

**SPEECH BY THE CHIEF MINISTER AT THE  
FEDERAL LEGISLATIVE COUNCIL, KUALA  
LUMPUR ON 6TH MARCH, 1957**

Mr. Speaker,<sup>1</sup>

I rise to move the motion standing in my name as follows:  
That this Council:

- (a) Welcomes the decision of the Government to accept with appreciation the financial help offered by the United Kingdom Government as a result of the London Financial Talks held from December the 21st 1956, to January the 10th 1957, as set out in paragraphs 21 and 23 of Council Paper No. 14 of 1957;
- (b) endorses the intention of the Government to proceed with the Development Plan on the general lines set out in Council Paper No. 14 of 1957.

This motion is one to which the Government attaches great importance. The object of the White Paper which we have placed before the House today is to report on the work which the Government has been doing in the field of economic planning since we came back from the first London Conference on Constitutional matters just over a year ago; to give Members a general picture of the problems which the Government has to face in this field; and last but not least to show how the planning of the individual ministries must be interlocked if a balanced national plan is to be produced for the whole country. But the sinews of any development plan are men and money; for this reason the White Paper devotes special attention to the financing of the Plan and the help in this direction which we sought and obtained from the United Kingdom Government.

However, I appreciate that some Honourable Members may have difficulty in understanding all the terms used in the White Paper. I have therefore translated the major part of my speech in

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<sup>1</sup> Dato' Abdul Malik bin Yusuf.

Malay in order to explain certain aspects more clearly to Members who may have had difficulty in understanding the White Paper itself and have circulated them to the Malay members.

The outline plan of Development which the Government has put before the House today represents a part of our programme which we regard as being an essential accessory of Independence. I have often said that I and my colleagues have not sought Independence merely as an end in itself, but also as a means to another and even greater end: the fulfilment of our dream of a Malaya in which all our people will enjoy in full measure, peace, prosperity and happiness—and shall enjoy all these things as the fruit of their own efforts as a free and sovereign nation. We recognise the many good things that have been done by previous administrations but it is our conviction that the time has come when these can only be developed and brought to bear full fruit by the united efforts of the people themselves as an independent nation led by a fully Independent Government of their own choosing. The outline Development Plan which the Government has put before the House today represents, so to speak, the economic and social aspects of our Merdeka programme as a whole. It is meant to be the first sketch plan of that happy and prosperous Malaya which is our aim.

Mr. Speaker, Sir, when my colleagues and I returned from the London Constitutional Talks a year ago we realised that we had secured Independence for our country, God willing, on August 31st 1957. We therefore turned our minds immediately to the second task before us, that of preparing this outline plan of Development. We established an Economic Committee of Executive Council and this called for every Minister to draw up draft plans covering the most important schemes and projects which he felt should be undertaken in the next years. This task was not approached in any negative spirit, or in any desire to break with the past or to undermine or destroy any of the good things which had been done before. On the contrary, we accepted from the outset a large number of projects and policies approved by the previous Government and Legislative Council and we have incorporated these in our own plans.

But when the plans of all the individual ministries were added up it was clear that in the aggregate it represented far more than any department in this country could hope to carry out in a period of five years. We have set these out in the White Paper itself so that Honourable Members may be able to get an idea of the magnitude of the problem for themselves. These initial Plans to which I am referring are set out in the second broad column of Appendix I to the White Paper under the heading "Plans as proposed by individual departments early 1956 for the period 1956/60". Honourable Members will see that to do everything which Ministers felt to be important would have required Capital Expenditure of no less than \$1,560 millions. This figure included no less than \$180 millions for the Armed Forces which is what the Armed Forces Council thought we ought to spend immediately on raising our own Army, Navy and Air Force to the size necessary to support the dignity and sovereignty of an independent country. In addition to this, there would be an increase in Annually Recurrent Expenditure of no less than \$142 millions a year of which \$55 millions would have been for the Armed Forces. These figures are far beyond anything which the Government could hope to raise in five years or so, either by loans or any other way. Indeed, as shown in paragraph 14 and Appendix 11 the figure of \$1,560 millions would not have represented the whole picture, for there are certain other items of Capital Expenditure which we have to meet over and above our needs for the Development Plan. But even if we could have raised the money needed for such a Plan, it would have been beyond our physical capacity to carry out. This is illustrated by the column called "PWD Share" in Appendix I which shows that to carry out this Plan no less than \$690 millions of work would have to be done by the Public Works Department. This is roughly double the rate of work which that department could carry out as things stood in the middle of last year before we were faced with the problem of losing large numbers of experienced engineering officers under the Malayanisation Scheme, under the column headed "PWD Share" of the table which shows how much of this proposed plan will have to be carried out by the Public Works Department. Allowing for a small Unallocated Reserve to meet unforeseen needs the total Capital programme has thus been reduced from \$1,560 millions to \$1,138 millions including \$140 millions for the Armed Forces. The additional Recurrent Expenditure programme has been

reduced from \$142 millions a year to \$90 millions a year. Of this \$25 millions a year is for the Armed Forces. The share of the programme falling on the PWD has been reduced even more drastically, from \$690 millions to \$370 millions.

It is important that Honourable Members, and indeed every voter in the country, should understand what this means. It means that the Government cannot attempt to carry out in the first five years or so of the present Plan everything which it judges necessary. Much less can it attempt everything which it considers desirable. This remark applies to almost every field, but principally perhaps to social services and the Armed Forces. This fact is that financial and physical limitations—in plain words shortages of men and money—compel us to defer for a few years many items which we want to do. The question is one of priorities: of doing first things first and of limiting our aspirations to the fulfilment of our most urgent needs.

This does not mean that we are going backwards or anything like that. All that was necessary was for the plan to be recast and reduced to more practical dimensions. On the contrary the Plan which we are now proposing would involve an increase of roughly, 50% in the Government's rate of Capital Expenditure compare either with what the International Bank Mission recommended or with what has been actually achieved in the past. If our plan does not involve going ahead as fast as we would like, it does mean nonetheless that we intend to go ahead faster than any government before us. I know of course that many members of this House will see directions in which they would like the government to undertake more ambitious scheme than those now contained in the Provisional Plan attached to this White Paper. I would like to assure such Members that they are not alone in these feelings. I and every other Minister, could easily propose a much larger plan and many more schemes in almost every direction than those which we now put before the house. We do not so because we wish to be practical. We must limit our targets and our plans to something which we have a reasonable chance of carrying out in five years or even longer.

The revised Plan as reduced and reshaped is now set out on the right side of Appendix I in the columns headed "Provisional Plan now proposed for 1956/60". It takes the form of provisional

allocations of Capital money to the various Ministers and departments for the period 1956-60. It shows how much of this proposed expenditure has already been voted in 1956 and how much new Capital Expenditure is envisaged in and after 1957. The column headed "Increase in Annually Recurrent" shows the amount of additional Annually Recurrent Expenditure which the Government contemplates by 1960 on the extension of existing services and the introduction of new services.

I would ask any Honourable Member who proposes to criticise the Plan and in particular any member who wishes to press for more to be done in this or that direction to bear this truth in mind.

Mr. Speaker, Sir, having said this I propose to leave to other Members of the Government bench the further discussion of the economic and financial aspect of the Plan.

I will now turn to the London Talks.

When we had drawn this general plan up towards the end of last year and approved the provisional allocations of Capital and Recurrent Expenditure to the individual Ministers, it was clear (as Honourable Members can see at a glance from Appendix 11 to the White Paper) that we should need external help to carry it out. I therefore sent the Plan to the Secretary of State together with a covering letter in which I asked that the Financial Talks which had been foreseen at the London Constitutional Conference the previous January should examine this Plan with a view to our discussing how we might obtain the financial help which we thought we should require to carry it out. These Talks in fact started in the Colonial Office on the 21st December under the Chairmanship of the Secretary of State and continued under his Chairmanship of that of the Minister of State until the 11th January. On our side we asked that in order to finance this Plan we should receive help towards the Capital Expenditure involved in our Plan for the expansion of our Armed Forces; some assistance towards the recurrent cost of the Emergency and in the third place some help mainly by way of a direct government-to-government loan towards the cost of our Development Plan itself. In the course of these Talks and a thorough examination of our Plans which took place it soon became clear that Her Majesty's Government in the

United Kingdom would be both willing and able to give us substantial help both with the Armed Forces and with the cost of the Emergency. And if the House accepts this motion which I have put down today we shall indeed receive as free outright grants in cash or kind from the United Kingdom Government—and without any strings of any kind attached to them—no less than \$114 millions towards the \$140 millions which we require to establish our own Armed Forces on a satisfactory basis. The rest and all the additional annually recurrent cost of \$25 millions a year we shall have to pay for ourselves. This is as it should be. But I draw the attention of Honourable Members to the high cost of maintaining an Army and other Forces in keeping with our status as an Independent nation. Indeed as members will recall from the figures which I quoted earlier in this speech we are not even now going as far in this as the Armed Forces Council considered necessary. The choice of course—as Honourable Members can see for themselves from the White Paper—is one of the priorities. We could have a larger Army if we were to decide to employ fewer teachers and doctors, build less schools, fewer hospitals, fewer rural health centres and less pay for the soldiers. We have decided against that sort of solution.

But having decided against it and in favour of a smaller Army, Navy and Air Force it means that we must be ready to seek the military help of our friends and allies in the Commonwealth when necessary. And of course this will be necessary immediately in carrying on our struggle against militant Communism.

This consideration also reinforces the argument for our proposed Treaty of Mutual Defence and Assistance with the United Kingdom Government itself. Another feature of the high cost of the Armed Forces derives from the necessity to raise the pay of the men who serve in them to a just and proper level by comparison with what is earned in other Forces and occupations. This has been long overdue; but we have just done this and I am sure Honourable Members will agree with me in this decision despite its cost.

To return to the question of the help offered by the British Government: they have also promised us some help with the Emergency. We shall get—again as a free grant and without any strings attached—\$25 millions a year for the three years beginning

in 1957. In 1959 the position will be reviewed if we can satisfy them of the need for it, Her Majesty's Government has promised to be prepared to give us further help up to a maximum of \$94 millions, that is nearly \$120 millions in all. This will be a most valuable help to us at a critical time when our recurrent expenditure on the Development Plan will be expanding rapidly.

For the Development Plan Her Majesty's Government have agreed to support us in seeking to raise up to \$85 millions of loan money on the London money market: the Colonial Development Corporation will also be able to complete certain very important investments which it has in mind in the Land Development Authority, the Industrial Development Corporation. It is of course a matter for regret to us that the Corporation will not be able to embark on any new ventures in Malaya but I should like to take this opportunity of saying how much we appreciate what it has done to help the country's development in recent years. We hope indeed that as a result of the review of British Government policy which is now taking place on this subject a way may be found to permit the Corporation to continue to give us help in carrying out our Development Plan after Independence. In the meantime we are very pleased to welcome to Malaya already two representatives of the Commonwealth Development Finance Company. Although the functions of this Company are rather different from those of the Colonial Development Corporation we hope that they will be able and willing to help us in a number of directions in the Capital projects which would otherwise be beyond our own unaided resources. I have particularly in mind our hydro electric, port and railway schemes and our plans now in preparation for encouraging industrial development.

But as Honourable Members are aware the United Kingdom Government felt unable to accede to our request for a direct government-to-government loan. This was despite the fact that some English newspapers supported our request. But in all fairness I think I must explain this attitude to Honourable Members. What the Minister of State said was in effect that to give such help to Malaya would not merely mark a complete departure from all established policy but would also establish a precedent which would result in burdens which it would be beyond the capacity of the country to carry out. If the United Kingdom Government gave a direct development loan to an Independent Malaya in 1957 then

it would be morally bound to give one to the Gold Coast.—or Ghana as it is now called—too; then there would be one for Independent Nigeria soon and then the West Indian Federation. Singapore presumably would qualify for one too some time and so would every other Colonial territory. The British people are already the highest taxed in the world and they accept without grumbling taxes far higher than those which we imposed last November and which so many people complained about. In fairness to the British Government which is giving us much generous help with the cost of our Armed Forces and the Emergency we must appreciate their difficulties at the present time too. I feel sure Honourable Members will join with me in thanking them cordially for the help which they have felt able to offer to us on the eve of our Independence.

And now Mr. Speaker we must look to the future and get on with the work of developing this country and making a place where we shall all be proud and happy to live. That is what the Development Plan is for. The task will not be an easy one. We shall have to control our expenditure carefully and maintain a sound financial position. We shall have to overcome serious shortages in manpower particularly in engineering and we must be prepared for set-backs and disappointments. But all this will be a great time of opportunity and challenge to our young men coming back from the Universities to join the Government service. It will be up to them to make good the gaps left in the service and to learn fast and well. They must work harder now than ever before in their lives. The welfare and prosperity of the whole nation depends on this. I know they will not let us down. They will have beside them the many British Officers who are staying on to help us and to train our young men to take their full share in the Government of this country. I should like to assure these officers who remain how much we appreciate their loyalty and help in staying with us. They will not find Malaya ungrateful.

To Honourable Members I will conclude by saying that even though with staff and money difficulties this great Plan may take longer than five years to carry out—six years may be or even seven—one thing is certain: it will be carried out. And with it we shall have laid the foundation of that happy and prosperous Malaya which is our ideal.