

Economic factor 2 – Income

If your income is high it can help you get resources, goods and services. If your income is low it can limit or stop you getting resources, goods and services.

Income is money from things like a salary (annual amount of money) or wages (hourly rate of pay), money you have inherited, investments, rents. It is your flow of buying power which you can spend on resources, goods or services.

An after-school job or an allowance of pocket money is income.



- Some people have more income than others. This is called income inequality.
- Bill Gates, Microsoft man, gave over NZ\$ 2 billion to international aid programmes in 2000.
- New Zealanders who find themselves in overseas prisons such as the 'Bangkok Hilton' report that cells have 25 prisoners sleeping head to toe on the floor with the richest prisoners sleeping near to the door and the poorer you are the closer to the communal toilet hole you have to lie.

The skills and abilities you have influences the income you earn. Society values some skills and abilities more than others. For example, in a recent year in New Zealand a successful electronics engineer earned millions of dollars, top lawyers and doctors earned nearly \$1,000,000, a kiwifruit picker made \$10,000 and a gardener made \$7000. The government paid a woman \$1012.50 a day to help interview candidates for hospital and health services and Lion Nathan's Doug Myers was announced as the richest person with cashed up wealth estimated to be at least \$570 million.



People with very limited income are said to live in poverty. Economists talk about absolute poverty and relative poverty. Absolute poverty is when a person has no ability to get the resources, goods and services that are essential for minimum living standards. Relative poverty is when a person's income is below the average income of the population.



The World Wide Web in its modern form began in 1992. At that time the typical 'netizen' was male, highly educated, earning good money, English speaking, white, about 30 years old, living in a town or city. As Internet links got cheaper, more women got into cyberspace. In the year 2000 surveys showed that Net-surfing had replaced beer drinking as the favourite pastime of students.



Reports in the year 2000 showed that:

- income inequality was rising both within countries and between countries
- the income gap between the 20% of the world's people who live in the richest countries and the 20% living in the poorest countries had jumped from 30:1 in 1960 to 74:1 in 2000
- in the US the top 5% of households had more wealth than the other 95% put together
- the resources of the top 3 billionaires in the world were more than the combined GDP of the least developed countries which had a total population of more than 600 million people
- the world's richest person, Microsoft boss Bill Gates, was worth well over \$60 billion – more than the combined Gross Domestic Products of Guatemala, El Salvador, Costa Rica, Panama, Honduras, Nicaragua, Belize, Jamaica and Bolivia.

Pumping gas over the university holidays earned Paulee extra income which she put towards her dream of becoming an astronaut.



When the price of milk shot up Daisy and Clarabell's income from their dairy farm trebled and they decided to splash out. Daisy had a hip replacement and nose-job in a private hospital and Clarabell got a set of false teeth to repair damage done by a kicking cow.



When Ken lost his money on bad investments, his income went from a Tom Cruise level to a street bum level. He had to sell his mansion, his four cars and his yacht; he had to take his kids out of their private schools, and take away all his wife's credit cards.



Statistics New Zealand is a good source of data about incomes. The website is <http://www.stats.govt.nz>.