

SPEECH BY THE DEPUTY PRIME MINISTER ON THE  
DEVELOPMENT ESTIMATES, 1966 IN THE DEWAN  
RAKYAT ON 17TH DECEMBER, 1965

Mr. Speaker, Sir, I beg to move that the following Motion standing in my name on the Order Paper be referred to a Committee of the whole House:

"That this House resolves that a sum not exceeding \$879,884,370 be expanded out of the Development Fund in respect of the financial year 1966, and that, to meet the purposes of the Heads and Sub-heads set out in the second column of the Statement, laid on the Table as Command Paper No. 32 of 1965, there be appropriated the sums specified opposite such Heads and Sub-heads in the 7th and 8th columns thereof.

Sir, we have just completed the debate on the First Malaysia Plan and, as I have said just now. I would like to repeat here again that, the Government is very grateful to Honourable Members for their expression of support and appreciation about what the Government has been doing, is doing and will continue to do in uplifting the economic and social well-being of our people of our races throughout Malaysia.

The Development Budget for 1966 which I now present to this House represents the first phase in the implementation of our First Malaysia Plan. The total amount requested is about \$800 million and this is 10% more than the allocation for 1965. Of this amount about \$650 million is for economic and social development expenditure; another \$181 million is for defence and internal security purposes and the balance of \$40 million for the Contingencies Reserve, which is required to meet urgent and unexpected supplementary allocations during the year.

It is considered that total allocation of \$880 million will be adequate to meet the requirements for the first year of the Plan.

Mr. Speaker, Sir, the formulation of this year's Development Plan has been guided by two considerations of economy and progress. By economy I do not mean a stand-still budget. Rather, and as in the past, it involves the elimination of unnecessary expenditure on less essential projects and the reduction of costs to the minimum, so that funds released thereby can be used to meet other important programmes.

In the last quarter of this year, the Government initiated an economy drive which is designed to keep the increases in recurrent and development expenditures within reasonable bounds consistent with the economic and financial position of the country. In other words, the objective is to ensure that the financial resources that we obtain through taxation and other measures are effectively and prudently utilised. This calls for vigorous pruning of expenditure proposals submitted by Ministries and Departments especially with regard to those items where substantial reductions could be made without jeopardising the purpose for which the projects were designed to meet.

At the same time, this Budget is a budget of progress. The emphasis on economy in the use of public funds does not mean, as I have said, stagnation or refusal to look upon new challenges, and new opportunities that present themselves to this generation of Malaysians. Far from it, we in Malaysia will continue to work for a larger increment of progress. The efforts so far we have been making and will continue to make in the years to come will enable this country to move forward economically, socially and culturally.

The provisions entered in these Development Estimates are concrete steps in this direction. They provide for the strengthening and building up of our defence capability to meet the threats of external aggression and internal subversion. In the present circumstances, no one can deny the necessity for these expenditures in order to safeguard the safety and sovereignty of our nation. The quest for national security and the maintenance of peace is costly. We are grateful for the assistance which we have received and will continue to receive from friendly Commonwealth countries. We thank them for their support in strengthening our forces by providing additional men, materials and training facilities for Malaysian military personnel.

In the economic field, the Development Budget provides for the progressive development of our land and agricultural resources. We will continue with our rubber replanting programmes and will intensify the diversification of our economy. The Budget also provides for the construction of new roads and bridges that will result in the opening up of new land development schemes besides making it possible for our farmers and traders to move their goods more speedily and at less cost.

Special mention should be made of Sabah and Sarawak where infrastructure development, such as roads, ports, civil aviation and telecommunications, has lagged behind the progress achieved in Malaya. It is our aim that the imbalance in the provision of such basic services should be rectified as speedily as possible and that these receive prior

attention in the First Malaysia Plan. A Government that is progressive and democratic and that has served this country consistently for a decade cannot and will not tolerate conditions of dualism that exist between urban and rural areas and concerted efforts will be made to remedy these.

In the education field, the provision for Malaya is for facilities needed under the new comprehensive schools system. The allocation for education this year amounts to about \$96 million against the total Plan allocation of \$440 million. Through this single endeavour we ensure to our young ones a good start in life which will prepare them to play a useful and meaningful role in our society.

There are other areas which require active Government assistance. One of these is in respect of the establishment of training facilities for skilled workers, apprentices, specialised research workers and technologists, who are urgently required by Government Departments, private enterprises and firms.

The needs for housing of all types are admittedly very great and the Government's effort will be directed to alleviating the shortages experienced among low income groups where the needs cannot or are not being met by private housing developers. Nevertheless, the efforts in the private sector are praiseworthy and it is my hope that property developers will also look to the needs of the lower income groups and in this way complement the activities of the Government in providing low-income houses.

Government revenue is increasing slowly, mainly- because of the decline in the prices of our major export commodities. At the same time recurrent expenditure is increasing as a result of defence commitments and the rising level of development activities. The next few years will therefore be a period of some considerable financial strain, although it is expected that by the early 1970s the fruits of our present development efforts will begin to be felt. In order for us to continue with the task of laying down the foundation for further economic growth, we will need very considerable amounts of external assistance more than we have ever received before. The target that we have set for external assistance is \$1,900 million about \$1,000 million to be obtained in the form of loans, and \$900 million by way of grant assistance. Clearly, the needs are great and the task important since the success of the Plan will depend on whether or not we can obtain this level of foreign assistance which represents about 40% of the total expenditure under the Plan.

In order to meet these targets, the attention of all Ministries and Departments will be focussed on identifying projects that may be available for foreign financing and on assembling the necessary information needed for the preparation of project briefs for transmission to potential donor countries and international agencies like the World Bank.

I should now like to dwell upon the question of phasing of our development expenditure over the Plan period. The aim is to ensure a steady rise in the rate of development expenditure consistent with the availability of construction and supervisory capacity. In order to avoid any tendencies towards inflation or deflation. For this reason, the allocations for 1966 have been set so as not to exceed more than 1/5 of the total amount of development expenditure under the Plan. It is particularly necessary to watch very carefully the inflationary situation in Sabah, where it has become more noticeable in recent months, otherwise, the Government will continue to pay very high prices and get less value for the amount expended.

The Government's activities under the First Malaysia Plan are only a part of the overall effort to raise incomes and are mainly designed to provide the impetus for the activities of the private sector. This country offers the promise of a vigorous nation — it has favourable investment climate, a fast expanding economy and a potential market for a great variety of agricultural, manufactured and industrial goods. Very generous incentives are being offered to industrialists to establish their firms here. There is a record of good industrial relations. Within this framework, I see the possibilities for a wide range of industries that can be set up to cater for the domestic market as well as overseas markets.

Sir, it is up to our industrialists to take advantage of these opportunities and together build up and expand the base of Malaysia's industrial production.

Sir, a Government that is dynamic becomes impatient, if the free play of economic forces proves inadequate to the task, or too slow in its response. This Government has an array of policy instruments that can be used to assist and reward those that are willing to pioneer in fresh fields of activity and penalise the recalcitrant and the unconformists. My hope is that we shall not be forced to resort to drastic measures as the costs will be very high.

The success of the Plan will depend on the extent to which all of us get ourselves involved in this process. I, therefore, ask from each and every citizen of this country, from all walks of life, to give his or her

best in this effort. Much of the day-to-day administration and the leadership at the local district level will fall on Government servants, who in the past have shown a remarkable sense of urgency and purpose. The developed countries today are in the throes of the nuclear and space age. Ours belong to an age of development revolution and our people must not be contented with what the Government is doing for them. The people must equally be development-conscious, and we seek their full cooperation to participate in welding a strong and vigorous nation.

This Government also asks that, in the pursuit of the policies and programmes under this Plan, the whole Public Service should maintain a high level of efficiency and excellence should reduce red tape, break down traditional barriers and prejudices. Only with such an indomitable spirit can the country become truly progressive.

Now, Mr. Speaker, Sir, this Budget, when approved.

- (i) will meet the requirements for the first year of the First Malaysia Plan;
- (ii) will provide for the strengthening of the defence capability of the nation against the threats of external aggression and against internal subversion;
- (iii) will also accelerate the provision of basic and essential services such as roads and bridges, education and health facilities, water supplies, community centres, etc, particularly in the rural areas, in order to redress conditions of imbalance between the town and the countryside;
- (iv) will advance the development of the nation's human resources and welfare through education and training to provide the skills and manpower requirements for an expanding economy; and
- (v) will ensure the economic and efficient use of public funds by enforcing severe pruning down of non-essential items of expenditure and through other cost reduction procedures.

Sir, I beg to move.