

The Evolution of Development Planning in Malaysia

Cassey Lee and Lee Chew-Ging

The primary objective of this paper is to trace the evolution of five-year development plans that have been formulated in Malaysia since the 1950s. Both internal and external factors have influenced the formulation and implementation of these plans. State bureaucracies played a crucial role in implementing the New Economic Policy in the 1970s. Economic reforms in the 1980s then reduced the independence of the planning bureaucracy by making bureaucrats more project-oriented and under the control of politicians. The corporate restructuring that followed the Asian Financial Crisis brought about greater involvement of corporate technocrats from Government Investment Companies (GICs) and Government Linked Companies (GLCs). Economic policy-making changed further under the Najib administration with increased centralization of development expenditure in the Prime Minister's Department and greater use of private consultants. The current trajectory suggests a more centralized and flexible, but less transparent, approach to development planning.

Keywords: Development, planning, institutions, Malaysia.

1. Introduction

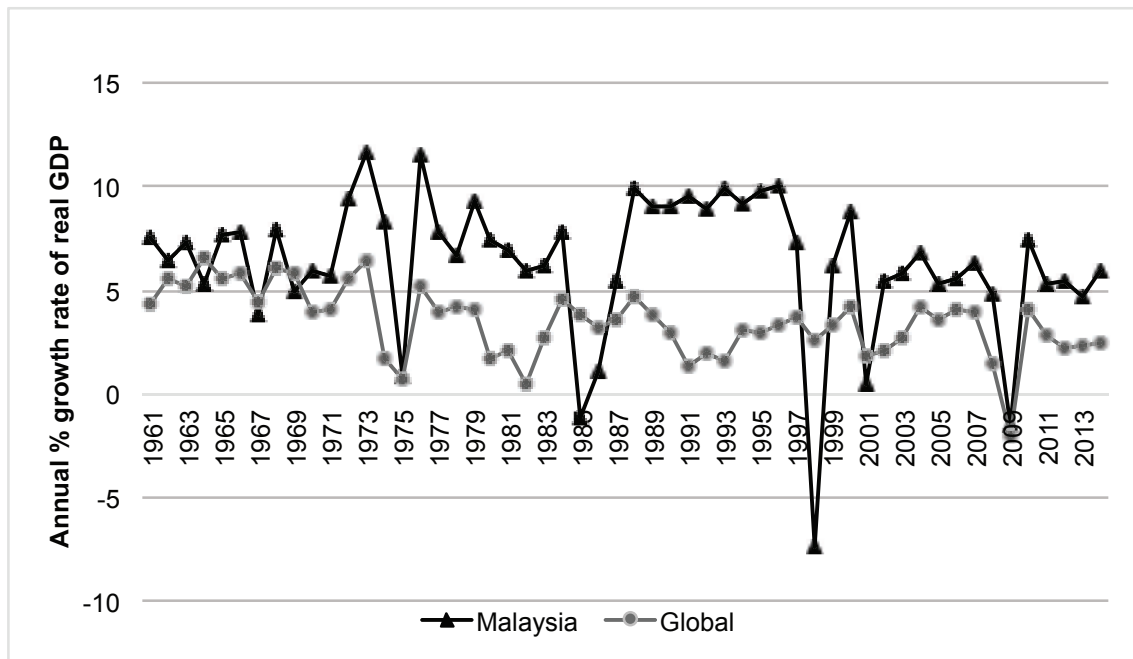
Malaysia's economic growth has been relatively robust since the country's independence. In the past five decades, there have only been four major economic crises, all of which were externally induced: the oil crisis in 1973; the global economic slowdown in the mid-1980s; the Asian Financial Crisis in 1997/98; and the Global Financial Crisis

in 2008 (Figure 1). Overall, the country's average annual growth rate has been in the range of 5 to 10 per cent. There have also been significant structural changes during the past five decades. The role of agriculture has declined whilst that of manufacturing has increased (Figure 2). The country's per capita income has increased sixfold during this period. These transformations have taken place in a mixed-economy setting in which

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FIGURE 1
Annual Growth: Malaysia and the Global Economy, 1961–2014



SOURCE: World Bank.

both the market and the state have played important roles. A key aspect of the state's role in Malaysia's growth story has been development planning.

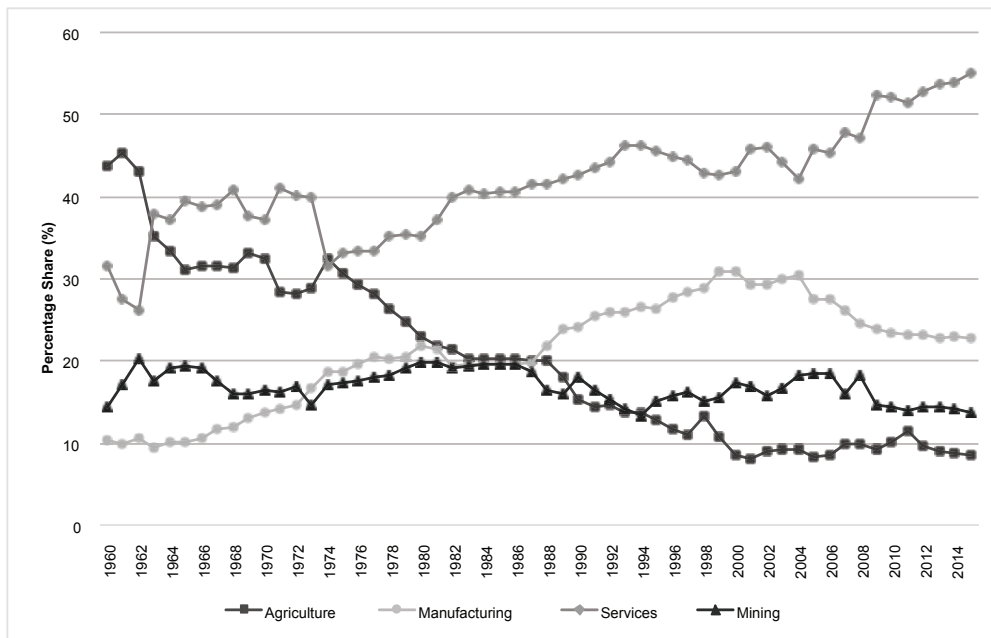
Development planning has been practised in Malaysia since the 1950s. Since then, the goals, practices and institutions of development planning in the country have evolved. The changes have taken place within the context of structural change in Malaysia's economy and society. The interaction between development planning and these elements over time has been fairly complex. The medium-term plans (each covering five years) and long-term plans (ten to twenty years) have been drawn up based on the developmental needs of the country and subject to domestic constraints — economic, social, as well as political. The implementation of these development plans has transformed the country's economy and society.

The openness of the Malaysian economy also meant that external developments, especially the global economy, have affected the orientation of development planning in the country. These include specific events such as the oil shocks in the 1970s, global recession in the mid-1980s, the Asian Financial Crisis in 1997/98 and the Global Financial Crisis in 2008.

The goal of this paper is to examine the nature of changes in Malaysia's development planning and study the performance of the country's economy, especially in the medium to long term. The main focus of this study will be a narration of the changes in the planning process since the 1950s.¹

The outline of this study is as follows. Section 2 will discuss the nature of development planning. This will be followed by a discussion of how the

FIGURE 2
Structural Composition of Malaysia's GDP



SOURCE: World Bank.

Malaysian government has carried out economic planning in the country in section 3. Section 4 provides an analysis of the changes in development planning from the 1960s to the present. Section 5 concludes.

2. The Nature and Practice of Development Planning

2.1 Nature of Development Planning

Development planning is, first and foremost, an activity undertaken by the state or government machinery to ensure that scarce resources are mobilized to achieve socio-economic or development goals such as poverty eradication, economic growth and development.² The basic rationale or justification underlying development planning is the failure of markets to bring

about desired development outcomes. There are a number of variations in arguments of this nature. One variant invokes the market-failure argument — that the development process involves externalities (e.g., in public goods) and/or coordination problems that need to be overcome by state intervention. Another variant is a socialist one — that central planning is ideal and adequate to achieve developmental goals. A third argument relates to the existence of vicious circles or self-reinforcing (e.g., poverty) traps that require government intervention. More recent arguments relate to the notion of the developmental state. Some of these arguments are worth revisiting when reflecting on the shifts or evolution in the role of the state versus the market in a country's development process (Stiglitz 1994; Woo-Cumings 1999; and Chang 2003).

2.2 Development Plans

What is a development plan? From an operational point of view, a development plan may comprise some of the following elements:³

- (i) A list of proposed public expenditures;
- (ii) A discussion of likely developments in the private sector;
- (iii) A macroeconomic projection of the economy;
- (iv) A review of government policies.

The USSR adopted its first five-year plan in 1929. Both India and the Philippines showed some interest in development planning in the 1930s (Waterston 1965). Development planning finally took off in many developing countries in the 1950s (Little 1982). These included China's first Five-Year Plan (1953–57), India's first Five-Year Plan (1951–56), and South Korea's first Five-Year Development Plan (1962–66). Today, a number of countries no longer draft five-year development plans. These include South Korea (which had its sixth and last five-year plan for the period 1992–96) and India (its last five-year plan will end in 2017). A few countries continue to adopt five-year development plans, including China (its thirteenth for 2016–20) and Vietnam (its tenth for 2016–20).

3. Development Planning in Malaysia

3.1 Development Plans in Malaysia

The first development plan that was formulated for Malaysia (then, Malaya or pre-independent Peninsular Malaysia) was the Draft Development Plan, 1950–55 (DDP). The plan was developed as part of broader initiatives to support development in former British colonies under the Colombo Plan for Cooperative Economic Development. Since 1950, a total of fourteen development plans have been formulated and launched (Table 1). These plans were essentially medium-term development plans typically covering a period of five years.⁴ Since 1970, and starting with the Second Malaysia Plan, 1971–75 (2MP), the five-year plans were embedded within long-term plans (ten to twenty years), such as the First Outline Perspective Plan

(1971–90) (OPP1); the Second Outline Perspective Plan (1990–2000) (OPP2); and the Third Outline Perspective Plan (2001–10) (OPP3). Each of these was anchored by key policies such as the New Economic Policy (NEP) and its subsequent successors such as the National Development Policy (NDP) and National Vision Policy (NVP).

Overall, the focus of these plans has changed over time (Table 1). This has been driven by both domestic needs and external developments. A key turning point was the implementation of the New Economic Policy starting from the Second Malaysia Plan in the early 1970s. This led to greater emphasis on poverty eradication and the restructuring of society via affirmative action policies. A second turning point was the recession in 1980s that led to greater emphasis on private-driven and new sources of growth. In the period after the Asian Financial Crisis in 1997/98, the Malaysian economy has grown at a slower pace. This led to new initiatives in the form of project and regional clusters to transform the Malaysian economy.

In terms of contents, the development plans have, up until recently, contained all the elements highlighted by Lewis (1966), i.e. items (i) to (iv). These elements are usually structured into sectoral chapters within the document plans (Table 2). Each of the sectoral chapters is often aligned with a distinct ministry. This is not surprising given the manner in which such development plans are usually formulated and put together. Whilst the core sectors such as agriculture and manufacturing were maintained in most of the five-year plans, some sectors or sub-sectors have only appeared in a few documents. These include mining, defence, security, social development and youth. The sectoral approach to organizing the development plans was largely abandoned after the Ninth Malaysia Plan (2006–10) (9MP), which coincided with changes in political leadership in Malaysia.

3.2 Processes of Development Planning in Malaysia

The Economic Planning Unit (EPU) is not a stand-alone institution solely responsible for

TABLE 1
Five-Year Development Plans in Malaysia

<i>Plan</i>	<i>Period</i>	<i>Goals</i>	<i>Challenges</i>
Draft Development Plan	1950–55	Social services, infrastructure, trade and development	Emergency, 1948–60 First elections, 1955
First Malaya Plan	1956–60	Rural development, rubber industry, emergency expenditure, defence, security	Independence, 1957 Global recession, 1957–58
Second Malaya Plan	1961–65	Rural development, employment generation, economic growth, economic diversification, social services	Formation of Malaysia, 1963 Separation of Singapore from Malaysia, 1965
First Malaysia Plan	1966–70	Racial harmony, economic growth, employment generation, economic diversification, population planning	May 13 Riots, 1969
Second Malaysia Plan	1971–75	1st Phase of NEP — eradication of poverty, restructuring of society <i>OPP1, 1971–90</i>	<i>New Economic Policy, 1971–90</i> Oil shock, 1973
Third Malaysia Plan	1976–80	2nd Phase of NEP — eradication of poverty, restructuring of society Private sector-driven	Oil shock, 1979
Fourth Malaysia Plan	1981–85	NEP	Fiscal constraints, 1980–81
Mid-Term Review Fourth Malaysia Plan		Revitalize agriculture sector Privatization Heavy industry	
Fifth Malaysia Plan	1986–90		Recession, 1985–86
Sixth Malaysia Plan	1991–95	Sustain growth Balanced development Vision 2020 (1991) <i>OPP2, 1991–2000</i>	<i>National Development Policy, 1991–2000</i>
Seventh Malaysia Plan	1996–2000	Balanced development Productivity-driven growth	Asian Financial Crisis, 1997/98
Eighth Malaysia Plan	2001–05	<i>OPP3, 2001–10</i> Knowledge-based economy	<i>National Vision Policy, 2001–10</i>
Ninth Malaysia Plan	2006–10	Value chain, human capital, socio-economic inequities	Global Financial Crisis, 2008 12th General Election (2008) <i>National Mission, 2006–20</i>
Tenth Malaysia Plan	2011–15	Government Transformation Programme <i>New Economic Model</i> Economic Transformation Programme	Global financial crisis Greater competition for FDI Weak private investment
Eleventh Malaysia Plan	2016–20	Inclusiveness, well-being, infrastructure, green growth	13th General Elections (2013) Fiscal constraints Deindustrialization Malaysian National Development Strategy

SOURCE: Compiled by authors based on information from five-year plans and outline perspective plans.

TABLE 2
Structure of Malaysia Plans, 1981–2020 (Topic coverage and chapter numbering)

	4MP	4MR	5MP	6MP	7MP	8MP	9MP	10MP	11MP
Policy, Objectives and Framework	1	1	1	1	1	1	1	1	1
Growth and Structure/Macro Performance	2	2	2	2	2	2	2	2	2
New Economic Policy	3	3	3		3	3	16	4	
Human Resources	4		4						
Regional/Urban Development	5	5	5		5	5			8G
Public Sector Programme/Financing	6, 13	7	6		6	6			
Private Sector/Privatization	7, 14	6	7		7	7	10		
Nation Building and National Unity	8								
Prospects and Strategies	9								
Organizing for Development	10								
Macro-Economic Framework	11		2	2	2	2	2	3	2
Population, Employment and Manpower Development	12	4	4		4	4	11	5	
Agriculture, Livestock, Fisheries and Forestry	15	8	10	3	8	8	3		8C
Manufacturing/Industrial Development	16	9	11	4	9	9	4		8B
Commerce, Finance, Real Estate and Tourism	17		13						
Mining	18	11	15						
Transport and Communication/Infrastructure	19	12	16	10	11	10	18		7
Energy and Utilities	20	13	17, 18	11, 12	12	11	19		
Education and Training/Human Capital	21	14	19	5	10			5	5
Housing & Other Social Services	22	16	21		18	18	21		
Health and Social Welfare	23	15	20	13	17	17	20		
Culture, Comm. Dev., Security and Gen. Admin.	24	16	22, 23						
Science and Technology/Innovation			8	6	13	12	12		8F
Environment			9	15	19	19	22		6
Trade		10	12	7					
Finance		10	13	9	15	14	7		
Tourism		10	14	8	16	15	8		
Social Development			22	14					
Defence and Internal Security		17	23						
Women and Development				16	20	20	13		
Administrative Improvements/Transforming Government				17	23	23	26	7	9
Information Technology/ICT					14	13	5		
Youth in Development					21	21	14		
International Cooperation					22	22	27		
Distributive Trade						16	9		
Biotechnology							6		
Human Capital Development							11		
Family and Community Development							15		
Culture, Arts and Heritage							23		
Sports Culture							24		
Good Governance							25		
Inclusive Socio-Economic Development								4	3
Quality of Life/Well-Being Services								6	4

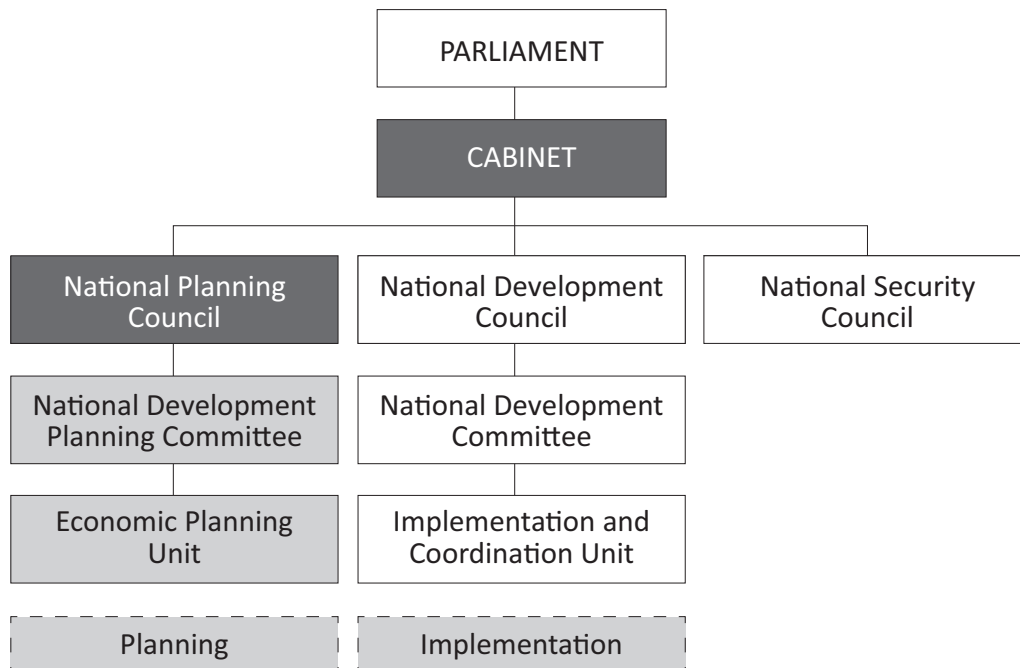
SOURCE: Compiled by authors based on information from five-year plans.

development planning in Malaysia. A host of other agencies are involved in the formulation, approval and implementation of development plans in Malaysia. The hierarchy of development planning institutions in Malaysia is depicted in Figure 3. At the top is the National Planning Council (NPC) that is chaired by the Prime Minister and comprises ministers from key economic-related ministries such as finance, international trade, and domestic trade, amongst others (EPU 2004, p. 5). The real responsibility of formulating five-year development lies with the National Development Planning Committee (NDPC), which comprises senior bureaucrats from various ministries and the central bank, Bank Negara Malaysia (BNM).

The planning process has both top-down and bottom-up features. At the start of the planning

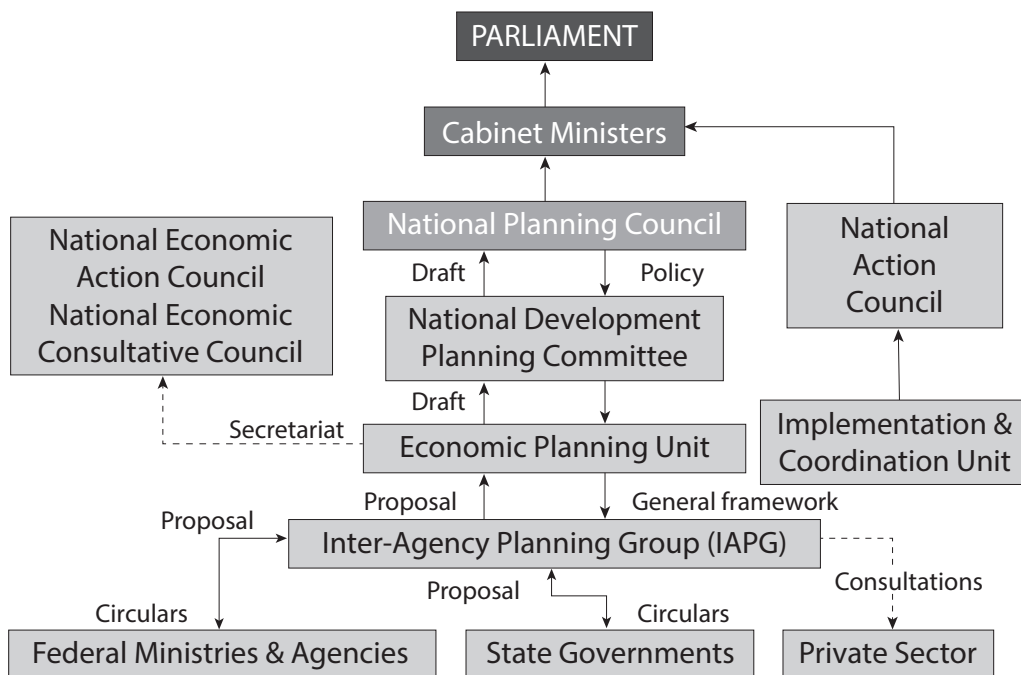
process, the NPC through the NDPC formulates a general framework for the five-year plan. This is then distributed top-down to the inter-agency planning groups (IAPGs) and various technical working groups (TWGs) that are formed by EPU with the purpose of collating and coordinating planning activities (Figure 4). The process also includes consultation with the private sector. Circulars containing the call for projects fitting the general framework are distributed to federal agencies (including ministries) and state agencies — all which are represented in the IAPGs and TWGs. In the bottom-up reverse flow, these agencies then submit their development project proposals to the IAPG which are later collated and incorporated into a five-year development plan by EPU. The plan is then submitted to the NDPC

FIGURE 3
Development Planning Institutions in Malaysia, c. 2004



SOURCE: EPU (2004).

FIGURE 4
Development Planning Process in Malaysia, c.2004



SOURCE: EPU (2004).

and later, NPC before it is tabled for discussion and approval by the Cabinet. The final stage is the tabling of a five-year development plan for Parliamentary approval.

Another important element in the planning process is the establishment and involvement of consultative bodies in the formulation of long-term plans such as the OPP1 and OPP2. This is essentially a consultative mechanism with various stakeholders in society. This approach started with the formation of the National Consultative Council (NCC) in January 1970. The NCC was tasked to come up with recommendations to deal with problems that underlay the 1969 riots. A key product of the economic committee of the NCC was the New Economic Policy (NEP), an overall

policy framework for OPP1 covering the period 1971–90. This process was subsequently repeated with the formation of the National Economic Consultative Council (NECC, 1989–90) and Second National Economic Consultative Council (NECC2, 1999–2000). NECC came up with the National Development Policy, 1991–2000, whilst NECC formulated the National Vision Policy, 2001–10. The 1997 Asian Financial Crisis also prompted the formation of the National Economic Action Council (NEAC1) in 1998 with the aim of dealing with the impact of the crisis on the Malaysian economy. This no doubt later influenced the establishment of the National Economic Advisory Council (NEAC2, July 2009 – May 2011) by the then new Prime Minister Najib

Razak. The outcome was the New Economic Model (NEM) which was launched in 2010. The NEM provided the economic policy framework to transform the Malaysian economy from a middle-income to advanced economy by the year 2020.

4. Phases and Shifts in Development Planning in Malaysia

Development planning has undergone significant shifts under different phases of political leadership since the 1950s. This can be discerned from the focus and scope of the various five-year plans. At least five distinct phases can be discerned.

4.1 *Indigenizing Economic Planning, 1950s to 1960s*

The earliest phase of development planning in Malaysia covers approximately two decades, from 1950 to 1969. The first development plan, the Draft Development Plan, 1950–55 (DDP) was formulated by the financial secretary in the colonial government (EPU 2007, p. 21). The DDP focused on a number of areas — social services (education, health and labour), primary sector, infrastructure, trade and industry.⁵ At this point in time, economic planning was not undertaken by the local bureaucracy. Two key events changed this. The first event was the inaugural 1955 elections which led to the formation of an elected government for Malaya. This initiated the course of self-governance, which included taking control of the development planning function. The country's independence in 1957 offered further momentum to this process. The second event was the 1955 study visit by the International Bank for Reconstruction and Development (IBRD, now known as the World Bank). Among others, the IBRD recommended the formation of an Economic Council to be tasked with the function of development planning. The Economic Committee (EC) was formed in 1956. Serving the EC was the Economic Secretariat (ES) which prepared the document titled "A Plan for the Development of Malaya, 1956–1960" (PDM).⁶ The sectoral emphasis in the PDM was primary sector development, social services (education and

health), housing and infrastructure (transport and power).⁷ The Second Five-Year Plan 1961–1965 (SFYP) was also drafted under the auspices of the EC with assistance from World Bank officials. The Plan focused on rural standard of living, employment, diversification of production, social services and economic growth. Sectoral production and employment targets were incorporated, derived with the use of the ICOR method.⁸ The plan did not include allocations for Sabah, Sarawak and Singapore, which joined Malaya to form Malaysia in 1963.⁹

An important change during the 1960s was the further formalization and institutionalization of the development process with the formation of the Economic Planning Unit (EPU) in 1960.¹⁰ The ES was later absorbed into EPU and placed under the Prime Minister's Department (EPU 2007, p. 27). This institutional set-up has continued until today with some variations over the years. The EPU was tasked to formulate the First Malaysia Plan, 1966–70 (1MP) — the first plan to cover Peninsular Malaysia, Sabah and Sarawak. There was some continuity in the 1MP compared to the previous plans in terms of emphasis on rural development, employment generation and production diversification. With the inclusion of Sabah and Sarawak in the federation of Malaysia, there was an enhanced awareness of development gaps in the country. The momentum for industrial development also picked up in the Plan.

4.2 *New Economic Policy, 1970–90 (c.1984)*

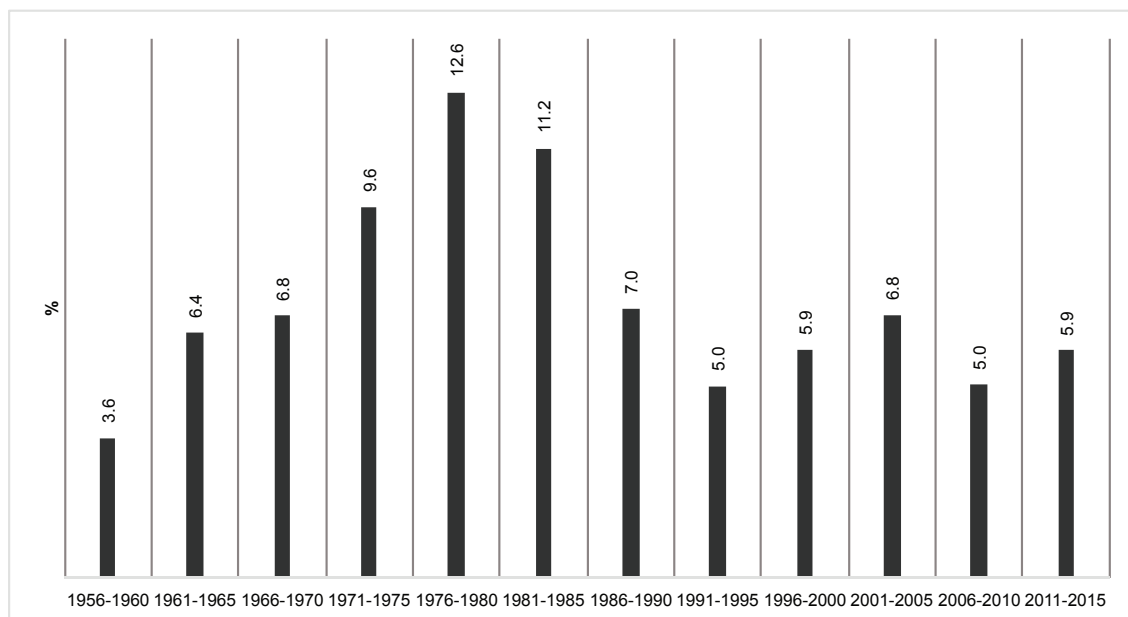
The racial riots on 13 May 1969 is arguably the most important event in Malaysia's post-independence history. In the immediate aftermath of the riots, a state of national emergency was proclaimed to restore order and the National Operations Council (NOC) was formed to replace the cabinet as the focal point of government decision-making. The Department of National Unity (DNU) was also formed in July 1969 to come up with new ideas and solutions. A national Consultative Council was also formed as a mechanism for dialogue with various communities. Underlying these changes were also important political dynamics.

A younger generation of Malay politicians who were passionate about improving the welfare of the Malays came to power. The “Young Turks” or “Second Generation” within the United Malays National Organization (UMNO) included Abdul Razak (head of NOC), Ghazali Shafie (head of DNU), Mahathir Mohamad, Musa Hitam and Abdullah Ahmad. Abdul Razak replaced Tunku Abdul Rahman as the Prime Minister in September 1970.

The DNU — which favoured a more radical approach involving more direct government intervention to correct the ethnic imbalance in income, employment and ownership of assets and capital — put forward a “New Economic Policy” (NEP) that encapsulated these elements.¹¹ The NEP was formally adopted and incorporated in subsequent development plans from 1970 to 1990. It had two key strategies to address economic factors responsible for the riots. These strategies aimed to “eradicate poverty among all Malaysians,

irrespective of race, and to restructure Malaysian society in order to correct racial economic imbalance, in the context of an expanding economy” (Government of Malaysia 1971, p. 1). The goals of NEP were explicitly incorporated in the Second Malaysia Plan, 1971–75 (2MP). To eradicate poverty, the 2MP contained policies and programmes aimed at increasing productivity, enhancing inter-sectoral mobility and improving the availability and access to social services. The second goal of economic restructuring was to be achieved via policies and programs aimed at improving welfare in the rural sector (significantly populated by Malays/*Bumiputras*), improving access to education and urban activities and creating a “Malay commercial and industrial community”. The NEP continued to be the main thrust of the Third Malaysia Plan, 1976–80 (3MP). Total development expenditure as a percentage of GDP increased significantly during this plan period compared to the previous one (Figure 5).

FIGURE 5
Development Expenditure as a Percentage of GDP, 1956–2015



SOURCE: Compiled by authors from the five-year plans and information from the Ministry of Finance (2011–15).

This coincided with a rapid increase in government revenues from the oil and gas sector (Figure 6).

How did NEP change the institutions of development planning in the 1970s? The creation of the DNU appeared to have temporarily created some tension between itself and the EPU (von Vorys 1975, p. 400). Faaland, Parkinson and Saniman (2003) provide a narrative of the major disagreement between DNU and EPU with the latter favouring economic growth whilst the former emphasized on the need to address economic imbalances. This was not surprising given that DNU was set up to formulate policies that took into account political dimensions of development. Rudner (1994, p. 204) described DNU's role in the development process as "unprecedented assertion of positive political authority over planning process".

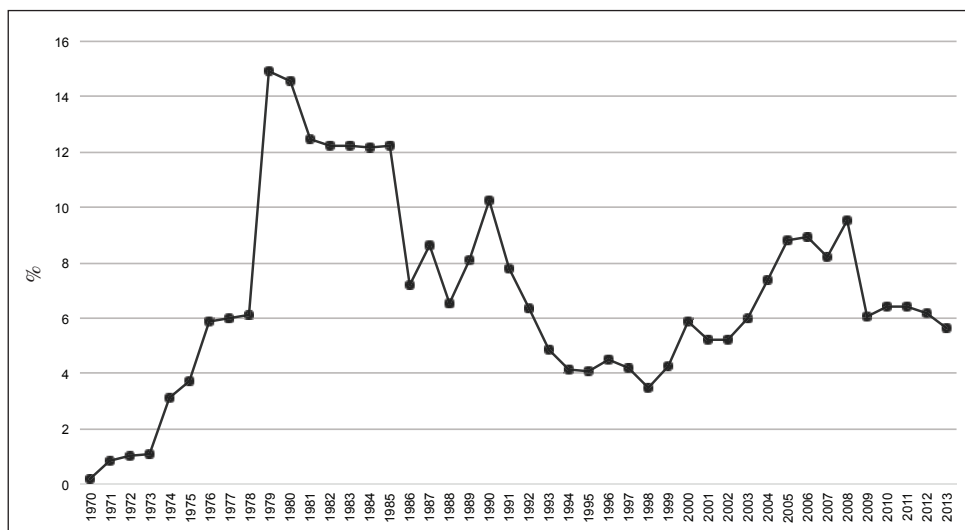
In addition, some scholars have highlighted the ethnic dimensions of events during this period. Means (1991, p. 21) suggests that "Malay political hegemony" was asserted decisively under the NOC which had a high Malay representation (seven) —

compared to Chinese (one) and Indian (one). The EPU was, in contrast, headed by Thong Yaw Hong and staffed by several senior Chinese economists (Heng 1997, p. 265).¹² A team of advisors from Harvard was also based in the EPU and involved in policy discussions with EPU officers (Perkins 2013, p. 110).

There is no explicit record of how the tension between DNU and EPU was subsequently diffused. This could have taken place when the NOC issued the Development Circular No. 1 of 1969 which set out the objectives of 2MP (von Vorys 1975, p. 401). The subsequent revisions of the original NEP document, which made it more inclusive and fair, could also have been a factor.

From an institutional perspective, the formulation and implementation of the 2MP brought about some decentralization of the planning mechanism in at least two ways.¹³ First, planning and research units were established at the ministerial and departmental level to complement the work of the EPU. Second, State Economic Planning Units (SEPUs) were also set up to enhance state-level

FIGURE 6
Malaysia: Oil Rents (Percentage of GDP), 1970–2013



SOURCE: World Bank.

planning capacities. These changes suggest that the planning mechanisms — particularly the bottom-up dimensions — were strengthened in response to the challenging demands imposed by the implementation of the NEP.

Malaysia's second Prime Minister, Abdul Razak, passed away unexpectedly in January 1976. Drafted during the last years of Razak's leadership, the Third Malaysia Plan, 1976–80 (3MP) continued along the lines of the previous plans. The scale of expenditure, however, increased significantly, by close to 90 per cent overall (Table 3) and the allocation for almost all sectors doubled. The rapid increase in state revenues from the petroleum industry probably loosened the fiscal constraints facing the Malaysian government during this period.

Similar to the previous two five-year plans, the Fourth Malaysia Plan, 1981–85 (4MP) was very much driven by the NEP. Drafted under the

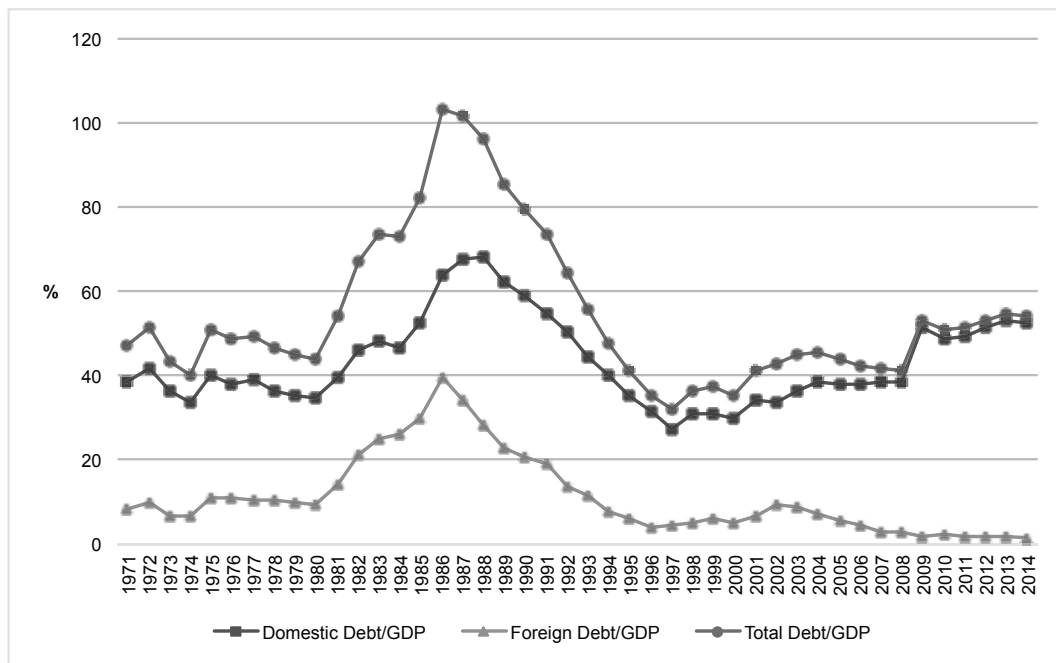
leadership of the country's third Prime Minister, Hussein Onn, the 4MP was ambitious, as the total allocation for development expenditure under the plan increased by 72 per cent. Unfortunately, the global economy began to slow down in the early 1980s and crude oil prices began declining during the first half of the 1980s. To finance the development expenditure, the Malaysian government borrowed heavily, resulting in an increase in public debt (Figure 7). These changes coincided with changes in political leadership with Mahathir Mohamad replacing Hussein Onn as the Prime Minister in July 1981. The impact of the deterioration in the global economy in the early 1980s was initially countered with an expansionary fiscal policy in 1981 and 1982. By 1983, the Mahathir Administration began re-evaluating the relevance of 4MP. This culminated in the Mid-Term Review of the Fourth Malaysia Plan (MTR4) launched in March 1984.

TABLE 3
Allocation for Development Expenditure, 1971–80

<i>Development Expenditure Item</i>	<i>2MP (1971–75) Estimated Expenditure (RM million)</i>	<i>3MP (1976–80) Allocation (RM million)</i>	<i>Percentage Increase (%)</i>
<i>Economic</i>	7,100.3	12,665.2	78.4
(a) Agriculture and rural development	2,129.1	4,735.5	122.4
(b) Mineral resources development	0.6	5.0	768.4
(c) Commerce and industry	1,618.2	1,734.5	7.2
(d) Feasibility studies	35.9	36.0	0.3
(e) Transport	1,781.3	2,819.0	58.3
(f) Communications	604.0	1,192.0	97.4
(g) Utilities	931.3	2,143.0	130.1
<i>Social</i>	1,347.7	3,092.2	129.4
(a) Education and training	675.9	1,671.3	147.3
(b) Health and family planning	173.9	377.2	116.9
(c) Social and community services	497.9	1,043.7	109.6
<i>General Administration</i>	348.7	597.7	71.4
<i>Security</i>	1,024.2	2,200.0	114.8
TOTAL	9,820.9	18,555.0	88.9

SOURCE: Third Malaysia Plan, Table 12.3, pp. 240–41.

FIGURE 7
Malaysia's Debt/GDP Ratio



SOURCE: World Bank.

4.3 Structural Reforms, 1983–97

Traditionally, Mid-Term Reviews were undertaken to evaluate the implementation of five-year plans. However, new economic strategies were announced in the case of the MTR4 to cope with the adverse global economic environment and overcome structural problems facing the Malaysian economy. The two important strategies in the MTR4 were heavy industrialization and privatization. Mahathir began pursuing the idea of heavy industrialization during his tenure as the Minister for Trade and Industry (January 1978 – July 1981) and Deputy Prime Minister (March 1976 – July 1981).¹⁴ The privatization policy was launched in 1983 and incorporated in the MTR4. Privatization was part of the broader strategy of downsizing the public sector and enhancing the role of the private sector

in economic growth. The strategy included the promotion of “Malaysia Inc.” — a concept that entailed closer cooperation between the public and private sectors.

The Fifth Malaysia Plan, 1986–1990 (5MP) continued with strategies outlined in the MTR4. The 5MP saw significantly higher allocations for infrastructure, especially telecommunications and utilities. The Malaysian economy began to recover and flourish during the 5MP period (Figure 1). Though the economy had fully recovered by 1988, less resources were devoted to development expenditure. This reflected the impact of privatization and the greater emphasis put on the private sector as an engine of growth. As a result, development expenditure as a percentage of GDP declined (Figure 5). This affected the 5MP and subsequent five-year plans such as the Sixth

Malaysia Plan, 1991–95 (6MP) and the Seventh Malaysia Plan, 1996–80 (7MP).

How did the institutions of development planning change during this period of structural reforms? A number of changes have been documented by researchers.

First, the Treasury's (Ministry of Finance, MOF) role in the formulation of economic policy strengthened between 1986 and 1997 (Henderson et al. 2002). In a way, MOF became a competitor to EPU in the arena of economic policy-making. This was due to the support from Mahathir Mohamad and the Minister for Finance during this period, Anwar Ibrahim (1988–98). Henderson et al. (2002) argued that these changes were partly due to efforts by Anwar Ibrahim to make MOF his power base. This view is echoed by reports that Mahathir was convinced that Anwar was plotting to remove him during the Asian Financial Crisis (Hwang 2003, pp. 281–82 and Wain 2009, p. 108).

Second, during this period, it has been argued that EPU's role in economic planning underwent some change in the form of the emergence of an "operations-oriented" bureaucracy which was deemed to be more "short term, narrowly technocratic and project-minded" (Henderson, et al, 2002 p. 17). It is plausible that part of this problem was induced by the process of privatization in which projects were awarded on a "first come first served basis" (direct negotiation) which meant that economic planners had little or no influence over which and how projects should be implemented. These included the mega projects under Mahathir's heavy industrialization programme which were carried out despite the reservations of the planning bureaucracy (Felker 2003, p. 264). This "first come first served" practice has also been linked to patronage and cronyism (Rahman Embong 2008).¹⁵ As a consequence, there was a possible decline in the relative independence and influence of bureaucrats (Leigh 1992). The bureaucrats began to be seen as "instruments of political rulers" rather than technocrats guiding and advising the government (Khadijah and Mahani 2014, p. 393). These institutional changes are related to the rising involvement of party politics in business (Gomez 1994).

Third, the closer cooperation between the public and private sectors also brought about greater consultation between actors from both sectors. This included the formation of the Malaysian Business Council (MBC) in 1991 and other consultative mechanisms (CMs) in ministries during this period. However, these CMs had limitations. Biddle and Milor (1999) have noted that certain "sensitive" topics were considered "off-limits" in these consultative mechanisms such as privatization and NEP-related issues. Felker (1998, p. 123) argues that "Malaysia's leading business associations had no formal access to peak policy forums" and that this reflects "the political elite's desire to manage coordination through direct informal networks". This would suggest that the proliferation of CMs had limited effect on the EPU during this period.

4.4 Asian Financial Crisis, 1997/98

Malaysia was severely affected by the Asian Financial Crisis. The Malaysian ringgit depreciated by almost 50 per cent between July 1997 and January 1998, primarily driven by outflows of portfolio capital (Athukorala 2001). The initial response from August 1997 to September 1997 was to try to mitigate the effect of the crisis on the stock exchange. In December 1997, the Finance Minister (Anwar Ibrahim) introduced IMF-type austerity measures in the form of cuts in fiscal spending and higher interest rates. The Prime Minister, Mahathir Mohamad, appeared to disagree with these policies. A month later, in January 1998, the National Economic Action Council (NEAC) was established as a consultative body to the Cabinet to deal with the crisis by formulating a broad framework for national economic recovery. This took the form of the National Economic Recovery Plan (NERP) which was announced in July 1998.

A number of major economic policies were implemented to stabilize the Malaysian economy. These included capital control, reduction of NPLs, recapitalization of banks and corporate restructuring. Of particular significance was the corporate restructuring of government linked companies (GLCs) and government investment

companies (GICs) such as the Renong-UEM Group, MAS, MRCB and Tabung Haji which performed poorly during this period. Khazanah Nasional, through its wholly owned subsidiary Danasaham, acquired UEM in July 2001. The CFO of a GLC, Telekom Malaysia (Abdul Wahid Omar), was appointed the new CEO for UEM in 2001 (Wong et al. 2005). A key figure in the restructuring process was Nor Mohamed Yacop — who selected many of the young executives involved. These included Abdul Wahid as well as two other young executives, Rahman Ahmad and Sharil Ridza Ridzuan, to manage another ailing company MRCB (Wong et al. 2011). Both had worked at Danaharta and would eventually become CEOs at GICs, namely, Ekuiti Nasional Berhad (Ekuinas in 2009) and Employment Provident Fund (EPF in 2013), respectively.

From an institutional point of view, the NEAC — based on its structure and membership — was probably the highest-level economic advisory body during the economic crisis period. The NEAC was chaired by the Prime Minister (Mahathir Mohamad) with several senior ministers and representatives from major industry associations as council members. The EPU functioned as the secretariat to the NEAC itself as well as the various sub-groups under NEAC such as the Executive Members Group and the Working Group of the Executive Director (Daim Zainuddin). This went beyond coordinating and collating activities as Senior EPU officers were also involved in drafting working papers that were later incorporated into the NERP (Mahani 2002, pp. 96–97).

How did the financial crisis affect development planning? Existing narratives clearly suggest that EPU was deeply involved in NEAC activities. There is limited evidence on whether these activities directly spilled over or affected EPU's development planning activities. In an interview, Mahathir is reported to have said that "... the NEAC was not made to implement medium- or long-term policy but was charged with daily overseeing of the economic and financial performance of the country, and to decide and act when necessary with quick solutions" (Tourres 2003, p. 92). This seems to suggest that NEAC

focused on short-term economic stabilization issues whilst EPU continued to be in charge of development planning.

However, the expansionary fiscal policy implemented during 1998–2000 clearly affected allocations to development planning. Actual development expenditure during the Seventh Malaysia Plan 1996–2000 (7MP) was about 47 per cent higher than the original allocation (Table 4). The economic recovery in 1999 and 2000, together with rising public debt, ushered in a more modest allocation in the Eighth Malaysia Plan 2001–2005 (8MP). Overall, the financial crisis shifted policy-making to more short- and medium-term issues related to economic stabilization.

The corporate restructuring process also brought in talents from the private sector which further transformed the role of bureaucrats and GLCs in economic policy-making. This has been described by Khadijah and Mahani (2014, p. 406) as the privatization of the technocracy which blurred the distinction between true technocrats and corporate technocrats. Such a trend is also a reflection of the increase in extent of government-linked investment companies' (GLICs) ownership in the corporate sector (Gomez et al. 2018).

4.5 Institutional Reforms and Governance, 2004–08

The 8MP was the last five-year plan drafted under the Mahathir Administration (July 1981 – October 2003). Mahathir Mohamad announced his intention to leave office in June 2002 and Ahmad Badawi became the new Prime Minister in October 2003. The 8MP was already being implemented during this transition period. Badawi received a strong mandate from voters in the March 2004 General Elections in which the ruling coalition Barisan Nasional won 198 (or 91 per cent) out of the 222 parliamentary seats. Badawi attempted to depart from the previous administration by undertaking a number of institutional reforms that would strengthen governance in the country. These included reforms aimed at increasing the independence of the police and judiciary, e.g., Independent

TABLE 4
Allocation for Development Expenditure, 1996–2005

<i>Development Expenditure Item</i>	<i>7MP (1996–2000) Original Allocation (RM, mil.)</i>	<i>7MP (1996–2000) Expenditure (RM, mil.)</i>	<i>8MP (2001–05) Allocation (RM, mil.)</i>
<i>Economic</i>	33,706.0	47,171.9	50,514.6
(a) Agriculture and rural development	5,460.0	8,139.3	7,860.0
(b) Mineral resources development	47.0	40.8	50.0
(c) Commerce and industry	5,864.0	11,257.8	10,295.4
(d) Feasibility studies	223.0	264.9	131.0
(e) Transport	15,762.0	20,826.2	21,818.9
(f) Communications	58.0	47.0	146.5
(g) Utilities	6,292.0	6,595.9	10,212.8
<i>Social</i>	19,803.0	31,284.0	37,518.1
(a) Education and training	10,210.0	19,724.1	22,660.0
(b) Health and family planning	2,658.0	3,725.5	5,500.0
(c) Social and community services	6,935.0	7,834.4	9,358.1
<i>General Administration</i>	4,803.0	8,937.1	1,888.0
<i>Security</i>	9,188.0	2,955.0	11,217.3
TOTAL	67,500.0	99,037.0	110,000.0

SOURCE: Seventh and Eighth Malaysia Plans.

Police Complaints and Misconduct Commission, Malaysian Anti-Corruption Commission and Judicial Appointments Commission. These reforms, the cancellation of mega-projects and the release of Anwar Ibrahim from jail — provoked resistance and backlash from vested interests from within UMNO. As a result, many of the reforms were watered down (Muhamad Takiyuddin and Ahmad Fauzi 2013). Other institutional reforms during this period included the implementation of the GLC Transformation Programme in 2004 and PEMUDAH in 2007.¹⁶

On the development planning front, there appears to be some continuity when the Ninth Malaysia Plan, 2006–2010 (9MP) is compared to 8MP. In terms of allocation, there was a minor change in terms of greater focus on agriculture and regional development (economic corridors) as well as the inclusion of “softer” issues such as human capital development, culture, arts, heritage, sports

culture and good governance (Table 2). Sectors that received significant increases in development allocations include agriculture, commerce and industry, and utilities.

It is difficult to ascertain the extent to which development planning during this period was affected by changes in the networks of technocrats involved in policy formulation. Badawi’s respect for the civil service tradition and the continued presence of economic advisors from the “old circle” such as Nor Mohamed Yakcob and Ali Abul Hassan Sulaiman would have provided some stability and continuity in the role of the EPU as a planning bureaucracy. However, corporate technocrats are likely to have been influential during the Badawi period since 2007 via the implementation of the economic corridor projects.¹⁷ To some extent, this reflected the trend of greater private sector involvement in policy-making due to the involvement of GLCs and

GICs in corporate restructuring. Another private sector group that may have been influential during this period is the group of young technocrats led by Badawi's son-in-law dubbed as the "Fourth Floor Boys" (Management and Policy Unit).¹⁸ However, unlike the corporate technocrats from GLCs and GICs, the Fourth Floor Boys appeared to be a distinct group. There is indirect evidence of the rising influence of private sector on policy formulation since this period. For example, the share of development allocations for the Prime Minister's Department jumped from 4.3 per cent under the 8MP to 13.2 per cent under the 9MP (Table 5).

4.6 Economic Transformation — 2009–2015

Najib Razak replaced Abdullah Badawi as Prime Minister of Malaysia in April 2009. This followed the dismal performance of Barisan Nasional in the 12th General Elections held in March 2008. In the elections, Barisan National coalition only managed to secure 140 (63 per cent) of the 222 parliamentary seats, thus losing its two-thirds supermajority in the parliament. This political transition from Badawi to Najib took place amidst

a sharp contraction of about 6 per cent of the Malaysian economy in the first quarter of 2009.

There are some indications that development planning underwent significant changes under the Najib administration. Between April and September 2009, the private consulting firm McKinsey was reported to have been engaged at the cost of RM36 million to setup the Performance Delivery and Management Unit (PEMANDU). PEMANDU, a unit under the Prime Minister's Department (PMD), was tasked to monitor and facilitate the implementation of the Government Transformation Programme (GTP).¹⁹ This followed the then prevailing trend in business consulting of setting up delivery units to accelerate policy implementation (Sabel and Jordan 2015).

Najib also formed a nine-member economic advisory committee — the National Economic Advisory Council (NEADC) in June 2009 — to come up with new ideas to transform Malaysia into a high-income country by 2020.²⁰ The NEADC developed a blueprint for the economy in March 2010 — the New Economic Model (NEM). The NEM was a key element of the Economic Transformation Programme (ETP) — one out of four pillars of national transformation

TABLE 5
Sectoral Allocation of Development Expenditure under 8MP, 9MP and 10MP
(Percentage)

<i>Ministry</i>	<i>8MP</i> (2001–05)	<i>9MP</i> (2006–10)	<i>10MP*</i> (2011–15)
Prime Minister's Department	4.3	13.2	20.6
Ministry of Works	11.4	9.3	6.9
Ministry of Education	14.2	8.5	7.5
Ministry of Higher Education	8.0	8.0	4.1
Ministry of Defence	11.0	7.3	6.3
Ministry of Health	5.5	5.1	3.6
Ministry of Rural and Regional Development	4.4	5.5	11.3
Ministry of Transport	5.7	4.1	8.0
Others	35.6	38.9	31.7
Total	100.0	100.0	100.0

SOURCE: Five-Year Plans except for 10MP which is estimated from annual budget figures.

— the other three being 1Malaysia, Government Transformation Programme (GTP) and the Tenth Malaysia Plan (10MP). The responsibility of implementing the ETP was later given to PEMANDU (Lesley 2014).

How did these changes affect development planning in Malaysia? EPU continued to be responsible for drafting the Tenth Malaysia Plan, 2011–15 (10MP). However, the changes in the format of the 10MP — in terms of its structure and content — suggest that the ETP and NEM are likely to have influenced the drafting of the five-year plan (Table 6). The change in the 10MP compared to previous plans was very drastic — the sectoral approach used in previous five-year plans was virtually abandoned (Table 2). This reflected a shift in the relative influence of agencies under the PMD. A clear example of this is the formulation of the ETP Roadmap which was launched in October 2010. Though the EPU had earlier identified the twelve “National Key Economic Areas” (NKEAs) that would appear in

the ETP Roadmap, PEMANDU delved into these areas in greater detail through the use of a series of “labs”.²¹ The list of NKEAs was discussed in the 10MP (pp. 122–35) but not comprehensively integrated with the rest of the document. Thus, drafters of the 10MP at EPU are likely to have drawn more from the work of the NEADC (i.e., NEM) compared to PEMANDU.

The Eleventh Malaysia Plan, 2016–20 (11MP) was launched in May 2015. Overall, the contents of the 11MP document were not organized along sectoral lines, even though some of the strategy papers supporting the Plan were sectoral in nature. Compared to the 10MP, the 11MP had a greater “people focus” with specific emphases on inclusiveness, well-being and human capital development (Table 7). The strategies for infrastructure sector were also presented in a separate chapter in the 11MP. Overall, the 11MP contained more details on some of the programmes to be implemented including the agencies involved, though without any details on financial allocations.

TABLE 6
The New Economic Model and Tenth Malaysia Plan

<i>New Economic Model (SRIs)</i>	<i>Correspondence</i>	<i>Tenth Malaysia Plan</i>
1. Re-energizing the private sector	→	3. Creating the environment for unleashing economic growth
2. Developing a quality workforce and reducing dependency on foreign labour	→	4. Moving towards inclusive socio-economic development
3. Creating a competitive domestic economy	→	5. Developing and retaining a first-world talent base
4. Strengthening of the public sector	→	6. Building an environment that enhances quality of life
5. Transparent and market friendly affirmative action	→	7. Transforming government to transform Malaysia
6. Building the knowledge base infrastructure		
7. Enhancing the sources of growth		
8. Ensuring sustainability of growth		

SOURCE: Authors — based on NEM and 10MP.

TABLE 7
The Tenth and Eleventh Malaysia Plans

<i>Tenth Malaysia Plan</i>	<i>Correspondence</i>	<i>Eleventh Malaysia Plan</i>
3. Creating the environment for unleashing economic growth		3. Enhancing inclusiveness towards an equitable society
4. Moving towards inclusive socio-economic development		4. Improving wellbeing for all
5. Developing and retaining a first-world talent base		5. Accelerating human capital development
6. Building an environment that enhances quality of life		6. Pursuing green growth for sustainability and resilience
7. Transforming government to transform Malaysia		7. Strengthening infrastructure to support economic expansion
		8. Re-engineering economic growth for greater prosperity
		9. Transforming public service for productivity

SOURCE: Authors — based on 10MP and 11MP.

This could reflect a long-term shift in the way development funds are allocated (since the 10MP) towards more annualized allocations for smaller projects via the annual budget.

One change that is related to how development funds are allocated is the increase in the share of funds allocated to the Prime Minister's Department (PMD). During the period 2005–08, the PMD's share of total development expenditure hovered around 7.5 to 9 per cent. This increased to 15 per cent in 2012 and 25 per cent by 2015 (Figure 8). A key explanation for this is the placement of large projects under the PMD. These include allocations related to the facilitation funds (e.g., for partial funding of PPP projects, RM31 billion), five economic corridors (RM13.4 billion), and Pan-Borneo Highway (RM10 billion).²² There could also be a political economy dimension to the centralization of funds in the PMD. Critics have labelled some of the allocations under the PMD as “slush funds” at the behest of the Prime Minister. These include

the allocations for poverty projects, social restructuring, Mesra Rakyat Project, Facilitation Fund, Small projects and Special projects.²³ This is likely to have been compounded by the Prime Minister continuing to hold the Finance Minister portfolio as well.

Finally, another indirect indicator of the increasing role of the private sector in development planning is the increase in the engagement of external consultants. The Federal government spent a total of RM6.5 billion on private consultancy services between 2009 and 2012. Such expenditures extend beyond those related to the activities of PEMANDU. For example, the National Educational Blueprint 2013–25 was prepared by McKinsey & Co. at the cost of RM20 million.²⁴

5. Conclusion

The institutions and process of development planning in Malaysia has evolved since the 1960s.

FIGURE 8
Composition of Development Expenditure, 2005–15

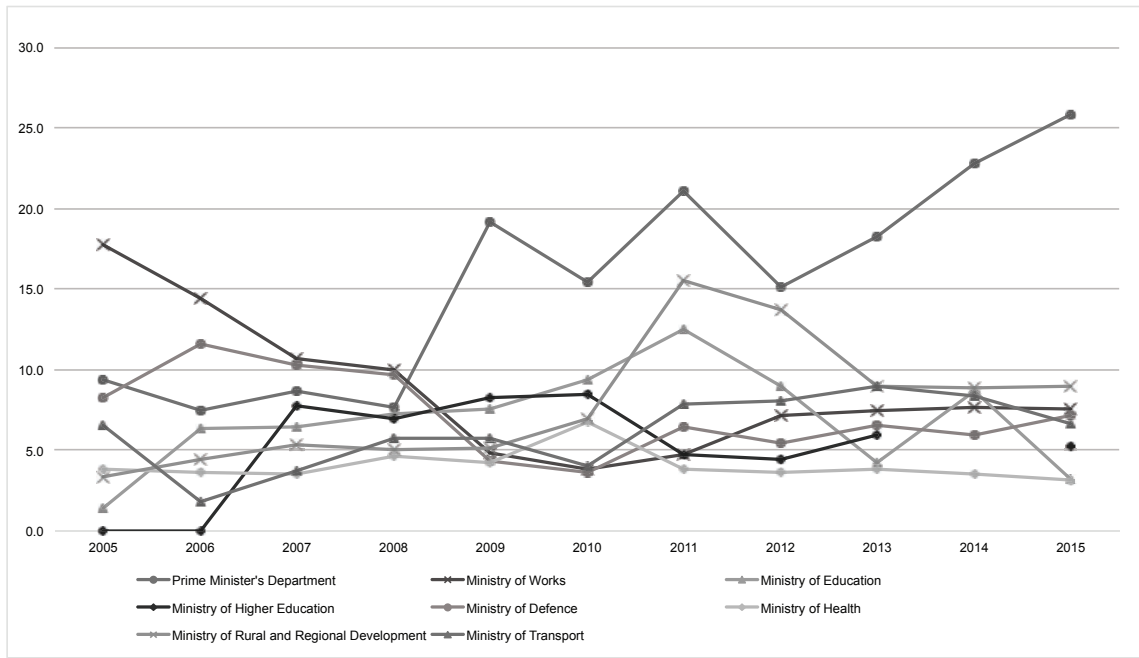
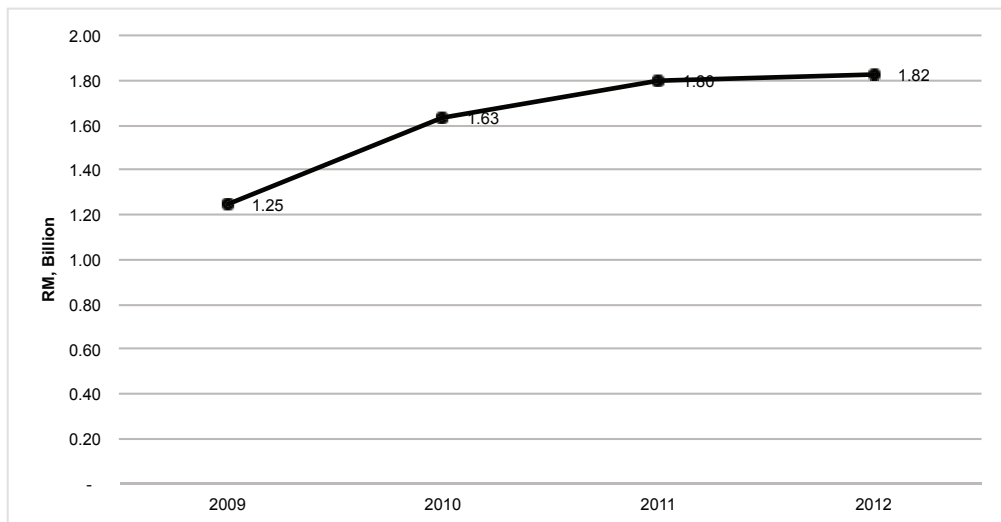


FIGURE 9
Federal Government's Private Consultancy Expenses



SOURCE: "Putrajaya spent RM7.2b, or RM4m a day, on private consultants, Parliament told," *Malay Mail Online*, 13 November 2013.

State bureaucracies such as the EPU played an especially important role in the 1970s when the New Economic Policy was implemented. The independence of the planning bureaucracy is likely to have declined during the Mahathir administration with the implementation of the privatization process. The Asian Financial Crisis and the corporate restructuring that followed brought about greater involvement of corporate technocrats in the planning process. The establishment of PEMANDU and the greater use of private consultants during the Najib administration is clearly another important trend involving greater private sector participation in the development planning process. This has transformed and affected the traditional role played by the EPU. The impact is visible from the format and contents of recent five-year plans (10MP and 11MP) which have moved away from sectoral plans to broad strategic plans. This change is also reflected in the centralization of development allocations in the Prime Minister's Department. Further changes are likely to take place as PEMANDU will be phased out during a two-year period — starting from January 2017. Its functions will be transferred to the Civil Service Delivery Unit (CSDU) in the EPU.

The transformation of the development planning process in Malaysia has clearly been driven by internal and external factors. Internally, the state

bureaucracy is likely to have declined. Henderson et al. (2002, p. 19) have argued that there has been a decline in policy innovativeness on the part of the EPU which can be blamed on lack of research presence within the bureaucracy. The overall decline in the quality of public service has been partly blamed on the impact of the gap between a Malay public sector and a non-Malay private sector (Khoo 2005, p. 31). Clearly, political leaders have sought to incorporate talented *Bumiputra* technocrats from private firms, GICs and GLCs into economic policy-making. Whether this has been sufficient to improve the performance of economic policy making is an open question.²⁵

External shocks such as the economic slowdown in the 1980s, Asian Financial Crisis in 1997/98 and the Global Financial Crisis in 2008 — have all left marks on development planning. Such events have diverted attention to solving short-term macro problems, often by creating new institutions such as NEAC. Despite their mandate on short-term economic stabilization, such institutions have eroded the influence of more traditional institutions such as the EPU.

As the Malaysian economy continues on a path of slower economic growth, it is not entirely clear whether the current process of development planning is the best approach. Whilst talents from private sector can rejuvenate the planning process, the downside could be weaker governance.

APPENDIX 1

Prime Ministers of Malaysia and Five-Year Plans

<i>Prime Minister</i>	<i>Period</i>	<i>Plans</i>
Tunku Abdul Rahman	31 August 1957 – 22 September 1970	First Malaya Plan, 1956–60 Second Malaya Plan, 1961–65 First Malaysia Plan, 1966–70
Abdul Razak Hussein	22 September 1970 – 14 January 1976	Second Malaysia Plan, 1971–75 Third Malaysia Plan, 1976–80
Hussein Onn	14 January 1976 – 16 July 1981	Fourth Malaysia Plan, 1981–85
Mahathir Mohamad MOF: 1998–99, 2001–03	16 July 1981 – 31 October 2003	Mid-Term Review 4MP Fifth Malaysia Plan, 1986–90 Sixth Malaysia Plan, 1991–95 Ninth Malaysia Plan, 1996–2000 Eighth Malaysia Plan, 2001–05
Abdullah Ahmad Badawi MOF: 2003–08	31 October 2003 – 3 April 2009	Ninth Malaysia Plan, 2006–10
Najib Razak MOF: 2008–16	3 April 2009	Tenth Malaysia Plan, 2011–15 Eleventh Malaysia Plan, 2016–20

SOURCE: Compiled by Author based on EPU (2007) and EPU website.

APPENDIX 2
EPU Leadership

<i>Plans</i>	<i>Minister in Charge</i>	<i>EPU Director General</i>
First Malaya Plan, 1956–60		O.A. Spencer (1956–1961)
Second Malaya Plan, 1961–65		William T. Philips (1961–65)
First Malaysia Plan, 1966–70		Thong Yaw Hong (1965–78)
Second Malaysia Plan, 1971–75		
Third Malaysia Plan, 1976–80		
Fourth Malaysia Plan, 1981–85		Ishak Pateh Akhir (1979–1982)
Mid-Term Review 4MP		Sallehudin Mohamd (1982–84)
Fifth Malaysia Plan, 1986–90		Radin Soenarno (1984–87)
Sixth Malaysia Plan, 1991–95		Yahya Abdul Wahab (1987–89)
Ninth Malaysia Plan, 1996–2000		Mohd. Sheriff Mohd. Kassim (1989–91)
Eighth Malaysia Plan, 2001–05		Ali Abul Hassan Sulaiman (1991–98)
		Samsuddin Hitam (1998–2001)
Ninth Malaysia Plan, 2006–10	Mohd. Effendi Norwawi (2006–08)	Iskandar Dzakurnain Badarudin (2001–03)
	Amirsham Abdul Aziz (2008–09)	Raja Zaharaton Raja Zainal Abidin (2003–05)
	Nor Mohamed Yacop (2009–13)	Halipah Esa (2005–06)
		Sulaiman Mahbob (2006–09)
Tenth Malaysia Plan, 2011–2015	Abdul Wahid Omar (2013–16)	Noriyah Ahmad (2009–11)
Eleventh Malaysia Plan, 2016–2020	Abdul Rahman Dahlan (2016–)	Dr Rahamat Bivi Yusoff (2011–17)
		Nik Azman Nik Abdul Majid (2017–)

SOURCE: Compiled by authors based on EPU (2007) and EPU website.

APPENDIX 3
National Economic Advisory Council

July 2009 – May 2011

1. Prof Tan Sri Dzulkipli Abdul Razak, Universiti Sains Malaysia and National Innovation Council
2. Datuk Andrew Sheng
3. Datuk Dr Zainal Aznam Yusof
4. Datuk Dr Hamzah Kassim
5. Datuk Nicholas S. Zefferys
6. Dr Mahani Zainal Abidin
7. Dr Yukon Huang
8. Dr Homi J. Kharas
9. Prof Dr Danny Quah
10. NEAC Chief Secretary – Prof Dr Norma Mansor

NOTES

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1. See Appendix Table 1 for a periodization of the five-year plans.
2. See Sen (1988) for a discussion of the concept of development.
3. Excerpted from Lewis (1966), p. 13.
4. The exception being the Draft Development Plan, which is a six-year development plan.
5. See Lim (1982/83).
6. The Plan was also known as the First Malaya Plan (Lim 1982/83) or First Five-Year Plan (Rao 1980). The Plan was significantly influenced by the report of the IBRD mission in 1954.
7. See Rao (1980), pp. 141–42.
8. ICOR or incremental capital output ratio is the ratio of investment to growth.
9. Singapore was to depart from the Federation of Malaysia in 1965.
10. See Appendix 2 for the historical change in the leadership of EPU.
11. See Faaland, Parkinson and Saniman (2003), pp. 31–38 and von Vorys (1975), p. 401.
12. The late Thong Yaw Hong (1930–2015) served in the EPU from 1957 to 1978 and was Director General of EPU from 1971 to 1978. He was later the Secretary-General of the Ministry of Finance from 1979 to 1986.
13. These changes are discussed in Chapter 8 of the 2MP.
14. The Heavy Industries Corporation of Malaysia Berhad (HICOM) was established in 1980 to plan, implement and manage heavy industry projects. It initially received a RM125 million allocation in the 4MP which was subsequently revised to RM304.13 million in the MTR4.
15. This is also reflected in the increase in the proportion of business executives and managers in UMNO membership (Shiraishi 2014).
16. PEMUDAH or the Special Task Force to Facilitate Business was established to review the status of the public and private service delivery system.
17. The economic corridors included: Iskandar Malaysia in Southern Johor (IRDA); Northern Corridor Economic Region (NCER); East Coast Economic Region (ECER); Sabah Development Corridor (SDC); and Sarawak Corridor of Renewable Energy (SCORE).
18. The fourth floor boys included Khairy Jamaluddin (Badawi's son-in-law) and Ahmad Zaki Zahid.
19. "McKinsey paid RM36 million to set up Pemandu", *Malaysiakini*, 3 December 2010.
20. See Appendix 3 for a list of members of the NEADC.
21. The twelve NKEAs are: Greater Kuala Lumpur/Klang Valley; Oil, Gas and Energy; Financial Services; Wholesale and Retail; Palm Oil; Tourism; Electronics and Electrical; Business Services; Communications Content and Infrastructure; Education; Agriculture; and Healthcare. Source: ETP Roadmap.
22. Ministry of Finance, estimated expenditures for PMD in 2016.
23. *Malay Mail Online*, "Cut PM's RM7b 'slush funds' in Budget 2015 revision, MP tells Putrajaya", 18 January 2015.
24. *Malay Mail Online*, "RM20m consultancy fees for National Education Blueprint a waste, says MP", 24 September 2013.
25. This could be analysed in terms of Lim's (2007) argument that the improvement of administrative performance would require strengthening public control and making the bureaucracy more representative.

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