

## Anti-poverty plans are colour-blind

By Muhammad Abdul Khalid

**COMMUNAL VIEWS:** It is wrong and chauvinistic to claim that these programmes are discriminatory, writes Muhammad Abdul Khalid



RECENTLY, an NST columnist reminded us that not all Chinese are rich, that there are poor Chinese in this country, and they must be helped, too. I totally agree; the poor, regardless of ethnicity, must be helped, and the government must ensure that their needs are properly and urgently addressed.

Fortunately, anti-poverty programmes in Malaysia have always been colour-blind. However, there are those who still persist in regurgitating communally motivated viewpoints, arguing that poverty programmes are discriminatory, that is, pro-Bumiputera and anti-Chinese. This argument is factually wrong and borderline chauvinistic.

Poverty eradication policies have always been irrespective of race. For instance, today as in 1970, the policies to empower the poor and low-income households are non-discriminatory. The first prong of the New Economic Policy (NEP) explicitly stated its objective as "to eradicate poverty regardless of race". All other strategies from the NEP to the present-day New Economic Model and 10th Malaysia Plan to Vision 2020 and its related plans and programmes have always ensured that anti-poverty programmes are targeted regardless of ethnicity. For instance, the 1Azam programme, or the recent 1Malaysia People's Aid (BR1M) programme, which is aimed at easing the burden of the poor and needy, is given to all those earning below RM3,000.

Let's look at the data. The poverty rate for all ethnic groups declined during the NEP period. In fact, the poverty rate among the Chinese dropped the most, declining from 26 per cent in 1970 to 5.4 per cent in 1990, and further decreased to 0.6 per cent in 2009. Some claim that the poverty rate for the Chinese remains high. Well, if 0.6 per cent is high, then what would you call a poverty rate nine times higher? That figure -- 5.3 per cent -- is the poverty rate for Bumiputeras. How about the Indians? It is about four times higher compared with the Chinese.

Yes, there are still poor Chinese, but when compared with the Bumiputeras and the Indians, the poverty rate among the Chinese seems minuscule. More importantly, there has been constant improvement in poverty eradication for all Malaysians; this is precisely possible because poverty eradication policies have always been colour-blind.

Even if we compare the income for the poor among each ethnic group (bottom 10 per cent), the Chinese poor still earn more compared with other ethnic groups. The average household income for the Bumiputera poor is only about 70 per cent that of the Chinese poor. In terms of assets, the Chinese poor on average still have about 11 times more than the Bumiputera poor.

Yes, not all Bumiputera are poor, but a majority is still vulnerable. Based on Permodalan Nasional Bhd's annual reports, it is estimated that 80 per cent of Bumiputera investors have an average investment of slightly more than RM500. This is not surprising, as the majority of Bumiputera workers have relatively low wages.

We must relentlessly continue to help the poor regardless of race and gender. That is absolutely non-negotiable. But there is no need for a communal stance on this; it is wrong and divisive. Attempts to slant the debate on poverty towards a racial bias often confuse poverty eradication with affirmative action, which are two separate policy initiatives.

Nonetheless, several challenges remain. The poverty level is still high for certain groups; for instance, the poverty rate among other Bumiputeras is 17 per cent.

In Sabah, the poverty rate is 20 per cent, with rural poverty standing at 35 per cent.

If we measure poverty by using the relative poverty rate (defined as less than half the median income) as suggested in the New Economic Model, the poverty rate in Malaysia jumps by nearly six times, to 23 per cent.

This does not come as a surprise, considering that about one-third of our workers earn less than RM700, and about one-in-four Malaysian households have monthly incomes of less than RM1,500.

The emergence of an urban poverty class or urban vulnerable group (defined as households earning less than RM 3,000 per month) must also be tackled. Additionally, the income gap, as correctly mentioned by the same columnist, between rich and poor among the Chinese (and other ethnic groups) is widening.

We can start addressing the issue by streamlining the many ministries and agencies with overlapping programmes and target groups that deal with the poor. The suggestion by Royal Professor Ungku Abdul Aziz Ungku Abdul Hamid for a single agency is spot on and timely. It will reduce inefficiencies and leakages, and decreases the bureaucratic cost of delivering anti-poverty measures.

A study by the International Monetary Fund has shown that only 25 per cent of social assistance in Malaysia goes to the poorest 20 per cent, and about 44 per cent goes to the poorest 40 per cent. Even with such ineffective targeting, we reduced the poverty rate to less than four per cent. Imagine the impact to the poor and the vulnerable groups had we done it properly.

We must act fast to tackle poverty and inequality, as not only are they detrimental to economic growth and well-being, but will also create divisions among the people, strain relations, and could tear the country apart. The policies in dealing with the poor must remain non-discriminatory, as it has always been. Importantly, in our race to become a high-income economy, let us not forget those who are left behind.

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