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Operational Activities For Development in Malaysia

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Opening Remarks at the Public Lecture by Frances Stewart:

“Horizontal Inequalities - Findings from Global Research”

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Yang Berbahagia Dato' Noriyah Ahmad, Director General of the Economic Planning Unit in the Prime Minister's Department

Professor Frances Stewart, Emeritus Professor of Development Economics at Oxford University in the United Kingdom

Excellencies,

Distinguished Guests,

Ladies and Gentlemen,

A very good morning to all of you.

On behalf of the United Nations Development Programme (UNDP), I would like to thank the EPU for co-hosting this public lecture today. It is indeed an extremely timely and opportune event in the context of the many recent social, political and economic developments in the country and Malaysia's aspiration to break out of the middle-income conundrum or trap as some commentators refer to it and achieve high income status, based on a sustainable and inclusive growth trajectory by 2020.

The topic of the public lecture today, *'Horizontal Inequalities - Findings from Global Research'*, is particularly relevant and timely in the Malaysian context as the move up the economic value-added ladder will require Malaysia, a multiethnic nation, to address critical issues relating to inequality. This will be crucial in order to ensure both that the future growth trajectory of the country is more inclusive and that no Malaysian gets left behind in the nation's pursuit of advanced economy status.

Ladies and Gentlemen,

To deliver this public lecture today, we have with us a distinguished, world-renowned development economist, Professor Frances Stewart. Professor Stewart who has a longstanding association with UNDP and its well-known annual Human Development Report, in particular, is currently Emeritus Professor of Development Economics and Director of the Centre for Research on Inequality, Human Security and Ethnicity (CRISE) at the University of Oxford. Professor Stewart is also Chair of the United Nations Committee on Development Policy and former President of the Human Development and Capability Association.

Today, Professor Stewart will be presenting the findings from six years of global research by CRISE on the topic of horizontal inequalities. CRISE is a development research centre based at the University of Oxford and funded by the United Kingdom's Department for International Development (DFID). CRISE enjoys an excellent reputation as a significant contributor to the research work on investigating the

relationships between ethnicity, inequality and conflict, with the aim of identifying economic, political, social and cultural policies which promote stable and inclusive multiethnic societies. In its research endeavors, CRISE is supported by social scientists from faculties around the world, including the Universiti Sains Malaysia and Universiti Malaya - to give two local examples.

Professor Frances Stewart's public lecture should provide us both with a greater depth of understanding about why some multi-ethnic countries are peaceful while others experience violent conflict as well as identify critical implications for development policy, particularly for Malaysia, from the case studies included in the global research.

Professor Stewart was recently awarded the UNDP's 2009 Mahbub ul Haq Award at Busan, in the Republic of Korea, honoring her lifetime achievements in developing, teaching and promoting the conceptual, empirical and policy foundations of human development. Even more recently this year, she received an honorary doctorate from the University of Sussex. Given her wealth of knowledge and experience, she has been invited by governments around the world to discuss issues surrounding ethnicity, inequality and conflict and the implications of these for the design and implementation of their national and domestic policies.

Professor Stewart has published extensively over the years focusing her research on appropriate technology; basic needs; adjustment and poverty; development during conflict; group behaviour; horizontal inequalities; and human development. She recently edited the publication titled *'Horizontal Inequalities and Conflict: Understanding Group Violence in Multiethnic Societies'* which is a major contribution to current debates on the prevention of conflict. Drawing on original quantitative and qualitative research, this book shows that horizontal inequalities among religious or ethnic groups, in their political, social, economic or cultural dimensions, are an important catalyst of such conflicts. The contributors identify policies to reduce horizontal inequalities and argue that such policies should be routinely incorporated into the development agenda and not just for countries that are in conflict or post-conflict situations.

Ladies and Gentlemen,

In the Foreword to this publication, Mr. Kofi Annan, the previous Secretary General of the United Nations, observed that the majority of countries in this world have a multitude of different ethnic and religious groups. The fact that most multi-ethnic societies are peaceful suggests that conflict within multi-ethnic countries is not inevitable.

As I have already indicated, the topic of the public lecture today is highly relevant for multiethnic Malaysia, particularly so, within the context of the country's economic transformation plan which aims to propel the economy to high income status within

the next decade. Inequality should have no place in the new economic model which the country is heading towards as its existence has proven to be an impediment to the achievement of better human development indicators.

UNDP is pleased to note that inclusiveness is now increasingly emphasized as the basis for Malaysia's economic transformation plan, through which all Malaysians are expected to be able to contribute to and share in the proceeds of increased national prosperity. A key component of inclusiveness is equal and fair economic opportunities. Forty years ago, this important value found its embodiment in the New Economic Policy (NEP), which to some extent contributed to reducing inequality and promoting social harmony over the years. Nevertheless, today, almost four decades since the NEP was first announced, Malaysia still has an unacceptably large segment of low-income households. Overall, inequality has also remained high and stubborn over the past few decades, with the poorest 40 percent of Malaysian households earning incomes, which on average, equal barely one-seventh of those of the richest 20 percent.

The New Economic Model announced earlier this year by the Prime Minister has established the framework to address inequality within the context of a new and more competitive economic environment which accords greater recognition to both need and merit. The Tenth Malaysia Plan also echoes this approach insofar as its programs are expected to be market-friendly, needs- and merit-based and transparent.

Efforts aimed at promoting national unity in Malaysia, akin to what Professor Stewart refers to as the "integrationist approach", are symbolized by 1Malaysia which has "*unity in diversity*" at its core. Under the twin principles of "*People now, Performance first*", the program hopes to bring together all Malaysians, who – as a collective – represent the government's owners.

Ladies and Gentlemen,

The United Nations Development Programme is devoted to promoting inclusiveness, not only because this is a moral imperative, but also because it is a way to ensure more sustainable economic growth and human development for all nations and their citizens in addition to promoting the enduring prosperity of the world's population. Horizontal inequality – be it social, political, or economic – has had and will continue to have a decisive impact on the success and sustainability of every development intervention.

It is hoped that the public lecture today, by a world renowned expert in this area, will contribute to an increased appreciation and understanding of the complexities of the Malaysian socio-political context and the delicate balance in development policies that is required to ensure and maintain long-term, inclusive growth and prosperity. I also hope that the findings from the global research project which will be shared

during the presentation and the recommendations that can be drawn from it, will serve as inputs for Malaysian policymakers as they prioritise both short-term responses and longer-term restructuring measures to support a more inclusive human development with an equitable growth trajectory.

Ladies and Gentlemen,

With this introduction, allow me to now formally welcome Professor Frances Stewart. I request her to share the main thoughts and findings from her many years of global research on the very important topic of horizontal inequality with us.

Thank you.