

## Paradigm Shift: Malaysia's Development Plans

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### ABSTRAK

*Rencana ini mengimbau kembali pengalaman pembangunan Malaysia yang dilaksanakan melalui proses perubahan berancang dan untuk menunjukkan berlakunya anjakan paradigma di dalam perancangan pembangunan itu. Pada asasnya, terdapat tiga perubahan orientasi dalam perancangan pembangunan Malaysia. Walau bagaimanapun, perubahan yang paling asas ialah dari segi orientasi dasar. Perbincangan dalam makalah ini akan mengambil kira paradigma pembangunan yang mendasari rancangan-rancangan pembangunan Malaysia bertujuan menunjukkan bila anjakan itu berlaku, kenapa ia berlaku dan faktor-faktor yang menyebabkan berlakunya anjakan itu. Rancangan Malaysia Ketujuh (1996-2000) menunjukkan dengan jelas anjakan paradigma ini.*

### ABSTRACT

*This article re-examines Malaysia's development experience conducted through the process of planned change and demonstrates the paradigm shift that occurs in its development planning. Basically, there are three orientation changes in Malaysia's development planning. However, the most fundamental change is in its policy orientation. The discussion will look into the underlying development paradigms of Malaysia's development plan to show when the shift took place, why it happened and the factors leading to the shift. This paradigm shift is especially clearly indicated in the Seventh Malaysia Plan (1996-2000).*

## INTRODUCTION

Since 1950 and especially with the end of the colonial administration, the Malaysian government had embarked on numerous ambitious and imaginative development programmes. These programmes were formulated to solve the various social and economic problems and hasten the development of the country.

The various programmes, strategies, and policies formulated for the purpose are then put together in the 5-Year Development Plans. According to Ness (1967:2),

..... it has become fashionable, even somewhat compulsive, to have a planning organisation, a national development plan, and specific implementing organisations.

This paper was re-examines Malaysia's development experience conducted through the process of planned change.

Briefly, the development planning history of Malaysia can be divided into three phases. The first phase is the pre-independence phase when the then Malaya was under British colonial administration until 1957. The second phase is the post-independence until 1970 when the First Malaysia Plan ended. The third phase is the consolidation phase which began after 1970 with the introduction of the New Economic Policy (Figure 1).

The development planning experience have been divided into these three phases because each phase contains different forms of development and orientation. During the colonial era, the development plans were formulated by the British colonial administrators. After independence in 1957, development planning was formulated by the local and foreign advisers. The riot in May 1969 is yet another important landmark which demarcates the third phase. Consequent to the incident, the New Economic Policy (NEP) was introduced in 1971 which incorporated, for the first time, a long-term (20-year) planning. The NEP ended in 1990, but since it fell short of achieving the desired objectives, it was continued under the new label of National Development Policy (NDP).

In general each development plan was formulated based on the different political situations, economic conditions, external/international relations and the existing problems. Thus, it is inevitable that each development plan change according to the existing circumstances. However, the most fundamental change is in its orientation.

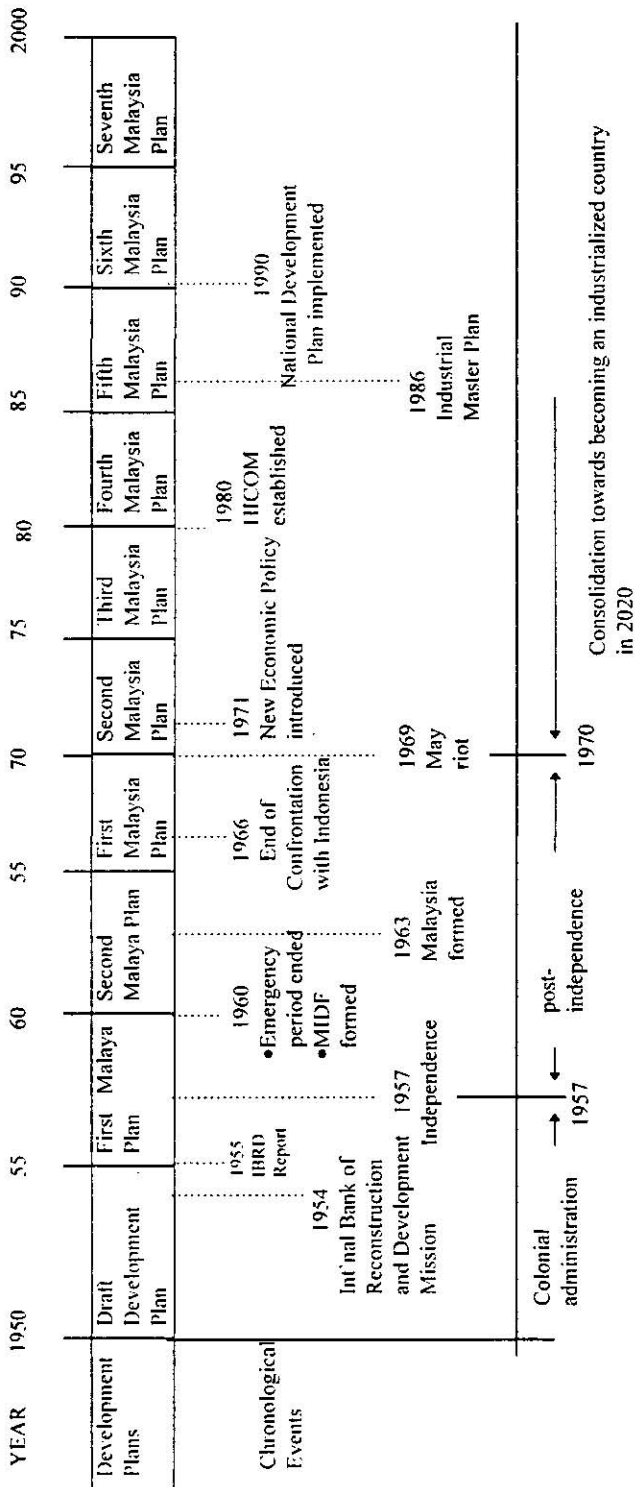


FIGURE 1. MALAYSIA: Planning development

## ORIENTATION

*Colonial period*

The orientation change can be seen by observing the phases. The period after World War Two was a period of reconstructing the country's economy in a more systematic and orderly fashion. The colonialists had hoped to improve their devastated economic situation and reconsolidate their power while at the same time bring some semblance of development to the country. In fact, early British efforts at planned change in Malaya were rather basic and remedial in nature, directed mainly at the rural Malays. The establishment of Rural and Industrial Development Authority (RIDA) in 1950 was a move in that direction.

Under colonial rule, the then Malaya was producing raw materials, namely rubber and tin. Although these commodities contributed significantly to the country's prosperity the nation was placed at the mercy of fluctuations of the world market.

The slow growth of industrialisation during the colonial period, was largely the result of the surplus capital being reinvested in the primary sector. During the final decade of the colonial rule, steps were taken to expand the industrial sector on the basis of what was already in existence: processing industries, light engineering and handicraft. At this time manufacturing industry played a minor role in the country's economy.

In 1954 a World Bank Mission visited the country and its report provided a major impetus to development planning (Snodgrass 1980:47) and the formulation of the First Malaya Plan (1956-60).

*Post-Colonial pre-1970*

On the advice of the World Bank Report (IBRD 1955) efforts were made to end the heavy dependence on the agricultural commodities by diversifying the economy in the agricultural sector and by promoting industrialisation in selected areas. Measures were taken to stimulate large-scale industrial development. Malayan (now Malaysian) Industrial Development Finance Berhad (MIDF) was established in 1960 to help steer the country's economy in this direction.

Although in the years up to 1960 development was severely constrained, by the communist insurgency (the Emergency period), nevertheless the 1960s saw the establishment of import-substitution industries which gave way in the 1970s to the labour-intensive and resource-based industries for domestic and foreign markets.

Generally, it could be said that in the years prior to 1970 Malaysia

moved from a draft development plan which was 'no more than a hurried compilation of sectoral projects' to a five-year plan specifying development goals; a second five-year plan which set explicit output and employment targets within a framework of national accounts, statistics and project finance; and a first Malaysia plan containing a brief analysis of Malaysia's development and problems in recent years, more detailed projections, a fifteen-year perspective plan and detailed sectoral programmes (Caiden Wildausky 1974:214-15).

### ***Post-colonial : after 1970***

In general Malaysian agriculture is still geared towards the production of export commodities; rubber, palm oil, sawn timber, cocoa, pepper, pineapple and tobacco which revitalise the contribution of the sector to the overall economy of the country. Nevertheless, there is an increasing dependence on industries. The Second Malaysia Plan (1971-75) was introduced guided by the New Economic Policy (NEP) and the Outline Perspectives Plan (1971-90) "to gear the economy to the process of industrialisation" (Robertson 1984:257).

World recession and the general global economic situation saw significant changes happened to the country's economy from the 1980 onwards, as the state was forced to review its development, strategy, approach and policies in order to revive it. In the 1980s the emphasis of national development was on heavy and technology-intensive industries. This shift into heavy industries was in part due to the need for structural change in the manufacturing sector. For instance, the country need to create opportunities for workers to be trained in engineering and various related skills, rather than just create employment opportunities. To help generate and implement projects in heavy industries, Heavy Industries Corporation of Malaysia Berhad (HICOM) was established in 1980. In 1986 the Industrial Master Plan (IMP) was introduced to provide guidelines for the nation's industrial development. Into the 1990s, the leading contributors to the national economy are increasingly the manufacturing and construction sectors. In fact expansion in the manufacturing sector is expected to provide a wider avenue for the nation's industrialisation programme. Beginning with the Sixth Malaysia Plan (1990-95) and the Second Outline Perspective Plan (1991-2000) the thrust of the manufacturing sector is to widen and strengthen its base through identification of new sources of growth and further acceleration in the expansion of the sector.

The changes that took place in the 1980s and thereafter call for increased role of private investment which however, should comply with the terms of the NEP. This is in line with the state's belief that private initiatives and enterprise should be the principal engine of growth in the country's economy (Fourth Malaysia Plan 7).

Basically, there are three orientation change in Malaysia's development planning. Firstly, there is a shift in the structure of the economy from agriculture to the manufacturing industry. Although, Malaysia is basically an agricultural country, but starting in the 1980s there is an increasing emphasis on the industrial sector which contribute about 60% of the country's income. Secondly, since colonial times Malaysia practices a *laissez faire* economy with the state playing a minimal role. However, the introduction of NEP saw an increasing involvement of the state in the economic sector. The government assumed an expanded and more positive role in the economy than in the past (Second Malaysia Plan 7) although the *laissez faire* approach is still maintained. But the Fourth Malaysia Plan (1980 onwards) saw the 'restoration' of a full *laissez faire* economy with an increasing downplaying of the government role; while that of the private sector is increased through privatisation and corporatisation exercises and injection of more private capital.

Initially in the Malaysian development programme more emphasis was given to economic development. Although it cannot be denied that attention was also given to the social aspects, the emphasis was relatively less. In fact it can be said that the underlying assumption was that with economic development, the social development will happen naturally. However, experiences and evidences of increasing social problems have shown this assumption to be short-sighted. There is a growing realisation that like economic development, social well-being has to be consciously strived for in all aspects if a balanced socio-cultural and economic development is desired. Social well-being and social justice is important especially in a multi-ethnic society such as Malaysia.

Specifically, this paper attempts to discuss the policy shift that had taken place in Malaysia's development plans. This is because there is a conscious effort on the part of the state to re-orientate its development objectives from mere rhetoric and lip-service, especially related to socio-cultural development, to a more serious effort. The discussion will look into the underlying development paradigms of Malaysia's development plans which had so far been implemented to show when the shift took place, why it happened and the factors leading to the shift. Unbalanced development will undoubtedly give rise to various aspects of social injustices, which inadvertently will lead to social, economic and political instability and unrest. This in turn will undermine the country's develop-

ment efforts. Thus, there must be changes in the way development is viewed as a whole and implemented.

## DEVELOPMENT PLANS AND DEVELOPMENT PARADIGMS

Development is one of the most elusive concepts. It is viewed and understood differently by different people depending on their respective experiences, approaches and perspectives in looking at the important aspects of the social changes that had taken place in the society. Nevertheless, in general development can be seen as both a process and an outcome. It is a process deliberately and consciously planned to create or engineer changes with the ultimate aim of uplifting the conditions of the society both quantitatively and qualitatively.

Planning is a process which takes into consideration the problems to be solved, objectives, strategies, short and long term programmes, the ends and means of achieving the desired results as well as alternatives. An ideal and coherent development plan possesses the attributes of consistency, feasibility and efficiency. There are at least seven reasons why development planning is important and should be practiced. Briefly they are: strategies have to be purposely organised in order to achieve objectives that have been set; social demands and needs change with time and situations; the various organisations and institutions are inter-related and therefore, should co-operate and coordinate with one another to ensure that the objectives are achieved; successful development programmes need prior detailed and systematic planning; with planning such questions as what needs to be done, why and how are addressed; and finally, actions will be more focused and directed to objectives that have been set.

To date 10 Development Plans have been formulated and implemented in Malaysia (since Draft Development Plan 1950-55 – the present Seventh Malaysia Plan 1996-2000). These plans which reflect the existence of a dominant development paradigm represent the commitment of the State to provide conducive environment for the population to enjoy a higher quality of life.

Generally, development paradigm refers to a scientific approach to development, an approach that provides model problems and solutions (Rogers 1983 : 43). In its sociological usage, the term paradigm is derived from the work of T.S. Kuhn (1970) on the nature of scientific change. Kuhn defined a paradigm as a set of theories, standards, methods and beliefs which are accepted as a norm by most scientists in a particular field of study, that is a way of looking at certain phenomenon. For Kuhn scientists work within paradigms, which are general ways of seeing the world and which dictate what kind of scientific work should be done and

what kinds of theories are acceptable. Four major elements: symbols and shared meanings; metaphysical assumptions; values and exemplars or types of 'hero', contribute to the kind of science routinely done day by day, routines that are regarded as normal.

However, over time what is regarded as normal produces a series of anomalies which cannot be resolved within the existing paradigm. Kuhn argues that at that point there is a sudden break. The old paradigm is replaced by a new one, leading to a new period of normal science. In short there is a shift – a paradigm shift – involving a fundamental and radical transformation in mindsets of both the qualitative and quantitative aspects. All the four elements mentioned in the Kuhnian model undergo substantial changes. In this shift, fundamental norms and existing “normal” practices are challenged, and old elements are replaced with the new. For instance, Drucker (1993:88) had described it as a shift towards a knowledge society where the basis of authority would shift from power to a responsibility-based organisations. Sociologically, a paradigm shift constitutes total cultural change involving beliefs, values, attitudes and behaviour.

Essentially, in this paper development is taken to mean an increase in the overall well being of a society – both quantitatively and qualitatively. It is a process of individual and social betterment encompassing social, cultural, economics and politics (Lim Teck Ghee 1981). The aim of development is not just to increase the gross national product (GNP), or the national income or the per capita income. It is also to increase the quality of life for the majority of the population in the social and political aspects. Development is for and by the people and as such should be able to reduce the social problems and correspondingly increase the standard of living of the society in general. This means the need for security, work, better education, health, cleaner environment etc. should also be fulfilled besides the increase in income. Problems appear when planners, politicians and administrators began to look at development as one dimensional as opposed to a more holistic and integrative views and focus mainly or merely on economic development. Or when the public too begin to associate development with merely economic development.

#### MALAYSIA: SHIFTING PARADIGM IN DEVELOPMENT PROCESS

Development planning is increasingly becoming a major device in nation-building. As mentioned earlier chronologically development process in Malaysia can be divided into three stages: the colonial period; after independence until 1970 and after 1970, each with its own form and



orientation of development. For the purpose of facilitating discussion the development process is divided into two broad periods, namely before and after 1970.

### **Before 1970**

Development process in Malaysia, especially since independence until 1970, was primarily based on the classical doctrine of increased economic growth. In the early 1950s the paradigm paramount at the time was political independence with the general assumption that it would make rapid economic development possible. Then in the late 1950s and 1960s modernisation paradigm was reviewed when it was recognised that political independence alone was not enough to generate nor sustain economic growth. This could be seen in the objectives of the First and Second Malaya Plans (1957-65) and the first Malaysia Plan (1966-70). The main emphasis was to create sufficient capital for the implementation of the various development objectives and to raise the living standard of the population and development. The focus was on economic development with emphasis on growth of GNP through industrialisation, rural development, economic diversification and development of infrastructure. During this period economic growth was generally equated with development.

However, social development was not as clearly expressed although it might have been in the plans. In fact, little attention was given to the societal socio-economic problems. This was shown in the allocation for public development expenditure of both the economic and the social sectors (Table 1). From the total public development expenditure for each development plan, 50% and more is allocated for the economic sector while the allocation for the social sector is between 14% to 29%. This resulted in an unbalanced development and change of the country and society. One of the end result of such an imbalance was the outbreak of the May 13, 1969 racial riot.

### **After 1970**

Following the aftermath of the riot, a new approach was developed in the subsequent development strategies. This followed the realisation of the inadequacy of development emphasis and paradigm of the pre-1970 era. A new development strategy was then adopted focusing on socio-economic problems and equitable distribution, instead of concentrating entirely on economic growth through capital accumulation. There was a

TABLE 1. Malaysia: Public development expenditure 1956-2000 (RM Million)

5-Year Plan	Economy		Social	
	RM Million	%	RM Million	%
1956-1960 <sup>1</sup>	759.9	78.8	138.8	14.4
1961-1965 <sup>1</sup>	1763.7	75.3	413.6	17.6
1966-1970 <sup>2</sup>	2685.4	63.3	752.1	17.7
1971-1975 <sup>3</sup>	7100.3	72.3	1347.7	13.7
1976-1980 <sup>3</sup>	12,665.2	68.3	3,092.2	16.6
1981-1985 <sup>4</sup>	22,746.5	57.9	6,388.1	16.2
1986-1990 <sup>5</sup>	22,886.0	64.8	8,764.0	24.8
1991-1995 <sup>5@</sup>	31,236.0	56.8	13,468.0	24.5
1996-2000 <sup>6@</sup>	33,706.0	50.0	19,803.0	29.3

Source:

- 1 First Malaysia Plan (1966-70): 28-29
- 2 Second Malaysia Plan (1971-75): 68-71
- 3 Third Malaysia Plan (1976-80): 240-241
- 4 Fourth Malaysia Plan (1981-85): 240-243
- 5 Sixth Malaysia Plan (1991-95): 62
- 6 Seventh Malaysia Plan (1996-2000): 177

Note: @ allocation

shift from a fragmented dualistic conception of development to a more holistic and structural thinking. There was also a shift in the development paradigm which now regard development as intending to bring about both social and economic advancement for the majority of the population. The focus is now more on people and with equalizing the socio economic benefits of development. Thus development is seen as more than just economic development. Socio-cultural or non-economic issues are deliberately addressed and focused on, and not seen as just a necessary consequence of economic development. In fact development has to concern both the human needs and the quality of life and not just the growth of the GNP (Dube 1984). For example in the beginning, fulfillment of basic needs especially to the hardcore poor was possibly enough to pacify the population. Once these basic needs have been provided, then such economic issue as increasing income inequality as well as non-economic issues will come into its own. Economic pursuits, technical considerations of the means to achieve development and the use of statistical aggregates to measure income and its growth, have oftentimes obscured the fact that the primary objective of development is to benefit people in terms of better health services, greater access to knowledge, better housing and living conditions, secure livelihood, better

working conditions, security against crime and physical violence, etc. Such lop-sided development when left unchecked can have a negative impact on economic development and the welfare of even those people who are responsible for the economic development will be sacrificed. In short, income and economic wealth is not the sum total of human life nor of development.

A change in the focus of the development policy and its development paradigm was expressed with the inauguration of the New Economic Policy (NEP), which was first introduced in the Second Malaysia Plan (1971-75), with its two-prong objectives: (1) To eradicate poverty among all Malaysians, and (2) To restructure society in order to eliminate the identification of race with economic function. The NEP addressed the socio-economic imbalance and suggested both short and long term solutions to the problems. It was hoped that the policy will bring about social harmony and well being to the multi-ethnic society.

The *Rukun Negara* was also introduced for the first time. Formulated in 1969, it incorporated the national ideology and philosophy as a basis for national unity. Such an ideology form the basis for the development of a socio-economic foundation which could hopefully provide viable and equitable participation of all members of the Malaysian society in the development process.

In a way the NEP could be seen as national social policy in that the social element is given more emphasis than had previously been the case. Also, the social element is now being seen from political, economic, and religious viewpoints. The emphasis on the social element could be seen in the two objectives.

#### FACTORS LEADING TO THE SHIFT IN THE DEVELOPMENT PARADIGM

The May 1969 riot called the government's attention to the fact that economic development without corresponding attention to social development could not guarantee social justice, equality, harmony, stability nor well being of the people. Economic planning and development cannot be separated from other forms of planning and development. That is, economic growth and development does not naturally nor automatically bring about corresponding social development. In fact too much emphasis on economic growth and development at the expense of other aspects of life, can and will give rise to a materialistic, individualistic and egoistic society that suffers from cultural, spiritual and moral deprivation. In short planned economic changes may produce unanticipated social consequences which will react

on the development strategies. Likewise, planned social development may have unanticipated consequences for existing economic structures.

Rapid changes experienced by the country have brought stressful situations for individuals, families, groups and society at large in coping with the various social problems that arise. These increasing social problems that needed immediate attention also question the wisdom of concentrating too much on economic growth while giving scant attention to other aspects of development. Economic growth and development is no protection against the rapid rise of such social problems as drug abuse, AIDS, homelessness, domestic violence, youth problems, the breakdown of family relations and others.

These facts serve as a reminder that increased output and wealth alone are not enough to guarantee human well being. High income levels, by themselves, are no guarantee for total human progress. The realization that economic growth alone could not deal with unanticipated and dysfunctional social consequences brought about the shift to a more integrated development and planning of both the economy and social aspects.

### CHANGE AND CONTINUITY IN THE DEVELOPMENT PROCESS

Economic growth had obviously improved the population's general standard of living both quantitatively and qualitatively. However, general improvement in the economic and social conditions is also known to have caused an increase in the social problems faced by the population. There is now a shift in emphasis on social development as reflected in such problems as equal distribution, social security and welfare, labour problems and environmental problems.

A society faces many problems, but they are generally not regarded as socially threatening. A problem becomes a social problem when increasing members of the society start to be concerned about it and pay more attention to it. The issue is discussed, debated, studied and analysed by the various segments of the society (government agencies, private sectors, voluntary organisations, political organisations, concerned individuals etc.) offering various explanation and solutions to curb or solve the problem. More examples of current social problems are juvenile delinquency, drug abuse, loitering, unemployment, squatting, child abuse and problems brought about by the influx of foreign labour.

Although there is the change in terms of the increasing awareness of the need to solve social problems and hence more emphasis on social planning and development, nonetheless emphasis on economic growth

and development is still maintained. It is recognised that any process of transformation of the society had to be attained within the context of an expanding economy, so that no particular group would experience any sense of deprivation and thereby creating other problems. Furthermore, the country is still facing the problem of attaining technological advancement and establishing economic independence.

Change and continuity can also be seen in the content of what constitute the items for social development. As an illustration, until the Third Malaysia Plan, only education, health, social welfare and housing were categorized under social aspect to be given specific development allocations. In the Fourth Malaysia Plan, information and broadcasting; culture, youth and sports; village and community development; purchase of land were included under the social category. Sewerage was included for the first to Fourth Malaysia Plan, but not in the subsequent plans (Table 2).

However, in the Seventh Malaysia Plan (1996-2000), social development, for the first time, is given greater emphasis than before and seriously addressed alongside the economic agenda. This is a departure from the normal practice of previous development plans which placed a great emphasis on economic development and less on other aspects. This is due to the increasing realisation that a sustainable economic growth and development need to be supported by strong, positive social, moral, ethical and cultural values. Without strong socio-cultural values political stability would be threatened which concomitantly will destroy the progress and development which thus far have been achieved in the country, and also stifle future economic growth and stability. It is an undeniable fact that economic progress has led to increase in various social problems and issues, especially in the 1990s, which directly or indirectly have affected the country- labour, health, moral, transport, housing, youth, environment and equitable distribution issues and problems. These various issues and problems arising from economic development need to be addressed to ensure balanced social and economic development and eventually the attainment of Vision 2020.

The State's commitment to the social agenda is not only expressed in terms of the chapters devoted to it in the Seventh Malaysia Plan, but also as seen in the increased budget allocation – RM19.8 billion (29.3%) compared to 13.5 (24.5%) billion in the Sixth Malaysia Plan (Tables 1 and 2).

TABLE 2. Malaysia: Federal government development allocation and expenditure for social sector 1956-95 (RM Million) (%)

5-Year Plan	Education and Training	Health	Social Welfare	Housing	Village and Community Development	Culture, Youth and Sports	Information and Broadcasting	Sewerage	Purchase of Land	Orang Asli	Total
1956-1960 <sup>1</sup>	60.9 (6.3)	12.7 (1.3)	n.a	65.2 (6.8)	—	—	—	—	—	—	138.8 (14.4)
1961-1965 <sup>1</sup>	236.5 (10.1)	101.9 (4.3)	5.8 (0.2)	69.4 (3.0)	—	—	—	—	—	—	413.6 (17.6)
1966-1970 <sup>2</sup>	329.4 (7.8)	146.6 (3.5)	3.4 (0.1)	197.2 (4.6)	56.4 (1.3)	4.6 (0.1)	—	9.6 (0.2)	—	4.9 (0.1)	752.1 (17.7)
1971-1975 <sup>3</sup>	675.8 (6.9)	173.9 (1.8)	16.34 (0.2)	234.8 (2.4)	122.1 (1.2)	26.36 (0.7)	—	21.11 (0.2)	69.9 (0.7)	7.26 (0.1)	1347.7 (13.7)
1976-1980 <sup>3</sup>	1671.32 (9.0)	377.15 (2.0)	12.00 (0.1)	710.1 (3.8)	98.2 (0.5)	32.5 (0.2)	—	138.5 (0.7)	30.3 (0.2)	22.0 (0.1)	3092.2 (16.6)
1981-1985 <sup>4</sup>	2992.83 (7.6)	588.44 (1.5)	347.63* (0.9)	1458.0 (3.7)	202.1 (0.5)	241.5 (0.6)	142.6 (0.4)	200.0 (0.5)	215.0 (0.5)	—	6388.1 (16.2)
1986-1990 <sup>5</sup>	5700.00 (16.1)	931.0 (2.6)	291.0 (0.8)	1452.0 (4.1)	237.0 (0.7)	131.0 (0.4)	20.0 (0.1)	—	2.0 (0.0)	—	8764.0 (24.8)
1991-1995 <sup>5</sup> @	8501.00 (15.5)	2253.0 (4.1)	798.0 (1.5)	803.0 (1.5)	441.0 (0.8)	341.0 (0.6)	128.0 (0.2)	—	203.0 (0.4)	—	13468.0 (24.5)
1996-2000 <sup>6</sup> @	10,210.00 (15.1)	2,658.0 (15.1)	1550.0 (2.3)**	2875.0 (4.3)	1236.0 (1.8)	946.0 (1.4)	238.0 (0.4)	—	90.0 (0.1)	—	19803.0 (29.3)

Source:

1 First Malaysia Plan (1966-70): 28-29

2 Second Malaysia Plan (1971-75): 68-71

3 Third Malaysia Plan (1976-80): 240-241

4 Fourth Malaysia Plan (1981-85): 240-243

5 Sixth Malaysia Plan (1991-95): 62

6 Seventh Malaysia Plan (1996-2000): 177

Note: @ allocation

\* inclusive of local council, welfare and community services

\*\* inclusive of local authorities and welfare services

## CONCLUSION

Development is an ongoing process to improve the quality of life of the people. Since the quality of life encompasses the social, economic and political aspects, and that development ought to reflect human conditions, therefore development should be nothing less than a multi-dimensional process and effort.

This paper aims to demonstrate the paradigm shift in the development planning in Malaysia. Its brief history shows that it went through a number of phases pre and post independence. In these phases, it is inevitable that plans are adjusted and changes occur to suit the different existing political, economic and social situations, conditions and circumstances. The most fundamental change being that of policy orientation.

In the early stages of the Malaysian development plans more emphasis was given to economic development. Underlying this was the modernisation paradigm which equate development with economic growth. However, too rapid economic development and growth, with very little thought and planning given to the social aspects have resulted in social lags. These political experiences and increasing social problems call for a new development paradigm which looks at development in a more holistic manner. This new paradigm implies that development policies should be equally concerned with socio-cultural benefits. This paradigm shift is never more clearly expressed and indicated than in the Seventh Malaysia Plan (1996-2000), which was formulated to address and solve the existing problems as well as pre-empt other possible development problems.

Undoubtedly the paradigm shift has to be contextualised beyond the planning exercises. The local and global politics, economic and socio-cultural situations inevitably will have an impact on the development plans. The continuity or change of a policy orientation will very much depend on the severity of the existing situations and problems. Based on the local political and socio-cultural factors as well as the global scenario, Malaysia has experienced at least three orientation change in its development planning.

The recent shift could be related to the growth of the economy as a result of the structural change. The 8½% growth rate that Malaysia had enjoyed for the past eight years had encouraged and sustained the shift. On the global level, the move from import-substitution to export-orientation within the framework of the economic development had invariably further integrate Malaysia into the global network and as a result be affected by its dynamism. Therefore, despite careful and systematic planning and considerations leading to the paradigm shift, Malaysia is still widely open to all sorts of unintended consequences. In

fact, it will not be a surprise if Malaysia sees another policy orientation shift in its development planning within the next decade.

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