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SPEECH BY THE DEPUTY PRIME MINISTER ON THE
FIRST MALAYSIA PLAN, 1966-1970 IN THE DEWAN
RAKYAT ON 17TH DECEMBER, 1965

Tuan Yang di-Pertua, bagi menjawab pandangan-pandangan daripada Ahli-Ahli Yang Berhormat dan juga bagi menggulung perbahasan di atas Rancangan Lima Tahun Malaysia Yang Pertama ini, saya suka mengucapkan setinggi-tinggi terima kasih kepada Ahli-Ahli Yang Berhormat yang telah menyokong usul yang saya kemukakan dalam Dewan ini. Sebelum saya bercakap di atas pindaan yang didatangkan oleh Ahli Yang Berhormat daripada Tanjong¹, saya suka hendak menyebut dua tiga perkara yang dibawa oleh Ahli-Ahli Yang Berhormat untuk menambah keterangan-keterangan yang telahpun diberi oleh rakan-rakan saya — Menteri-Menteri di sebelah sini.

Yang Pertama sekali, Ahli Yang Berhormat daripada Bachok² ada mengatakan yang saya ini tidak memberi kepujian kepada Ahli-Ahli Dewan daripada pihak Pembangkang di atas usahanya dalam lapangan pembangunan. Tuan Yang di-Pertua, saya sangat susah hendak memberi kepujian sebab tidak ada langsung usaha-usaha yang diperbuat oleh mereka itu, bahkan kebanyakan mereka itu sentiasa menidak-nidak dan mengecilkan pekerjaan-pekerjaan dan juga kejayaan-kejayaan yang telah dicapai oleh pihak Kerajaan. Kalau mereka itu ada sedikit pun membuat jasa, saya sedia hendak memberi ucapan terima kasih tetapi sebab tidak nampak langsung, susah sedikit hendak memberi terima kasih.

Ahli Yang Berhormat daripada Raub³, ada mencadangkan bahawa mustahak Ahli-Ahli Dewan Rakyat ini menjadi Ahli Jawatankuasa Pembangunan Luar Bandar Negeri. Saya telah menimbangkan perkara ini dan telah menulis kepada Menteri-Menteri Besar dan Ketua-Ketua Menteri untuk hendak mengadakan perhubungan di antara Kerajaan Negeri dengan wakil-wakil Rakyat — baik di peringkat Persekutuan dan juga peringkat Negeri. Saya telah mengesyorkan supaya diadakan mesyuarat antara Menteri-Menteri Besar dengan wakil-wakil Rakyat dua bulan ataupun sekurang-kurangnya tiga bulan sekali supaya dapat semua wakil-wakil Rakyat mendengar keterangan-keterangan daripada Menteri-Menteri Besar dan Kerajaan Negeri dan dapat mendatangkan buah fikiran terhadap Rancangan-rancangan Pembangunan. Jadi saya nampak susah sedikit kalau hendak ditaruh Ahli-Ahli Yang Berhormat dalam Jawatankuasa Pembangunan Luar Bandar Negeri sebab Jawatan-

¹ Dr. Lim Chong Eu.

² Encik Abu Bakarbin Hamzah.

³ Encik Hussein bin To' Muda Hassan.

kuasa itu ialah dihadkan kepada pegawai-pegawai negeri sahaja dan Ahli-Ahli Majlis Kerja atau Exco Negeri.

Ahli Yang Berhormat daripada Jelebu-Jempol⁴ ada memberi pandangan bahawa pada fikirannya elok rancangan-rancangan pembangunan luar bandar yang dijalankan di serata daerah itu dikaji semula dari satu masa ke satu masa, supaya rancangan itu dapat berjalan dengan lebih sempurna. Saya suka yang perkara ini dijalankan di peringkat Jajahan dan juga peringkat Negeri bahkan memang dikehendaki yang Jawatan-uasa Pembangunan Luar Bandar Negeri dan Jajahan itu sentiasa menyemak rancangan-rancangan yang telah dijalankan dan juga memperhatikan rancangan-rancangan yang sedang dijalankan, juga dengan cara yang semacam itu kemajuan-kemajuan kita dapat berjalan dengan teratur dan dengan sempurna.

Now, Sir, as usual, Honourable Member of the Opposition have sought to amend this Motion proposed by the Government, and, as usual, as has been customary on their part, they have sought to belittle the efforts and the success of the Alliance Government in building a more united, secure and prosperous nation. Certain Opposition Members in this debate have spoken as if they possess all the answers to Malaysia's problems. The interesting point, however, Sir, is the fact that they have offered no alternative programme which bears even the slightest comparison with the dynamic strategy of the Government's Plan. I should like to remind Member of this House that, while the Government appreciates and is ready to listen to constructive criticisms, I am sure the people of this country would not allow Members of the Opposition to indulge in distortion of facts to mislead the public. More often than not, they deliberately try to exaggerate the economic and social problems with which our country is confronted and belittle the Government's outstanding record of success in development.

The Honourable Member for Tanjong in moving and amendment to the Motion standing in my name, Sir, suggested that the words "just" and "equal" be added between the words "united" and "secure" in the original Motion. Now, in moving this amendment, he spoke at length, among other things, about the need for more equal distribution of the income of the people. Well, Sir, I consider this amendment is quite unnecessary. The whole concept and objective behind our Development Plan is to narrow the gap between the "haves" and the "have-nots" while generating the growth and expansion of our economy. As I said in moving this Motion, we do not believe in out-dated doctrine or textbook doctrine; we believe in practical planning which can meet the situation and circumstances occurring in our country; and we believe in a plan which embodies principles and policies and policies which, in the past, have clearly produced results. Our concept of united, happy and

⁴Encik Mohamed Idris bin Matsir

prosperous Malaysia is that there should be greater justice and equal opportunities for our people. We cannot, of course, make everyone equal in all respects because this is clearly not possible. But what we intend to do is to give equal opportunities to all our people of various racial origins to improve their economic condition and to have a decent standard of living in a civilised society. In doing this, we will not take away the rights and privileges of one section of the community and give them to the other. In doing this, we intend to give all sections of our people greater opportunities and a bigger share in the progress and prosperity of our country. Our Development Plan, particularly our rural development plan has been carefully planned and thought out with this objective in view, that is to say, to level up the income of our people, particularly the "have-nots".

Now, the Honourable Member for Tanjong talks about democratic socialism. Sir, quite obviously he is drawing inspiration from his colleagues south of the Causeway. It is interesting to see, Sir, whether there is real democracy practised there, or whether any form of socialism is being carried out there. We, in this country, as I have said in moving the Motion, do not believe in empty slogans, and I ask the people not to be misled by empty slogans. We believe in concrete results, in achievement and success. We here have shown to the people results in concrete form, in our villages, in our kampungs throughout the country. Therefore, Sir, the amendment by the Honourable Member for the Tanjong is completely unnecessary as was explained by my colleagues from this side of the House, and also by members of the Government backbenchers.

Now, Sir, many Members of the Opposition, especially the Honourable Members for Tanjong and Bungsar⁵, tried to make capital out of the need for an equitable distribution of income. We on this side of House, Sir, need no lecture on what should be done in this respect, because we are fully aware of the needs for more equitable distribution of income and the levelling up of income of the "have-nots". Our development expenditure will continue to be directed towards creating increased opportunities to all the low income groups to improve their levels of economic and social wellbeing. The large expenditure which we will be making in regard to agriculture and rural development, education, rural health facilities and MARA provide ample examples of the Government's determination to continue to bring about a more equitable distribution of income in the country. Also, Sir, our policy of encouraging the establishment of cooperative societies and also the proposal to establish, or has been established now, the Federal Agricultural Marketing Authority will, I hope, go a long way towards fulfilling this objective of the Government.

⁵Encik C.V. Devan Nair

Now, Sir, the Honourable Member for Tanjong has charged that the Government has frittered away its resources and is now having to rely to much on foreign aid. Sir, the answer to this allegation is that the rapid increase in Government expenditure over the last few years has been required by the increasing responsibilities for improving the lot of our people which the Government has undertaken. Now, as Table 2-9 of the Plan shows, development expenditure rose more than five-fold from 1960 to 1965. The results of this expenditure, in term of the rapid economic growth as described in Chapter 2 of the Plan and in terms of the additional economic and social services provided, are impressive indeed. Similarly, the growth of recurrent expenditure is explained mainly by the ever-increasing scope of public activity in education, health, defence and other services. It is only the rapidly increasing expenditure on defence and internal security that we regret having had to make. But we had no choice, Sir, in this. National survival requires that we defend ourselves against aggression by a bigger and aggressive neighbour.

In future, too the needs of the country will be increasing rapidly. The Government cannot fail in its duty to respond to these needs, even if the result is financial stringency. Because Malaysia has always managed its affair soundly in the past, and because the needs of the next few years are great, the Government feels that there is a strong case for increased foreign assistance. We would not choose to have the Plan so heavily dependent upon foreign assistance, but we prefer to make every attempt to obtain such aid if it is the only way that the needs of our people can be met.

Now, Honourable Member for Bungsar has suggested that the Plan should make still greater efforts to raise resources internally and avoid so much reliance on foreign financing. He has, Sir, even gone so far as to assert that the sizeable foreign financing target constitutes an attempt to cover up a basic lack of determination to mobilise internal resources for development. Yet, Sir, the Plan is very clear on this. In paragraph 164, page 72, the limiting factors on internal resource mobilisation for the public investment programme are clearly stated. The inflationary dangers of too much borrowing from the banking system are to be avoided. Now, Sir, even more important — and I would like to quote paragraph 164 — is that:

"the financial framework of the Plan has been prepared on the principle of continuing to place major reliance for Malaysian development on the private sectors. The mobilisation of resources for public investment through taxation and domestic borrowing will therefore be limited so as to leave ample means for the financing of the private investment which is crucial for Malaysia's economic progress.

The Government, Sir, will make every possible effort to raise more resources internally, but it will not do so as the cost of inhibiting the growth of private investment or depressing the living standards of our people.

Now, Sir, I would invite the attention of this House to the attempts made by the Honourable Member for Bungsar and the Honourable Member for Batu⁶ to create confusion about the employment targets of the Plan. Some of these criticisms, are totally unfounded. Sir, such as the statement that the target of 460,000 new jobs is far less than the increase expected in the size of the labour force which is in fact 460,000.

The Honourable Member for Bungsar has suggested that much of the increase in employment achieved during the past five years might have consisted of workers who were under-paid or under-employed. He implies that jobs on small-holdings and others outside the industrial sectors are somewhat of lower class, and not to be counted as on one-for-one basis. But all of this is mere speculation, Sir. Now, employment of FIDA, or other land schemes, or on land made cultivable by drainage and irrigation, is no less important because it is in small-holdings and not in estates or industry.

Another criticism, Sir, and this one is somewhat mischievous to my mind, the Honourable Member for Bungsar suggests that perhaps the Ran is being over-optimistic in estimating that the labour force of Malaya will increase by 380,000 which is about 10% more than the labour force growth in the last five years. He contends that this projection may not reflect adequately the growth in population in the ages at which young people start their working life. But, the Honourable Member here fails to note that the growth of educational enrolments means precisely that the labour force growth is not as great as would otherwise be the case. Many thousands of our young men and women will be in schools and institutions of higher learning rather than seeking work, and I am sure that the Honourable Member for Bungsar would not wish this House to believe that it is bad to plan such an expansion on education.

The Honourable Member for Bungsar also suggested that the job targets represent a questionable strategy for development. He maintains that they emphasize agricultural employment rather than manufacturing, whereas generally in developing countries, he asserted, the emphasis is the other way round. The Government prefers to be realistic with respect to the speed of industrialization that can be attained.

⁶ Dr. Tan Chee Koon

One of the heritages of independence which we had was a very low level of manufacturing. Under the Malayan Second Five Year Plan, however, the output of this sector has increased by more than 11% per year. The present Plan contemplates almost as fast a rate for the next five years. Contrary to what the Member for Bungsar would have us believe, this is an ambitious target requiring all-out public and private efforts.

The Plan contemplates that manufacturing jobs will increase by more than 20% during the next five years, whereas agricultural employment will increase by less than 12%.

Now, Sir, the Honourable Member for Tanjong and also the Member for Batu have referred to Malaysia's shortages of skilled manpower particularly the higher level skills. They have contended that the Government has neglected to provide such training in the past and that efforts are just beginning to be made to provide such training. This, of course, is not true, Sir, and I think that the Honourable Member for Tanjong ought to know that the Education Committee Report of 1956, of which he was one of the signatories, and also again the Education Review Committee Report of 1960, did make specific recommendations for the expansion of secondary and technical education. Again, also as a result of the far-sighted policy of the Alliance Government, a separate University was established in Kuala Lumpur as early as 1958. Since then, Sir, the University has been expanding rapidly and at the same time the Technical College and the College of Agriculture have also expanded. So, great efforts have been made in this direction, and it is quite untrue to say that the Government does not know what our manpower needs are. The rapid development of our educational system in the past decade to produce trained people at various levels, and our plans to continue to expand and improve the system as indicated in the Plan, are all aimed at meeting the manpower requirements of the nation. However, Sir, in view of the rapid development and transformation of our economy, it is necessary to carry out assessment of manpower needs from time to time to ensure that the development of our educational system is fully geared to meet the changing needs and ever-increasing needs for manpower.

The Honourable Member for Tanjong alleged that the Perspective Plan is not realistic because no action is taken on economic cooperation with Singapore. Now, the Plan is formulated on the basis of what judgement we can confidently make about our future economic prosperity. The Honourable Member will appreciate that since Singapore's separation from Malaysia, this Government has intended to cooperate largely with the Singapore Government in all matters for the

benefit of the people. However, utterances and actions by the leaders of the Singapore Government have not been conducive to such cooperation. If Singapore Government sincerely desires to cooperate with us on a mutually beneficial basis, we will not only be too pleased to do so. Lately, judging by the pronouncement made by the Minister of Finance of the Singapore Government, there appears to be a change in the attitude of the Singapore Government. However the statement by the Singapore Minister of Labour this morning, as reported in the papers, reflects an unpredictable attitude which we find difficult to understand. This ambivalent attitude is definitely not conducive to creating a favourable climate for discussions of closer economic cooperation. Cooperation must be based on mutual trust and confidence. Therefore, Sir, whatever cooperation that may eventually emerge is yet unknown. It should, therefore, be clear to everyone that it has not been possible to make an assumption on economic cooperation with Singapore. It is extremely difficult to take account of matters in preparation of the Plan on something which is yet undefinable.

Now, Sir, the Honourable Member for Batu, I am afraid, has a very much confused, or he himself has a very confused notion of how the Plan was drawn up. He says that the Plan consists of a hotch-potch of projects from various Ministers and consists of a simple compilation of projects of all the various Ministries cut down to size and bound together in one volume by the N.D.P.C. Now, Sir, members of the N.D.P.C. he says, all have other important assignments and, therefore, they engage in development planning only as a part-time job. Then he goes on to make a recommendation which he obviously considers to be revolutionary. He suggests that we set up a Planning Department, or Ministry, with highly-trained technical staff to do planning work and coordinating the development efforts of other Departments. In fact, Sir this suggestion of his shows that he knows very little about the working of the Departments, as to how Government formulates development plans.

Now, N.D.P.C., or the National Development Planning Committee, is the main official level body within the Government, appointed to advise the Cabinet on development matters. Its members are drawn from various key Ministries and Departments and the staff of N.D.P.C., including the actual drafting of the Plan, is supported by the Economic Planning Unit, and the E.P.U. works in consultation with State Governments, Ministries, the Treasury, and other Departments. Now, the E.P.U., or the Economic Planning Unit, is a full-time Department technically competent to plan and coordinate and to make recommendations for consideration of the Government. Sir, we can only congratulate ourselves that the Government's organisations for development is in line

with the recommendations of the Honourable Member, and I am only sorry that he does not know the existence of these organisations.

The honourable Member of Tanjong has suggested that the 20-year Perspective Plan will bring Malaysia's level of income per capita only up to the level presently enjoyed by the people of Singapore. Here, I think he is simply playing with statistics. The latest data for Singapore — which are not very reliable — show that per capita income was \$1,350 in 1964. Malaysia's average in the same year was \$910. But, this simple comparison is quite misleading. Singapore is a small city State which depends mainly on trade for its livelihood, while Malaysia covers a large expanse of rural territory, including especially low-income agricultural areas on the Malayan East Coast and also the Borneo States. Income levels in Malaysia's large towns are probably no lower than that of Singapore. But what really counts is not just what the present level is but whether that level is increasing. To raise Malaysia's national average, including all the rural areas and not just the towns, to a figure of \$1,500 or more by 1985 will be a development achievement, to my mind, of considerable proportions. Who can say what will happen to Singapore in 20 years time?

The Honourable Member for Batu pointed to a few shortfalls in development expenditure, and with this in mind questioned whether the Second Five-Year Development Plan has been a success.

In no plan and in no country, can anybody reasonable expect that all development targets will be fully met. In comparison with many other countries, Malaysia's performance is certainly one from which considerable satisfaction can be drawn, if we are to judge our past achievements objectively. Our major objectives are specific and clear. And so is the evidence of our achievements. It has been clearly set in print in the Plan and — it is for all to see, for all who care to witness — the results on the ground have far exceeded our original targets in most cases.

Sir, the Honourable Member for Bungsar has stated that the financial progress for the last five years was not realistic. He says it was "misleading". He has alleged that the original target of \$2,150 million refers only to the expenditure by the Federal Government whereas the Treasury Memorandum clearly stated that the amount of \$2,651.7 million of public development expenditure includes States Governments and Public Authorities. Sir, I would not have bothered to reply to this frivolous observation, if he was genuinely misinformed; but like many Honourable Members of the Opposition, he was deliberately distorting facts. I am inclined to excuse the Honourable Member this time because, when we prepare the Second Five-Year Plan, the Honourable

Member for Bungsar was only a trade unionist in Singapore and could not have an interest in our development efforts. But, Sir, for the benefit of Honourable Member, Sir, I would like to point that on page 55, paragraph 17, it is clearly stated that the estimated requirements to fulfil the objectives of the Second Five-Year Plan are about \$5,050 million. Of this amount \$2,150 million will be required for investment by the Federal State and State Government and public enterprises such as the Central Electricity Board, the Malayan Railway and the Penang Port Commission. Now, it is absolutely clear that the original target of \$2,150 million is the total target of public-sector investment, including State Government and all others.

Sir, the Honourable Member for Batu, while agreeing with the Government that agricultural research is of considerable importance, claimed that there was no increase of expenditure for the period 1966—70. This is untrue, Sir, The Development expenditure for agricultural research in this First Malaysia plan will be in the region of \$17 million for Malaya as compared with the \$5 million in the past five years.

The Honourable Member for Batu also charge that not sufficient attention is being given to the FLDA land schemes. Now, Sir this criticism is clearly unfair and unobjective. No one will question the immense nature of the programme and the many difficulties associated with the implementation. We would admit without hesitation that we would like to have done much more. What is important is to appreciate the fact that this Government is progressively increasing the momentum of land development, while at the same time taking steps to train enough field personnel to establish, operate and manage an increasing number of land schemes. Also Sir, FLDA land scheme is not the only scheme that we have - there are other scheme. There are the fringe alienation and controlled alienation which are being undertaken by the Government.

Now, Sir, a number of Honourable Members of the Opposition criticised the size of the allocation of public development expenditure for industrial development. They considered the allocation too small. Here again, they have misunderstood the role of the Government, vis-a-vis the private sector in regard to industrial development. It was stated very clearly in the Plan that the main operational responsibility for industrial development will be with the private sector and that the role of Government will continue to be to provide whatever assistance and encouragement as are necessary. Much of the programme of the Government will comprise promotional measure like protective tariffs and tax incentives for which capital expenditure is not involved. A full discussion of this programme is contained in Chapter VIII.

The Honourable Member for Bungsar has gone to great pains to examine and consider the First Malaysia Plan. He has deliberately attempted to discredit the boldness and soundness of the Plan. In doing so, it is clear to me that he is deliberately attempting to belittle the achievements and the work done by the Government. In considering our past achievements he has asserted that we have presented the picture only in financial terms and not in physical terms. He referred to Table 2-6 as the only indication of achievement in financial terms. I wonder whether he did read the many sections, particularly in Part II of the Plan which went to great lengths to indicate progress in physical terms?

Now, Sir, listening to him, I wonder whether he did in fact undertake to study the Plan carefully before coming to this House? If so, did he really understand the issues involved? If he did all these, the unmistakable conclusion is that he was prepared to flout facts and reason for the shallow purpose of more destructive criticism. To him, Sir, nothing that this Government does is good for the people.

So, Sir, it is abundantly evident that none of the criticisms made in the course of the debate on the Plan has succeeded in refuting our contention that this Plan is sound, bold and imaginative. Therefore, Sir, we cannot escape the conclusion that the First Malaysian Plan provides a realistic blueprint for meeting the objectives set out in this Motion. Therefore, Sir, it is with great pleasure that I commend to this House the First Malaysia Plan.