The Impact of Poverty on Fertility in Peninsular Malaysia: A Cohort Analysis

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ABSTRACT: The New Economic Policy (NEP) formulated in 1970 in Peninsular Malaysia had a two-fold aim of reducing poverty and redressing ethnic inequalities in wealth. The spatial bias of development on the west coast where the Chinese concentrate in the urban centres was also addressed. Population planning worked in tandem with NEP to reduce Malay to non-Malay differences in fertility. 1980 census data was evaluated to assess the impact of NEP on fertility transition in the country. Socioeconomic data for specific cohorts (15–24; 25–34 and 35–49) were collected and factor analysed to examine poverty conditions. The study found poverty to be differentiated by ethnicity. “Malay” poverty is high in both absolute (e.g. employment rate and education) and relative terms (as compared to the Chinese). The “Chinese” dimension is the exact opposite. Unfortunately, regional polarisation of wealth remains unchanged, even a decade after NEP. Poverty was regressed against cohort fertility and found to increase with it, especially for the older cohorts. Although NEP reduced fertility among the youngest cohort, its impact was not exceptionally large. The NEP is currently up for review. The apparent failure of the policy to achieve income equity and fertility transition must therefore be taken seriously.

**Introduction**

The New Economic Policy (NEP) formulated in 1970 in Peninsular Malaysia had two aims: to eradicate poverty and to redistribute wealth. Both these goals reflect a very complex political economy of wealth problem in the country in which access to productive resources for material development coincide with ethnic divisions. The poor are the Malays who also comprise the larger of the rural populace. They constitute 74% of all poor households and 66.7% of the rural population (Malaysia 1976; Anand 1983). In addition, regional polarization of wealth originating from colonial times had caused the richer, more urban and Chinese-dominated W coast states of the peninsula to advance far ahead of the poorer, Malay-dominated and rural N, E and central states (Malaysia 1976; Teo 1989). In effect, Peninsular Malaysia suffers from a dual problem of economic segregation by ethnicity and a spatial bias in socioeconomic growth and development.

In all development planning, population is a dimension that cannot be ignored. The Malaysian government recognised this early and devised a population policy which stated that demographic variables such as fertility and mortality are critical to economic and social growth. It also recognised that the Malays have a higher fertility and mortality rate than the other ethnic groups. For instance, between 1965-75, the crude birth rate declined 26% among the Indians, 25% among the Chinese, but only 13% among the Malays. The 1980 total fertility rate expressed as a percent of the 1970 rates for the Chinese was 69%, for the Indians 73%, and for the Malays 88% (Department of Statistics 1983).

The uneven fertility situation and the unequal wealth distribution between Malays and non-Malays are viewed as interrelated problems. The former will be easily tackled if the Malays are to converge with the non-Malays in terms of basic welfare and economic betterment. To achieve demographic development and
economic equity, programs were started in 1970 under the NEP to directly benefit the poor Malays.

The first prong of the NEP aimed to eradicate poverty. The government expanded employment opportunities in all fields, at the same time, encouraging inter-sectoral movement to industrialization. The smallholder sector of agriculture was not neglected. Improvements were introduced to increase productivity in this area. The government also provided basic services such as health clinics, schools and public utilities. To restructure wealth, the second prong, it expanded the share of capital of the Malays (the target was for the Malays to reach 30% of all equity); and instituted a quota of Malays in employment in both the public and private sectors. Priority in capital output to various programs was given to the poorest states of Perlis, Kedah, Kelantan, Trengganu and Melaka which are also Malay-dominated states (Malaysia 1976; Snodgrass 1980; Anand 1983).

An evaluation of the NEP shows that the policy recognises firstly, that there is economic segregation of the Malays, Chinese and Indians (Malays comprise 55.3%, the Chinese 33.8%, and the Indians 10.2% of the total population in 1980). It also acknowledges that the country will stagger in economic growth if the overall fertility rate is not brought down. Lastly, the disparities between the ethnic groups can be reduced if the social and economic well-being of the Malays is improved. This logic requires that a small desired family size becomes a norm. To achieve this, the status of women would have to be improved together with the economic security of the family. Basic needs like shelter, adequate food, sanitation and water and a minimum education should be met2. Several development schemes implemented since 1970 have provided the people with land for farming, including irrigation systems, marketing agencies, and credit for fertilisers and seeds. Housing, electricity, sanitation and piped water were also supplied. To balance regional differences in growth, industrial decentralization took place. New growth poles were set up to counter the economic concentration of wealth on the west coast of the peninsular. Malays were encouraged to seek jobs in the urban sector. Education also favored the Malays in terms of subsidies and the number of Malays enrolled in tertiary institutions. Public sector institutions invested in public and private endeavours on the behalf of the Malays and held these in trust for them (Malaysia 1971, 1976; Snodgrass 1980; Aiken et al. 1982; Anand 1983).

These efforts make it logical to address the success of the programs on fertility transition in the country. The two aims given in the NEP will be adopted to operationalise the testing of the relationship between poverty and fertility. Using 1980 census data, this paper asks what are the underlying conditions of poverty in Peninsular Malaysia ten years after NEP: specifically, how are the two dimensions of absolute poverty and relative (ethnic) poverty distributed in the country. It also asks the critical question of how these have affected fertility. The study will distinguish between the various cohorts of people. It is expected that younger women beginning to enter their childbearing years have benefitted most from the NEP. Older women had begun their childbearing well before they reaped the harvests of NEP. Lastly, the study uses district level data rather than state data, a departure from most work (Fig 1).

A Framework for Analysing Fertility

Poverty can be assessed as absolute or relative poverty. Absolute poverty is often defined as inadequate income. However, this paper takes the view that critical needs such as adequate shelter, food, water, health, education and secure employment are equally important (Morawetz 1978; Streeten 1981). It therefore adopts a basic needs approach to absolute poverty.

Relative poverty is usually measured against a reference group. In Peninsular Malaysia, the Chinese are economically more advanced than the Malays. Both absolute and relative poverty have their separate effects on fertility. By and large, a reduction in absolute poverty will reduce fertility (Kocher 1973, 1984; Rich 1973; Schutjer and Stokes 1984). In contrast, Repetto (1979) contended that equality is a necessary condition for fertility decline. This paper only partially accepts this notion: equity is a necessary but not sufficient condition for fertility decline. Nag (1983), for instance, found an increase in fertility in Bangladesh in the 1970s although there was greater equality in income distribution. This is because the poor far outnumber the rich in many less developed countries. The national fertility rate will fall if the disproportionate number of poor are to improve in absolute wealth, regardless of whether there is equality in the distribution of wealth. Instead, it will be shown in this paper that relative and absolute poverty are in fact so intertwined that it is unwise to separate the two.

Literature Review of Factors Affecting Fertility

Two approaches may be used to examine the factors that affect fertility. The demographic approach aims to find out how fertility has changed and the behavioural approach asks why it has changed.

In the first approach, the World Fertility Survey (1978) noted a rise in age of marriage of Malays and non-Malays. Yew (1978) found that marital composition accounted for a 14.7% decrease in fertility in the 15–19 age group in 1960-70. Between 1957-67, the later age of marriage accounted for a 14.7% decrease in fertility in the 15-19 age group in 1960-70. Between 1957-67, the later age of marriage accounted for 59% of Malay, 43.9% of Chinese and 65.2% of Indian fertility decline. However, Palan and Takeshita (1979), Anderson and Hill (1980), Mason and DeVos (1980), Aghajanian (1981) and DaVanzo and Haaga (1981) concurred that the age-sex structure of the Malays tended to offset decreases in fertility compared to the Chinese and Indians.