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Abstract

In a country in which the national budget constitutes a substantial percentage of the GNP, over time the policy decisions on both revenues and expenditures have far reaching implications for the well-being of the people and their economy. Taxation measures, including the grant of tax incentives to specific types of industries, have an important effect on the pattern of development in the economy. On the expenditure side, budget allocation decisions in relation to the choice of programs and their beneficiaries have a significant impact on equity, economic growth, employment, manpower development, and the standard of living for the masses. In short, whether the financial policies embodied in the budget of a country relate to revenue measures or expenditure programs, by virtue of its size and impact, budgeting has implications for all.

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Budgeting as an Instrument of Development: The Malaysian Experience

In a country in which the national budget constitutes a substantial percentage of the GNP, over time the policy decisions on both revenues and expenditures have far reaching implications for the well-being of the people and their economy. Taxation measures, including the grant of tax incentives to specific types of industries, have an important effect on the pattern of development in the economy. On the expenditure side, budget allocation decisions in relation to the choice of programs and their beneficiaries have a significant impact on equity, economic growth, employment, manpower development, and the standard of living for the masses. In short, whether the financial policies embodied in the budget of a country relate to revenue measures or expenditure programs, by virtue of its size and impact, budgeting has implications for all.

To be meaningful, budgeting has to serve objectives which are in line with the aspiration of a nation. This can only occur if policy planning and budgeting complement each other so that the role of the latter becomes one of mobilizing the needed resources for funding programs which will contribute to the accomplishment of the planned objectives of the nation.

As budgeting takes place in a geographical setting, its objectives need not be the same in countries which are ecologically quite different. The uniqueness of an ecological setting will affect the role of budgeting.

In this paper, budgeting in Malaysia will be analyzed in relation to the role it has played in meeting the ecological needs of the country for economic diversification, for financial management improvements, and for social equity. To facilitate understanding of the ecological setting for budgeting, brief background information on Malaysia follows.

SETTING FOR BUDGETING

As a federation, Malaysia has thirteen states, eleven in Peninsular Malaysia and two (Sabah and Sarawak) on Borneo Island. Prior to the independence of Peninsular Malaysia in 1957 and the formation of Malaysia in 1963, all the component states were British colonies. The country had a population of more than fourteen million in 1980 with 83 percent in Peninsular Malaysia.

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There are three major ethnic groups in the peninsula: the Malays (53.9 percent), the Chinese (34.9 percent), and the Indians (10.5 percent). Historically, in addition to trade, the Chinese have worked mainly in tin mines while the Indians have worked on the rubber plantations. The Malays live primarily in rural areas with rice cultivation as their main source of livelihood. Although few in number, even after the country's independence, the British still constituted the dominant economic power with control over more than two-thirds of the corporate sector of the economy. The Chinese and the Indians shared the bulk of the remaining economic power, with the former living largely in the urban areas and the latter mainly on rubber estates owned by the British. Political power, however, has been basically in the hands of the Malays since independence.

In many ways, Malaysia is a privileged country. The population is relatively small in relation to its land area (330,434 square kilometers), and the country is well endowed with resources. It is the world's largest producer of natural rubber, tin, and palm oil. In addition, it is also a net exporter of petroleum and liquefied natural gas. Apart from manageable floods, there are no serious natural disasters.

At the time of independence from the British in 1957, Malaysia (Peninsular Malaysia) was a relatively low-income country with a GNP at current prices of MR5,616 million (US $2,507 million)[1] or a per capita income of MR692.00 (US $309.00) in 1960. The growth of the Malaysian economy, however, was rapid for the next two decades, with an average of 6 percent for the decade of the 1960s and 7.8 percent for the 1970s. Today Malaysia has succeeded in becoming a middle-income country among the nations of the world with an estimated GNP at current prices of MR56,840 million (US $25,375 million) or a per capita income of MR4,104.00 (US $1,832.00) in 1981.[2]

As a healthy economy, the balance of trade has always been in Malaysia's favor. For the period 1963–1981, such balance registered a deficit only once, in 1981. The country, however, has invariably been weak in the services account, making for a generally weak current account. This has been compensated for by a favorable capital account arising from a substantial inflow of corporate investment and a net inflow of long-term capital as a consequence of increased external borrowing. The combined balance of the current and the capital account has shown a positive position for the entire 1963–1981 period.[3] At the end of 1981, the net external reserves of the Central Bank amounted to MR9,794 million (US $4,372 million), adequate for financing about four to five months of imports at the level prevailing in 1981.

By international standards the external debt of Malaysia has been a manageable one. The external debt servicing ratio, i.e., the relationship between interest and principal repayments on the external debt and the total value of gross export receipts, was 2.7 percent in 1981.[4]

The rate of inflation in Malaysia can be considered to be relatively low. For the 1960s, the rate of increase was less than 1 percent per annum in terms of the Consumer Price Index. There was a substantial increase in the rate of inflation in the 1970s when it registered an average of 5.8 percent per annum. This rose further to 6.7 percent in 1980 and 9.6 percent in 1981.[5] It began to decline, however, in 1982.

As a former colony, the structure of government has been patterned after the British. The constitution, being supreme, is the source of both legislative and executive power. The Parliament is bicameral, with a House of Representatives and a Senate. While members of the House are elected every five years on the basis of universal suffrage, members of the Senate are either elected by each of the thirteen state legislative assemblies or appointed by the Yang DiPertuan Agung, the supreme ruler of the country. As a federation, both the Parliament and the state legislative assemblies have a prescribed share in the legislative power, although the residual legislative power rests with the state legislatures.

In general, it can be said that the role of the states is restricted in relation to the federal government. Although the federal constitution has three legislative lists (one for the federal, one for the states, and a concurrent list in which both levels of government have the power to legislate), the role of the states is actually rather limited since the federal government has control over the most important functions, such as foreign affairs, defense, internal security, administration of justice, finance, and education, whereas the legislative power of the states is limited to Muslim law and the development of natural resources (land, mining, agriculture, and forestry), etc. Moreover, there are a number of clauses in the constitution (such as a declaration of emergency) which enable the Parliament to legislate on matters included in the state list. Another source of leverage that the federal government has over the states is the control over sources of revenue. The rich sources, such as income, customs and excise taxes, are all controlled by the former leaving the latter with relatively low-yield ones like fees from land and mines. Although there are constitutional provisions for the federal government to make obligatory grants, such as capitation grants on the basis of state population and road grants on the basis of the road mileage in the states, several of the states are dependent on the federal government for their budget expenditure.

The cabinet in Malaysia is collectively responsible to Parliament and only remains in office as long as it enjoys the confidence of the majority of the members of the House of Representatives.

Financial administration—including budgeting—operates in Malaysia within the framework of the federal constitution of the country. Part VII of the constitution, which spells out the financial provisions, has four main elements:

1. The authorization of taxation and expenditure.
2. The appointment of an auditor-general.
3. The establishment of a National Finance Council (to regulate the financial relations between the federation and the states).
4. The federal-state fiscal arrangement.

The procedure as to how these provisions are to operate is elaborated in the Financial Procedure Act of 1957. The function of the act has been described as one of setting up the machinery for the implementation of the financial provisions of the constitution.

Central to the structure of financial administration at the executive branch level of government are two key institutions: the Treasury (the Ministry of Finance) and the auditor-general. The Treasury is the agency on whom Parliament has conferred the main executive authority in matters of finance. The act authorizes the Treasury to issue instructions on financial and accounting procedure to elaborate and supplement it as long as it is not inconsistent with the act. Clearly, it is through the Treasury that the financial policies of the federal government are coordinated and supervised during implementation.

As a constitutional appointment, the auditor-general has the responsibility for enforcing accountability in the collection and utilization of public funds on the part of government through the post-auditing of its accounts and expenditures. In this role the auditor-general can be viewed as an arm of the Public Accounts Committee of Parliament.

BUDGETING AS AN INSTRUMENT OF ECONOMIC DIVERSIFICATION

The Malaysian economy was a highly vulnerable one at the time of its independence. The country was basically dependent on a limited number of primary commodities, especially rubber and tin, which had wide fluctuations in prices and uncertain prospects for the future.

As an agricultural country, Malaysia's dependence on rubber is evident from the fact that during the period 1956–1960 the average annual contribution of the rubber industry to gross domestic product was 24.6 percent and to total gross exports was 63.3 percent, and in 1957 its contribution to total employment was 28.9 percent. The vulnerability of the country's economy to the vicissitudes of world prices for primary commodities can be seen from the fact that the average annual fluctuation in the export unit value of rubber was 11.9 percent for the period 1956 to 1960, with the fluctuation of 21.1 percent in 1959 the largest. For the same period the average annual fluctuation in the export proceeds was 12.6 percent, with the fluctuation of 30.5 percent in 1959 the largest.[6]

It was against this background that the policy of economic diversification evolved in Malaysia and was emphasized in its five-year development plans since the 1950s. Among the emphases of the economic diversification policy were promoting industrial development and broadening the range of agricultural products. The role of budgeting in economic diversification can be analyzed from both the revenue and the expenditure sides.

Tax Incentives

From the revenue side, fiscal policy has been extensively utilized to promote the growth and the development of the manufacturing sector. Fiscal policy measures have been formulated for implementation with the objectives of providing incentives to industries as well as a source of protection for certain types of industries. To spearhead industrial development, various forms of tax relief to favor investment in the manufacturing and the agriculture-based industries have been offered.

The role played by budgeting in stimulating industrial development through the channel of tax incentives can be said to have borne fruit. Between 1971 and 1981, 2,177 investment projects which qualified for various forms of tax incentives were approved by the Malaysian Industrial Development Authority, the statutory body responsible for the promotion and coordination of industrial development in the country.[7] As an indication of the size of capital investment, for the years 1979 and 1980 the total proposed capital investment for the 944 approved projects enjoying incentives amounted to MR6,646 million (US $2,967 million).[8]

Industrial Financing and Assistance

The role of budgeting in economic diversification extends beyond the provision of tax incentives and tariff protection. Budget expenditure has played a facilitating role in assisting the development of industries in agricultural diversification.

The banking system was of little assistance in financing the development of industries since its resources were primarily applied to the provision of short-term commercial credit and overdraft facilities. To provide a source of medium- and long-term loans and equity capital to industries, the government initiated the establishment of the Malayan Industrial Development Finance Ltd. (MIDF) in 1960 with equity capital participation also from private financial institutions.

The role of MIDF as a source of medium- and long-term loans is evident, since by early 1971 such loans amounted to MR26 million (US $12 million), or almost 80 percent of the total financing made available to industrial enterprises.[9] The borrowers of MIDF were mainly pioneer companies. By early 1982 the number of loans approved by MIDF had reached a net cumulative total of 2,388 amounting to MR1,054 million (US $471 million).[10] In addition, MIDF initiated arrangements on a consortium basis with commercial banks to finance the fund requirements of larger industrial undertakings.

Besides its role in industrial financing, MIDF has also facilitated industrial development through the opening of industrial estates to cater primarily to the needs of small and medium-sized industries for sites and factory buildings. Since its creation in 1964, the Malaysian Industrial Estates Ltd. (MIEL), a subsidiary of MIDF, had, by early 1982, completed 556 factory units involving 43 projects in 20 dispersed locations all over Malaysia. Activities of the company were associated with the expansion and establishment of 385 industrial projects involving a capital investment of MR100 million (US $45 million) and employing a total of 31,000 Malaysians.[11]

Agricultural Diversification

To reduce the dependence of the agricultural sector on rubber, the government has, since 1952, established the principle of providing grant assistance to selected crops on an identical basis with rubber. The success of the agricultural diversification policy can be seen from the increasing importance of other agricultural crops such as oil palm. Between 1970 and 1980, oil palm's contribution to the value added in the agricultural sector increased from 9.6 percent to 25 percent, while its export earnings rose from MR88 million (US $39 million) to MR1,120 million (US $500 million).

The role of budget policy in the transformation of the Malaysian economy has been an important one. Today the country is no longer as dependent as before on agriculture and on rubber in particular. In 1960 the contribution of agriculture to GDP was 32 percent, but by 1980 the percentage had declined to 22 percent. Within agriculture, the significance of rubber has also dwindled considerably. In relation to the total commodity exports, its share of 55 percent in 1960 had gone down to 17 percent in 1980. As a percentage of agricultural output, the share of rubber had also fallen from 53 percent in 1961 to 24.9 percent in 1980. While the importance of agriculture declined, the share of manufacturing in GDP increased from 8.5 percent to 20.5 percent during the same period.[12] Even though it is impossible for one to be precise about the contribution of budget policy to the economic diversification of the country, one can certainly claim that the strong budgetary support has been a determining factor in the success of the policy of economic diversification.

BUDGETING AS AN INSTRUMENT OF FINANCIAL MANAGEMENT IMPROVEMENT

Budgeting has a pivotal role in the entire financial management system of a government. Budgetary innovations, especially the ones involving the substitution of a new system for an old one, usually have far-reaching implications for government administration as a whole. This has been the case, too, in Malaysia.

Up until 1968 the traditional system of budgeting, with its emphasis on objects of expenditure, still prevailed in Malaysia. This system inherited from the British colonial administration, however, proved itself inadequate in meeting the demands of the post-independent government which has assumed a developmental role. The Malaysian Treasury, operating under the influence of the traditional system of budgeting, was paying undue attention to detailed prior control of expenditure. Associated with the control orientation in budgeting was also the problem of over-centralization of financial authority in the Treasury. The budget system was not supplying appropriate data to enable the Parliament and the Treasury to make informed decisions or the public to understand the performance of government. Moreover, the accounting system, based purely on the receipt and disbursement of cash, was not generating the type of data useful for management.

In 1968, based on the recommendations of a number of American consultants, the government decided to introduce Program and Performance Budgeting from 1969 onwards. With the change, the focus of budgeting has been on three interrelated aspects: (1) output classification in terms of functions, programs, and activities; (2) measurement of physical performance; and (3) improvement in the accounting system.

One of the noteworthy features of the Malaysian experience with PPB has been the establishment of the Financial Management Systems Unit (FMSU) in the Treasury as the institutional base for spearheading the entire reform movement. The creation of this unit, staffed with personnel trained in PPB, accounting, and data processing, has strengthened considerably the management capability of the Treasury.

Today PPB has become an ongoing system in all agencies in the federal government. A number of state governments (such as Selangor) have also introduced it. PPB, after more than a decade of existence in Malaysia, has actually accomplished much if one is satisfied to relate its performance to the period before it was introduced. Briefly, four types of accomplishments can be identified.

Information More Relevant

Presented in terms of objectives, programs and activities, and workload of agencies (whenever available), the budget documents have become a highly relevant source of information for making informed decisions on the part of the Treasury, the cabinet, and the Parliament. For interested members of the public, the documents have also contributed to their understanding of the operations of government agencies.

Treasury More Development-Oriented

Under the impetus of PPB, the Treasury has been transformed from a control-centered agency into a development-oriented one. For the past decade, it has played an active role in guiding financial management improvements in the operating agencies and in training and human resource development. Moreover, in line with the management orientation of PPB, the Treasury has also delegated a certain amount of its financial authority to the operating agencies, enabling them to utilize the appropriations under their charge in a more flexible way. For development projects, the career heads of agencies have also been authorized to make forward commitments for their agency projects for the duration of a five-year plan period as long as the authorized amount is not exceeded.

More Meaningful Budget Dialogue

Arising from the combination of three major factors, the annual budget dialogue between the budget examiners of the Treasury and the representatives of the agencies has become more meaningful. The focus of the annual Treasury instructions to agencies on budget submissions has been sharpened. Today such budget circulars are of immense usefulness to the operating agencies as a guide in planning their programs and activities as well as their development projects in line with the long-term national objectives and the budget priorities. This is in marked contrast to the pre-PPB days when the Treasury circulars, apart from containing stale exhortations urging agencies to minimize their spending, provided them with no useful direction in the formulation of their annual budget estimates.

Nowadays the agencies submit more meaningful and informative budget proposals to the Treasury and the other central agencies. The submission of each agency highlights its budget strategy (emphasis) for the year, its programs and activities and their objectives, as well as the performance (workload) of each activity whenever available.

Within the Treasury there has been a substantial upgrading of the quality of budget examiners responsible for reviewing the budget estimates of agencies. This has been the outcome of required training and post-graduate education as well as a conscious personnel policy that utilizes only those staff members with a number of years of prior working experience to serve as budget examiners. Due to the above factors, examiners tend to be more confident in analyzing agency budget submissions and in posing more relevant questions to agencies for response.

These developments have contributed to the emergence of a more meaningful budget dialogue between the staff of the Treasury on the one hand and the agency staff on the other hand. Increasingly budget discussions have departed from the tradition of a poker-like game in which the participants on each side tried to outwit each other. More attention has been directed to substantive issues related to objectives, priorities, program costs, and program performance. This trend is certainly a healthy one.

Establishing Foundation for Good Management

The improvements associated with the implementation of PPB have contributed to the building of a foundation for good management. Various levels of management have become increasingly conscious of the importance of thinking in terms of objectives, programs, and activities, their costs and their performance. Agencies in general have become familiar with the practice of developing physical measures of performance and relating them to the planned expenditure.

Some progress in modernizing the accounting system has also been accomplished with the incorporation of obligation accounting into the vote book, and the development of a coding system for standard objects of expenditure in accounting.

There is more coordination among the central agencies in the formulation of the development and the operating budgets. Today they are reviewed together by the three central agencies (the Treasury, the Economic Planning Unit in the Prime Minister's Department, and the Public Services Department) and presented as a common set of documents. This is definitely a great improvement over the pre-PPB days when they were developed into two different documents under the separate direction of the Treasury and the Economic Planning Unit.

While its benefits have been substantial, PPB is associated more with the development of a government-wide system to serve the information needs of the Treasury and the other central agencies for the purpose of making resource allocation decisions and the monitoring of expenditure and performance of physical projects. The operating agencies have, in general, not made much progress in the development of an agency-based PPB to serve their own internal needs for planning, management, and control purposes. Since there is much payoff in this direction, it would appear that the planning and implementation of agency-based PPB ought to be the next logical step in the further development of PPB.

BUDGETING AS INSTRUMENT OF SOCIAL POLICY

In Malaysia, the link between planning and budgeting has been a close one, especially since the promulgation of the New Economic Policy (NEP) in 1970. The NEP has sharpened the focus of budgeting which, in turn, has provided the necessary resources for implementing programs for accomplishing the objectives of the policy.

The objectives of the NEP have since been incorporated as the guiding principles for the formulation of the annual budgets of the federal government. The budget circular issued by the federal Treasury to all ministries, departments, and agencies in 1970, for example, specified the following objectives as its expenditure budget policy:

- To eradicate poverty among Malaysians irrespective of race.
- To restructure Malaysian society so as to reduce and eventually eliminate the identification of race with economic functions and dwelling places.

Thus, for the periods 1971–75 and 1976–80, MR2,862 million (US $1,278 million) and MR8,898 million (US $3,972 million), respectively, were made available for development projects aimed at the eradication of poverty and the restructuring of society.[13]

The implementation of the NEP has made it necessary to maintain public expenditure at a high level. As indicated in Table 1, the consolidated public sector expenditure for both the federal and the state governments for the period 1971–80 rose by an average of 20.4 percent per annum. In relation to GNP at market prices, the ratio of public sector expenditure also increased from 34 percent in 1971 to 48 percent in 1980.

To finance the expenditure, a much higher level of tax effort became necessary. Table 2 shows that in 1971 total tax as a percentage of GNP was only 17.7 percent, but by 1980 it had gone up to 25.9 percent. This has made Malaysia the country with the highest tax effort among the countries of the Association of Southeast Asian Nations.[14]

With strong budgetary support for the twin objectives of the NEP, much progress has been made. In the process of reducing poverty, budget funds were applied to support programs in land and agricultural development, in the industrial and the service sectors, and in the sectors in which the lower-income groups, such as small rubberholders and rice farmers, would receive the most benefits. Through the reinforcing effects of the above programs, the favorable commodity prices during the period of the Third Malaysia Plan (1976–80), and the rapid growth of the Malaysian economy, the incidence of poverty was reduced from 49.3 percent in 1970 to 29.2 percent in 1980.[15]

In relation to the objective of restructuring the Malaysian society for reducing and eliminating the identification of race with economic functions, there has been a conscious policy to use public sector expenditure to raise the well-being of the Malays and the other indigenous peoples. This has resulted in much greater benefits accruing to the Malays than those received by both the Chinese and the Indians. The conclusion reached by Jacob Meerman in his study on public expenditure in Malaysia bears testimony to this:

TABLE 1
Consolidated Public Sector Expenditure, Both Federal and State Government of Malaysia 1971–1980, Percentage Increase and as a Percent of GNP (in millions of Malaysian ringgit)

Year	Public Sector Expenditure	Percentage Increase	GNP at Market Prices	Public Sector Expenditure as Percent of GNP
1971	3,993 (US $1,783)		11,766 (US $5,253)	34
1972	4,998 (US $2,231)	25	12,722 (US $5,679)	39
1973	5,179 (US $2,312)	4	17,963 (US $8,019)	29
1974	6,795 (US $3,033)	31	21,861 (US $9,759)	31
1975	8,021 (US $3,581)	18	21,606 (US $9,646)	37
1976	8,127 (US $3,628)	1	26,988 (US $12,048)	30
1977	11,752 (US $5,246)	45	31,064 (US $13,868)	38
1978	13,100 (US $5,848)	11	34,659 (US $15,473)	38
1979	16,178 (US $7,222)	23	42,630 (US $19,031)	38
1980	23,662 (US $10,563)	46	49,415 (US $22,060)	48
Average		20.4		

Source: Ministry of Finance Malaysia, *Economic Reports*, 1975/76, 1978/79, and 1981/82.

The benefits per capita to the Malays exceeded the mean by 22 percent. The benefits to the Chinese are 30 percent short of the mean.[16]

Consequently, the Malays and the other indigenous peoples have made much progress in manpower development, employment in the modern sector, and in the ownership and management of assets. Concomitant with the development of a commercial and industrial community among the Malays and the other indigenous peoples, during the period 1971 to 1980 their share of the total equity in the corporate sector increased from 4.3 percent to 12.4 percent.[17] Moreover, in the strategic sectors, like banking, plantations, mining, and transport, their share and ownership have become very significant. For example, in the commercial banking sector in 1979 they controlled six of the ten top domestic banks with assets (MR17,900 million or US $7,991 million) constituting 84 percent of the total assets of the ten banks.[18]

CONCLUSION

In Malaysia, during the transition from a narrow-based agricultural economy to a broad-based one, budgeting has served as an instrument of economic diversification.

TABLE 2
Malaysia: Total Tax as a Percentage of GNP 1971–1980
(in millions of Malaysian ringgit)

Year	Total Tax	Percent of GNP
1971	2,081 (US $929)	17.7
1972	2,394 (US $1,069)	18.8
1973	3,043 (US $1,358)	16.9
1974	4,311 (US $1,925)	19.7
1975	4,576 (US $2,043)	21.2
1976	5,491 (US $2,451)	20.3
1977	7,070 (US $3,156)	22.8
1978	8,007 (US $3,575)	23.1
1979	9,509 (US $4,245)	22.3
1980	12,795 (US $5,712)	25.9

Source: Ministry of Finance Malaysia, *Economic Reports,* 1975/76, 1978/79, and 1981/82.

Budgetary support for the economic diversification policy has assumed the form of fiscal incentives for the manufacturing industry and funding support for industrial development and agricultural diversification. Partly arising from such support, the Malaysian economy has become much more diversified and less dependent on agriculture and on rubber in particular. When the system of financial administration inherited from the colonial times became inadequate to serve the needs of the country undergoing rapid development, the implementation of PPB acted as a catalyst for financial management improvements. Under the stimulus of PPB, budget documents have become a more relevant source of information, the Treasury has become more development-oriented, the annual budget dialogue between the Treasury and the operating agencies has become more meaningful, and the country has laid for itself a foundation for good management. And when the nation formulated a new social policy to satisfy the demands for ethnic and social equity by mobilizing the needed resources for funding the NEP programs, budgeting played the role of contributing to the realization of the objectives of the policy. Today, the incidence of poverty in the country has been considerably reduced, and the economic and social well-being of the Malays and the other indigenous peoples has been furthered.

It does appear that the Malaysian government has been quite successful in harnessing budgeting as an instrument of national development. With budgeting contributing directly to the process of translating its policy objectives into program performance, the government has also ensured that budgeting has made a positive response toward meeting the needs of its ecological setting.

NOTES

1. In this paper, the U.S. dollars in brackets are only indicative. They are based on a conversion rate of Malaysian ringgit 2.24=US $1.00 as prevailed at the end of 1981. The exchange rate was stable up to 1970 when MR3.08=US $1.00. Since then the US dollar has depreciated substantially against the Malaysian ringgit.
2. Ministry of Finance Malaysia, *Economic Report 1981/82* (Kuala Lumpur: National Printing Department, 1981), Table 2.1. p. xi.
3. See Economic Reports of the Ministry of Finance Malaysia for the years 1974/75, 1978/79, and 1980/81.
4. Bank Negara Malaysia, *Annual Report 1981*, p. 10 and p. 93.
5. Government of Malaysia, *Fourth Malaysia Plan 1981*–1985 (Kuala Lumpur: National Printing Department, 1981), p. 28, and Bank Negara Malaysia, *Annual Report 1981*, p. 107.
6. Lee Hock Lock, *Public Policies and Economic Diversification in Malaysia*, 1957–1970 (Kuala Lumpur: University of Malaya Press, 1978), p. 32 and pp. 38–39.
7. Malaysian Industrial Development Authority, *Annual Report 1980*, Table XVIII, pp. 118–119; and Bank Negara Malaysia, *Annual Report 1981*, p. 105.
8. Malaysian Industrial Development Authority, *Annual Report 1980*, Table X, pp. 110–111.
9. Lee Hock Lock, p. 492.
10. Malaysian Industrial Development Finance Ltd., *22nd Annual Report and Accounts for the Year Ended March 31, 1982*, p. 8.
11. Malaysian Industrial Estates Ltd., *18 Annual Report For Year Ended March 31, 1982*, p. 28.
12. Government of Malaysia, *Fourth Malaysia Plan 1981–1985*, p. 277.
13. Government of Malaysia, *Second Malaysia Plan 1971–1975* (Kuala Lumpur: The Government Press, 1971), p. 15; and *Fourth Malaysia Plan 1981–1985*, p. 12.
14. Mukul G. Asher, *Revenue Systems of ASEAN Countries* (Singapore: Singapore University Press, 1980), p. 16.
15. Government of Malaysia, *Fourth Malaysia Plan 1981–1985*, p. 4.
16. Jacob Meerman, *Public Expenditure in Malaysia: Who Benefits and Why* (New York: Oxford University Press, 1979), p. 7.
17. Government of Malaysia, *Fourth Malaysia Plan 1981–1985*, p. 32.
18. *The Star*, March 27, 1981.