ISSN Number: 2227-6254

Poverty Alleviation Strategies and New Economic Model in Malaysia

Dr. Mohd Zin Mohamed

Associate Professor Department of Urban and Regional Planning. Kulliyah of Architecture and Environmental Design, International Islamic University Malaysia E-mail: zin@iium.edu.my

Dr. John Antony Xavier Professor National University of Malaysia

Abstract

Poverty eradication remains high on the national agenda. Malaysia's seriousness about poverty eradication - one of the millennium development goals - has enabled it to achieve a drastic reduction of the poverty rate from 60% in the 1970s to 3.8% in the 20009. Hard core poverty has been virtually eliminated, declining to 0.7% in 2009. Although the incidence of poverty is low, pockets of poverty exist with high incidence among specific ethnic groups and localities. The New Economic Model (NEM) takes the fight against poverty to even further heights. Unveiled in 2010, the NEM is the roadmap to double Malaysia's current per capita income of USD 7,000 to USD 15,000-17,000 by 2010 and, thereby, qualify as a high-income country in line with its Vision 2020. This ambition causes the NEM to focus on the lower 40% income households who have experienced a relatively flat income growth rate compared to those in the top 20% and middle 40% households who have enjoyed steep income growth rates over the last three decades. Combining descriptive and analytical methods involving interviews with selected highlevel officials directly involved in poverty eradication and secondary data, the paper evaluates Malaysia's efforts at poverty eradication over the last 50 years. It highlights the approach taken by the NEM in combating poverty. Much of Malaysia's success has been the result of its macro- and micro-management of poverty eradication. At the macro level, policies and plans spell out the broad strategies to conquer poverty. The determination of poverty eradication as one of the six national key result areas brings poverty eradication under micro scrutiny. Specific policy initiatives and programmes are being implemented to wipe out pockets of poverty. The practical value of this paper is that it offers policymakers a digest of workable strategies critical success factors in poverty eradication.

Introduction

This section highlights that poverty is multidimensional. It offers a theoretical basis for the many initiatives taken by the Malaysian government in its efforts to eradicate poverty.

Poverty eradication appears first in the list of the millennium development goals (MDG). Implicit in its pole position is the contention that poverty is the root cause for many of the malaises for which the UN had instituted the MDG. For want of income. poverty denies poor families access to basic education for their children. Lack of shelter, clean water, propersanitation and fuel-a ubiquitous landscape of the poor- bring in their wake diseases, ill health, infant and maternal mortality and health. Consequently, these interrelated factors

reduce longevity and environmental degradation.

Poverty is an affront to human dignity and rights warranting state action against it. (Ministry of Education Uganda, 2003; Sengupta, 2007). One weapon of the state inits fight against poverty is increasing the income levels through economic growth. This is because high concentrations of poor also exhibit low economic growth (Kakwani, 1993). Economic growthoffers employment and business opportunities to the poor while providing the government with an expanded revenue base to expand the provision of basic social services and infrastructure across society.

Studies have also shown that poor children have poor outcomes in education. That perpetuates the cycle of poverty.

Governments have focused on education of the poor to break this vicious cycle where lack of education keeps the poor in the quagmire of poverty (Ladd, 2012).

However, state intervention in social reengineering and socio-economic management has had mixed reception in academic literature. The statist centralised planning of socio-economic programs for, among others, poverty eradication, was the paradigm of the now extinct USSR, with remnants now existent in socialist countries such as Cuba and North Korea. At the other extreme, the laissez faire or the freeenterprise capitalist system requires the government to play only a minimalist nightwatchman role in the economy. Norzick and the Austrian school (1972)spearheaded by economic luminaries such as Schumpeter and Thomas Friedman advocate that markets are self-regulating and government should, therefore, not temper with its operation.

An intermediate system between these two extremes is the mixed enterprise system. In this Anglo-Saxon model, the state loosely regulates economic growth while itself participating in the economy. The Anglo-Saxon model takes on a more statist approach in the Nordic countries, France, Italy and, to a lesser extent, Germany with immense state welfarism and redistribution of income through expansionary fiscal policy(Roubini, 2009; Wolf, 2009; Hendrekson and Jakobsson, 2000; Roubini and Mihm, 2010).

While the recent 2008-2009 financial crisis across the US and the EU exposed the defects of the Anglo-Saxon model, the preponderant underlying direction is still towards a free-market mechanism with proper regulation of markets but without state control over the economy (Stiglitz, 2010). Towards that direction, economists have suggested, among others, that the state's role in socio-economic management

should be more appropriate to societal needs. Accordingly the state should seek to lower income inequality and promote rural and agricultural development as nearly half of the labour force in developing countries relies on agriculture for its livelihood (Gosh, 2010; Schwanen; 2010; Stiglitz 2010).

Rawls (1971) theory also offers justification for state intervention in addressing income disparity. Heportrays society as being ordered on an extensive system of liberties to all and tolerance of income disparity where it benefits the poor. To guarantee the welfare of posterity, Rawls also espouses inter-generational equity through the judicious management of resources by the existing generation.

Rawls' theory fits well with the aspirations of the NEM and the socioeconomic policies of the past. Malaysia's Anglo-Saxon model of economic development ensures narrowing of income disparities the in economy andthe alleviation of the plight of the poor. Malaysia's inclusiveness and sustainable development doctrines, enunciated since the Third Malaysia Plan (1976-1980). ensure inter-generational equity (Xavier and Ahmed, 2012).

Malaysia's definition of poverty

Poverty and hard-core poverty have been given a standardised definition under the Tenth Malaysia Development Plan (2011-2015) (Government of Malaysia, 2011). As Figure 1 illustrates, the Plan differentiates households as beina extremely poor and poor. All those households having an income below USD 740 per month are considered low-income households irrespective of whether they are rural or urban dwellers. They form the target group for the income alleviation and income disparity reduction efforts under the NEM.

Insert table 1

Past Performance At Poverty Eradication: 1957-2009.

This section traces the progress of poverty eradication efforts over the last 50 years. It argues that much success at eradicating poverty has been due as much to the stellar economic growth as it is due to the wise policies and plans of the government.

The millennium development goals (MDG), including poverty eradication, underwrite much of Malaysia's socioeconomic development initiative. It was the singular focus on poverty that enabled Malaysia to achieve well aheadin 1999 the MDG target of reducing the proportion of the population living below the poverty line by 50% between 1990 and 2015. Poverty rate declined to 8.5% in 1999 from 17% in 1990 (Shireen, 1998; BNM, 2000).

Malaysia went full steam to bring down the poverty rate to 3.8% in 2009. In 2009, 40% of the households (2.4 million households) had a total income of less than RM2,300 per month. 0.7% (or 4,250 households compared to 44,650 in the mid-1980s) was considered hard-core poor.

Figures 2, 3, 4 and 5below show the gradual decline of the poverty rate – absolute and across ethnic groups and regions - from 1970. The reduction in poverty was accompanied by rising living standards.

Insert table 2

Insert Figure 1

As Figures 3, 4 and 5 illustrate, the income disparity between ethnic groups has improved as a result of various policies on growth with distribution. The NEP also enabled the creation of a Bumiputera professional and middle class group, with higher equitable employment participation in higher value-added occupations. In 2008, Bumiputera accounted for 51% of the management and professionals category of

activities. The number of Bumiputera professionals such as doctors and accountants grew significantly from 1995 to 2008. Bumiputera share of selected professionals has also improved, accounting for 60% of architects, 53% of doctors and 52% of engineers.

Insert Figure 2

Insert Figure 3

Insert Figure 4

Much of this success at poverty eradication was on the back of the country's sterling economic performance. In the East and Southeast Asian region, Malaysia stands out as one of the most outstanding economies in terms of the rate of economic growth and poverty reduction. Thanks to years of impressive growth of 9% before the Asian financial crisis more people have been pulled from abject poverty. Consistent with the high growth rates, per capita income increased from US\$900 in 1970 to US\$9,700 in 2011. Per capita income in Malaysia in 2010 was second only to Singapore in the countries in Southeast Asia and considerably higher than that of other countries of the region(Wikipedia, 2012).

Despite this commendable effort at so short a time, the incidence of poverty is not uniform across the country. While the incidence of poverty varied between urban and rural areas, territorial difference in the incidence of rural poverty is glaring. The overall incidence of poverty in Sabah is the highest at 19.7%, while that of Sarawak is 5.3% (equal to Kedah). Perlis is second at 6%. Sabah too registered the highest incidence of rural poverty at 32%, with Sarawak recording the second highest at 8.4% (EPU, 2012).

Malaysia's effort at poverty eradication hasbeen relentless since the time of its independence in 1957. Public policies were instrumental in beating back

poverty. Chief among which was the New Economic Policy. Formulated in 1970, it sought to eradicate poverty by generating new employment opportunities and raising income levels of all Malaysian irrespective of race. The NEP was a resounding success. It reduced the overall poverty incidence from 49.3 per cent in 1970 to 17.1 per cent by 1990 (Government of Malaysia, 1991; Nair, 2000).

In 1991, the NEP morphed into the National Development Policy (NDP) (1991-2000) with poverty still being the focus. As a result, poverty declined further to 6% in 2002. Even more warming is that, during the span of these two policies (1970-2000), the hard-core poverty rate had more than halved to 1.2% surpassing the government target (Government of Malaysia, 1991; 1996; Mahbot, 1997; JBIC, 2001).

The country went on to register declining rates in poverty and hard-core poverty under the National Vision Policy (2000-2010) that replaced the NDP. Despite the impressive progress made in the reduction of the incidence of poverty, ethnic disparities in poverty have continued. Although the incidence of poverty among Bumiputras has decreased by two-thirds in 2009 from a high of 65% since 1970, it is still high compared to only 5.7 per cent for the Chinese and 8 per cent for the Indians.

The impressive record of poverty paralleled reduction in Malaysia improvements in a number of social indicators. By 2010, 93% of the population had access to safe drinking water while 99.6% had access to electricity in Peninsula Malaysia. In Sabah and Sarawak 77% of the population had access to electricity. During the period 1970-2010, primary enrolment rate increased from 87% in 1970 to 99% in 2010. Life expectancy rates for both females and males increased to 75 years and 70.2 years, respectively. Literacy rate was as high as 94% in 2010. And for the last two decades, barring the crisis periods of 1996-1997 and 2007-2008, the economy has enjoyed full employment with unemployment below 3 per cent (Treasury, 2011/2012). These indicators are similar to those of the middle-income countries and, in some cases, high income countries (Julian and Zafar, 2009; Government of Malaysia, 2011).

Current Macro Efforts at Boosting Income Levels

Although the incidence of poverty has plunged from 49.3% in 1970 to 3.8% in 2009, poverty eradication still remains a central agenda of the government. This seriousness of the government is evident in poverty being one of the six national key result areas to which are devoted disproportionate amount of resources. Notwithstanding, pockets of poverty remain in terms of specific regions and particular communities. These are being addressed through targeted approaches such as rural infrastructure development designed to enhance the quality of life, provision of welfare benefits to the poor and the income provision of generating opportunities such as through agropolitan projects. To address the plight of the urban poor specific interventions such as microcredit schemes have been (Government of Malaysia, 2012, p. 18).

Despite policies geared to its reduction, income disparity has been getting wider over the years. As Figure 7 illustrates, while the top 20% of the households enjoyed income growthin tandem with that of GDP growth, the bottom 80% have not fared well. Worse, the bottom 40% has had the slowest growth in its income level with households earning a modest USD 17 a day (or USD 500 a month) (Nambiar, 2010).

Insert figure 5

With poverty not as worrisome as it was back in 1970, the focus now is on

income disparity, especially the 40% of the householdsthat are in the low-income category. This strategy differs from those of poverty eradication in that it is not so much a case of giving hand-outs as of giving the low-income households the opportunity to improve their living standards by enhancing their earning potential. Skills training and entrepreneur development are among the programmes to enhance the earning capacity of this group.

The New Economic Model (NEM): macro framework at income enhancement

It was this lack of progress in narrowing the income differential that resulted, among others in the government formulating the New Economic Model (NEM) in 2010. The NEM seeks to enhance the income levels of households at the bottom 40%. This can be achieved if Malaysia could extricate itself from the middle-income trap that it has found itself comfortably in. Breaking out of the middleincome trap alloyed well with the country's Vision 2020 of becoming a developed Accordingly, the NEM sought to nation. increase the per capita income from USD 7,000 in 2010 to USD 15,000-17,000 (twofold jump) by 2020. Catapulting the country rich-nation will to status place Malaysiaamong countries such as Singapore, Czech Republic, Poland and Slovakia). (See figure 8).

Sustained high income (without compromising the wealth of future generations) is to be achieved, among others, through innovation, creativity, higher productivity, new technology and development of multi-skilled and highly skilled workforce. (NEAC, 2010).

Inclusivism also has been a mantra in Malaysia's development effort. This is because where inclusivism emerges, great wealth follows. As inclusivism protects individual rights and promotes investment, economic growth is a natural consequence

(Khan, 2002; Acemoglu and Robinson, 2012). True to its inclusive concept, NEM aims to ensure poverty eradication and a more equitable distribution across ethnic communities and regions. Inclusiveness programmes will seek to enhance the income levels of low-income households from RM 1,440 (USD 480) per month in 2009 to RM 2,300 (USD 770) in 2015 (Government of Malaysia, 2011).

Insert figure 6

The NEM provides the conceptualmacro approach to achieving poverty eradication and income disparity reduction. Central to this approach are the eight strategic reform initiatives (SRI). These SRIs seek to reorient the Malaysian economy from manufacturing to high-value services. They seek to boost domestic investment and consumption to secure. among others. reduction in income differentials and poverty eradication (NEAC, 2010).

The eight SRIs are: (1) reenergising the private sector;(2) developing a quality workforce and reducing the dependence on foreign labour; (3) creating a competitive domestic economy; (4) strengthening the public sector; (5) transparent and market-friendly affirmative action; (6) building the knowledge base and infrastructure; (7) enhancing sources of growth; and (8) ensuring the sustainability of growth.

These eight SRIs, varied in their objectives, seek to enhance economic activities and thereby provide employment and entrepreneurial opportunities in a growing economy. This will allow the poor and the low-income segment of the populace a chance to climb up the income ladder. For example, in re-energising the private sector, the government intends to make small and medium-scale enterprises competitive through innovation, offerpreferential loans and remove barriers against competition. With the consequent

reduction in the cost of doing business, SMEs should be able to enjoy greater business potential and create more employment. Such an outcome should have positive impact on the lowincomehouseholds. By developing a quality workforce and reducing dependency on foreign labour, the NEM also hopes to uplift the income levels of the bottom 40% of the households. Among the many initiatives under this SRI are the reskilling of the existing labour force, introduction of the USD300 minimum wage per month, at removal of labour-market distortions that constrain wage growth.

The NEM aims to strengthen the public sector so that it operates efficiently, transparently and with integrity in the delivery of public services. A strengthened public sector should be able to execute poverty eradication and income alleviation strategies with better outcomes.

The purpose of the SRIon marketfriendly affirmative action is specifically to reduce income disparity and narrow regional differences by creating marketfriendly affirmative action. It also promotes equal and fair access to opportunities.

The SRI on building the knowledge base and infrastructureseeks to create an eco-system for entrepreneurship and innovation and establish stronger enabling institutions. The NEM intends to combine these initiatives with the others to narrow the income differential (Yeah, 2010).

The SRI on enhancing the sources of growth also shares the objective of boosting income levels, especially at the lower rungs of society. Such an outcome is to be secured by developing new markets and creating value. Value is to be created from building scale for cost economies, first-mover advantage and harnessing innovation.

The SRI on ensuring sustainability of growth seeks to ensure that natural

resources are not exhausted to the detriment of the welfare of future generations. It also seeks to leverage on the comparative advantage from high value-added products and services to enhance the per capita income. A sound public financial management and the provision of incentives for 'green investment' are other objectives that this SRI pursues for sustained growth per capita income (Xavier and Ahmed, 2012).

10th Malaysia Plan and the Government Transformation Programme (GTP): fleshing out the NEM

The NEM sets the framework for economic and income growth and reduction in income inequality. The 10th Malaysia Plan and the GTP are the instruments to craft out specific strategies to flesh out the aspirations of the NEM. This section will outline the strategies encapsulated in these two instruments.

10th Malaysia Plan

The 10TH Malaysia Plan aims to completely eradicate hard-core poverty and enhance the productivity of low-income households. In that direction, it has standardised the definitions of poverty and low-incomegroup. These standard definitions will help agencies to quickly identifyand assist the target groups and coordinate their combined efforts effectively.

Additionally, the Plan will enhance the living standards of the bottom 40% households throughmore opportunities for economic mobility. upward Offering opportunities to upgrade skills in industryrelevant and targeted geographical areas through, among others, industrial attachments and jobs are efforts at creating opportunities for upward economic mobility. Employers will be linked to talent pool in rural areas. And greater support will be given to those intending to establish own businesses through integrated provision of training, funding and key equipment to increase entrepreneurship and employment opportunities.

Government Transformation Programme (GTP)

Under the GTP, poverty eradication is one of the seven national key result areas. Rural infrastructure development, containing the cost of living and improving access to education are the other specific national key result areas of the GTP that complement the specific efforts targeted at poverty eradication. The GTP programme brings together agencies that are in the forefront of poverty eradication. Among the efforts at poverty eradication by these agencies under the GTP are:

The implementation of the rural development master plan (2012-2020)

Targeting 30% rural folk, especially women, for participation in entrepreneurial activities by 2020 Attain 100 per cent coverage of basic infrastructure, utilities and infrastructure by 2020

Increase coverage of electricity supply for rural areas in Sabah and Sarawak to 81 and 90% respectively and water supply for rural areas in Sabah and Sarawak to 70 per cent by the year 2012

Decreasing the digital gap by increasing internet broadband service penetration in rural areas Promotion of initiatives such as Azam-tani (agricultural businesses); Azam-Niaga (businesses); Azam-Kerja (job-matching and placement) and Azam-Khidmat (participation in the services sector)

Implementation of public health programmes such as rural clinics, family health, rural dental service and food and nutrition advisory servicesand Provision of vocational and skill training

Current Micro Strategies at Poverty Eradication

Micro poverty strategies at eradication refer to efforts by the government to identify the pockets of poverty - household and spatial - and then shaping relief efforts to suit the needs of the afflicted. Tailor-made programmes are executed for special target groups such as the Bumiputra, particularly ethnic minorities, Sabah and Sarawak; aboriginal communities Peninsular Malaysia: in residents of Chinese New Villages and estate workers. The government also targets different programmes for specific sub-groups among the poor such as the hard core poor (for whom the government created the Development Programme for Hard-Core Poor), female-headed families or single parent families, elderly people, handicapped and indigenous groups (Government of Malaysia, 2011).

Here, the government continues to offer income support to the eligible groups. Fiscal assistance includes allowances, scholarships, school subsidy (boarding schools, financial fees, school uniform, and tuition fees) to children in bottom 40% households to boost their education and skills. Subsidised housing is provided to deserving poor households in rural and urban areas. Additionally, these target groups are given access to healthcare, clean water, electricity and transport infrastructure to improve living standards.

Strategies to elevate the quality of life of rural households generally include providing holistic support programmes for micro-enterprises including grants and cheap funding; linking rural talent pool to employers in nearby clusters and cities; increasing sustainability of income in the agriculture sector through contract farming; providing opportunities for business

ownership for capable rural entrepreneurs; increasing land productivity and yield through land amalgamation; improving human capital productivity with rural agriculture and agro-based industries and expanding the application of the agropolitan concept to other agriculture and agro-based industries (Government of Malaysia, 2011).

Policy Implications

experience The Malaysian poverty eradication draws a number of policy lessons to other countries as they race to reach the millennium goal of poverty eradication. Among the key implications include the pre-requisite of strong economic growth for a sustained approach to poverty eradication and political commitment as manifested in the policies and institutions directed at poverty eradication. Given the myriad of institutions involved in poverty eradication. coordination among them becomes critical to ensure that the government gets the best bang for the buck. The rest of the section will amplify these key success factors that must hold for efforts at poverty eradication to bear fruit.

Much of Malaysia's success at poverty eradication must be credited to the dedicated political leadership throughout the last 50 years of its existence. Its unwavering commitment to this venture is evident in the policies instituted and the institutions created and or charged with this noble task. Every five-year development plan has had poverty eradication as one of its key agendas. Policies that informed fiveyear development planning, starting from the NEP through the DNP and national vision policy and right up to the government transformation policy have focused on eradicating poverty. Although the policy emphasis varied across them, these policies always had their sights trained at poverty eradication. The political oversight of their implementation saw to it that this central government agenda was not derailed by other equally pressing concerns.

One of the hallmarks of the policies is inclusiveness. They were focused on the target group – the poor. They did not discriminate by race or domicile (NEAC, 2010).

These policies did not rely solely on income support, subsidies and outright grants. They empowered the poor – the bulk of whom were in the agriculture sector - to improve their living standards by enabling them to modernise farming practices and value-added processing of agricultural products. The policies also nudged the poor to seek non-farm employment as this type of employment generally provided higher incomes than traditional farming (EPU, 2004).

Another potent feature of Malaysia's poverty eradication policies is that they also serve to reduce income disparity across ethnic groups. As poverty eradication is inextricably intertwined with the agenda to lessen income disparity in society, these poverty eradication policies took on greater urgency while mustering the needed political support and resources.

Political leadership was also wise enough to realise that policies at poverty eradication can only be effective in an expanding economy. Hence, economic growth was promoted, initially through government participation in the economy and later by encouraging the private sector to become the engine of growth. Through an expanding economy, the government provide employment opportunities and improved living standards to all. It was also able to; from a bigger revenue base that economic growth made possible, channel more resources to poverty eradication and affirmative action without causing angst across the rest of society.

Given that an array of public agencies and public policies is involved in

the poverty eradication effort, coordination across them is crucial to ensure nonduplication of effort and waste of resources. Accordingly, the prime minister – reflecting the committed role of political leadership created a performance management and delivery unit. Headed by a minister without portfolio and supervised by another minister, the unit, others. among coordinates poverty eradication efforts with a sharp focus on outcomes. However, coordination among implementation agencies, especially at the state and local levels remain an issue for resolution (EPU, 2004).

Another strategy that comes out clearly from the government's efforts at poverty eradication is the emphasis of the government human resource on development. That paved the way for the poor to acquire the necessary skills and qualifications to gain employment in the expanding high-wage sectors of the economy. This resulted in the shift of a large number of workers out of the traditionally low-paid rural occupations into better paid modern sector employment. In addition to uplifting their incomes, training and skills directed at the poor ensure that there is no intergenerational transfer of poverty.

In poverty eradication, as in any other public policy, a country must not only take a broader approach but also a focused approach. The macro approach is evident in policies and five-year development plans. It is also evident in government-aided economic growth - as an enabler of poverty eradication - and in efforts at improving the quality of life of the poor by expanding and upgrading public services, social amenities and physical infrastructure.

The macro approach is supplemented by the micro perspective. Here, the government identifies the location of poor and vulnerable groupsand brings specific fiscal, housing, business and

employment assistance to these groups. It is this proactive approach at poverty eradication that is a distinguishing feature of the Malaysian experience in combating poverty.

Many of the poverty eradication efforts are 'top-down' programmes and projects. Such centrally-directed programmes may obtain adequate resources to sustain these programmes. the lack of However. community-based bottom-up or programmes breeds а dependency syndrome or a subsidy mentality that leads to a sense of powerlessness among the poor. Political dependency and or political interference are also a natural consequence (Dye, 2011).

Conclusion

The Malaysian experience poverty eradication offers valuable insights to countries involved in eradicating this scourge. Its policies, plans and programmes and a myriad of agencies executing them have enabled the government to apply overwhelming force upon the problem. The government's growth orientation provided it a greater revenue base to channel a disproportionate amount of resources toward poverty eradication. Its macro and proactive micro-approach to the problem ensures that no vulnerable group is left behind in the development efforts of the government.

Given the many instruments and institutions coordination had become a problem to warrant action at the highest level of political leadership. Such high-level action reflects that without the continued effort of political masters, poverty eradication, and for that matter any policy, can go nowhere.

References

Acemoglu D. and Robinson, J. (2012), Why Nations Fail: The Origins of Power,

- Prosperity and Poverty, London: Profile Books; 529 pp.
- Dye, T. R (2011), Understanding Public Policy, Boston: Longman
- Bank Negara Malaysia (BNM) (2000), Annual Report, Kuala Lumpur: Government Printers.
- (EPU) Economic Planning Unit (2004), Malaysia: 30 Years of Poverty Growth and Reduction. Harmony. Paper presented at Scaling up Poverty Reduction: A Global Learning Process and Conference May 25 -27. Shanghai. http://unpan1.un.org/ intradoc/ groups/public/documents/apcity/unpa n021601.pdf(Accessed September 2012).
- Economic Planning Unit (EPU) (2012), 2009

 National Household Income Survey
 Report. http://www.epu.
 gov.my/household-income-poverty.
 (Accessed on 17th September 2012).
- Ghosh, J. (2010). Global crisis and beyond: Sustainable trajectories for the developing world. International Labour Review, Vol. 149 (2).
- Government of Malaysia (1996), Seventh Malaysia Plan, 1996-2000, Kuala Lumpur: Government Printers.
- Government of Malaysia (1991), Second Outline Perspective Plan, 1991-2000, Kuala Lumpur: Government Printers.
- Government of Malaysia (2001), *Eighth Malaysia Plan*, 2001-2005, Kuala Lumpur: Government Printers.
- Government of Malaysia (2011), *Tenth Malaysia Plan*, 2011-2015, Kuala Lumpur: Government Printers.
- Hendrekson, M. & Jakobsson U. (2000), Where Schumpeter was nearly right—the Swedish model and capitalism, socialism and democracy. Available at http://swopec.hhs.se/iuiwop/papers/iuiwop0533.pdf (accessed on 17 February 2011).
- Japan Bank for International Cooperation (JBIC) (2001), *Poverty Profile:*

- Executive Summary, Julian C. & Zafar A. (2009), Doing business in Malaysia, Thunderbird International Business Review. 51 (1) (January/February 2009), 53-69.
- Malaysia, Tokyo: Japan Bank for International Cooperation.
- Ministry of Education Uganda (2003), Poverty Eradication through Education, Paris: UNESCO.
- Kakwani, N. (1993), Poverty and Economic Growth with Application to Côte D'ivoire. Review of Income and Wealth, 39: 121–139.
- Khan, M.H (2002), When is Economic Growth Pro-poor? Experiences in Malaysia and Pakistan, IMF Working Paper, Washington.
- Ladd, H. F. (2012), Education and Poverty: Confronting the Evidence. Journal of Policy Analysis and Management, 31: 203–227.
- Mahbot, S. (1997), The Malaysian Economy: Challenges and Prospects, in Asian Strategy and Leadership (eds), Malaysia Today: Towards the New Millenium, London: ASEAN Academic Press.
- Nair, S. (2000), Poverty in the New Millenium: Challenges for Malaysia, paper presented at the Second Biennial Aotheoroa New Zealand International Development Studies Network Conference entitled, 'Prosperity, Poverty and Progress', held on 17-19 November, 2000, Victoria University of Wellington, New Zealand.
- Nambiar, S. (2010), Malaysia's New Economic Model as a balancing strategy. In East Asia Forum, 3rd February 2010.
- National Economic Review Council (NEAC) (2010), The New Economic Model for Malaysia, Parts 1 and 2. Putrajaya: NEAC.
- Norzick, R. (1974), Anarchy, State and Utopia, U.S.A: Basic Books Inc.

- Prime Minister's Department (2012),
 Government Transformation
 Programme: Annual Report
 2011,Putrajaya: Performance
 Management and Delivery Unit.
- Roubini, N. (2009), The Anglo-Saxon Model has failed, New York Times, 20 February 2009
- Roubini, N. & Mihm S. (2010), Crisis economics: A crash course in the future of finance, London: Allen Lane.
- Schwanen, D. (2010), The G20 framework for strong, sustainable and balanced growth: A study in credible cooperation, The Centre for International Governance Innovation G20 Papers. No. 4, June 2010.
- Sengupta, A. (2007), Poverty Eradication and Human Rights. In Pogge,T. (ed), Freedom from Poverty as a Human Right: Who Owes What to the Very Poor? (pp.323-344)New York: Oxford University Press, 2007. 425pp.
- Shireen, M.H. (1998), *Income Inequality and Poverty in Malaysia*, Landham MD: Rowman and Littlefield.

- Stiglitz, J. E. (2010), Freefall: America, free markets and the sinking of the world economy, London: Penguin Books.
- Wikipedia: List of countries by GDP (nominal) per capita. (http://en. wikipedia. org/wiki /List_ of_countries _by_GDP_(nominal)_per_capita. (Accessed on 10th September 2012).
- Wolf, M. (2009), Financial Times analysis on the Nordic model of capitalism, 14 August 2009. World Bank (2012). Data.http://data.worldbank.org/country/malaysia. (Accessed on 10th September 2012).
- Treasury (2011), *Treasury Economic Report 2011-2012*, Putrajaya:
 Government Printer.
- Xavier, J.A. and Ahmed, Z.U. (2012), A Scholarly Research Agenda for Transforming Malaysia into a Model Developing Country. International Journal of Public Sector Management, Vol. 25 Iss: 3 pp. 231 243.
- Yeah, K.M (2010). Moving up the value chain. Paper presented at the 15th Civil Service Conference, 1-3 December 2010, National Institute of Public Administration (INTAN), Kuala Lumpur.

Table 1

Definition of Extreme Poor, Poor and Low-Income Households (USD1 = RM 3)

	Peninsular Malaysia	Sabah	Sarawak
Extreme Poor	RM 460 and below	RM 630 and below	RM 590 and below

Poor	RM 760 and below	RM 1050 and below	RM 910 and below		
Low-income Households	RM 2,000 and below	RM 2,000 and	RM 2,000 and		
		below	below		

Source: Prime Minister's Department, 2012, p. 198.

28

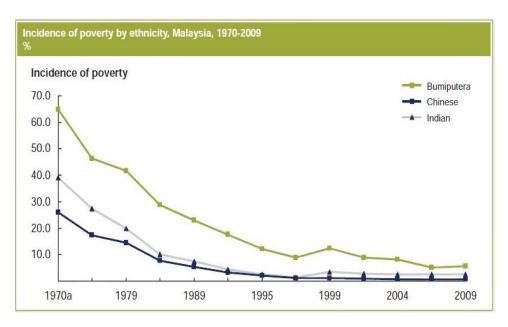
Table 2

Poverty Statistics (% Households): 1970-2009

	1970	1975	1980	1985	1990	1995	1997	1999	2002	2004	2007	2009
Poverty	49.3	37.7	37.4	20.7	17.1	8.9	6.1	8.5	6.0	5.7	3.6	3.8
rate												
Hard	n.a	n.a	n.a	6.9	3.9	2.1	1.4	1.9	1.2	1.0	0.7	0.7
core												
poverty												

Source: Malaysian development plans: various issues

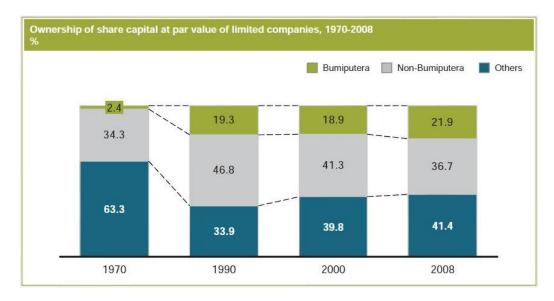
Figure 1
Significant Progress in Poverty Eradication across Ethnicities



Source: Economic Planning Unit (2012)

Figure 2

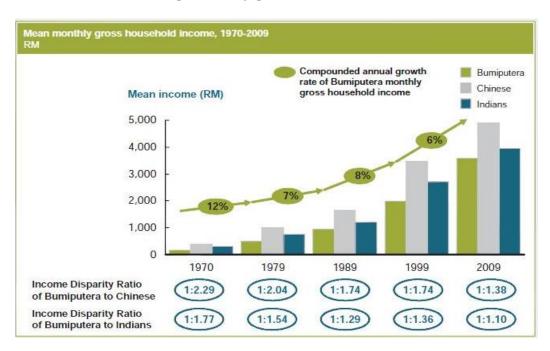
Increase in Bumiputera Ownership of Share Capital



Source: Economic Planning Unit (2012)

Figure 3

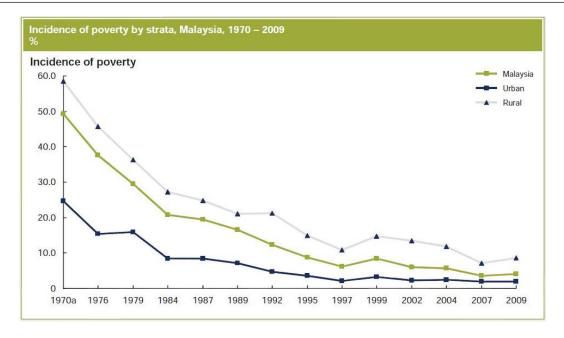
Average monthly gross household income, 1970-2009



Source: Economic Planning Unit (2012)

Figure 4

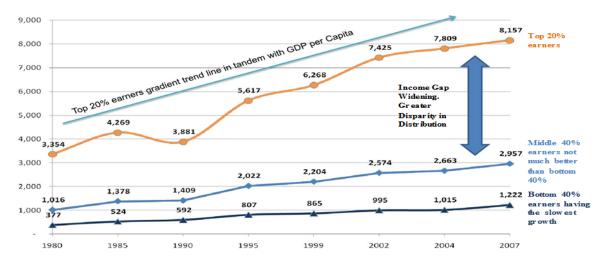
Poverty Decline in both Rural and Urban Areas 1970-2009



Source: Economic Planning Unit (2012)

Figure 5

Income Distribution Disparity



Source: NEAC, 2010, p. 58

Figure 6

Comparison of Per Capita Income across Selected Countries1990 - 2008

