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ADDRESS BY THE DEPUTY PRIME MINISTER TO PERMANENT SECRETARIES, SECRETARIES TO MINISTRIES AND HEADS OF DEPARTMENT AT DEWAN TUNKU ABDUL RAHMAN, KUALA LUMPUR ON 19TH AUGUST, 1965

Hon'ble Minister of Finance, Ladies and Gentlemen.

I am very glad indeed that you have been able to come here from all over Malaysia in response to an invitation from Dato Jamil, the Permanent Secretary of the Prime Minister's Department and Chairman of the NDPC. Just over a year ago in this very same Hall, I spoke about the preparation of the First Malaysia Plan. Since then events and developments have moved pretty fast. It is gratifying to know that proposals prepared by you for the First Malaysia Plan have been vetted at all levels. The comprehensive Plan which is now being drafted is about to be finalised. This morning, I propose to discuss with you the tasks which lie in the years ahead in connection with the implementation of the Plan.

The good work carried out by you all in the execution of the existing development plans and the really magnificent manner in which you have responded to the call of public duty in producing results are deeply appreciated by the Government. Now, that we are on the threshold of launching, in the next few months, a bold and dynamic development plan for Malaysia for the period 1966—70, I consider it appropriate to meet you all again. I know that you will give the same high degree of cooperation, dedication to hard work and service required of every single Government officer to develop our country and meet the challenges and opportunities for the fulfilment of the aspirations of our people for higher levels of living.

In this connection you will also wish to know what possible impact the separation of Singapore from Malaysia will have on our Plan.

It is inevitable that necessary adjustments will be made to accommodate the changed situation resulting from Singapore's separation from Malaysia and resolve new problems arising therefrom. I am conscious of some anxiety over the separation of Singapore from Malaysia and of the effects it will have on the rest of the country politically and economically. You can be assured that the separation of Singapore was the result of mutual agreement between the Governments concerned. It was taken because it is considered to be the best solution available

under the circumstances. It was a sad parting but we should be comforted by the fact that we parted as friends imbued with the desire to keep as close together as possible in matters of defence, economic development, trade and commerce-matters which are essential for the survival, progress and prosperity of both nations. We would promote close cooperation with Singapore for the mutual benefit of Malaysia and Singapore and in the national interests.

The separation might affect the natural and healthy development of both countries if close cooperation and harmonious relations are not maintained between us. It is our sincere hope that Singapore will respond positively to our gesture of goodwill and friendship and work for the good of our peoples.

We are deeply conscious of the difficult problems in the years ahead; problems arising from external aggression, sabotage and internal subversion mounted by Indonesia and Communist agents. These are compounded by the problems associated with the need to accelerate the rate of development of the country. Recognising these problems is not enough. We must tackle them imaginatively and not let them simmer or be concealed underneath.

We have made impressive economic progress in the past several years and the pressing development problems we face are not new to most developing countries of this region. Recognition of these problems and attempting to resolve them is more than half the battle won and we will go onward and upwards. What are our pressing problems? They are those arising from the rapid increase in the Malaysia population and labour force with consequent signs of growing unemployment and the increasing need to provide education, health, housing and other social services. On top of these there is the urgent requirement to improve the standards of living of our people particularly in those areas where living standards are low relative to the rest of the country: e.g. the Borneo States, the north and east coast of the Malayan mainland and some of the urban slum areas. Extensive programme of rural development, land settlement, education and housing will be needed over the next five years to cope with these needs.

As these problems become more pressing, our prospects for further income growth are clouded by uncertainties in world markets for natural rubber and some other traditional export products although on present indications, natural rubber will continue to yield a reasonable return on investment and an adequate income to smallholders for the foreseeable future. This problem points to the need to diversify our agriculture and to make progress in developing alternative sources of income and employment.

The Government, as I stated earlier, has recognised these problems and is making major efforts towards economic diversification and industrialisation. More will be done in these directions but the central problem as regards the First Malaysia Plan is the financial constraint upon the total level of public investment. We have the capacity to develop and administrative and technical capacity are no longer the main bottlenecks as they were during the early part of the decade. In the light of this financial constraint the Government is reviewing the investment target or size of the First Malaysia Plan which will be imaginative and bold but not excessively ambitious. A decision on the revised investment target will soon be announced.

The problems are not insurmountable though challenging and crucial. We are deeply committed to the people, particularly those in the rural areas and the States of Sabah and Sarawak and recognise a clear mandate to accelerate the pace of development. I would like to assure the people concerned that we shall do as much for them as possible and in fact much more than the present plans of the constituent States. At the same time, however, we will need their full cooperation in helping the Central Government to meet some of the problems involved and to mobilise the necessary men, money and material resources for development, defence and security.

There is scope for the States to increase their revenue and hence employment and income through large-scale alienation of land to the private sector to reinforce the good work done by FLDA in land settlement. I am glad that the State Governments which have vast areas of suitable land for cultivation will proceed speedily with alienation of land in accordance with the recent decision of the National Land Council.

Development and Defence are the two pillars to uplift our economy and safeguard our sovereignty. The assistance we are receiving to ensure peace and progress in this country from friendly countries in supplementing our own development and defence efforts is deeply appreciated. But external aid cannot be substituted for our own basic responsibility for economic development, defence and internal security.

These inter-related and indivisible tasks must essentially be carried out by us. The tasks ahead are therefore made that much and perhaps more difficult. Malaysians themselves must show their own initiative and redouble their efforts to help themselves, for 'God helps only those who help themselves'. If we are not prepared to make sacrifices for the good of the Nation and work hard to overcome the problems confronting us, we shall then have failed by our own default. Fortunately in the past two years since the establishment of Malaysia, we

have been able to make remarkable growth and progress and with public support I am sure we can overcome all difficulties.

The question is how should we meet the situation and tackle the problems of development? What are the essential actions that should be adopted in the years ahead in implementing our First Malaysia Plan? I shall suggest a few important requirements basic for efficient implementation of the Plan. Approach these problems calmly but firmly. Tackle them with a singleness of purpose tempered with perseverance and coolness rather than with recklessness and inconsistency. Remember that as a new and growing nation, we will continue to find ourselves in situations which often are difficult and where we simply will not have easy choices or ideal solutions. We therefore must not yield ourselves to frustration and disappointments over stresses and strains which are bound to arise. What is important is that we must consolidate our position, strengthen our unity and dedicate ourselves to the job of nation-building. Let not our difficulties or problems deter our determination to accelerate the economic and social development of Malaysia.

The major emphasis in the First Malaysia Plan will be given to agriculture, rural and industrial development, housing, health and education. Malaysia's marketing system will become more effective with the operation of the Federal Agricultural Marketing Authority whose principal objective is to ensure fair and just returns for farmers' produce. The credit needs of our farmers and indigenous people will be met through a re-vitalised co-operative movement and the establishment of Bank Bumiputera, while extension services and the provision of agricultural inputs such as fertilisers, better seeds and pesticides will be stepped up concurrently with provision of essential infrastructure facilities — roads, transport and communications, power, schools, housing etc. Rural, industrial and urban development will receive greater impetus through the activities of MARA, FLDA and FIDA. These constitute concrete evidence of Government's efforts at modernisation of our society throughout Malaysia.

Government's finances will be severely limited during the next five years but the needs of our people for increased employment and higher levels of income are great. For this reason, first priority under the First Malaysia Plan has been given to projects which directly increase productivity and incomes and those which create new jobs. Projects which merely provide social amenities and do little to raise incomes or employment in the long run have had to take a second place in the Plan. Only by rigidly limiting ourselves to productive projects can we best serve the long-run interests of all Malaysia's people.

When Government development efforts are tending to expand with the launching of the First Malaysia Plan under conditions of financial stringency, we should take all possible care in preparing and implementing our programmes. In this connection, I would suggest what appear to me to be some of the essential steps for action. First, there should be advance planning of projects with proper estimate of costs. I suspect that constant revision of costs exceeding the approved provision in the Development Estimates is the result of inadequate planning and also partly reflects the desire to have elaborate frills and fittings designed to suit the aesthetic value of architects or consultants. This seems to indicate that much more careful and advance planning is required. My colleague, the Minister of Finance, and you all would, I am sure agree that this state of affairs which may be permissible under conditions of affluence should not continue. Instructions have been issued that plans and designs for projects should be estimated properly and worked out in advance. They should be based on functional needs. A Committee on Standards and Costs will be set up under the auspices of the NDPC to check on plans and designs of projects, materials, and quality before they are put out to tender. The specifications should be such as to conform with the utmost economy. Federal and State Government departments will be requested to adhere to this policy strictly. If tendered prices should exceed the provisions voted then the plan might have to be re-designed.

Another important reason for advance planning is to ensure the completion or fulfilment of our plan. To a greater extent our Plan will depend on external financial assistance. We must have in our portfolio sufficient projects, properly studied and planned in advance to qualify for foreign aid. Failure on the part of Departments to produce a sufficient number of planned projects suitable for foreign financing might jeopardise the chances of getting funds for their implementation. I have asked the EPU in consultation with the Treasury, Bank Negara and Ministries and State Governments concerned to press on with the preparation of such projects and explore all possible avenues of foreign assistance.

I would hasten to emphasize that advance planning need not necessarily imply rigid planning. Very often the Plan must be modified or adjusted because of changes in circumstances and conditions since it is impossible to foresee all contingencies. To meet these circumstances, a Contingency Development Vote will be created to be jointly controlled by me and my colleague, the Minister of Finance, for allocation which can only be granted on full justification.

Secondly, the Economy Drive Committee, which has already been established, will help to ensure that we get the best value for every dollar spent on development and recurrent expenditure. I am advised that there is scope for minimising expenditure by reviewing present establishments and exercising stringent economy in expenditure by Federal Ministries and Departments. It is essential that at this amount of Emergency, Federal and State Governments as well as Public Authorities should work in unison in carrying out this policy.

Although the State Governments might have funds of their own for development projects under the State lists, I hope they will adopt the rigorous standards as outlined above. Officers are reminded that expenditure should be directed to economically productive projects and the so-called prestige projects and public buildings will be eliminated or reduced to the minimum. The same stringent standards of economy and the same criteria as apply to Federal Departments will also apply to State Departments and it is my earnest hope that State Governments will co-operate fully with the Central Government when implementing development programmes under the First Malaysia Plan.

Thirdly, steps will be taken early next year to designate a group of "expeditors" who will not only assist co-ordination and expedite action on projects on the ground but also evaluate the results and progress made. The administrative machinery will be strengthened and further streamlined to achieve the necessary co-ordination, speed of action and full utilisation of completed projects.

In this connection I would like to see greater delegation of authority in the discharge of responsibilities. Detailed and excessive minuting upwards, and downwards and even sideways should be minimised. A relatively high degree of discretion should be given to individual officers to carry out their planning and implementation of programmes.

It is important to increase efficiency and improve the services to the public. Officers are aware and conscious of this need and I am glad that they adopt a human approach to all problems with a spirit of service and leadership. Without these even the best trained officer and the best prepared plan or programme will fail to evoke public response and participation.

Development planning, let it not be forgotten, is not an end itself. It is essentially a means to an end - which is to promote a higher standard of living and a happier and more prosperous society.

**This end can be achieved only if those entrusted with the task of plan implementation undertake this work in a spirit of public service and conduct themselves in a manner which inspires peoples' confidence and cooperation.**

**it is gratifying to note that our public service is one of the best in the developing countries in the region but there is room still for improvement - any country which is satisfied with the status quo will eventually lag behind. One cannot be complacent with the achievements thus far attained but must strive for greater goals and achievement in the years ahead. For this reason the Government has invited a two-man team of public administration experts provided by the Ford Foundation to make recommendations for increasing efficiency and performance in the development administration of this country.**

**Malaysia is one of the few countries in Asia and South East Asia which is committed to the basic political form of parliamentary democracy and a democratic system of government dictates that we must inspire popular public participation in the important task of development and meet the aspirations of the people for a better standard of living. This is the surest means of warranting the country's democratic future.**

**Well, gentlemen, once again thank you for coming here this morning and in concluding my address I would like to congratulate you all for successfully completing the groundwork for the launching of the First Malaysia Plan. I am confident that you will respond to the challenge and opportunities in implementing the Plan and helping to achieve the objectives of building a peaceful, prosperous and progressive Malaysia.**



**Tun Abdul Razak bin Hussein ketika berucap kepada Setiausaha-Setiausaha Tetap dan Setiausaha-Setiausaha Kementerian, Setiausaha-Setiausaha Negeri, Setiausaha-Setiausaha Kewangan Negeri, Pegawai-Pegawai Pembangunan Negeri dan Ketua-Ketua Jabatan Persekutuan mengenai Pelaksanaan Rancangan Malaysia Pertama (1966-1970) di Dewan Tunku Abdul Rahman, Kuala Lumpur pada 19 Ogos, 1965.**