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INCOME DISTRIBUTION ISSUE IN MALAYSIA

Abstract: income inequality in Malaysia's economic development since 1970 until the implementation of the 9th Malaysia Plan is a big issue in efforts to achieve economic growth with the distribution. Income inequality within each ethnic group has increased, although the gap in ethnic income inequality has been relatively small since the last few years. Inequality between states and territories continues and remains broad. Economic growth is a pushing force in increasing income and living standards, but economic growth does not by itself guarantee the advantages of growth enjoyed equally by all levels of society.

Keywords: inequality of incomes, economic development of Malaysia, ethnic inequality of incomes, the 9th plan of Malaysia.

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ПРОБЛЕМА РАСПРЕДЕЛЕНИЯ ДОХОДОВ В МАЛАЙЗИИ

Аннотация: неравенство доходов в экономическом развитии Малайзии с 1970 года до реализации 9-го плана Малайзии является большой проблемой в процессе достижения целей экономического роста. Неравенство в доходах внутри каждой этнической группы возросло, хотя разрыв в этническом неравенстве доходов был относительно небольшим за последние несколько лет. Неравенство между штатами и территориями сохраняется и остается широким. Экономический рост является движущей силой повышения доходов и уровня жизни, однако сам по себе экономический рост не гарантирует преимуществ роста, которыми в равной степени пользуются все слои общества.

Ключевые слова: неравенство доходов, экономическое развитие Малайзии, этническое неравенство доходов, 9-й план Малайзии.

Unequal distribution of national wealth is an issue of a global problem among the western or eastern economist. The evolution of modern growth economic ideas like Adam Smith and Karl Marx has become the background of world's development and wealth distribution policies, either among capitalist or Socialist-Marxist or liberal mix capitalism. On the other side, the world has also known by the economic philosophy from China and Indian in eastern or by Islamic economist in Muslim countries. Which ever economic system applicable for Malaysia as developing country, the government policies will determine whether the economic policies implemented either effectively , justice , democratic , openness , liberal or freedom as a slogan for development model to overcome problems related to backwardness and poverty problem in Malaysia. Justice and socio economic inequality still remain as national problems and human kind in Malaysia.

Table 1 shows the demographic of population by strata and ethnicity which would likely help to improve the efficiency of NEP (New Economic Policy), which started way back at 1971 by the government [5].

Table 1 - Distribution of the total of population based on strata and ethnicity in urban and rural areas in 2017 (thsd of people)

Ethnic Group	Urban Area			Rural Area		
	Men	Women	Total	Men	Women	Total
Bumi;s	6871,1	6,791,0	13662,4	3096,7	3017,6	6114,4
Chinese	3174,1	3023,9	6198,0	246,1	220,1	466,2
Indian	904,1	915,6	1819,7	89,0	89,0	177,9
Others	97,2	94,0	191,2	48,01	45,1	93,2
Non Citizen	1402,0	909,2	2311,2	632,7	382,8	1015,5
Malaysia	12448,5	11734,0	24182,5	4112,6	3754,6	7867,2
Total						

Table 2 -Distribution of the total of population based on strata and ethnicity , 2017 (thsd of people)

Ethnic Group	Total		
	Men	Women	Total
Bumi;s	9967,8	9809,0	19776,8
Chinese	3420,2	3244,0	6664,2
Indian	993,1	1004,6	1997,6
Others	145,4	139,1	284,4
Non Citizen	2034,7	1292,0	3326,7
Malaysia	16561,1	15488,6	32049,70
Total			

The focus of the issue raised in the whole of the economic policies is due to the problem of the growth and distribution of the nation's economic resources since independence to date. Hence, the strategy of elimanating poverty and restructuring society is the opposite and definite reverse impact in terms of income distribution of

the country's economic resources which involve many factors, such as politics, social, education, ethnicity, culture and religious beliefs of Malaysians who have been known for the diversity philosophy of life, tradition and the current practice until now [6].

Actually the issue of distribution is the same issue that exists with all of the human in the world. The Quran states that the events of Qabil and Habil are attributed to the property of the world's property which creates dispute, greed and envy that ultimately leads to the misfortune and tragedy of death and the destruction of moral values, although they are both brothers and sisters under the guidance of one Father and one Mom. The record is known by Abrahamic religion, especially Muslims, Jews and Christians whose classes form majority of the world's wealth of resources and its distribution as pioneered by Karl Marx, and Adam Smith, which is the basis of the world's largest secular conventional section. Besides, the foundation of wealth distribution according to the Qur'an and al-Sunnah as pioneered by Muslims. Hence the issue of distribution is now closely related to the function of the leadership of the state to choose which distribution policy to be applied in the economic life of the country. Although the growth and distribution of wealth of the nation are presented with a tone and agenda that is very attractive to the people's servants, the issue of distribution justice has always been the main concern of various parties [2,9].

The achievement of Malaysia's economic growth in table 3 shows the performance of GDP per capita and GDP in 2014-2016 the states in Malaysia are still in the same category, namely the more advanced and less developed that involve the inequalities of the distribution of wealth of the nation remain with the form and distribution pattern existing ones are practiced in this country [3]. This can be seen in the Figure 1.

Table 3 - GDP and GDP per capita for the period from 2014 to 2016 in Malaysia

Year	Gross Domestic Product (GDP)				GDP Per Capita (RM)
	RM (Million)		Growth (%)		
	Price	Constant Price	Price	Constant Price	
	Current	(2010 = 100)	Current	(2010 = 100)	

2014	1,106,443	1,012,449	8.6	6	34,838
2015	1,158,513	1,063,998	4.7	5.1	36,119
2016	1,231,020	1,108,935	6.3	4.2	37,822

Income inequality in Malaysia's economic development since 1970 until the implementation of the 9th Malaysia Plan is a big issue in efforts to achieve growth with the distribution. Income equality can be observed more clearly when we compared between urban and rural value of income [1,10].

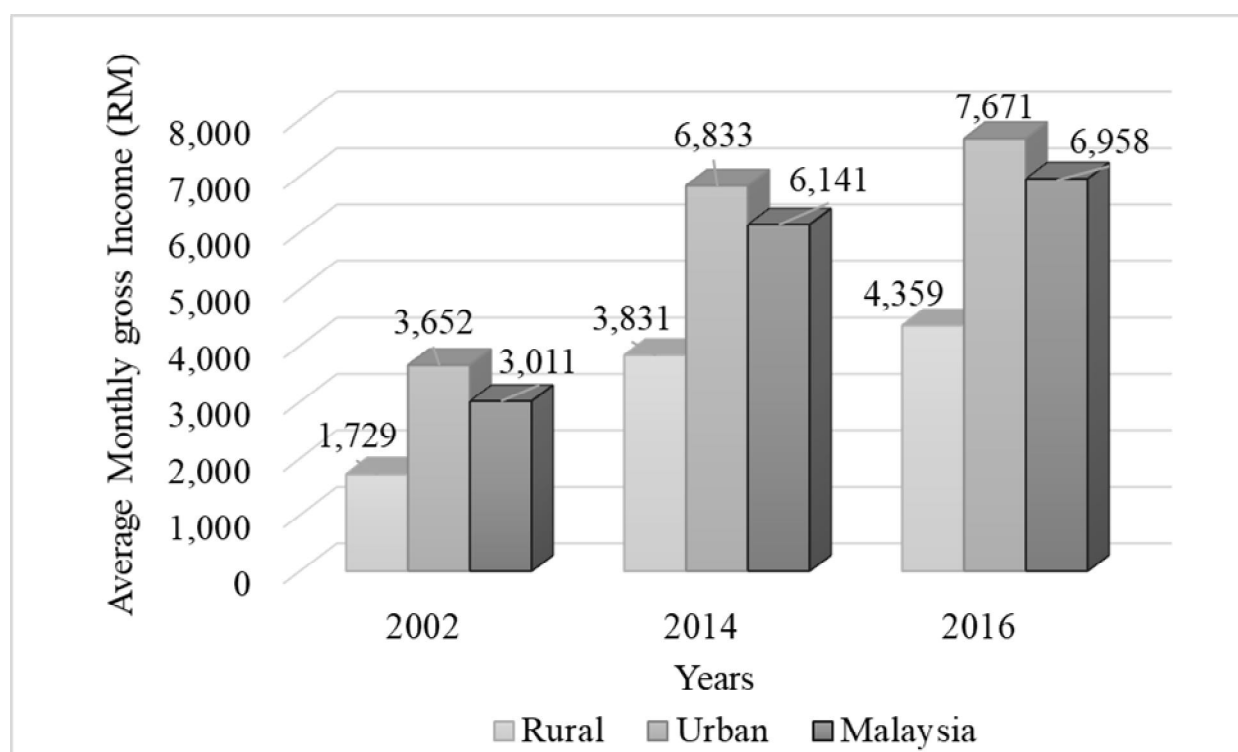


Figure 1 - Average monthly gross household income by strata (RM)

The term strata refers to the class to which the people are assigned to their social statuses such as income and living places.

This statement is supported that income inequality within each ethnic group has increased. Other feature of inequality also show a worrying trend. Although the gap in ethnic income inequality has been relatively small since the last few years, the gap in terms of absolute value continues to expand. Inequality between states and territories continues and remains broad. Economic growth is a pushing force in

increasing income and living standards, but economic growth does not by itself guarantee the advantages of growth enjoyed equally by all levels of society [2,10].

The need to re-emphasize the distribution in the development of Islam Hadhari's approach to addressing issues of income inequality through strategic planning and the RMK9 program was highlighted with a very interesting rhythm although it was still within the framework of "Capitalist Globalization" or worse if it were within basket "casino capitalism" among others, is:

1. Maintain a sustainable economic growth, promote human development and strengthen national unity.
2. Meet distribution targets that have not been fully realized.
3. Ensuring full implementation, effectiveness and impact of policies, programs and distribution projects in line with excellence governance practices [4].

Towards growth by distribution [9].

The issue of income distribution in Malaysia involves the application of national economic development policies through the economic policies that have been implemented since 1971 until 2017. In the development planning of the 9MP, the growth and distribution of the country's wealth resources was given an operating platform through the Islamic Hadhari Approach from 2006 to 2016 [8]. The achieved result is to implement the goal of eradicating poverty and rebuilding the community is always the concern of all parties [7]. Government and people's efforts are expected to be implemented more effectively and effectively to achieve policy goals, strategies and improvements in the future. [2].

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