



## ? WHAT'S INCOME INEQUALITY ?

Unequal distribution of income within a society or economy.

Influenced by education, skills, social and economics policies, welfare programs, and etc.

Leads to social and economics problems.

## INCOME INEQUALITY & MALAYSIA

In July 2020, 5.6% of Malaysian households are living in absolute poverty.

The income gap between groups in Malaysia has grown.

Income inequality in Malaysia remains high relative to other East Asian countries.

Due to Covid-19, more M40 households slips into the B40 category.

Income distribution within the B40 group itself is uneven.

### FACTORS

#### EDUCATION LEVEL

Workers' education level differ among states / areas.  
Defines workers' skills and profession and salary range.  
The more educated the person, the easier for them to get high paid job.

#### GLOBALIZATION

Opens more opportunities for exports in high-tech firms that uses more high-skilled labour.  
Created global market for talents which increased the global demand and earnings for those who get promoted.

#### JOB OPPORTUNITY

Urban areas develop faster than rural areas.  
Limited job opportunities provided in rural areas.  
Gap between those who are unemployed and employed gets wider due to income loss.



#### DISCRIMINATION

Differences in access to employment and education caused difference in income levels.  
Women and people of colors may be paid less than white male labour for the same jobs.

### IMPACTS

#### POVERTY

Those with low incomes unable to afford basic necessities.  
Lack of resources to improve their economic circumstances.

#### CRIME

Unemployment and poverty increase crime.  
People with lower levels of income were associated with higher levels of violent and property crime.  
Richer neighborhoods able to equip effective defence technologies against crimes.

#### HEALTH

Unable to afford healthy food due to low income.  
Unable to access healthcare, increases the rates of getting health diseases.  
Financial issue led to mental health illness. (Depression)

#### SOCIAL INEQUALITY

Greater access to education, healthcare and other opportunities help them succeed in life.  
Certain groups of people are unfairly advantaged.  
Causes social tensions and senses of unfairness.

### INITIATIVES

#### INCREASE THE LEVEL OF LITERACY

Higher level of literacy rate, inequalities in wages decreases.  
Proper education can increases skilled labor and contribute to the rise of employment.  
However, higher education cannot be afford by everyone thus government should initiate to give access to education.

#### INCREASE TAXES FOR THE RICH

Income inequality will be reduced when the taxes for the rich community is increased, so that the poor would not become poorer and the rich would not become richer.  
The study shows that, Malaysia has the lower tax rate among ASEAN countries which is why income inequality is higher.

#### INCREASE THE GOVERNMENT WEALTH DISTRIBUTION EFFORTS

Increase the government spending on social expenditure have proven to decrease income inequality or poverty.  
When government increased the wealth distribution, poverty reduced.

#### INCREASE THE MINIMUM WAGE

Raising the minimum wage could ensure workers to receive a fair wage.  
Reduce wage gap between high income labor and low income labor.

