Ethnic and Socio-Economic Patterns in Malaysia

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MALAYSIA is a nation with an extremely complex ethnic and cultural structure. Indeed its most distinctive characteristic is its pluralism. This is first of all ethnic, since the population is composed of three main groups (Malays, Chinese and Indians), which in turn are subdivided into smaller communities. In the second place, it is linguistic and cultural since there are no less than six language groups, although Malay is the language spoken by the greatest number; in addition, the English language and culture have for long been and in many respects still are a prominent feature of the nation's cultural life. Thirdly, it is religious: Islam is the religion of the Federation and of the Malays, while the majority of the Chinese adhere to Buddhism, Confucianism or Taoism and nearly three-quarters of the Indians are Hindus. A racial balance has been achieved on the basis of a division of responsibilities and functions between the three main ethnic groups. The dominance of political life by the Malays is offset by the economic prominence of the Chinese and to a lesser extent of the Indians. This *modus vivendi* seemed to have been jeopardised by the 1969 disorders [2], which highlighted the dangers of explosion and breakdown inherent in a multiracial society where prejudices based on ethnic origin are exacerbated by the disparities and structural changes caused by economic growth and development. As a result, the Government's economic and social policy was recast. In particular, the Second Plan for 1971-75 [3], which was approved recently, lays greater stress than its predecessor on the reduction of racial imbalance as a criterion for allocating resources.[4]

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[1] International Labour Office.

[2] These disorders, which were plainly ethnic and religious in character, broke out in Kuala Lumpur, the capital of Malaysia, in May 1969. Many of the rioters were reported to be unemployed youths.

[3] *Second Malaysia Plan, 1971-1975* (Kuala Lumpur, Government Press, 1971).

[4] The present article had virtually been completed when the text of the Second Plan became available. The principal objectives for the period 1971-75 are nevertheless indicated in the conclusions, and wherever practicable the data have been brought up to date in the light of the Plan statistics.

But this article is not concerned with policies. Its primary purpose is to study the problems and more particularly to give an up-to-date statistical picture of the central problem of inequality, namely the pattern of opportunity in education, employment and earnings. Is it possible to gauge at all accurately the extent of the disparities between ethnic groups in this field? To what extent do ethnic, geographical and socio-economic patterns coincide? These are the fundamental questions to which the present article seeks to provide an answer.

The employment and unemployment statistics analysed here are largely derived from a sample survey of households carried out in 1967-68, which has proved invaluable. It is an excellent example of a technique (supplementing the full-scale census) which helps to ensure that " the planners are fully acquainted with the demographic, social and economic characteristics of the populations they are dealing with " without which " no realistic planning is possible ".[1]

I. Ethnic and geographical structure of the population of Malaysia

In 1968, the population of West Malaysia [2] was estimated at 8,789,000.[3] The Malays (4,431,000) accounted for 50.4 per cent, the Chinese (3,197,000) for 36.4 per cent and the Indians and Pakistanis (971,000) for 11 per cent. The figures from previous censuses show the remarkable stability of this ethnic pattern over the past forty years or so. For example, the proportion of Malays has been between 49 and 50 per cent ever since 1931. The " intermediate " population projection, which is considered to be the most likely [4], suggests that they will be slightly in the minority in another twenty years.[5] Among the Chinese and Indians there are two trends worth noting. The first is the stability of both these immigrant ethnic groups: the proportion

[1] Point made by the ILO Committee of Experts on the Application of Conventions and Recommendations in its most recent report. See ILO: *General survey on the reports relating to the Discrimination (Employment and Occupation) Convention and Recommendation, 1958*, Report III (Part 4 B), International Labour Conference, 56th Session, Geneva, 1971 (Geneva, 1971), para. 71 and note 2.

[2] This article refers throughout to the Malaysian peninsula only (West Malaysia) and does not cover the two states of East Malaysia, Sarawak and Sabah.

[3] Mid-year. See *Monthly Statistical Bulletin of West Malaysia* (Kuala Lumpur), June 1970, table 1.1.

[4] See Department of Statistics: *1957 population census of the Federation of Malaya* (Kuala Lumpur), Report No. 14, p. 44.

[5] The foreseeable evolution of the three main ethnic groups by age and by sex has a significant political implication, viz. the proportion of Malays in the electorate should fall from 48.8 per cent in 1957 to 43.1 per cent in 1982. See T. H. Silcock and E. K. Fisk (eds.): *The political economy of independent Malaya. A case study in development* (London, Angus and Robertson Ltd.; Canberra, Australian National University, 1963), p. 81.

of Chinese born in the Federation rose from 30 per cent in 1931 to 63.5 per cent in 1947 and 75.5 per cent in 1957, the corresponding figures for the Indians on the same dates being 21, 51.6 and 65 per cent. By 1957, the proportion of children under the age of 15 born in Malaya was nearly 99 per cent in the case of the Chinese and 97 per cent in the case of the Indians. Secondly, the sex and age structure of these immigrant communities, which in the past has been unbalanced because of the selective character of the migration (the high proportion of adult males), has tended and is still tending to become more normal. The effect of these changes on the active population and employment will be dealt with later.

Any demographic analysis of Malaysia must devote special attention to the geographical distribution of the population, which is characterised by regional imbalances (between states and between urban and rural areas) coinciding to a large extent with the ethnic pattern.

Thus, the bulk of the population of West Malaysia is concentrated in the six states on the west coast (Johore, Malacca, Negri Sembilan, Penang, Perak, and Selangor), which constitute " New Malaysia " with an advanced economy geared to industry and exports. Covering less than 40 per cent of the total area, these six states in 1957 contained some 70 per cent of the total population, viz. 1.7 million Malays (54 per cent of their own ethnic group), 2 million Chinese (86.5 per cent) and nearly 600,000 Indians (84 per cent).

Throughout this " New Malaysia ", the proportion of Chinese is much higher than in the country as a whole. The Chinese are about equal in number to the Malays in Negri Sembilan, in a relative majority in the states of Perak and Selangor and in an absolute majority in Penang. In the state of Selangor, which is the most highly industrialised, Malays make up less than 30 per cent of the population, whereas in some states of " Old Malaysia " on the east coast (Kelantan and Trengganu) they constitute up to 90 per cent of the population. The urban-rural balance of the population as a whole changed little up to 1947, but between the two censuses held in 1947 and 1957, the rate of urbanisation was very rapid indeed since the number of town-dwellers more than doubled. By 1967-68, even the percentage of the population living in towns with 10,000 inhabitants or more was twice as high as in 1947.[1]

This sudden change was primarily brought about by two sets of factors—political and economic. The state of emergency proclaimed in 1948 to deal with the Communist insurrection and lifted in 1960 was the main cause of the influx into the towns, whether voluntary or involuntary, between 1947 and 1957. This mainly affected the Chi-

[1] See N. S. Choudhry, UN Statistical Adviser: *Malaysia socio-economic sample survey of households 1967-1968. Technical report relating to employment and unemployment* (Kuala Lumpur, 1970), p. 66.

nese.[1] It is probable that economic and psychological factors (the growth of the public sector, the building boom, the desire of villagers for better education, living conditions, etc.) took over as the political factor waned, just as the Malays followed the Chinese exodus from the villages to the towns between 1957 and 1967.[2] The index of urban concentration [3] shows that in 1967-68, rather more than one Chinese in two was living in a town compared with just over one Indian in three and one Malay in six. The urban population was at that time 57 per cent Chinese, 28 per cent Malay and 13 per cent Indian.

II. Education and ethnic group

A comparative analysis of the position with regard to education of each ethnic group is complicated by the lack of data. Nevertheless, an analysis is attempted below on the basis of three criteria: literacy, school attendance and equality of opportunity in respect of higher education.

Literacy

The results of the 1957 population census reveal that differences in literacy levels are associated with three main factors: ethnic group, sex and age (see table I). The disparities between age groups bear witness to the progress that has been made. This is particularly spectacular in the case of the Malays, for in 1957 only 31 per cent of males and 2 per cent of females in the 60-64 age group were literate as compared with 84 and 66 per cent respectively in the 10-14 age group. The Chinese and Indians had less leeway to make up, but even so their progress has been appreciable. Their literacy rates are higher than those of the Malays in all age groups except one: the 10-14 age group, from which it can be concluded, and the point is worth noting, that young Malays of both sexes have not suffered from any relative handicaps in this respect since 1943-47. But because of past inequalities whose effects are still being felt, literacy standards among adult Malays (aged 15 and over) were in 1957 lower than among Chinese and Indians. Approxi-

[1] During these ten years, it is estimated that 789,000 Chinese, 289,000 Malays and 80,000 Indians migrated from the villages to the towns (defined as places with 1,000 inhabitants and over, Singapore included). See Silcock and Fisk, op. cit., table 3-12, p. 86.

[2] Between 1957 and 1967-68 the Malay urban population (now defined as living in towns of 10,000 inhabitants and over) rose from nearly 360,000 to over 700,000, the Chinese urban population from about 1 million to 1,450,000 and the Indian urban population from 216,000 to 340,000. See *1957 population census of the Federation of Malaya*, op. cit., table 2-12, p. 11, and Choudhry, op. cit., table 16, p. 68.

[3] The ratio of the population of an ethnic group living in an urban area with 10,000 inhabitants or more to the total population in this group. For the values of this index see Choudhry, op. cit., table 16, p. 68.

TABLE I. LITERACY RATES [1] BY ETHNIC GROUP, SEX AND AGE, 1957

Age group	Malays			Chinese			Indians		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
Total population:									
10+	47	65	29	53	70	34	57	70	36
15+	41	61	22	50	70	30	54	69	31
10-14	75	84	66	65	73	56	73	83	62
15-19	66	82	51	72	83	59	71	87	53
20-24	52	73	33	62	79	45	63	84	41
25-29	45	68	25	54	75	34	67	85	41
30-34	40	64	18	53	78	31	61	80	30
35-39	35	59	12	48	75	24	50	69	18
40-44	31	55	7	44	71	16	44	59	13
45-49	27	48	5	40	64	11	40	53	9
50-54	23	41	3	36	57	7	38	48	8
55-59	22	38	3	33	53	5	35	44	7
60-64	17	31	2	29	47	3	31	40	7
65+	11	22	1	22	40	2	29	38	8

[1] Percentage of persons who were literate in their own or another language.

Source: *1957 population census of the Federation of Malaya*, op. cit., tables 9A (1), 9B (1) and 9C (1), pp. 93-95.

mately 70 per cent of the men and 30 per cent of the women in the Chinese and Indian minorities were literate either in their own or another language, whereas these proportions were only 61 and 22 per cent for the Malays, among whom differences according to sex were also more marked. The 1967-68 sample survey, although not strictly comparable with the previous censuses, seems to confirm or at least to suggest that progress among the Malays has been relatively faster than among the other groups and that it has been faster among the Chinese than among the Indians. Even so, the literacy rate for the Malays in 1967-68 was still lower than for the Indians and the Chinese, the latter having the highest rate of all. Out of a total of nearly 1,500,000 persons of all ethnic groups who had never been to school, over 800,000 were Malays. More than 1 million women of all races had received no formal education and 54 per cent of them were Malays.[1]

A more realistic picture of the situation can be obtained by setting aside the unduly formalistic definition of literacy used for census purposes (ability to read a note and write a letter) and to use the more functional method recommended by UNESCO, viz. assessment on the

[1] See Choudhry, op. cit., Statistical Appendix, table 6.0.0, p. 10.

basis of educational attainment.[1] This method would probably bring out even greater disparities.

Moreover, since Malaysia is culturally and linguistically a pluralist nation, analysis must be taken further and deal with the level of literacy of the three ethnic groups in the national language (Malay) and the world-wide language (English). The last census yielded the following results: *(a)* less than a quarter of the total adult population (aged 15 and over) of West Malaysia were able to read and write the national language in 1957; only 3-4 per cent of the Chinese and Indians were literate in it; *(b)* 10 per cent of the Chinese, 14 per cent of the Indians but only 4 per cent of the Malays were able to read and write English. Among the male population aged 10 and over, the percentage of Malays who were literate in English was half that of the Chinese and a third of that of the Indians.[2] These figures provided significant evidence of the lack of unity of the population in 1957 (at least judged by its knowledge of the common national language) and also of the ground that had to be made up by the Malays in knowledge of the world-wide language—which was the " main road to university education " [3]—and therefore to higher posts and incomes. However, the figures should be brought up to date to see how far the trend towards unity and equality has gone.

School attendance

The foregoing figures referred to individuals who had left school with a definable standard of education. The data in table II relate to the section of the population attending school[4] at the time of the 1967-68 sample survey. They are an indication therefore of more recent efforts to develop the country's human resources. Unfortunately they are not broken down by age group or standard of education, and it is not possible to use these figures of school attendance for purposes of comparison between ethnic groups. As a rough guide, however, the parity ratios provide striking evidence of the progress achieved by the Malays on the one hand and by women on the other. The proportion of Malays attending school in relation to the total in 1967-68 was the same as the proportion of Malays to the total population of the Federation; the Chinese were slightly above parity and the Indians a little below. Among the Malays and Chinese, schoolchildren represented 24-25 per

[1] It is usually considered that at least four years' primary schooling are needed for literacy to be lasting. See UNESCO: *Literacy 1967-69* (Paris, 1970), p. 15.

[2] See *1957 population census of the Federation of Malaya*, op. cit., tables 9A (1), 9B (1) and 9C (1), pp. 93-95.

[3] See UNESCO and International Association of Universities: *Higher education and development in south-east Asia*, Vol. III, Part 2: *Language policy and higher education*, by Richard Noss (Paris, 1967), p. 143.

[4] This category does not include persons taking vocational training courses or being trained on the job.

TABLE II. SCHOOL POPULATION BY ETHNIC GROUP, 1967-68

Ethnic group	School population		Ethnic group as % of total population	Parity ratio Col.2/Col. 3
	No. ('000) (1)	As % of total [1] (2)	(3)	(4)
Malays	**943.0**	**50.0**	**50.6**	**0.98**
Males	502.9	48.9	50.1	0.98
Females	440.1	51.4	51.2	1.00
Chinese	**700.9**	**37.2**	**35.7**	**1.04**
Males	388.1	37.7	35.6	1.06
Females	312.8	36.5	35.8	1.02
Indians	**218.2**	**11.6**	**12.3**	**0.94**
Males	125.8	12.2	13.0	0.94
Females	92.4	10.8	11.7	0.92

[1] Total school population, including other ethnic groups, was 1,886,000 (1,029,100 males and 856,900 females).

Sources: Columns 1 and 2: Choudhry, op. cit., Statistical Appendix, table 6.0.0, p. 10. Column 3: ibid., table 1.0.0 *(a)*, p. 2.

cent of the total, whereas among the Indians they were a little over 22 per cent. It would seem therefore that by 1967-68, school attendance rates were virtually the same for all ethnic groups and for both sexes. A purely quantitative judgment of this sort needs, however, to be seriously qualified by the quality of education provided, particularly in the Malay rural areas.

Equality of opportunity in respect of higher education

The first question concerns equality of access. Table III shows the trend of admissions to the University of Malaya between 1961-62 and 1965-66, together with the proportions receiving higher education and the probability of access for each ethnic group. The total number of students rose from 1,010 to 2,835, an increase of 181 per cent. The number of Indian and Ceylonese students went up by 117 per cent, while the corresponding figures for Chinese and Malay students were 185 and 232 per cent. In 1965-66, the Malay students only accounted for a quarter of the total and the Chinese for nearly 60 per cent. The proportion receiving a university education doubled in the case of the Indians and Ceylonese, rose by two-and-a-half times in the case of the Chinese and trebled in the case of the Malays. In 1965-66, there were only 18 students for every 100,000 Malay inhabitants as against 56 for every 100,000 Chinese. At a rough estimate, the probability of access to higher education in 1965-66 was two per thousand for Malays aged between 20 and 24; for Indians, it was three times as high and for

TABLE III. UNIVERSITY OF MALAYA [1]: ENROLMENTS AND EDUCATIONAL OPPORTUNITY BY ETHNIC GROUP, 1961-62 AND 1965-66

Item	1961-62			1965-66		
	Malays	Chinese	Indians	Malays	Chinese	Indians
Students:						
Number	217	585	182	721	1 669	395
Percentage	21.5	57.9	18.0	25.4	58.9	13.9
Higher education rate [2]	6	22	22	18	56	44 [4]
Probability of access (per thousand) [3]	—	—	—	2	8	6

[1] The University of Malaya is also attended by students from Singapore and the Borneo territories, but the majority (95 per cent in 1965-66) are from West Malaysia. [2] Number of students per 100,000 inhabitants of the same ethnic group. [3] Ratio of the number of students in 1965-66 to the population of the same ethnic group aged between 20 and 24 *in 1967-68*. [4] The Indian and Ceylonese student population is expressed as a proportion of the Indian and Pakistani population.

Sources: For university enrolments, UNESCO and IAU, op. cit., Vol. II: *Country profiles*, by Howard Hayden, table 24, p. 365. For the estimates of total population in 1961 and 1965, *Monthly Statistical Bulletin of West Malaysia*, op. cit., Mar. 1969, table 1.1. For the population aged between 20 and 24, Choudhry, op. cit., Statistical Appendix, table 1.0.0, p. 1.

Chinese, four times as high (though such differences between small proportions are of only relative value).

A survey of the geographical and social origin of first-year students at the University of Malaya has shown that in 1963-64, more than three-quarters of all students came from towns with more than 10,000 inhabitants and nearly 60 per cent from towns with more than 50,000 inhabitants.[1] Equality of opportunity in access to a university education is only one aspect of the problem, however. Do those who enter university have the same opportunity of taking a particular course of study? If they do, the proportion of each ethnic group in each faculty should be similar to its proportion to the total number of students, e.g. 25 per cent in the case of the Malays. In practice this is not so.[2] The Malays accounted for less than a quarter of the student body in all faculties except arts, where they totalled 40.5 per cent. The Chinese made up about 80-90 per cent of the student body in medicine, science and engineering. Even in the faculty of agriculture, there were three times as many Chinese students as Malays. Indians and Ceylonese (about 14 per cent of the student body) outnumbered the Malays (25 per cent of the student body) in science, engineering and education. Should this trend continue, it is obvious that most of the key posts in a society which is now undergoing rapid technical and economic change will be filled by non-Malays.

[1] UNESCO and IAU, op. cit., Vol. I: *Director's report*, by Howard Hayden, p. 327.
[2] Ibid., Vol. II, table 25, p. 366.

III. Labour force and employment

Activity rates

In 1967-68, the total labour force of West Malaysia was about 2.6 million, of which Malays formed 50 per cent, Chinese 36 per cent and Indians 13 per cent. The crude activity rate for all ethnic groups was 33 per cent, i.e. roughly one person in three belonged to the labour force. The proportion was much the same for Malays and Chinese and slightly higher for Indians. The specific activity rates, i.e. those showing the ratio between the labour force and the population of working age (see table IV), are more reliable.[1] They reveal no marked variations as between one ethnic group and another. For men, there were only slight variations from the over-all rate of 86.9 per cent (lower in the case of the Chinese and higher in the case of the Malays and Indians). The over-all female activity rate (43 per cent) approximated those of the Chinese and Malay women, whereas the rate for Indian women was rather higher (nearly 46 per cent). As can be seen, inequalities were a matter of sex rather than of ethnic group, since by and large the female rates were half the male rates in all groups. The age structure of male activity rates did not vary substantially between the three ethnic groups. Chinese men started work later than the Malays and Indians, while the Indians stopped earlier than the Chinese and, above all, the Malays. Malay women, on the other hand, started later than Indian and Chinese women but remained active a good deal longer than the Indians and above all the Chinese, whose activity rate fell fairly sharply as early as the 25-34 age group. These differences undoubtedly reflect the economic situation, for it is easier for young people and women to take part in agricultural activities than in others. Nevertheless, they may be misleading, for statistics of activity rates are often distorted by differences in the concept of economic activity between one region, occupation, ethnic group, etc., and another.[2]

What is the trend of participation rates in each ethnic group? Because of differences of definition between the 1967-68 survey and the 1957 census, it is impossible to say with any certainty. It would

[1] The questions in the 1967-68 survey concerning economic activity were confined to the 15-64 age group. Setting a fairly high lower age limit of 15 entails underestimation of the labour force, the extent varying from one ethnic group to another. In the 1957 census, for example, the activity rate of the 10-14 age group was 7.8 per cent among the Malays, 8.4 per cent among the Chinese and 14.5 per cent among the Indians (Saw Swee-Hock: "The structure of the labour force in Malaya", in *International Labour Review*, Vol. 89, No. 1, July 1968, table IV, p. 61). Nevertheless, the degree of underestimation tends to decline or disappear as education becomes more widespread.

[2] See United Nations: *Methods of analysing census data on economic activities of the population*, ST/SOA/Series A/43 (New York, 1968), pp. 6-7.

TABLE IV. SPECIFIC ACTIVITY RATE [1] BY AGE GROUP, ETHNIC GROUP AND SEX, 1967-68

Age group	Malays			Chinese			Indians		
	Total	Males	Females	Total	Males	Females	Total	Males	Females
15-64	**64.7**	**87.6**	**42.8**	**63.8**	**85.6**	**43.0**	**68.1**	**87.0**	**45.7**
15-19	48.1	63.0	34.0	51.9	56.0	48.0	52.6	63.2	42.7
20-24	65.9	92.3	41.1	75.7	93.7	58.6	71.0	93.5	50.4
25-29	66.5	96.9	39.4	71.4	98.3	45.4	71.2	98.8	43.9
30-34	69.8	97.5	43.9	70.7	98.7	41.4	75.2	98.5	50.6
35-44	73.8	96.9	52.0	66.7	98.2	38.8	78.7	98.8	52.7
45-54	72.1	93.8	49.3	62.5	94.9	35.2	75.7	93.8	45.9
55-64	59.6	80.6	38.6	52.4	77.2	26.8	53.5	69.1	21.4

[1] The ratio of the labour force to the population of working age (15-64).

Source: Calculated from Choudhry, op. cit., Statistical Appendix, table 11.0.0 *(a)*, p. 22, and table 1.0.0, p. 1.

seem, however, that there is a tendency for activity rates to even out between the ethnic groups and, above all, between the sexes.[1]

The pattern of employment

The true scale of the employment problem was concealed for some time by the changes in the population structure described earlier, in other words the total population and the labour force did not grow at the same rate. Between 1946 and 1957, the male population between the ages of 15 and 54 only rose by 8 per cent, whereas the total population went up by nearly 15 per cent.[2] The trend appears to have been reversed during the past ten years; between 1962 and 1967-68, employment grew at about the same rate as the total population but more slowly than the labour force.[3] A breakdown by ethnic group shows that the employed population in 1962 represented 94 per cent of the labour force in each group, but that by 1967-68 this proportion had fallen by two points in the case of the Chinese, nearly three points in the case of the Malays and more than six points in the case of the Indians.[4]

[1] In 1957 the activity rates of Malay and Chinese women were barely a third of those of the men; for Indian women the rate was markedly higher and nearly half that of the men. See, for crude rates, Saw Swee-Hock, op. cit., table II, p. 59, and for specific rates, Ronald Ma and You Poh Seng: "The economic characteristics of the population of the Federation of Malaya, 1957", in *Malayan Economic Review*, Oct. 1960, table II, p. 18.

[2] Silcock and Fisk, op. cit., table 3-4, p. 78.

[3] The Second Plan anticipates average annual growth rates of 3.2 per cent in the labour force and 2.7 per cent in the total population between 1970 and 1975 (*Second Malaysia Plan, 1971-1975*, op. cit., table 4-1, p. 50).

[4] See Choudhry, op. cit., p. 82.

TABLE V. BREAKDOWN OF THE EMPLOYED LABOUR FORCE BY BRANCH OF ECONOMIC ACTIVITY AND ETHNIC GROUP, 1967-68

Branch of economic activity	All races [1]		Malays	Chinese	Indians
	No. ('000)	%	%	%	%
0. Agriculture, forestry, hunting, fishing	500.7	21.1	33.7	10.4	1.7
1. Agricultural products requiring substantial processing	718.8	30.4	32.1	21.5	50.9
2. Mining, quarrying	72.0	3.0	1.6	5.1	2.9
3-4. Manufacturing	214.8	9.0	5.9	15.5	3.5
5. Construction	78.9	3.3	1.9	5.6	2.7
6. Electricity, gas, water, sanitary services	22.3	0.9	0.8	0.4	3.1
7. Commerce	255.2	10.8	5.5	19.1	8.1
8. Transport, storage, communications	86.2	3.6	3.1	3.6	6.1
9. Services	413.0	17.4	15.3	18.6	20.9
10. Not specified	3.5	0.1	0.1	0.2	0.1
Total	2 365.4	100.0	100.0	100.0	100.0

[1] Including other ethnic groups.
Source: Choudhry, op. cit., table 11, p. 93.

In 1967-68, out of a total of nearly 2,400,000 persons employed, there were nearly 1,200,000 Malays (50 per cent), about 860,000 Chinese (36 per cent) and nearly 300,000 Indians (13 per cent).[1] Thus the racial pattern of employment was similar to that of the population as a whole.

A comparative analysis of the employment structure of the three main ethnic groups can be made by breaking down the labour force in the usual way.

Distribution by branch of economic activity

The distribution of the three ethnic groups by branch of activity varies considerably (see table V). The Malays are concentrated in two sectors: two-thirds of them in agriculture and the cultivation of agricultural products requiring substantial processing and one-quarter in the services sector (branches 6 to 9 of the table). The industrial sector (branches 2 to 5) employs fewer than 10 per cent of the Malays. Its share in Indian employment is even smaller (9 per cent); half of the

[1] Choudhry, op. cit., Statistical Appendix, table 9.0.0, p. 18.

Indian employment is concentrated in branch 1 and more than a third (38 per cent) in services and commerce. Unlike the Malays and Indians, the Chinese are fairly evenly distributed—less than a third in agriculture (branches 0 and 1), with 42 per cent in services and commerce and more than a quarter in industry.

Of the roughly 500,000 persons employed in agriculture (branch 0), most of them smallholders, nearly 400,000 or four out of five are Malays. The share of the Malays in employment is on a par with their share in the total population in the case of branch 1 and nearly on a par in the case of transport, electricity and services. In the latter sector, however, it should be noted that nearly 62 per cent of government servants are Malays. The Malay share in the other sectors is not negligible, viz. between a quarter and a third of employment in commerce, extractive industries, construction and manufacturing [1] (but 90 per cent in textiles). Nevertheless, Chinese domination of industry and commerce is still very pronounced—out of approximately 366,000 jobs in industry (branches 2 to 5), 225,000 are occupied by Chinese (61 per cent) and only half as many by Malays (110,000 or approximately 30 per cent); in commerce, the number of Chinese employed is almost double the number of Malays and Indians combined.[2]

Distribution by occupation [3]

In view of the distribution of the ethnic groups by economic sector, it is not surprising that the occupational pattern of employment (see table VI) should reveal a heavy concentration of Malays in agricultural occupations (nearly two out of three) and, to a lesser degree, of Indians (nearly one out of two). On the other hand, only 30 per cent of the Chinese are to be found in these occupations. The Chinese account for a similar proportion of salaried employees (occupational groups 0 to 3) compared with 19 per cent in the case of the Indians and under 13 per cent in the case of the Malays. In the category of professional and technical workers, where all three ethnic groups are represented more or less in proportion to their total size, more than half the teachers but only 13 per cent of the architects, surveyors and engineers are Malays. In the administrative, executive and managerial occupations, a distinction must also be drawn between the public service, where Malays occupy 61 per cent of these posts, and the other sectors where the

[1] Malay employment in the manufacturing sector rose substantially between 1957 and 1970 (from 19 per cent of the total to 30 per cent). But the growth was more quantitative than qualitative (*Second Malaysia Plan, 1971-1975*, op. cit., p. 151, para. 467).

[2] For details of the numbers in each ethnic group employed by branch of activity, see Choudhry, op. cit., Statistical Appendix, table 24.0.0, pp. 52-54.

[3] As indicated in the source citation in table VI, there are serious risks of sampling error, particularly in the case of the higher job categories. The data used in this paragraph should therefore be interpreted with extreme caution.

TABLE VI. BREAKDOWN OF THE EMPLOYED LABOUR FORCE BY OCCUPATION AND ETHNIC GROUP, 1967-68

Occupational group	All races [1]		Malays	Chinese	Indians
	No. ('000)	%	%	%	%
0. Professional, technical and related occupations	119.1	5.0	4.7	5.0	5.7
1. Administrative, executive and managerial occupations	37.4	1.6	0.7	2.8	1.2
2. Clerical occupations	96.0	4.1	2.5	5.7	5.1
3. Sales and related occupations	222.4	9.4	4.9	16.7	6.9
4. Agricultural occupations	1 176.4	49.7	65.0	30.1	47.0
5. Miners, quarrymen and related occupations	22.8	1.0	0.3	2.0	0.6
6. Transport and communication workers	85.1	3.6	3.2	3.7	4.4
7-8. Craftsmen, production process workers and labourers n.e.c.	433.4	18.3	13.2	24.7	20.9
9. Service, sport, entertainment and recreation occupations	172.0	7.3	5.5	9.3	8.1
10. Not specified	0.8	0.0	0.0	0.0	0.1
Total	2 365.4	100.0	100.0	100.0	100.0

[1] Including other ethnic groups.

Source: Choudhry, op. cit., table 14, p. 100 (the author adds that the figures are subject to high sampling errors).

Chinese account for three-quarters of the executive and managerial staff. The Chinese also represent nearly half (47 per cent) of employment in services, approximately half the total number of clerical workers, craftsmen and production process workers and three-quarters of the miners and quarrymen. On the other hand, virtually all the handicraft and factory textile workers are Malays, whereas 20 per cent of the labourers in group 7-8 are Indians, which is nearly twice as high as their proportion of the population.[1]

[1] For a detailed occupational breakdown giving the number employed in each ethnic group, see Choudhry, op. cit., Statistical Appendix, table 28.0.0, pp. 62-67.

Distribution by occupational status

As regards distribution by occupational status, the recent tendency (1962-68) for the employed labour force as a whole has been for the proportion of self-employed workers to decline and for the number of wage earners and salaried employees to rise. This is in keeping with the shift of the economy towards industry. Nevertheless in 1967-68, the distribution of employment by occupational status showed marked differences between the three ethnic groups, reflecting their uneven distribution as between one branch of activity and another. The Malays were comparatively more numerous than the Chinese or Indians in the categories of self-employed persons and unpaid family workers, whereas among the Chinese and Indians there was a greater proportion of employers, salaried employees and wage earners than among the Malays. In 1967-68, three-quarters of the 57,000 employers were Chinese. The Chinese and Indians between them accounted for nearly two-thirds (61 per cent) of the total number of salaried employees and wage earners. The Malays, on the other hand, constituted more than two-thirds of the family workers (68 per cent) and of the self-employed (69 per cent).[1] In the developing countries, these categories usually contain large numbers of potentially underemployed individuals because they are in occupations requiring little education, training and equipment.[2]

Social and economic structure

Taking the foregoing criteria in conjunction, it is possible to define a number of social and economic groups [3] which constitute homogeneous categories, not to say social classes.

An analysis of the racial structure of these social and economic groups [4] suggests the following conclusions. The Chinese had a virtual monopoly of private industrial and commercial employment [5]: 62 per cent of employees in this sector were Chinese as against only 28 per cent Malays and 9 per cent Indians. More than three-quarters of the workers and operators on smallholdings were Malays. On the plantations, 45 per cent of the workers were Indians while the remainder were Malays and Chinese in roughly equal proportions. The " government servants " group was dominated almost as much by the Malays (58 per cent of the total) as industry and commerce were by the Chinese.

[1] For detailed figures see Choudhry, op. cit., Statistical Appendix, table 19.0.0, p. 42.

[2] United Nations, op. cit., p. 73.

[3] Government servants, smallholders, unpaid family workers, plantation workers and employees of private companies outside agriculture.

[4] See Choudhry, op. cit., table 8, p. 90, and Statistical Appendix, table 22.0.0 *(a)*, p. 48.

[5] This group, with over 718,000 employees, is the largest of all, representing 30 per cent of total employment.

TABLE VII. BREAKDOWN OF THE EMPLOYED LABOUR FORCE BY STANDARD OF EDUCATION AND ETHNIC GROUP, 1967-68

Standard of education	All races [1]	Malays	Chinese	Indians
No. of persons ('000)	2 365.4	1 177.6	861.8	297.8
	%	%	%	%
No formal education	26.8	33.2	18.4	25.3
Primary	57.1	57.3	58.7	54.7
Secondary (junior and intermediate)	10.7	5.7	16.3	13.8
Secondary (senior)	3.0	1.4	4.4	3.9
Religious education	0.6	1.2	— [2]	— [2]
Teachers, training or technical college, university education and other	1.8	1.1	2.2	2.2
Total	100.0	100.0	100.0	100.0

[1] Including other ethnic groups. [2] Negligible.
Source: Choudhry, op. cit., Statistical Appendix, table 14.0.0 *(a)*, p. 36.

Quality of the labour force

Despite its shortcomings as a criterion, the amount of education received is a convenient way of gauging the quality of the labour force, even though—and this is its major drawback—it does not allow for training and skills acquired on the job. Once again, the 1967-68 survey shows the extent of the Chinese lead. At the primary level, there was virtually no difference between the three groups, but at the secondary and higher levels there were marked differences in qualification between them, as is shown by table VII. The differences are even more pronounced if the figures are broken down by sex.[1] The position can be summed up as follows: whereas the Malays accounted for half the labour force who had received a primary education, they represented only a quarter of those with a secondary education and less than a tenth of those with a university education; nevertheless the Malay men were fully represented among the employed population who had attended a teachers' training or technical college.[2] Lastly, in the case of all the ethnic groups, a large proportion of the labour force in 1967-68 had received no formal education at all; but whereas this applied to only 18 per cent of the Chinese, it was true of a quarter of the Indians and a third of the Malays.

[1] See Choudhry, op. cit., table 6, p. 88.

[2] For a detailed breakdown in numbers and percentages see ibid., Statistical Appendix, tables 14.0.0 and 14.0.0 *(a)*, pp. 35-36.

IV. Underemployment and unemployment

Underemployment is an ambiguous concept. Broadly speaking, any person can be classified as underemployed if he *(a)* does not work full time, i.e. works less than a " normal " working week; *(b)* works less than he would wish; or *(c)* fulfils conditions *(a)* and *(b)* simultaneously. The degree of underemployment can also be estimated from output per head.[1] Underemployment is difficult not only to define but also to measure. The authors of the 1967-68 survey endeavoured to estimate the amount of visible underemployment in Malaysia.[2] Workers were questioned about their hours of work and the amount of free time they could devote to a secondary occupation. For the employed labour force as a whole, the survey showed that underemployment was not uniformly prevalent in all sectors of the economy and all occupational or socio-economic categories. It mainly affected the self-employed and unpaid family workers (some 20 per cent of whom were working fewer than twenty-five hours a week during the reference period) and agriculture (where only 50 per cent of the workers stated that they were employed full time), especially smallholdings (where more than 60 per cent of the workers were putting in fewer than forty-eight hours a week).[3] As might be expected, this pattern of underemployment reflected differences between the ethnic groups. Table VIII shows that the correlation between underemployment and ethnic group was greater in the case of the Malays than the others. Whereas virtually one Malay in two was employed full time, the corresponding proportions were three-quarters for the Chinese and four-fifths for the Indians; the proportion of Malays working less than twenty-five hours a week was three times as high as that of the Chinese and approximately seven times as high as that of the Indians. Out of 802,600 workers in Malaysia who were not employed full time, i.e. about a third of the total labour force, 551,900, or nearly 70 per cent, were Malays. However, the cri-

[1] See J.-P. Arlès: " Manpower mobilisation and economic growth: an assessment of Moroccan and Tunisian experience ", in *International Labour Review*, Vol. 94, No. 1, July 1966, pp. 1-2. For a definition and a description of the difficulties of estimating underemployment in the developing countries generally, see ILO: *Employment and economic growth*, Studies and Reports, New Series, No. 67 (Geneva, 1970), pp. 24-31.

[2] The Ninth International Conference of Labour Statisticians has distinguished in a resolution between the following forms of underemployment: *(a)* visible underemployment, which involves shorter than normal periods of work and which is characteristic of persons involuntarily working part-time; and *(b)* invisible underemployment, which is characteristic of persons whose working time is not abnormally reduced but whose earnings are abnormally low or whose jobs do not permit full use of their capacity or skills (sometimes called " disguised " underemployment) or who are employed in establishments or economic units whose productivity is abnormally low (sometimes called " potential " underemployment). See ILO: *The international standardisation of labour statistics*, Studies and Reports, New Series, No. 53 (Geneva, 1959), p. 49.

[3] Choudhry, op. cit., pp. 146-152.

TABLE VIII. BREAKDOWN OF THE EMPLOYED LABOUR FORCE BY WORKING WEEK AND ETHNIC GROUP, 1967-68

Working week in hours	All races [1]		Malays	Chinese	Indians
	No. ('000)	%	(as % of each category)		
All categories	**2 365.4**	**100.0**	**49.8 (1 177.6)**	**36.4 (861.8)**	**12.6 (297.8)**
48 and over	1 562.8	66.1	40.1	42.8	15.8
25 to 48	535.3	22.6	64.0	27.1	8.2
Less than 25	267.3	11.3	78.3	17.9	2.8

[1] Including other ethnic groups.
Note: The figures in parentheses are absolute totals given in thousands.
Source: Choudhry, op. cit., table 2, p. 147.

terion of a working week shorter than " normal " does not reveal whether or not the underemployment is involuntary. Account must therefore be taken of the second group of replies to the 1967-68 investigators regarding the amount of time available for extra work. The survey showed that 43.6 per cent of the Malay workers had enough free time for this purpose, while 85 per cent of the Chinese and 93 per cent of the Indians did not. Thus involuntary underemployment is far more widespread among the Malays than among the other two groups.[1]

The pattern of unemployment

In 1967-68, the total number of unemployed actively seeking jobs amounted to some 176,700, i.e. a little under 7 per cent of the labour force. Unemployment among the Chinese was virtually the same as the over-all rate, whereas the Malay figure was 1 point lower and the Indian figure 3.5 points higher. In 1962, on the other hand, unemployment rates among the three ethnic groups were remarkably similar at around 6 per cent. During the five-year period in question, therefore, the relative position of the Malays had slightly improved, while the position of the Chinese had deteriorated to some extent and that of the Indians by a great deal. In short, the Chinese share of total unemployment in 1967-68 was virtually equal to their proportion of the population, whereas that of the Malays (42 per cent) was markedly lower. The Indians' share (20 per cent) was half that of the Malays, who were four times more numerous. Among the most important characteristics of unemployment are its distribution by age, qualification, area and duration.

[1] Choudhry, op. cit., table 8, p. 153.

TABLE IX. BREAKDOWN OF UNEMPLOYMENT BY ETHNIC GROUP AND AGE 1967-68

Age group	Malays		Chinese		Indians		Total [1]	
	No.	Rate [2]	No.	Rate [2]	No.	Rate [2]	No.	Rate [2]
15-64	**74 801**	**5.8**	**65 002**	**6.9**	**35 134**	**10.3**	**176 798**	**6.8**
15-24	61 000	15.7	44 452	13.7	25 954	25.0	132 980	16.1
25-34	7 911	2.4	10 815	4.2	4 261	5.1	23 187	3.2
35-64	5 890	1.0	9 735	2.7	4 919	3.2	20 631	1.9

[1] Including other ethnic groups. [2] Percentage of unemployed in the labour force.

Source: Choudhry, op. cit., Statistical Appendix, table 59.0.0, p. 130 (the labour force by age group and ethnic group used to calculate the unemployment rate has been estimated from tables 11.0.0 and 11.0.0 *(a)* of the Statistical Appendix, pp. 21-22).

The distribution by age gives an inkling of one of the country's most serious political and socio-economic problems, for as table IX shows, unemployment mainly affects the young. In 1967-68, the unemployment rate in the 15-24 age group was more than three times higher than in the 25-34 age group among the Chinese, five times higher among the Indians and more than six times higher among the Malays. At all ages, it was the Indians who had the highest rate—a quarter of their labour force between the ages of 15 and 24 was unemployed compared with about 16 per cent for the Malays and 14 per cent for the Chinese. In the 25-34 and 35-64 age groups, unemployment rates among the Malays were from 2 to 3 times lower than in the other ethnic groups. In 1967-68, out of a total of about 180,000 unemployed of all races, nearly 133,000 or three-quarters (four-fifths in the case of the Malays) were under 25 years of age. In this respect the situation had deteriorated since 1962.[1] Moreover the age pyramid, which corresponds in shape to that of the labour force, leads one to suppose that the problem will become increasingly acute.

The 1967-68 survey gives a few indications of the correlation between the standard of education of the labour force and unemployment.[2] The unemployment rate among those with a primary education was much the same for Malays and Chinese (5.5 and 5.3 per cent respectively), but markedly higher for Indians (9.2 per cent). The figures were four or five times as high, however, for the Malay labour force with a secondary education, compared with two or three times as high

[1] When 63 per cent of the unemployed were between the ages of 15 and 24. See Choudhry, op. cit., p. 109.

[2] Ibid., Statistical Appendix, table 53.0.0, p. 119.

for Chinese in the same category. In fact, for the population with an intermediate or senior secondary education, unemployment rates among Malays were even appreciably higher than among Indians. The level of unemployment thus rose with educational attainments in all groups, but proportionately more in the case of the Malays, who owed their lower over-all rate to the limited amount of unemployment among the illiterate labour force.

But this analysis of unemployment rates should be considered in conjunction with the numbers involved. In each ethnic group, more than half the total number of unemployed (54 per cent in the case of the Chinese and about 60 per cent in the case of the Malays and Indians) were either illiterate or had only had a primary education.[1]

The geographical distribution of unemployment appears to have changed between 1962 and 1967-68; although the classification of regions as urban or rural was not the same at these dates, the 1967-68 survey appears to suggest that unemployment has shifted from the countryside to the towns. In 1967-68, in any event, the unemployment rate among the urban population (10 per cent) was virtually double that of the rural population. The gap between the urban and rural rates was widest among the Malays, where the former (nearly 12 per cent) was two-and-a-half times as high; for the Chinese and Indians, the urban rates were about one-and-a-half times as high. It will also be noted that the urban unemployment rate among the Chinese (8.5 per cent) was lower than that of the Malays (nearly 12 per cent) and the Indians (nearly 13 per cent).[2] But in view of the distribution of the population by ethnic groups in the urban areas, over half the urban unemployed were Chinese, 30 per cent Malays and 17 per cent Indians. This can be expressed in another way by saying that while a little under two-thirds of the Chinese unemployed were living in towns, a little over two-thirds of the Malays (and 61 per cent of the Indians) were to be found in the rural areas.

A distinctive feature of unemployment in Malaysia is its long duration. In 1967-68, unemployment had lasted for more than a year in the case of nearly 44 per cent of the unemployed of all races. This proportion was below 30 per cent in 1962. This means that the bulk of the unemployment continued to be structural in character, or in other words, the growth of productive capacity has not been sufficient over the past few years to absorb the increase in the labour force.[3] The duration of unemployment varied considerably between one ethnic group and another, the Malays and Indians being proportionately

[1] See Choudhry, op. cit., table 6, p. 115.

[2] Ibid., table 3, p. 133.

[3] Ibid., p. 118. For comparisons between 1962 and 1967-68, see ibid., diagram 6, p. 117.

more affected by chronic unemployment than the Chinese.[1] A particularly disturbing fact from the point of view of employment policy is that many of the unemployed (65 per cent taking all ethnic groups and more than three-quarters for the Malays alone) stated that they had never worked previously.[2]

The foregoing data relate to unemployment as generally defined, i.e. persons out of a job but actively seeking one. The 1967-68 sample survey endeavoured to take in another category: unemployed persons who, while not actively seeking a job, would accept one if it were offered. Nearly 56,000 people were classified under this heading. Employment and manpower forecasting cannot overlook this group of " passive " unemployed, equal to a quarter of the total number of unemployed, who would enter the labour market if conditions were favourable. In some respects, " passive " unemployment takes a different form from " active " unemployment, since it mainly affects Malays, the rural areas, and women.[3]

V. Income and other economic disparities

Incomes and ethnic group

There are no reliable recent data on the distribution of the national income by ethnic group.

Estimates made in 1957 [4] concluded that the Malays were comparatively badly off—at that time they only received 30 per cent of the total national income of 3,675 million Malaysian dollars[5], while the Chinese received 54 per cent and the Indians 13 per cent. The Malays' income per head was about half that of the Indians and only a little over 40 per cent of that of the Chinese.

The household budget survey of 1957-58 provided interesting information about the pattern of family resources in each ethnic group and about the distribution of urban and rural households in the income scale. Since changes in this field are not usually either sudden or rapid, the information given in table X probably still has some value. The economic inequalities between households in the three ethnic groups

[1] For 47-48 per cent of the Indians and Malays (as against 37 per cent of the Chinese) the duration of unemployment was one year or more; for 43 per cent of the Chinese (as against 30-32 per cent of the Indians and Malays) it was less than six months (Choudhry, op. cit., table 10, p. 119).

[2] Ibid., Statistical Appendix, table 62.0.0, p. 138.

[3] Nearly seven " passive " unemployed out of ten, and nearly eight out of ten in the rural areas, were found to be Malays. Malay women alone accounted for 45.6 per cent of all " passive " unemployment (both sexes and all ethnic groups). See ibid., table 3, p. 143.

[4] See Silcock and Fisk, op. cit., p. 3, and Appendix A, pp. 270-281.

[5] The Malaysian dollar (M$) is worth about a third of the United States dollar (the rate of exchange remained stable between 1957-58 and 1967-68).

TABLE X. BREAKDOWN BY INCOME OF MALAY, CHINESE AND INDIAN HOUSEHOLDS IN RURAL AND URBAN AREAS, 1957-58

Monthly income (M$)	Total households (all races)	Malay households		Chinese households		Indian households	
		Rural areas	Urban areas	Rural areas	Urban areas	Rural areas	Urban areas
		(% of households)					
Below 50	5.0	9.0	2.0	1.0	1.5	1.0	3.5
50-100	20.0	35.0	8.0	6.0	6.5	6.0	14.5
100-200	40.0	43.3	43.0	36.0	34.0	47.3	43.0
200-300	18.5	9.7	25.0	29.0	24.0	30.7	17.2
300-400	7.5	1.4	10.0	13.3	14.0	9.3	8.3
400-500	3.8	0.7	4.8	6.3	7.7	2.7	5.3
500-750	4.2	0.9	6.5	6.2	8.1	2.6	6.9
750-1 000	1.0	—	0.7	2.2	4.2	0.4	1.5
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: *Household budget survey of the Federation of Malaya, 1957-58* (Kuala Lumpur, Department of Statistics, Federation of Malaya), p. 39. The survey covered a sample of only 0.25 per cent of all households. Errors other than those due to sampling must also be allowed for.

were clearly brought out. In the rural areas Malay households suffered from extreme poverty to a far greater extent, since 44 per cent of them had a monthly income below M$ 100, whereas the same income bracket included only 7 per cent of the Chinese and Indian households. At the other end of the income scale, i.e. M$ 300 and above, there were only 3 per cent of the Malay households as against 15 per cent of the Indian and 28 per cent of the Chinese households. It is worth noting that the pattern was less unfavourable to the Malays in the urban areas.

Income and linguistic group

More up-to-date statistics clearly demonstrate the relationship between income and linguistic group.[1] A third of the Malay-speaking group, according to these figures, had a monthly income of between M$ 1 and 75; in the Chinese group, the corresponding proportion was only 10 per cent and in the English-speaking group, 6 per cent. The highest bracket (more than M$ 150) comprised about a quarter of the English-speaking group and 22 per cent of the Chinese group, but less than 2 per cent of the Malay group. These figures also confirm the considerable overlap—which might have been expected—between the English-speaking group and the urban population. Indeed, the ability to speak English appeared to be a sign of a different living standard

[1] See *Survey Research Malaysia Media Index, West Malaysia and Singapore, 1967-68* (Kuala Lumpur, 1970).

and way of life. It so happened that only one person in three in this group was Malay whereas one in two was Chinese.

Regional economic imbalances

The 1963 census of manufacturing industries revealed the geographical concentration of Malaysian industry.[1] At that time close on 70 per cent of the total number of establishments were in the four states on the west coast—Selangor, Johore, Perak and Penang. These states alone accounted for approximately 80 per cent of the total value added by manufacturing industry in Malaysia, as well as of total full-time employment and total wages paid. On the other hand, manufacturing industry in the three states in the centre and on the east coast (Pahang, Kelantan and Trengganu) accounted for a mere 5 per cent of total value added and approximately 7 per cent of total employment and wages. The value added by manufacturing industry in the single state of Selangor accounted for virtually half the total, the corresponding figures for wages paid and employment provided being 43 and 36 per cent. This state contained not only the largest number of industrial establishments in the country (nearly 22 per cent of the total) but also the most productive ones—the average value added per establishment was more than twice as high as in the country as a whole and more than six times as high as in the states of Kelantan and Trengganu. An industrial establishment in the state of Selangor employed on the average nearly three times as many full-time workers as in Kelantan and Trengganu.

Other wealth is also concentrated in the west coast states, e.g. rubber (most of the large plantations), tin (90 per cent of the output comes from the states of Perak and Selangor), and palm-oil (the three states of Johore, Perak and Selangor account for 95 per cent of the area planted).[2] The Second Plan estimates that per capita GDP in the richest state is five times higher than that in the poorest.[3]

Comparison with the distribution of ethnic groups by state outlined at the beginning of this article shows that to a large extent the economic and demographic regional imbalances coincide, to the detriment of the Malay group.

Unequal distribution of wealth and the means of production

The imbalance in the distribution of wealth and the means of production has two aspects. In the first place, it is racial in character,

[1] *Census of manufacturing industries in the states of Malaya, 1963* (Kuala Lumpur, 1965), especially pp. 39-40.

[2] Claude Fouquet: " L'économie de la Malaisie ", in *Analyse et Prévision—Futuribles* (Paris), Vol. XI, No. 2, Feb. 1971, p. 165.

[3] *Second Malaysia Plan, 1971-1975,* op. cit., p. 42, para. 137.

i.e. ownership is in Malay hands in the traditional sector, while the modern sectors (in both agriculture and industry) are controlled by non-Malays. But this control (and this is the second aspect) is extensively shared with foreigners. The Second Plan for 1971-75 brings out the imbalance quite clearly. For example, in 1970 Malays owned 37 per cent of the total acreage under rubber, but whereas they owned about the same proportion of smallholdings as non-Malays, the latter and foreigners between them owned virtually all the large estates. In the case of palm-oil and coconuts, three-quarters of the large estates belonged to foreigners and virtually the whole of the remaining quarter to non-Malays. The Second Plan also contains an interesting analysis of the " nationality " of the capital of joint stock companies. In 1969, foreigners owned 62 per cent of the total share capital of such companies as against 23 per cent owned by Chinese, 1.5 per cent by Malays and 1 per cent by Indians. Ownership of the capital in the hands of nationals of West Malaysia was 60 per cent Chinese, 4 per cent Malay and 2 per cent Indian.[1]

For the purposes of the present article, the important thing about these figures is, of course, the evidence they provide that the Malays do not enjoy the same opportunities as regards the ownership of the means of production, resulting in a lopsided distribution of economic power. The new active policy of restoring the racial balance in economic affairs, which is referred to in the conclusions, must also be set against this background of extensive foreign interests.

Summary and conclusions

Before concluding, it may be helpful to summarise in tabular form the degree of equality of opportunity enjoyed by the Malays in respect of employment, occupation and income. Table XI merely condenses some of the information analysed in the previous pages. Other points should of course be borne in mind, such as the evidence of Malay progress, especially socially and educationally, which qualify the conclusions suggested by this inevitably succinct tabulation. Nevertheless, it does show, probably with fair accuracy despite statistical errors, that the Malays are relatively worse off where employment is concerned. A number of factors contributing to this state of affairs can be identified. Some have already been referred to: the geographical distribution of the ethnic groups, degree of urbanisation, standards of education, and the pattern of employment, occupations, property ownership and income.

[1] *Second Malaysia Plan 1971-1975*, op. cit., pp. 39-41.

TABLE XI. PRINCIPAL DIFFERENCES BETWEEN THE THREE MAIN ETHNIC GROUPS WITH RESPECT TO EMPLOYMENT AND INCOME, 1967-68

(All population groups = 100)

Item	Malays	Chinese	Indians
1. Employment in agriculture	160	49	8
Employment in manufacturing	66	172	39
Employment in commerce	51	177	75
2. Agricultural occupations	131	61	95
Salaried employees	64	150	94
3. Family workers and helps	136	80	12
Salaried employees and wage earners	76	113	157
Employers	29	203	84
4. Smallholdings	155	55	12
Government service	116	51	164
Private company, partnership or proprietorship other than agriculture	55	171	75
5. Workers with secondary school education	52	151	129
No formal education	124	69	94
6. Rate of unemployment among persons with intermediate secondary school education	138	81	93
Rate of " passive " unemployment:			
Urban areas	178	65	105
Rural areas	128	39	89
Length of working week:			
Less than 25 hours	158	50	22
48 hours or more	80	117	125

	Linguistic group			
	Malay	Chinese	Tamil	English
7. Monthly income per head:				
M$1-75	157	48	80	29
M$76-150	100	118	164	64
M$150 and over	13	183	185	217

Sources: For 1: table 5. For 2: table 6. For 3: Choudhry, op. cit., Statistical Appendix, table 19.0.0 *(a)*, p. 43. For 4: ibid., table 22.0.0 *(b)*, p. 49. For 5: table 7. For 6: (unemployment), Choudhry, op. cit., Statistical Appendix, table 53.0.0 *(a)*, p. 120; (" passive " unemployment), ibid., table 3, p. 143; (underemployment), table 8. For 7: *Survey Research Malaysia Media Index, West Malaysia and Singapore, 1967-68*, op. cit.

Other factors, however, deserve equal attention, e.g. religious, psychological and cultural factors[1], racial segregation in certain occupations [2] as well as an institutional (and historical) factor. This brings

[1] See J. Austruy: *L'Islam face au développement économique*, Economie et civilisation, Vol. 3 (Paris, Editions ouvrières, 1961); Fouquet, op. cit., p. 176; M. Rodinson: *Islam et capitalisme* (Paris, Editions du Seuil, 1966); UNESCO: *Islam and the race question*, Collection " The race question and modern thought " (Paris, 1970).

[2] See Roger A. Freeman: *Socialism and private enterprise in equatorial Asia. The case of Malaysia and Indonesia* (Stanford (California), 1968), p. 48.

us from problems to policies. The last factor, the exact effect of whi deserves careful analysis, also covers various measures designed to protect the Malays which were taken first of all by the colonial administration in order to maintain a social and political balance and subsequently by the independent Government of Malaysia which was anxious to offset the lack of economic opportunity for Malays compared with non-Malays. These measures, which have been embodied in the Constitution since 1957[1], relate mainly to the reservation of land and civil service posts and the granting of scholarships and other special education and training facilities. They amount to " positive " discrimination, which can be justified by the disparities in living conditions but should logically be only temporary.[2]

It is fair to ask, however, whether these measures have not had the opposite effect to that intended, by perpetuating a division of labour between the ethnic groups that is economically unfavourable to the Malays. The result of these measures has been to divert the Malays from the most productive sectors of the economy and the most dynamic occupations—hence the lack of a Malay entrepreneur class, whose importance as a catalyst of progress was definitively demonstrated by Schumpeter. Meanwhile, the non-Malays, encountering obstacles to certain types of employment, have entered those more easily accessible, i.e. industry and commerce, in other words, the modern sector of the economy.[3] In its last general survey of the application of Convention and Recommendation No. 111, the ILO Committee of Experts spoke of the " partial value " of measures of this kind to offset inequalities and pointed out that " from the viewpoint of the Convention, the most appropriate policy for eliminating discrimination and promoting equality of opportunity in cases of imbalance of this kind should consist in developing the means which will make it possible to create the right conditions for such equality, paying special attention to the needs of the underprivileged groups as part of a general plan of economic and social action whereby the desired effect can be achieved through vocational training, guidance and motivation. . . ".[4]

Although it is determined to maintain the special safeguards for Malays, the Government also appears to have decided recently to press

[1] The Malaysian Constitution of 1957 was inspired by that of India, which contains similar provisions for the protection of the least favoured sections of the population, especially the Scheduled Castes and Tribes. See J.-P. Arlès: " The economic and social promotion of the Scheduled Castes and Tribes in India ", in *International Labour Review*, Vol. 103, No. 1, Jan. 1971, pp. 29-64.

[2] The proposal by the Constitutional Commission that the question should be reviewed after fifteen years was not embodied in the Constitution. See R. S. Milne: *Government and politics in Malaysia* (Boston, Houghton Mifflin, 1967), p. 40.

[3] See Fouquet, op. cit., pp. 175-179, and E. K. Fisk: " Special development problems of a plural society: the Malayan example ", in *Economic Record* (Melbourne), Vol. XXXVIII, No. 82, June 1962, pp. 218-219.

[4] ILO: *General survey on the reports. . .*, op. cit., para. 19.

on with an ambitious positive policy of promoting economic and social equality between the different ethnic groups. In 1969, it announced a new scheme for encouraging industrial development to assist the more backward areas and groups, although without neglecting—quite the contrary—the expansion of agriculture. The Second Malaysia Plan for the period 1971-75 is quite explicit on the Government's intentions and strategy. Its point of departure is undoubtedly an acute awareness of the problems caused by the productivity gap between various sectors and the identification of certain ethnic groups with certain economic functions. " National unity " is to be the yardstick for all future schemes. In order to achieve this, it is essential that poverty should be reduced and society restructured. These are the two objectives laid down under the New Economic Policy. The former affects all Malaysians, since poverty is not the preserve of any one ethnic group. The latter seeks to correct existing imbalances between ethnic groups in the distribution of income, employment, and ownership and control of wealth.

The Government's strategy reflects these priorities and objectives. In view of the position of agriculture in the Malaysian economy and that of the Malays in agriculture, modernisation of this sector is considered to be of fundamental importance. Nevertheless, it is in manufacturing and commerce that the most rapid growth is expected and the planners have decided that the Malays should play a more prominent part in achieving it. The Plan sets out to create the conditions in which a " Malay commercial and industrial community " can come into being. A definite target has been set, viz. within twenty years, the Malays and other indigenous people should manage and own at least 30 per cent of the industrial and commercial sector.

A whole series of measures have been taken to foster the emergence of a class of Malay entrepreneurs, by training them and assisting them to set up and operate their own businesses. In order to speed up the entry of Malays into modern, urban activities, a large-scale programme has been launched to industrialise the rural areas and create " growth " towns or centres. Education and vocational training are, of course, a key feature of this new policy of achieving a racial balance. The emphasis is on expanding the teaching of science and technical subjects to young Malay villagers while simultaneously raising standards. Side by side with this plan for giving the Malays equal educational opportunities, the policy of making Malay the only language of instruction in the primary and secondary schools will be continued and intensified.

While the Plan favours the Malay ethnic group in order to help it to catch up, it declares that no particular group must experience any loss or feel any sense of deprivation thereby. To achieve these targets, economic growth will have to be rapid and a rate of increase of 6.5 per cent in the gross national product is aimed at. Total investment will be half as great again as during the First Plan. The private sector will

be expected to make a major contribution by financing virtually half the total investment. The public sector, in addition to investing on a larger scale also, will pursue an interventionist industrial and commercial policy which will mark a break with the liberalism of the past. The execution of this Plan with its twin criteria for the allocation of resources of maximising growth and reducing economic imbalances, especially those of a racial character, is worth following with the closest attention. The gamble will be all the more difficult to pull off in that it requires a broad consensus as to both ends and means which it is precisely one of the Plan's main purposes to promote—hence the special attention rightly paid to informing and educating the public about its purposes. Nevertheless, the experiment will be a major test of the (still disputed) compatibility of economic growth with social equality and justice, especially in a multi-racial society.