

CHAPTER III

The Third Malaysia Plan, 1976-80: Objectives and Policies

I. INTRODUCTION

133. The Third Malaysia Plan (TMP), 1976-80, constitutes the second phase in the implementation of the New Economic Policy (NEP). It will build upon the significant economic and social progress attained in the recent past, in particular under the Second Malaysia Plan (SMP), and take account of the lessons learned in the process of promoting social and economic development.

134. Malaysia faces the next five years with confidence. With its productive base having been strengthened over the years, the country is poised to take advantage of the growth in demand for its exports as the world economy emerges from the difficulties of recent years into a period of stronger and more steady growth. The investible resources to be generated for the TMP will be sizeable. Supplemented by inflows of foreign capital, they should be sufficient not only to permit an enlarged commitment to the tasks of poverty eradication and the reduction of current economic imbalances but also strengthen the nation's capacity to deal effectively with the security threat from anti-national elements.

II. MEDIUM-TERM ECONOMIC PROSPECTS

135. Being an open economy, Malaysia's economic prospects will be determined to a significant extent by developments in the world economy. Of greatest relevance will be the growth of economic activity in the countries of the Organisation for Economic Co-operation and Development (OECD) which account for more than one-half of Malaysia's exports.

136. Following the boom of 1973, the worldwide recession of 1974/75 resulted in marked abatement of the rate of inflation as well as the sharpest decline in output and the highest unemployment for the OECD countries since World War II. With increasing evidence of recovery in these countries, the forecast by most international authorities is a moderate expansion of

economic activity which will gather strength up to about 1978 after which a deceleration in the rate of growth is expected through 1980 as the OECD economies approach full employment. The rate of output growth, as measured by the Gross Domestic Product (GDP) of the OECD area, is anticipated to be of the order of 4%-5% per annum for the five-year period—the long-run rate of growth of the OECD countries. The rate of inflation is anticipated to take a similar course with the average annual rate amounting to about 7%.

137. The upturn in the OECD economies is not anticipated to be as strong as in previous recoveries. The succeeding downturn is thus not likely to be as severe as in 1975. The key assumption is that the OECD countries will seek to establish an intermediate position between the objectives of greater price stability on the one hand and a reasonable rate of output and employment growth on the other in order to avoid the considerable dislocations experienced in the recent past from severe inflation and recession.

138. The forecasted expansion of world economic activity will be sufficient to generate a growth in demand for Malaysian exports which is about one and a half times as large as that experienced in the last five years. In addition to the effects which this growth will have on Malaysia's traditional agricultural exports and newly emerging manufactured exports, a further boost to external earnings will be provided by the export of petroleum products. The export growth forecasted will have a stimulative impact upon the economy as a whole and enable it to grow at more or less its full production potential of over 8% per annum.

139. The Malaysian economy is in a strong position to take full advantage of these opportunities. Its capacity to respond to growth in aggregate demand as envisaged above is already largely in place due to the substantial investments undertaken in the past in land development for rubber and oil palm, the replanting of rubber land with high yielding clones, drainage and irrigation for the double-cropping of padi and the development of manufacturing industries for import substitution and export expansion.

140. The resources to be generated by economic activity over the five-year period as aggregate supply grows to meet aggregate demand will be sizeable. They will permit the consumption standards of individual Malaysians to be greatly improved even as investment is expanded to further strengthen the productive base of the economy in the context of the objectives of the NEP.

141. The forecasted expansion in the real resources of the economy will also enable economic growth to be promoted while maintaining financial and monetary stability. Notwithstanding this favourable prospect, every effort will continue to be made to ensure prudence in the management of the Government's finances and the nation's balance of payments. While domestic price stability of the type experienced in the sixties cannot be expected to

recur if the country is to make fuller use of its human and natural resources, fiscal and monetary policy will be applied in the endeavour to keep domestic inflation in reasonable alignment with the needs of development and the welfare of the people.

III. INVESTMENT TARGETS

142. The total investment target under the TMP is \$22.9 billion in real terms (in 1970 prices) and \$44.2 billion in current prices. It amounts to an increase of 49.3% over the cumulative amount expended in real terms during the period of the SMP. Some 40.3% of the total is planned to be undertaken by the public sector with the remainder from the private sector.

Public sector

143. The target for development expenditure¹ by the public sector over the period of the TMP is estimated at \$18.6 billion. Of this amount, some 25.5% will be invested in agriculture; 9.5% in mining, manufacturing and commerce; about 16.6% for social development including education, health and housing, with education itself accounting for 9% of total development expenditure; 36.5% for infrastructure development, the management of the environment and general administration; with 11.9% for defence and security.

144. Building upon the efforts undertaken in the SMP, the programmes and projects encompassed by the overall target constitute an enlarged effort at ensuring that the poor will obtain increasing opportunities to improve their income and quality of life and current economic imbalances between racial groups and regions in the country will be reduced as a result of the growth of the economy. Thus 38.2% of total development expenditure will be directly allocated to the task of redressing poverty in both the rural and urban areas of the country irrespective of race as well as for narrowing current economic differentials among the major racial groups in the population. Apart from projects directly aimed at the restructuring of society, specific poverty redressal projects will also contribute directly towards increasing the participation of the Malays and other indigenous people in the modern sectors of the economy indicating the mutually reinforcing aspects of the two prongs of the NEP.

145. The States and regions which have experienced the least development so far and which thus contain the most poverty will be given the highest priority. Thus, Kedah, Perlis, Kelantan, Trengganu and Malacca as well as Sabah and Sarawak will receive considerably increased allocations.

¹ Public sector development expenditure includes expenditure for public investment or for physical capital formation in the public sector as well as sums spent on development activities which do not involve public sector capital formation including: the acquisition of land and other property from the private sector, subsidies and loans to finance private sector capital formation, purchases of defence equipment, research expenditures and certain other current items.

Such increases in the development expenditure for the States will necessitate a substantial enhancement of their planning and implementation capacity. While some headway in this regard has been made in recent years, a much greater effort needs to be initiated. Unless this is achieved, present regional disparities will be exacerbated in the process of the growth and development of the economy as a whole.

Private sector

146. The amount targetted for private investment is \$13.7 billion in real terms, some 48.3% over that achieved under the SMP or an average annual rate of growth of about 10%. The cumulative target in current prices is \$26.8 billion. It is expected to be channelled mainly towards manufacturing and construction. In view of the large role that it plays in the economic growth of the country, Government policy will continue to ensure that the private sector operates in ways which take account not only of the interest of private enterprise itself but also the need for private entrepreneurs to act along socially responsible lines.

147. The challenges facing the private sector and the Government in this regard are great. The worldwide economic recession of 1975 and the greater Government participation and supervision over the activities of the private sector have tended to slow down private investment. Conscious of the need to restore confidence in the investment climate, the Government will continue to take positive measures towards developing a constructive working partnership with the private sector. The Government is hopeful that the private sector will not only utilize the opportunities being opened up for its dynamic involvement but will also do so in ways which contribute positively to the achievement of the objectives of the NEP.

IV. MALAYSIA'S STRENGTHS AND CHALLENGES

148. Malaysia is well-placed to make positive progress in implementing the objectives of the NEP during the TMP. It has many assets some of which have been inherited while others have been the result of past development. They provide it with a strong foundation for further socio-economic progress. At the same time, Malaysia also faces a number of constraints and challenges. These will be vigorously dealt with by the Government to realize the full potential of the nation for development. A maximum effort will therefore be made to remove these constraints before they become more complex and less manageable. Time is of the essence. With the completion of the TMP, the nation would have passed the half-way point in the time set for the implementation of the NEP.

149. One of Malaysia's strengths is her young, adaptable and dextrous population and work force which, with the implementation of the Government's education policies, is now substantially literate. They constitute not only a strong motivating force for social and economic advancement

but also a potential reservoir of employable skills which can be harnessed for the development effort. The challenge will be to equip them through further education and training to participate productively in the agricultural and industrial development of the country. To this end, education and training in the sciences, technology and business management will require much more emphasis.

150. The private sector is composed of dynamic and capable entrepreneurs, both local and foreign. An increasing number of these entrepreneurs are from the ranks of the Malays and other indigenous people. While the private sector has benefitted substantially from the Government's development efforts, the Government also recognizes that the traditional vigour of private entrepreneurs has been constrained by inevitable problems arising in the course of implementing the NEP. The challenge will be for the Government to work out in partnership with the private sector the necessary arrangements to ensure vigorous participation of private enterprise in the development of the country in the context of the NEP.

151. As indicated in paragraph 140 above, a sufficient amount of resources is likely to become available in the course of the next five years to finance investments targetted under the TMP for both the public and private sectors together. These will be generated largely by exports following the resumption of world economic growth. Strong as the prospects are for the five-year period taken as a whole, Malaysia must continue to be prepared to contain the inevitable fluctuations of domestic economic activity which arise from the vicissitudes of export prices. In the endeavour to further improve economic management, the planning machinery of the Government will be streamlined for the purpose of strengthening the process of annual planning both as an instrument for moderating cyclical fluctuations as well as for monitoring and reviewing progress on key development programme targets and policies in the light of changes in the economic situation.

152. Although the economy as a whole will generate sufficient resources to finance the investments targetted, it will continue to be necessary to prudently use public funds in order that fiscal and monetary stability can be preserved. The need to counter effectively the security threat from anti-national elements in both the rural and urban areas of the country will impose a substantial cost on the Government budget leaving less for socio-economic development than might otherwise be available.

153. The re-emergence of militant communism threatens the timely attainment of national objectives. Capitalizing on the existence of socio-economic imbalances and resorting to propaganda, subversive and destructive activities, anti-national elements seek to disrupt the building of a strong and united nation. The progressive strengthening by the Government of the socio-economic fabric of the country through the NEP provides the assurance that the process of nation-building will not be subverted. The Government, at the same time, will take such measures as may be necessary to assure

the maintenance of national security. It is to be appreciated, however, that this will entail a substantial allocation of resources for the strengthening of the country's security forces.

154. Current revenue of the public sector is projected to grow by 13.6% per annum. Current expenditure is programmed to grow at about the same rate so as to achieve at least a current account balance over the five-year period. It will therefore be necessary for private savings to be mobilized and loans from domestic and foreign sources to be raised to finance the bulk of public development expenditure under the TMP.

155. The Government is in a position to raise the finance required. The credit worthiness of the Government is high, the balance of payments position is comfortable, the external reserves of the country are at more than a healthy level, the domestic borrowing targets of the Government are within the limits of non-inflationary domestic credit availability (after taking account the projected needs of the private sector) and the external debt is comparatively small.

156. The challenge for the Government will be to ensure that all the resources mobilized for its current and public expenditures through taxation and loans are so utilized that the benefits derived for society are maximized. In the endeavour to stimulate socio-economic development, the public sector, and in turn, public current expenditure for wages and salaries have grown significantly. Given the shortage of skilled and experienced personnel, the rapid expansion of manpower in the public sector has perforce led to some fall in productivity due to the recruitment of relatively inexperienced staff and lack of proper supervision. While further increases in the staff establishment are necessary for the planning and implementation of Government's socio-economic programmes under the TMP, an important objective will be to upgrade the performance of existing staff and institutions.

157. The effects of development on the nation's environment will not be ignored. Impairment of the country's land and forest resources as well as pollution from industries and urban development have not in general reached such a state that they cannot be dealt with at relatively low costs, if action is taken to deal with them now. The Government recognizes the importance of adopting sound environmental policies and has therefore brought into force the Environmental Quality Act and established the Department of the Environment. The Government will ensure that development will not be carried out in such a manner as to impair the productivity of Malaysia's renewable land and forest resources, cause the extinction of unique elements of natural ecosystems and lead to excessive and harmful pollution of the environment resulting in unhealthy living conditions for Malaysians, the loss of recreational resources and the productivity of Malaysia's fisheries.

158. Provided that purposeful efforts are made to increase productivity in both the public and private sectors, the investible resources generated will enable the foundations of longer-run socio-economic development and management of the environment to be substantially strengthened during the

TMP for the untapped economic potential of the country is significant, particularly in Pahang, Johor, Sarawak and Sabah. Potentially productive agricultural lands exist in large quantities. Sizeable opportunities for increased production from forestry are available, especially in regard to the production of processed wood. Malaysia's reserves of oil and natural gas are substantial and offer opportunities not only for expanded exports of petroleum and of gas particularly after the eighties but also for the development of large-scale petro-chemical and petro-chemical products industries in the country particularly in the Fourth Malaysia Plan with consequential stimulus for the expansion of a host of ancillary industries. Industrial potential in respect of raw material-based industries is also large. While production for import substitution will expand in line with economic growth, there is significant scope for the expansion of manufacturing production for export. Finally, Malaysia's major infrastructure is largely in place. While additional outlays will be required for some extensions of the network of infrastructure in Sabah and Sarawak and for the development of new growth centres, they will constitute a smaller proportion of the budget than in the early stages of development of the country.

V. SOCIO-ECONOMIC DEVELOPMENT STRATEGY AND TARGETS

159. The socio-economic development strategy underlying the TMP aims at enhancing the role of the agricultural and industrial sectors in creating opportunities for a progressively greater part of the population of all races to be employed productively and to raise their income earning capacity through employment as well as the ownership and control of productive wealth. Thus, emphasis will be given upon productivity being increased in existing agricultural areas to enhance the income and welfare of the rural poor. Agricultural development will also emphasize the opening up and settlement of new land to create new employment opportunities. Development of the agricultural sector alone will, however, not be sufficient in relation to the magnitude and range of needs which has to be satisfied.

160. Accordingly, industrial development and concomitantly urban development will continue to be aggressively promoted, not only to complement agricultural development in reducing the overall unemployment rate but also enable the underemployed in the agricultural and services sectors to find more productive employment in manufacturing. Equally important, industrial development will be an important means for restructuring society by providing opportunities for the Malays and other indigenous people to branch out into productive urban-based employment.

161. To optimize the benefits of industrial growth, promotional policies will undergo periodic re-appraisal and modification, where necessary, to ensure that they stimulate private investment for employment expansion and use of the country's abundant natural resources. A further objective will be to encourage productive efficiency in the country's industrial operations so as to keep within reasonable limits the costs of industrialization upon society.

162. Efforts to improve the quality of life of the poor in both the rural and urban areas of the country will move in tandem with the expansion of employment and income. Together they will constitute the core of Government's poverty redressal strategy. Particular emphasis will be given to the improvement of housing and other essential services for the lowest income groups in the rural as well as urban areas. Other programmes include the Applied Food Nutrition Project and the community development programmes in both rural and urban areas to fully involve local communities in development programmes and projects.

163. To the extent that the incidence of poverty falls most heavily on the Malays and other indigenous people, the poverty redressal efforts of the Government will contribute towards reducing current economic differentials among the major racial groups in the country. The more specific restructuring policies and programmes of the Government aim at ensuring that, apart from raising their productivity in the sectors in which they are at present concentrated, progress will also be made in providing them with adequate opportunities to branch out into other sectors of the economy in particular manufacturing, construction and services. The focus of policy in this regard will continue to be the need to reduce disparities in the ownership and control of wealth in the modern sectors and to diminish the concentration of employment among the Malays and other indigenous people in traditional agriculture while increasing their presence in the relatively more affluent urban sectors.

164. Economic growth alone will not be sufficient to bring about the desired amount of restructuring. In fact, it is likely to exacerbate present racial imbalances. Energetic and timely intervention by the Government is required. To this end, continuing attention will be given to (i) the implementation of labour market policies and programmes in support of more ethnically balanced patterns of employment in all sectors of economy; (ii) the expansion of education and training opportunities in ways which ensure that the necessary supply of skills among the various racial groups are available to meet the racial employment pattern targetted, (iii) the performance of public enterprises in achieving the overall racial employment pattern and capital ownership desired; (iv) the implementation by the private sector of the guidelines for restructuring equity ownership as the volume of corporate stock expands with the growth of the economy; and (v) the acquirement of share capital in existing as well as new corporations to be held in trust for the Malays and other indigenous people.

165. The role of public enterprises in helping to achieve the restructuring objectives of the NEP will be great. To discharge this responsibility, public enterprises will require a full complement of experienced and trained manpower. The more efficient they are, the greater will be their potential for increasing employment and expanding capital ownership among the Malays and other indigenous people.

166. Under the impetus of the SMP, Malay employment in the dynamic and modern sectors of the economy has begun to improve although not sufficiently, especially at the managerial and executive levels. At the same time, however, employment of other Malaysians in a number of sectors, including agriculture and services registered only moderate growth. The Government is fully cognizant of the possibility that if the latter trends persist, the employment of other Malaysians in these sectors could well remain below the targets of the NEP.

167. Corrective action can and will be taken to steer more efficiently the growth of employment in the major sectors of the economy so that it progressively reflects the racial composition of the labour force. With rapid economic growth, sufficient opportunities will exist for employment to be promoted among the Malays and other indigenous people in urban-based industry while action is taken to encourage the employment of other Malaysians in sectors where they are now inadequately represented.

168. Government effort alone will not be sufficient to bring about the attainment of the restructuring objectives of the NEP. Their successful achievement requires the full co-operation of the private sector. For its part, the Government will ensure that any possible adverse impact that its restructuring policies have on the economic aspirations of any group including the foreign sector will be minimized.

169. Much work has been undertaken during the period of the SMP to quantify and assess the extent of poverty in the country. This has permitted the poor to be identified in terms of some of the more important socio-economic variables such as race, location, employment status, occupation, sector of employment and education. It has enabled target groups to be specified for whose well-being policy actions and programmes can be designed and implemented.

170. Taking account of the estimates made by the Institute of Medical Research, Malaysia, in respect of minimum nutritional needs and that of the Ministry of Social Welfare in regard to essential non-food requirements to sustain a decent standard of living, some 792,000 households were in poverty in 1970 in Peninsular Malaysia. The major groups include the following: padi growers; rubber smallholders; coconut smallholders; fishermen; estate workers; residents of New Villages; agricultural labourers; the *Orang Asli*, the urban poor; and the poor in Sabah and Sarawak. The incidence of poverty among the above groups in Peninsular Malaysia is estimated to range from about 40% for estate workers to 88% for padi cultivators. In absolute terms, the largest number in poverty are rubber smallholders (226,000) followed by padi cultivators (123,000). The measures to be taken to increase the productivity and incomes of poor households will endeavour to deal directly with the specific problems which they face.

Padi cultivators

171. The extent of padi acreage under double-cropping will be expanded through drainage and irrigation projects to enable single-crop padi cultivators to rise above the poverty line. Where such extension is not feasible, the production of remunerative off-season crops will be promoted including tobacco, groundnuts, soya-bean and vegetables. Over and above these efforts to utilize land under padi more fully, greater attention will be given to the scope for raising padi yields. To this end, more widespread planting of high yielding varieties and more optimal patterns of fertilizer use will be emphasized. Attention will also be given to reducing post-harvest losses.

Rubber smallholders

172. The accelerated replanting of smallholder acreage with high yielding stock will remain the principal means for reducing poverty among rubber smallholders. In addition, the Government will continue to deal with the basic problem of inadequate-sized holdings for many poor households by encouraging out-migration of smallholders into new land development schemes as well as developing fringe alienation schemes for those who remain. Efforts will be intensified to raise economic returns through improved production practices including improvements in tapping techniques and fertilizer use as well as processing and marketing. Mixed farming will also be encouraged to diversify sources of income.

Coconut smallholders

173. The principal thrust of Government's programmes for this group will encompass replanting, rehabilitation and intercropping with cocoa in particular as well as bananas and pineapple. Special efforts will also be made to introduce higher yielding strains of coconuts while the rearing of livestock will be promoted.

Fishermen

174. A major portion of the effort for this group will be in the East Coast of Peninsular Malaysia, Sabah and Sarawak where the incidence of poverty is higher than that on the West Coast of Peninsular Malaysia. One aim will be to help fishermen participate in off-shore fishing. The number of fishermen who can be so absorbed, however, is limited in view of the capital intensive nature of off-shore operations. Most fishermen will therefore remain in small-scale inshore fishing. As such, a principal aim will be to raise the productivity of those who have the potential of earning a reasonable living through a greatly expanded programme for the subsidized distribution of engines, nets and gear as well as the marketing and processing of their produce. The remainder, in particular the younger in the fishing villages, will be assisted to find alternative occupations, including settlement on new land schemes. The potential for aquaculture is significant and will be promoted.

Estate workers

175. Marked shifts in the structure of the estate sector over the last decade arising from the conversion of rubber acreage into oil palm has reduced estate employment. These reductions have affected Indian workers on rubber estates most severely and Chinese workers to a lesser extent. Greater geographic and occupational mobility on their part is needed so as to reduce redundancy of estate labour. To this end, the settlement of redundant estate workers on public land schemes will be implemented. Improvement of educational facilities on estates and greater access to technical and vocational training will receive special attention from the Government as an important means for stimulating future out-migration by the younger generation.

176. Together with measures to reduce underemployment in estates, the Government working in conjunction with estate management will endeavour to promote greater home ownership as well as provide basic amenities such as electricity and water supply to improve the quality of life among estate workers.

Residents of New Villages

177. Poverty among the Chinese in the semi-rural and urban areas of the economy is almost entirely confined to residents of New Villages. Programmes to reduce the incidence of poverty in this group will be tailored to the different circumstances of different villages. Special efforts will be made to alleviate the land shortage experienced by most villages in rural areas, to provide security of tenure and to improve village infrastructure. These efforts will be accompanied by arrangements for settlement of redundant labour on public land schemes. In the case of urbanized villages and those which are located close to urban centres, measures will be taken to integrate them with adjacent urban areas and to improve basic services and infrastructure. In such villages, efforts will be made to promote the development of small-scale industries.

Agricultural labourers

178. Agricultural labourers are to be found principally in the rubber and padi sectors. As such, the programmes to be implemented for the purpose of raising annual output per acre for padi growers, rubber smallholders and coconut smallholders will be directly beneficial in improving the economic condition of this group insofar as they raise the demand for farm workers and thus their wages. In addition, continued attention will be given to opening-up opportunities for farm labourers in new land development schemes.

Orang Asli

179. The *Orang Asli* as a group are largely not in the money economy. They are engaged in various traditional forms of subsistence activity—shifting cultivation, fishing, hunting and the gathering of forest produce—although a small but increasing number are finding employment as rubber smallholders, agricultural labourers and in forestry. Programmes for the development of the *Orang Asli* will include the provision of special settlement schemes, in the long run to integrate them in the economy of the nation through education and training, and the continuing provision of health services.

Urban poor

180. The growth of the manufacturing and construction sectors will contribute significantly towards increasing the quantity and improving the quality of employment for the urban poor who include new migrants from the rural areas. Rapid as this growth will be, however, a sizeable part of the urban poor are not likely to be affected. The fast expansion in the size of the urban labour force will continue to trap a substantial part of the urban poor in underemployment particularly in the services sector. Special measures to deal more directly with the problems of the urban poor will therefore be mounted.

181. The strategy to be implemented will be a diversified one given the wide difference in the economic characteristics of the urban poor. First, in stimulating the development of manufacturing and construction, special inducements for labour intensive industries and methods of production will be emphasized. Second, small-scale industries will be supported by expanding credit facilities and extension services as well as by developing stronger links between labour intensive small producers and the modern sector through sub-contracting arrangements. Third, the Government will continue to take the initiative to encourage the growth of a larger number of urban centres dispersed across the country not only to relieve the pressure on existing metropolitan areas but also to expand the number of marketing outlets for the rural hinterland. Fourth, special attention will be given to vastly expanding housing and public transportation services in the urban areas. Finally, petty traders and hawkers in all urban areas will be assisted with credit and infrastructure facilities for their trade. Together with education, health and family planning facilities, Government's programmes are designed to have a direct impact on the living standards of the poor. They will also contribute towards improving their productivity.

The poor in Sabah and Sarawak

182. In Sabah and Sarawak, the largest number of poverty households is found among the indigenous races engaged in traditional forms of agriculture, mainly in shifting cultivation and fishing, but also include others in

permanent agriculture as padi farmers, smallholders engaged in rubber, coconuts, pepper and mixed agriculture and fishing. Poverty redressal programmes in these two States will aim at increasing productivity among these groups, particularly among shifting cultivators, through extension of modern methods of cultivation, better marketing, encouragement of permanent settlement in new land development projects, as well as the provision of social services in health and education. At the same time, greater participation of the people in development will be encouraged under the Community Development Programme.

183. In advancing the implementation of the NEP, the major objectives of the TMP are, in summary, to:

- (1) *reduce* the incidence of poverty in the rural areas throughout the country among padi cultivators, rubber smallholders, coconut smallholders, shifting cultivators, fishermen, estate workers, residents of New Villages, agricultural labourers and the *Orang Asli* by:
 - (i) expanding employment opportunities through new land development, establishment of new growth centres and the absorption of excess labour in other sectors of the economy;
 - (ii) enhancing the productive role of the rural poor by increasing their access to land, water supplies, credit, markets, extension advice and other public facilities including electric power;
- (2) *reduce* the incidence of poverty among the urban poor by:
 - (i) expanding employment opportunities in manufacturing and construction including the promotion of small-scale industries;
 - (ii) improving their real income through the provision of low-cost housing and other public services;
- (3) *enhance* the quality of life of all Malaysians and in particular the poor through the expansion of education, health services, family planning facilities and housing;
- (4) *increase* the share of the Malays and other indigenous people in employment in mining, manufacturing and construction and the share of other Malaysians in agriculture and services so that by 1990 employment in the various sectors of the economy will reflect the racial composition of the country;
- (5) *raise* the share of the Malays and other indigenous people in the ownership of productive wealth including land, fixed assets and equity capital. The target is that by 1990, they will own at least 30% of equity capital with 40% being owned by other Malaysians;
- (6) *foster* the development of entrepreneurship among the Malays and other indigenous people so as to effectively contribute towards the creation by 1990 of a strong and viable commercial and industrial community among them;
- (7) *encourage* and *support* private investment both domestic and foreign;
- (8) *promote* further utilization of the country's abundant human and natural resources; and

- (9) *develop* and *expand* the social and physical infrastructure of the economy to effectively support the attainment of the above objectives.

VI. CONCLUSION

184. The TMP has been formulated in the light of the country's many economic strengths, the challenges confronting it including those in respect of its security, the significant economic and social progress that is taking place as a result of past efforts at development and the shortcomings which it has experienced in the course of development. It constitutes the Government's blueprint for a sharper and more intensive effort at poverty redressal and the restructuring of society during 1976-80.

185. As with previous plans, the TMP provides the framework and indicates the general order of priorities which will guide the annual budgetary operations in the public sector and influence investment decisions in the private sector. The framework itself will be dynamic. Modifications will be effected in the course of the Plan and during the preparation of the annual budgets to take account of changes in the economic and financial situation. Such changes as are made will be for the purpose of ensuring that the public and private sectors effectively contribute from year to year towards the realization of the goals of the NEP, the objectives of which are quantified in the Outline Perspective Plan for the period 1971-90.