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PRESS CONFERENCE BY THE DEPUTY PRIME MINISTER ON THE SECOND FIVE-YEAR PLAN AT KUALA LUMPUR ON 3RD FEBRUARY, 1961

OBJECT OF THE PRESS CONFERENCE

This Press Conference is being held to give a digest of the Government's Second Five-Year Plan for economic and social development during the period 1961-1965. You would soon be receiving separately from the Department of Information a copy of the detailed Second Five-Year Plan which, however, will be embargoed and can only be used for general publication when it has been tabled before the Dewan Rakyat i.e. on Monday, 6th February, 1961. I might also mention that the Plan will be released for sale to the public by the Government Printer on that day.

SIGNIFICANCE OF THE PLAN

I need hardly emphasize the significance of the Plan. With the Second Five-Year Plan, the Federation enters an important stage in economic development. The Plan is a bold programme of a young nation for accelerating economic growth, the successful implementation of which will go a long way towards laying the foundation for the attainment of higher standards of living for everybody in this country and particularly for those living in the rural areas. Raising the level of living is a difficult task. Our impressive achievements in recent years as attested by a relatively high standard of living, financial and economic stability, should not make us complacent about the difficult economic problems that have to be resolved.

Let there be no illusions about the basic problems of our economy today. Our rate of population growth at about 3.3% per year is one of the highest in the world; and in the next five years jobs have to be found for about 340,000 workers entering the labour market, while the number of children of primary school age will increase by about 200,000. Added to these are the problems of rural poverty, land hunger and the high degree of dependence

of the Federation economy on world influences affecting the prices and demand of rubber and tin resulting in wide fluctuations in income and employment.

SECOND FIVE YEAR PLAN OBJECTIVES

The Second Five-Year Plan is a strategic but flexible blue-print attempting to resolve these problems. It has been framed with the following broad objectives:

- (a) to undertake a programme of rural development to improve the economic and social well-being of the rural population and to redress the imbalance existing between the rural and urban areas;
- (b) to provide employment opportunities for the country's growing population;
- (c) to raise the per capita output of the economy;
- (d) to diversify Malayan production, through the development of other agricultural crops in addition to rubber and the promotion of industrial development;
- (e) to improve and expand the coverage of social services in the fields of education, medical, health and housing, etc.

SIZE OF THE PLAN

To attain these objectives, the Government considers that the level of investment required over the five years would be \$5,050 million. Of this \$2,150 million will be expended in the public sector and the remaining \$2,900 million in the private sector. The public investment is more than twice the amount of actual public investment during 1961-65. Projected private investment during the Plan period is 40% higher than the estimated private investment during the period of the First Plan.

DISTRIBUTION OF PUBLIC INVESTMENT

The composition of the proposed expenditure is as follows:

	<i>(\$ million)</i>
Agriculture and Land Development ...	\$ 545.3
Transport (Roads, Railways, Ports, Civil Aviation)	362.0
P.W.D. Plant and Equipment	68.7

	<i>(\$ million)</i>
Communications (Telecoms, Post, and Broadcasting)	72.9
Utilities (Water, Sewerage, Power etc.) ...	402.0
Industrial Development	27.0
Social Services (Education, Health, Housing etc.)	491.0
General Government Development ...	121.1
Defence	60.0
	\$2,150.0 million

The percentage distribution of the public investment between the different sectors (excluding Defence) is:

Economic Sector	71%
Social Sector.	24.5%
Government Sector.	4.5%

I need not elaborate the rationale behind this sectoral allocation where the Economic Sector receives special emphasis. Our economic progress requires that more resources should be devoted to economic and productive projects.

What effect will this magnitude of total investment have on the economy? It would lead to an increase in the total national output over the next five years of 20% to 25% or at a rate of over 4% per year. In terms of employment the investment on the scale proposed should be able to provide sufficient employment opportunities for the expected increase of 340,000 workers.

HARD CORE OF THE PLAN: RURAL DEVELOPMENT

You will note that about 50% of the proposed investment under the Plan will be for rural development with priority accorded to agricultural and land development, rural roads and water supplies etc.

(i) Agriculture

In agriculture the aim is to raise the level of investment on irrigation, increase production of rice and other crops, to develop oil palm, forestry, fisheries, animal husbandry and to rehabilitate coconut areas. These development activities include:

- (a)* Investment for drainage and irrigation projects amounting to \$100 million which is about two and a half times more than that during the period 1956-60;
- (b)* About \$15 million for a coconut rehabilitation and replanting programme;
- (c)* Intensification of agricultural research and extension work including research on soil types to improve the efficiency of cultivation and to develop new crop possibilities;
- (d)* Expansion of research and training services in animal husbandry;
- (e)* Continued provision of financial assistance to fishermen for the purchase of fishing gear and facilities for better marketing and processing of fish and expanded marine and inland fish production;
- (f)* Emphasis of the forestry programme on silviculture, to convert forests of poor timber species into high yielding timber areas through the removal of merchantable timber, poisoning of unwanted trees and subsequent weedings and thinnings.

(ii) Land Development

The largest agricultural investment is the development of additional land for settlement and cultivation of rubber, oil palm etc. About \$191 million has been allocated for land development under the auspices of the F.L.D.A. and Group Settlement Act. F.L.D.A., in conjunction with State Governments, will carry out a yearly programme of twelve land settlement schemes each of which would provide about 400 families with per family holdings of seven acres of rubber or oil palm, three acres of padi, vegetables, fruits and other crops. The target areas for F.L.D.A. projects amounting to 250,000 acres during 1961-65 is expected to accommodate about 24,000 families. In addition to the F.L.D.A. programme, another 750,000 to 80,000 acres of new land are to be opened for the landless under the Group Settlement Areas Act.

(iii) Public Utility Services

The investment in this sector aims at providing better rural roads, more rural water supply and electricity to those living in rural areas.

- (a)* Approximately \$90 million will be spent on the construction of about one thousand miles of rural roads to be constructed after allowing for expenditure on improvement of existing roads. The network of State and rural roads is estimated to increase by about 25%.
- (b)* High priority is assigned to the improvement of rural water supplies for the rural areas. It is envisaged in the Plan that with the investment of about \$100 million for rural water supplies out of \$140 million it should be possible for more than 50% of the rural population to be served with filtered or otherwise treated water by 1965.
- (c)* An intensified effort will be made to extend electricity into rural areas.

(iv) Expansion of Social Services—Education, Health and Housing

- (a)* The implementation of the Education plan will result in an expansion of primary schools facilities and a greater number of rakyat schools as well as many more Sekolah-Sekolah Lanjutan Kampung, the purpose of the latter being to increase the facilities for the continuation of education of kampong pupils with emphasis on rural skills.
- (b)* A big step will also be taken towards the expansion of the health services into the rural areas. For example, thirty-seven main rural health centres, 148 sub-centres and 652 midwives' clinics will be established. These will provide additional medical and health facilities to more than two million of the rural population.

In fact the rural areas will benefit to an even greater extent than is evident from the Plan allocations for rural development as briefly indicated above, because public investment in other important programmes like highway roads, railways, power, plant and equipment for the P.W.D., industrial technology, postal services, etc., will produce indirect benefits for the rural areas.

The programme for improving the standard of the existing network of Federal roads, for example, will effect transport economies and will thus benefit the individual farmer, fisherman, etc., who has to send his product to the urban area for consumption, processing or export.

OTHER SECTORS WILL ALSO BE DEVELOPED

The fact that special emphasis of the Second Five-Year Plan will be on rural development does not imply that the progress of the other sectors of the economy will be neglected. Concerted action initiated under the First Five-Year Plan will be continued under the Second Plan to develop the "infrastructure" of the economy to promote industrial development, to step up the replanting of rubber, and to expand the coverage of social services throughout the country. I may perhaps mention some of the major projects in each of these fields.

(a) Infrastructure—This includes:

- (i) the Slim River deviation which will improve motoring conditions along a bad stretch of the road;
- (ii) the provision of a speedy link between Federal Route I (West Coast) and Route II (connecting West Coast with the East Coast);
- (iii) the construction of six deep water berth with a traffic handling capacity of one million tons on the mainland at Butterworth;
- (iv) the construction of a new international airport at Kuala Lumpur equipped to handle the most modern and the largest civil aircraft operating in the area; and completion of North Klang Straits project;
- (v) the completion of the micro-wave link all along the West Coast; and
- (vi) the completion of the Cameron Highlands hydro-electric project; and the development of other power projects.

(b) Rubber Replanting

Further provision of \$165 million for the continuation of government subsidies for replanting during the next five years.

(c) *Industrial Promotion*

The provision for the establishment of an Institute of Industrial Technology and Industrial Productivity Centre to provide technical and other advisory services and assistance to industry and also provision for the further development of industrial estates.

(d) *Social Services*

- (i) The establishment of a new type of school, Sekolah-sekolah Pelajaran Lanjutan as from 1962 which will offer a two-year Post-Primary course, with a vocational bias, to pupils who do not gain entry to other Secondary Schools;
- (ii) the modernisation and expansion of medical and health facilities throughout the country; and
- (iii) the construction of about 9,000 low-cost housing units.

IMPLEMENTATION OF THE PLAN

We realise that the implementation of the Plan will demand much hard work by each and every individual in this country. The administrative, technical and managerial resources of the Government and of its agencies will have to be fully mobilised, expanded and maintained at a high level of efficiency for the execution of the Plan. The Government is confident that with the co-operation of the rakyat the required national effort can be evoked.

From now on the Government will ensure that all developmental efforts will be co-ordinated for attainment of the objectives of the Plan. I am glad to say the activities of the Ministry of Rural Development have in the past few months achieved greater co-ordination at the Federal and State levels. The degree of co-ordination will be further intensified with the strengthening of the Economic Secretariat and with the proposal to appoint senior representatives for the various Technical Departments concerned with development to work as a team in following the course of the development programme, detecting shortcomings in execution and recommending measures where needed to accelerate progress.

The Government will also introduce measures to expand the works and technical capacity of the country the details of which are currently being worked out by a Working Party.

RESOURCES FOR THE PLAN

I have dealt with the size, objectives and the programmes of the Plan and the measures for its implementation but have left the question of resources for financing the development programme to my colleague, the Hon'ble Minister of Finance¹, who will be pleased to elaborate on this matter, if necessary, I wish only to emphasise that the Plan has been framed with reference to the likely available resources in order to ensure the financial stability and international standing of the country.

CONCLUSION

I wish to thank you for listening to me with patience this afternoon. I have no doubt that your presence here will help to create a better understanding of the objectives of the Plan and an awareness of the efforts of the Government to accelerate social and economic development in the Federation. The Press has already done excellent work in reporting the progress of rural development projects in various parts of the country and I am sure in the weeks, months and years ahead it will continue to play its important role in keeping the public informed of progress and developments under the Second Five-Year Plan.

1 Y.B. Encik Tan Siew Sin.