winter), pp. 662-687.
- Snodgrass, D. R. (1980), *Inequality and Economic Development in Malaysia*, Kuala Lumpur: Oxford University Press.
- Stafford, D. G. (1997), Malaysia's New Economic Policy and Global Economy: The Evolution of Ethnic Accomodation, *The Pacific Review*, vol. 10, no. 4, pp. 556-80.
- Toh Kin Woon (1989), Privatization in Malaysia - Restructuring or Efficiency?, *ASEAN Economic Bulletin*, vol. 5, no. 3, pp. 242-58.
- Torii, T. (1997), The New Economic Policy and the United Malays National Organization - With Special Reference to the Restructuring of Malaysian Society, *The Developing Economies*, vol. XXXV, no. 3, pp. 209-39.
- World Bank (1993), *The East Asian Miracle: Economic Growth and Public Policy*, New York: Oxford University Press.