

SPEECH BY THE DEPUTY PRIME MINISTER
DURING THE TALKS ON FINANCIAL AID
WITH MEMBERS OF THE BRITISH TEAM,
KUALA LUMPUR ON 5TH APRIL, 1963

Your Excellency, Hon'ble Ministers, Sir Henry Lintott and Gentlemen,

First, I should like on behalf of the Federation Government to extend our very warm welcome to Sir Henry Lintott and members of his team who have come all the way from London to Kuala Lumpur. We are very grateful to them and to the United Kingdom Government for having agreed to send a team to begin the talks of the financial aid Britain proposes to give to Malaysia.

As Minister of Defence, I need not emphasise how vitally important I regard these talks are. With Malaysia about to be established in a few months' time, we have now to take steps to expand our Armed Forces, our Army, Navy and Air Force. Indeed, we have already taken steps to do so. We have ordered some aircraft, ships and equipment and have recruited some men. For all these, we have made no provision in our budget.

With Malaysia, we shall have a bigger area and a much longer coastline to defend. Therefore, our present Armed Forces which are only adequate to undertake close defence of our present territories of the Federation of Malaya will not be able to undertake the close defence of the territories of Malaysia. Since Independence, we in the Federation of Malaya, had been able to keep our defence expenditure to a minimum. Indeed at present our total defence expenditure is just over 8 per cent of our budget. As a small nation, we feel that it would be best to spend our money on development, on food, rather than on bullets. For political as well as economic reasons, since Independence, we have to step up our development programme because our people of all races, particularly those who

live in the rural areas who had suffered greatly during the twelve years of Emergency expected an improvement in their way of life and to their standard of living. It is necessary for us to meet these expectations or what is commonly known as rising expectations of a newly independent nation. Indeed, we must meet these expectations if we want to prevent our people from being attracted to communism. Therefore, it is essential that we do maintain the tempo of our development programme. Our Second Five Year Development Plan has now reached its third year of implementation and we feel strongly that the programme must be proceeded if we, as an elected Government, are to hold the country and if democracy in this part of the world is to be saved. Now, with Malaysia, these new territories, Sarawak, Sabah, Brunei and Singapore, require as much development as the present Federation. The people in these territories supported Malaysia because they expected Malaysia would bring a change in their standard of living. We, therefore, must increase the tempo of development in these territories after Malaysia in order to make the people feel that Malaysia, as the British Government and ourselves here have said, offers us the best solution for their future. Therefore, in the next few years, development expenditure cannot be reduced but rather it has to be increased.

Therefore, Gentlemen, I am sure you appreciate as much as we do that it is not possible for the Federation Government or the future Malaysian Government to meet an increase in expenditure in development as well as in defence and security. That is why we have turned to you for help to tide us over during the next few years until our development programme can give us good results; and will be able to obtain more revenue from our own sources. We shall need help not only in arms, equipment, planes and ships and materials but also aid in money. We need money not only for capital expenditure but also for recurrent. I know and I realise, fully well that there is a considerable reluctance on any Government to help another Government with recurrent expenditure, but the relation between us and the United Kingdom is different, and I hope Malaya and Malaysia have a special place in the hearts of the people of Great Britain. When we achieved Independence in Malaya in 1957, we had the Emergency in our hands and you very

kindly gave us financial assistance to carry on with the Emergency until it was over at the end of 1960. Now we are faced with the same situation with Malaysia. The confrontation policy of Indonesia means that we will have to station troops in the Borneo territories and to have extra ships and planes to guard our coast and our borders. We, therefore, need assistance to do this. I know we have a Defence Treaty with UK which should be extended to cover the Borneo Territories but as far as internal security is concerned, it is politically desirable that we must be able to defend ourselves with our own men and equipment. From the point of UK and us it would not be politically advisable for British troops to be used for purely internal security operations.

In Brunei and in certain parts of the borders of Sarawak and Sabah, we still have the remnants of the rebels and from information that we gathered, these rebels will continue to harass us for some time to come. Also with the present attitude of Indonesia at the moment, we have no reason to anticipate any change. Activition on the border may increase after Malaysia. Therefore, on military point, it is desirable to retain such troops as we can spare in these territories to show to the Indonesians that once Malaysia is established we mean to defend it against any act of aggression offered or otherwise.

Therefore, I wish to make a formal request to the United Kingdom Government that the British troops now in the Borneo Territories should remain there for some time after Malaysia and I hope also that it would be possible to have arrangements with UK that we could use, as in the case of Emergency here in 1957, British troops to help in internal operations should the need arises. As far as external defence is concerned, of course it will be the sole responsibility of Britain. With our small force, we can only help with close defence.

Therefore, Gentlemen, what we are asking you is really to assist us to expand our Forces, structurally merely to maintain law and order in our new territories of Malaysia. As a sovereign independent nation, we must be able to maintain law and order with our territories. We have the resources in men but we are short of money.

Therefore, it is the money that we are asking from you. I do not wish to talk in detail in terms of dollars and cents. That would be a matter for my colleague the Minister of Finance¹. What I have tried to do is merely to show to you our requirements from political as well as the defence point. We have put up our plan for the expansion of the Armed Forces and we feel that it is the minimum requirement of our needs to enable us to establish Malaysia and making it a success. We hope UK will be able to give us all the help we require in the plan; but if it is not possible for you to give all the help we need, then I hope you will help us to get the help from any other Commonwealth country or countries in the Western World. Well, thank you very much gentlemen, perhaps I would now ask my colleague the Minister of Finance to enlarge further on our requirements and on our financial position.

i Encik Tan Siew Sin, J.P.