

# Royal Professor Ungku Abdul Aziz: A Key Pillar in Malaysia's Development

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**Abstract:** *Few economists in Malaysia have pursued their academic career with anchors solidly planted into the plight of the people. Royal Professor Ungku Aziz was a rare mind who achieved intellectual distinction for his tiring efforts to theorize and study poverty in Malaysia, which led to the government's strategies strongly mirroring his recommendations. This article analyses five of the major contributions he made that emerging scholars can look up to as examples of exemplary intellectual leadership, as well as, academic scholarship.*

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**JEL Classification:** I31, I38, P13, P25, Q13

## 1. Introduction

At a time when nascent Malaysia, which carried the name Malaya from British rule until September 16 1963, sought ways to transform colonial structures that had served largely to meet British interests (Shamsul, 1986), Malaysia was fortunate to have Royal Professor Ungku Abdul Aziz whose contribution to the theories of economic development in the 1950s until the 1990s was unrivalled. Ungku Aziz's intellectual innings is now reaching a century but his colossal contributions to the country's development still remains fresh in the minds of people. Of the many contributions he has made, we flag five to celebrate his contribution to nation building.

The first deals directly with alleviating poverty as Ungku Aziz (1956, 1964) discussed strategies to end middlemen exploitation that removed the poor peasants from competing directly in the end market. These strategies were linked to the two prongs of the New Economic Policy (NEP) namely, poverty alleviation and the removal of ethnic identification with occupations. The second is Ungku Aziz's (1972) efforts to convince the then Prime Minister Tun Abdul Razak to explore export diversification and promote agricultural industries on a commercial basis in the country. The third major contribution relates to Ungku Aziz's (1959) idea in launching the Tabung Haji (TH)

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concept to assist Mecca-bound Muslim pilgrims avoid usury when seeking to perform the Haj. The fourth relates to his role in promoting cooperatives in Malaysia. The fifth and final contribution that will be analysed is his role as an educator and Vice Chancellor. Several experts obviously were involved in the first four contributions but this article puts on record that Ungku Aziz was one of the pioneering contributors to the launching of these initiatives. The rest of this article is organised as follows: Sections 2, 3, 4, 5 and 6 discuss Ungku Aziz's five arguably foremost contributions while section 7 presents the outline of the papers in this special issue.

## 2. **New Economic Policy**

The question of ethnicity cannot be avoided on any discussion related the Malaysian economy, a legacy that began thousands of years ago but was accelerated during British colonialism as Chinese and Indians came in large numbers to work in tin mines and rubber plantations respectively; they were also brought in to develop port facilities and infrastructure (Lim, 1988; Kaur, 2003). Like most countries, international migration was based on an open-door policy before the 20<sup>th</sup> century, though technological limitations restricted peoples' capacity to move as we go deep into history. There are many studies on how the configuration of ethnic groups influenced the formulation of the New Economic Policy (NEP) and its consequences on occupational and class structures (Shamsulbahriah, 1996; Khong and Jomo, 2009).

Critics of the NEP claim that it is the prime reason why Malaysia did not record the extraordinary growth rates enjoyed by Singapore, the Republic of Korea and Taiwan (Jesudason, 1989, 1997; Yoshihara, 1988). Supporters claim that the framework that the NEP provided offered a trade-off to ensure that growth based on an equity framework prevented political chaos (World Bank, 1980), though, others who shared this thought criticised its implementation for the slower growth rates achieved arguing that the focus on creating a state-defined bourgeoisie among *Bumiputeras* undermined the creation of competitive entrepreneurs and corporations (Rasiah, 1997; Rasiah and Ishak, 2001). In discussing Ungku Aziz's (1964, 1972a) contributions to the NEP, it is important to distinguish his contributions related to policy implementation.

The focus of NEP, which was outlined and implemented via the Second Malaysia Plan in 1971 to alleviate poverty and eliminate ethnic identification by occupations, presented Malaysia with an opportunity to target poverty reduction and to integrate the then truncated living of the ethnic communities that had evolved during British colonialism into a plural society (Malaysia, 1971). While this was the actual aim of the NEP, its implementation left much to be desired (Ishak, 2000a, 2000b; Jomo, 1986; Jomo and Ishak, 1986). With the ruling coalition, Alliance until 1970 and the National Front since 1970, constituted by political parties that represented particular ethnic groups, the overzealous pursuit of garnering votes led to the predominance of Malays in

the civil service. Hence, while there were successful forays into restructuring ethnic-based concentration in plantations and in professional occupations such as doctors, engineers, accountants and lawyers, the civil service (including the military and police) and government linked companies became dominated by the Malays. It must be said that the expansion of Malays into the civil service including public universities, hospitals and schools was a departure from the original aims of the NEP.

While the NEP distanced itself from the socialist versions in the Soviet Union and China (Park, 1986), by targeting restructuring based on new growth and on efficiency grounds (Malaysia, 1971) the implementation took on ethnic coloration. Alas, while policy advisors such as Ungku Aziz had conceived a robust way of achieving the NEP's twin goals, the implementation was shrouded by political interests. Aspects of nationalism that took account of the peoples of Malaysia but with a strong focus on the indigenous peoples is to be found in Silcock and Ungku Aziz (1953; see also Said, 1996) Ungku Aziz (1965) had argued that poverty in Malaysia knew no racial barriers. The divide and rule policy of the British and its adverse impact on nationalism has been well documented (see Abraham, 1970; Amin and Caldwell, 1977; Husin Ali, 1984; Gabriel, 2012).

Drawing data from the 1960 agricultural census, Ungku Aziz (1964: 81) noted that 70% of farmers owned less than 5 acres of land, which he argued were uneconomic not only because they were small but also because they were fragmented and non-contiguous and planted with different crops. His work on the deficiencies of fragmentation in relation to poverty extended beyond the Malays could be seen from his research on the sub-division of estates (1962: 168). Ungku Aziz had argued that the increased fragmentation of estates aggravated the plight of Indian workers who lost confidence in the National Union of Plantation Workers (NUPW) due to retrenchment. Ungku Aziz (1962) argued that the disgruntled workers discontinued their membership with NUPW because of its inability to help them to address their grievances.

The government aggressively developed the infrastructure, including roads, canals and drains to integrate the peasants into the capitalist market system. A major scheme under this development pursuit was the Muda Agricultural Development Authority (MADA) that sought not only to develop physical infrastructure, but also modernisation of paddy farming by using high-yielding paddy seeds and modern machinery. Also, rather than allowing the Malay peasants to be oppressively exploited by market forces, the government introduced interventionist mechanisms and organisations to protect the poor. Poverty alleviation was foremost in Ungku Aziz's mind when advising government on development issues. Ungku Aziz (1964) introduced alternative measures to reduce poverty levels that reflected to some extent the plight of the poor, which also went beyond traditional and current measures of poverty (see Ragayah, 2007). Ungku Aziz devised the sarong index, which

was derived by dividing the number of sarongs in a household with the number of persons above one year of age. Although the *Sarong Index* was not an exhaustive measure of rural poverty it offered an easy approach to distinguish the hardcore poor.

Hence, the present article argues that if only the government had broadened the NEP to eradicate poverty regardless of race as proposed by Ungku Aziz (1965), the country could have enjoyed greater progress and stability as the circumstances experienced by the Malays were no different from the poor irrespective of their ethnic backgrounds. For example, Indians faced the same environment in the rubber estates where large families shared common toilet and bathing facilities that catered to all the tapper families. They accessed rain water and common tap located on the street, as well as, oil lamps as a source of light. Their parents were so poor that most of their income often went to settling debt from money lenders. Attending school on time was itself a daunting task for children of poor families. Indeed, some of them never had any text books or the money to pay their school fees. Many dropped out of school with those from family criminal histories often trapped in what Lewis (1969) referred to as the vicious circle of poverty (see also Salih, 1982). The poor who live in rural locations were alienated from mainstream society and often ended up unable to live normal lives.

Subsumed in the NEP debate is Ungku Aziz's (1964) incisive arguments on the causes of poverty who believed that the peasants were poor because they were so far away from modern infrastructure and the end market, which led to massive exploitation by the middle men. While rural locations disadvantaged the Malay peasants, they also earned little money for their farm and fish produce because of the asymmetric powers enjoyed by the middle men. Hence, the government under the premiership of Tun Abdul Razak and Tun Musa Hitam who took charge of the Primary Industries Ministry, launched the Farmers Marketing Authority (FAMA), Lembaga Padi dan Beras Negara (LPN), Malaysian Rubber Development Corporation (MARDEC), and the land tenure schemes of Federal Land Development Authority (FELDA), Federal Land, Federal Land Consolidation and Rehabilitation Authority (FELCRA) and Rubber Industries Smallholder Development Authority (RISDA) to assist the smallholders, and the Lembaga Padi dan Beras Negara (LPN) to assist paddy farmers. The government also introduced controls to stabilise prices of oil palm. The Majlis Amanah Rakyat (MARA) was founded in the 1960s to assist *Bumiputeras*. While these organisations have played a stellar role to alleviate poverty among the *Bumiputeras*, we believe that their success would have been more meteoric if the focus had been on the poor in general as it would not only have solved the problems of the non-*Bumiputera* poor it would also have enhanced ethnic integration and assimilation.

One major criticism by authors such as Jomo (1986), Cham (1975), Toh (1984), was over the implementation of the NEP is the target of achieving 30%

corporate equity for the Malays, which eventually led to the promulgation of the Industrial Coordination Act in 1975. Under this act, businesses registered in Malaysia above the mandatory registration floor were expected to offer 30% equity to *Bumiputeras*. The term *Bumiputera* refers to all those with indigenous roots, though the dictionary definition refers to it only as “sons of the soil”. The Permodalan Nasional Berhad (PNB) and the expansion of government linked companies to achieve this target have been viewed by some to have diminished the capacity of corporations to compete in open markets, reduced government finance available to meet its social obligations and crowded out the market from private interests in certain sectors (Gomez and Jomo, 1997; Gomez and Saravanamuttu, 2012). Such was the focus on achieving “ethnic equity” that it led Jesudason (1989) and Yoshihara (1988) to argue that the overriding policy had acted to discourage the Chinese from venturing into industry on a large scale. Rasiah (2011) argued that the disproportionate emphasis along ethnic lines preferring the *Bumiputeras* to lead and head government and government linked organisations, denied the government the opportunity to hire non-*Bumiputeras* endowed with good knowledge to manage key organisations, such as the Malaysian Institute of Microelectronics Systems (MIMOS) or even the government-owned wafer fabrication plant, Silterra.

The 13 May 1969 inter-ethnic riot and bloodshed was interpreted as essentially a signal that the Malays feared losing political power. The government felt an absolute need to redress inequalities on the economy dominated by the Chinese in particular and non-Malays in general. The NEP then took on corporate equity restructuring as one of its goals but it was never spelt out explicitly in the two prongs that targeted poverty alleviation and restructuring to remove ethnic identification by occupations. For those who subscribe to this argument, the 30% equity for the *Bumiputeras* is viewed as essential to ensure political stability. This argument implies that under such circumstances, Malaysia's economic growth experience to date is remarkable as any efforts to drastically raise it could have undermined stability, and with that destroyed whatever that had been achieved thus far. Given his focus on the poor rather than on the creation of a Malay bourgeoisie, the present study believes Ungku Aziz did not subscribe to this view.

### **3. Economic Diversification to Ensure Export Stability**

Malaya and later Malaysia was gripped by serious balance of payments deficits caused by volatile fluctuations in commodity prices. Tin and rubber had on several occasions experienced major price crashes (Jomo, 1990). The inability of tin and rubber exports to maintain steady prices in export markets and worsening unemployment throughout 1960s (which reached 8.1% in 1970), encouraged the government to earmark export manufacturing as the engine of growth when the Second Malaysia Plan was launched in 1971 (Malaysia, 1971). The incidence of poverty and the Gini coefficient of income inequality

in Peninsular Malaysia in 1970 was 49.3% and 0.513 respectively (Ragayah, 2014: 40-41).

While the incidence of poverty began to fall since the NEP was implemented, the Gini coefficient as an indicator of inequality rose to 0.529 in 1976. Nevertheless, the aggressive introduction of rural development programmes and export-led industrialisation helped reduce the incidence of poverty to 15.0% and Gini coefficient to 0.446 in 1990 (Ragayah, 2014: 40-41).

While economic diversification was launched in the 1960s when oil palm began to replace rubber in some plantations, its aggressive promotion only began in the 1970s. Tun Musa Hitam, who had served as a lecturer for several months in 1970 at the Faculty of Economics and Administration, Universiti Malaya, where Ungku Aziz was a Dean, had taken the position of Primary Industries Minister under the administration of Tun Abdul Razak. Tun Musa Hitam called for the resumption of research *a la* the kind Ungku Aziz carried out to ensure that policy makers in Malaysia are aware of any possible resurgence of poverty in the country<sup>2</sup>. Ungku Aziz's ideas on poverty alleviation, including solving middlemen exploitation and economic diversification, were absorbed into government planning. Hence, a massive exercise to diversify the economy began to take root from 1971. Oil palm cultivation began to expand rapidly along with efforts to increase self-sufficiency in rice production as large scale drainage and irrigation began to take shape in Peninsular Malaysia (Gopal, 2001). The Farmer's Marketing Authority (FAMA) began to connect directly with the poor Malay farmers to eliminate middlemen exploitation. The Lembaga Kemajuan Perikanan Negara (LKPN) and the Lembaga Padi dan Beras (LPN) began to play a similar role to assist poor fishermen and farmers respectively. In addition, the government modernised agricultural operations with supplies of subsidised gadgets, machinery, fertilisers, boats and seeds (Osman, Pazim and Rasiah, 2011).

Ungku Aziz's ideas on economic diversification became an important alternative to the 'fallacy of composition' debacle that gripped countries dependent on a few primary commodity exports. Prebisch (1949) and Singer (1950) had argued that the demand-supply structure of primary commodities in which a few importing nations enjoy asymmetric power where demand moves slowly and over-supply is often the case as developing economies target export expansion to raise revenue, which tends to apply a severe downward pressure on the terms of trade of developing economies. Apart from short term commodity booms when prices rise as a consequence of falling supplies and soaring demand, the nature of such demand-supply conditions facing a few narrow commodities saw a trend fall in terms of trade facing developing economies. Sarker and Singer (1991) extended the fallacy of composition argument to light manufactured goods from the 1970s. Ungku Aziz's role as an economic advisor to the Malaysian government was instrumental in reducing the deleterious impact of a narrow specialisation in rubber and tin

so that export revenue was not severely affected over the long run (see Salih and Lo, 1978).

Rasiah, Osman and Rokiah (2000) subsequently showed how the diversification of agriculture and the promotion of manufactured exports helped strengthen the economy, which reduced Malaysia's dependency on a few narrow commodities. Tin's contribution to Malaysia's economy faced an irreversible fall following the 1979-80 commodity crash, which also adversely affected the prices of rubber and oil palm (Jomo, 1990). The subsequent substitution of rubber with oil palm as the main export also generated further economic advantages. While prices of natural rubber fluctuated heavily because of its dependence on a few large users (mainly in the production of automobile tyres), demand for edible palm oil was dispersed as end-consumers were many and the bulk of the demand had moved to the developing economies of China, India and the Africa where the soybean lobby had little impact. As a consequence, despite the soybean lobby painting a negative picture of palm oil, prices of the latter remained high. The government also implemented a cess that subsidised prices when it fell below a defined band and research targeted at improving yields. Although natural rubber prices subsequently improved as demand for rubber gloves and condoms soared in the 1980s, the massive switch to oil palm that made the crop even more important than rubber exports. The Malaysian Palm Oil Board (MPOB), as well as major palm-oil based firms, both Malaysian and foreign, have played an important role to continue to introduce new products (Rasiah, 2006).

#### 4. Tabung Haji as a Haj Financing Saving's Instrument

Ungku Aziz (1959) pioneered a helpful and smart way to help Muslims avert the problem of usury when undertaking the Haj pilgrimage (usury is prohibited in Islam). His paper titled *Rancangan Membaiki Ekonomi Bakal-bakal Haji* (Programmes to help prospective haj pilgrims improve their economic conditions) of 1959 became the basis for the founding of Perbadanan Wang Simpanan Bakal-bakal Haji (Trust fund for prospective haj pilgrims) in 1962. What is today known as Tabung Haji (Haj Trust Fund) was a product of a merger between this organisation and Pejabat Urusan Hal Ehwal Haji (the office of Haj Affairs) in 1969. Ungku Aziz's research on the rural Malays showed that a major driver behind their efforts to save was to enable them to perform the haj, the fifth tenet of the Islamic principles, in Mecca, Saudi Arabia. The general idea was to assist prospective Muslim pilgrims while at the same time contribute to their national economic progress through the establishment of Malayan Pilgrims Fund (Ungku Aziz, 1959). He quoted the following two verses of the Quran:

*“Perform the Pilgrimage and the Umrah (visit to Mecca) for Allah”* (Al-Baqarah: 196)

*“Help one another unto righteousness and pious duty”* (Al-Ma'idah: 2)

Ungku Aziz had argued that the plan will benefit small savers and the national economy, as well as, help better manages the prospective pilgrims in Malaysia. Traditionally, rural Malays sold surplus paddy to purchase buffaloes which were then sold to acquire land. Those with endowments would then sell land to raise funds to perform the Haj. Ungku Aziz concluded that such a practice was inefficient, fraught with risks and unsuitable in a modern economy. In the process of buying and selling buffaloes, farmers could incur losses and in obtaining and holding land as a form of savings can be perilous in case of high rents, sub-division and fragmented farms due to the law of inheritance (Ungku Aziz, 1959). In addition, although savings in the form of cash was desirable, savings within a formal corporation insured against loss, fire or theft compared with keeping cash at home. The alternative method of savings with conventional financial institutions was not palatable to rural Malays as interest payments or usury is prohibited in the execution of the Haj.

Usury or *riba* is prohibited by the *Shari'ah*. *Riba*, literally means 'to increase, to grow or to add' above the principal amount of the loan or for extension of maturity (Chapra, 1985; Ahmad and Kabir, 2007). Hence, the recommendations proposed by Ungku Aziz (1962) were included in the report of the Pilgrims Economic Welfare Committee, which concluded that it was crucial to expand and establish institutions to mobilise savings of the rural community to support economic development. The Pilgrims Savings Corporation was thus established in 1962. Subsequently, the Pilgrims Management and Fund Board or *Tabung Haji* was established in 1969 through the enactment of the *Lembaga Urusan Dana Tabung Haji Act in 1969* (Khiyar, 2012).

The *Tabung Haji* investment plans follow the *Shari'ah* principles strictly. The *Al-Musharakah* guides shareholder financing of projects and dividends or profits. The *Bai Bithaman Ajil* defines how *Tabung Haji* provides financing with deferred payment where the agreed price comprises actual cost and profit margin. The *Al-Mudarabah* describes how capital is provided by one party while the other provides skills and expertise, and in the event of losses, it is borne by the capital provider. The *Al-Murabahah* deals with financing that consist of repayment, including profit margin, as agreed by both parties. The *Al-Qardhul Hasan* is a benevolent loan where the capital provider is guaranteed at least the principal amount. Finally, the *Al-Ijarah* deals with repayment for the right to use services of an asset (Islamic Development Bank (IDB), 1995).

The *Tabung Haji* enables the management of a financial system that includes savings and withdrawal of funds by depositors as well as investments from accumulated funds. Throughout the years, *Tabung Haji* has become a credible and successful fund management organisation widely viewed as a successful social innovation (Bajunid, 2013). The *Tabung Haji* managed to collect a total of US\$49,600 from 1,281 depositors within one year of its operation (Khiyar, 2012). The total deposit increased from RM23.6 billion

in 2009 to RM45.7 billion in 2013 while the number of depositors rose from 5.04 million in 2009 to 8.3 million depositors in 2013 (*Lembaga Tabung Haji*, 2013). The application procedures for Tabung Haji funds have been simplified considerably over the years (Mannan (1996). Despite the absence of *riba*, the successful expansion of *Tabung Haji* has led to its net profits rising from RM1.1 billion in 2009 to RM2.6 billion in 2013 (LTH, 2013).

Overall, *Tabung Haji* has become a renowned Islamic financial institution that has enabled the realisation many pilgrims to perform the Haj successfully supplanting the previously and traditionally unreliable and inefficient methods. Tabung Haji provides evidence that Malaysian Muslims, especially from the rural community, have been able to perform the Haj in less time while at the same time insuring against physical losses; additionally the savings have helped build domestic capital for national economic development (Çizakça, 2011).

## 5. ANGKASA's Unifying Role in Synergising Cooperatives

The cooperative movement in Malaysia began in 1922 with the sole aim of providing credit facilities to members. However, until the early 1950s, there was an absence of understanding of the principles and philosophy of cooperatives owing to a lack of guidelines and programmes. Their activities were mainly concentrated in facilitating credit and were run based on members' preferences without any deep understanding about the principles of cooperatives. It is only since the 1950s that the scope of the cooperative movement in the country began to widen as cooperatives started to pursue an improvement in the socioeconomic status of members.

Since the establishment of *Maktab Kerjasama Malaysia* in 1956 and *National Co-operative Movement of Malaysia (ANGKASA)* in 1971, the administration of cooperatives in Malaysia has become more focused. Ungku Aziz, among others, was a major proponent of this movement as he mooted the idea of targeting cooperative associations as a vehicle for economic development in Malaysia. While he considered smaller sized cooperatives to be disadvantageous, his position was not one of dismissing their existence as uneconomical. Instead, he believed in the pooling of resources to reap the benefits of economies of scale. Ungku Aziz was instrumental in the formation of ANGKASA, which sought to unite the cooperative movements around the country, particularly in rural areas. The ANGKASA was founded through the first Cooperative Congress in 1966 and Second Congress of Cooperatives in 1971. ANGKASA started in 1971 with nearly 5,000 cooperatives and registered membership of six million people and assets worth RM47 billion. It very much owes its evolution to Ungku Aziz who helmed its leadership as chairman for 38 years.

Ungku Aziz's (2000) first task was to propagate the importance of the cooperatives and its governing principles and rules. He realised the principles

and rules of the cooperative movement were poorly understood by the bureaucrats as well as the farmers. He held that, through cooperatives, farmers would be able to address the socioeconomic challenges with the consolidation of various agriculture-related cooperatives. Ungku Aziz passionately believed and advanced the view that the success of cooperatives depended on “working together for the benefit of all” regardless of ethnic, gender, social, cultural and religious differences. He highlighted that by understanding the meaning of cooperative, its leaders would be able to manage successfully to achieve their desired objectives and mission. He entrusted the value of Truthfulness, Trustworthiness and Transparency in cooperative movements. He emphasised that not adhering to these basic principles will give rise to problems within the cooperatives. Through his writings and wisdom, Ungku Aziz (1966, 1967) propagated the principles of cooperatives and the role of cooperative movements on national development. Indeed, it is the lack of these virtues among some officials of ANGKASA that resulted in major corruption scandals which led Ungku Aziz to call for speedy and thorough investigation into their activities in January 2009 (CAP, 2015).

In pursuing his goals, Ungku Aziz planned various programs to deliberately bring women into mainstream activities and to also empower them in cooperatives. He emphasised that women should be given opportunity to hold leadership positions so that they are in a better position to represent their gender and to promote women’s welfare. He also emphasised the need for women to play an active role in the development of cooperatives. Ungku Aziz (1965) strongly advocated that education and training should play a key role in advancing the cause of cooperatives in eradicating poverty as well as to develop the rural economy.

The ANGKASA has continued to play a pivotal role in the progress of the cooperative movement in Malaysia. It offers a wide range of programmes while its main services are managed by the Division of Education, Information, Publications and Services. Services include training courses and continuing education for its members, distance learning, accounting courses and the administration of cooperatives courses.

## **6. A Charismatic Intellectual and Academic Leader**

Ungku Aziz began his career in academia in 1952 when he started teaching Economics at Universiti Malaya. He became the founding Dean of the Faculty of Arts and subsequently the Faculty of Economics and Administration before assuming the post of Vice Chancellor at the university succeeding Dr J H E Griffiths in 1968. Having received a Royal Professorship in 1978 he continued to lead the university with distinction until his retirement as Vice Chancellor in 1988. In recognition of his career as an outstanding academician and his contributions to society, Ungku Aziz has been bestowed with numerous awards and honours, including the *Ordre des Arts et des Lettres* (France), the Grand

Cordon of the Order of the Sacred Treasure (Japan), the Tun Abdul Razak Foundation Award (Malaysia) and several honorary degrees from universities worldwide. Malaysian newspapers used to regularly publish his views and opinions on poverty. He was and still is widely regarded as a national hero Malaysia.

As a researcher and professor, Ungku Aziz excelled in the field of poverty studies. While his passion propelled him to address the problems of poverty directly, his academic leadership was indeed exemplary. A scholar who took on an interdisciplinary set of lens, he was also a philosopher. Like all intellectuals he stood with the disadvantaged and saw reason, in an epistemological sense, to analyse problems of poverty and the issues that were considered important by the poor.

Ungku Aziz was also a strong advocate of empiricism as the basis for studying poverty. Indeed, he chose to study in Malaysia rather than at the London School of Economics stating that the Malays he wished to study lived in Malaysia rather than there. By the time he finished his fieldwork , which began in Ulu Tiram, Johor, in 1963, he had also studied poverty in Kedah, Perlis, Terengganu and Kelantan. He found the poor in the East Coast, especially the fishermen, living in abject poverty because they had to sell whatever little they had to purchase basic necessities. It is through such deep participative work that Ungku Aziz's passion to act both as a researcher and a problem solver led him to develop the theory of the *Sarong* index to gauge poverty in Kelantan and Terengganu. The *Sarong* index simply referred to a way of measuring poverty through the affordability of the poor to own *sarongs*. Hence, Ungku Aziz found that the further one got into the hinterland of cities where the poor Malays lived, the fewer *sarongs* per household they were able to afford.

Recognising the importance of getting to the root cause of poverty, Ungku Aziz identified education as the key route to alleviate poverty. Ungku Aziz (1965) had a broad understanding of education, and hence, saw community education to, *inter alia*, include the spread of knowledge about dietary factors that affected the physical and mental development of people. He remarked that an unbalanced diet caused worm infestation and anaemic condition affecting mental abilities. A thoroughbred empiricist, even well into his late 80s, Ungku Aziz insisted that hard-core poverty was still rife in the rural areas though official statistics showed otherwise (see also Osman and Rasiah, 2011; Maznah, 2012). Ungku Aziz (1972b) advocated good education as a basis to develop the economy. Indeed, this logic should be continued in Malaysia to battle poverty and crime as a recent study showed that intergenerational perpetuation of poverty is an important cause of violent crime in the country (Lee and Rasiah, 2014, 2015).

It is Ungku Aziz's profound understanding of the obstacles facing the poor in the rural areas and his passion for helping them that drove him to seek

alternative ways of exposing them to the importance of education. Although his Ungku Aziz (1957) research focus was on the Malays, he also expanded it to include rural folks from all ethnicities, including the Indians and the *Bumiputeras* from Sarawak and Sabah who he firmly believed faced the same situation<sup>3</sup>. Perhaps the government should have carried out an assessment of poverty irrespective of ethnic groups in Malaysia as non-*Bumiputera* poor families shared similar upbringings in estates and other rural locations. Large poor non-*Bumiputera* families often accessed rain water and common tap water by the streets and oil lamps were the only source of light. Family incomes were so small that many used them largely to settle debts from money lenders. Attending school on time for poor children was always a daunting task as most schools were located in urban areas. Many could only afford a pair of shorts and shoes so that they wore the same apparel each week. Indeed, many could not afford to buy even a single school book. The government of Malaysia has since the run of the millennium recognised that poverty knows no racial barriers, and has included other ethnic groups in the Asasi (Foundation) and Maktab Sekolah Menengah Sains (Science College) programmes.

The *Bumiputeras* from East Malaysia were co-opted into the Pusat Asasi Sains (Foundation Science Centre) at Universiti Malaya that Ungku Aziz helped moot. Unfortunately, the poor Indians and other minority groups did not enjoy the same privileges. While its subsequent implementation may have compromised on quality, the initiative was important as Ungku Aziz's idea was to expose rural poor students to quality teaching and better educational infrastructure. The government at the same time had launched well-financed science schools across the country to address this problem. Another element he wanted included is the teaching of professional courses, such as medicine, law, engineering and accountancy in Bahasa Malaysia. Ungku Aziz was one of the pioneers in the establishment of the Dewan Bahasa dan Pustaka (DBP) and became the founding director in 1956. While some continue to claim that such efforts were only eroding proficiency in English, efforts to deepen the use and knowledge of Bahasa Malaysia was a good initiative as it would have strengthened a major pillar of national identity. However, through no fault of Ungku Aziz, Bahasa Malaysia was never developed to embrace all the fields. Perhaps the late Rustam Sani offered the most cogent reason for this: that Bahasa Malaysia was led by political rather than national interests of the country. Hence, while national languages have continued to dominate communication in the now developed economies of Japan, Republic of Korea and Taiwan Province of China, it did not evolve sufficiently to support scientific progress and national integration in Malaysia.

Ungku Aziz was also a great role model for emerging scholars. Interviews show that he often used his reputation to attract research grants, led the designing of the research framework and guided the formulation of the key pillars for analysing the phenomenon and eventually co-authored and edited

good research publications. In two such exercises, Dr Chew Sing Buan, a member of the team headed by Ungku Aziz that prepared publications for the United Nations Educational, Scientific and Cultural Organization (UNESCO) noted that Ungku Aziz's experience and tacit endowments always generated additional value to the final output. Indeed, his upbringing gave him the passion while exposure to the ground led him to transcend disciplinary boundaries and cultural taboos with interest in philosophy giving him a critical mind. Ungku Aziz's outstanding contribution to our understanding of the role of universities in providing higher education in general, and the labour market in particular, can be seen in two of his jointly edited volumes (Ungku Aziz, Chew and Singh, 1987; Ungku Aziz et al, 1988).

Ungku Aziz was also instrumental in the birth of the *Journal of Commonwealth and Political Studies*. He was appointed to its editorial board in 1961. Academics of different ideological backgrounds in the fields of social sciences and humanities flourished under his leadership at Universiti Malaya. Some of them included Wang Gungwu, Osman Bakar, Ghani Othman, Mokhzani Abdul Rahim, Anthony Reid, Syed Husin Ali, Jomo Kwame Sundaram, William Roff, Khoo Kay Kim, Cheong Kee Cheok, Rafidah Aziz, Rafiah Salim, Yip Yat Hoong, Selvaratnam Viswanathan, Shaharil Talib, Asmah Haji Omar, Thillainathan Ramasamy, Mohamad Ariff, Fong Chan Onn, Lee Poh Ping, Chee Peng Lim, Stephen Chee, Mokhtar Tamin, Lim Chong Yah, Lim Mah Hui, David Lim, Zakaria Ahmad, and Tunku Shamsul.

Ungku Aziz developed talents in many fields. He was a voracious reader, an avid photographer, a poet and practiced a regimented and healthy lifestyle that balanced diet with physical exercise. His daughter, Tan Sri Dr Zeti Akhtar Aziz, a product of the Faculty of Economics and Administration, Universiti Malaya, is the current Governor of Bank Negara Malaysia. Like the father, Zeti's outstanding service to Malaysia's Central Bank has earned her and our country several global accolades in the field of financial management. The stellar contributions of Ungku Aziz as a thinker led to several halls and rooms at different faculties in Universiti Malaya named after him, such as Bilik Ungku Aziz at the Faculty of Economics and Administration, Balai Ungku Aziz at the Dental Faculty and Dewan Ungku Aziz at the Law Faculty, and the Ungku Aziz Residential College. The Malaysian government introduced the Ungku Aziz chair of poverty and development studies in 2006 at the Faculty of Economics and Administration.

We wish to present the following *pantun* (*poem*) as a tribute to Ungku Aziz who was both an academic and an intellectual:

*Suasananya subur dibanjiri ilmu*  
(*Fertile environment flooded with knowledge*)  
*Fikirannya terang dan bermadah*  
(*His thinking is clear and incisive*)  
*Panjang wacananya dengar tak jemu*

*(His long narratives do not bore)*  
*Ribuannya orang menerima faedah*  
*(Thousands of people benefitted from them)*  
*Hidupnya lambang cendekiawan bertaraf sedunia*  
*(His life is a symbol of a world class intellectual)*  
*Penghapusan kemiskinan dijadikan matlamat*  
*(Elimination of poverty was his target)*  
*Tumpuannya pada golongan miskin dipuji seluruh dunia*  
*(His passion for the poor is admired all over the world)*  
*Masanya dibelanja memberkati rakyat*  
*(His time is spent blessing the people)*

## 7. Issue Outline

The remaining papers in the issue discuss either directly or indirectly development issues that address poverty by relating the analysis to the contributions made by Ungku Aziz. Four such papers are included in this issue.

Jomo K. S. revisits land policies during colonial Malaya, which in some sense are in sync with the study on fragmentation of estates by Ungku Aziz. He argues that colonialism created the conditions for landlordism and its corollary, the fragmentation of farms owned by the peasantry, and concentration of productive land among the capitalists and unproductive land among the peasants.

Rajah Rasiah and Zhang Miao analyse economic growth and structural change in Timor-Leste in the third paper. Timor Leste, a newly independent country that is emerging from poverty, is used as a case study by the authors by applying Ungku Aziz's prescriptions for Malaysia as lessons to eradicate poverty. Although it is a small country, and as such is incapable of pursuing large scale agriculture this article finds a need for Timor-Leste to consider some of the policy instruments Malaysia implemented, e.g. export diversification, consolidation of cooperatives and strengthening primary value chains with downstream processing but adapted to the natural endowments of the country and with stringent laws and regulations to prevent corruption.

In the fourth paper, using survey data, Hemawathy Nithyanandhan, Norma Mansor and Sulochana Nair analyse the impact of Self Help Groups on reducing poverty levels in India by evaluating changes in income before and three years after its implementation. The evidence shows that the programme has been successful as poverty levels in the group had fallen.

In the fifth paper, Sulochana Nair and Sagar S. discuss the persistence of absolute and relative poverty in Malaysia while noting new forms of it. They argued for a paradigm shift in the way poverty is conceptualised, defined and measured to take into account inclusive development with a focus on the bottom 40% of the population.

Amin Mokhtar and Rujhan Mustafa attempt to answer the question whether poverty in Africa and Malaysia has been dealt with effectively in the sixth paper. In doing so, this article discusses initiatives by Ungku Aziz and the Malaysian government on eradicating poverty as well as institutional developments targeted at promoting research on such topics and tackles the poverty issues in Africa that were examined by Sachs (2005).

## Notes

- <sup>1</sup>. I am grateful to Tan Sri Professor Dr Kamal Salih, Dr Selvaratnam Viswanathan and Dr Chew Siew Buan in particular but also several persons who willingly answered several questions on the career of Royal Professor Ungku Abdul Aziz. Two of us were the Dean of the Faculty of Economics and Administration, Universiti Malaya over the years 2003-2009 (Norma Mansor), and 2009-2010, and 2013-2014 (Rajah Rasiah), we have often found the seat difficult to fill because of the supreme standards that Professor Ungku Aziz, and other deans, such as, Yip Yat Hoong, Mokhzani Abdul Rahim, Ghani Othman, Cheong Kee Cheok and Fong Chan Onn had set. We feel really lucky and honoured to follow their footsteps. The usual disclaimer applies.
2. Interview with Yang Amat Berhormat Tun Musa Hitam by Rajah Rasiah on 23 November 2013 at Universiti Malaya, Kuala Lumpur.
3. Rajah Rasiah remembers his family's early upbringing in a rubber estate where 13 siblings shared common toilet and bathing facilities that catered for all the tapper families in Salabak Estate, Teluk Intan.
4. Perhaps the government should have carried out an assessment of poverty irrespective of ethnic groups in Malaysia as non-Bumiputera poor families shared similar upbringings in estates and other rural locations.

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