



# Breaking away from the cycle of poverty: The case of Malaysian poor

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## ABSTRACT

This paper observes the poverty issues examined in Malaysia and proposes the need to study the poor who have broken the poverty chain. Most studies generally focus on only the poor, their reasons for being poor, various poverty alleviation methods and poverty with regard to measurement. However, it will be more insightful if studies are carried out on the poor who have broken the cycle of poverty. Research conducted in several countries on those who have come out of poverty indicate far-reaching implications to all stakeholders. Hence, such studies in Malaysia would give a better understanding of how some of the poor have broken the shackles of poverty and are leading a better life. It would be very valuable to understand the strategies they used in real life situations to overcome the fetters of poverty.

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## 1. Introduction

Since the era of the New Economic Policy in Malaysia (NEP, 1971–1990), various poverty alleviation strategies and programmes were implemented in the context of growth and distribution. Moreover, significant reduction in the incidence of poverty was achieved with the growing economy (Chamhuri, 2007). Consequently, throughout these years, the incidence of poverty was reduced from 52.4 percent in 1970 to 3.8 percent in 2009 (Ragayah, 2010).

However, most of the poverty alleviation programmes have only reduced absolute poverty<sup>2</sup> level effectively but not relative poverty, and more so hardcore poverty (Jomo, 2007; Sulochana, 2010). Besides, relative poverty is not

high only among the ethnic groups but also within an ethnic poor community (Roslan, 2003). Incidentally, between 1999 and 2007 even income distribution worsened for all states except Johor, Kedah, Kelantan and Melaka (Ragayah, 2010). Therefore, several questions arise. Are these poverty alleviation programmes by various stakeholders particularly the government and civil society effective? Are they comprehensive or are they premised on an *en block* approach, which fails to acknowledge the implication of the factors both without and within the control of the poor? What about strategizing the poverty alleviation programmes from those who have succeeded and broken the cycle of poverty? In the light of the above, the paper proposes that all stakeholders consider the insights of those poor who have broken the cycle of poverty in the alleviation programmes.

## 2. Background

Poverty alleviation programmes are directly linked to and based on the conceptualisation of poverty which depends on who asks the question, how it is understood

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<sup>2</sup> In Malaysia the most frequently used measure for absolute poverty is the poverty line income (PLI), the minimum level of income needed to acquire socially determined essentials of life.

and who responds to it (Chambers, 2006). Is it enough to blame poor people for their own predicament, as was during the mediaeval age? Have they been lazy, made poor decisions, and are solely responsible for their plight? What about the government? Has it pursued policies that have been carried out at the expense of development and people's well being? Such questions in relation to poverty are no doubt real and universal and have become more crucial and complex in recent times.

The answers for most of these questions are subject to the conceptualisation of poverty. Hence, how is poverty conceptualized in Malaysia? Definitions of poverty, like in most parts of the world, have evolved over decades in Malaysia. Most researchers currently are of the opinion that any definition has to be understood in relation to particular social, cultural, historical contexts and standards of living in a society at a specific time. According to Sulochana (2007a) even in Malaysian context the incidence of poverty is very sensitive to the conceptualisation (both the definitions and measurement) of poverty since changes in either can increase or decrease the poverty incidence. In the past poverty in Malaysia is measured using the conventional approaches of absolute and relative poverty line incomes (PLI). However, the definition of the poverty has changed over time, thus shedding doubt on the credibility of the progress made towards poverty eradication.

Currently, poverty defies objective definition because of its multidimensional nature (Osinubi, 2003). Why is this so? Since the seminal work of Sen (1987, 1985), it is common to assert that poverty is a multidimensional phenomenon, a proposition that most economists accept in theory. Yet in practice, the vast majority of empirical work on poverty uses a one dimensional yardstick to judge a person's well-being, usually expenditures or income per capita or per adult equivalent.

In the Malaysian context too, poverty currently has become not only a complex problem but a multidimensional phenomenon (Jasmine, 2007). This is in line with Pramanik's (2007b) argument that poverty has many faces – human, economic, social, moral and political. For long, economic factors were considered as predominant in formulating strategies for poverty eradication. As a result, poverty became growth-centred rather than human-centred and turned into a unidirectional issue. That a human being is an economic being as much as a social, moral and political one has been lost sight of. In the process, although many countries deplorably failed to attain the goals of poverty reduction, only a handful succeeded and that too only in terms of eradication of income poverty. Only recently has the world come to realize that the human aspect of poverty is more important as it encompasses many other non-economic or multidimensional aspects of poverty, such as hunger, deprivation, powerlessness, violation of dignity, denial of human rights, social isolation, state corruption, rudeness of service providers, gender inequality and lack of resourcefulness and solidarity.

Since poverty is currently a complex problem, any strategy to tackle it must encompass a wide range of interventions and policies. In line with that argument, democracy, culture, human rights, gender rights, education, health care and housing are all important to the lives

of poor people (Sulochana, 2007b). On top of that, while most of the poverty studies are based on top to bottom approaches, this study would make an attempt to address the poverty issue from the bottom to top approach which is based on the perspective of the poor who have escaped from their predicament.

### 3. Local literature on poverty dimensions

This section covers essentially the various poverty issues addressed by the local scholars in Malaysia. Most of the areas which have been covered in these studies are myriad from the perspective of rural to urban poverty phenomenon, the complication of urban poverty vis-a-vis rural poverty, poverty of the inter and the intra-ethnic poor community and the different types of the poverty alleviation programmes.

The study of poverty in Malaysia gained respectability when young Ungku Aziz elevated the lowly sarong to an index<sup>3</sup> (Yaakub, 1991). At that juncture poverty issues were still predominantly a problem of the rural sector, and which was mainly affecting the Bumiputera<sup>4</sup>-Malays. For long, various strategies, programmes and development expenditure were targeted to rural areas, reflecting a strong rural bias (Sulochana, 2007a).

In another study, as Pramanik (2007a) succinctly states, "Even more than four decades after independence, poverty is basically a Malay problem" (p. 189). This is mainly because almost all the agricultural land, that is, paddy plantation inhabited by the poor Malays were neglected as it does not bring much economic returns to the colonial government (Sayed, 2007 cited in Shankaran, 2007). Thus, the poverty of the Malay-populated rural sector as a result of the colonial capitalist based economy system, became aggravated.

In tandem with that study, the discourse on the notion and perception of poverty in Malaysia since the Colonial era had ethnic and sectoral overtones with poverty levels being highest amongst Bumiputera-Malays' households in Kelantan and Terengganu<sup>5</sup> and other-Bumiputera households in the states of Sabah and Sarawak (Pramanik, 2007b). This contention however, is changing as current poverty analysis in Malaysia has transcended from being mainly in the rural areas affecting the Bumiputera community to urban poverty affecting all ethnic groups (Ragayah, 1999; Soon, 2004; Sulochana, 2007a; Torri, 1997 as cited in Roslan, 2003).

Roslan (2003) puts it emphatically that historically we are still caught in the wake of the National Economic Policy (NEP) and the fallout caused by race-based overview of economic and social indicators. Thus, the New Development Policy (NDP) and National Vision Policy (NVP) which

<sup>3</sup> For the first time a home grown culturally sensitive measurement of something Malaysian had emerged. And for years afterwards, aspiring Malaysian economists have to be familiar with Sarong Index. Without realizing it, Ungku Aziz had spawned the seed for research on poverty.

<sup>4</sup> Bumiputera means sons of the soil or the natives.

<sup>5</sup> Even the New Economic Policy (NEP) focused on eradicating mainly Malay poverty and policies and efforts for poverty eradication became highly ethnicised (Sulochana, 2007a).

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