

INSTITUTE OF CURRENT WORLD AFFAIRS

GDN-3
 The Population of Malaya:
 Economic and Political Implications.

5 Road 9/5B
 Petaling Jaya, Selangor
 Malaya
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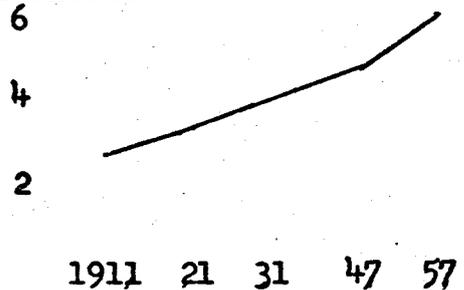
Dear Mr. Nolte,

The greatest resource of any nation is its population. Like others, this resource varies in size and quality. This variation can have important implications for expressed national goals, especially in the underdeveloped countries where low income makes the margin for error small. If these nations are to achieve their goals, they will have to make heavy claims upon their people. As Malaya has embarked upon a total development program, it is useful to ask what human resources the country has available for the task. What do the size, growth, and composition of the Malayan population imply for the development process and for political stability? For Malaya, as for all the new nations, economic growth is more a political than an economic problem. The attainment of growth will depend upon the existence of a government stable and rational enough to play the major entrepreneurial role in the development process.

Malaya's last census, in 1957, returned a total population of 6.3 million persons. Of these, 3.2 million (50%) were Malays, and 2.3 million (37%) were Chinese. In addition there were 700,000 (11%) Indians, and 112,000 (2%) Europeans and others. Numerically, politically, and economically, the Malays and the Chinese were the most important groups in the population.

The total population is growing at the rate of about 3% per year. This means that the population will be doubled within one generation. Medium projections made by the Department of Statistics indicate that the total population will be about 14.7 million in 1982. The Malays and the Chinese are expected to increase at the same rate, so that their proportions in the population will remain the same as they are today. That is, there is nothing in the expected population growth over the next two decades that will alter the political balance. The Malays will continue to hold a slight advantage in the total population, and thus also at the polls.

Malaya's Population
 millions



The current rate of population increase is high, but it is not new in Malaya. During most of this century the population has been growing at the rate of about 3% per year. There has been a great change, however, in the cause of growth. Before 1940 immigration

contributed heavily to population growth. Now immigration has almost completely stopped and population growth results from a great surplus of births over deaths, that is, from natural increase. Chinese immigration began on a large scale after 1820, after the British took over the administration of Singapore and the Straits Settlements (especially Penang and Malacca). The immigrants were chiefly young, able-bodied men who came with the idea of making money and returning to China. The result was a very high sex ratio; in the Singapore of 1850 there were 12 males per female among the Chinese. As Chinese immigration continued more and more of the migrants settled, and larger numbers of females arrived. By 1931 the sex ratio was only 2 males per female. Today the sexes are almost equal. There has also been some immigration of Malays from Indonesia, but on a scale much smaller than that of the Chinese. Indians, from Ceylon and South India, began immigrating to Malaya in large numbers early in this century. They were largely imported to work on the rubber plantations. Today all communities are growing by natural increase rather than by immigration.

Malaya's current high rate of population growth is just one example of the population explosion that is reaching almost astronomical proportions in most low income countries. It results from a rapid decline in the death rate, while the birth rate remains high. From 1947 to 1957 Malaya's crude death rate fell from 19 to 12 deaths per 1,000 of the population. During the same period, the birth rate increased from 43 to 46 births per 1,000 of the population. It is this gap of 34 per 1,000 (or 3.4%) that will double the population within one generation.

The changing pattern of growth and migration have had a marked effect upon the age structure of the population. Malaya's population is growing younger. The proportion of the population under the age of 15 has increased steadily, and will continue to do so for the rest of this decade.

	1931	1947	1957	1967	1977
				(projections)	
Per cent of the population under 15 years	36%	40%	44%	47%	44%

This is one of the frustrating ironies of new nationhood. Thirty years ago, when Malaya had no development plan and was not very concerned with educating all of its children, only a third of the population was in the young dependent age group. More than half of the population was of working age. Today Malaya is committed to total economic development and to finding a place in school for all of its children between the ages of 6 and 15. And today almost half of the population is in the young dependent age group.

Among the underdeveloped countries of the world, Malaya's experience is not the exception; it is the rule. The contrast with the industrialized countries is great, as the following table shows.

	Per cent of the total population in ages		
	under 15	15-59	60+
Average for Asian countries	40%	55%	5%
Average for Europe and the U.S.	24%	62%	14%

With lower manpower productivity and less wealth, the Asian countries have proportionately more dependents and fewer workers than do the industrial countries.

A young, rapidly growing population is an expensive population in two respects. First, the young consume, but will not produce anything for a decade or more. There is a time lag between expenditures and returns that the low income countries can ill afford. More than just a time lag is involved, however, for the low income countries have high death rates, and especially high rates of infant mortality. Malaya's mortality rates are lower than those of many countries, but even here 10% of the infants die in the first year of life. Despite its relatively high standard of living, Malaya can expect that as much as 15% - 20% of its young will not live beyond the age of 20. This large segment of the population will consume food, clothing, shelter, and education, but will not live to contribute to the development effort.

A high rate of population growth also requires high rates of investment to keep per capita income from declining. Malaya's second five-year plan assumes a 4:1 ratio of investment to increased income. On this assumption, the country will have to invest at least 12% of its national income simply to hold the line on per capita income. However, Malaya faces the additional difficulty of having its national income closely tied to the price of rubber. The second five-year plan makes allowance for a price drop from \$1.05 to \$0.88 per pound in the period of the plan, 1961-1965. (The price is already down to \$0.88 per pound.) With this price drop, and the population increase, the plan sets the investment target at 18% of national income. Even then per capita consumption can be kept from declining only by drawing on foreign reserves. If the rate of population growth could be decreased, the country would consume less of its increased wealth. This would allow a greater surplus for investment, for building the larger productive capacity that alone can eliminate poverty. As yet there appears to be little or no awareness in Malaya of the high costs of rapid population growth. Expert opinion here argues that Malaya has no population problem because there is still much land available.

A rapidly growing population also means that large numbers of young people will be added to the potential work force each year. The second five year plan estimates that the total work force will be increased by 340,000 persons during the period of the plan. In no small measure political stability will depend on the ability of the economy to provide employment for these additional workers. What have been the recent changes in Malaya's work force, and what are the signs of coming changes?

Malaya's economically active male population (those working or looking for work) has grown steadily throughout most of this century. It grew by almost 200,000 persons between 1947 and 1957. At the same time, the number of males over the age of 15 grew even more rapidly. Thus the proportion of the working age population that was economically active declined; 92% in 1947 and 89% in 1957. Malaya's economy is still marked by many small, family establishments, which can absorb some of the increase in the working age population. These are returned in the census as unpaid family workers. Although there has not yet been a thorough survey of unemployment, the levels do not appear to be high. In the 1957 census only 2% of the work force was returned as looking for work. This appears as a pleasantly anomolous situation for a new and developing nation. As long as the population continues to get younger, perhaps for another decade, the proportion of the working age group that is actually working will continue to decline. However, as long as the family remains an important economic institution, perhaps for more than a decade, it will continue to absorb some of the unemployed, thus alleviating a potentially serious political problem.

One of the most important differences between the communities in Malaya is in the industrial distribution of the labor force. It is both useful and customary to divide the economy into three broad sectors: agriculture, manufacturing, and the services.* This is what the distribution looks like.

Industrial distribution of the male labor force.

	Total		Malays		Chinese		Indians	
	1947	1957	1947	1957	1947	1957	1947	1957
Agriculture	60%	52%	78%	69%	45%	35%	49%	44%
Manufacturing	10%	14%	5%	7%	19%	25%	7%	13%
Services	27%	31%	16%	21%	33%	37%	41%	39%

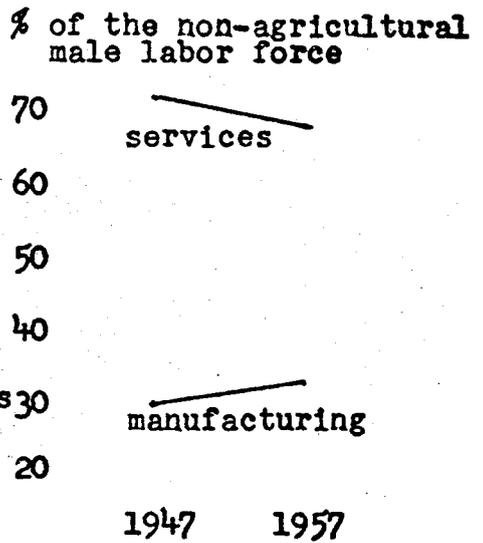
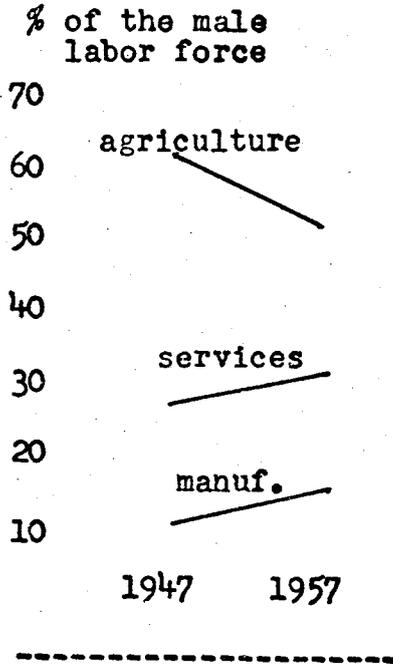
(the unclassified and unemployed bring the total in each column to 100%)

*Agriculture, more often called the primary sector, includes agriculture, forestry, hunting, and fishing. Manufacturing, or the secondary sector, includes manufacturing proper, construction, mining, and utilities. Services, of the tertiary sector, includes commerce, finance, transportation, communication, government, and professional and personal services.

The Malays have always been heavily concentrated in agriculture. They are the small-holding rice cultivators, with some holding a few acres of rubber trees as well. They have been slow to move into modern plantation agriculture. The Malay labor force that has left agriculture has concentrated in the services, and almost exclusively in government service or in the police and armed forces. The Chinese are well represented in all sectors. In agriculture they are almost equally divided between rice cultivation and the plantations. They are found in all parts of the manufacturing sector, where about a third are self employed or unpaid family workers. In the services more than half the Chinese are in commerce, where the majority are self employed or unpaid family workers. The small, family restaurant or shop is a rather accurate stereotype of the Malayan Chinese. There are, however, increasing numbers of Chinese in government and in transportation. Like the Malays, the Indians are found either in agriculture or in the services. Unlike the Malays, however, the Indians in agriculture are almost exclusively (98%) in plantation agriculture. They are the plantation workers. The non-agricultural Indians are small shop keepers, bus drivers, government employees, and personal servants.

Economic development is generally associated with a decline in the proportion of the labor force engaged in agriculture. This has been the experience of Malaya over the past decade, and all communities have shared in the declining importance of agriculture.

It is also important to note which of the non-agricultural sectors is growing most rapidly. If the development process is going well in the early stages, there should be a rapid increase in the proportion of the labor force engaged in manufacturing. If the services sector is expanding more rapidly, it is generally an indication of increasing unemployment or underemployment. Though this is concealed in the labor force statistics, it is not thereby eliminated as a political problem. At least in the period 1947 to 1957, Malaya's manufacturing labor force grew more rapidly than the services labor force. This was true for all the communities. In my estimation this is the single most encouraging measure in Malaya's demographic data. It indicates that there is sufficient vigor in the growing modern industrial sector to draw a larger and larger share of the labor force. It is this sector that must grow rapidly if Malaya is to be transformed into a modern industrial society.



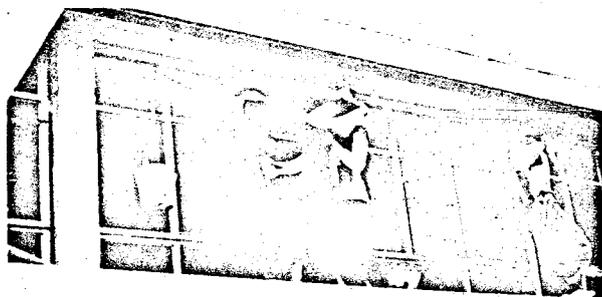
The current vigor in the manufacturing sector is largely a reflection of the building boom. The total manufacturing sector grew by almost 80,000 workers from 1947 to 1957. The increase in construction workers was almost 50,000. Manufacturing proper increased by 13,000, mining by 10,000, and utilities by 7,000.

The building boom continues, at least if general appearances and newspaper accounts can be trusted. Roads, bridges, homes, public buildings, and sky scraping office buildings seem to shoot up overnight (though the buildings seem to go much faster than the roads and bridges). Primitive and modern methods are juxtaposed. Wooden-pole scaffolding rises fifteen stories beside a steel derrick. Labor intensive methods help to explain why the work force in this sector has increased so rapidly. The growth is even more rapid than indicated by the figures I have used. I have counted only the male workers, but in construction there are large numbers of women as well; Chinese girls on the buildings and Indian women on the roads. Dressed in long black or flowered pajamas, faces covered against the sun with immense bonnets, the Chinese building girls work away with carrying poles and shovels like colonies of black ants. They are really a joy to watch for their work goes on with a light chatter and an easy, graceful, though constant movement. In the evenings they fill the roads with fleets of bicycles, cycling rapidly in time to a gentle laughter and banter; with smiling white teeth, and strong brown arms bared to catch the evening breeze. I remember being impressed with the almost feverish activity of the construction workers in Japan, as we passed through early this year. In Malaya the impression is totally different. There is great activity, but it is not feverish. It is a bustling, jostling, chattering kind of activity. It might be that if one could catch the real spirit pervading modern Malaya's development, it would be something close to that seen in the Chinese building girls.

As all nations, Malaya is experiencing considerable movement of the population from rural to urban areas. The proportion of the population living in urban areas (places of 10,000 or more) has increased steadily from 10% in 1911 to 27% in 1957. The period of most rapid increase was between 1947 and 1957.



the smile...



and the carrying stick
that go with the building boom

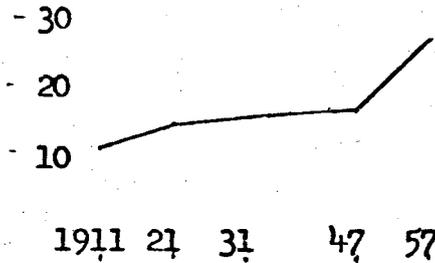
In 1931 there were only 20 towns with a population in excess of 10,000; today there are 36. The dislocation of the second world war and the Japanese occupation almost brought the urban migration to a halt between 1940 and 1947. Then during the Emergency there was a great flight to the towns (both voluntary and forced) to gain protection from the terrorists. Until the next census (1967) it will not be known whether this rapid urbanization continues.

My guess is that it has continued, and the rate of movement might even have increased; but the government prefers to believe otherwise. It is counting on the rural development drive to slow the migration to the towns. There is some inconsistency in the national goals at this point, but I shall save that for a future newsletter.

Urban Malaya is predominantly Chinese. Almost two-thirds of the total urban population is Chinese, and almost half of all Chinese live in urban areas. Only one fifth of the urban population is Malay, and only one-tenth of all Malays live in urban areas. All communities have shared in the movement to the towns, but the Chinese have moved slightly more rapidly than the Malays or Indians. This again reflects in part the exigencies of the Emergency. It was principally the Chinese who were the squatters that had to be relocated (many to the towns) to dry up the supply lines of the terrorists.

Along with urbanization there has been some movement of the population between the states of the Federation. The 1957 census counted 1.2 million migrants, or people born in one state, but living in another when the census enumerator came around. In this internal movement the Chinese again have moved more than the Malays or Indians. Despite this internal movement, the distribution of the population among the states has changed only very little between 1947 and 1957. Part of the change results from the general urban movement. Selangor, with Kuala Lumpur, registered a small increase in its proportion of the total population. There was also one other important effect of the internal movement. The small net change in the distribution of the population was in the direction of a deconcentration of the communities, or a greater nationalization of all communities. The Chinese gained in some of the states (Kedah and Kelantan) where they had been under-represented. They also lost in some of the states (Johore and Perak) where they had been over-represented. The same was true for the Malays. That is, all communities have become less concentrated in specific regions, and have become more truly national populations. This move has not been rapid, but I believe it has been significant.

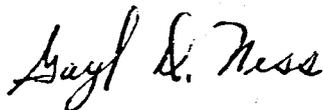
% of the population in urban places (10,000+)



Both urbanization and internal migration have important political implications. The tendency for all communities to share in the move to the cities, and the increasing nationalization of the population augur well for political stability. Other things being equal (which, of course, they never are) this reduces the potential for regional politics that could obstruct the national development effort. One need only consider such regions as the Southern United States, French Canada, or Katanga to see the problems regional politics can bring. For the wealthy nations regionalism is only a thorn in the side, but for the low income countries it means chaos. In Malaya, at least demographically (and that may not be the most important consideration), the foundation of national politics is being strengthened and the base of regionalism is being cut away. It must be admitted, however, that there is still a long way to go.

The total demographic situation in Malaya gives rise to both optimism and pessimism for the future of economic development. Internal movements of the population, and changes in the labor force are generally encouraging. They make the future look bright. There is a serious discouraging note, however, in the high rate of population growth and the apparent lack of concern with the problem among the Malayan leadership. Unless the costs of rapid population growth are fully appreciated soon, the country could be in for serious trouble, despite the availability of unused land.

Sincerely,



Gayl D. Ness

Arrived New York June 5, 1961