

MALAYSIAN DEFENCE BUDGETS
A STUDY ON THE RESOURCE ALLOCATION FOR DEFENCE

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by

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SUMMARY

World defence expenditures have amounted to hundreds of billions of dollars yearly and the rising trend does not appear to level-off. Defence has absorbed a significant portion of world resources, and in order to obtain a clearer perspective of the impact it has created, it seems valid then to suggest an understanding of the factors that influence the allocation of resources for defence. In Malaysia, the decision of establishing Defence requirement has always been influenced by political visions regarding the mission of defence. As a result the allocation for defence budget has in the past not been given the recognition and priority.

This study represents an attempt to examine defence expenditures and the allocation of resources in the context of the Malaysian Armed Forces, the objectives being:

- a. to establish the relationship between defence policies and resource budget.
- b. to determine a means for allocation resources to, and within, the Armed Forces using defence budgeting as the instrument of allocation.

The analysis of the subject firstly discusses on the conceptual theme of defence as a public good by introducing the aspect of societal obligations and examining alternative means of measuring the burden of defence. The second part relates the burden to the allocation process and it also describes the structure and process of the defence budgeting system. The third part examines defence policies and resources allocated to the Armed Forces since independence. In this part, particular care is taken to observe policy shifts and their effects on resource allocations. The final part analyses the impact of political intonations of defence policies and the effect of political preferences on the resource allocation process.

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1.1 BACKGROUND

Considerable amount of the world's resources are taken up by defence expenditures with no signs present that the upward trend is flattening out. The level of defence expenditure appears in some way to be a function of the perception of the nature and extent of the threats to a country, though the function does not appear to be a simple relationship between perception and the amount spent on defence.

Different groups of people will perceive threats with differing degrees of intensity and some will over-react and others under-react. Defence expenditures do not necessarily represent considered opinions by the majority of the citizens as to what level of defence expenditure is needed in particular situations. 'How much is enough?' is one of the many unresolved problems of the public and institutional debate about defence spending. It is a political problem not an economic one, in the sense that the mediation of differing perceptions of need is worked out in a political process, though whatever decision is arrived at for a particular defence posture has economic consequences.

To an extent, the problem can be simplified into the relatively uncontroversial statement that the more a society allocates to defence activity the less it has available for civilian activity. If a country has 'too much' defence it is wasting its resources, and if it has 'too little' it is insecure. The penalty for the former may be a lower standard of living for the citizens, and for the latter it may be a loss of independence or an unwanted interference in domestic affairs.