

# *The Macrotheme Review*

*A multidisciplinary journal of global macro trends*

---

## Economic Development Policy toward Poverty Eradicating and Restructuring the Society : Al-wasatiyyah approach in socio-political development in Malaysia

Mohamad Zaini Bin Abu Bakar  
*Centre for Islamic Development Management (ISDEV)*  
*School of Social Sciences*  
*Universiti Sains Malaysia*

---

### **Abstract**

*Although the NEP (1990 - continued by the National Development Policy and Economics Transformation Policy) programmes of reduction of the incidence of poverty as well as restructuring society have been very encouraging, the final objectives of an equal and a balanced share of wealth of the country for all ethnic groups have still a long way to go. Therefore in the final stages of the NEP, the government established the National Economic Consultative Council (NECC) in January 1989. The main objective of the NECC was to try and evolve a national consensus on the post 1990 National Economic Policy. In this connection, the government had responded to some of the suggestions and ideas of the final report of the NECC in the preparation of the Second Outline Perspective Plan (OPP2) as well as the formulation of the National Development Policy (NDP). Under the NDP priority was given to continue some of the programmes of the NEP which were still behind target. The objectives of the NDP as outlined by the government in the OPP2 emphasised the concept of 'balanced development' in order to establish a more united and just nation (The New Straits Times Newspaper, May 7, 1996). These objectives as well as the programmes of the NDP will continue to be based on the consensus principles and guidelines provided under the Federal Constitution and the spirit of the Rukunegara. Therefore according to the report of the Second Outline Perspective Plan the main concern of the NDP is to continue with the efforts to correct economic imbalances to create a more just, united, peaceful and prosperous society. Thus, more effective efforts had to be made to reduce poverty, irrespective of race, as well as to restructure society so as to achieve an equitable distribution in the context of a healthy and sustained economic growth.*

Keywords Economic Development Policy, Poverty Eradicating and Restructuring the Society, Al-wasatiyyah approach, Malaysia

## 1. Introduction

It is evident that one of the bases of ethnic tension and thus, the barrier to unity was an economic problem.<sup>1</sup> Although the rapid growth of the Malaysian economy continued in the period of post-independence, the economic imbalances between ethnic groups remained unchanged. As has already been discussed, the Malays claimed that non-Malays benefited most from the economic prosperity. Thus, the Malay(Bumiputra) socio-economic frustrations had arisen and been fueled by the growing fear of a possible non-Malay, challenge to their political hegemony. In this situation, one sociologist argued that since Malay grievances against the government were mainly due to economic frustration, if the Malays' economic demands were delivered, then economic progress for the Malays (Bumiputras) would remove these grievances (Wan Hashim, 1983, Ghazali Shafie, 1985, Ragayah, 2013). Similarly on the other hand, economic grievances also arose among the poor non-Malays. They observed that the new so-called Malay-biased economic programmes only benefited the Malays and would compound the grievances between the Malays and the poor non-Malays. As Lim Kit Siang<sup>2</sup>(1982) argued, although the vast majority of Malays are still poor in comparison to the non-Malays, especially the Chinese who are seen as well-to-do, the problem of poverty is not a Malay problem, nor confined to Malays, but a socio-economic problem (Kit Siang, Lim 1982).

As we already noted, this uneasiness of relationship between the different ethnic groups could lead to severe tension. Thus, with these problems in mind the New Economic Policy (NEP) was introduced by the government. The NEP was formulated with the aims of promoting inter-ethnic relations as well as national unity through twin-pronged strategies.

“The first prong is to reduce and eventually eradicate poverty, by raising income levels and increasing employment opportunities for all Malaysians, irrespective of race. The second prong aims at accelerating the process of restructuring Malaysian society to correct economic imbalance so as to reduce and eventually eliminate the identification of race with economic function. This process involves the modernisation of rural life, a rapid and balanced growth of urban activities and the creation of a Malay commercial and industrial community. The NEP is based on a rapidly expanding economy which offers increasing opportunities for all Malaysians”(Second Malaysia Plan, 1971-1975)

These two prongs have been inspired by previous manifest conflicts particularly in the turbulent 1960s. Since the 1970s the government has made a firm assumption that the ethnic problem would remain unresolved without greater equity and balance among Malaysia's social and ethnic groups in their participation in the development of the country as well as in the sharing of the

---

<sup>1</sup> There are numerous discussions on this theory, among others are Wan Halim Othman, *Ethnic Relation in Malaysia*, a research guide, Centre for Policy Research, University Sains Malaysia, 1983; Wan Halim Othman, *Social Relations Management System (Sistem Pengurusan Perhubungan Sosial)*, Centre for Policy Research Monograph, Universiti Sains Malaysia, 1990; Milne, R.S, “The Politics of Malaysia's New Economic Policy” in *Pacific Affairs*, vol. 49, no. 2, 1976; The Government of Malaysia, *Second Malaysia Plan 1971 - 1975*, Government Printer, Kuala Lumpur, 1971; Fisk & Osman-Rani (eds), *The Political Economy of Malaysia*, Oxford University Press, Kuala Lumpur, 1982.

<sup>2</sup> Currently, an advisor of the Democratic Action Party.

benefits from modernisation and economic growth. Thus, the government believed that the underlying problem of ethnic relations could be resolved amongst other things through utilising economic instrumentalities, and eradicating poverty as well as restructuring society (Murugesu Pathmanathan, 1992). This approach is in line with the application of the principles of *al-wasatiyyah*. These according to the government seemed to be necessary conditions for the process of removing underlying ethnic problems.

## 2. Content and techniques of the NEP : al-Wasatiyyah worldview

The NEP contained the overriding objective of socio-economic development to promote a united society as stated in the *Rukunegara*. Since economic disparity had been blamed for the cause of ethnic conflict, the NEP as one of the conflict management mechanisms emphasised the need for the continued optimum growth of the economy to achieve balanced growth in terms of income, employment, opportunities, ownership and control of the means of production between the ethnic groups, between the rural and the urban and between the 'haves' and the 'have-nots' (Ghazali Shafie, 1972). This is parallel with the philosophical underpinning of *al-wasatiyyah* or justly balanced worldview. According to Kamal Hassan (2011), *al-wasatiyyah* (worldview of Islam) has the following implications,

- Balancing between the permanent principles (*al-thawabit*) of Islamic law and the changing conditions (*mutaghayyirat*) of the time.
- The coupling (*al-muzawajah*) of religious duty (*al-wajib*) with the social reality (*al-waqi'*) (or understanding of the social reality).
- Engaging in dialogue (*al-hiwar*) and coexistence (*al-ta'ayush*) with other people, and practicing tolerance (*al-tasamuh*) with those who differ.
- Adopting the principles of consultation (*al-shura*), justice (*al-'adalah*), freedom of peoples (*hurriyat alshu'ub*) and human rights (*huquq al-insan*).
- Presenting Islam as a balanced, integrated civilizational mission (*risalah hadariyyah*), for the revival, liberation and unification of the *ummah*. (2001: 146-147)

The socio-economic balance (within the framework of al-Wasatiyyah) had been operationalised through the two approaches, eradication of poverty and restructuring society.

**a. Eradication of poverty.** Since poverty had been identified as a major cause of social discontent in Malaysia, under the NEP top priority has been given to eradicate poverty. The indiscriminate nature of poverty exists in both urban and rural areas and afflicts all ethnic groups. According to the blueprint of the NEP, poverty is characterised by those who are *unemployed, underemployed and those engaged in activities where productivity is so low that living standards are well below the national average.*<sup>3</sup> Thus, the government believed that the eradication of poverty would remove a major barrier to the creation of a united and just society. Therefore, within the framework of the NEP, policies and programmes which bore more heavily on the target of eradicating poverty would be directed at three main themes as follows:

---

<sup>3</sup> Poverty in Malaysia is measured on the basis of a poverty line income (PLI). The PLI takes into account the minimum requirements for food, clothing and shelter, and other regular expenditures that are necessary to maintain a household in decent standards of living. Using the PLI, the incidence of poverty is directly estimated by observing the number of households whose incomes are below the PLI. In Peninsular Malaysia, for 1990, the poverty line was \$370 (Malaysian Dollars) per month for a household size of 5.1. See the Second Outline Perspective Plan.

- i) Increasing the productivity and income of those in low productivity occupations through the adoption of modern techniques and better use of facilities. Measures for this purpose have included programmes for double-cropping, improving marketing and credit, and financial and technical assistance, education and training opportunities and the necessary organisational arrangements to facilitate movements into these modern sectors.
- ii) Increasing opportunities for inter-sectoral movements from low productivity to higher productivity activities in new land development schemes, modern fishing and forestry projects and in commerce, industry and modern services; also, the provision of financial and technical assistance, education and arrangements to facilitate movements into these modern sectors.
- iii) Providing a wide range of free or subsidised social services especially designed to raise the living standards of the low-income groups. Such services include for instance, public housing projects, improved educational opportunities and increased recreational and community facilities (Second Malaysia Plan, 1971).

**b. Restructuring society and economic balance.** This approach is very closely linked to the first prong. This measure aims to avoid the identification of ethnicity with particular forms of economic activities as well as residential location. The plan outlines policies and programmes to 'modernise rural life'<sup>4</sup>, encourage a rapid and balanced growth of urban activities, provide improved education and training programmes at all levels, and above all ensure the creation of a Malay commercial and industrial community in all categories and at all levels of operation in order that within one generation Malays and other indigenous people can be full partners in the economic life of the nation (Ghazali Shafie, 1985, Cheng Teik, Goh, 1989). The measures to promote and increase Malay participation in commercial and industrial community had been done through direct government intervention and control (Second Malaysia Plan, 1971).

Further, the government established new urban centres in the less developed areas by introducing industries and other facilities. Educational programmes were launched aimed at enabling Malays and other indigenous people to enter commerce and industry at the technical, professional, executive and managerial levels. The government had encouraged non-Malay firms and foreign owned enterprises to provide expanded opportunities for Malay participation as well as enable them to be given training at all levels. Particular arrangements were also planned for joint ventures between Malays and non-Malays and others in this area. By this means it is hoped that the expertise, experience, and markets of the established organisations will be made available to the fledgling Malay firms (Abdul Razak, 1971).

---

<sup>4</sup> Under this programme the government is not suggesting the rural sector be neglected, but the old subsistence rural economy must go. It must be transformed and modernised. According to Ghazali Shafie, thought should be given to organising the various rural areas and running them as so many different corporations with the land as capital in the corporation. This would promote large scale planned mechanised farming and the profits would go back to the farmer as it would to any shareholder of a company in proportion to the land which he/she has put at the disposal of the corporation.

A firm target was set that by 1990, Malays should own and operate 30 percent of the modern commercial and industrial sectors. Malay ownership and control of share capital was to rise from 2 percent in 1970 to 30 percent in 1990, the non-Malay share from 23 percent to 40 percent and the foreign share was to be reduced from 62 percent to 30 percent (Datar, Kiran, 1983). In order to achieve this target the government was fully aware of the problems facing it in the implementation of the programmes and projects, therefore, the government established a special unit - the Implementation, Coordination and Evaluation Unit (ICEU) - which is working directly to monitor the progress in the implementation of the said plan (Abdul Razak, 1971).

### 3. Economic Development Policy and *Al-wasatiyyah* approach in socio-political development: an analyses

In general, the policy of preference, which has been given a structured expression in the form of the NEP according to Goh Cheng-Teik, does not aim at ethnic domination or supremacy. It merely seeks on the one hand to overcome the historical backwardness of the Malays and to lift them up to a level at which they will be able - without further handicap - to compete equally with the immigrant ethnicity while on the other hand the government has guaranteed under the Federal Constitution that no particular group will experience any loss or feel any sense of deprivation (Cheng, Teik, 1978). For instance, in the Federal Constitution, Article 153 contains safeguards for the legitimate interests of the Chinese and other ethnic groups. Whilst preference is afforded to the Malays in trade, industry or education, it is not intended to oust the existing participants.

“ Clause 9 (of Article 153) categorically states that Parliament shall have no power to make law reserving any business or trade solely for Malays or natives of Borneo. Further, clause 7 provides that when the *Yang di-Pertuan Agong* (Paramount King) exercises his responsibility to favour Malays and natives of Borneo, he cannot deprive any person of any right, privilege, permit or licence accrued to or enjoyed or held by him, or refuse to renew to any person any such permit or licence. If the permit or licence holder dies or disposes of his permit or licence the *Yang di-Pertuan Agong* may not refuse to grant to his heirs, successors or assignees that permit or licence, when its renewal or grant might reasonably be expected in the ordinary course of events.”

“ Clause 2 of Article 153 provides that the *Yang di-Pertuan Agong*.....may ensure the reservation to Malays and natives of Borneo of scholarships, exhibitions and other similar educational or training privileges or special facilities given or accorded by the Federal Government. Here again Article 153 protects the legitimate interests of other communities, by providing in clause 4 (Article 153) that in favouring Malays and natives of Borneo the *Yang di-Pertuan Agong* may not discontinue any scholarship, exhibition or other educational or training privileges enjoyed by any person”.<sup>5</sup>

As a result, in the twenty years of implementation from 1970 - 1990, the NEP practically transformed the socio-economic structure of the nation (and has continued to do so as the

<sup>5</sup>Cited from Cheng-Teik, Goh, (Integration in a Plural Society), *op.cit*, p. 33.

National Development Policy). This issue will be analysed into two aspects, poverty eradication and restructuring society and the economic balance.

### a) Poverty Eradication.

In terms of the target of poverty eradication, although the specific restructuring targets can be questioned, Malaysia has been successful in achieving a very significant level of poverty reduction. According to the Second Outline Perspective Plan (OPP2), the proportion of households living below the poverty line in Peninsular Malaysia declined from 49.3% to about 15%, better than the target of 16.7% by 1990 set under the OPP1, as indicated in table 1.1 below.

Table 1.1. Poverty Eradication Targets and Achievements\*

	1970	1976	Target 1990	Achieved 1990	2012#
Incidence of Poverty (%)	49.3	-	16.7	15.0	1.7
Rural	58.7	-	23.0	19.3	3.4
Urban	21.3	-	9.1	7.3	1.0
Bumiputera	65.0	-	-	20.8	2.2
Chinese	26.0	-	-	5.7	0.3
Indians	39.0	-	-	8.0	1.8
Others	44.8	-	-	18.0	1.5

\* Peninsular Malaysia

Source: The Second Outline Perspective Plan 1991 - 2000, Kuala Lumpur, Malaysia, 1991.

# Malaysian Economic Planning Unit, Prime Minister Department, Kuala Lumpur, 2013.

Poor rural households had recorded the most rapid growth in incomes as a result of diversified economic activities, modernisation, commercialisation coupled with technological improvement of smallholder agriculture. A review of the OPP2 has shown that more significant gains, however, came from the structural changes in the rural sector resulting in the diversification of the sources of rural income with non-agricultural activities accounting for more than half of the income of rural households. In addition, the growth in the demand for wage-labour (non-agricultural) encouraged large numbers of self-employed and unpaid family workers to enter the wage-labour market, which resulted in wage income becoming a more important determinant of rural household income. As a consequence of the above programmes, the number of poor households in Malaysia was considerably reduced from 1,100,000 households in 1970 to about 619,400 households in 1990. This was attained despite the increase in the number of total households from 2, 099,000 in 1970 to about 3,614,600 in 1990.(Government of Malaysia, *The Second Outline Perspective Plan 1991 - 2000*)

Although the NEP had made a significant achievement to eradicate poverty and helped to improve income distribution among the hard-core poor groups, it must be noted that income gaps and socio-economic imbalances in terms of ethnic groups are still wide. This is particularly apparent in certain sectors and occupations. For instance, in the manufacturing sector, the mean household income of the Bumiputra and the non-Bumiputra in 1990 was \$958 and \$1,635 (Malaysian Dollars), respectively, while in the agriculture sectors it was about \$609 and \$959. In the professional and technical jobs, income disparities were greater. The Bumiputera had a mean income of \$1,919 compared with \$2,940 for the non-Bumiputera (Government of Malaysia, *The*

*Second Outline Perspective Plan 1991 - 2000*). Table 1.2 below shows that although the average monthly income for all households increased from \$264 in 1970 to \$1,163 by 1990 (reflecting a real rate of growth of 3.1 per cent per annum), inter-ethnic income disparities were still extensive, with the Bumiputera mean monthly household income of \$931 compared with \$1,582 and \$1,201 for the Chinese and the Indians respectively. (Government of Malaysia, *The Second Outline Perspective Plan 1991 - 2000*)

Table 1.2: Mean Monthly Household Income. (in current prices)

	1970	1976		1990	
	(\$)	\$	As ratio of mean income	\$	As ratio of mean income
Overall	264	-	1.0	1,163	1.0
Bumiputera	172	-	0.7	931	0.8
Chinese	394	-	1.5	1,582	1.4
Indians	304	-	1.2	1,201	1.0
Others	813	-	3.1	3,446	3.0

Note: Peninsular Malaysia.

Source: The Second Outline Perspective Plan 1991 - 2000, Kuala Lumpur, Malaysia, 1991.

Using the above statistics and analysis to predict future trends, although improvements of income distribution have been made, it essentially indicates that the distribution of income in the last two decades has not occurred evenly among the different ethnic groups. The government has identified that the explanation for this tendency is mainly found in the differences in human skills and ownership of assets. There were also differences in access to capital as well as in educational attainment and the employment pattern, both sectorally and occupationally. Furthermore, the pattern of employment was strongly influenced by the level of educational attainment with the Bumiputera being more concentrated in the lower than in the higher occupational categories (Hirschman, 1974)

## **b) Restructuring society**

**b.i) Restructuring of Employment Pattern.** In terms of restructuring of the employment pattern of society, the NEP has brought about significant adjustments. In the post-1990 period, ethnic identification with particular occupational classification has been relatively much less a feature in society. There has been a large influx of Bumiputera into the urban sectors of the economy. For instance, Bumiputera employment now accounts for 50.3 per cent of the total employment in manufacturing. In the professional and technical category Bumiputera employment was about 60.3 per cent. The expanded educational facilities, a more open and integrated labour market and the positive impact of the Government's blueprint on employment programmes (for instance the Vendor Development Programme) among other things have been identified as the major factors that have contributed to this achievement (Hirschman, 1974, Gomez, 2013)

Although the restructuring of the employment pattern so as to reflect the ethnic composition of the population has made a significant achievement, imbalances in employment continue to exist

with regard to the specific restructuring targets particularly at the professional and managerial as well as technical and skilled occupations. According to the report of OPP2, despite the fact that the *Bumiputera* employment in the manufacturing sector has improved as indicated above, they were more concentrated at the lower ranks of occupation. Moreover, the Bumiputera accounted for only about 26 per cent of the total professional and managerial employees and about 36 per cent of the total technical and supervisory employees in the sector. Generally, in the professional and technical category almost half of the 60.3 per cent Bumiputera employments were in the nursing and teaching professions. In certain high-paying registered professional jobs such as architects, accountants and doctors, the Bumiputera only made up 29 per cent of the total in 1990. In the administrative and managerial category, the Bumiputera employment was about 33.3 per cent while the Chinese dominated with about 58.7 per cent and 5.3 per cent for the Indians (Government of Malaysia, Outline Perspective Plan, 1971). Table 1.3 below shown the imbalances in the sectoral employment between Bumiputera and non-Bumiputera continue to exist.

Table 1.3. Restructuring Targets and Achievements. (Sectoral Employment)

	1970*		Target 1990*		Achieved 1990*		Malaysia 1990**	
Employment Restructuring	('000)	(%)	('000)	(%)	('000)	(%)	('000)	(%)
<b>Bumiputera</b>								
Primary+	951.1	66.2	1,091.4	37.4	875.2	29.0	1,404.6	36.7
(%)	67.6		61.4		71.2		76.4	
Secondary++	173.1	12.1	782.7	26.8	918.5	30.5	1,038.9	36.1
(%)	30.8		51.9		48.0		49.8	
Tertiary+++	312.4	21.7	1,046.8	35.8	1,219.8	40.5	1,381.9	36.1
(%)	37.9		48.4		51.0		50.9	
<b>Non-Bumiputera</b>								
Primary+	454.9	33.5	686.2	27.1	354.0	14.0	433.0	15.5
(%)	32.4		38.6		28.8		23.6	
Secondary++	389.7	28.7	725.4	28.7	996.1	39.5	1,048.6	37.5
(%)	69.2		48.1		52.0		50.2	
Tertiary+++	512.5	37.8	1,116.6	44.2	1,170.5	46.5	1,314.0	47.0
(%)	62.1		51.6		49.0		49.1	

Notes:

\* Peninsular Malaysia only

\*\* Including Sabah and Sarawak.

+ Agriculture

++ Mining, Manufacturing, Construction, Utilities and Transport

+++ Wholesale & Retail Trade, Finance, Government and Other Services.

Source: The Second Outline Perspective Plan 1991 - 2000, Kuala Lumpur, Malaysia, 1991.



According to the government official report, it has been identified that a major problem in employment restructuring was among other thing the supply of skilled manpower in the various fields. The report stated,

“ despite sizable public investments in education, the availability of qualified and skilled Bumiputra professionals and workers was inadequate, in part, due to the limited success of Bumiputra students, particularly those from rural areas on account of their high attrition rate compared to the non-Bumiputra. This was due to various factors, namely, limited accessibility to modern educational facilities and quality education, low family income, lack of proper nutrition and social environment which is not conducive to effective learning”.(Government of Malaysia, Outline Perspective Plan, 1971)<sup>6</sup>

### **b.ii) Restructuring of Ownership in the Corporate Sector.**

Under the programme of restructuring ownership in the corporate sector, Bumiputera achievement has been substantial, though not the 30 per cent as targeted by the NEP. For instance in terms of growth rate, Bumiputera equity ownership grew by an average of 29.6 per cent per annum over the First Outline Perspective Plan (OPP1) period, higher than the average of 16.3 per cent for the corporate sector as a whole. Table 1.4 shows that the Bumiputera share of corporate equity amounted to about \$22,298 million or 20.3 per cent of the whole share in the corporate sector. Meanwhile, under the group of non-Bumiputera, the Chinese owned about \$49,300 million or 44.9 per cent while the Indians owned about \$1,000 million or 1 per cent. Foreigners owned about \$27,500 million or 25.1 per cent. The nominee interest accounted for \$9,220 million or 8.4 per cent.(Government of Malaysia, Outline Perspective Plan, 1971)

Table 1.4. Ownership of Share Capital (at par value) of Limited Companies, 1990. (\$ Million)

Ownership Group	1990	(%)
Bumiputera individuals and enterprises*	15,322.0	14.0
Trust agencies**	6,976.5	6.3
Chinese	49,296.5	44.9
Indians	1,068.0	1.0
Others	389.5	0.3
Foreigners	27,525.5	25.1
Nominee companies	9,222.4	8.4
Total	109,798.4	100.0

Sources: Registrar of Companies (ROC), Central Information Collection Unit (CICU), PNB and Economic Planning Unit (EPU) estimates.

Notes: \* The amount held by this group consists of \$9,000 million owned by Bumiputera as investors and \$6,300 million as investment in institutions channeling Bumiputera funds.

\*\* Shares held through traditional trust agencies such as *Permodalan Nasional Berhad (PNB)*<sup>7</sup> and *Perbadanan Nasional Berhad (PERNAS)*<sup>8</sup>. It also includes the amount of equity

<sup>6</sup> See also, Hirschman, Charles, *Ethnic and Social Stratification in Peninsular Malaysia*, The Arnold and Caroline Rose Monograph Series of the American Sociological Association, Kuala Lumpur, Malaysia, 1974.

<sup>7</sup> *Permodalan Nasional Berhad (PNB)* or the National Capital Limited was incorporated in 1978, as a wholly-owned subsidiary of the state-owned *Yayasan Pelaburan Bumiputera* (Bumiputera Investment Foundation), with the aim of encouraging *Bumiputera* economic participation. PNB's role is to acquire a portfolio of shares in Malaysian

owned by the Government through other agencies and companies which have been identified under the Transfer Scheme of Government Equity to Bumiputera.

Although the Bumiputera equity ownership has grown considerably, the amount held by the Bumiputera as direct investors in 1990 represented only 8.2 per cent of the total equity. In this connection, the large amount under Bumiputera ownership was owned by the trust agencies and institutions involved in mobilising Bumiputera funds such as the *Amanah Saham Nasional (ASN)* or the National Unit Trust Scheme<sup>9</sup> and MARA Unit Trust. The allotment of the shareholdings owned by the Bumiputera individuals and the trust agencies were mainly concentrated in the sectors of plantation, mining, banking and finance, with their shares ranging from 11 per cent to 35 per cent. This provided the Bumiputera with a certain degree of domination and control in some major companies in these sectors.

#### 4. Conclusion

Although the NEP (1990 - continued by the National Development Policy and Economics Transformation Policy) programmes of reduction of the incidence of poverty as well as restructuring society have been very encouraging, the final objectives of an equal and a balanced share of wealth of the country for all ethnic groups have still a long way to go. Therefore in the final stages of the NEP, the government established the National Economic Consultative Council (NECC) in January 1989. The main objective of the NECC was to try and evolve a national consensus on the post 1990 National Economic Policy. In this connection, the government had responded to some of the suggestions and ideas of the final report of the NECC in the preparation of the Second Outline Perspective Plan (OPP2) as well as the formulation of the National Development Policy (NDP). Under the NDP priority was given to continue some of the programmes of the NEP which were still behind target. The objectives of the NDP as outlined by the government in the OPP2 emphasised the concept of 'balanced development'<sup>10</sup> in order to establish a more united and just nation (The New Straits Times Newspaper, May 7, 1996). These objectives as well as the programmes of the NDP will continue to be based on the consensus principles and guidelines provided under the Federal Constitution and the spirit of the *Rukunegara*. Therefore according to the report of the Second Outline Perspective Plan the main concern of the NDP is to continue with the efforts to correct economic imbalances to create a

---

companies with a sound growth potential. See Barraclough, Simon, *op.cit.* p. 70.

<sup>8</sup>The *Perbadanan Nasional Berhad* or the National Limited Authority better known as PERNAS is government-owned. PERNAS was incorporated in 1969, with the objectives of promoting bumiputera employment, bumiputera management experience and increasing bumiputera ownership in the commercial and industrial sectors.

<sup>9</sup> The *Amanah Saham Nasional (ASN)* or National Unit Trust Scheme was launched by the *Permodalan Nasional Berhad* (The National Capital Limited) which allowed *bumiputeras* to acquire shares in a portfolio of investments. According to the OPP2 Since 1981, the ASN scheme has attracted a total of 2.5 million Bumiputera investors and accumulated a total of \$11,000 million Bumiputera capital. The distribution of investors, however, indicated that the pattern of ownership was skewed. On average, only about 8 per cent of the investors held more than 10,000 units in the scheme. The majority of the subscribers held on average about 500 units. This reflected the low level of savings among the majority of the Bumiputera.

<sup>10</sup> The concept of 'balanced development' according to this plan refers to strategies for generating sustained rapid economic growth as well as to ensuring that the benefits of economic growth are equitably shared among Malaysian of all ethnic groups and among States as well as the rural urban population. Balanced development also addresses the need to balance growth with the protection of the environment and Malaysia's natural resources. See The New Straits Times, Tuesday, May 7, 1996.

more just, united, peaceful and prosperous society. Thus, more effective efforts had to be made to reduce poverty, irrespective of race, as well as to restructure society so as to achieve an equitable distribution in the context of a healthy and sustained economic growth.<sup>11</sup>

### **Bibliography**

Abdul Razak, then the Prime Minister in presenting the motion on the Second Malaysia Plan in *Dewan Rakyat* (or Parliament) on 12th July 1971. Adopted in *Foreign Affairs Malaysia*, vol.4., no.3, September, 1971.

Bakri Musa, M, (2013), *Liberating The Malay Mind*, ZI Publication, Petaling Jaya, Selangor, Malaysia.

Barracrough, Simon A. (1988), *Dictionary of Malaysian Politics*, Heinemann Asia, Singapore.

Cheng Teik, Goh, *Racial Politics in Malaysia*, FEP International, Petaling Jaya, Malaysia, 1989.

Cheng-Teik, Goh, *Integration in a Plural Society* The Strait Echo, Kuala Lumpur, Malaysia, 1978.

Ghazali Shafie, "The Way Ahead" in *Foreign Affairs Malaysia*, vol. 5, no.3, September 1972.

Ghazali Shafie, *Income Differential and National Unity*, in Ghazali bin Shafie,(1985), *Rukunegara: A Testament of Hope* (Selected Speeches), Kuala Lumpur, Malaysia

Gomez, Edmund Terrence, Nurturing Bumiputera Capital: SMEs, Entrepreneurship and the New Economic Policy, in Gomez and Johan Saravanamuttu (eds), 2013, *The New Economic Policy in Malaysia: Affirmative Action, Ethnic Inequalities and Social Justice*, National University of Singapore Press.

Government of Malaysia, *The Second Outline Perspective Plan 1991 - 2000*, Kuala Lumpur Malaysia, 1991.

Ghazali bin Shafie,(1985), *Rukunegara: A Testament of Hope* (Selected Speeches), Kuala Lumpur, Malaysia.

Hirschman, Charles, *Ethnic and Social Stratification in Peninsular Malaysia*, The Arnold and Caroline Rose Monograph Series of the American Sociological Association, Kuala Lumpur, Malaysia, 1974.

---

<sup>11</sup> Strategies for achieving economic balance had been widely outlined in the Second Malaysia Plan. In brief the strategies covered modernisation and the creation of new economic activities in the rural sector emphasising the manipulation of science and technology; education; urbanisation; regional development; general policies for ethnic balance and the role of the private sector and the States. See, the Government of Malaysia, *Second Malaysia Plan 1971- 1975*, Kuala Lumpur, Malaysia, 1971.

Kamal Hassan, <http://www.iium.edu.my/irrie/11/info/Sample-3.pdf>

Datar, Kiran Kapur, (1983), *Malaysia Quest for a Politics of Consensus*, Vikas Publishing House, New Delhi, India.

Kit Siang, Lim, *Malaysia in the dangerous 80s*, Democratic Action Party, Petaling Jaya, Malaysia, 1982, (note: Kit Siang is a leader of the Democratic Action Party as well as the prominent opposition leader in the House of Commons)

Murugesu Pathmanathan, "Vision 2020 : an extrapolation of the Rukunegara" in *NEGARA*, vol.xvi, no. 1, 1992, p. 11.

Najib Razak, *Agenda Islam Dalam Transformasi Negara* (2012), Sekretariat Ulama-Umara, Kuala Lumpur.

Ragayah Hj. Mat Zin, The New Economic Policy and Poverty Eradication in Malaysia, in Gomez and Johan Saravanamuttu (eds), 2013, *The New Economic Policy in Malaysia: Affirmative Action, Ethnic Inequalities and Social Justice*, National University of Singapore Press.

The New Straits Times, Tuesday, May 7, 1996.

Wan Hashim Bin Wan Teh, (1983), *Race Relation in Malaysia*, Heinemann Educational Books (Asia) Ltd., Kuala Lumpur.

\_\_\_\_\_, (1978), *Malaysia: Nilai Politik & Budaya (Malaysia: Cultural and Political Values)*, Dinamika Kreatif, Kuala Lumpur.

\_\_\_\_\_ The Government of Malaysia, *Second Malaysia Plan 1971 - 1975*, Government Press, Kuala Lumpur, 1971.