

**SPEECH BY THE PRIME MINISTER, AT THE
OPENING OF THE SEMINAR ON "EXPERT
CONSULTATION ON INTEGRATED FARMERS
ORGANISATIONS IN ASIA" AT THE BANQUET
HALL, FEDERAL HOTEL, KUALA LUMPUR
ON 20TH NOVEMBER, 1973**

Tuan Pengerusi, Y.B. Menteri-menteri, Tuan-tuan Yang Terutama, Dif-dif yang terhormat, Tuan-tuan dan Puan-puan dan Saudara-saudara sekalian,

Terlebih dahulu suka saya menyatakan ucapan terima kasih kepada pihak penyelenggara Seminar ini kerana sudi menjemput saya merasmikannya. Seminar mengenai "Export Consultation on Integrated Rural Development through Farmers Organisation" ini sangatlah kena pada masanya khasnya bagi kita di Malaysia oleh kerana Farmers Organisation atau Pertubuhan Peladang baru saja mulai bergerak menjalankan tugas-tugasnya dan hanya kelmarin saja saya telah bersama-sama untuk merasmikan mesyuarat pertama Lembaga dan Majlis Penasihat Pertubuhan itu.

Saya suka juga mengalu-alukan peserta-peserta Seminar ini dari luar dan dalam negeri yang telah datang untuk bertukar-tukar fikiran dan pendapat cara bagaimana sebaik-baiknya kita berusaha meningkatkan lagi daya pengeluaran petani-petani supaya dengan itu mereka dapat menambahkan pendapatan dan meninggikan taraf hidup mereka.

Mr. Chairman, Ladies and Gentlemen,

I would like to extend a hearty welcome to all of you who are participating in this Seminar. I am particularly pleased to have this opportunity of meeting rural development experts from Asian countries on the practical aspects and problems of operating farmers' organizations. Unlike many such Seminars and Symposia in the past, which were chiefly concerned with the general concept and structure of integrated rural institutions, this current one is really a "follow-up meeting" focussing on the more practical aspects and problems of operating such institutions.

We are very grateful indeed to the joint-sponsors for having chosen our country as the venue of your meeting. It is also a happy co-incident that on 1st November, 1973, our Farmers Organization Act, 1973, came into effect which provides for the integration of farmers associations and agro-based co-operative societies into farmers' organizations.

Malaysia, as you well know, is predominantly an agricultural country—the agricultural sector generates more than 30% of the Gross Domestic Product. It provides employment for nearly half of the working population and contributes to about 50% of the country's foreign exchange earnings.

However, ours is basically a smallholding agriculture as two-fifths of the cultivated area is operated smallholder-farmers. There are 600,000 farm-households, supporting a population of almost three million in the rural areas, with an average farm size no larger than eight acres. The bulk of the smallholdings are below this average—ranging between two to six acres, and generating an average income of less than \$100 per month.

While it is true that we have made significant progress in the overall economy, we are still faced with the increasing problem of widening socio-economic gap between the urban and the rural sector. We have therefore, placed high priority in our development strategy on the rapid generation of income in the rural sector, particularly within the smallholding agriculture. But the success of our rural development programme depends upon the degree of responsiveness of farmers themselves towards modernization—that is, the acquisition of technical skills and new social values.

It has been said that there are three types of farmers: one that sees change and helps to facilitate it; one that sees change and does nothing about it; and finally one who wonders at what had happened and its too late! It is true, of course, that if we are going to modernize the peasant sector in the sense that we have to mechanise it, to bring chemical fertilizers, introduce new planting materials and new methods of growing, even new crops and new methods of processing. All this is necessary. But before we can bring this about, there must be "institutional changes" in the society. Indeed, this is one of the weakest areas in the rural development programmes of most developing countries. It is not necessarily true that by bringing a new technology to the farmers, they get higher

income and better standard of living. It doesn't work, because of the existing relationships between farmers, landlords, money-lenders and the exploiting middlemen.

Today, our unionised workers are doing very well. It has always been my article of faith, that unless we can get people actually organised in a big way, they cannot get really modernized. Take for example the rice industry. In the past, there has been a tendency to encourage the growth of a large number of rather small co-operative rice mills for home consumption. The farmer may sell off a little bit when he needs some cash. Many have found that this is a high-cost method and does not bring the padi farmers into the monetised sector at all. When they do come in, they are exploited by the big mills who buy padi through these small mills at a rather low price. The crux of the modernization process is: we have to convince the farmers that they must produce commercially and sell it for cash. They must manage their lives on the basis of cash income and we must make it possible for them to earn enough income for a decent life. Only then will they begin to live in a different way, and think in a different way. In other words, they will then become a new kind of economic men.

Ladies and Gentlemen.

Your Seminar is concerned about farmers organizations and I would like to say a few words on the development of our grassroot organizations. Today there is a total of 1,536 agro-based co-operative societies; of these, 943 are village credit societies, 238 rice-milling societies and 371 multi-purpose co-operative societies. We have now adopted a programme of consolidation i.e. amalgamation of small unit single-purpose co-operatives. This has brought about a reduction in the number of rural credit societies, and, on the other hand, has seen the birth of a new type of society—the multi-purpose societies having credit, marketing, processing and consumer supplies as their objectives. However, the problem of proliferation of rural institutions does not end here. Parallel with the co-operative movement is the establishment of multi-purpose farmers' associations providing integrated services such as extension, credit, marketing, farm input supplies, transportation, warehousing and processing services. They are organised on a three-tier system, with Area Farmers' Associations at the grassroots level, and state level Farmers' Associations and a National Farmers' Association.

In order to accelerate the modernization process in the rural sector, the most obvious strategy is to mobilise farmers' associations and agricultural co-operatives as the vehicle for integrated agricultural development. It has been recognised that the parallel existence of both farmers' associations and agro-based co-operative societies within the same locality in the rural sector has given rise to certain problems. The existence of farmers' associations and co-operative societies within in the same farming locality, serving the same people and yet subjected to different ministerial policies and serviced by different departments, has created some confusion among farmers with regard to Government objectives and policies. Besides this duplication of purpose, farmers' associations face difficulties in expanding their activities into areas where they would be competing with co-operative societies for the same people.

The Government, therefore, decided on a streamlining of policy in regard to the development of rural institutions. The new policy involves two elements: the creation of a single authority—the Farmers' Organisation Authority—to co-ordinate the activities of Government departments and statutory bodies directly concerned with agricultural development; secondly, the integration of all farmers' associations and agricultural co-operative into farmers' organizations. To date, the FOA has taken over 122 Area Farmers' Associations nine State Farmers' Associations and one National Farmers' Association as well as the 1,536 agricultural co-operatives mentioned earlier. As you can see, the supervision and promotion of these associations and co-operatives present a tremendous challenge to the Authority in terms of managerial requirements and financial resources.

The new law provides for the integration of an area farmers' association with agricultural co-operatives within the same locality into an Area Farmers' Organisation. The problems attendant upon this integration—the 'operational problems'—will interest you most. It is envisaged that if the integration exercise can be effected throughout the rural sector, overlapping and duplication of activities between farmers' associations and agricultural co-operatives will be avoided. The potential benefits of integration are obvious—in processing and marketing as well as in the wholesale aspect of consumer distribution and transportation, there are substantial economic and commercial benefits to be gained from large scale operations as a result of a pooling of financial and managerial resources.

Ladies and Gentlemen,

You will observe that the new strategy does not require the dissolution of any existing institutions but it has to define the exclusive functions of each institution. The basic aim is to have a rural development strategy whereby the farmers are given effective and efficient services through co-ordination at all levels—village, district, state and national. This calls for a thorough discussion in regard to the assignment of functions. Should all extension service activities be assigned to the existing farmers' associations and all marketing, processing, credit and consumer supply activities be assigned to existing co-operatives? These are some of the operational problems, which, I hope, you would be addressing yourselves, when discussing the Malaysian context.

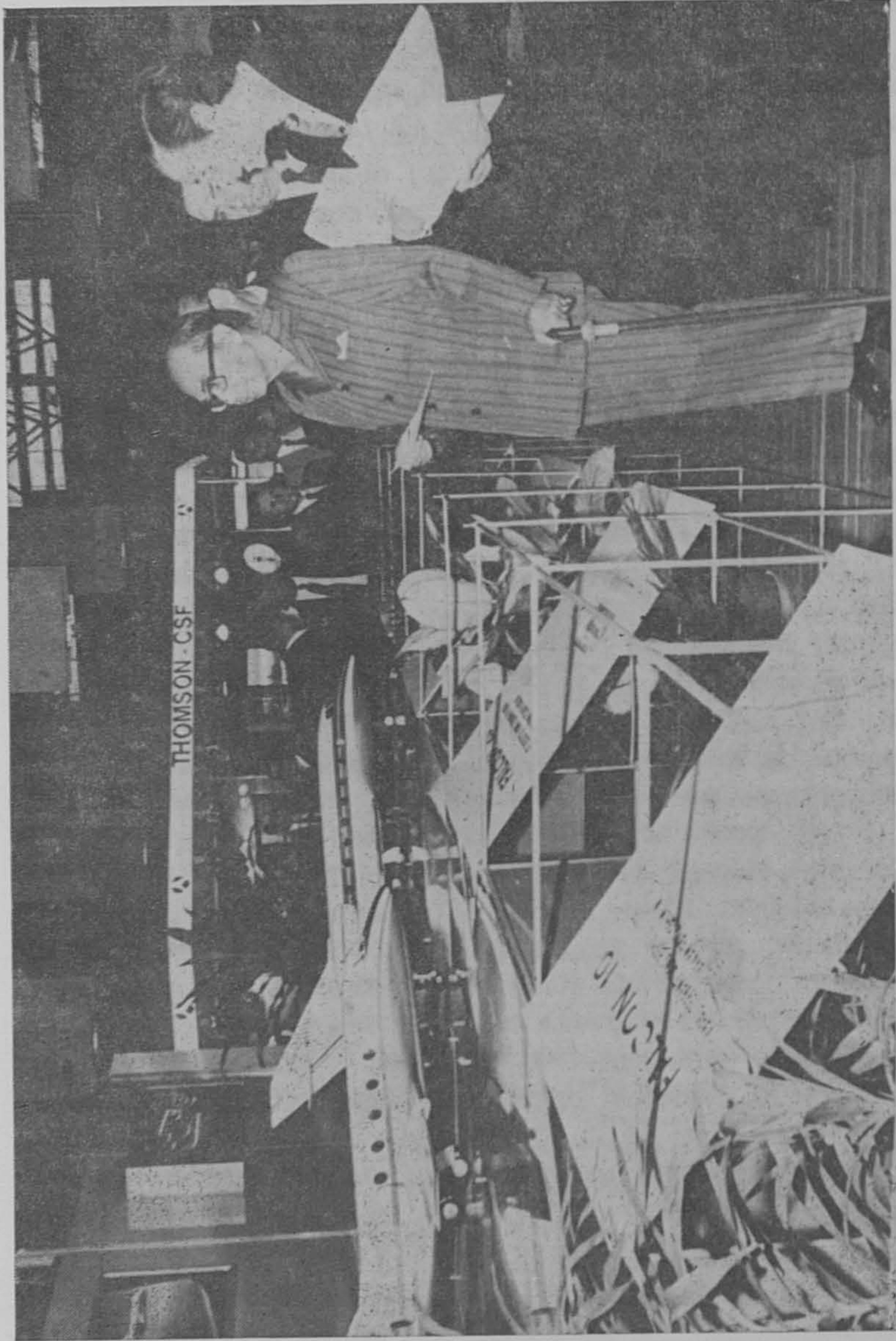
I believe that many of the operational problems can be solved if the activities and services provided by government agencies and statutory bodies which are directly concerned with agricultural development are properly co-ordinated. This is the idea behind the establishment of Agricultural Development Centres. This is a new strategy in development, the concept of which calls for an integrated approach to agricultural development through an efficient organization of services at the farm-gate level and, where necessary, an integration of such activities and services as agricultural production, processing, marketing, agricultural credit and extension work. The Government departments and statutory bodies must jointly meet the need for a rural "circulatory system"—provision of inputs supplies farm mechanisation services, extension services, credit facilities and the provision of marketing and processing services, which will be channeled through the Agricultural Development Centres. We will thus minimise the operational aspects of farmers organisations, because the whole gamut of activities within the context of each area ADC and enforcement activities of Government agencies are being co-ordinated. If all the institutions and authorities move harmoniously in the same direction, complementary to each other, many of the problems of the farmers' organizations will be solved.

Mr. Chairman, Ladies and Gentlemen,

Malaysia is on the threshold of a new experience in farmers organization. I hope you as experts will contribute your share of

ideas to this meeting and thereby assist us in creating new economic men among our farmers. We look forward to your recommendations with great interest and I can assure you they will be given full attention by the Government.

On that note, I would like to conclude by wishing you a successful conference and pleasant and memorable stay in this country.



Tun Abdul Razak bin Hussein sedang melawat salah sebuah gerai di Expo Teknik Perancis di Kuala Lumpur pada 22hb November, 1973.

(Gambar Jabatan Penerangan Malaysia)