

Has Kelantan Grown Faster than Other States in Malaysia? A Panel Data Analysis

(Sudahkah Kelantan Membangun lebih Pantas Berbanding Negeri Lain di Malaysia? Satu Analisis Data Panel)

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ABSTRACT

Kelantan has been the poorest state in Malaysia for the past five decades. Despite the various Malaysian Development Plans for the past several decades, regional disparity between states remains in Malaysia. Thus, the objective of the present paper is to address the question whether Kelantan has been narrowing their income gap with other states in Malaysia. Using annual data for the period 1961 to 2003, our panel unit root test result suggest that (1) Kelantan converges towards Kedah, Negeri Sembilan, Perak, Pahang, Perlis and Selangor; (2) Kelantan is catching-up to Johor, Melaka, Penang, Sabah, Terengganu and Wilayah Persekutuan; and (3) Kelantan show divergence with Sarawak. In this respect, the government has an important role to play in enhancing growth by continuously providing stable economic environment for investment and other productive economic activities. This will ensure full convergence can take place in the future.

Keywords: catching-up; convergence; income disparity; regional inequalities

ABSTRAK

Semenjak lima dekad yang lalu, Kelantan merupakan negeri yang paling miskin. Meskipun pelbagai Rancangan Pembangunan Malaysia untuk beberapa dekad yang lalu, ketaksamaan kawasan di antara negeri-negeri masih berlaku di Malaysia. Maka, objektif kertas kerja ini adalah untuk menangani persoalan tentang samada Kelantan dapat mengurangkan jurang pendapatan dengan negeri-negeri lain di Malaysia. Dengan menggunakan data tahunan untuk tempoh 1961 hingga 2003, hasil ujian punca satu untuk panel mencadangkan bahawa (1) penumpuan (convergence) berlaku di antara Kelantan dengan negeri Kedah, Negeri Sembilan, Perak, Pahang, Perlis dan Selangor; (2) kemajuan negeri Kelantan telah dapat menghampiri (catching-up) dengan kemajuan negeri Johor, Melaka, Pulau Pinang, Sabah, Terengganu dan Wilayah Persekutuan; dan (3) Kelantan telah mencapah (divergence) dengan negeri Sarawak. Dalam hal ini, kerajaan memainkan peranan yang penting untuk meningkatkan pertumbuhan Negara dengan menyediakan persekitaran ekonomi yang stabil untuk pelaburan dan aktiviti-aktiviti ekonomi lain yang produktif. Ini akan memastikan penumpuan penuh boleh berlaku di masa akan datang.

Kata Kunci: mengejar; penumpuan; ketaksamaan pendapatan; ketidakseimbangan serantau

INTRODUCTION

Malaysia's economic growth has surpasses that of the other ASEAN nations including also the industrialized countries. Nevertheless, disparity in income across states in Malaysia continues to be a matter of concern. The existence of regional inequalities and the prospect that these inequalities may widen were recognized by the Malaysian government. As a matter of fact, the eight volumes of the 5-Year Malaysia Plan reflects the sincerity of the Malaysian government in eradicating if not elevating the problem of regional or states imbalances.

Accordingly, in their quest to achieve both development and equity at the same time, policies and strategies are continuously being formulated and implemented across the states.

Table 1 and Table 2 show some interesting observations on the performance of the fourteen states in Malaysia for the period 1970 and 2000. In the year 1970, five states - Negeri Sembilan, Perak, Selangor, Sabah and Wilayah Persekutuan registered real GDP per capita that is above the national average. However, in the year 2000, Melaka, Penang, Selangor, Terengganu and Wilayah Persekutuan has been acting as the engine of growth for