

## NEP to NEM: Who Cares? Wealth Distribution in Malaysia

Muhammed Abdul Khalid, PhD  
Institute of Malaysian and International Studies (IKMAS)  
National University of Malaysia  
43600 Bangi, Selangor, Malaysia  
Muhammed.abdulkhalid@ukm.my  
Muhammed.abdulkhalid@gmail.com

### ABSTRACT

The paper studies the distribution and the inequality of wealth, using the 2007 Malaysia's Household Income Survey (HIS), focusing on the disparity among the ethnic groups in Malaysia. This study argues that focusing on corporate wealth or income measurements are not reflective of the economic well-being of an average household in Malaysia, especially for the Bumiputera. The study finds that an average Bumiputera has about one month of financial reserve to cover his monthly expenditure in case of loss of income or employment. About 93% of Bumiputera households have no savings, and about 66% have no financial assets. About 72% of Malaysians who are without wealth are Bumiputera, while 17% are Chinese and 10.7% are Indians. The study finds that the distribution of wealth is skewed, top 10% of Malaysian households per capita control 35% of the country's wealth, while the bottom 40% own only 8%. More than 96% of wealth comes from real estate, while financial assets contribute 4%. The study also finds that ethnic disparity in wealth is much higher than the disparity in income. The Chinese have the highest average wealth at RM 128,325, which is respectively 76% and 47% higher than the Bumiputera and the Indians. Wealth inequality is highest among the Indians, followed by the Bumiputera, while the Chinese have the lowest inequality ratio. Improving socio economic status of Malaysians requires a consistent two-pronged approach, with a focus on both the bottom 40% and on maintaining/increasing growth equality.

Keywords: Ethnic, Inequality, Wealth

### INTRODUCTION

The distribution of wealth has always been hotly contested. Philosophers such as Plato, Aristotle, Karl Marx and Adam Smith had cautioned the consequences of unequal distribution wealth, arguing that social harmony could only be attained through an equal society, otherwise chaos would reign. Keynes stated that the main failures of the society are the failure to provide for full employment and inequitable distribution of wealth. Empirical findings show that unequal distribution of wealth would not only lead to lower growth in the long term, but also lead to social and political conflict (Chua 2003, OECD 2008). For countries with different ethnic groups such as Malaysia, the issue of distribution of wealth is extremely sensitive due to the socio-economic-political structures of the country where the majority ethnic<sup>1</sup> group, the Bumiputera, who relatively hold the political power, constitute the poorest segment with the lowest average income compared to the minority ethnic Chinese who dominate the economy. The income gaps between the racial groups, between urban and rural areas and between regions were wide. The imbalance in economic inequality compounded with unequal representation in the sphere of political power had created political and social instability that resulted in a politically motivated racial riot in 1969. As a response, the government embarked on an affirmative-type New Economic Policy (NEP) in 1971 to address this inequality, the objectives were to eradicate poverty regardless of race, and restructuring of the society to eliminate the identification of race with economic function.

Although NEP managed to narrow the income gaps and the corporate ownership between the races, there is no comprehensive systematic study to calculate beyond the income indicators or corporate share on the level of economic inequality among the races. Income level or corporate ownership is not a true representation of one's economic well being. A better measurement would be the level of wealth, focusing at the household level. Given the sensitivity of the relationship with regard

---

<sup>1</sup> The concepts of race and ethnicity in Malaysia are controversial; both terms tend to be used interchangeably, although ethnicity has found greater currency in recent decades, perhaps due to negative connotations surrounding race. This author maintains that both race and ethnicity are both artificial approximations of group commonality and identity that can be utilized without implying homogeneity. Race and ethnicity in this paper is mindful of its conceptual complexities, but both terms will be used inter-changeably for practical reasons

to the unequal distribution of economic resources, it is important to study these inequalities as it has an impact on the race relations between the different ethnic groups. However, the new economic policy introduced by the government in 2010, the New Economic Model (NEM), also relies on income and corporate ownership as yardstick for economic well being.

To get a complete picture of the economic well being of a citizen, a study on wealth would be more appropriate. Thus, the main focus of this paper is to find out the average wealth holdings of an average Malaysian, as well as the disparity on the ownership and distribution of wealth by racial groups. It will focus on horizontal<sup>2</sup> inequality rather than vertical inequality. The analysis will concentrate on the component of wealth i.e. real estate holdings (land and houses) and financial assets (savings and stocks). In most international studies on wealth, the portfolio composition of wealth includes the same components such as home equity, business equity, financial assets, stocks and savings from income, although the concentration of different assets among household varies from one country to another.

## DATA AND METHODOLOGY

There is not study on household wealth in Malaysia, primarily due to strict control of data from the authority. However, much has been written on the distribution of corporate wealth or income, and income inequality in Malaysia, albeit using secondary data (c.f. Ragayah 2009, Gomez & Teck Ghee 2006, Jomo 2004, Faaland et. al 2003, Shireen 1998, Hirschman 1989, Anand 1983, Ragayah & Ishak 1978, Puthuchear 1960)

The main data used in this study is derived from the Household Income Survey (HIS) 2007 obtained from the Economic Planning Unit (EPU). The main objective of the HIS is to collect information on the pattern of income distribution classified by various socioeconomic characteristics in Malaysia. For HIS 2007, a total of 38,083 households were covered, which was more than 1% of the Malaysian population. It is noted that “ the overwhelming result of cross checking of data is that the surveys have been extremely well conducted, and it is likely that they are amongst the most reliable of surveys conducted in the developing world” (Bhalla and Kharas 1992, quoted in Ragayah 2008, p.4) .

The methodology for calculation of household wealth per capita in this study is based on the sum of the following components: financial assets and real estate holdings. Financial asset is derived from the extrapolation of sum of income from interest (e.g. bank deposits, bills, bonds, loans, etc) and dividends (e.g. from ownership of shares, unit trust, etc)<sup>3</sup>. The extrapolation of interest will give us ‘total savings’, and dividends will give us ‘total investments’. Different yields are assigned to both interest and dividends respectively to get the value of total savings and total investments. The yield assigned to savings is 2.5%, which is the average of 12 months fixed deposit at a rate of 3.71% and conventional bank savings rate of 1.30% in the year 2007. The yield assigned to investments is 5.8%, which is based on the returns from the Employee Provident Fund (EPF) in the year 2007. The real estate asset refers to ownership of residential property. This is derived from the imputed rent of owner occupied house and rent from houses or other property – including both land and house.<sup>4</sup> In order to get the value of the real estate, a gross rental yield is assigned to the sum of rent of owner occupied house and rent from houses or other property, and the property value is then calculated as the annual rental value divided by the rental yield. The assigned yields are as follows: 4% for urban areas and 3% for rural areas for all the states, except for Kuala Lumpur where the assigned yield is 5%<sup>5</sup>. The official exact figures for the yield based on property location and types are not available. As such, the yields are derived from alternate sources.

## EMPERICAL RESULTS

The analysis from Household Income Survey 2007 showed that about 15% of Malaysian households had no wealth. Although the figure of Malaysians without wealth seems high, in comparison, the

<sup>2</sup> Horizontal inequality is the inequality between groups - such as citizenship, race, ethnicity, religion, gender, region, and others. Vertical inequality refers to inequality between individuals or households with respect to income, consumption and asset. Vertical inequality can be decomposed into two elements: between group inequality and within group inequality.

<sup>3</sup> In HIS, the interest and dividend income is coded as INCS 33 and INCS 34 respectively.

<sup>4</sup> The code from HIS 2007 from imputed rent from owner occupied house and rent from other house and property are incs22 and incs23 respectively. Incs23 includes both land and house, but since we cannot isolate them, the sum incs22 and incs23 is referred to as real estate. Otherwise, it could be labeled as house and land separately.

<sup>5</sup> The figures for the yields are from author conversations and email correspondences with several Malaysian property developers and reputable real estate agents. The exact yields are not available from official reports.

percentage was much lower when compared to the situation in the United States in 1995 where the percentage of Americans with zero wealth then was 18.5% (Wolff 1998, p.2). However, the Americans have more financial assets than Malaysians, as their figure for zero financial assets stood at 28.7% while in Malaysia it was 38%. The figure was higher in Korea in 1998, where 40% of its household had no savings or financial assets (Leipziger et. al, 1992, p.40). Closer to Malaysia, it was reported that the half of the rural and urban households in Indonesia had zero financial wealth in 1997 (Frankenberg et al. 2003, p.306, in Davies & Shorrocks 2005, p.17).

The average wealth holding of a Malaysian in 2007 was RM 86,659, while the median was RM 71,534. The overall distribution of the wealth holdings is shown in Figure 1 below. The top 10% households controlled 35.22% of the wealth distribution, while the bottom 10% controlled nothing. The bottom 40%, meanwhile, had just 0.15% of the top 20%; their overall ownership of the wealth holdings equalled to just 8%. The average wealth of the bottom 40% stood at RM 39,334, while the figure for the top 20% was RM 124,737, translating into a disparity of 0.31.

The decomposition of wealth showed that the bulk of the wealth, or about 96%, comprised real estate assets, while the financial assets contribution to the wealth holdings was quite negligible at about 4% (Graph 1). This is consistent with the composition of wealth in other countries, where the majority of the wealth consisted of real estate or tangible assets, rather than liquid monetary assets. In Canada, half of wealth was held in terms of real estate (Matteo 1997), in the United States the figure was 44% (Wolff 1998), China 67% (Gustafsson et. al, 2001) and in Korea and Indonesia, the figure was 90% and 70% respectively (Leipziger et. al, 1992).

Wealth was better distributed compared to real estate assets or financial assets, at least for the bottom 40%, but not when compared to the income distribution (Table 1). The financial asset holdings distribution was the worst, followed by wealth, property assets, and income. The bottom 40% had a cumulative share of 14.5% in income, and slightly more than half of that amount in wealth, and zero in financial assets. The top 20% controlled nearly all of financial assets (95%), while the corresponding figures for wealth, property assets and income were about half of the total holdings.

The skewed distribution of wealth in Malaysia in 2007 was not as extreme as compared to several developed countries a decade or two ago (Table 2). For instance, the top 20% of households in the United States had 84% of the wealth, while the figures for Korea and Sweden were 60% and 80% respectively. In fact, the share of wealth of the top 20% of Malaysia was much lower than other countries. The distribution of wealth at the bottom 40% in Malaysia was better than in the United States as in the latter, the bottom 40% had just 0.2% of wealth, and 0% of financial assets (Wolff 1998, p.6). Using household balance sheet and survey data, Davies et.al (2008) estimated the level and distribution of global household wealth and found that the top 10% of the world households control 71% of wealth, with a net worth averaging USD 44,024.

Consistent with other findings that show inequality for wealth is higher than income, the Gini coefficient for wealth in Malaysia in 2007 was 0.5182, higher than the Gini for income which stood at 0.441. In terms of assets, the Gini for financial asset was the highest at 0.90, followed by real estate at 0.521. However, the wealth Gini coefficient for Malaysia was lower compared to Gini coefficient of global household wealth, and much lower compared to other developed countries in the last one or two decades (Table 3). In fact, the figure for Malaysia was the lowest compared to the rest of the countries listed in Table 3.

The analysis by ethnicity showed that the majority of the 14.3% of Malaysians without wealth were mainly the Bumiputera, followed by the Chinese and the Indians. In 2007, more than 72% of Malaysian without wealth was the Bumiputera, while the figures for the Chinese and the Indians were 17% and 10.7% respectively. This is not surprising as the Bumiputera has the lowest income and more concentrated in the rural areas compared to richer urban non-Bumiputera, especially the Chinese. However, if we examine within each ethnic group, it was the Indian that has the least of ownership in wealth where 23.7% of them did not have wealth compared to 14.7% of the Bumiputera and 10.5% of the Chinese. Intra-ethnically, the Chinese had the most proportion of its members with positive holdings in every asset classes, while the Indians had the least (Figure 2).

Among the ethnic groups, the Bumiputera had the lowest wealth, with an average wealth of RM 72,872. The Indians had 20% higher than the Bumiputera, at RM 87,229 while the Chinese had the highest average wealth, at RM 128,325, which were 76% and 47% higher than the Bumiputera and the Indians respectively. The ranking does not change even if the calculation is calculated by percentiles (Figure 3). The median wealth of the Chinese was RM 102,076 which was 170% more than the Bumiputera, and 136% higher than the Indians. However, the gap is much wider for the bottom 20<sup>th</sup>, where the Chinese wealth was nearly 20 times higher than of the Bumiputera, and 12 times more than the Indians. Clearly, the Chinese poor (in terms of wealth ownership), is much better than the Bumiputera's and the Indians' poor. In fact, the bottom 20% of the Chinese had wealth nearly

equivalent to the wealth of the bottom 40% of the Bumiputera, meaning that a 'poor' Chinese is not much different than an average Bumiputera.

The components of wealth show that the major source of wealth for Malaysians, regardless of ethnicity, was from real estate assets (Table 4). For the Bumiputera, 97% of their wealth composed of real estate assets, while the figure for the Indians was almost similar, at 96%. The Chinese had a smaller share compared to other ethnic groups; its real estate contribution to wealth was slightly lower at 94%. The Chinese financial asset contributions were higher compared to the Indians and the Bumiputera; the Chinese savings constituted 2.2% of wealth, compared to just 0.8% and 1.2% for the Bumiputera and the Indian, respectively. This is not surprising, as the rich tends to have higher proportion of their wealth in financial assets compared to the poor, while the poor normally would have most of their assets in real estate, mostly in the form of house or land.

The distribution of wealth by asset classes shown in skewed (Table 5), although it is better than the distribution of financial assets. For the Bumiputera, the top 20% controlled half of the overall wealth (50.8%), while the middle 40% controlled 41.6%. The bottom 40% however, had a cumulative share of 7.6%. The distribution among the Chinese was slightly more equal than the Bumiputera; the bottom 80% had half of the wealth, at 50.2%, compared to 49.2% of the Bumiputera. In addition, the bottom 40% of the Chinese also had a bigger share of the total wealth compared to the Bumiputera or Indian, as they controlled nearly 12%, as against 7.6% of the Bumiputera and just 3.6% of the Indians. The most unequal distribution of wealth among the ethnic group was among the Indians. The top 20% had 54%, compared to just 50.8% and 49.8% of Bumiputera and Chinese respectively. The bottom 40% had the lowest share of just 3.6%, less than half of their Bumiputera counterparts.

The disparity ratio among the ethnic groups in wealth holdings showed that the gap between the Bumiputera and the Chinese was bigger compared to the disparity gap between the Indians and the Chinese. The wealth disparity ratio between the Chinese and the Bumiputera was slightly better than the gap in real estates, and much better compared to the disparity gap in other asset classes (Table 6). For example, the disparity gap in wealth between the Bumiputera and the Chinese was 1:1.76, but the gap in savings was about 1:5. To put things into perspective, the disparity ratio in wealth of 1:1.76 is nearly equivalent to the gap in income between the Bumiputera and the Chinese in the year 1990. If the reduction of the income gap that took nearly two decades between the Chinese and the Bumiputera were to be reduced by 22%, and should the trend also apply to wealth, then the parity in wealth between the Bumiputera and the Chinese can only be achieved in the year 2060!

Another way of looking at the disparity gap among the races is to compare using the Chinese ownership at RM 1 as the base. In other words, for every RM1 in wealth owned by the Chinese, the corresponding figures for the Bumiputera and the Indians were 57 cents and 68 cents respectively. The disparity in wealth between the ethnic groups was better than the disparities in financial and real estate assets, but worse compared to income (Table 7) Clearly, it was the Bumiputera who were the worst off compared to the Chinese and the Indians in every asset class. Despite the New Economic Policy that supposedly increased the asset ownership of the Bumiputera, they remained the poorest group. Regardless of the decrease in income differentials among the ethnic groups, the gap in other asset classes, notably in wealth, remains wide, especially between the Bumiputera and the Chinese, and more so in the bottom quantile.

Some of the critics of NEP argued that pro-Bumiputera economic policy has created an extreme inequality among the Bumiputera community, but the figures prove otherwise. The Gini coefficients show that the wealth inequality in 2007 was highest among the Indians (0.559), followed by the Bumiputera (0.5103), while the Chinese had the lowest inequality (0.4725). This is the reverse of inequality in income, where the highest inequality occurred among the Chinese ethnic group, followed by the Bumiputera, and lastly by the Indians. Comparison in Gini coefficient for all asset classes, excluding income, showed that inequality was the highest in savings and the lowest in wealth, for all ethnic groups (Figure 4).

Nevertheless, at every comparable variable, the Chinese had more wealth than the Bumiputera or the Indians, and the gap in wealth was much wider compared to the gap in income, and more prominent as the bottom quantile. The plausible explanation for this wealth gap is the crucial role played by intergenerational transfers in household wealth accumulation. If this is so, it may take several generations for the wealth gap to narrow to the level of the income gap (Wolff 1992, Wolff 2002). Another plausible explanation is the level of discrimination by the Chinese against the non-Chinese, especially in the labor market. This could explain the disparity in wealth by ethnicity despite having the same academic qualification. This is consistent with the study by Milanovic (2006), CMI (2005) and Schafgans (1998), where it showed that the unexplained premium of about 20%-40% on wages and earnings for the Chinese, that could be attributed to discrimination, mainly in the private labour market.

## CONCLUSION

The unreflective use of income as the standard way to measure economic well being is misleading and outdated, and has and will contribute to a serious underestimation of the magnitude and scope of overall distribution and inequality. Focusing on flawed measurements would mean that the economic policy that seeks to aim for just and equitable society and narrowing racial differences are doomed to fail. One of the intentions of this paper is to bring widespread attention to the urgent need for new thinking for the policy maker. Wealth would tell a better picture. Correct and immediate policy changes are required to address this unjust imbalance, as not only that it is unfair and detrimental to economic growth and well-being, but also will create divisions and strains relations amongst the people, and could tear the country apart. This study has shown that majority of Malaysians have limited amount of savings and assets, and the distribution of wealth is much skewed. There is great heterogeneity in wealth holdings, the top 20% percent held more than 52.1% of all wealth, while the bottom 40% held less than 8%. The distributions of liquid assets (financial assets) were very extreme; the top 20% had nearly 95% of all financial assets, while the bottom 80% had only 5%. The average savings of a Malaysian household is enough to cover just 1.8 months of monthly expenditure, while their financial assets could cover about 6 months of monthly expenditure.

There is an urgent need to have an economic policy that can upgrade and sustain the economic well being of an average Malaysian. An inclusive growth approach is desirable. Instead of focusing on bottom 40% as listed in NEM, a consistent two-pronged approach is advisable, with a focus on both the bottom 40% and on maintaining/increasing growth equality. A multidimensional approach is required to assess the extent of inequality. Important dimensions include education, health, incomes and employment. Average Malaysians deserved to live with dignity, and not overly-worried about financial constraints. Complementary policies that are pro-growth such as progressive taxation, extensive social services, equal opportunity in the private sector employment, and such must be continuously focused on.

## REFERENCES

- Anand, S. (1983). *Inequality and Poverty in Malaysia: Measurement and Decomposition*. Washington: Oxford University Press.
- Chua, A. (2003). *World on Fire : How Exporting Free-Market Democracy Breeds Ethnic Hatred and Global Instability*. London: William Heinemann.
- CMI. (2005). *Growth with Distribution: Strategies for improved income distribution in Malaysia*. Bergen: Chr.Michelsen Institute.
- Davies, J. B., & Shorrocks, A. (2000). The Distribution of Wealth. In Atkinson, & Bourguignon (Eds.), *Handbook of Income Distribution Volume 1*. Amsterdam: North Holland.
- Davies, J. B., Sandstrom, S., Shorrocks, A., & Wolff, E. N. (2009). The Level and Distribution of Global Household Wealth. *NBER Working Paper Series , Working Paper 15508*.
- Davies, J. B., Sandstrom, S., Shorrocks, A., & Wolff, E. N. (2006, Dec). The World Distribution of Household Wealth. *WIDER Discussion Paper , 3*.
- EPU. (2008). *Malaysian Economy in Figures 2008*. Retrieved February 25, 2009, from Economic Planning Unit: <http://www.epu.gov.my/New%20Folder/Figures2008/chapt2.pdf>
- Faaland, J., Parkinson, J., & Saniman, R. (2003). *Growth and Ethnic Inequality*. Kuala Lumpur: Utusan Publications & Distributors Sdn Bhd.
- Gomez, E. T., & Ghee, L. T. (2006). *Corporate Equity Distribution: Past Trends and Future Policy*. Asian Strategy and Leadership Institute . Kuala Lumpur: Center for Public Policy Studies , ASLI.
- Gustafsson, B., & Johansson, M. (1999). In Search of Smoking Guns: What Makes Income Inequality Vary over Time in Different Countries? *American Sociological Review , 64* (4), 585-605.
- Gustafsson, B., Shi, L., & Zhong, W. (2001). Household Wealth in Urban China in 1995: Composition, inequality and determinants. *Review of Income and Wealth*. Vol 52(2), 173-188
- Hirschman, C. (1989). Development and Inequality in Malaysia: From Puthuchaery to Mehmet. *Pacific Affairs , Vol 62* (1), 72-81.
- Jomo, K. (2004). *The New Economic Policy and InterEthnic Relations in Malaysia*. United Nations Research Institute for Social Development., New York.
- Leipziger, D., Dollar, D., Shorrocks, A., & Song, S. (1992). *The Distribution of Income and Wealth in Korea*. Washington DC: World Bank.

- Matteo, L. D. (1997). The Determinants of Wealth and Asset Holdings in Nineteenth-century Canada: Evidence from Microdata. *The Journal of Economic History*, 57 (2), 907-934.
- Milanovic, B. (2006). Inequality and Determinants of Earnings in Malaysia, 1984-97. *Asian Economic Journal*, 20 (2), 191-216.
- OECD. (2008). *Growing Unequal: Income Distribution and Poverty in OECD Countries*. OECD, Paris.
- Oliver, M., & Shapiro, T. (2006). *Black Wealth, White Wealth: A New Perspective*. New York: Routledge.
- Puthuchery, J. (1960). *Ownership and Control in the Malayan Economy*. Singapore: Eastern Universities Press Ltd.
- Ragayah, H. M. (2008). *Explaining the Trend in Malaysian Income Distribution*. University Kebangsaan Malaysia. Kuala Lumpur: Institute of Malaysian and International Studies.
- Ragayah, H. M. (2009). *Growth and Inequality : Reality and Aspiration*. Institute of Malaysian & International Studies. Bangi: Universiti Kebangsaan Malaysia Press.
- Ragayah, H. M., & Shari, I. (1978). Some Aspects of Income Inequality in Peninsular Malaysia, 1957-70,. In H. O. Mizoguchi, *Income Distribution by Sectors and Over Time in East and Southeast Asian Countries* (pp. pp. 228-258). Quezon City, Philippines and IADRPHU, Institute of Economic Research, Hitotsubashi University, Tokyo: Selected Papers Presented for the CAMS-Hitotsubashi Seminar.
- Schafgans, M. M. (1998). Ethnic Wage Differences in Malaysia : Parametric and Semiparametric Estimation of the Chinese-Malay Wage Gap. *Journal of Applied Econometrics*, Vol 13 (5), 481-504.
- Shapiro, T. M., & Wolff, E. N. (Eds.). (2001). *Assets for the Poor*. New York: Russell Sage Foundation.
- Shireen, M. H. (1998). *Income Inequalities and Poverty in Malaysia*. Kuala Lumpur: Lanham, Md Rowand & Littlefield Publishers.
- Wolff, E. N. (1992). Changing Inequality of Wealth. *The American Economic Review*, Vol 82 (2), 552-558.
- Wolff, E. N. (2002). Inheritances and Wealth. *The American Economic Review*, Vol 92 (2), 260-264.
- Wolff, E. N. (1998). Recent Trends in the Size Distribution of Household Wealth. *The Journal of Economic Perspectives*, 12 (3), 131-150.

TABLE 1: Distribution of Wealth in Malaysia in 2007

<b>Distribution of Household Per Capita</b>	<b>Wealth</b>	<b>Financial Assets</b>	<b>Property Assets</b>	<b>Income</b>
Top 20	52.1%	94.9%	50.9%	49.8%
Middle 40	39.9%	5.1%	41.7%	35.7%
Bottom 40	8.0%	0%	7.5%	14.5%

Source: HIS 2007

TABLE 2 : International Comparison on the Distribution of Wealth for Top 20%

<b>Country</b>	<b>Year</b>	<b>Top 20%</b>
Korea	1998	60
Australia	1966	54
France	1975	69
Canada	1970	74
Sweden	1975	80
United States	1995	85
Malaysia	2007	52

Source: Davies 1979, Harrison 1979, Kessler and Masson 1987, Shorrocks 1987, and Spant 1987, in Leipziger, et al. 1992, p.59. Figure for Malaysia is from HIS 2007.

TABLE 3: International Comparison on Gini Coefficient in Wealth

<b>Country</b>	<b>Year</b>	<b>Gini-coefficient</b>
World	2008	0.8
USA	1998	0.76
France	1986	0.71
Germany	1998	0.69
Canada	1984	0.69
Italy	1987	0.6
Sweden	1985	0.59
Korea	1988	0.58
Japan	1984	0.52
<b>Malaysia</b>	<b>2007</b>	<b>0.52</b>

Sources: Davies & Shorrocks 2000, Table 1, and Davies et al 2008, Shapiro and Wolff 2001, p.17

TABLE 4: Wealth Decomposition by Asset Classes by Ethnicity, Malaysia, 2007

Asset Classes	Bumiputera	Chinese	Indian
Savings	RM 567	RM 2,795	RM 1,026
Investment Assets	RM 1,853	RM 4,629	RM 2,058
Financial Assets	RM 2,419	RM 7,423	RM 3,083
Real Estate	RM 70,453	RM 120,903	RM 84,146
Wealth	RM 72,873	RM 128,326	RM 87,229

Source: HIS 2007

TABLE 5 : Distribution of Asset Classes by Ethnicity in Malaysia in 2007 (%)

Distribution	Wealth			Real Estate Assets			Financial Assets		
	B	C	I	B	C	I	B	C	I
Top 20	50.8	49.8	54.0	50.8	49.6	54.3	94.5	92.6	95.8
Middle 40	41.6	38.4	42.4	42.2	38.8	42.7	5.5	7.4	4.3
Bottom 40	7.6	11.9	3.6	7.0	11.6	3.1	0.0	0.0	0.0

Source: HIS 2007. B = Bumiputera, C = Chinese, I = Indians.

TABLE 6: Disparity Ratio in Asset Classes by Ethnicity in Malaysia in 2007

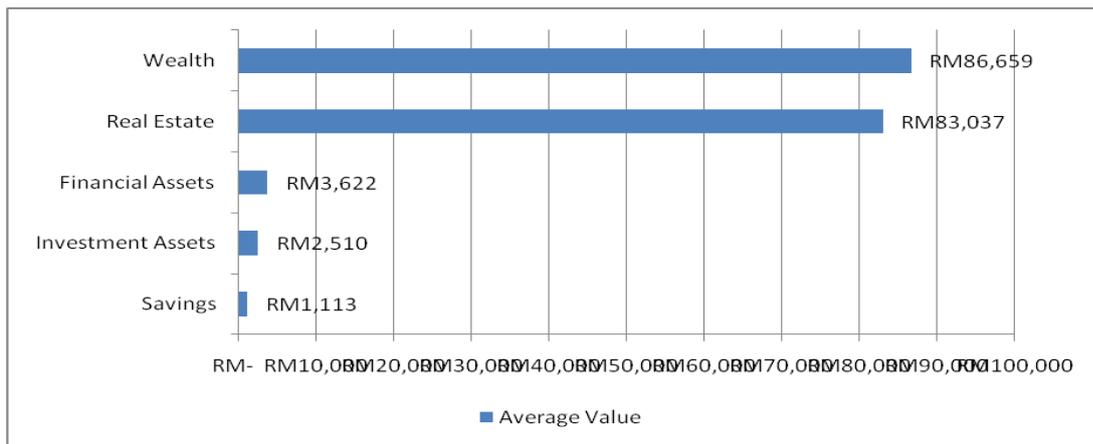
Asset Class	Bumiputera: Chinese	Bumiputera: Indian	Indian: Chinese
Savings	1: 4.93	1: 1.81	1:2.72
Financial Assets	1:3.07	1:1.27	1:2.41
Investment Assets	1:2.50	1:1.11	1:2.25
Real Estate	1:1.72	1:1.19	1:1.44
Wealth	1:1.76	1:1.20	1:1.47
Income	1: 1.54	1:1.20	1:1.28

Source: HIS 2007

TABLE 7: Differences in Asset Ownership by Ethnicity in Malaysia, 2007

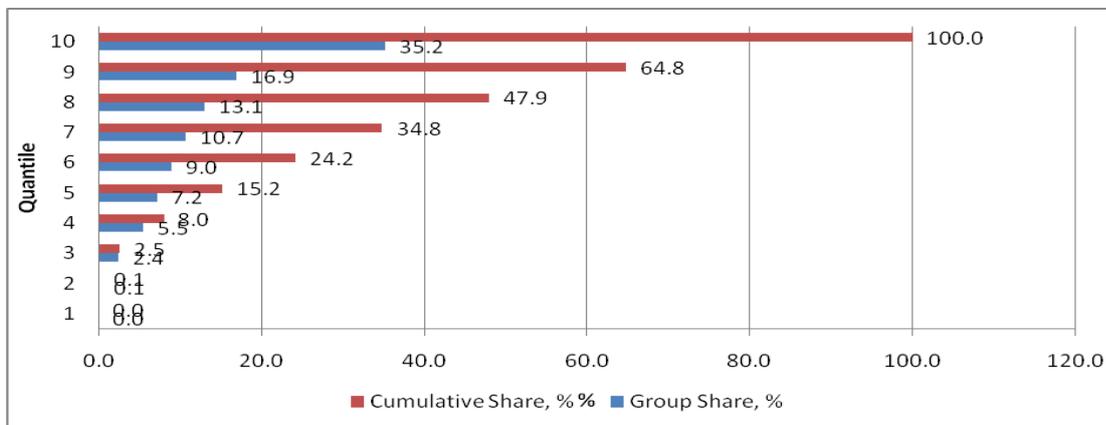
Asset Class	Chinese	Bumiputera	Indian
Savings	RM 1.00	RM 0.20	RM 0.40
Financial Assets	RM 1.00	RM 0.32	RM 0.49
Investment Assets	RM 1.00	RM 0.40	RM 0.54
Income	RM 1.00	RM 0.57	RM 0.78
Real Estate	RM 1.00	RM 0.58	RM 0.70
Wealth	RM 1.00	RM 0.65	RM 0.68

Source: HIS 2007



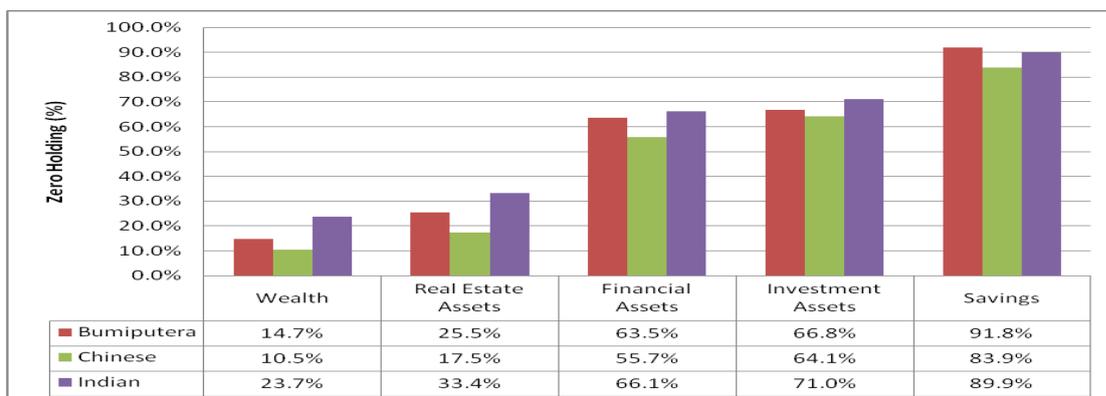
Source: HIS 2007

GRAPH 1: Wealth Decomposition by Asset Classes in Malaysia in 2007



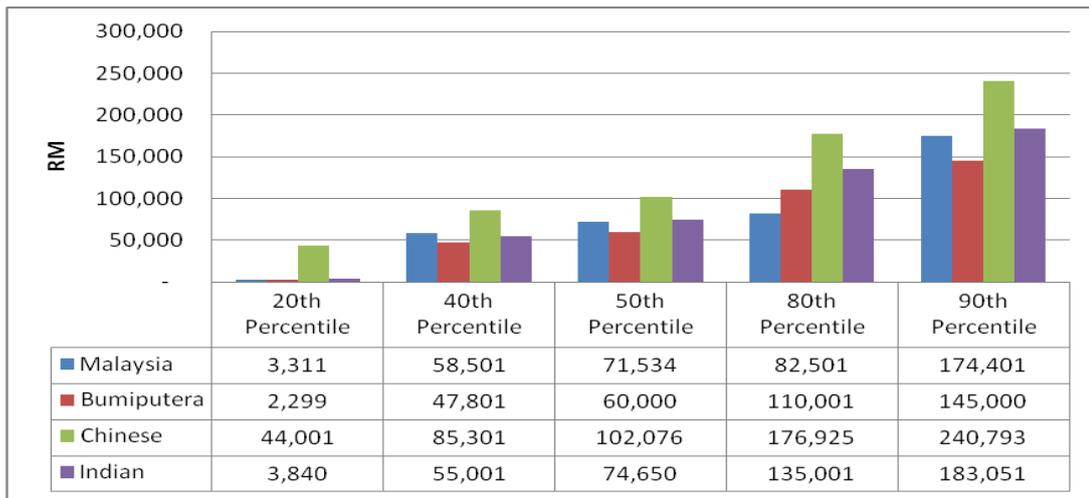
Source: HIS 2007

FIGURE 1: Distribution of Wealth in Malaysia in 2007



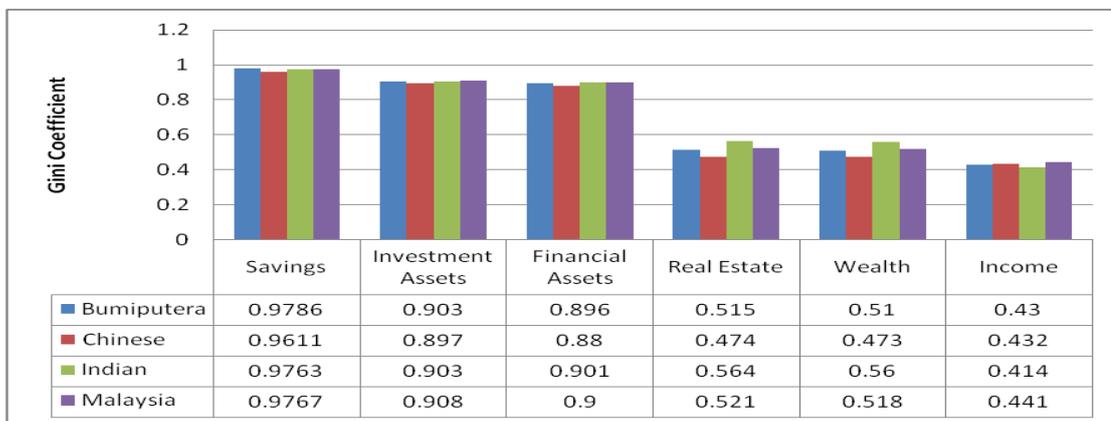
Source: HIS 2007

FIGURE 2: Intra-Ethnic Zero Ownership by Asset Classes in Malaysia, 2007



Source: HIS 2007

FIGURE 3: Wealth by Ethnicity in Malaysia in 2007 in Percentiles



Source: HIS 2007

FIGURE 4: Gini Coefficients for Asset Classes by Ethnicity in Malaysia in 2007