**Simulated Scenarios of Malaysia 2000 -2050**

A system dynamics simulation model is constructed to study the socio-economic scenarios of Malaysia by 2050. The model consists of nine socio-economic stocks namely: Population, Agricultural Sector, Manufacturing Sector, Tertiary Sector, High Level Occupational Sector, Post Secondary Education, Income and Social Capital. The Social Capital of the ethnic group is based on a survey using eight domains and over 50 indicators. Since only the Census Reports provide data of occupation distribution and distribution of labour force in the industrial sectors by ethnicity, the data of the 1980, 1990, 2000 and 2010 are used as input. As the 2020 census exercise have not started, the 2016 Labour Force Survey Report is used to moderate the data input.

**Figure 1**

**Stock Flow Diagram**

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The above model is used to simulate scenarios from 2000 to 2050. The flow diagram shows how the dynamics of stratification of an ethnic group interacts with the other ethnic groups. The simulated scenario shows that the population of the Chinese and Indian from 2000 to 2050, have declined to about 15 %and 5 % respectively while the population of the Malay and Other Bumiputera have increased to about 60 % and 20 % respectively. The scenario of great concern is that the parity share of the agricultural sector by the Other Bumiputera is increasing with a positive reinforcing loop. As such there is non-significant upward mobility to the higher value4 added manufacturing and servicing sectors.

**Figure 2**

**E:\Simulated Pop 2050.wmf**

The simulated population by ethnicity shows that Malaysia is moving into a country with two economic groups, namely the Malay and Other Bumiputera of Sabah and Sarawak which form the indigenous majority (75 %) while the Chinese and Indian constitute the ethnic minority (25 %). Such scenario may not promote the sustainability of national unity when Figure 3 shows that the aggregated economic growth paths of the Chinese and Indian are far ahead of the Malay and Other Bumiputera. Without any intervention, there is a very sluggish aggregated economic growth of the Malay while the Other Bumiputera aggregate growth is 0.62 compare with 1.57 and 1.79 by 2030, ( in terms of selectivity ratios). This implies that the Other Bumiputera aggregated economic development by 2030 is 38 % below normality ( normality is 1 ) while the Indian and Chinese are 57% and 79% above normality. The Malay aggregated economic growth by 2030 is 1.09 which just exceeds normality.

All these scenarios in figure 2 and 3 imply that by 2030, without any interventions, the Chinese and Indian will become the market dominant minorities while the Malay and the Other Bumiputera will be termed as the impoverished ethnic majority.

**Figure 3**

E:\11th June  2019 Diag for ethnic growth.wmf

According to Amy Chua[[1]](#footnote-1), “ When free market democracy is pursued in the presence of a market dominant minority, the almost invariable result is backlash. This backlash against markets, targeting the market-dominant minority’s wealth. The second is a backlash against democracy by forces favourable to the market-dominant minority. The third is violence, sometimes genocidal, directed against the market- dominant minority itself”

Such scenario already happened in Indonesia in 1998, when a disproportionately prosperous ethnic minority was attacked by members of a relatively impoverished majority incited by an ethno-nationalist government.

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**Figure 3**

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1. Amy Chua, “ World On Fire”, ANCHOR BOOKS, New York [↑](#footnote-ref-1)