

Chapter 1

Policy Objectives and Framework

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POLICY OBJECTIVES AND FRAMEWORK

I. INTRODUCTION

1.01 The Eighth Malaysia Plan, covering the period 2001-2005, is the first phase in the implementation of the Third Outline Perspective Plan (OPP3), 2001-2010. The OPP3, which embodies the National Vision Policy (NVP), will chart the development of the nation in the first decade of the 21st century. The Eighth Plan will incorporate the strategies, programmes and projects designed to achieve the NVP objectives of sustainable growth and strengthen economic resilience as well as create a united and equitable society.

1.02 The Seventh Plan was marked by rapid economic growth except in 1998, when the economy was adversely affected by the economic crisis. The sharp economic contraction was short-lived as the economy staged a dramatic turnaround following the implementation of effective monetary and fiscal policies and strategies by the Government as well as favourable external sector performance. In 2000, the economy reverted to the growth rate of the pre-crisis level with relative price stability and low unemployment rate. The poverty level was significantly reduced and improvements were made in the quality of life.

1.03 During the Eighth Plan period, the Malaysian economy will face greater challenges as a result of increasing globalization and liberalization as well as the rapid development of technology, especially information and communications technology (ICT). To enhance the competitiveness of the economy and strengthen economic resilience, concerted efforts will be undertaken to improve total factor productivity (TFP) as well as facilitate the development of a knowledge-based economy. Priority will be accorded to increasing the supply of quality manpower, enhancing research and development (R&D) efforts and accelerating the development of growth sectors. Emphasis will also be given to strengthen positive values among Malaysians and promote a united and equitable society.

II. NATIONAL VISION POLICY

1.04 The NVP incorporates the critical thrusts of the previous development policies, namely the New Economic Policy and the National Development Policy with the overriding objective of national unity. Eradicating poverty irrespective of race, restructuring of society and balanced development will remain as key strategies. The NVP is also guided by the strategic challenges of Vision 2020, which laid out the directions for Malaysia to become a fully developed nation by 2020.

1.05 In essence, the NVP represents the consolidation of all past development efforts and is aimed at establishing a united, progressive and prosperous *Bangsa Malaysia* that lives in harmony and engages in full and fair partnership. To address the challenges faced by the nation in its quest to become a fully developed nation in its own mould, emphasis will also be given to the building of a resilient, competitive nation and an equitable society to ensure unity and social stability. In order to realize these objectives, the NVP will encompass the following critical thrusts:

- ❑ *building a resilient nation by fostering unity, inculcating the spirit of patriotism, nurturing political maturity, cultivating a more tolerant and caring society with positive values, and raising the quality of life as well as increasing economic resilience;*
- ❑ *promoting an equitable society by eradicating poverty and reducing imbalances among and within ethnic groups as well as regions;*
- ❑ *sustaining high economic growth by strengthening the sources of growth, the financial and corporate institutions as well as macroeconomic management;*
- ❑ *enhancing competitiveness to meet the challenges of globalization and liberalization;*
- ❑ *developing a knowledge-based economy as a strategic move to raise the value added of all economic sectors and optimizing the brain power of the nation;*
- ❑ *strengthening human resource development to produce a competent, productive and knowledgeable workforce; and*
- ❑ *pursuing environmentally sustainable development to reinforce long-term growth.*

III. DEVELOPMENT THRUSTS OF THE EIGHTH PLAN

1.06 Overall growth of Gross Domestic Product (GDP) in the Seventh Plan was positive although the financial crisis caused the economy to contract by 7.4 per cent in 1998. The crisis had, to some extent, served as a severe stress test and highlighted the strengths and weaknesses of the economy. The impact of globalization, liberalization and rapid expansion of ICT, will require an assessment and readjustment of existing policies, strategies and programmes as well as the adoption of new approaches. Policies and strategies will be focused towards achieving sustainable growth with resilience as well as strengthening the economic and financial infrastructure.

1.07 To address the challenges faced by the country in developing a knowledge-based economy, it is crucial that appropriate strategies are put in place in a timely and effective manner. In this regard, the Government will continue to ensure that a holistic and balanced approach is adopted in implementing this national development agenda. Besides the economic dimension of human development, emphasis will also be given to the equally important social, cultural and psychological aspects of development.

1.08 Policies and strategies during the Eighth Plan period will focus towards achieving sustainable growth with resilience. The thrusts of the Eighth Plan will be to shift the growth strategy from input-driven to one that is knowledge-driven in order to enhance potential output growth, accelerate structural transformation within the manufacturing and services sectors, revitalize the agriculture sector and strengthen socio-economic stability. The Plan will place a greater focus on private sector initiatives while the public sector will undertake a facilitating role through the provision of a conducive institutional framework and quality service. In order to enhance Malaysia's competitive edge, special emphasis will be given on increasing productivity and efficiency through human resource development, encouraging R&D activities as well as utilizing the latest technologies, particularly ICT.

1.09 The key strategies during the Plan period to address the challenges faced by the nation will be as follows:

- ❑ *pursuing sound macroeconomic management, and ensuring prudent fiscal and monetary policies as well as enhancing efforts to develop a knowledge-based economy;*

- ❑ *strengthening and streamlining distributional strategies and programmes to ensure balanced participation among and within ethnic and income groups as well as regions;*
- ❑ *enhancing productivity growth through improvement in workers' knowledge, skills and expertise as well as upgrading of R&D and science and technology (S&T);*
- ❑ *increasing competitiveness and economic resilience through accelerating the shift of the key economic sectors towards more efficient production processes and high value-added activities;*
- ❑ *expanding the usage of ICT within and across sectors to accelerate the growth process;*
- ❑ *strengthening the human resource base to ensure the availability of manpower with higher levels of knowledge, technical and thinking skills;*
- ❑ *adopting an integrated and holistic approach in addressing environmental and resource issues to attain sustainable development;*
- ❑ *enhancing further the quality of life through improving accessibility to social services as well as developing the aesthetic aspects of life; and*
- ❑ *intensifying efforts to nurture and inculcate positive values and attributes among Malaysians through the education system, social and religious organizations and the media.*

Maintaining Macroeconomic Stability

1.10 Macroeconomic stability is critical to maintain sustainable growth with resilience. Efforts to maintain macroeconomic stability will include pursuing sound macroeconomic management, ensuring prudent fiscal and monetary policies, attracting quality domestic and foreign investments, enhancing the development of the growth sectors and maintaining a healthy balance of payments position.

1.11 *Pursuing sound macroeconomic management.* Malaysia will continue to aim for rapid economic growth with low inflation and sustainable budgetary and external accounts. To become a developed country by 2020, the real GDP of Malaysia will need to grow at a minimum of 7.0 per cent per annum. This growth rate will be achieved in line with the long-term potential of the economy while

maintaining sound macroeconomic fundamentals, particularly in the form of price stability and a surplus in the fiscal and external accounts. During the Eighth Plan period, growth will be targeted at 7.5 per cent per annum through the implementation of measures to further increase potential output. Efforts will be made to improve efficiency in the utilization of capital, undertake productive and quality investments, enhance labour productivity and increase the contribution of TFP to economic growth.

1.12 While pursuing higher growth, experience from the 1998 economic crisis has underscored the need to strengthen the resilience of the economy to withstand unexpected shocks and have the ability to recover with minimal adverse effects. Malaysia will continue to be exposed to the risks of unregulated short-term speculative capital flows in the light of the highly integrated global financial system. Sound macroeconomic management will be implemented to avoid imbalances as well as contribute to enhancing economic resilience and competitiveness.

1.13 *Ensuring prudent fiscal and monetary policies.* During the Eighth Plan period, the Government will continue its prudent fiscal policy to ensure long-term sustainability and a manageable debt service ratio. The tax system and its administration will be further strengthened to generate revenue and promote greater economic efficiency and productivity. The monetary policy will reinforce the fiscal policy in promoting long-term sustainable growth. In this context, liquidity will be judiciously managed to facilitate economic growth without causing inflation. Monetary policy will also ensure that bank lending will not be a source of instability that could result in asset price inflation, which ultimately leads to inflationary pressures. A positive real rate of return on deposits will be maintained to promote savings to support economic growth. In addition, the bond market will be developed to complement the banking system in meeting financial requirements, particularly for large infrastructure projects.

1.14 *Encouraging more domestic investment and attracting quality foreign direct investment (FDI).* Efforts will focus on promoting domestic private investment in order to build upon the endogenously driven growth strategy and strengthen economic resilience. The Government will continue to adopt a pro-business policy in order to provide a conducive environment for businesses to prosper. The private sector will be encouraged to raise the quality of investment and expand into higher value-added activities. In this regard, local entrepreneurs will be encouraged to increase knowledge utilization in their operations and benchmark

against international standards and practices in order to raise competitiveness and productivity. In addition, outsourcing will be increasingly important especially for small- and medium-scale enterprises (SMEs) for market expansion, both domestically and internationally. The privatization policy will continue to be pursued as a means of strengthening the role of the private sector in economic development and enhancing Bumiputera participation in the corporate sector.

1.15 The Government will also continue to promote FDI, particularly in high technology manufacturing, ICT, energy and other strategic activities. FDI that is accompanied with R&D will be encouraged as well as those that bring significant benefits in terms of human resource development, technology transfer and access to new markets. Multinational companies (MNCs) will continue to be encouraged to strengthen domestic linkages by sourcing a greater portion of their inputs locally. Foreign investors will also be encouraged to establish strategic alliances and partnerships with domestic SMEs.

1.16 *Maintaining a healthy balance of payments position.* The Government will continue to adopt the two-pronged policy of reducing the deficit in the services balance and increasing the merchandise surplus in order to maintain a healthy balance of payments position. To address the deficit in the services account, the service industries will be further developed to increase foreign exchange earnings from tourism, travel and education, shipping and insurance as well as finance and construction. In addition, the Government will continue to provide a conducive environment for the further expansion of the export sector to sustain export earnings. Concerted efforts will also be made to reduce the import bill through the active promotion of SMEs to produce intermediate inputs for domestic industries.

1.17 During the Plan period, local industries will be facing more intense competition arising from greater liberalization in line with the ASEAN Free Trade Area (AFTA) and World Trade Organization (WTO) agreements. The maturing of other developing economies and those in transition will increase the intensity of global competition for Malaysia. Further efforts will continue to be undertaken to improve the quality of infrastructure and create a more conducive environment for private initiatives as well as to enhance the development of competitive industry clusters.

1.18 *Enhancing efforts to develop a knowledge-based economy.* In line with global trends, there is a need to increase the knowledge content of all economic activities so as to strengthen value added and generate employment. The knowledge-

based economy will also serve as an important strategy to increase productivity in terms of TFP and raise the level of potential output. It will provide the basis to sustain international competitiveness in the short- and medium-term. The development of the knowledge-based economy will, among others, require concerted efforts to further develop human resource, strengthen R&D and S&T, upgrade ICT infrastructure and ensure appropriate financing facilities.

1.19 Malaysia will need to urgently build a critical mass of creative and innovative manpower. Towards this end, the education system will be reviewed to produce the required skills. A system of lifelong learning will be introduced and skills upgrading strengthened to support the development of a learning society, while a coordinated brain-gain programme will be initiated to attract highly skilled and talented Malaysians abroad as well as foreigners to work in Malaysia. Efforts to strengthen R&D and S&T will include the upgrading of domestic capability to undertake R&D, streamlining the public sector financing mechanism for R&D, encouraging the private sector to allocate a greater proportion of their revenue for these activities, re-focusing R&D efforts to strategic areas, and improving the diffusion of research findings and increasing their commercial applications. To facilitate the growth of knowledge-based activities, the Government will continuously upgrade its communications and multimedia infrastructure, promote the development of local content of industries and ensure a supportive regulatory regime. The financial system will be realigned to meet the needs of a knowledge-based economy. In addition, the development of the venture capital industry and the capital market will be accelerated to serve as important sources of financing for innovative and high technology ventures.

Poverty Eradication and Restructuring of Society

1.20 Emphasis will continue to be given to the distributional agenda with the aim of building a united and equitable society. Towards this end, the implementation of distributional strategies and programmes will be strengthened and streamlined to ensure balanced participation among and within ethnic and income groups as well as regions. The Government will review and rectify weaknesses in the implementation of current strategies and programmes to ensure that the objectives are met.

1.21 *Consolidating poverty eradication programmes.* During the Plan period, the thrust of poverty eradication will be directed towards reducing the incidence of absolute poverty to 0.5 per cent by 2005. The rapid economic growth that

is anticipated during the Plan period is expected to generate more opportunities for the poor to further increase their income and move out of poverty. In addition, the *Program Pembangunan Rakyat Termiskin* (PPRT) and other anti-poverty programmes will be consolidated under the *Skim Pembangunan Kesejahteraan Rakyat* (SPKR). The SPKR will be implemented as an integrated package encompassing economic, social and physical components, targeted towards eradicating poverty in areas and among groups with a high incidence of poverty.

1.22 The Government will continue to address the issue of income imbalance, particularly between ethnic groups, urban-rural population and regions. Efforts will be undertaken to intensify the creation of a bigger and more prosperous middle-income group as well as to improve the income of the lower-income group. More income generating activities to increase the household income of the poor and low-income group will be introduced. Among others, an income augmentation mechanism for smallholders will be established to assist them during difficult periods. To meet the objectives of balanced development between different regions and states, the Government will undertake measures to increase the growth rates of less developed states through the promotion of the manufacturing, tourism and modern agriculture sectors.

1.23 *Restructuring of society.* With regard to ownership restructuring, various programmes such as the allocation of reserve shares, unit trust schemes and privatization, will continue to be implemented to increase and sustain the Bumiputera share capital ownership and control of corporations. The proportion of Bumiputera equity ownership in the corporate sector will be increased to at least 30 per cent by 2010, as stipulated in the OPP3. Bumiputera trust agencies and institutions will be expected to assume a greater role, especially in mobilizing Bumiputera resources and creating new wealth. Bumiputera entrepreneurs will be encouraged to establish joint ventures and strategic partnerships with both non-Bumiputera and foreign counterparts, to benefit from their advanced technology, market access and management expertise.

1.24 Greater efforts will be undertaken to enhance the implementation of employment restructuring strategy and programmes in various sectors of the economy and at all levels of occupations to reflect the ethnic composition of the population. Education and training will continue to be an important mechanism to achieve the employment restructuring objectives. In this regard, more advanced vocational and training institutions will be established during the Plan period

to enable workers and graduates of vocational and training institutions, especially Bumiputera to upgrade their skills and knowledge.

1.25 During the Plan period, the development of the Bumiputera Commercial and Industrial Community (BCIC) will focus on creating more sustainable, self-reliant and world-class Bumiputera entrepreneurs. Direct Government support and intervention will continue to be necessary on a selective basis. The implementing agencies, however, will establish an exit policy that will determine the time frame for the participants to graduate from the programmes, thus allowing other Bumiputera entrepreneurs to also benefit from such programmes. Consistent with the objective of creating a bigger and more prosperous middle-class Bumiputera community, current measures will be further enhanced and new strategies implemented to strengthen the resilience of Bumiputera entrepreneurs. In addition, efforts will be undertaken to inculcate in them positive values such as trustworthiness, discipline and accountability. The private sector, including the chambers of commerce and trade associations, is expected to participate more actively in initiating new programmes to create a more dynamic and resilient BCIC.

Productivity-Driven Growth

1.26 Enhancing productivity growth is essential for the achievement of high growth with price stability. In view of limited resources and capacity in capital accumulation as well as stiff competition in attracting foreign investments, it is necessary to accelerate the shift in the economic development strategy from input-driven to one that is productivity-driven by enhancing the contribution of TFP. The improvement in TFP will enable the economy to move to a higher production frontier, with more efficient use of capital and labour. Emphasis will be given to enhancing the education, skills and expertise of the labour force, improving management and organizational techniques, upgrading R&D and S&T, strengthening innovative capacity and protecting intellectual property rights as well as expanding the usage of ICT.

1.27 The success of the productivity-driven growth strategy will hinge on the availability of a quality and talented workforce. During the Plan period, the education and training delivery system will be reoriented to increase the pace of human capital accumulation. This is crucial because knowledge and skills learnt are rapidly becoming obsolete due to the rapid technological changes. Through improvements in the training and retraining programmes, the quality

of the workforce will be enhanced, thus shortening the learning curve and gestation period associated with the application of more advanced production processes and the acquisition of new technology. The Government will intensify efforts to build a critical mass of skilled and knowledge manpower which will increase the utilization of knowledge throughout the value chain.

1.28 The Government will continue to encourage local firms to undertake R&D and technological innovation activities through the provision of fiscal and financial incentives as well as appropriate infrastructure facilities. Emphasis will be given to co-financing and encouraging joint research programmes between industry and public sector institutions as well as commercializing R&D findings. In view of the high risks and costs associated with investments in R&D and the development of strategic industries, an integrated national approach will be adopted. Specific research institutions, singularly or jointly with industry partners, will be provided with resources to develop targeted areas of industrial technology. Recognizing that biotechnology is one of the key technologies for the 21st century, a national biotechnology policy will be formulated to ensure a comprehensive and coordinated approach in its development.

Enhancing Competitiveness in Key Sectors

1.29 The liberalization process and advancement in ICT, together with the changing consumer market, will increase competition in the global market. One of the critical development thrusts, therefore, will be to enhance the nation's competitiveness, particularly in key sectors in order to attain sustainable economic growth. In this regard, measures will be undertaken to ensure a more proactive administrative machinery and provide a conducive environment including the formulation of a fair trade policy and law. The manufacturing, services and agriculture sectors will be the main economic drivers during the Plan period.

1.30 *Industrialization for the future.* During the Eighth Plan period, competition among countries will intensify with economies competing for investments, production and markets. Besides the increase in competition, challenges brought about by rapid advances in technology will influence industrial development. To meet these challenges and sustain the growth momentum in the manufacturing sector, the strategic thrust will be to develop industries capable of meeting the high expectations of consumers. In addition, strategic alliances with foreign companies will be forged to enhance competitiveness and increase opportunities abroad.

1.31 In line with the Second Industrial Master Plan, industries will have to move up the value chain of activities with focus on increasing innovation and application of new technologies. These activities include R&D, product design and development, high-tech manufacturing, process engineering, logistics and strategic marketing. Emphasis will be given to the development of dynamic industry clusters. In this regard, the electrical and electronic industries will continue to shift from labour-intensive processes to high-technology applications while the resource-based industries, particularly the petrochemical, pharmaceutical and food product industries will be encouraged to move to higher value-added activities.

1.32 The Government will promote diversification among and within the key industry clusters as a balanced mix of industries will contribute to sustainable growth and minimize vulnerability to fluctuations in demand. At the same time, industries will be encouraged to adopt more knowledge-intensive processes to enhance productivity and growth. The Government will continue to encourage FDI in high value-added and technology-intensive industries as well as emphasize skill training to support their demand for skilled manpower.

1.33 *Nurturing a stable and efficient financial sector.* During the Plan period, emphasis will be on the consolidation and strategic positioning of the financial sector in a globalized and liberalized market environment. The thrust is to create a competitive, strong and resilient financial sector, which will provide the catalyst for higher growth in the economy. Towards this end, the Financial Sector Master Plan together with the Capital Market Master Plan will provide a comprehensive framework for the strategic development of the financial sector over a 10-year period.

1.34 Under the Financial Sector Master Plan, efforts will be focused on the establishment of a core group of strong domestic banking institutions. At the same time, banking institutions will have to continue to assume a dynamic role in supporting the economy, whilst preserving the stability of the Malaysian banking system. The potential of Islamic banking will be further developed as a viable and sophisticated system for the mobilization of savings and allocation of resources for investments. The necessary institutional framework and market infrastructure will be enhanced to enable the system to operate smoothly. The research and development of Islamic financial instruments will also be encouraged to generate innovative products that are customer-oriented.

1.35 The Capital Market Master Plan provides for the development of competitive intermediaries and institutions in core areas to facilitate efficient mobilization of resources and to build a domestic base for a strong financial services sector. Measures will be taken to further develop the key segments of the capital market such as the bond and derivatives market as well as the fund management industry. Emphasis will also be placed on developing the venture capital industry to facilitate the financing of high-growth technology-related industries. Another area of focus is the development of Malaysia as an international centre for Islamic capital market activities.

1.36 *Maximizing the potential of tourism.* A holistic and integrated approach will be emphasized to enable the tourism industry to achieve a higher level of success. Sustainable tourism development will be an integral part of tourism planning and implementation. Efforts will be focused on programmes that will have the greatest impact on attracting tourists and improving tourism revenue. Malaysia will be projected as a top-of-the-mind tourist destination, with festivities and attractive events throughout the year. In addition, continuous improvements in product development, marketing and promotion, comfort and safety of tourists will be actively pursued. Human resource development will be accorded due priority in line with the need to upgrade the quality of tourism products and services. Strategic alliances and international cooperation will be fostered to further enhance tourism promotion and development.

1.37 *Revitalizing the agriculture sector.* During the Plan period, the transformation of the agriculture sector into a modern, dynamic and competitive sector, integrated with other sectors of the economy, will be accelerated. The main focus will be to increase food production, enhance competitiveness of industrial crops through consolidation of areas under cultivation, and develop new sources of growth. Measures will also be implemented to optimize resource utilization by intensifying R&D and adopting new skills and technologies. Institutional and support services will be improved to further encourage organized farming and active private sector participation in agricultural activities. Commercialization of agricultural products will be promoted through greater concentration in applied R&D activities and closer interaction with potential investors.

Expanding the Usage of Information and Communications Technology

1.38 ICT has a strategic role in accelerating the economic growth process by increasing the efficiency and productivity of all sectors in the economy. Efforts

will be made to accelerate the implementation of ICT-related programmes and projects nationwide during the Plan period. Towards this end, the diffusion and usage of ICT within and across sectors will be further expanded. A conducive institutional, regulatory and legislative environment to support the development of ICT and its related activities will be provided.

1.39 Efforts will also be undertaken to accelerate the development of the Multimedia Super Corridor (MSC) and to facilitate the rolling out of MSC flagship applications. In addition, Malaysia will be developed as a global ICT and multimedia hub. ICT-based SMEs will be developed to support the knowledge-based economy. To ensure the effective implementation of ICT programmes, human resource development will be emphasized to provide adequate knowledge and skilled workers. Furthermore, ICT awareness will be enhanced among the population through nationwide campaigns and ICT education. Measures will also be undertaken to address the digital divide between the rich and poor, the rural and urban areas as well as between economic sectors to ensure that all Malaysians benefit from ICT.

Enhancing Human Resource Development

1.40 During the Plan period, the principal thrust of human resource development will be the creation of a strong human resource base to support the development of a knowledge-based economy and enhance productivity and competitiveness. In this regard, efforts will be undertaken to develop an efficient and responsive education and training system to meet the demand for a knowledgeable and highly skilled labour force that is equipped with positive values and attitudes. In addition, the teaching of ethics and moral values will be strengthened by incorporating these values in the curriculum and in the training of teachers. Special emphasis will be given to produce a larger number of higher level R&D and S&T manpower. As part of the effort to enhance accessibility to knowledge, improving English proficiency will be a key priority at the school and tertiary levels. More residential schools will be built to improve the performance of students, especially in Mathematics and Science. In line with the liberalization in the provision of education and training, the participation of the private sector, particularly at the tertiary level will be intensified. The private sector will be encouraged to set up more new institutions and campuses, and conduct more twinning programmes with local public universities and foreign institutions of higher learning as well as expand their distance learning programmes. In addition, local public and private universities will be encouraged to develop centres of excellence comparable with those in reputable foreign universities.

1.41 Accessibility to quality education and training will be increased through the provision of adequate teaching and learning facilities, especially in remote and outlying areas. The provision of adequate financial assistance to pursue tertiary education and training in both public and private institutions will also increase education and training opportunities, particularly among students from low-income families.

1.42 As youths and women will account for 19.1 per cent and 49.5 per cent of the population, respectively, by 2005, they will constitute an important pool of human resource that can contribute to the nation's development objectives. Youths will have to be guided and provided with the appropriate skills and knowledge, and at the same time inculcated with the right attitudes and values necessary to face the challenges of a rapidly changing environment. Efforts will also be undertaken to further integrate and provide access for women to reach their full potential as equal partners in development.

Achieving Sustainable Development

1.43 Emphasis will be placed on addressing environmental and resource issues in an integrated and holistic manner. Steps will be taken to identify prudent, cost-effective and appropriate management approaches that yield multiple benefits in order to ensure that development is sustainable and resilient. The Government will adopt early preventive measures and will apply the precautionary principle to address environment and natural resource management issues. It will also put in place the enabling conditions for effective policy change, and this will include strategies to create opportunities for the private sector to participate in environmental mitigation measures.

1.44 Steps will be taken to strengthen the database for environmental decision-making by introducing the use of sustainable development indicators. This will enable the Government to better ascertain impacts and plan remedial actions. Efforts to address air pollution, particularly from mobile sources, will continue. A National Water Policy will be formulated to ensure that water resources will be managed more efficiently and effectively. In addition, a comprehensive waste management policy to address issues of waste reduction, reuse and recycling, will be introduced.

1.45 Land use planning will be strengthened and regulations introduced to control access to biological resources, and to address biosafety issues relating to genetically modified organisms. The overall management of marine affairs

will be reviewed to address multiple-use conflicts in marine areas, alleviate pressure on the marine environment and to enhance marine and coastal biological diversity. The Government will continue to monitor and participate in international environmental negotiations to ensure that measures proposed at these fora do not impose restrictions on Malaysia's development or discriminate against products based on their environmental characteristics.

Enhancing the Quality of Life

1.46 Efforts to sustain economic growth will be accompanied by the provision of better opportunities for all Malaysians to enhance their quality of life. In this regard, the provision of and access to social services is essential to ensure that people are able to live with dignity and participate fully in society. The Government will continue to ensure that all segments of society are recipients of the benefits of development through the provision of adequate and quality social services that are accessible to all, especially the lower income group and the disadvantaged as well as those with special needs. Efforts will be directed towards providing better opportunities to education, increasing accessibility to better health facilities and affordable housing. In addition, measures will be implemented to increase cultural and recreational amenities as well as promote healthy lifestyles.

1.47 The Government will continue to provide and improve educational facilities, which are important for a better quality of life. To increase enrolment rates at the pre-school, secondary and tertiary levels, particular attention will be given to the enrolment and quality of education in rural areas.

1.48 The thrust of the health sector will be to further improve the health of the population through expanding health development programmes as well as ensuring accessibility to quality health services for all. The private sector will be encouraged to expand their coverage of health services to complement the public health sector. A regulatory mechanism will be put in place to ensure that quality healthcare is provided at a reasonable cost by both the public and private sectors.

1.49 During the Plan period, focus will be given to the provision of adequate and affordable housing for the lower- and middle-income groups. In addition, housing and infrastructure facilities aimed at improving the quality of life of the

rural population will continue to be emphasized. Efforts will be undertaken to provide a wider coverage of utilities such as water, electricity and sewerage. Priority will be given to expand the coverage of water supply in rural areas from alternative sources such as groundwater, rivers and streams. Emphasis will also be given to increase the capacity of and accessibility to infrastructure in the less developed areas, while in the urban areas focus will be on enhancing efficiency and improving transport services.

1.50 The aesthetic aspects of the quality of life will continue to be emphasized with greater participation in arts and cultural activities. These will be promoted through campaigns, exhibitions and performances at the state and district levels and complemented with the development of the necessary physical facilities. The quality of cultural performances will also be improved through the training of artistes and the identification of new talent.

1.51 Sports will continue to be promoted to develop world-class sportsman and encourage a healthy lifestyle as well as strengthen the spirit of solidarity, comradeship and *esprit de corps* among the various ethnic groups. To contribute towards the development of a disciplined and competitive Malaysian society, participation in sports will be encouraged through the implementation of appropriate programmes.

1.52 As part of the efforts to improve consumer welfare, consumer education and protection measures will be intensified to increase consumer awareness and safeguard their interests. To meet the higher expectations and demand of consumers, the producers and traders will need to continuously improve their efficiency and productivity to provide quality goods at competitive prices.

Addressing Social Issues

1.53 Economic development and urbanization will have consequences on the nation's social and cultural institutions and norms. In addition, globalization will have an impact and may even threaten the integrity of the family structure and traditional communities as well as influence cultural values and norms in social integration and nation-building. It is necessary that concerted efforts are undertaken to ensure that society is resilient to withstand the negative influences that may affect the foundation of social harmony and tolerance. Inability to cope with these social changes, including changes in lifestyles and family structure, will give rise to various social problems and negate the benefits of economic development. Consequently, there is the need to formulate relevant social development strategies and programmes as well as to institute appropriate social support mechanisms.

1.54 A social action plan, *Pelan Tindakan Sosial* (PINTAS), formulated in 1998, to provide a framework for integrating the various components of social development in the country into a coordinated system, will be implemented nationwide. PINTAS will focus on the promotional, prevention, intervention and rehabilitative aspects in addressing social issues. Through this system, services and resources provided by government and non-government agencies will be integrated and coordinated to support social development efforts more effectively. In this regard, the commitment and cooperation of all state governments, non-governmental organizations, the private sector, the local community and individuals are necessary to ensure the prevention and professional management of social problems.

1.55 Recognizing that the family unit forms the basis for social stability and building a caring society, emphasis will continue to be given to strengthen the family unit. Efforts will continue to be undertaken to equip families to face the challenges arising from rapid economic development as well as ensuring stability and harmony within the family unit. In addition, the family development programme will continue to be implemented to ensure that families and society in general are resilient.

Strengthening Moral and Ethical Values

1.56 A good value system that emphasizes moral and ethical behaviour based on religion, customs and tradition, will be an important component of all development efforts. Attributes such as honesty, discipline, diligence, integrity, commitment, respect and tolerance will continue to be nurtured and inculcated through the education system, religious, social and business organizations as well as the media. Greater emphasis will be given to instil these positive values among youths through the implementation of the *Rakan Muda* programme.

1.57 In striving to be a fully developed nation as envisaged in Vision 2020, there is the need to instil a sense of common identity and national pride built upon Malaysia's heritage and past achievements as well as to harness and optimize existing potential. This sense of common identity and shared purpose continues to be crucial to nation-building. The inculcation of positive values and belief in good moral and ethical behaviour as a way of life among Malaysians will thus, be the cornerstone for the nation's success.

IV. CONCLUSION

1.58 The thrust of the Eighth Plan will be to sustain growth and competitiveness in the face of growing globalization and liberalization. Prudent macroeconomic management to ensure the optimum and efficient utilization of resources as well as efforts to strengthen the resilience of the financial and monetary system will be required to sustain growth. Strategies to address the major challenges during the Plan period will include enhancing productivity, increasing supply of quality manpower, intensifying R&D activities and propelling the development of the growth sectors. To enable the country to develop a knowledge-based economy, it has to operate at a higher production frontier and accelerate the shift from an input-driven to productivity-driven growth. At the same time, emphasis will also be given to enhance the quality of life through the provision of better social services including health and education facilities, adequate and affordable housing and other related services. Efforts will also be undertaken to ensure that the social fabric of Malaysian society is upheld and strengthened, and is resilient to withstand negative influences that may affect the foundation of social harmony, tolerance and nation-building.

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