

Malaysian economics

Economics



2 - CAUSES OF INEQUALITY OF INCOME DISTRIBUTION 2. 1 Differences

ineducation During the British rule, each ethnic group also generally experienced different education systems. Most Malays were educated in the government school system located in the rural areas that used the Malay language as the medium of instruction. The Chinese on the other hand sent their children to the Chinese medium schools, which were established by Chinese voluntary associations.

Nevertheless, the elite segment of each ethnic group generally sent their children to the English medium schools located in the urban areas, where the quality of education was far better than the rural Malay-medium school. Furthermore, most secondary and tertiary education was available in the urban areas with English as the medium of instruction. Those who were educated at the English medium schools tended to gain positions in the civil service, commerce, business, and professions. Since most of the Malays were educated in the rural Malay medium schools, this indirectly limited their upward social mobility.

. 2 Differences in skills Since Malay only received the education from government school in rural areas, the skills were limited. Lack of skills and knowledge were the factors of unemployed. This will worsened the situation of poverty and income disparities between the ethnic groups. Sectoral employment of Bumiputera and non-Bumiputera (%) in peninsular Malaysia, 1970.

Sector	Bumiputera	Non-Bumiputera
Primary	67.6	32.4
Secondary	30.8	69.2
Tertiary	37.9	62.1

Notes: Primary (agriculture)

Secondary (mining, manufacturing, construction, utilities, and transport)

Tertiary (wholesale and retail trade, finance, government, and other

services) 3. 3 Differences in access to capital A majority of non-malays are usually found to be living in the southern and western states of Malaysia , such as Pulau Penang and Kedah. These states form modern urban sectors and also modern rural sectors which are playing the important roles in the economic activities. On the other hand, the Malays lived in the northern states of Malaysia, and they are indeed in the traditional rural sector.

This imbalanced development had result the imbalance capital gain among the ethnic groups. Wealth Decomposition by Asset Classes in 2007

Asset Classes	Bumiputera	Chinese	Indian	Savings
Investment Assets	1 853	4 629	2 058	2 795
Financial Assets	2 419	7 423	3 083	1 026
Real Estate	70 453	120 903	84 146	128 326
Wealth	72 873	128 326	87 229	

3. 4 Differences in unemployment pattern The supply of skilled manpower in their own field is the main problem in employment restructuring. Despite the limited success of bumiputera students, the presence of skilled and qualified bumiputera workers and professionals are inadequate.

A few factors that contribute to this problem are such like limited accessibility to modern educational facilities and quality educational or even lowfamilyincome. Bumiputera are mainly attracted to the public sector and lately the bumiputera states the record for having the highest employment rate among malay university graduates. Although the manufacturing sectors display a tremendously high rate or malay labor force, most of them are employed in the lower level or non-manegerial level of occupations.