

BIBLIOGRAPHIC INFORMATION

Title	Unemployment Trends in Peninsular Malaysia during the 1970s.
Source	ASEAN Economic Bulletin; Nov85, Vol. 2 Issue 2, p118, 15p
Author 1	Harris, G.T.
Author 2	Tai Shzee Yew
Author 3	NA
Publication/Conference	NA
Edition	NA
Document Type	Article
CPI Primary Subject	Economics
CPI Secondary Subject	Unemployment; ;
Geographic Terms	Malaysia;
Abstract	Examines the unemployment trends in Peninsular Malaysia during the 1970s. Reasons why economists regard unemployment as undesirable; Principal sources of information on unemployment in Malaysia; Unemployment data from 1962-1982; Determinants of interstate variation in unemployment rates in 1980.

Centre for Policy Initiatives (CPI)

Pusat Iniatif Polisi

政策倡议中心

<http://www.cpiasia.org>

Unemployment Trends in Peninsular Malaysia during the 1970s

G.T. Harris and Tai Shzee Yew

Introduction

There are a number of reasons why economists regard unemployment as undesirable. Sen (1975) lists three benefits of employment — production, income and recognition (or feelings of self worth). If an individual is unemployed (or under-employed in the sense of working fewer hours than he or she desires), then the aggregate production of goods and services is lower than otherwise. Income is also lower, and is commonly associated with poverty¹ which may have consequences such as crime, ill-health, and political instability, the costs of which society must meet.² An unemployed individual is likely to have a lower self-esteem than an employed person and this too can result in costs to society. The enhancement of political and social stability is another important motive for limiting unemployment in Malaysia.

There is a wide literature on unemployment in developing countries and we shall confine our attention to a few selected aspects. Gregory (1980) has shown that, contrary to popular belief, there is no clear evidence to suggest that "employment conditions" (including unemployment) worsened during the 1960s. A re-study (Harris and Zakariah 1984) found that

during the 1970s unemployment worsened significantly, particularly as regards the absolute number of open unemployed. This occurred along with a large increase in the number in employment and an improvement in their employment conditions.

There are several reasons for believing that unemployment might increase substantially in developing countries during the 1980s and 1990s, and these particularly derive from the supply side. The rapid population growth of the 1960s and 1970s will lead to a very rapid growth of labour forces (about 2.2 per cent per annum between 1980 and 2000 compared with about 1.7 per cent per annum between 1960 and 1980). Squire (1981, pp. 44–45) cites World Bank projections of an increase in developing country labour forces of 450 million between 1980 and 2000 compared with 277 million in the preceding twenty years. Another supply-side factor relates to school enrolments. Between 1960 and 1975, the proportion of children of primary school age enrolled in schools increased from 47 to 62 per cent.

Given the strong existing trend for absolute falls in employment in agriculture, these supply-side factors suggest a massive increase in the number of secondary and tertiary sector jobs required if large-scale unemployment is to

be avoided. In the remainder of this article, we examine data on unemployment in Malaysia to assess past performance and to gain insights regarding the future. This article may be regarded as an extension of Blake (1973) and Mazumdar (1981, pp. 255–83) who surveyed unemployment up till the early 1970s.

Data Sources and Definitions

There are three principal sources of information on unemployment in Malaysia: the Labour Force Surveys (hereafter LFS) carried out annually since 1974 by the Department of Statistics using interviews at the household level; Population Census data for 1970 and 1980; and monthly data on vacancies and unemployment based on registrations at the Department of Manpower's employment offices.

Given the coverage and specific objective of monitoring changes in labour force variables, we will rely principally on LFS data, although we have been careful to confirm the trends indicated by the LFS with the other two sources. Data on unemployment prior to 1970 are available from two major surveys — the *Report on Employment, Unemployment and Underemployment, 1962* (Department of Statistics 1963, hereafter REUU), and the *Socio-Economic Sample Survey of Households — West Malaysia, 1967/68* (Department of Statistics 1971, hereafter SES).³

In these reports (at least after 1970), two types of unemployment are recognized — active and inactive. The former group include those who, during the relevant survey period, actively looked for work by such means as being registered at an employment office or labour exchange, answering job advertisements or advertising for work, and asking friends or relatives for help in getting a job. The inactive or passive unemployed include persons wanting work but who did not look during the reference period because they believed no suitable job was available, who were prevented from

looking by certain factors (for example, bad weather, illness), who were waiting for a new job or for replies to job applications, or who considered themselves to have no qualifications.

Unemployment Data, 1962–82

This section presents data derived from the previously mentioned sources. Given the large amount of data, we treat employment trends — the other side of the coin to unemployment — quite briefly, but several important aspects of employment need to be considered.

First, the labour force grew by 38.6 per cent between 1970 and 1980, that is, at a rate of 3.3 per cent per annum.⁴ Second, this growth was associated with substantial changes as regards sectoral and occupational distributions and employment status. Data on these are presented in Appendix Tables 1-A, 2-A, and 3-A. Growth of the labour force was particularly rapid in construction (which grew by 212 per cent over the 10 year-period), manufacturing (125 per cent) and services (77 per cent); growth was slow in agriculture (4 per cent), and electricity-gas-water-sanitary services (23 per cent), and negative (–19 per cent) in mining and quarrying. Agriculture remained the largest sector but its relatively slow growth resulted in a fall in its share of the labour force from 52 per cent in 1970 to 41 per cent in 1980. These changes are reflected in the distribution of the labour force between occupations where the proportion in agricultural and related occupations, for example, fell from 48 to 33 per cent between 1970 and 1980. The proportion of the workforce made up by unpaid family workers fell by 9 percentage points over the decade and that of employees rose by 12 percentage points.⁵ Labour force participation rates changed little over the period; in 1974, the rate was 65.7 per cent (compared with 65.0 in 1980) and the respective male-female figures were 85.5 and 44.8 per cent.

In considering changes in the distribution of

employment between sectors, it is important not to view an expansion of tertiary employment as inevitably leading to a worsening of employment conditions. As Squire (1981, p. 136) comments, to treat the tertiary sector simply as a source of residual employment "neglects the very obvious point that there must be a corresponding demand for the services or else they would not be purchased; more important, it neglects the *growth* in demand for services, which can be expected as the economy develops". Squire goes on to distinguish between old (for example, street hawking and petty trading) and new services (for example, transport and communications, banking and finance, and government services). As income rises, an increasing proportion of total tertiary employment will be of the new services type, and this is where the tertiary sector employment expansion appears to have occurred in Malaysia (see Appendix Table 2-A).

An examination of unemployment rates over time has a number of limitations. First, account should be taken of the composition of unemployment with regard to age, sex, education, and marital status. For instance, if the same number of persons are unemployed at two points of time, but the average duration is greater at the later point, then the employment situation may be considered to have worsened. If the composition of unemployment alters so that more male breadwinners are unemployed, the welfare implications are more serious than if, say, the unemployment is more concentrated amongst single young people. Again, if the unemployed include large numbers of well-educated young people from upper income families who are waiting for a preferred job, the welfare implications are less serious than if the unemployed are willing to take virtually any job. Second, the unemployment rate does not reveal whether the absolute numbers of unemployed have altered. If the participation rate and hence labour force size increases, the number of unemployed may be larger at the later date. Third, there is no

measure of the underemployed, both visible, in the sense of wanting to work more hours, and invisible in that they earn below the level of some poverty line.⁶ Nevertheless, the data available for Malaysia are very good indeed by developing country standards, and allow an examination of most of these extra dimensions to the unemployment problem.

Table 1 presents estimates of unemployment numbers and rates from a range of sources since 1962. In order to compare like with like, discussion will normally be restricted to the data from the *Labour Force Surveys* between 1974 and 1980.⁷ In order to avoid excessively large tables, normally only data for these two years are presented, as these invariably give an accurate picture of trends over the six-year period. This means that the 1960s and early 1980s are inadequately treated, and the overall situations in those periods are also considered briefly.

The rate of unemployment rose during the 1960s and was officially described in 1972 as "one of the most serious social problems" in Malaysia (Blake 1973). As we shall demonstrate, the 1970s saw a marked improvement in the unemployment situation. The unemployment rate fell from 6.8 per cent in 1967-68 to 5.6 per cent in 1980. The absolute number of unemployed in West Malaysia fell 11.7 per cent between 1974 and 1980 from 268,000 to some 237,000, and the unemployment rate fell from 7.4 to 5.6 per cent. This impressive result reflects the relatively strong growth performance of the Malaysian economy over what for the most developing countries was a time of economic stringency. The reduction in unemployment numbers was greater for females (a 19.3 per cent fall) than for males (4.1 per cent).

The trends indicated by LFS and census data are supported by data of registrations at Manpower Offices of the employment service, although such registrations cover only a part of the total of actively unemployed persons. At the end of their first year of operation (1972), these offices had 162,000 unplaced persons

TABLE 1
Numbers Unemployed and Unemployment Rates in the Labour Force
Aged 15-64 Years

Year	Source	Males		Females		Total	
		No.	Per cent	No.	Per cent	No.	Per cent
1962 ^a	REUU	87500	5.2	60100	7.9	147600	6.0
1967/68	SES	105700	6.1	7100	8.1	232400	6.8
1970 ^a	C70	18500		37200			
1972	LFS ^b					220000	7.5
1974	LFS	135100	5.9	132900	10.0	268000	7.4
1975	LFS	131900	5.3	124000	9.2	255900	6.7
1976	LFS	137400	5.4	111100	8.1	248500	6.4
1977	LFS					253900	6.4
1978	LFS					272000	6.3
1979	LFS	133900	4.8	116500	7.4	250400	5.7
1980	LFS	129500	4.7	107200	7.2	236700	5.6
1980	C80					234400	6.1

NOTES: ^a Includes active unemployed only.

^b Unpublished; cited by Blake (1973).

SOURCES: REUU = Department of Statistics 1963; SES = Department of Statistics 1971; C70 and C80 = 1970 and 1980 Census Reports; LFS = Labour Force Surveys, 1974-80.

registered; at the end of 1982, the figure was 69,000. In 1974, Manpower Office registrants totalled 48 per cent of the LFS estimate of the actively unemployed; by 1980, this had fallen to 30 per cent. Clearly, part of the decline in unemployment suggested by Manpower Office figures comes from a reduced propensity to register at these offices. Registrants include those already employed but seeking other positions. In mid-1984, these made up around 10 per cent of total registrants.⁸ Manpower Office registration data also support the subsequently reported trends with regard to the age, education status, and state of residence of the unemployed.

In the early 1980s, labour force growth slackened in response to slower domestic economic growth related to a worsened balance of payments position. In 1981 employment rose by 3.7 per cent, but by only 2.4 per cent in 1982.

Estimates from the Economic Planning Unit (Ministry of Finance 1984, p. 148) indicate that unemployment numbers reached a low point in 1981, rose marginally in 1982, and then substantially in 1983 and 1984. Unemployment rates were estimated to have risen from 5.1 per cent in 1981 and 1982 to 6.2 per cent in 1984.

Table 2 reports unemployment rates by age group and sex. It shows that, in common with many other developed and developing countries (see Seah 1984), female unemployment rates exceed those of males for every age group although the improvement in the female rate was greater than that of males. The difference between male and female rates is most pronounced in the 20-30 year age groups. With regard to age, Malaysian unemployment rates again follow the common pattern: the rates are very high amongst young people (especially 15-19 but also 20-24 years) and then fall to low

TABLE 2
Unemployment Rates by Age Group and Sex, 1974 and 1980

Age Group	1974		1980	
	Males	Females	Males	Females
15-19	19.1	21.9	15.9	17.5
20-24	8.0	15.3	7.4	12.5
25-29	2.6	6.7	2.6	4.1
30-34	1.9	4.5	1.6	3.6
35-39	1.9	4.4	1.2	1.8
40-44	1.9	3.3	1.5	1.6
45-49	3.3	2.5	1.4	1.4
50-54	3.7	4.7	2.4	2.8
55-59	4.9	6.9	4.1	3.7
60-64	7.3	7.7	4.6	5.0
15-64	5.9	10.0	4.7	7.2

SOURCE: LFS, 1974 and 1980.

levels between 25-54 years, before rising for older members of the labour force.

Unemployment rates by ethnic group and stratum are presented in Table 3. In the context of a downward trend in unemployment rates, Indians had the highest unemployment rate in 1974 and 1980, followed by Malays and Chinese. Very substantial falls in unemployment rates occurred for all ethnic groups and

strata except rural Malays, whose rate fell very little over the period.

The LFS defines as urban those centres with populations of 10,000 and over, and rural as embracing all smaller centres (but not villages). Changes over the period resulted in the rural unemployment rate exceeding the urban rate in 1980 in contrast to 1974. In 1980, there were 167,500 unemployed in rural centres (com-

TABLE 3
Unemployment Rates by Ethnic Group and Stratum

Ethnic Group	1974		1980	
	Urban	Rural	Urban	Rural
Malay	9.3	6.7	6.4	6.6
Chinese	6.5	5.9	3.9	3.8
Indian	11.6	11.7	6.9	5.9
Others	11.6	6.1	3.7	3.2
TOTAL	7.9	7.1	5.0	5.8

SOURCE: LFS, 1974 and 1980.

TABLE 4
Unemployment Rates by Educational Level and Sex, 1974 and 1980

<i>Education Level</i>	<i>1974</i>		<i>1980</i>	
	<i>Males</i>	<i>Females</i>	<i>Males</i>	<i>Females</i>
No formal education	4.9	5.9	3.5	3.7
Primary	4.9	9.4	3.0	3.8
Lower secondary	9.8	20.0	6.8	10.9
Middle secondary	8.5	18.3	7.6	16.3
Upper secondary	8.6	14.0	10.9	22.7
Tertiary	1.3	4.6	1.1	2.0
Others	2.8	20.0	0	3.5
TOTAL	5.9	10.0	4.7	7.2

SOURCE: LFS, 1974 and 1980.

pared with 174,900 in 1974) and 69,200 in urban centres (87,900 in 1974). The ratio of rural to urban unemployed rose from 2.0 in 1974 to 2.4 in 1980.

Table 4 records unemployment rates classified by educational attainment and sex. Again the relatively higher unemployment rate amongst females is clear. A striking feature, noted by Mazumdar (1981) and consistent with the hypothesis that better-educated job-seekers queue for a preferred job, is that secondary school graduates have much higher unemployment rates than those with primary or no education. Indeed, in 1980, unemployment rates for secondary educated males and females are positively related to the amount of secondary education, for example, upper secondary males have a rate of 10.9 per cent compared with 6.8 per cent for those with lower secondary education.

Between 1974 and 1980, the unemployment rate for every educational attainment group fell, except for upper secondary leavers where the rate rose by 27 per cent for males and 62 per cent for females. An improvement in the unemployment rate for females relative to that of males is discernible for all education groups,

again excepting the upper secondary school leaver group.

Supporting evidence on the queuing hypothesis is found in several studies carried out by the Socio-Economic Research Unit (Ministry of Labour 1984, pp. 117-19). The study suggests that white collar jobs are strongly preferred by qualified job seekers (although there are indications that blue collar occupations are gradually becoming more acceptable) and that urban occupations are preferred to rural ones. During 1984, almost half the registrants with Manpower Offices registered for jobs in clerical and related occupations, and about 35 per cent for jobs in the production and related work category. These preferences are closely related to the labour shortages felt by some key industries.

As mentioned previously, duration of unemployment is an important dimension of the unemployment issue, and Table 5 presents data on this variable.

The table indicates a marked improvement in duration for males whose mean duration fell from over twelve months to 8.5 months. The improvement for females was much less obvious, principally because of the persistence of

TABLE 5
Duration of Unemployment Amongst Actively Unemployed by Sex, 1974 and 1980
(Per cent)

<i>Duration (months)</i>	<i>1974</i>		<i>1980</i>	
	<i>Males</i>	<i>Females</i>	<i>Males</i>	<i>Females</i>
Less than 3	30.8	25.3	50.4	36.6
3 < 6	23.6	20.1	17.6	8.4
6 < 12	15.2	15.7	12.9	16.3
12 < 36	21.0	27.6	13.2	31.9
36 and over	9.5	11.3	5.9	6.9
Weighted mean duration (months)	12.2	14.4	8.5	13.2

NOTE: This measures the length of time unemployed as at the survey date rather than total period unemployed. Only active unemployed are included.

SOURCE: LFS, 1974 and 1980.

a large proportion of unemployed females (almost one-third of total females in 1980) who had been without work for between one and three years.

Related to this direct evidence on duration is data on work experience of the young actively unemployed. In 1974, only 28 per cent of the 15-19 year-old unemployed had worked before; in 1980, this figure had risen to 57.2 per cent. This suggests that there is a good deal of mobility amongst recent school leavers, and that by 1980 labour market conditions allowed job changes without the cost of lengthy periods of unemployment.

Finally, there is some data available on the extent of visible underemployment (from the LFS 1979, p. 80) which covers those working less than 25 hours per week and who want additional work. The rate was 2.0 per cent of the labour force in each of 1975 and 1976, 2.6 per cent in 1977 and 1978, and 2.4 per cent in 1979. The relative importance of visible underemployment may be illustrated for a fairly typical year, 1977: in that year, the active unemployment rate was 2.3 per cent, the inactive rate was 4.1 per cent, and the rate of underemployment 2.6 per cent.

Determinants of Interstate Variation in Unemployment Rates, 1980

The 1980 Census (see Table 6) shows considerable variation in unemployment rates between states, ranging from 3.8 per cent in the Federal Territory (an example of the low rates occurring in the more industrialized west coast States) to 8.1 per cent in Kelantan; the overall figure was 6.1 per cent.

The best way of discovering the determinants of unemployment is via a study of longitudinal data. Thus, for example, it could be hypothesized that low export prices result in reduced government expenditure and increased unemployment. Unfortunately, longitudinal data over an adequate time period are not available, but there is value in attempting a cross-section analysis to explain variation in unemployment rates between states.

The variables used are listed in Table 7, together with their means, standard deviations, and expected signs. The data are drawn principally from the 1980 Census results. In order to obtain an equation with the best fit, two functional forms were specified, the linear and mixed forms. In the latter, the variables

TABLE 6
Number of Unemployed Persons and Unemployment Rates (Per Cent) of the Labour Force
Aged 15-64, by State, Peninsular Malaysia, 1980

<i>State</i>	<i>Unemployed Persons Number (thousands)</i>	<i>Unemployment Rates (per cent)</i>
Johore	31.5	5.8
Kedah	27.1	7.2
Kelantan	23.7	8.1
Malacca	9.9	7.0
Negeri Sembilan	11.3	6.1
Pahang	14.0	5.2
Penang	17.9	5.5
Perak	39.3	6.9
Perlis	4.3	7.8
Selangor	25.8	4.8
Trengganu	14.9	8.7
Federal Territory	14.7	3.8
Peninsular Malaysia	234.4	6.1

SOURCE: 1980 Census, Volume I, p. 122.

TABLE 7
Variables Used in Regression Equations

<i>Variable</i>	<i>Definition</i>	<i>Mean</i>	<i>Standard Deviation</i>	<i>Expected Sign</i>
UR	State unemployment rate	6.4	1.5	
POP	State population	95.2	50.1	+
(LPOP)	Log of state population	13.6	0.7	+
URBNZN	Proportion of population resident in urban areas of 10,000 persons and above.	35.5	23.0	-
DEPRATIO	Ratio of population below 15 and above 64 years to those aged 15-64 years	75.2	10.2	-
EDUCN	Proportion of population with upper Secondary education or above	13.8	4.2	-
MALESING	Proportion of males, 15 years and over, who are single	39.3	4.5	?
FEMSING	Proportion of females, 15 years and over, who are single	30.2	5.1	?
PROPMAL	Proportion of population made up by Malays	59.4	21.3	?
MEDAGE	Median age of population	19.8	1.4	-
(LMEDAGE)	Log of median age of population	3.0	0.1	-
MANUFNT	Proportion of experienced labour force in manu- facturing	13.5	1.5	-

POPN and MEDAGE were transformed by taking their natural logarithmic values whereas other variables were not transformed. These forms are respectively as follows:

$$(1) \text{ UR} = a + b_1 \text{ POPN} + b_2 \text{ URBZNZ} \\ + b_3 \text{ DEPRATIO} + b_4 \text{ EDUCN} \\ + b_5 \text{ MALESING} + b_6 \text{ FEMSING} \\ + b_7 \text{ PROPMAL} + b_8 \text{ MEDAGE} \\ + b_9 \text{ MANUFNT} + \mu$$

where a = constant term,
 b_i = coefficient of variable
 μ = error term.

$$(2) \text{ UR} = a + b_1 \text{ LPOPN} + b_2 \text{ URBZNZ} \\ + b_3 \text{ DEPRATIO} + b_4 \text{ EDUCN} \\ + b_5 \text{ MALESING} + b_6 \text{ FEMSING} \\ + b_7 \text{ PROPMAL} + b_8 \text{ LMEDAGE} \\ + b_9 \text{ MANUFNT} + \varepsilon$$

where ε = error term.

In the preliminary estimation of the equation it was found that the variables MALESING and FEMSING were highly correlated with other regressors. This resulted in a multi-collinearity problem and these two variables were dropped from the equation, resulting in Linear Equation 1 in Table 8. However, the

TABLE 8
Estimated Functions for Unemployment Rate

<i>Regressor</i>	<i>Linear Equation 1</i>	<i>Linear Equation 2</i>	<i>Mixed Equation</i>
DEPRATIO	.02272 (.594)	—	—
MANUFNT	-.07687 (-1.684)	-.06382* (-2.162)	-0.05131 (-1.755)
EDUCN	-.13958 (-1.541)	-.11965* (-1.895)	.07038 (1.196)
PROPMAL	-.02058 (-.02058)	—	—
URBNZN	-.00108 (-.107)	—	—
POPN	.00585 (1.178)	.00435 (1.295)	—
MEDAGE	-.1120* (-2.016)	-.10593** (-2.777)	—
LPOPN	—	—	-0.5497 (-.687)
LMEDAGE	—	—	-.74119** (-2.352)
CONSTANT	16.71963 (1.738)	15.99927*** (3.550)	16.32445*** (3.399)
R^2	0.64404	0.59232	0.54198
$\bar{R}^2$	0.02112	0.35936	0.28025
F	1.03391	2.54255	2.0708

NOTE: *** Significant at 1% level.
 ** Significant at 5% level.
 * Significant at 10% level.

adjusted R^2 obtained was very low (0.02), indicating a poor fit. In a second estimation of the linear equation, DEPRATIO, PROPMAL and URBZN, each of which showed very low t values in Linear Equation 1, were dropped. The adjusted R^2 and F -statistic were significantly improved over Linear Equation 1. Three variables were statistically different from zero, and each had their expected sign.

The results suggest that a one per cent increase in the proportion of the work force in manufacturing will result in a reduction in the state unemployment rate by 0.06 per cent. Similarly, a one-year increase in a state's median age results in reduction in unemployment rate of 0.11 per cent. A one per cent increase in the population attaining higher education will cause 0.12 per cent reduction in unemployment rate.

The same regressors for Linear Equation 2 were used to fit a mixed equation (as in Linear Equation 2, except that POPN and MEDAGE were transformed by taking their natural logarithmic values), in order to examine whether there would be an improvement in the result by the use of a different functional form. The results for the mixed equation, however, indicated the equation to be inferior to Linear Equation 2: the mixed equation had a lower adjusted R^2 and F value as well as a smaller number of significant regressors than Linear Equation 2.

Comparison with Other LDCs, and Conclusions

We have seen from the data presented that the unemployment situation in Malaysia improved during the 1970s, in apparent contrast to the previous decade. By comparing Malaysia's record with those of other developing countries,

some conclusions can be drawn. The data derive from tabulations prepared by Harris and Zakariah (1984), and are presented in Table 9.

The data reveal Malaysia's impressive performance during the 1970s with regard to reducing unemployment,⁹ in comparison with other developing countries.¹⁰ The growth rate in the Malaysian labour force (measured in several different ways) is much closer to the performance of other developing countries. One impressive feature is the sharp absolute fall in the number of unpaid family workers, an indicator of improved conditions for those in the labour force.

The results of this study are summarized in Table 10, which clearly shows Malaysia's favourable record of unemployment during the 1970s. Unemployment numbers remained steady at around 230,000 and the unemployment rate fell; this occurred during a time when unemployment in most other developing countries increased substantially.

Despite a slowdown in the rate of job expansion during the early 1980s, and a subsequent slight increase in open unemployment, a number of important sectors in the economy remain short of labour. Shortages are particularly felt in the plantation, construction, and manufacturing sectors and some reasons for these are suggested by the Ministry of Labour (1984, pp. 99–104). These shortages have two consequences: foregone or deferred production and the immigration of a considerable proportion of migrant labour, particularly from Indonesia and the Philippines. The influx of migrant labour has potential for social unrest if an economic downturn increases competition for jobs. The fragility of the situation may be illustrated by the fact that some 50,000 unskilled Malaysian workers are to be repatriated from Singapore, a process which began in early 1984.

TABLE 9
Indicators of Employment Performance for Malaysia, Other ASEAN Countries,
and All Developing Countries During the 1970s

<i>Indicator</i>	<i>Malaysia</i>	<i>Other ASEAN Countries^{a,b,f}</i>	<i>All Developing Countries^f</i>
Growth of labour force by sector (% change per annum):			
total	3.4	4.2 (3)	3.8 ^c (46)
primary	0.7	1.4 (3)	2.0 ^c (46)
secondary	4.0	4.4 (3)	3.9 ^b (46)
tertiary	4.7	4.3 (3)	4.8 ^b (46)
Growth of labour force, by occupational group (% change per annum):			
white collar	7.9	5.4 (4)	6.6 ^d (20)
sales	4.2	4.1 (4)	4.1 ^d (20)
service	3.9	5.7 (4)	3.3 ^d (20)
production	6.2	10.5 (4)	4.0 ^d (20)
agriculture	-0.5	1.1 (4)	-0.9 ^d (20)
Growth of labour force, by employment status (% change per annum):			
employers/own account workers	3.0	2.8 (3)	2.4 ^d (22)
employees	5.3	5.6 (3)	3.4 ^d (22)
unpaid family workers	-5.2	1.7 (3)	1.3 ^d (22)
Open unemployment (% change per annum):			
number	-11.6	176.1 (3)	67.7 ^d (55)
unemployment rate ^e	-1.7		0.2 ^d (55)

NOTES: ^a When averages for three countries only are calculated, these are the Philippines, Thailand, and Singapore.

^b Unweighted means.

^c Means, weighted according to population.

^d Medians.

^e Changes in percentage points.

^f Bracketed figures refer to the number of countries in the sample.

SOURCES: Harris and Zakariah (1984), based on the ILO's *Yearbook of Labour Statistics*, (various issues).

TABLE 10
Summary of Unemployment and Labour Market Trends

<i>Measure</i>	<i>Source Tables</i>	<i>Evaluation of 1970s Data</i>
Rate of growth of labour force—total, occupational, employment status	Appendix Tables 1–3, Table 9	Favourable trend, i.e. strong growth overall and movement from low to higher paid jobs.
Age distribution	Table 2	Concentration of unemployment amongst young people may lead to reduced self-esteem and social disharmony. Duration, however, is short.
Sex distribution	Table 2	A small improvement in the relative positions of females.
Racial distribution	Table 3	Generally favourable trend with regard to the sharing of the unemployment burden between ethnic groups.
Rural/urban distribution	Table 3	Unemployment rates fell relatively less in rural centres. Support systems for the unemployed may be better in rural centres.
Education	Table 4	Evidence of queuing for preferred jobs. Better educated unemployed means a greater loss in potential production and possibly greater social disharmony.
Duration	Table 5	Favourable trend.
Underemployment		Small increase only.
Number of unemployed, unemployment rate	Table 1	Unemployment numbers virtually unchanged, despite substantial increase in the work force. The unemployment rate has therefore fallen.
Labour shortages		Loss of potential production and possible social disharmony involving immigrant workers.

NOTES

1. It is important to note that this association is by no means always true. Whilst Weeks (1973) has argued that it is the poverty associated with unemployment, rather than unemployment *per se* which is of greatest importance, it is interesting to note that unemployment rates are greater amongst the relatively high income and well-educated groups in developing countries. Imperfect knowledge and inflexible (downward) expectations are possible explanations for this, but a more general explanation is that such groups are willing to queue, that is, to wait until a preferred job becomes available, rather than to accept a low paid job. Provided these unemployed are not their households' principal breadwinner, there may be no great effect on poverty. If this is the case, then the unemployment rate may be a poor indicator of success or failure in the reduction of poverty. For further discussion of this view see Berry and Sabot (1978) and Udall and Sinclair (1982); for a recent study which found a clear association between poverty and unemployment in India, see Visaria (1981).

2. Hard evidence on such widely accepted relationships is hard to find and, in any case, is more complex than might appear at first sight. See, for example, Hakim (1982) who discusses the consequences of unemployment for poverty, health and mortality, mental health, crime and delinquency, and the "social fabric", principally in the British context.
3. The *Report on Employment and Unemployment in Metropolitan Towns, States of Malaysia 1965* (Kuala Lumpur: Department of Statistics, 1966) presents data for metropolitan towns in 1964 and 1965. Its results are not included in this study because of lack of comparability with either the 1962 or 1976/78 studies, although it does claim (1965, p. 4) that there was very little change in the overall employment and unemployment situations between 1962 and 1964/65. For a discussion of definitional and other differences between REUU and SESS, see SESS, Vol. 1, pp. 79-80.
4. This refers to the experienced labour force aged ten years and over, that is, employed persons plus the actively unemployed who had previously held a job.
5. According to Gregory, each of these represents an improvement in employment conditions in that people are moving from relatively low paid to relatively high paid occupations.
6. Squire (1981, pp. 69-74) presents estimates of invisible underemployment in eight developing countries and three regions for the early 1970s. The estimates range from 14 to 60 per cent of the employed labour force.
7. For example, it is not possible to compare unemployment numbers between 1970 and 1980 on the basis of Census results. The 1970 Census count includes only the active unemployed, whereas the 1980 figure incorporates both active and inactive unemployed.
8. For a discussion of labour market information collected by the Ministry of Labour, see Chik (1981) and Ministry of Labour (1984, pp. 123-25).
9. The number of open unemployed rose in 45 and fell in 10 of the countries for which data were available.
10. A comprehensive article by Seah (1984) compares youth and female unemployment in the countries of the ESCAP region up until the early 1980s.

REFERENCES

- Berry, A. and R.H. Sabot. "Labour market performance in developing countries: a survey". *World Development* 6, nos. 11 and 12 (1978): 1199-242.
- Blake, D.J. "Unemployment: The West Malaysian example". *U.M.B.C. Economic Review*, IX, no. 1 (1973).
- Chik, Z.B. "Labour market information in Malaysia — its development at the local level". In International Labour Office, *New Developments in Labour Market Information in Nine Asian Countries*, pp. 33-39. Geneva: ILO, 1981.
- Gregory, P. "An assessment of change in employment conditions in less developed countries". *Economic Development and Cultural Change* 28, no. 4 (1980): 673-700.
- Hakim, C. "The social consequences of high unemployment". *Journal of Social Policy* 11, no. 4 (1982): 433-76.
- Harris, G.T. and Zakariah, B.A.R. "Employment performance in developing countries during the 1970s". Working Paper No. 3. Universiti Pertanian Malaysia, Department of Economics, 1984.
- International Labour Office. *World Labour Report I*. Geneva: ILO, 1984.
- Mazumdar, D. *The Urban Labour Market and Income Distribution: A Study of Malaysia*. New York: Oxford University Press/World Bank, 1981.
- Ministry of Finance. *Economic Report 1984/85*. Kuala Lumpur, 1984.
- Ministry of Labour. *Labour and Manpower Report 1981/82*. Kuala Lumpur, 1984.
- Seah Chee Meow. "Youth and female unemployment and underemployment in the ESCAP region". *Southeast Asian Journal of Social Science* 11, no. 1 (1984): 1-31.
- Sen, A.K. *Employment, Technology and Development*. Oxford: Clarendon Press, 1975.
- Squire, L. *Employment Policy in Developing Countries*. New York: Oxford University Press for the World Bank, 1981.
- Udall, A.T. and S. Sinclair. "The 'luxury unemployment' hypothesis: a review of recent evidence". *World Development* 10, no. 1 (1982): 49-62.
- Visaria, P. "Poverty and unemployment in India: an analysis of recent evidence". *World Development* 9, no. 3 (1981): 277-300.
- Weeks, J. "Does employment matter?" In *Third World Employment*, ed. R. Jolley. Harmondsworth: Penguin, 1973.

Appendix

TABLE 1-A
Distribution of Experienced Labour Force by Sector

Sector/Industry	1970		1980	
	Number	Per Cent	Number	Per Cent
Agriculture				
Agriculture, forestry, hunting and fishing	611.3	22.3	591.8	15.6
Agricultural products requiring substantial processing	747.8	27.4	821.9	21.7
	1359.2	49.7	1413.7	37.3
Industry				
Mining and quarrying	55.3	2.0	44.7	1.2
Manufacturing	251.9	9.2	565.7	14.9
Construction	59.9	2.2	185.9	4.9
Transport, Storage and communication	98.0	3.6	144.8	3.8
Electricity, gas, water and sanitary services	19.8	0.7	24.3	0.6
	484.8	17.7	965.4	25.4
Services				
Commerce	274.6	10.0	465.0	12.3
Services	472.6	17.3	858.5	22.6
	747.2	27.3	1323.5	34.9
Not known, not adequately described	145.2	5.3	90.5	2.4
TOTAL (thousands)	2736.4	100.0	3793.1	100.0

SOURCE: Department of Statistics, *General report of the population census 1980*, Volume I (Kuala Lumpur, 1983).

TABLE 2-A
Distribution of the Experienced Labour Force by Occupational Group
(Per cent)

<i>Occupational Group</i>	<i>1970</i>	<i>1980</i>
Professional, technical, and related	5	7
Administrative and managerial	1	1
Clerical and related	5	8
Sales	9	9
Service	8	9
Agriculture, animal husbandary, forestry workers, fishermen, and hunters	48	33
Production workers, transport equipment operators, and labourers	20	26
Not adequately described or not stated	5	7
TOTAL (thousands)	2736.4	3793.1

SOURCE: Department of Statistics, *General report of the Population Census 1980*, Volume I (Kuala Lumpur, 1983).

TABLE 3-A
Distribution of the Work-Force Aged 10 and Over by Employment Status
(Per cent)

	<i>1970</i>	<i>1980</i>
Employer	4	4
Employee	48	60
Own account worker*	27	27
Unpaid family worker	16	7
Seeking first job	5	2
TOTAL (thousands)	2870.9	3855.2

* Persons who work by themselves and do not employ anybody else, though they may have family helpers.

SOURCE: Department of Statistics, *General report of the population census 1980*, Volume I (Kuala Lumpur, 1983).

Geoff Harris is a Senior Lecturer in Economics at the University of New England, Australia.

Tai Shzee Yew is a Lecturer in the Faculty of Resource Economics and Agribusiness at the Universiti Pertanian Malaysia.