

'NEP reduced ethnic disparities'

The Sun - 25/7/2006

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BANGI: The comprehensive implementation of the New Economic Policy (NEP) effectively reduced ethnic inequalities between 1970 and 2005, but economic disparity between states has worsened over the same period.

A study by Oxford University's Centre for Research on Inequality, Human Security and Ethnicity (CRISE) found that while in 1970 about 20% of national income had to be realigned, for the average income within each ethnic group to be the same, that figure dropped to 12.5% in 1985 because of the NEP.

CRISE research officer Dr Graham Brown said the figure rose again to about 14% in the early 1990s but fell to 11.1% last year after the implementation of the National Development Plan, which replaced the NEP in 1991.

Conversely, he said regional inequality has worsened (see chart).

"Based on income data from the Statistics Department, the

disparity between states is far worse and the gap has widened after the 1997 economic crisis," Brown said during his talk, *Dimensions of Inequality in Malaysia: Individual, Regional and Ethnic*, at an Institute of Malaysian and International Studies (Ikmas) seminar at Universiti Kebangsaan Malaysia last week.

For example, he noted that the latest data from the Statistics Department showed that while the mean household income in Kuala Lumpur had a measurement of 1.66, Penang 1.27 and Johor 1.07, Kelantan's was 0.53, Perlis 0.58, Pahang 0.6 and Terengganu 0.65.

Brown said even though Terengganu has an incredibly high gross domestic product because of its oil, it also has a very high poverty rate, and its experience resembles that of Aceh and Papua.

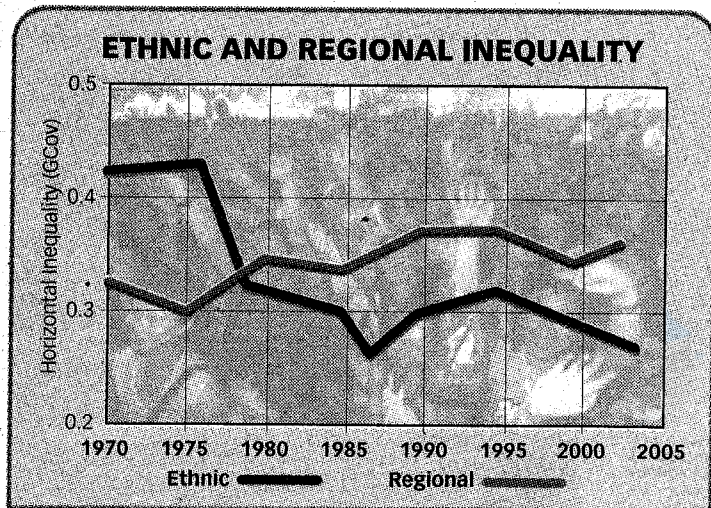
He said the study also found that the budget allocation for development to states currently appeared to be driven more by ethnic and political considerations than by development needs.

"It may be appropriate for the country now to adopt a regionally-based development policy looking at the inequality between states rather than ethnic inequalities.

"But access to employment remains more ethnically-skewed, so pro-bumiputra employment policies may still be relevant at the national level," he added.

Brown noted that development was a multi-dimensional concept and income was only one indicator of well-being.

He said that migration from rural to urban areas has intensified since the 1970s, and that the NEP improved the status of Malays as they migrated to urban areas.



Source: Centre for Research on Inequality, Human Security and Ethnicity