

Poverty in Malaysia: Need for a Paradigm Shift

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Abstract: *Malaysia aspires to be a developed nation by 2020 and if these development ambitions are to be attained Malaysia needs to reexamine its past approaches to reducing poverty and inequalities in the country. Malaysia is no longer just grappling with absolute poverty but also with relative poverty, pockets of persistent poverty and urban poverty as well as increasing inequalities. While rural poverty still continues to be the focus of policymakers, urban poverty also needs urgent policy attention and prescriptions. Stubborn pockets of poverty continue to elude policy solutions and new forms of poverty are emerging in the context of a country that sees itself as a developed nation by 2020. Close attention has to be paid to income distribution as progress towards poverty reduction is marred unless improvements in income distribution occur alongside poverty reduction. A paradigm shift is needed in the way in which poverty is conceptualized, defined and measured in Malaysia as the reinterpretation of the Poverty and Income distribution data over the last three decades shows that poverty in Malaysia retains much of its original characteristics and income distribution patterns show inter ethnic inequalities remaining and a worsening position for certain ethnic groups. The call for a paradigm shift is further reinforced by the new development direction that is encapsulated in the New Economic Model with its focus on inclusive development and the bottom 40% of the population.*

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1. Introduction

Malaysia has made numerous proclamations of its aspirations to achieve developed country status by 2020. While these aspirations are laudable, there are several issues that have to be resolved before the nation joins the ranks of developed countries. Among the pressing issues that need to be addressed

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concern poverty, inequality and income distribution.

Stubborn pockets of poverty continue to elude current policy measures and solutions and new forms of poverty are emerging which frustrate Malaysia's attempts to become a first world nation by 2020 (attaining developed country status). Close attention needs to be paid to income distribution as progress towards poverty reduction is marred unless there are improvements in income distribution alongside poverty reduction efforts.

Poverty eradication attempts in the future have to be carefully and comprehensively designed and targeted so that the poor can become a major contributor to the development process. The kind of dynamism that is required to pull the poor out of the doldrums of poverty requires new approaches incorporating various stakeholders including the private sector as drivers and the community as the custodian of the rights of the poor. This approach is premised upon creating a dynamic community among the poor imbued with the desire to integrate with the modern sector and become key players in the global economy and move up the value chain.

This paper begins with a brief review of major works on poverty in Malaysia. This is followed by a summary of Income and Poverty Situation and Progress from between 1970 and 2014. Next, we discuss the need for a paradigm shift with respect to poverty given the new developments both in approaches and measurement. The paper concludes with suggestions for developing a new approach to poverty that takes into account the changing landscape of Malaysia. Some policy prescriptions are also provided.

2. Empirical Studies on Poverty Measurement in Malaysia

The definition of poverty is dynamic reflecting its ever changing nature. The concept of absolute poverty was introduced by Rowntree (1951^a, 1951^b, 1995) and used until the early 1970s. The term relative poverty was expounded by Townsend (1979). Both these views were income based and provoked critical comments (see Silver, 1994; Laderchi, 2000; Franco 2003; Jayasooria, 2015). The scope of poverty was expanded to include living conditions (Sen, 1979, 1980, 1987; Ringen, 1985; Bergman, 2002) and social exclusion or marginalisation of certain groups (Silver, 1994; Hills, Le Grand and Piachaud, 2002). At present, poverty is viewed as a multidimensional phenomenon (Levitas, Pantazis, Fahmy, Gordon, Lloyd & Patsios, 2007; Jayasooria, 2015).

However, the monetary approach based on utility theory in economics is still popular among many economists (Laderchi, 2000; Asselin & Dauphin, 2001) and governments. The central issue is the quantum of income one derives to maintain a certain level of economic well-being (Ravallion 1998; Asselin & Dauphin, 2001) which informs the view on absolute and relative poverty. A prevalent definition of absolute poverty is based on fixed income ascertained by policy makers namely, minimum standard of living and for

relative poverty, it is the median national income and those falling below these values are classified as poor.

Malaysia has always viewed poverty through the absolute poverty lens. It began with Ungku Aziz's work on nation building which pinpointed "exploitation" and "neglect" by the British colonial administration as the primary causes of poverty at both micro and macro levels in Malaysia. He identified other equally important variables like exploitation by middlemen and moneylenders that affected the incomes and economic life of the rural poor, especially the Malays (Aziz, 1964). The issue of poverty had always remained close to his heart and is evident in his relentless 35 years of research on this topic. Many of his views on lack of productivity by farmers, exploitation through monopoly and monopsony and neglect of development formed the basis of government policies on poverty alleviation resulting in the establishment of many supportive government agencies.

Ungku Aziz was always focused in his endeavour towards a solution to the scourge by emphasising the importance of education, benefits of saving, infrastructural development, good health, income voucher and introducing the sarong index. He has been an unfailing in supporting government efforts to eliminate poverty by equalising income (Aziz, 2009).

Beyond this pioneering works, many social researchers and academicians trained their attention on poverty studies. Among them, Anand (1977) and Shireen (1998) on poverty profiling of different demographic variables; Anand (1983), Jamilah Ariffin (1997) and Ishak Saari (2000) on head-count ratio approach for rural /urban strata. Earlier researchers viewed poverty through monetary perspective which had served its utility.

Economists now argue that a multidimensional approach is needed in the changing environment. Wagle (2005) emphasised multiple dimensions of poverty based on extensive review of work by Sen (1987, 1992, and 1999) and Silver (1994) who defined the concept as lack of capability to function or achieve wellbeing while Silver focused on social processes that inhibit individuals from acquiring resources. Nolan and Whelan (2009) suggested moderating non-monetary variables with independent income data to better capture the dynamics of poverty. Malaysia needs to conceptualise poverty in a more inclusive way through a broad spectrum of variables (UNDP, 2013) than the current restrictive absolute poverty definition. The need to move forward is imperative.

The following section summarises some of the government statistics and indicators on poverty in Malaysia from the 1970s to 2014 to better understand the gains and shortcomings of current absolute poverty approach.

3. Summary of Income and Poverty Situation and Progress 1970s to 2014

Official Household Income Survey (HIS) is carried out by the Department of Statistics (DOSM, 2014), Malaysia, twice every five years since the first survey began in 1973. Data on Income is used in calculating Poverty Line Income (PLI). The PLI or commonly known as the poverty threshold in Malaysia is determined by the Economic Planning Unit (EPU, 2015) of Prime Minister's Department.

Official data indicates Malaysia's relentless fight against poverty as a major chapter in its success story. The record is striking when a comparison is made of the progress over four decades. Malaysia has significantly increased income resulting in almost totally eradicating poverty according to official estimates of poverty. A review of percentage distribution of households by income class, 1970 – 2014, shows a significant reduction in income class; those earning less than RM500 from 89.3% in the 1970s to those earning less than RM1500 to 5.7% in 2014 and for Urban from 77.2% to 3.6% and Rural from 94.1% to 12.9% in the corresponding period (Refer to Appendix 1).

The mean and median monthly gross household income by ethnic group, strata and state, 1970-2014, too has significantly increased over this period. Furthermore, the divide between the ethnic groups, strata and states has significantly narrowed although some states' (Terengganu, Kelantan, Kedah and Sabah) performance is not in tandem with overall performance (refer to Appendix 2 and 3) Income share of Bottom 40% of Households by Ethnic Group and Strata, 1970-2014, across all three major races shows significant improvement with bottom 20% of population experiencing overall income increase to 16.5% in 2014 from 11.5% in the 1970s. This improvement is also seen across strata, urban and rural with the latter having a higher rate than the former.

Mean Monthly Gross Household Income of Bottom 40% of Households by Ethnic Group and Strata, Malaysia, 1970-2014, multiplied by 33 times from RM76 in 1970s to 2,537 in 2014. In terms of ethnicity, the Bumiputera showed the highest improvement (41 times), followed by Indians (24 times) and Chinese (23). As for Strata, rural performance is 19 times which is slightly more than urban at 17 times (refer to Appendix 4 and 5).

The Gini coefficient shows greatest reduction among Bumiputera (0.466 to 0.389), but the drop between two time zones is not substantial for this group. For the Urban it declined from 0.541 to 0.391, a significant improvement over Rural from 0.473 to 0.355. The data for 2014 indicates poverty is almost eradicated. The poverty incidence shows almost 100% reductions for Bumiputera, Chinese and Indians in Urban as well as Rural areas (refer to Appendix 6 and 7).

The rate of poverty has decreased significantly from as high as nearly 50% in 1970s to below 2% currently. However, some states still experience high poverty rates such as Terengganu and Kelantan (Refer Table 1).

Table 1a: Rate of poverty, Malaysia

Year	Poverty Rate (%)
1970	49.3
1975	43.9
1980	29.2
1985	20.7
1990	17.1
1999	8.5
2004	5.7
2007	3.6

Source: Malaysian Plan (Various issues).

Table 1b: Poverty line income (PLI) for, Malaysia 2007

Region	Household (RM)	Per capita (RM)
West Malaysia	720	180
Sabah	960	200
Sarawak	830	190

Source: Mohd Shukri Mohd Jusoh (2009).

Table 1c: Poverty Line Income (PLI) Per Capita

State	Urban (RM)	Rural (RM)
Johor	154	142
Kedah	143	144
Kelantan	139	126
Melaka	151	149
N.Sembilan	146	147
Pahang	150	144
P.Pinang	152	150
Perak	146	140
Perlis	136	142
Selangor	161	148
Terengganu	148	147
Sabah	174	170
Sarawak	171	164
W.Persekutuan	189	0

Source: Mohd Shukri Mohd Jusoh (2009)

Malaysia's definition of poverty and poor is income based and consists of two categories. Extreme poverty is defined as households failing to earn enough to fulfil basic survival needs such as food, clothing and shelter. Households that fall into this category earn average monthly incomes of less than RM460 in Peninsular Malaysia, less than RM630 in Sabah and less than RM590 in Sarawak. Poor households are defined as those falling short of certain standards of consumption which are deemed necessary to maintain 'decency' in society, for example, those who cannot afford healthcare and education. Households with average monthly incomes of less than RM760 in Peninsular Malaysia, less than RM1,050 in Sabah and less than RM910 in Sarawak are defined as poor (DOSM, 2014).

The Poverty Line Income (PLI) varies in Malaysia as a result of different standards of living. The PLI is higher in the urban areas compared with the rural settings and higher in East Malaysia. The current definition of poverty was set in 2009 during the GTP 1.0 roadmap following OECD standards and measurement of income which adheres to the standards of the UNDP (2007) The Economic Transformation Program Roadmap aims to increase the mean monthly income from RM1,440 in 2009 to RM2,300 in 2015, as stated in the 10th Malaysia Plan. According to data from the Ministry of Finance, this target was met, ahead of schedule, in 2014 (RM2312). A collaborative effort

by multiple ministries, agencies and NGOs are involved to focus resources on targeted group to increase the level of education among the poor, strengthen social safety nets, ensure income is redistributed to uplift those in poverty through BR1M for the bottom 40% and promote appropriate policies that boost economic development (ETP, 2014).

The government's pro-active measures in reducing poverty have touched the lives of large proportion of rural populace through infrastructural development, building more roads in the rural areas and ensure steady and uninterrupted supply of electricity and water. This infrastructure development represents a sizeable government expenditure budget. As detailed in the World Bank's Global Economic Prospects report 2014, Malaysia's efforts at reducing poverty have been a great success, virtually eliminating absolute poverty to less than 1% from over 50% in the 1960s (US\$8.50 per day in 2012) and especially in the rural strata (ETP, 2014). Its current focus on relative poverty reduction through a multi-dimensional approach is timely and much welcomed. The Asian Development Bank declared Malaysia recorded 55.3% reduction on the percentage of population below poverty line income, the biggest reduction among ASEAN countries (ETP, 2014).

3.1 Current Approach towards Poverty: A critique

However, these results reflect a constrained approach towards a broader problem. The poverty measurement employed is based on the necessities needed by the household to fulfil the very basic needs in terms of food and non-food requirement. Food items are based on Recommended Daily Allowances, calculated by the Technical Group on Food comprising experts from the Ministry of Health and researchers selected by EPU (EPU, 2014). Although the PLI has undergone revisions in scale, in essence, the approach towards PLI estimation remains the same in terms of scope. As the change in PLI is unidimensional and based on income only, it automatically alters the poverty rate whenever the PLI changes. The current low poverty rate observed is primarily due to the fact that PLI is set ridiculously low at RM830 (as at 2012 and slightly higher for Sarawak and Sabah) for a family of four (EPU, 2014) which is not a true reflection of the situation on the ground. This low PLI is the cause of consternation among many stakeholders. They opined that the fixed consumption basket approach does not capture the shifting consumption patterns and changing technology, especially for urban residents, which now comprise 70% of the population.

An equally important issue is the use of income-only approach to calculate official poverty rate. This income-centric approach does not sufficiently capture living conditions and human capabilities. Having more income is good but it should not be an end in itself, ultimately what matters is whether lives are more liberated, empowered and fulfilled (Sen, 1999). Further, the official

figures do not capture the expenditure patterns as a variable in its estimates. The Malaysian household debt is amongst the highest in Asia and we have the highest GINI score in the region. The indicators used for living standards do not take into account the urban poor and inadequately covers relative poverty. Some of the most vulnerable and aspiring who are not family based are not well placed in terms of taking advantage of policy measures (Jayasooria, 2015). As Jayasooria rightly pointed out, this may lead to much confusion when agencies develop operational guidelines for delivery and hence, will miss a sizable section of the B40 (bottom 40% household income group).

Even the United Nations has not commented favourably on Putrajaya's reliance on absolute poverty figures reflecting reality at the ground level. It has commissioned Malaysia Human Development Report (MHDR, 2013, 2014) through United Nations Development Programme (UNDP) to measure poverty against what households earn in general, rather than by a fixed minimum level. Indeed, the MHDR compared education, health, wages and living condition as variables in its estimation and as expected showed substantial lag against government estimates.

The perception that Malaysians are 'rich' based on definition of none are 'poor' is not valid in the current context. Current policy measures are inadequate to address poverty in a wider context especially the relative nature of it. What is required in the current situation is an actual plan for social and economic justice that addresses real poverty and disparities in real income across board. Nothing short of a paradigm shift is needed to address poverty.

4. Paradigm Shift

Poverty is a multidimensional social problem whereby all deprivations are inter-woven. It goes beyond the condition of not having enough income and other means to meet basic needs, having deeper material and cultural causes. It is influenced by geographical factors such as location (i.e. place and space), climate and natural resources. For instance, human groups in isolated conditions such as in agricultural or rural, landlocked or hinterland areas far away from major markets could be vulnerable to intergenerational poverty. The dimensions related to poverty therefore include: (i) lack of regular income and employment, productive assets (namely land and housing), access to social safety nets (ii) lack of access to services namely education, health care, information, credit, water supply and sanitation and, (iii) lack of political power, participation, dignity and respect.

The reinterpretation of poverty and income distribution data reiterates the need for a paradigm shift in the manner in which poverty in Malaysia is conceptualised, defined and measured. Poverty in Malaysia continues to persist retaining much of its original characteristics tending to be concentrated among the Bumiputera in the rural sector, the Orang Asli or indigenous minorities and in the poorer states of the Peninsular and in East Malaysia.

Deep stubborn pockets of poverty continue to exist among certain groups and areas, in the urban slums, among female-headed household, less educated heads of household, workers in the informal sector and amongst those in their prime working years. Attempts to deal with persistent pockets of poverty pose numerous challenges as these pockets are often found in areas in which the poor have least access to services and employment opportunities. Moreover, the costs of eradicating these stubborn poverty-ridden areas tend to be high as these pockets are found in very remote areas with limited accessibility.

Among the states, Sabah has the highest incidence of poverty followed by Kedah and Sarawak. Poverty in Malaysia has over time become more complex with the increasing prevalence of urban poverty, the emergence of new forms of poverty and increasing inter and intra ethnic and inter-sectoral income inequalities. In Malaysia, the poverty line is conceptualised in both absolute and relative terms. Absolute poverty is defined as income poverty or monetary poverty and is measured using the Poverty Line Income (PLI) which comprises a Food and non-Food PLIs. The Food PLI comprises food, clothing and footwear while the non-Food PLI consists of rent for shelter, transport and communication, recreation, education, and cultural services. The PLI is adjusted to take into account household size, its demographic characteristics as well as location. Different sets of PLIs are used for urban and rural areas.

The relative concept of poverty stresses income inequality as its fundamental manifestation and is reflected in the definitions of poverty in the lower quintiles of the population, the welfare ratio and the index of poverty. Relative poverty in Malaysia is defined as the per capita household income level that cuts off the bottom 40% of the population.

The conceptualisation of poverty based on income alone does not capture the social and welfare aspects and other forms of deprivation associated with poverty as well as not reflecting adequately the living standards of the poor. In addition, the PLI is often set too low to reflect the real costs of basic needs.

The magnitude of poverty, even in terms of a US\$1 a day poverty line used by the World Bank, fails to capture the multi-dimensional nature of poverty. In the context of urban poverty, which is increasingly becoming an important phenomenon in Malaysia, the use of the PLI is very restricted as urban poverty is a dynamic condition of vulnerability or susceptibility to risk. The PLI does not accurately estimate (usually underestimates) the scale and severity of urban poverty and only reflects one dimension of poverty failing to capture and portray the multi-dimensionality of urban poverty.

Urban poor households are likely to place greater emphasis on access to health, housing and employment. In addition, other qualitative aspects such as independence, identity, security, self-respect, legal and political rights as well as vulnerability, powerlessness, isolation and humiliation all of which are not related to income levels feature significantly in contributing to the deprivation of poor urban households. Malaysia, keeping in tandem with her aspirations

of becoming a developed nation by 2020 needs to look at incorporating new approaches to poverty taking into account the changing dimensions of poverty and focus on relative rather than absolute poverty. The state has to adopt more comprehensive approaches to conceptualising and defining poverty.

The New Economic Model (NEM) has the bottom 40% as its focal point in the interest of creating an inclusive society. It has also included an absolute poverty element in this relative poverty definition by stipulating an income cut off as the average monthly incomes of this group. This move is laudable in terms of recognising that poverty dimensions have changed and new approaches are therefore needed. The real challenge however, would be in defining and conceptualising poverty and measuring it. Malaysia has to move away from one-size-fits-all approach to poverty reduction to specifically-tailored approaches that are informed by detailed ground level data on the causes, processes and manifestations of poverty. This will require data from the grassroots level with a mixture of methodologies from the different poverty groups which cannot be captured from a one-off survey to obtain the kind of information that is needed. Hence, it is possible to obtain a better understanding of poverty from the perspectives of the poor in a dynamic environment.

In order to arrive at a more meaningful definition and conceptualisation of poverty that is tailored to meet the needs of modern day Malaysia a useful starting point is to inculcate awareness that all Malaysians irrespective of their race, gender, religion, political affiliation and location should be free from the shackles of poverty. This would require recognising that freedom from poverty is a fundamental human right and that it is the responsibility of all Malaysians to ensure that Malaysians do need not live in conditions of abject poverty that still continues to be the way of life of some of the poorer segments of society. It is also necessary to incorporate voices of the poor into policy and programme formulation and implementation. Perceptions of what constitutes poverty and consensus on how to overcome problems caused by poverty needs a bottom up approach incorporating the poor themselves and the wider community and other stakeholders who impact on the lives of the poor in one way or another. Conceptualisation, definition and measurement of poverty have important implications for policy-making which in the Malaysian context not only has huge political ramifications but is further complicated by ethnic and religious overtones.

In addition to developing new approaches to poverty, Malaysia has to pay greater attention to inequalities, in particular income inequality, given the new development stance it has adopted in terms of inclusive development and focus on the bottom 40% of the population and low income households. Malaysia's track record in reducing income inequality has been less impressive than that of poverty reduction. The long term objective of poverty eradication is

contingent upon reducing income inequalities as there is a positive correlation between high income inequality and poverty levels. Higher income inequality may reduce growth rates and make it more difficult to reduce poverty levels. An equitable distribution of income and the achievement of social goals are essential aspects of development over and above economic growth and the sensitivity of poverty to growth depends on a country's income distribution. The distribution of income has a significant impact on growth rates with more equal societies growing faster than less equal ones. Even if benefits of growth are spread out in a society, higher income inequality would result in the poor having a smaller share of the benefits. In addition, the average health status of a society depends on its income distribution status and societies with more unequal distributions have lower life expectancies.

Malaysia's efforts to reduce poverty and ethnic differentials have had a positive impact on income inequality. Poverty reduction strategies which emphasised increasing income levels of the poor at a faster rate than rest of the population contributed significantly to reducing inter ethnic income inequalities. However, inequality remains a real challenge for Malaysia as the structure of income inequality in Malaysia has largely remained unchanged and certain ethnic groups, in particular the Indians, are worse off in terms of having the highest inequality in income distribution and decreasing income shares of the middle and bottom 40% of the population.

The NEM's main objective is for Malaysia to be a developed and competitive economy with its people enjoying high quality of life and reasonable levels of income resulting from growth that is sustainable and inclusive. The NEM recognises that there are groups which are excluded from the overall development process and do not benefit from the economic growth of the country. These include the marginalised groups in urban and rural areas including those in the remote locations of Sabah and Sarawak. If concerted efforts are not made to integrate these groups into the mainstream, it will lead to growing resentment creating social problems in the country. Inclusive growth with its emphasis on the poor under the NEM is concerned not only with the level but also the effect of persistent inequality on economic growth. Poverty alleviation with its emphasis on inclusiveness irrespective of race and assisting the low income will include those households that fall below the poverty line and also that are in the bottom 40% of the distribution of income of which 77.2% are Bumiputera with the majority located in Sabah and Sarawak. The NEM emphasises the provision of equitable and fair opportunities through transparent processes and provides access to resources on the basis of needs and merits to enable improvements in capacity, incomes and well-being of the target group.

The NEM provides the policy framework for the future direction of Malaysia's development policy. It focuses on addressing issues pertaining to

widening disparities between groups and highlights measures that target the needs of the bottom 40% of the population. However, while having a sound policy framework is a step in the right direction, the policy framework in itself will not ensure that policies and programmes that benefit the poor, low income households and the bottom 40% of the population will be properly implemented and reach the intended groups.

Poverty in Malaysia has been highly political with ethnic and religious ramifications and it was rural Malay poverty that dominated policy discussion and programme formulation and implementation. To effectively attain the objectives of the NEM, there is a need to move away from a political process and a delivery mechanism that has been formulated in the context of strong affirmative action. This requires a major paradigm shift not only in the thinking of the policy makers but also in the implementation and delivery mechanisms. It would require strong political will at the highest level and changes in the operational framework and delivery mechanisms. An operational framework for an inclusive approach that is different from the existing framework (i.e. based on affirmative action) needs to be worked out. All indicators, programmes, delivery institutions and agencies need an overhaul and remodelling. Delivery agencies and frontline workers must change their values and mindsets to move away from a race based affirmative action to one based on human needs. Staffing patterns of the civil service and delivery agencies have to be revisited and changed to reflect the multi ethnic and multi religious nature of the country.

5. The Way Forward

In order for poverty eradication efforts in Malaysia to have a greater impact on the poor, poverty needs to be re conceptualised and redefined in terms of relative poverty; it also needs to be mainstreamed. The PLI can continue to be used despite its shortcomings but its needs to be reinforced with the use of alternative approaches. Using a mixture of approaches has the advantage of ensuring all groups are included in the poverty eradication goals. .

There are several alternative approaches to “conceptualising and defining poverty” that are used globally and can be incorporated in future approaches to poverty in Malaysia. These include Sen’s capability approach, social exclusion, participatory, consensual and human rights approaches.

5.1 Sen’s Capability Approach

The capability approach pioneered by the work of Sen (1977, 1987) describes poverty as the failure to attain basic capabilities. It emphasises functional capabilities as substantive freedoms such as the ability to live to old age, engage in economic activities or participate in political activities and these are construed in terms of substantive freedoms people have reason to value instead of utility of access to resources and poverty. In the capability approach

well being is defined as the freedom of individuals to lives that are valued. Sen's capability approach combines an absolute and relative definition of poverty in that poverty is absolute in the space of capabilities which include things such as nutrition, shelter and the capacity to move from one place to another valued in absolute terms while the commodities required to meet these capabilities need a relative approach and is dependent on a particular society at a particular time. Issues pertaining to the capability approach include the definition of basic capabilities as well as how to measure these capabilities. Significant contributions in terms of measuring capabilities come from the work of Nussbaum (1988) who identifies 10 basic capabilities that are deemed essential to a full human life.

5.2 Social Exclusion and Poverty

The social exclusion approach with its focus on multiple deprivations provides an attractive framework for conceptualising relative poverty. Its historical antecedents point to the work of Lenoir (1974) who used the term to describe people who did not fit into the norms of industrialised society and were not protected by social insurance and considered social misfits; the list included the handicapped, drug users, delinquents and the aged.

The concept gained popularity in Europe and in the United Kingdom with the creation of the Social Exclusion Unit in the late 90s. The European Union defines social exclusion as the process through which individuals or groups are wholly or partially excluded from full participation in the society in which they live. Social exclusion emphasises two central elements of deprivation namely, multi dimensionality, and the process and social relations of deprivation. The multi dimensionality concept of social exclusion refers to the process by which people are excluded from livelihood, employment, earnings, property, housing, minimum consumption, education, welfare benefits, citizenship, personal contact or respect. People can be deprived of different things at the same time and alienation can occur from exclusion from the economic, social and political spheres. Social exclusion also focuses on the relations and processes that cause deprivation. Individuals or groups can face simultaneous deprivations and exclusion can occur at all levels of society. The concept moves beyond a mere description and draws attention to social relations processes and institutions that contribute towards deprivation.

The notions of relative deprivation and vulnerability are closely related to social exclusion. Vulnerability in terms of insecurity, powerlessness and exposure to risk and shock are closely linked to social exclusion. Vulnerability like social exclusion focuses on the multi dimensionality of deprivation. Levitas (1998) developed a model which identifies three different approaches to social exclusion. The first is the redistributive discourse which derives from critical social policy that sees social exclusion as a consequence of

poverty. This resonates with Townsend's view (1979) that poverty should not be viewed in terms of subsistence but in terms of people's ability to participate in the customary life of society. The second approach is rooted in a model of exclusion that has labour force attachment as its key element and underpinned by a discourse on social integration in which paid work is seen to be the channel of integrating individual into society and unemployment and economic inactivity as the basis of exclusion. The third approach links to the underclass discourse and focuses on the consequences of social exclusion for social disorder and particular groups such as the unemployed and potential criminals.

5.3 Participatory Approach

Chambers' (1997) pioneering work on Participatory Rural Appraisal (PRA) constitutes the basis from which current Participatory Poverty Assessments (PPA) approaches have evolved. While PPA approaches were initially intended for small scale projects, the World Bank has up scaled these PPAs as the background for the *Voices of the Poor* publication of the World Bank in 2000/2001 which contained PPA of 23 countries and currently Poverty Reduction Papers (PRSPs) of the World Bank and IMF constitute an important element of lending policies of these institutions.

The PRSP are prepared by member countries through participatory process involving local stakeholders. Three types of participatory approaches pertain to self determination and empowerment, those related to the efficiency of programmes and those that emphasise mutual learning. The participatory approaches try to understand poverty within the social, cultural, economic and political contexts and its methods focus on the poor themselves and their ability to understand and analyse their own conditions and realities. From the *Voices of the Poor* publication, five types of wellbeing have been identified: material, physical, security, freedom of choice and action, and social well being.

The relative advantages of the participatory approach is that that it represents a departure from externally imposed standards and help to solve some of the problems perceived by the poor to be critical to them. The participatory approach while in theory is reflects the bottom up view from the poor themselves, in practice, it is often imposed by outsiders who are conducting these appraisals. The issue of heterogeneity within a particular community or poverty group poses particular problems for participatory approaches when dominant group most likely to form part of the appraisal process and the marginalised groups who are excluded and isolated from the mainstream of that community and have no avenues for making their voices heard.

The participatory approach's usefulness in contributing to programme and project formulation may be limited by the poor's clouded perception of their actual conditions and situation of poverty arising from their social conditioning, environment and lack of information. In addition, the small sample size that constitutes participatory approaches cannot be subjected to rigorous statistical analysis.

5.4 Consensual Approach

The consensual approach to poverty was pioneered by the work of Mack and Lansley (Mack & Lansley, 1985) in their Breadline Britain survey. The methodology for the Breadline Britain survey sought to establish a consensual view of poverty and a survey is undertaken of the general population to determine an inventory of socially perceived necessities. The questions posed not only pertain to goods and services which people have access to but also to those they perceive as necessary for a full and meaningful participation in society.

The advantage of the consensual approach is that it allows for both the relative nature of poverty and its absolute core because as society changes, socially perceived necessities will change and avoiding poverty will depend on normal participation in society. Consensual definitions with its systematic way of deciding what constitutes necessities avoid the arbitrariness of other methods. Consensual definitions have a democratic element in that, poverty is defined by the views of people rather than by the outsiders. The consensual approach can also incorporate many elements of social exclusion as the list of socially perceived necessities could be expanded to include the social activities that are deemed to be necessary to be part of mainstream society.

Several of the arguments posed in a paper for a consensual approach to poverty in South Africa (Poverty, 2007) can also be applied in the Malaysian context. It is argued that a consensual approach will not only reflect the common aspirations of the citizens but also provide insights into what are perceived to be acceptable standards. A pro-poor agenda based on this definition would be helpful in improving the quality of life of all people and move towards an inclusive society. Operationalising the consensual approach requires deriving a list of socially perceived necessities using a survey and later creating measures based on this list of necessities.

There are several difficulties in using the consensual approach in developing countries. When large segments of the population are not part of the mainstream, it will be difficult to arrive at a consensus as to what the basic necessities are and those that are marginalised have never been part of the mainstream and live at bare subsistence levels while the rest of the society enjoy standards of living that are compatible to standards enjoyed in developed countries. This leads to a second problem that is the lack of knowledge of marginalised groups who have limited exposure to what constitutes the average standard of living of the rest of the country.

5.5 Human Rights Approach

Freedom from the shackles of poverty is a fundamental human right that has to be accorded to all human beings irrespective of their gender, ethnic, cultural, religious, political, socio economic and regional differences. The effectiveness of poverty eradication efforts are compromised if these diversities are not properly managed to result in the exclusion and marginalisation of members of society from the mainstream development process. A human rights approach to poverty reduction links the latter to rights and obligation and moves away from welfare or charity based. Using such an approach compels moving away from national averages to the identification of the most vulnerable groups and designing strategies to help these groups. This approach points to the numerous aspects of poverty such as vulnerability, the lack of dignity and stigma and the multiple deprivations faced by the poor such as discrimination, the lack security and social exclusion. The human rights approach broadens the scope of poverty reduction strategies and help to focus on structures of discrimination that generate and sustain poverty. The Human Rights approach focuses on the dignity and worth of a human being. Incorporating a Human Rights approach provides a more comprehensive understanding of the root causes and consequences of poverty. A Human Rights Framework links a comprehensive analysis of poverty to a normative framework that guarantees results and accountability for efforts in the process of poverty reduction. A human rights framework is particularly useful in dealing with urban poverty which is increasingly becoming an important dimension of the poverty problem in Malaysia. The Human Rights Framework resonates well with Urban Poverty with its multidimensionality described as more than a set of characteristics; it is a dynamic condition of vulnerability or susceptibility to risks.

Urban poverty can lead to multiple deprivations which in turn can bring about cumulative impacts on the urban poor. Urban poverty in developing countries is increasingly becoming more critical due to rapid rates of urbanisation, rural urban migration and structural transformation of the economies of these countries. Adopting a human rights approach to poverty reduction has the advantage in that it relates to the multi-dimensional nature of poverty requiring a broadening of the commonly used income-based definitions of poverty.

However, incorporating a human rights framework into urban poverty reduction strategies requires more than a rhetoric and fundamental changes have to take place. The UN guidelines for a human rights approach to poverty reduction strategies provide a useful starting point for making these changes. These guidelines include 1) Identification of the poor 2) National and International Human Rights Framework 3) Equality and Non-discrimination 4) Setting Targets, Benchmarks and Priorities 5) Participation 6) Monitoring

and Accountability 7) International Assistance and Cooperation 8) Integrating specific human rights standards which include the right to work, adequate food and reasonable housing, health, education, personal security and privacy, equal access to justice political rights and freedoms.

6. Conclusions

There is a clear need for new approaches to poverty reduction in Malaysia in terms of definitions, measurement, policies and programmes. Issues pertaining to inequality need to be factored in when new approaches are being formulated. Re-examining the existing delivery mechanisms for poverty alleviation programmes in terms of their efficacy in reaching out to the poor and ability to incorporate the changing dimensions of poverty in the country is vital.

Malaysia has made some progress by developing a comprehensive Multidimensional Poverty Index (MPI) to investigate multiple deprivations of the poor. It has been recognised that current approaches of poverty measurement do not represent an accurate and complete picture of deprivation and human well being. In addition, using minimum requirements for basic needs and living standards does not take into account household preferences and neither does it reflect social mobility. Moreover, the existing measures have a strong consumption bias and do not take into account human capability and potential.

The New MPI comprises three dimensions and 10 indicators with equal weights given to each of the three dimensions. The three dimensions are education which is measured in terms of years of schooling and school attendance, health which is measured in terms of toilet or sanitation facilities and access to safe drinking water and living standards measured by condition of the living quarters, room density, and garbage collection facility, ownership of vehicles, basic necessities for food preparation and access to basic communication tools. The indicators of the MPI include both outputs such as years of schooling and inputs such as cooking fuel. The MPI also includes both stock and flow indicators.

The major driver for poverty eradication has been the government and past efforts have had limited impacts on the poor mainly due to weak implementation, misidentification of targets leading to leakages to the non-poor, lack of information about entitlements, lack of access and knowledge about processes and mechanisms to obtaining inputs. In addition, past attempts to deliver inputs to the poor have been bogged down because of lack of clear focus on the poor, multiplicity of agencies involved, duplication of functions and wastage of resources. The new approaches to poverty must incorporate all the stakeholders which include the poor, civil society, the government, the NGOs and the private sector. However, in order for all stakeholders to be part of the equation, the poor need to be empowered and poverty needs to be

mainstreamed. The poor can be empowered when participatory and consensual approaches to defining poverty are used as it is the poor's perceptive that is used in the formulation of policies and programmes.

Empowering the poor using participatory and consensual approaches can contribute to the process of empowering the poor. The poverty profiles derived can be used as the basis for adopting a bottom up participatory approach in the formulation and implementation of policies and programmes for poverty eradication. Policies and programmes should be tailored based on needs assessment of the poor and it is important to involve the poor from the inception stage. This will help inculcate a sense of ownership of the programmes and projects among the poor and contribute to its success as most people are likely to look after thing they own or have a vested interest in. The poor must be made part of this process and entrusted with responsibilities for ensuring success of these programmes and projects. Then there are questions of ownership and control of the programmes and projects as well as their sustainability which also need to be taken into account. As far as possible, the ownership and control should rest with the poor and this is where vesting the ownership and control with the community rather than individuals can play a significant role. Mobilising social capital is important as it has worked well in the case of the micro credit programmes where borrowers working in groups of five are given access to small loans. The neediest in the group is given the first loan and the rest of the members of the group have the responsibility to ensure that the borrower repays as their own loans are contingent upon the repayment behaviour of the original borrower.

Capacity building is also part of the process of empowering the poor and this would require investments in both physical and social infrastructure. The poor should be guaranteed affordable access to health, education, housing, transportation and other infrastructure. Ensuring access to information and communication technologies (ICT) is equally important as information and knowledge are critical components of poverty eradication strategies. The ICTs are effective tools in the fight against poverty, empowering the poor and enhancing their capacity. While the term ICT generally refers to computers and the internet, the term can be broadened to incorporate traditional communication technologies such as the radio, television and public address systems and newspapers. The ICTs can help to narrow the digital divide that currently exists between the poor and non poor especially in the rural areas. It contributes towards poverty eradication by a) distributing locally relevant information, b) targeting disadvantaged and marginalised communities, c) promoting local entrepreneurship, d) improving people's health, e) strengthening education, f) promoting trade and e-commerce, g) supporting good governance, h) building capacity and capability, i) enriching culture, j) supporting agriculture, k) creating employment opportunities and m) reinforcing social mobilisation.

There is a need to mainstream poverty in order to create awareness among all stakeholders of the changes that have been made in approaches to poverty as these have implications for policy, targeting, programme and project formulation and implementation. While poverty has always been the focus of policy and programmes attention in Malaysia there is need to mainstream poverty further to include all stakeholders. Poverty mainstreaming refers to the establishment of poverty as the central issue in the formulation and implementation of policies and programmes. In this context, the state has to play a key role. Poverty mainstreaming has to occur at all levels: national, regional and district. At the same time, commitment to poverty alleviation has to be reflected in all policy documents including development plans and their mid-term reviews, annual budgets and economic reports. Mainstreaming poverty has the advantage of ensuring that poverty reduction becomes a collective responsibility and not that of just the government or a single agency entrusted with the task of eradicating poverty. This would also enable the poverty eradication agenda to be integrated into all government policies and programmes and facilitate the formulation of pro-poor policies and programmes. Mainstreaming poverty serves as a vision for all stakeholders irrespective of the sector in which they work and conscientise stakeholders in minimising the negative impacts of their activities on poverty groups. In mainstreaming, there is a need to include all stakeholders from the beginning and this is necessary to inculcate a sense of ownership of the programme or activity from the beginning to the end and this will contribute towards programme success. Mainstreaming poverty will also help to foster a common understanding and perception of poverty contributing towards developing a shared commitment towards poverty reduction. The role of the media is also instrumental in mainstreaming poverty through its impact on sensitising the public to poverty related issues. Increasing awareness of the prevalence of poverty among segments of society can serve as a reminder to the public that there are groups who are on the fringes of society requiring a helping hand.

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Appendix 1: Percentage distribution of households by income class, Malaysia, 1970 – 2014

Income Class (RM)	1970*	1974*	1976	1979	1984	1987	1989 ^b	1992	1995	1997	1999	2002	2004	2007	2009	2012	2014
499 and below	89.3	82.1	71.1	57.0	32.4	30.3	25.7	16.8	10.6	6.3	6.0	3.8	2.8	1.7	1.2	0.5	0.1
500 - 999	7.5	12.1	18.7	25.7	33.2	34.8	35.3	30.8	23.9	18.6	19.0	15.4	13.5	6.8	6.1	4.5	1.5
1,000 - 1,499	1.8	4.2	5.1	8.5	14.8	15.5	17.0	19.0	19.9	18.3	18.8	16.5	15.8	15.8	14.2	8.5	4.1
1,500 - 1,999	0.6	2.1	2.1	3.6	7.4	7.9	8.5	11.0	13.1	13.7	13.9	13.4	13.2	13.5	11.9	9.3	6.0
2,000 - 2,499	0.3	0.7	1.9	4.1	4.1	4.1	4.8	7.0	8.9	10.1	10.1	10.4	10.8	11.2	10.7	8.9	6.5
2,500 - 2,999	0.2	0.3	1.0	2.5	2.4	2.9	2.9	4.3	6.1	6.9	7.3	8.3	8.2	8.6	8.6	7.1	6.1
3,000 - 3,499	0.1	0.2	3.0	0.6	1.5	1.4	1.7	2.8	4.2	5.4	5.7	6.3	6.5	7.1	7.3	9.4	9.8
3,500 - 3,999	0.1	0.1	0.5	1.0	1.0	1.0	1.0	2.0	2.8	4.0	3.9	4.7	5.2	5.8	6.3	7.3	8.0
4,000 - 4,999	0.0	0.1	0.5	1.2	1.0	1.3	2.5	3.8	5.6	6.7	7.2	8.6	9.5	11.1	12.8	15.5	18.2
5,000 and above	0.1	0.3	0.7	1.9	1.6	1.8	3.8	6.7	11.1	11.1	9.8	14.7	16.8	20.8	24.2	33.6	45.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Urban																	
499 and below	77.2	67.3	49.5	36.5	17.2	24.4	13.5	7.5	4.7	2.3	2.6	1.4	1.0	0.7	0.4	0.3	0.1
500 - 999	14.5	20.0	28.1	32.0	30.8	25.5	31.1	25.0	16.6	10.9	11.5	9.0	7.9	3.9	3.3	2.9	0.9
1,000 - 1,499	4.6	8.5	10.3	13.9	18.7	19.0	20.3	20.2	18.8	15.9	16.2	13.9	12.2	11.3	9.9	5.8	2.6
1,500 - 1,999	1.5	4.8	4.8	6.6	10.9	11.0	11.6	13.8	14.5	13.5	14.1	12.9	12.7	11.8	10.1	6.9	4.2
2,000 - 2,499	0.9	1.6	2.0	3.9	6.8	6.5	7.5	9.5	11.0	11.3	11.3	11.2	11.4	11.0	10.5	7.5	5.0
2,500 - 2,999	0.5	0.8	1.4	2.0	4.4	4.2	4.6	6.1	8.2	8.2	9.0	9.6	9.0	9.0	8.9	6.3	5.1
3,000 - 3,499	0.3	0.5	7.3	1.4	2.9	2.6	3.1	4.3	5.8	7.0	7.6	7.5	7.6	8.0	8.0	9.3	9.2
3,500 - 3,999	0.2	0.3	0.9	0.9	2.0	1.7	1.9	3.1	4.2	5.6	5.3	5.7	6.2	6.8	7.1	7.5	7.9
4,000 - 4,999	0.1	0.4	1.1	1.1	2.3	2.0	2.5	4.0	5.6	8.0	7.8	8.6	9.1	10.3	11.3	12.4	13.2
5,000 and above	0.2	0.6	1.7	4.0	3.1	3.1	3.9	6.5	10.6	17.3	14.6	20.2	22.9	27.2	30.6	41.0	51.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Rural																	
499 and below	94.1	88.3	78.7	65.7	40.7	37.9	31.6	27.4	17.7	11.1	10.2	8.4	6.5	3.7	2.9	1.0	0.3
500 - 999	4.7	8.7	15.3	23.2	34.2	35.8	37.5	37.5	32.9	27.7	27.5	28.3	24.7	13.0	12.3	8.5	3.6
1,000 - 1,499	0.7	2.3	3.3	6.4	12.8	13.5	15.4	17.7	21.2	21.2	22.0	21.5	22.7	25.2	23.6	15.4	9.0
1,500 - 1,999	0.2	0.3	1.2	2.3	5.5	6.0	6.9	7.8	11.5	14.0	13.6	14.3	14.2	17.2	15.9	15.3	12.2
2,000 - 2,499	0.1	0.3	1.0	2.7	2.9	2.9	3.5	4.1	6.3	8.7	8.7	8.9	9.7	11.8	11.2	12.4	11.5
2,500 - 2,999	0.1	0.1	0.5	0.5	1.5	1.4	2.0	2.2	3.5	5.3	5.4	5.6	6.5	7.7	8.1	9.2	9.6
3,000 - 3,499	0.0	0.1	1.5	0.2	0.8	0.8	1.0	1.2	2.3	3.5	3.6	3.9	4.2	5.3	5.7	9.5	12.0
3,500 - 3,999	0.0	0.0	0.0	0.2	0.5	0.6	0.6	0.7	1.1	2.1	2.3	2.6	3.1	3.6	4.6	6.6	8.2
4,000 - 4,999	0.0	0.0	0.0	0.2	0.6	0.5	0.7	0.7	1.6	2.6	2.9	2.9	3.7	5.1	5.5	7.7	11.5
5,000 and above	0.0	0.2	0.0	0.3	0.7	0.6	0.8	0.7	1.9	3.8	3.8	3.6	4.7	7.4	10.3	14.4	22.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sources: Post Enumeration Survey, 1970

Appendix 2: Mean monthly gross household income by ethnic group, strata and state, Malaysia, 1970-2014r

	1970 ^a	1974 ^a	1976	1979	1984	1987	1989 ^b	1992	1995	1997	1999	2002	2004	2007	2009	2012	2014
Malaysia	264	362	505	678	1,096	1,083	1,169	1,566	2,020	2,606	2,472	3,011	3,249	3,686	4,025	5,000	6,141
Ethnic Group																	
Bumiputera	172	242	345 ^c	492	844	868	940	1,268	1,604	2,038	1,984	2,376	2,711	3,156	3,624	4,457	5,548
Chinese	394	534	787 ^c	1,002	1,552	1,488	1,631	2,192	2,890	3,738	3,456	4,279	4,437	4,853	5,011	6,366	7,666
Indians	304	408	538 ^c	756	1,107	1,105	1,209	1,604	2,140	2,896	2,702	3,044	3,456	3,799	3,999	5,233	6,246
Others	813	1,299	1,268 ^c	1,475	2,957	2,992	955	1,163	1,284	1,680	1,371	2,165	2,312	3,361	3,640	3,843	6,011
Strata																	
Urban	428	570	843	1,045	1,573	1,468	1,606	2,032	2,589	3,357	3,103	3,652	3,956	4,356	4,705	5,742	6,833
Rural	200	269	385	523	842	881	957	1,024	1,326	1,704	1,718	1,729	1,875	2,283	2,545	3,080	3,831
State																	
Johor	237	382	513	731	1,065	1,060	1,220	1,712	2,138	2,772	2,646	2,963	3,076	3,457	3,835	4,658	6,207
Kedah	189	256	306	382	690	718	860	1,048	1,295	1,590	1,612	1,966	2,126	2,408	2,667	3,425	4,478
Kelantan	151	231	269	341	625	667	726	908	1,091	1,249	1,314	1,674	1,829	2,143	2,536	3,168	3,715
Malaka	265	410	568	772	1,040	1,034	1,190	1,459	1,843	2,276	2,260	2,650	2,791	3,421	4,184	4,759	6,046
Negeri Sembilan	286	386	505	629	1,039	908	1,162	1,380	1,767	2,378	2,335	2,739	2,886	3,336	3,540	4,576	5,271
Pahang	286	305	477	702	960	900	1,092	1,263	1,436	1,632	1,462	1,991	2,410	2,995	3,279	3,745	4,343
Pulau Pinang	292	471	589	840	1,183	1,130	1,375	1,821	2,225	3,130	3,128	3,496	3,531	4,004	4,407	5,055	5,993
Perak	254	305	436	559	883	863	1,067	1,274	1,436	1,940	1,743	2,153	2,207	2,545	2,809	3,548	4,268
Perlis	140	206	338	316	692	711	852	1,040	1,158	1,507	1,431	2,006	2,046	2,541	2,617	3,538	4,445
Selangor	421	598	735	1,067	1,590	1,558	1,790	2,280	3,162	4,006	3,702	4,406	5,175	5,580	5,962	7,023	8,252
Terengganu	173	206	339	360	756	694	905	941	1,117	1,497	1,600	1,837	1,984	2,463	3,017	3,967	4,816
Sabah & W.P. Labuan	n.a.	n.a.	513 ^d	767 ^e	1,212	1,116	1,358	1,491	1,647	2,057	1,905	2,406	2,467	2,866	3,144	4,089	4,985
Sarawak	n.a.	n.a.	426	582	1,033	1,141	1,199	1,479	1,886	2,242	2,276	2,515	2,725	3,349	3,581	4,293	4,984
W.P. Kuala Lumpur	^d	^d	1,058	^d	1,920	1,790	2,102	2,428	3,371	4,768	4,105	4,930	5,011	5,322	5,468	8,586	10,629
W.P. Putrajaya	^f	^f	^f	^f	^f	^f	^f	^f	^f	^f	^f	^f	^f	^f	5,294	6,747	8,101

Sources: Agriculture Census 1977, Malaysia (reference 1976)

Appendix 3: Median monthly gross household income by ethnic group, strata and state, Malaysia, 1970-2014

	1970 ^a	1974 ^a	1976	1979	1984	1987	1989 ^b	1992	1995	1997	1999	2002	2004	2007	2009	2012	2014
<i>Ethnic Group</i>																	
Malaysia	166	227	308	429	719	738	816	1,077	1,377	1,724	1,704	2,049	2,211	2,552	2,830	3,626	4,585
Bumiputera	120	163	233 ^a	338	503	613	679	887	1,143	1,407	1,423	1,695	1,862	2,228	2,531	3,282	4,214
Chinese	268	343	400 ^a	656	1,060	1,063	1,176	1,565	2,010	2,583	2,486	2,943	3,089	3,452	3,631	4,643	5,708
Indians	194	277	360 ^a	521	775	805	890	1,184	1,553	2,081	1,969	2,272	2,469	2,760	2,836	3,676	4,627
Others	250	355	394 ^a	653	1,399	788	698	833	899	1,163	997	1,542	1,567	1,884	2,088	2,762	4,372
<i>Strata</i>																	
Urban	265	345	506	656	1,045	1,022	1,127	1,444	1,829	2,320	2,246	2,582	3,767	3,144	3,426	4,238	5,156
Rural	139	184	257	358	602	636	708	778	991	1,239	1,249	1,289	1,402	1,709	1,829	2,372	3,123
<i>State</i>																	
Johor	269	370	518	793	816	880	1,225	1,610	2,056	2,012	2,212	2,325	2,325	2,726	2,950	3,650	5,197
Kedah	151	193	259	472	531	552	758	990	1,171	1,225	1,451	1,607	1,756	1,756	1,962	2,633	3,451
Kelantan	108	163	256	436	482	528	632	789	872	946	1,154	1,258	1,258	1,510	1,701	2,276	2,716
Kelaka	255	350	528	738	780	828	1,118	1,391	1,793	1,715	2,051	2,308	2,308	2,717	3,023	3,923	5,029
Negeri Sembilan	273	348	486	753	674	842	987	1,358	1,731	1,777	2,080	2,288	2,556	2,699	3,575	4,128	
Pahang	210	324	481	731	697	764	957	1,138	1,259	1,202	1,423	1,783	2,235	2,460	3,067	3,389	
Pulau Pinang	241	363	534	812	833	988	1,365	1,693	2,338	2,323	2,572	2,650	2,902	3,162	4,039	4,702	
Perak	n.a.	213	286	394	646	659	719	958	1,102	1,522	1,350	1,613	1,732	1,905	2,080	2,665	3,451
Perlis	147	196	223	485	544	635	761	889	1,114	1,086	1,431	1,459	1,459	1,746	1,825	2,387	3,500
Selangor	363	441	647	1,010	1,049	1,145	1,572	2,255	2,850	2,750	3,144	3,588	4,046	4,273	5,353	6,214	
Terengganu	130	199	258	524	472	520	680	756	1,026	1,155	1,331	1,353	1,796	2,089	3,034	3,777	
Sabah & W.P. Labuan	n.a.	309 ^a	493 ^a	749	726	863	994	1,133	1,390	1,264	1,583	1,606	1,606	1,914	2,087	2,934	3,800
Sarawak	240	365	545	819	999	1,305	1,499	1,667	1,704	1,804	2,250	2,383	3,047	3,778			
W.P. Kuala Lumpur	d	645		1,217	1,180	1,294	1,753	2,321	3,090	2,828	3,364	3,336	3,697	4,334	5,847	7,620	
W.P. Putrajaya	r	r	r	r	r	r	r	r	r	r	r	r	r	r	r	r	r

Sources: Household Income Surveys

Appendix 5: Mean monthly gross household income of top 20%, middle 40% and bottom 40% of households by ethnic group and strata, Malaysia, 1970-2014r

		Top 20%																	
		1970 ^a	1974 ^a	1976	1979	1984	1987	1989 ^b	1992	1995	1997	1999	2002	2004	2007	2009	2012	2014	
Malaysia		755	1,092	1,464	1,877	2,938	2,789	2,925	3,965	5,202	6,854	6,268	7,745	8,337	9,173	9,987	12,159	14,305	
<i>Ethnic Group</i>																			
Bumiputera		444	669	849 ^a	1,274	2,176	2,169	2,303	3,191	3,966	5,195	4,855	5,849	6,877	7,666	8,976	10,666	12,630	
Chinese		1,036	1,644	2,085 ^a	2,630	3,953	3,629	3,920	5,334	7,270	9,246	8,470	10,914	11,131	11,078	12,152	15,254	17,981	
Indians		821	1,071	1,385 ^a	1,966	2,694	2,627	2,795	3,739	5,100	7,038	6,456	7,055	8,405	9,119	9,774	13,127	14,665	
Others		2,772	4,097	4,705 ^a	4,802	8,932	10,568	2,256	2,794	3,106	4,351	3,242	5,472	6,016	10,030	10,123	9,741	14,732	
Strata																			
Urban		n.a.	1,798	2,384	2,827	4,114	3,770	3,381	4,981	6,474	8,470	7,580	9,085	9,863	10,576	11,348	13,654	15,690	
Rural			735	1,051	1,365	2,110	2,169	2,277	2,369	3,153	4,130	4,124	4,057	4,330	5,220	6,033	6,905	8,100	
<i>Middle 40%</i>																			
Malaysia		216	288	396	554	929	943	1,037	1,388	1,777	2,250	2,204	2,660	2,875	3,282	3,631	4,573	5,662	
<i>Ethnic Group</i>																			
Bumiputera		151	209	264 ^a	429	738	773	844	1,121	1,461	1,795	1,810	2,167	2,408	2,863	3,272	4,123	5,190	
Chinese		331	424	509 ^a	859	1,363	1,349	1,483	1,971	2,560	3,405	3,168	3,780	3,951	4,389	4,560	5,836	7,049	
Indians		237	337	419 ^a	636	974	987	1,096	1,469	1,954	2,606	2,460	2,860	3,116	3,393	3,569	4,589	5,646	
Others		602	824	1,269 ^a	999	2,564	1,853	867	1,040	1,131	1,380	1,204	1,931	1,973	2,459	2,875	3,341	5,510	
Strata																			
Urban		n.a.	441	663	869	1,355	1,308	1,435	1,827	2,323	3,000	2,844	3,265	3,524	3,947	4,296	5,294	6,311	
Rural			240	328	457	756	793	882	962	1,235	1,564	1,577	1,612	1,762	2,104	2,313	2,930	3,729	
<i>Bottom 40%</i>																			
Malaysia		76	107	136	201	347	371	424	545	693	867	865	1,019	1,101	1,345	1,440	1,847	2,537	
<i>Ethnic Group</i>																			
Bumiputera		57	84	84 ^a	164	285	311	356	455	572	724	742	868	952	1,194	1,300	1,686	2,367	
Chinese		136	180	202 ^a	331	541	556	634	843	1,062	1,356	1,271	1,485	1,597	1,805	1,897	2,455	3,127	
Indians		112	159	177 ^a	272	447	462	528	671	868	1,149	1,092	1,249	1,339	1,545	1,547	1,937	2,672	
Others		45	99	126 ^a	287	362	339	394	470	539	660	616	766	820	1,025	1,187	1,472	2,234	
Strata																			
Urban		n.a.	172	255	331	521	527	590	761	942	1,193	1,155	1,344	1,450	1,655	1,794	2,235	2,928	
Rural			92	109	169	292	324	373	413	515	649	670	699	783	994	1,033	1,319	1,760	

Appendix 6: Gini coefficient by ethnic group, strata and state, Malaysia, 1970-2014r

	1970 ^a	1974 ^a	1976 ^a	1979	1984	1987 ^a	1989 ^b	1992	1995	1997	1999	2002	2004	2007	2009	2012	2014
Malaysia	0.513	0.530	0.557	0.505	0.483	0.456	0.446	0.459	0.456	0.459	0.443	0.461	0.462	0.441	0.441	0.431	0.401
Ethnic Group																	
Bumiputera	0.466	0.476	0.506	0.468	0.464	0.447	0.429	0.442	0.441	0.448	0.433	0.435	0.452	0.430	0.440	0.421	0.389
Chinese	0.466	0.520	0.541	0.474	0.452	0.428	0.419	0.420	0.428	0.416	0.434	0.455	0.446	0.432	0.425	0.422	0.405
Indians	0.472	0.451	0.509	0.460	0.419	0.402	0.390	0.402	0.404	0.409	0.413	0.399	0.425	0.414	0.424	0.443	0.396
Others	0.667	0.665	0.630	0.598	0.570	0.663	0.404	0.556	0.414	0.555	0.393	0.449	0.462	0.545	0.495	0.435	0.433
Strata																	
Urban	0.541	0.531	0.531	0.491	0.468	0.449	0.444	0.439	0.431	0.427	0.432	0.439	0.444	0.427	0.423	0.417	0.391
Rural	n.a	0.473	0.540	0.471	0.450	0.427	0.416	0.401	0.410	0.424	0.421	0.405	0.397	0.388	0.407	0.382	0.355
State																	
Johor	0.439	0.469	0.442	0.442	0.404	0.386	0.381	0.423	0.399	0.397	0.366	0.408	0.395	0.368	0.393	0.383	0.324
Kedah	0.523	0.497	0.468	0.468	0.476	0.434	0.428	0.433	0.406	0.429	0.409	0.426	0.387	0.392	0.408	0.391	0.365
Kelantan	0.612	0.505	0.438	0.438	0.464	0.414	0.407	0.451	0.442	0.442	0.424	0.444	0.416	0.405	0.428	0.410	0.393
Malaka	0.506	0.558	0.472	0.438	0.403	0.396	0.396	0.397	0.399	0.371	0.399	0.386	0.352	0.380	0.411	0.355	0.316
Negeri Sembilan	0.465	0.490	0.432	0.432	0.422	0.431	0.366	0.406	0.384	0.408	0.392	0.401	0.380	0.385	0.372	0.382	0.361
Pahang	0.445	0.384	0.478	0.416	0.372	0.350	0.349	0.373	0.359	0.359	0.332	0.404	0.389	0.380	0.382	0.354	0.360
Pulau Pinang	0.597	0.608	0.492	0.452	0.422	0.422	0.406	0.412	0.405	0.398	0.399	0.435	0.398	0.411	0.419	0.370	0.364
Perak	n.a	0.452	0.525	0.447	0.428	0.410	0.421	0.399	0.397	0.381	0.387	0.417	0.393	0.399	0.400	0.417	0.366
Perlis	0.425	0.498	0.440	0.440	0.459	0.408	0.377	0.415	0.379	0.412	0.394	0.437	0.423	0.454	0.494	0.455	0.346
Selangor	0.507	0.516	0.505	0.481	0.462	0.444	0.444	0.446	0.424	0.409	0.394	0.423	0.443	0.418	0.424	0.396	0.379
Terengganu	0.502	0.482	0.468	0.461	0.478	0.459	0.468	0.464	0.464	0.466	0.440	0.424	0.443	0.399	0.418	0.426	0.360
Sabah & W.P. Labuan				0.490 ^c	0.491	0.467	0.459	0.468	0.448	0.454	0.448	0.465	0.477	0.450	0.453	0.428	0.390
Sarawak				n.a	0.501	0.465	0.441	0.467	0.440	0.447	0.407	0.445	0.440	0.442	0.448	0.440	0.401
W.P. Kuala Lumpur				d	0.486	0.465	0.428	0.443	0.423	0.417	0.414	0.448	0.467	0.446	0.374	0.442	0.407
W.P. Putrajaya				f	0.486	0.465	0.428	0.443	0.423	0.417	0.414	0.448	0.467	0.446	0.374	0.442	0.407

Appendix 6: Gini coefficient by ethnic group, strata and state, Malaysia, 1970-2014r

	1970 ^a	1976	1979	1984	1987	1989 ^b	1992	1995	1997	1999 ^c	2002	2004	2007	2009	2012	2014
Malaysia	49.3	37.7	37.4	20.7	19.4	16.5	12.4	8.7	6.1	8.5	6.0	5.7	3.6	3.8	1.7	0.6
Ethnic Group																
Bumiputera	64.8	46.4 ^d	49.2	28.7	26.6	23.0	17.5	12.2	9.0	12.3	9.0	8.3	5.1	5.3	2.2	0.8
Cina/Chinese	26.0	17.4 ^e	16.5	7.8	7.0	5.4	3.2	2.1	1.1	1.2	1.0	0.6	0.6	0.6	0.3	0.1
India/Indians	39.2	27.3 ^f	19.8	10.1	9.6	7.6	4.4	2.6	1.3	3.4	2.7	2.9	2.5	2.5	1.8	0.6
Lain-lain/Others	44.8	33.8 ^g	28.9	18.8	20.3	22.1	21.3	22.1	13.0	25.5	8.5	6.9	9.8	6.7	1.5	0.9
Strata																
Urban	21.3	15.4	17.5	8.5	8.5	7.1	4.7	3.6	2.1	3.3	2.3	2.5	2.0	1.7	1.0	0.3
Rural	58.7	45.7	45.8	27.3	24.8	21.1	21.2	14.9	10.9	14.8	13.5	11.9	7.1	8.4	3.4	1.6
State																
Johor	45.7	29.0	18.2	12.2	11.1	9.8	5.6	3.1	1.6	3.1	2.5	2.0	1.5	1.3	0.9	0.0
Kedah	63.2	61.0	53.8	36.6	31.3	29.9	21.2	12.2	11.5	14.2	9.7	7.0	3.1	5.3	1.7	0.3
Kelantan	76.1	67.1	55.0	39.2	31.6	29.6	29.5	22.9	19.2	25.2	17.8	10.6	7.2	4.8	2.7	0.9
Kelaka	44.9	32.4	20.4	15.8	11.7	12.4	8.5	5.3	3.5	2.9	1.8	1.8	1.8	0.5	0.1	0.1
Negeri Sembilan	44.8	33.0	26.3	13.0	21.5	9.1	8.1	4.9	4.7	4.1	2.6	1.4	1.3	0.7	0.5	0.4
Pahang	43.2	38.9	26.9	15.7	12.3	10.0	6.9	6.8	4.4	9.0	9.4	4.0	1.7	2.1	1.3	0.7
Pulau Pinang	43.7	32.4	19.7	13.4	12.9	8.7	4.0	4.0	1.7	0.7	1.2	0.3	1.4	1.2	0.6	0.3
Perak	48.6	43.0	30.5	20.3	19.9	19.2	10.2	9.1	4.5	6.8	6.2	4.9	3.4	3.5	1.5	0.7
Perlis	73.9	59.8	63.1	33.7	29.1	17.4	19.8	11.8	10.7	13.6	8.9	6.3	7.0	6.0	1.9	0.2
Selangor	29.2	22.9	14.5	8.6	8.9	7.6	4.3	2.2	1.3	1.9	1.1	1.0	0.7	0.7	0.4	0.2
Terengganu	68.9	60.3	53.1	28.9	36.1	31.3	25.6	23.4	17.3	22.7	14.9	15.4	6.5	4.0	1.7	0.6
Sabah & W.P. Labuan	58.3 ^h	40.7 ⁱ	33.1	35.3	35.3	29.7	27.8	22.6	16.5	23.4	16.0	23.0	16.0	19.2	7.8	3.9
Sarawak	n.a.	56.5	47.8	31.9	24.7	21.0	19.2	10.0	7.3	10.9	11.3	7.5	4.2	5.3	2.4	0.9
W.P. Kuala Lumpur	*	*	*	4.9	5.2	3.7	1.7	0.5	0.1	0.4	0.5	1.5	1.5	0.7	0.8	0.1
W.P. Putrajaya	*	*	*	*	*	*	*	*	*	*	*	*	*	0.0	0.0	0.0

