

TR: 6.12.66

STATEMENT BY THE DEPUTY PRIME MINISTER
AT THE PRESS CONFERENCE ON
THE FIRST MALAYSIA PLAN, 1966 - 70
AT THE NATIONAL OPERATIONS ROOM
ON 9TH DECEMBER, 1966.

INTRODUCTION

I am very happy indeed to meet with you this morning and give you gentlemen of the Press a digest of the First Malaysia Plan for economic and social development during the period 1966 - 70. The Press, radio and T.V. will play an important part in informing the public about the development objectives and programmes embodied in this Plan. I understand that an embargoed copy of the Plan is being distributed by the Department of Information in order to facilitate general publication on Friday, 10th December. The Plan, when it has been tabled before the Parliament, will also be released for sale to the general public by the Government Printer.

PROGRESS DURING 1961 - 65

Malaysia has made impressive strides in social and economic development in recent years. The achievements are spelled out in detail in Chapter II of the First Malaysia Plan. There is no need for me to elaborate on these except to invite your attention to Chapter II and the various sections setting out the progress made during 1961-65 in the sectoral chapters in Part II of the Plan.

Substantial attainments were made in both the public and private sectors of the Malaysian economy. In Malaya, the private investment target of \$2,900 million set in the Second Five-Year Plan has been achieved and the public sector development expenditure target of \$2,150 million was considerably exceeded and will reach a figure of about \$2,650 million. Output and income grew more rapidly than planned while employment increased at about the projected rate. Both the rural people and urban dwellers have benefited substantially from the programmes under the present Second Five-Year Plan;

initial steps towards diversification of the economy and improvement of productivity and incomes in the rural sector have already been taken. In the Borneo States progress in development has been highly satisfactory. In other words, Malaysia experienced a period of rapid growth of output, income and employment in the last five years and this growth has been shared among its different regions among all sections of its Community.

The facts and figures given in Chapter II, especially from page 28 onwards and in Table 2-6 of the First Malaysia Plan, indicate the fulfilment of the public sector targets under the Malayan Second Five-Year Plan. You will note that apart from a moderate shortfall of about 10-15% in agriculture and social services, the other programmes have far exceeded their targets.

SIGNIFICANCE OF THE FIRST MALAYSIA PLAN

The Government, however, will not rest on its laurels and be complacent. In a developing country like ours, there are many complex social, economic and political problems which do not lend themselves to easy solutions. They pose a challenge to the efforts and ingenuity of the people. *The Government is determined to accept the many-sided challenge and discharge its responsibility as reflected in the launching of this bold, imaginative and comprehensive First Malaysia Plan which is designed to make further progress over the next five years.* This Plan is a blueprint for a better life and a higher standard of living for all Malaysians, especially those in the rural areas, irrespective of their racial origin. It also represents the initial phase in a 20 year Perspective Plan of long-term development designed to lay a firm foundation for dynamic and accelerated development for many years to come.

OBJECTIVES OF THE PLAN

The main objectives of the Plan are:-

- (i) To promote the integration of the peoples and states of Malaysia by embarking upon a development plan explicitly designed to promote the welfare of all;

- (ii) To promote steady increases in levels of income and consumption per head;
- (iii) To increase the well-being of Malaysia's rural inhabitants and other low-income groups, primarily by raising their productivity and thus their income-earning capacity;
- (iv) To generate employment opportunities at a rate sufficient to provide productive work for new entrants to the labour force and lower the rate of unemployment;
- (v) To stimulate new kinds of economic activity, both agricultural and industrial, so as to reduce the nation's dependence on rubber and tin;
- (vi) To educate and train Malaysians from all walks of life in order to equip them for effective participation in the process of economic and social development;
- (vii) To lay the groundwork for less rapid population growth by instituting an effective programme of family planning;
- (viii) To open for development sufficient new land to keep pace with the formation of new farm families and reduce the number of landless people desiring land for agricultural purposes;
- (ix) To provide electric power, transportation facilities and communication services adequate to keep ahead of foreseen demands;
- (x) To progress with health and social welfare development, low-cost housing and a wide range of other projects.

The first objective of promoting greater national unity and integration of the various groups and states in Malaysia through development is the focal point of our efforts.

Successful achievement of all the above objectives will mean that income per capita will rise from about \$930 in 1965 to some \$980 by 1970 (see page 51 paragraph 124 and Table 3-5). Such a rise will be a substantial achievement in the face of the high rate of population

growth at 3% per annum. About 460,000 job opportunities will be created and the rate of unemployment will be brought down from an estimated 6.0% at present to 5.2% (see page 80 paragraphs 188-190 and Table 5-1). Disparities in private incomes and public services between the "haves" and the "have-nots" will be reduced considerably.

More important than any of these short-term objectives is the fact that a firm basis for development in the long run will be established. The emphasis given in the Plan to education and training, to rural development and the diversification of economic activity, to family planning and to applied agricultural and industrial research, will yield sizeable returns in the years ahead. Looking 20 years into the future, it is possible to foresee a per capital income level of \$1,500 or more in 1985 if the First Malaysia Plan is implemented successfully and if the nation can maintain a rising tempo of development in subsequent Five-Year Development Plans.

THE SIZE OF THE PLAN

Although it is bold and ambitious in scope, the Plan is nevertheless capable of achievement. Despite the financial stringency caused by the increased needs for defence and internal security expenditure, the target for development outlay in the public and private sectors over the next five years has been set at \$10,500 million. The public-sector share of this total is \$4,550 million, which is 46% more than the amount spent over the previous five years while projected expenditure by the private sector amounts to \$5,950 million

The composition of planned public-sector development expenditure is as follows:-

	(\$ millions)
Agricultural and Rural Development	1,086.6
Mining	1.3
Industrial Development	114.5
Transport	546.0
Communications	205.5
Utilities	786.3
Education and Training	440.8

Health and Family Planning	189.4
Social and Community Services	315.1
General Administration	126.4
Defence	600.0
Internal Security	139.0
Total	\$4,550.9

This pattern of allocation reflects important development priorities. Top priority is being given to directly productive economic activities in agriculture and industry. Education and the improvement of economic facilities in the Borneo States also receive high priority. Certain areas in which a relatively high standard has already been attained, such as roads and health facilities in Malaya, will receive somewhat less emphasis than in the past. Social amenities will not be permitted to take up a large proportion of total expenditure at the expense of productive economic projects.

Special emphasis will be given under the Plan to the needs of the Borneo States, the rural population and the low-income groups in the urban areas in order to redress the economic and social imbalance existing among different regions and between urban and rural areas. Public development expenditure (including the cost of accommodation facilities for the armed forces and police) in the Borneo States will total about \$374 million for Sabah and \$464 million for Sarawak respectively. These sums are both more than 80% greater than the comparable amounts spent in 1961-65.

In making these development allocations to the Borneo States, the Central Government is more than fulfilling its promise to accelerate development in Sabah and Sarawak. It will be recalled that in the Inter-Governmental Committee Report and during the I.G.C. negotiations before the establishment of Malaysia, the Central Government undertook to make its best endeavours to allocate funds amounting to \$200 million for Sabah and \$300 million for Sarawak's development over a five-year period. You will note that the allocations now made under the First Malaysia Plan far exceed the amounts envisaged in the Inter-Governmental Report. The relevant figures are given below for ease of reference:-

(\$ million)

<i>I.G.C. Report</i>	<i>First Malaysia Plan allocations (including Defence & Security).</i>
<i>Sabah \$200</i>	<i>\$373.5 (of which \$75.9 m. is for defence and security)</i>
<i>Sarawak \$300</i>	<i>\$463.7 (of which \$63.5 m. is for defence and security)</i>

Towards these allocations, Sabah's own contribution amounts to \$60m. while Sarawak's contribution totals \$38m. over the five year period. Therefore, the people in the Borneo States may take comfort from these allocations, which demonstrate that the Central Government is doing its utmost to help promote economic development and raise the standard of living in these States.

With regard to the *sectoral allocations*, by far the largest area of public development expenditure under the Plan amounting to well over \$1,000 m. will be for agriculture and rural development. Substantial increases in expenditures on drainage and irrigation and on land development are planned. The sums to be spent in these areas are approximately \$333 m. and \$376 m. respectively. Expenditures on agricultural research and education, animal husbandary, fisheries, forestry and rural credit and marketing will also be increased considerably.

Among *social services*, the heaviest emphasis will be on education and training, for which \$441 m. has been allocated. Most of this money will be used to expand and improve secondary and higher education throughout the country, so as to enable it to play a vital role in the nation's economic and social development.

Housing is to receive much greater emphasis than it has hitherto. Nearly \$190 m. is to be spent on low-cost and public housing, over twice as much as in the past five years, and private housing developers are to be given additional encouragement.

The promotion of *industrial development* will be given added impetus with the establishment of the Federal Industrial Development

Authority, National Institute of Scientific and Industrial Research and a Standards Insitute and the acceleratoin of public activity in the building of industrial estates and the financing of industrial investment.

The rapidly growing demands for expanded and improved transport, communications, power and water-supply services will be met. In additoin, the other social and economic services provided by the government will be broadened and improved.

PROBLEMS OF IMPLEMENTING THE PLAN

The task of mobilising the large volume of financial and human resources needed to implement the Plan will be a formidable one. Intensive efforts will be required to raise the funds expected from internal sources to finance public and private investment. The amount of \$1,900 m. to be sought in foreign grant and loan assistance to help finance public investment, is also much greater than amounts obtained from these sources in the past. Although it will be difficult to raise the amounts of finance envisaged in the Plan, it is essential that maximum national effort be made to achieve the financial targets since the projects in the Plan are vital to the nation's development. My colleague, the Minister of Finance, has already done excellent work in paving the way for the mobilisation of adequate internal resources and for obtaining external assistance required for the successful implementation of the Plan. The respose to his recent address to the "Aid Malaysia Consultative Group" in Washington has been very encouraging. The Government hopes that with the launching of this Plan, countries friendly to Malaysia will respond positively and assist us in ensuring the success of the First Malaysia Plan. *Malaysia is one of the few remaining democratic countries in this part of the world dedicated to preserving the freedom and dignity of man and we feel that if our friends are prepared to assist us, aid should be extended to Malaysia in this hour of need and not when it is too late.*

We appreciate that the success of the Plan will also demand a concerted national effort and hard work by everyone in this country. There are serious bottlenecks especially shortages of skilled manpower in carrying out development projects. Attempts will be made to break these bottlenecks. *The administrative and technical resources*

of the Government, which have already achieved a high level of efficiency, will be geared to implementing the Plan. Malaysians should think in terms of what they can do to contribute to making this a happier and more prosperous nation and not in terms of what they get out of the country and the Government. I am confident that the effort, support and cooperation of all Malaysians needed for the implementation of the Plan will be forthcoming to make the Plan a success.

CONCLUSION

In conclusion, I should like to thank you all for coming here this morning. The Press has made a valuable contribution to our national development effort by promoting better understanding and appreciation of the problems, needs and tasks ahead. I am sure that you will continue the good work by keeping the public informed of the efforts required for further progress and by helping them to appreciate that prosperity and a better life can only be obtained through hard work, self-reliance and determination to make progress.