

# **MUSA HITAM**

By the same author:

*Politics and Public Enterprise in Malaysia.*



82-2317

**BRUCE GALE**

**MUSA  
HITAM**

**A POLITICAL BIOGRAPHY**

**EASTERN UNIVERSITIES PRESS (M) SDN. BHD.**

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923.2595  
MUS.G

First Published 1982

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EASTERN UNIVERSITIES PRESS (M) SDN. BHD.  
39, Jalan SS 20/11, Damansara Utama, Petaling Jaya,  
Selangor, Malaysia.  
112F, Block 5, Boon Keng Road, Singapore 1233.

Printed by Singapore National Printers (Pte) Ltd.

3079B1  
ATB

5 - MAR 1984  
...  
Malaysia

*Datuk Musa once said that it was up to Malaysians to look at the nation's problems in a rational way and use this understanding positively to create a single united Malaysian nation.*

*I am not a Malaysian, but I dedicate this book to the ideal he has expressed.*

## ACKNOWLEDGEMENT

I am grateful to a number of organisations and individuals for their help. Several academics provided insights and suggestions during informal discussions. I am particularly indebted to Raymond and Susan Lee, as well as Professor Khoo Kay Kim for reading the early drafts of different chapters. Mrs Hazel Taylor also provided general encouragement.

I also wish to place on record my thanks to BERNAMA, the Utusan Malaysia and Information Malaysia for allowing me to use research facilities and providing photographs.

I am also indebted to Tun Datuk Sardon Haji Jubir for his kind foreward.

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## FOREWORD

I am honoured and pleased to write the foreword of this book on Datuk Musa Hitam, a man of action.

Knowing his background as a leader of the students' movement, keen on politics, I also saw him as a young man with the potential to be a great politician one day. This was the impression I had when I met him in Sabah and invited him to join me in politics and become my first political secretary. I was then the Minister of Transport.

During one of the Parliamentary sessions, he came to see me and we had coffee in the coffee lounge. There I introduced him to my officials as my new political secretary. Datuk Musa was taken aback, as he had received no written offer. Neither had he confirmed his acceptance. However, I forestalled him and put aside the red tape.

I am happy to be the man who gave him a lead in the political field. Datuk Musa Hitam is intelligent, diligent, sincere, dedicated and a man of integrity. He is a humble person and is also very observant. He was loyal to me and he observed closely what I did from 1963 to 1965. Datuk Musa worked so well as a political secretary that the late Tun Razak asked me to release him so that he could take up appointments as the Executive Secretary of UMNO Malaysia. I was proud that Tun Razak thought so highly of him. In 1969, he contested the Parliamentary election and was returned as the M.P. for Segamat. Later, he was promoted to be a Deputy Minister and then a full fledged Minister in Tun Razak's Cabinet in 1974. I was overcome with joy when he was appointed Deputy Prime Minister after his election as the Deputy President of UMNO. It is most gratifying for me to see him fulfilling his ambition to be a great politician in this country and see what I had predicted come to pass.

I was very touched when I and Toh Puan were flown back to

Kuala Lumpur on my retirement as the Yang Di Pertua Negeri (Governor) of Penang at the end of April 1981. There was Datuk Musa, with Datuk Mohamed Rahmat and Datuk Jalal waiting at the RMAF airport to receive us. It was an occasion which I shall always remember as long as I live. Although we were very sad and were in tears when we left Penang, it was most heartwarming to see Datuk Musa and my two other former political secretaries there to greet us on our arrival. I could not withhold the tears that rolled down my cheeks.

I would like to wish Datuk Musa all the best for the present and the future. May he be always guided by Allah.



Tun Datuk Sardon Haji Jubir.



## INTRODUCTION

The aim of this book is to present a simple account of the political career of Datuk Musa Hitam, Malaysia's Deputy Prime Minister. In 1981 Malaysia acquired a Prime Minister and Deputy Prime Minister whose backgrounds and political styles were considerably different from their predecessors. Since then, several attempts have been made by various writers to trace the career of the Prime Minister, Dr Mahathir, and suggest factors which contributed to his rise to power. However, Datuk Musa Hitam's background has received far less public attention. This book sets out to fill the gap by providing an account of the Deputy Prime Minister's political activities since his days as a student leader in the 1950's.

For those unfamiliar with the Malaysian political scene the following explanation is provided:

Malaysia is a multi-racial nation consisting of Malays, Chinese and Indians together with a number of other indigenous groups. Each maintains its own language, religion and traditions. The Malays, who form the largest single ethnic group, are Muslims and predominate in the rural areas. A large number are also employed in the civil service. The Chinese also form a large proportion of the population. They are mostly Buddhists or Christians and have historically been concentrated in the towns and cities as businessmen and professionals. Generally, the Indians work on the rubber estates in the countryside or as professionals in the cities.

Apart from the Malays, the largest concentration of indigenous groups is to be found in the East Malaysian states of Sabah and Sarawak (formerly British North Borneo). The multiplicity of tribes and languages is too complicated to enumerate here. However, a short list would include the Ibans and the Land Dayaks in Sarawak and the Kadazans, Muruts and Bajaus in Sabah. Together with the Malays in other parts of the country, these groups are



officially regarded as Bumiputras (sons of the soil). The population of the two states also includes a substantial number of Malays and Chinese. Historically and economically there are many differences between Peninsula Malaysia and Sabah and Sarawak. Not surprisingly, federal-state relations have sometimes experienced moments of crisis.

After the Second World War an attempt by the British colonial administration to unite the states of Malaya by establishing a single unitary government was hotly opposed by the Malays on the grounds that the sovereignty of the Malay Sultans in the states would be transferred to the British crown. This, they believed, would inevitably result in the country's affairs being run by the more economically sophisticated non-Malay communities. It was at this time that the influential United Malays National Organisation (UMNO) was founded by Dato Onn bin Jaafar to protect Malay interests.

As a result of UMNO's agitation the Malayan Union Scheme was replaced by the Federation of Malaya Agreement in 1948. It guaranteed the special position of the Sultans and the Malays as the indigenous people. In return Malay leaders accepted the principle that non-Malays could obtain citizenship. After 1957, when Malaya gained its independence, the citizenship provisions were further liberalised and the civil service was opened to non-Malays in the ratio of 1:4.

The decision of the Malayan Communist Party (MCP) to launch an anti-colonial insurrection in 1948 exacerbated communal tensions. Led by Malaysians of Chinese descent the MCP had become a powerful force during the struggle against the Japanese. However, Malays were generally hostile towards the party because they suspected it of being anti-Islamic. The Chinese middle classes, having come to terms with the Malay aristocratic leadership in UMNO, were also unwilling to cooperate with the communists. After a long struggle the Malayan government was finally able to declare the Emergency at an end in 1960.

The Barisan Nasional (National Front) coalition of political parties which ruled the country in the 1970's and early 1980's had its origins in an ad hoc alliance between the Kuala Lumpur branch of UMNO and the Selangor MCA (Malayan Chinese Association) in 1952 to contest the Kuala Lumpur municipal elections. It proved

(xii)

so successful that it was used again in the first federal elections in 1955. At this time the MIC (Malayan Indian Congress) was also invited to join.

The coalition (formalised as the Alliance Party) worked well in three successive elections (1955, 1959 and 1964) allowing its leaders to form governments in which UMNO was the senior partner. Politically, the racial 'balance' was maintained through bargaining and compromise among the leaders of the respective parties in the coalition. The unwritten understanding was that the Malays would continue to enjoy their pre-eminence in politics and administration while the non-Malays were granted citizenship and permitted to continue their dominance of the nation's commercial life. Some attempts were made by the Government to assist the Malays in business, but these measures did not seriously threaten informal Chinese monopolies.

This arrangement was subject to serious strains in the 1960's. In 1963 the states of Malaya, together with Singapore and the British North Borneo Territories (Sabah and Sarawak) united to form the Malaysian federation. The decision to include the predominantly Chinese island of Singapore soon led to serious difficulties as the Singapore-based PAP tried to extend its influence throughout the peninsula. Finally, Singapore withdrew from the federation in 1965 amid heightened racial tensions. In 1967 another fierce controversy erupted over the passage of the National Language Act which confirmed Malay (later known as Bahasa Malaysia) as the nation's official language.

In the 1969 elections the Alliance was subject to tremendous pressures. UMNO lost seats to the ardently Islamic PAS while the Chinese seemed to be rejecting the MCA in favour of the more communally appealing DAP (Democratic Action Party) and the PPP (People's Progressive Party). In Penang the MCA lost control of the state government to the Gerakan, another predominantly non-Malay party.

This erosion of popular support for the Government was not sufficient to deny the Alliance its parliamentary majority. However, it did result in considerable racial tension, especially in Selangor where the Alliance and the combined opposition parties were tied at 14 seats each. Victory celebrations by rival parties sparked off the worst racial riots in the nation's history.



The communal violence, now referred to euphemistically as the May 13th Incident, led to the suspension of parliamentary democracy and the establishment of a National Operations Council (NOC) chaired by the then Deputy Prime Minister, Tun Razak. A number of fundamental political changes soon followed. Under the New Economic Policy (NEP) the Government hoped to remove many of the socio-economic bases of Malay discontent by 'restructuring society' so as to place all races on an equal economic footing. Development programmes therefore took on a more obviously pro-Malay tilt. The Sedition Act was also amended to make it illegal to criticise constitutional clauses relating to Malay special rights, the national language, the Sultanate and the citizenship rights of the non-Malay communities.

Two notable UMNO non-conformists, Dr Mahathir and Datuk Musa Hitam, fell victim to the search for scapegoats. By challenging the authority of Prime Minister Tunku Abdul Rahman, Dr Mahathir had offended the Malay establishment. The two men had also upset the Chinese community by calling for more drastic measures to help the Malays. Both were regarded at the time as being extreme right-wingers threatening to upset the delicate racial balance. Dr Mahathir was temporarily expelled from the party while Datuk Musa lost his political job.

When Parliament reconvened after 21 months of emergency rule the new Prime Minister, Tun Razak, began to pursue a strategy of inviting the major opposition parties to enter an enlarged Government coalition. The parties which joined the Barisan Nasional included SUPP (Sarawak United People's Party), Gerakan, the PPP and finally PAS. The DAP refused to join and remained the only opposition party of any real significance until 1978. In that year PAS left the Barisan after a squabble with UMNO leaders over the appointment of the Kelantan state Menteri Besar (Chief Minister). However, this did not result in a stronger parliamentary opposition. In the state elections held soon afterwards the PAS was soundly defeated. The Barisan Nasional was also overwhelmingly successful in the federal elections held in the same year.

Meanwhile, orderly leadership changes at the top reflected the coalition's ability to maintain stable government despite occasional inter-party tensions: Tun Razak, who had eased Tunku Abdul Rahman out of office in 1970, died in 1976 and was replaced

by his deputy, Hussein Onn. The latter continued his predecessors innovative political and economic policies. Perhaps his most controversial decision was to select Dr Mahathir as his deputy instead of the more senior Ghafar Baba. When Hussein Onn retired in June 1981, Dr Mahathir became Prime Minister. Datuk Musa Hitam was then selected by the UMNO General Assembly to fill the party's second most powerful position.

By Malaysian standards Dr Mahathir and Datuk Musa are an unusual team. Unlike their predecessors, neither has had any background in law. Dr Mahathir studied medicine while Datuk Musa holds a Masters Degree in Political Science. Previous Prime Ministers and their deputies studied in Britain, had close connections with the Malay aristocracy and accepted Malay political styles involving indirection, compromise and deference towards the traditional elites. Dr Mahathir and Datuk Musa studied in Singapore and have few aristocratic connections. They have also demonstrated an impatience with social, cultural and political factors which frustrate their reformist objectives.

## CHAPTER I

### THE STUDENT POLITICIAN

Johore Bahru, birthplace of Datuk Musa Hitam and capital of the Malaysian state of Johore, is not a particularly note-worthy city by world standards. There is little in the town to compare with Singapore's bustling metropolis 20 kilometres to the south or the historic grandeur of the ancient city of Malacca a few hours journey by car further north. Visitors making the long, hot dusty trip from Penang or Kuala Lumpur to Singapore rarely see the need for a stopover in Johore Bahru. Similarly, travellers from Singapore virtually ignore the town in their haste to reach destinations further north. Despite rapid development in recent years, Johore's easy going state capital still maintains a rather provincial atmosphere. Geography and economics, it seems, have conspired to rob the town of any real significance.

Appearances can be deceptive. Johore Bahru, the historians say, has a history that cannot easily be ignored. In 1866, it became the capital of Johore under the leadership of Temenggong Abu Bakar. His political acumen in maintaining the state's independence despite its close proximity to the British colony of Singapore has long been recognised. Johore Bahru was also the political base from which Dato Onn bin Jaafar, the founder of UMNO, launched a successful campaign against the Malayan Union proposals in the late 1940's.

Apart from the massive Sultan Abu Bakar Mosque (completed in 1900), however, there are few well-known historical buildings in the state capital. Neglected by both tourists and historians alike is the less imposing Johore English College (renamed the Sultan Abu Bakar College) which was founded in 1914. Here it was that former Prime Minister Datuk Hussein Onn, Professor Ungku Aziz (now Vice-Chancellor of the University of Malaya) and many other Malaysian leaders received their secondary education. A generation later another group of leaders, including Datuk Musa Hitam, Lee





*Datuk Musa: The Student Politician*

San Choon and Datuk Mohamat Rahmat were also educated in the same school.

Datuk Musa Hitam, like the town which raised him, is a man whose life at first glance seems rather prosaic by the standards set by the older generation of Asian political figures. Born on April 18th 1934, the young Musa was barely seven years old when the Japanese invaded Malaya in 1941. At the time he was no different from other youngsters of his age, selling *ketupat* along Jalan Nong Chik in order to provide extra income to help finance his studies. It was not for him to experience the trauma of foreign domination and the nationalistic awakening which inspired Tunku Abdul Rahman, Tun Razak, Datuk Hussein Onn and other leaders.

As a youth in Singapore Lee Kuan Yew had watched in fear as some of his contemporaries were ordered into a lorry by Japanese soldiers ostensibly to be taken to do some work. The lorry never returned. 'They never knew what they did to a whole generation like me', he recalled. 'I did not enter politics: they brought politics upon me. I decided that our lives should be ours to decide ... that we should not be the pawns and playthings of foreign powers'.

For Datuk Musa Hitam, the son of a meter reader employed by the Central Electricity Board, it was different. He *chose* politics. 'From my school days, for some strange reason, I had always seen myself as a political man,' he once confided. 'My ambition then was to study law, which at that time was synonymous with politics. After the war, up to the 1950's, there was a great deal of activity in Johore Bahru. As a child I saw demonstrations without really knowing what they meant, and Datuk Onn bin Jaafar's house was just half a mile away from ours. I was set from the very beginning, from the time I was in school, to be "in politics".'

The hardships of the war years, however, were overshadowed by a more personal grief. Musa Hitam's parents died during the war and he was brought up by his eldest sister (Zainab) and his brother-in-law who was a clerk. 'They were like parents to me,' he said. Musa Hitam was the youngest of ten children. He had five brothers (Abdul Rahman, Datuk Yaacob Hitam, Esa, Kadir and Yahaya) and four sisters (Zainab, Zaibidah, Saleha and Fatimah). The young Musa was determined not to let his family's modest economic standing prevent him from attaining his ambition. 'I used to get up at five o'clock in the morning and study by a



*Lee Kuan Yew: Prime Minister of Singapore*



kerosene lamp,' he recalled. 'No-one lectured me or guided me. I just went to school like any other kampung boy.'

As a teenager Musa heard Sardon Jubir speak in the Johore Legislative Assembly and followed the late Tun Dr Ismail during his campaign in the Johore Bahru Town Council elections. He also watched the contest between the late Datuk Onn Jaafar and Datuk Sulaiman Abdul Rahman in an election in Batu Pahat. From such experiences he learned not only the skills of political debate but also the value of friendly competition. 'During the campaign both of them criticised each other fiercely, but the night the votes were being counted I saw them drinking coffee together at a stall,' he told a journalist from the *Utusan Malaysia* in 1981.

While at the English College in Johore Bahru he was elected Deputy Head Prefect and was actively involved in student affairs. The principal at the time, Mr Thomas K. Taylor, remembers him as a cheerful, outgoing and well-liked student who could relate well to others and was willing to listen. He was also well-known as an eloquent debater and a good organiser. 'I remember Datuk Musa best during the Sixth Form General Paper classes that I gave every day,' Mr Taylor said when he came over from Australia to visit his ex-pupil in October 1981. 'It was basically a subject where pupils were encouraged to contribute their ideas and knowledge on anything and everything — here Musa showed a keen perception of world affairs.'

Musa was no weakling. He scored well in English, Malay and History but still found time to play badminton and represent the school as a member of its rugby and football teams.

Not satisfied with being active in student affairs Musa joined the Young Malayan Club (YMC) in Johore Bahru and soon became its President. In this way he gained a seat on the Johore Youth Council and later became its chairman. Through this latter organisation, and the Malayan Youth Council, he was selected as a representative to the World Association of Youth in Singapore. There he was exposed to international affairs for the first time while still in secondary school.

In 1954 he won a Johore government scholarship to the University of Malaya which at that time was in Singapore. He wanted to study law but his family could not afford to send him overseas. The law faculty at the University of Malaya was established only in 1957. 'I



*Datuk Musa (top row, extreme left) with friends during his student days at the University of Malaya.*



opted for Arts, as everyone else did at that time,' he explained years later.

For a young and ambitious student politician, the 1950's was an exciting (if somewhat dangerous) time to be alive. Throughout the Malay peninsula the communist uprising was at its height while UMNO and MCA leaders negotiated with the British for full independence. Meanwhile, in Singapore, David Marshall was trying to hold together a shaky government with limited powers under the British colonial administration. His chief political opponent, a young lawyer named Lee Kuan Yew, also had problems trying to outmanoeuvre communists who held key positions in the People's Action Party.

Communist influence was particularly strong in the schools. Matters came to a head in October 1956 when riots, initiated by students at the Chung Cheng and Chinese High School, spread to other parts of Singapore and lasted several days.

Datuk Musa Hitam remembers with fondness his years as a university student when he studied Philosophy and History. 'Those were great days,' he told a journalist in 1971. 'I spent three quarters of my time in student politics and in the cinema. I was never home for one long vacation.' He was active in the University of Malaya Students Union (UMSU) and a founding member of the Persatuan Bahasa Melayu Universiti Malaya (PBMUM) where he was known for his enthusiastic support for Malay as the National Language. He also became Vice-president of the Pan Malayan Students Federation.

His interest in international affairs soon led him well beyond the borders of his own country. He was head of the Students Union external affairs section and often went abroad for student conferences, work camps and seminars. He reached the pinnacle of his career as a student politician when he was selected at a meeting in Lagos (Nigeria) to represent the Asian region at the International Student Secretariat based in Holland.

It says much about the personality and intellect of the young Musa that all this activity had little effect on his studies. He did well enough in his examinations to qualify for his honours year but decided instead to work full time with the International Secretariat in Leiden. The two years he spent working for the Secretariat were probably the most colourful in his early career. There have been



*Datuk Musa participates in a student debate*

suggestions since that the Dutch-based organisation was actually a front for the American Central Intelligence Agency. If so, it seems clear that Musa was not aware of it. He was nobody's puppet. He fought colonial rule and oppression not, in his own words, by 'brandishing a weapon' but by meeting the students who led the struggle in different countries.

During this time he witnessed political upheavals in many nations. He was in Cuba when the Cuban student revolution ousted the dictator Batista and installed Castro in 1959. He was also in Korea when students rose against Syngman Rhee. On another occasion, in Algeria, he helped rebuild villages and re-settle refugees after that nation's independence struggle with the French.

Such experiences immersed him deeper into international affairs. But it was not until he went to Ceylon (now Sri Lanka) that he was introduced to the real trappings of power and the problems of developing nations. While organising a seminar of Asian student leaders in Ceylon he met the Ceylonese Prime Minister, Mr Solomon Bandaranaike. 'It was the first time I had met a Prime Minister from a developing country,' he was to remark later.



'During the meeting in his house Prime Minister Bandaranaike spoke for a long time with me, took me in his car to Parliament and introduced me to his ministers.'

The incident made a deep impression on Musa not only because the Prime Minister had taken an interest in him, but because of the seasoned politician's assessment of Malaya's future. 'He gave Malaya only ten years. After that he said Malaya would experience the same communal problems as Ceylon,' he recalls.

The young student leader disagreed. Years later, in 1968, he was to explain the basis of his objections in a speech to the Lions Club in Kluang, Johore. There were, he said, admittedly strong parallels between the situation in Ceylon in the late 1950's and Malaysia's experiences in the 1960's. 'Here was a country going through its first decade (1958 then) of independence with placid stability, slow but steady in its progress because of its relative progress in development under the circumstances. The prospects were remote indeed for aspiring politicians, however brilliant they might be, to wrest power from the already established forces which were credited with getting independence.'

The difference between the two countries, however, was the fact that in Ceylon brilliant and ambitious politicians ready to exploit communal sentiment were allowed to gain power. 'With a Cambridge "double first", a highly successful law career and a noble driving ambition to be a political leader of his country, Solomon West Diaz Bandaranaike saw that his prospects of becoming Prime Minister of Ceylon were slim indeed unless he had some ready-made issues to catapult him into power. The issues then were indeed ready-made and with his brilliant speeches Bandaranaike in no time became Prime Minister of Ceylon with the support of the Sinhalese of Buddhist religion but unfortunately alienating the support of Tamils of the Hindu religion. Bandaranaike soon succeeded not only in antagonising the Tamils but practically instigated them to a violent struggle for survival. The rest of the story of the tragedy of Ceylon is well on record and Ceylon's clock was turned back practically 10 years to a period before independence.' Musa Hitam believed that such politicians would be unable to win power in Malaysia if the nation continued to provide steady material progress for all its citizens.

Musa Hitam also came to other important conclusions as a

result of his years as a student leader. A few months after entering the Malaysian Cabinet in 1973 he offered the following advice to students attending a seminar on 'Society's Role in Equipping the Leaders of Tomorrow' organised by the Malaysian branch of the International Association of Economics and Business Administration students (AIESEC). 'I have been long enough involved in the student movement during my student days,' he said, 'to appreciate the danger of exuberance and the energy of the student population to be open for exploitation by political forces. I consider it dangerous because once the student population allows itself to be used for political ends it can no longer play the neutral and truly national role in serving the country at large.' He warned the students to avoid becoming merely another instrument to promote limited political objectives to the detriment of national unity.



*Datin Maria: 'He was very purposeful'*



This was the public side of Musa Hitam in those early years: a serious and thoughtful observer of national and international events. There was another aspect to his personality too — one capable of making important decisions quickly when he saw the need. It was while he was at an international student conference in Lima (Peru) in February 1959 that he met Ines Maria Reyna, a beautiful Peruvian brunette, and the two began a month-long whirlwind courtship. After Musa returned to Holland, Maria abandoned her course in architecture at Lima's National University of Engineering, was married by proxy, then flew out to join him. 'We met and fell in love almost from the first,' she told a journalist 13 years later. 'I was struck by his strength. He was very purposeful whereas the boys I knew were playful and carefree. All they wanted was a university degree and then earn lots of money.' Musa Hitam, normally such a good speaker on other subjects, was not quite so informative. 'Fate did it,' he was reported as saying. Today the Musa's have three children — Mariana (22), Rashid (20) and Rozanna (14).



*Musa Hitam with his children*

In retrospect it seems somehow fitting that Musa Hitam, who has immersed himself so deeply in international affairs all his life, should have married someone of another race and culture. For Maria the adjustment to a different way of life in a foreign land did not prove too difficult. 'I've never thought of myself as not a Malay since I married Musa,' she explained later. 'I guess I adjusted very quickly. If you love a man enough, that is quite easy.' Musa's mother, a woman of Chinese descent who was adopted by a Malay family when she was five years old, made a similar adjustment many years before. 'That's why I always say I've got my drive from her and my easy-going ways from my father,' he once remarked jovially.

Over the years Datuk Musa has tried to ensure that his political career did not interfere with his family commitments. During the 1982 election campaign Datin Maria told a journalist that Datuk Musa had asked her several times in the past whether she wanted him to abandon politics and do something else. 'I have been tempted, of course', she said. 'As a politician's wife the demand is strenuous because you represent the people of the country and so naturally your whole life is affected by the job. But knowing Musa's love for politics I told him to do whatever he likes best.'

Despite a busy schedule in the 1980's Datuk Musa has not neglected his family. 'I think he is one of the few husbands who finds time to come home for lunch', Datin Maria said. 'He makes it a point to give time to the family. We normally have breakfast and lunch together and in the evening spend time discussing certain matters or just watch television'.

Datin Maria admits that there have been times when she has disagreed with the views Datuk Musa has expressed in public. 'He decides what he wants to talk about', she says, 'but sometimes I criticise certain points in his speeches. If it is down-to-earth criticism he listens, but not when he has a reason for bringing up the points. He always has time to explain. Sometimes I agree or just keep my own counsel. We never quarrel about it — it's just a friendly discussion'.

The Musas have not always felt the pressures of Datuk Musa's political career. Called back home from Holland in the early 1960's to serve out his bond with the Johore government, Musa and his wife moved to Kluang where he began work as the Assistant





*"If it is down-to-earth criticism he listens."*

District Officer. The realities of life as an administrator, he found, were much different from the idealism of his youth as an international student leader. 'The four years that I was in the district were exciting and rewarding in terms of lessons in human relations and in terms of background to my present political interest,' he said later. It was during this period that he was involved in active preparations for the Second Malaya Development Plan at the district level as Secretary of the District Rural Development Committee.



*Datuk Musa and Datin Maria*





*Musa Hitam with his wife (in dark glasses) during his time as Assistant District Officer in Kluang*

At that time the late Tun Razak, as Minister for National and Rural Development, took a particular interest in rural development plans. 'I still remember how the late Tun came to my district to ask about the development plan and cross examine each officer,' Musa Hitam recalled to a journalist in 1981. 'One senior officer in Johore at that time had told him that a particular project had been completed. But when Tun Razak went to see it he found that it was not ready. I saw how that officer trembled facing him later.' Tun Razak, he realised, did not simply listen to briefings but insisted upon going around to see the true situation for himself. The Minister's example was to prove useful to Musa Hitam in later years when he became Chairman of the Federal Land Development Authority and later a Cabinet Minister.

The job of government administrator was not sufficiently challenging for Musa Hitam. 'I knew he was restless for something more,' said Maria of this period of their life together. Musa had not lost his interest in politics and felt that if he could join the private sector he would be able to participate actively in politics once

more. 'I was looking at all sorts of job opportunities as an administrator,' he recalls. 'Then a commercial firm, Jardine Waugh, offered me a job and agreed to buy me out for about \$1,000 at that time. It was cheap. So I was free.'

Any plans he may have had to become politically active, however, were dashed when he was sent to Brunei as a sales executive for the company. He sold medicine, essence of chicken, cameras, air conditioning units, cars and tractors. It was, in fact, an excellent opportunity for him to learn the tricks of the trade. Later, as Deputy Minister for Trade and Industry, he was to put this experience to good use in the interests of Malaysian consumers.

Musa Hitam's fortunes changed rather unexpectedly when, on one of his trips to Sabah to meet the Yang di-Pertua Negara, he met Datuk Sardon bin Haji Jubir who had just been re-appointed Minister for Transport after the 1964 elections. Datuk Sardon (now a Tun) knew Musa Hitam had been active in the Malayan Youth Council during his school days when the Minister had been the organisation's chairman. The rest of the story is best told by Musa Hitam himself: 'So I bumped into him and he mentioned something about having tea with him that afternoon. Then he made a general remark about looking for a political secretary. I told him that I was leaving for Malaya the next month and we arranged to meet in Kuala Lumpur. When we met, Parliament was in session and I went to see him at Parliament house. There, I was introduced to everyone as his political secretary. And I was in! So I told my rather surprised employer that I was leaving. There was nothing they could do about it.'

This incident, recounted several times in interviews Musa has given to various newspapers and magazines over the years, left an indelible impression on him. Musa and Sardon became great friends and have remained so ever since. Other close associates, such as Hussein Onn, Datuk Harun and Dr Mahathir were to figure prominently later in his career. But none can claim the credit for helping him do what is, after all, one of the most important things in a politician's rise — enter the national political arena with the help and support of a trusted friend.

Such assistance, of course, is not in itself sufficient to guarantee success, especially if the novice lacks any real ability. Musa



Hitam, the student politician, had come a long way from his days in the debating club at the Johore English College, but he had yet to prove his mettle in national political life. Later events were to show that he had the ability, dedication and persistence to win despite the difficulties placed in his way.



*Tan Sri Sardon Bin Haji Jubir*

## CHAPTER II

### **'REJECT MUSA HITAM .....**

(DAP election pamphlet, 1968)

There is a saying that if you throw mud at someone often enough some of it is bound to stick. Political name-calling is no exception. Musa Hitam's early activities and speeches reveal little which, in today's terms, can reasonably be labelled extremist. The striking fact, however, is that this was precisely how many of his political opponents in the 1960's claimed to see him. The reputation, if it had any basis at all, seems to have been largely the result of his personal style rather than anything he actually said.

Musa Hitam has always been known to be rather blunt in his approach. 'There is nothing wrong with being militant', he told an interviewer in 1974, 'if by "militant" you mean critical in your views without fear of circumstances, as long as it's right. At the time — it was the first phase of my political life — people interpreted outspokenness, though fair, in a negative rather than a positive sense. I was sticking my neck out when dealing with any problem'.

If becoming controversial was part of the young Musa's political strategy, it certainly was not long before he began to achieve his aim. Little more than a week after taking the oath of secrecy and being confirmed as Sardon Jubir's political secretary in February 1965, he raised the ire of the Singapore-based People's Action Party (PAP) by describing its 1964 onslaught on the Alliance as being designed to split, isolate and destroy the party by exploiting communal sentiments. Four months later he was at it again. Heading a three man unofficial delegation to Algiers to attend the Afro-Asian People's Solidarity Conference, Musa Hitam described a rival delegation from the opposition Barisan Sosialis as being 'anti-national' because it refused to recognise the legitimacy of the formation of Malaysia in 1963. Musa said he was going to campaign against Chinese communist and Indonesian opposition to Malaysia's participation in the Conference.



These activities were not always approved of by UMNO leaders. In 1968, when he had become a Member of Parliament, Musa Hitam accompanied Dr Mahathir to another Afro-Asian People's Solidarity Conference. This angered Prime Minister Tunku Abdul Rahman. The Tunku said he believed the organisation was a communist front.

Fortunately, there was at least one senior UMNO leader who recognised Musa Hitam's ability and saw the value of grooming him for the future. 'The late Tun Razak would often invite me over to chat and ask for my opinions', explained Musa. 'Perhaps he considered that I represented the views of the younger generation. After that he used to order me to go here or there although I was in reality the political secretary of the Minister for Transport'.

Musa Hitam had entered the national political arena at a time when Malaysia was facing serious problems both at home and overseas. The Indonesian Confrontation with Malaysia had not yet been resolved while the PAP's attempt to establish a political base in peninsular Malaysia during the 1964 election campaign was threatening to undermine national political stability.

Musa Hitam's next promotion came partly as a result of these tensions. In August 1965 Syed Ja'afar Albar resigned his position as Secretary-General of UMNO because he disagreed with Tunku Abdul Rahman over the decision to separate Singapore from Malaysia. Tun Razak, with the agreement of the Tunku, then appointed Musa Hitam to take his place as a temporary measure. 'My main concern at the moment', said Musa at the time, 'will be to help strengthen and consolidate the whole party structure'.

For those who knew him well there was no suggestion that the new appointee was dangerous or extremist in his political views. According to the *Brunei Bulletin*, the lowering of the political temperature in Malaysia was not just a result of the exit of Singapore from the Federation. It was also because of Ja'afar Albar's resignation and his being replaced by Musa. When Musa was in Brunei, the newspaper pointed out, he was on excellent terms with people of all races and walks of life. 'All who know him', it added, 'will congratulate him on his well-deserved success. He will bring to his UMNO post a tolerance and understanding of the viewpoint of other races which occasionally is sadly lacking in the speeches of his predecessor.'



*Tun Razak (standing) often had Musa beside him*

Musa Hitam did his job so well that a few months later, when Khir Johari was selected as the new permanent Secretary-General of the party, Musa was given the post of Executive-Secretary in charge of party administration. It was here that he became even more active in politics, learning a great deal about party machinery while helping to reorganise the UMNO headquarters.

Musa Hitam was now, for the first time, a national political figure who could not be easily overlooked. In October 1965, he helped to settle a forest workers' strike involving 1,034 workers which had lasted for 35 days — the longest in Malaysian civil service history. By 1966 he was also beginning to establish a reputation for himself as a roving diplomat. In May of that year, he attended international conferences in Hong Kong and Manila which had been organised to discuss the role of political parties in democratic countries. In the following month he left for Australia, this time to discuss the international situation with officials in Canberra. By September he was in New York at the United Nations as part of a special delegation headed by Tun Razak. Back in Malaysia once again he represented UMNO in dialogue sessions, political debates and talks.



This was the period of Singapore's participation in an enlarged Malaysian federation. Lee Kuan Yew, the Singapore Prime Minister, was a brilliant debater but his aggressive and abrasive style alienated many of his potential allies on the peninsula. UMNO, in particular, was hotly opposed to his advocacy of a 'Malaysian Malaysia' since it believed the policy denied the Malays their heritage. However, Lee Kuan Yew's reputation was such that few of the party's national leaders dared to challenge him in public debate.

On one occasion, when Musa Hitam was still political secretary to the Minister for Transport, he was sent to represent UMNO at a political forum at the University of Malaya in which Lee Kuan Yew and other political figures were to take part. Since Musa represented UMNO, Musa was naturally the target of the Government's critics. 'This was the first time in my life that I had defended UMNO in such a large forum,' he recalled later. 'At that time I was still green in politics compared to other members of the panel, but I was able to defend UMNO's stand.'

Musa Hitam did not just confine himself to reorganising and defending UMNO; he was also active in trying to improve its policies for the benefit of the people. In a special memorandum to the Second Bumiputra Economic Congress in September 1968, he put forward several proposals for consideration. These included the establishment of a Bumiputra Education Commission to study the Education system needed then as well as in the future. Another proposal suggested the setting up of a National Marketing System in the rural areas. The Education Commission would study the progress made by Bumiputras in education since independence with a view to placing renewed emphasis on skilled or professional subjects. The Higher Education Report of 1967, he pointed out, did not refer to the economic development of the Bumiputras. A National Marketing System was also needed to give fair prices to fishermen and farmers for their products and reorganise the rural credit system. Considering the general direction government policies were to take in the 1970's, these were prophetic suggestions indeed.

All this activity did not go unnoticed by UMNO leaders. Here was a dedicated, enthusiastic and well-educated young leader who might one day serve the party well in high positions. After the

death of Alliance Member of Parliament, Tuan Haji Abdullah bin Haji Mohamed Salleh in August 1968, the Chairman of the Alliance candidature Committee, Encik Mohamed Khir Johari, announced that Musa Hitam would be the Government's candidate in the coming by-election.



*Musa campaigns in Segamat Utara, 1968*

The campaign was a tough one for Musa Hitam. The Segamat Utara constituency was a multi-racial one with a clear non-Malay majority. Musa faced the electorate in a straight fight with the chairman of the Johore DAP, Lee Ah Meng. The political tactics used by some of the more enthusiastic of Musa's political opponents were hardly fair. Speaking on the problems of Malaysian politics at a student leadership training programme at the University of Malaya a few months later, he recalled that during the campaign his name was pronounced in Chinese to mean 'greedy'. Even his mode of dress and way of carrying a briefcase was made the subject of ridicule. 'I regard these as nothing but the signs of a politically bankrupt party', he concluded.

More serious, perhaps, was the apparently deliberate attempt



at misrepresentation. A few days before polling day the DAP produced a pamphlet entitled *Reject Musa Hitam the Communalist*. Chinese, Malay, English and Tamil versions of the handout were distributed throughout the electorate. The pamphlet purported to quote a report published by the *Berita Harian* on the 23rd of July 1966. In it Musa Hitam had outlined three conditions he felt should be fulfilled before an individual could be accepted as a true Malaysian. The third condition was underlined in the DAP pamphlet in the Chinese edition, and produced in heavy print in the English version. The quotation in the Malay pamphlet read: '*Mereka mesti menerima kebudayaan Melayu sebagai kebudayaan mereka sendirinya*'. The English translation was given as: 'They must accept Malay culture as their own culture'. However, the actual *Berita Harian* report reads: *Menerima asas kebudayaan Melayu sebagai kebudayaan mereka* meaning 'acceptance of the basis of Malay culture as their own' (*emphasis added*).

Non-Malay voters were apparently unimpressed with these tactics. Musa Hitam won by a clear majority. With more than 74% of the voters in an electorate of 20,779 casting their ballots, Musa obtained 9,485 votes compared to that of Lee Ah Meng who polled 5,731 votes. The Alliance thus had a majority of 3,754. Considering Musa Hitam's reputation in some quarters at the time as a Malay extremist it is worth looking at the constituency in more detail to see to what extent non-Malays were prepared to trust him. In 1968 the racial composition of the Segamat Utara constituency was as follows:

Chinese	.....	9,488
Malays	.....	7,653
Indians	.....	3,665

Even if we assume that *all* the Malays came out to vote (a highly improbable event considering the overall turnout figure of 74%) it is impossible to avoid the conclusion that Musa's victory was at least partly due to substantial non-Malay support. Despite the communal tensions aroused during the general election of May 1969, this pattern was repeated in the following year when Musa Hitam again won with a comfortable majority of 3,732 votes. Was the young Musa Hitam an extremist? The electorate obviously did not think so.

In fact, Musa Hitam's speeches at this time revealed a considerable degree of sensitivity and understanding in his approach to Malaysia's communal problems. Speaking on the topic 'National Integration — How far have we been Successful?' in Kluang in August 1968, he reminded his listeners that government policy was not one of assimilation but of integration. 'Assimilation', he said, 'seems to insinuate in Malaysia a policy which in simple words implies turning Chinese, Indians, Europeans, Kadazans and Ibans into Malays. The other, integration, reflects a much more realistic process towards nation building out of the various races in the country. It aims at an amalgam of the best characteristics of the various races which could eventually develop into a truly Malaysian characteristic in a Malaysian nation'.

Assimilation was not only negative but also dangerous. 'Rightly or wrongly we know that in Malaysia each community feels that it is superior in one way or another to the other communities. Each group holds by its own religion, its own culture, its own ideas and ways of life and assimilation means a total surrender of these characteristics. Integration means a partial surrender of racial identity based on certain agreed principles which could be acceptable to all the communities truly interested in the formation of a single united Malaysian nation'. Full integration could not be achieved within a decade, or even within a century, so the process required a long period of patience, tolerance and understanding.

In the meantime, it was essential that the sensitivities of the various communities should not be wrongly exploited because such exploitation would only produce disastrous results. 'It seems to me', he continued, 'that political parties which exploit communal sentiments indulge in what I term the "politics of fear". On the one hand, we have the DAP group of political parties which use the tactics of implanting a feeling of fear of the Chinese for the Malays with their theories of inequality, domination and a feeling of persecution. On the other hand, we have the PMIP which uses tactics of implanting a feeling of insecurity, fear and suspicion of the Malays for the Chinese'. Every responsible political party, he said, should oppose this 'mad drift towards communal disharmony'.

It was unfortunate that inequalities in Malaysia reflected communal divisions. 'Ideally, we should not interpret the inequalities





*Lim Kit Siang (DAP Leader) meets Datuk Musa*

along communal lines, of course, and should rather speak of the "haves" and the "have-nots". But whether one likes it or not, wealth and economic power are identified with the Chinese community and government and political power are identified with the Malays'. Evidence of this, he said, could be found in the fact that until recently the word "Encik" was used for Malays only, to signify someone of higher status in society, whereas the word "towkay" was only used to refer to Chinese.'

The crux of the problem was to create a just society where opportunities were available to all on the basis of free competition. 'From the point of view of the non-Malays, the situation in our country is such that there is no fair competition and they are being treated as "second class citizens". They feel that even if they are generally the best, and thus deserve the best positions in our society, the political powers-that-be (the Malays in this context) would rather prefer Malays even when in most cases the Malays are less qualified for the positions'. The Malays, of course, saw things differently. 'They feel that since Malaysia was originally

"our country" (rightly or wrongly, I am not debating here), they should be given these preferences. To the Malays too the economic powers-that-be (the Chinese) have been very rigidly against giving some ways to the Malays'.

Musa Hitam pointed out that because the Malays were concentrated in the rural areas they had less access to the opportunities and development facilities than the majority of the Chinese who live in the towns. 'Justice', he said, 'is giving the opportunity to Malays to compete with the other races on a just and equal basis'. The 'special position' of the Malays, as outlined in article 157 of the Constitution, was necessary as a guarantee that these opportunities would be provided. It was true that 'no self-respecting person should accept the principle of enjoying any position in society by virtue of his racial origin'. However, since the prerequisites of fair and just competition had not yet been created, positive discrimination in favour of the Malays had to be continued.

Turning to education, Musa Hitam readily agreed that, where inter-racial understanding and tolerance were concerned the English educated people in Malaysia provided the best examples. This, he said, was due to two important factors. Firstly, the English-medium schools were inter-racial and therefore provided good opportunities for contact between the races. Secondly, communication across racial barriers was easier because of the common language. However, an English medium education had always been the privilege of only a small minority of the population. It was therefore up to Malay, as the National Language, to fulfill this function.

Two of the most important factors in national integration, he believed were a common language and a common culture. The question of the common language had already been settled. Musa Hitam therefore turned his attention to the problem of a national culture. He repeated his view that Malay culture could form the basis of a Malaysian culture. 'This suggestion is not made because I am a "narrow ultra racialist" (as I am sure a lot of my political opponents would like to make me out to be) but with a background of my academic studies of Malay culture and my knowledge of the different cultures of my fellow Malaysians of other races'. He continued, 'If one takes the trouble to study the origins



and development of Malay culture as it is today, one would discover that, in its present form, it is very strongly tinged with elements of Indian and Chinese as well as Western cultures.' Whatever his political opponents said of him, it was clear that Musa Hitam was no chauvinist.

Immediately after his election to Parliament in the Segamat Utara by-election in October 1968, Musa Hitam turned his attention to the problems of his constituents. Segamat, well-known during the Emergency as a source of supplies for the Communist insurgents, is situated in the largest timber producing district in Johore. Despite this, the main problem in the area was unemployment. Hundreds of workers had lost their jobs because of the fragmentation of the rubber estates and the uncertain price of the commodity on the international market. Many of the unemployed, however, were reluctant to resettle on land development schemes in other states because this would mean leaving the area in which they were born and raised.

Musa Hitam believed that one possible solution to the problem was land distribution. 'I think the Government should provide more land for padi cultivation', he said at the time. 'A scheme such as this will also help to achieve our country's goal of self-sufficiency in rice at a much earlier date'. He wanted the Johore government not only to open up more land but also to allocate between 5,000 and 10,000 acres for federal land schemes. Having been elected with the support of a large number of non-Malay voters, Musa Hitam was also concerned that the proposed scheme benefitted all races in the district. The Malays were enthusiastic but non-Malays preferred to have land on which they could work during their spare time. Musa Hitam therefore began to plan a campaign to change the non-Malays' attitude to land schemes which he could put into operation as soon as the state government allocated a site for the Federal Land Development Authority (FLDA).

Another problem in Segamat was the lack of schools close to the kampungs. 'For instance', he said, 'out of a family of six children only two are able to attend school which may be six or seven miles away'. These families could not afford to send all their children to school because of the cost of transport to and from school. 'This is a matter which I am looking into with a view of trying to provide assistance for deserving cases. I have asked for



statistics and other data related to it. I do not know yet how and when such assistance can be provided, but I shall do all I can to find a way'.

Musa Hitam's speeches in Parliament at this time similarly reflect his concern for the lower income groups. In January 1969, during debate on the Supply Bill, he pointed out that a lack of co-ordination between government departments had hindered efforts to provide redundant estate workers with alternative employment or land. In Segamat Utara, he said, 90% of the workers had been retrenched when estate managements switched from rubber to oil palm. In another speech shortly afterwards, Musa Hitam urged the Government to introduce Social Security Legislation for people in rural areas. Most of the laws then in force, he said, applied to the urban areas only. Since the rural workers were not organised, nobody could speak for them if anything not in their interest happened. Their welfare simply depended on the kindness of their landlords.

Musa Hitam's concern for underprivileged rural workers did not escape the attention of the country's Trade Unions. In April 1969, less than a month before the 1969 elections, the Malaysian Trades Union Congress (MTUC) announced that it had decided to support Musa Hitam in Segamat Utara against the DAP candidate, Mr Tan Thian San. Musa Hitam was, in fact, one of a mere handful of candidates from various parties that the MTUC had decided to support. However, in view of the DAP's consistent attempts to attract Trade Union support over the years (by setting up a Trade Union Bureau and holding annual May Day functions) the MTUC decision was particularly significant. It provided additional evidence to show that an important section of Malaysian society had rejected the propaganda of Musa Hitam's political opponents branding him an extremist.

The erosion of popular support for the Alliance government in the May 1969 elections, and the communal disturbances which followed them, have been discussed by many writers. These events shook the Malaysian policy in many ways. Changes in the following months included the retirement of Prime Minister Tunku Abdul Rahman, his replacement by his deputy, Tun Razak, and the formulation of new policies designed to assist the economically weak Malay community.

One aspect of these changes which has been widely misunderstood is the role of those labelled 'ultras' by Prime Minister Tunku Abdul Rahman. Musa Hitam was one of these. Malay opposition to the Tunku in 1969 has been seen all too often as constituting proof that those involved were racial extremists. Extremists there may have been, but this was not generally the case — especially among those who held responsible positions in UMNO. The Tunku's opponents were in some ways more Malay-oriented, but this was not the most important difference. They were more pragmatic in their approach to the nation's problems and advocated newer and more ambitious social and economic policies. Musa Hitam was only one of a large number of young Malay intellectuals demanding similar changes.

Perhaps the events of May 1969 affected Musa Hitam and Dr Mahathir more because they were both named by foreign journalists as 'ultras' or racial extremists who opposed the Tunku. Dr Mahathir did, in fact, challenge the policies and authority of the Prime Minister and was expelled briefly from the party as a consequence. However, Musa Hitam's dismissal from his newly acquired position as Assistant Minister to the Deputy Prime Minister seems more difficult to explain. Musa himself declined to offer any explanation beyond asserting his innocence of the charge of disloyalty. Indeed, he does not appear to have made any public statements which could be interpreted as opposing the Tunku. Even the Prime Minister declined to give details beyond mentioning that he had received an 'unfavourable report' about him. It was widely believed at the time, however, that Musa had been dismissed because of his support for his friend, Dr Mahathir, within the party.

The Tunku's letter of dismissal was dated July 28th 1969.

"I have received an unfavourable report about you, particularly in respect of your doubtful loyalty to the Government.

You are aware that the Cabinet functions on the basis of undivided loyalty or, as has been referred to under constitutional democracy, joint responsibility in the Cabinet.

In the circumstances, I regret that I have no



choice but to submit a request to His Majesty, the Yang di-Pertuan Agong, to terminate your services with effect as from September 1, 1969. This is to enable you to take leave and make other arrangements for your future."

Musa Hitam replied. His letter was dated August 1.

"I would like to acknowledge receipt of your letter dated July 28, 1969.

This is the first time that you have intimated to me the allegation of my 'doubtful loyalty to the Government.' My only regret is that you have taken this final decision to dismiss me, based on 'an unfavourable report,' without calling for any explanation from me.

I am fully aware that it is your prerogative as Prime Minister to dismiss me. However, I would like to take this opportunity to assure you categorically that I have always been and shall be loyal to the party and the Government of this beloved country of ours.

You may recall that I took the oath of loyalty before His Majesty, the Yang di-Pertuan Agong, on assuming office. I have always acted in accordance with the spirit of the oath.

In view of the fact that the news of my dismissal has been made public by you, I am taking this liberty to release both your letter and my reply for public knowledge."

In a statement clarifying his position, Musa Hitam said he would remain MP for Segamat Utara. His views, particularly on Malaysia, remained unchanged. He was still an UMNO member and would continue to abide by the aims, objectives and spirit of the constitution of the party. He called on the people of his constituency to remain calm and continue to demonstrate a spirit of understanding and harmony.

Musa Hitam's political career was not at an end, but it had



experienced a serious setback. He now faced the stigma of being branded as an 'ultra' or extremist — a label that was as unfair as it was untrue. Since Parliament had been suspended in the wake of the May 13th incident, he decided to leave for Sussex University in England to pursue a Masters Degree in International Relations. Thus began for Musa Hitam, a long year of reflection about Malaysian problems and policies which was to stand him in good stead when he resumed his active political involvement in the latter half of 1970.



*His views remained unchanged*

## CHAPTER III

### THE RETURN

It had been raining continuously for eighteen days. The water level in the Segamat River had risen to 37 feet — seven feet above the danger level — and many small villages had been isolated by floodwaters. In one such village, not far from Segamat, an old man stood dejectedly watching the sodden skies. Food and fresh water were in short supply and many people had lost all their possessions in the flood. A military helicopter appeared on the horizon searching for a place to land. As the old man watched the aircraft drew near and began to descend. Suddenly a dark figure emerged from the helicopter and jumped the remaining eight feet to the ground. 'Oh, Che Musa!', the old man shouted happily.

This incident, reconstructed from press reports of January 1971, conveys the essence of Musa Hitam's approach to his political career. Here we see his drive, sense of adventure, concern for the common people and a desire to see that his instructions are carried out.

Speaking at an UMNO seminar in London in 1975 he outlined his views on the qualities which Malaysian leaders needed. There had been an inevitable shift, he pointed out, from the traditional custodian type of leadership to an achievement oriented one. Like all other countries, Malaysia had its share of rising expectations which were accentuated by the unrealistic promises by its leaders. There was, therefore, a need to limit excessive expectations to realistic levels. Achievement oriented leaders, he said, must understand that goods promised must be delivered. On another occasion, soon after becoming Deputy Minister of Trade and Industry, he was even more blunt. He advised UMNO leaders to 'Talk less, do more and don't think aloud'.

Musa Hitam could easily have referred to himself as an example. Returning with a Masters Degree from Sussex University in September 1970 the 37 year old Member of Parliament refused to

speak to the press. Instead he went immediately to meet his constituents in Segamat Utara. However, the Emergency Regulations promulgated in the wake of the 1969 riots were still in force, severely restricting the scope of political activity. Musa Hitam therefore decided to accept an appointment as a lecturer in International Affairs at the University of Malaya. He enjoyed teaching but his energetic spirit soon found the experience rather tepid in comparison to a political career.

In retrospect the break from political activity was good for Musa Hitam's political career. By early 1971 the Government, under the guidance of a new Prime Minister (Tun Razak), was by then itself pursuing many of the interventionist social and economic policies that Musa Hitam and Dr Mahathir had supported earlier. These included the active promotion of Bahasa Malaysia as the language medium of education in the schools and the formulation of the New Economic Policy (NEP) designed to redress the national economic imbalance in favour of the Bumiputras (Malays and other indigenous people).

In December 1970 Musa Hitam decided to campaign for the Deputy Chairmanship of UMNO Youth in the organisation's elections the following month. He won convincingly, defeating Encik Sharriff Ahmad (the Parliamentary Secretary to the Prime Minister) by 238 votes to 66. It was, in fact, a year when many young well-educated members gained responsible positions. Seven out of the ten elected members of the executive committee were graduates, as were all five of the co-opted members. At that time Musa Hitam had close rapport with Dato Harun, who was Chairman of UMNO Youth. Despite the difference in their ages and personalities, both men began to co-operate to build up the image of the party's youth wing.

By 1971 several political observers were beginning to recognise that Musa Hitam had a bright future ahead of him in UMNO. In the polling for the 20 elective positions on the Central Executive Council of the party in January, Musa Hitam won fifth position behind Tan Sri Ghazali Shafie. Many believed that Dr Mahathir bin Mohamad could have beaten both of them if he had been eligible to stand, but he was still under expulsion from the party. An added disadvantage was that Dr Mahathir had lost his seat in the 1969 elections. Ghazali Shafie, as Minister in charge of infor-



mation and National Unity, was in a much stronger position. He had had long experience as a senior civil servant and an international negotiator.

Musa Hitam, on the other hand, had the future working for him in the UMNO Youth movement. He was not only its Deputy Chairman but also the executive member responsible for student affairs. In a country where about 60% of the population was under 21, such a body was potentially very influential. Furthermore, in the early 1970's, thousands of youths with little or nothing to do posed an immediate threat to Malaysia's stability. These youths had nothing to lose by taking 'direct action' if the situation became — from their viewpoint — intolerable.

Musa Hitam told a journalist at the time that he believed the Youth movement had a liaison job to do. It needed to explain Government policy to young people on the one hand and make the Government conscious of the pressures and ideas of the unemployed and dissatisfied youths on the other. Musa Hitam did not see any short term solutions. 'We are not in the Pemuda Rakyat movement in Indonesia in the Soekarno days taking over factories, and finding that it gets you nowhere'. Nor did he favour a mass recruiting campaign to give the organisation more political muscle. 'I'm not interested in numbers', he said. 'That's all right for a party trying to gain independence by impressing a colonial Government. There should be more emphasis on greater sophistication. I'm more interested in the type of people we get rather than trying to sign up every Tom, Dick and Harry.'

UMNO Youth was not just interested in attracting Malay students and youths into UMNO rather than the opposition Pan Malayan Islamic Party. 'We've got to go to everybody, to students of all races,' he said. 'UMNO has never said that it wants a 100% Malay Government.' Developments within other parties in the Alliance were also of concern. 'The changes happening in UMNO and the other parties are interesting — the young Chinese who are trying to stir things in the MCA. It's too early for us to be certain yet whether that's good or bad, but at least something is happening. When I talk to students, I want to be able to talk from a position of strength. My job is an Alliance one.'

At this stage in his political career Musa Hitam was still being misquoted. In a speech at the General Assembly of UMNO

Youth during a debate on the concept of nationality, he was reported to have said that UMNO Youth could 'teach' some wealthy non-Malays, with supposedly lukewarm patriotism, what citizenship meant. Later, however, Musa denied that he meant it in the sense of 'teach a lesson'. During the 15-minute speech he urged delegates to understand the problems of non-Malays, and to point out to them what citizenship rights and responsibilities involved — for everybody's sake. Perhaps UMNO members could teach as well as learn in this context of nationality. The phrase he used was *boleh ajar* — may teach.

Musa Hitam believed there were already signs that positive changes were taking place within UMNO that would revitalise the party. 'I was surprised at the Pemuda (youth) General Assembly to find how many of the delegates were graduates from all over the country, people coming from Kelantan and Telok Anson and other places,' he said. 'Ministers were getting up to speak, and delegates were saying "Who are you?" The Ministers would look surprised and the delegates would say again "Who are you and where do you come from?" Ministers are not used to it. When they identify themselves, the delegates would reply "That's better."'

Musa Hitam took to his new role as a representative of UMNO Youth with enthusiasm. In another statement to the press the newly-elected Deputy Chairman of UMNO Youth welcomed Prime Minister Tun Razak's acknowledgement that the Government should accept the opinions and criticisms of youths. In the past, said Musa Hitam, older people had adopted a 'negative attitude' to the opinions of young people. However, youths were now more mature because of the changes that had taken place in the nation. The Alliance would not be strengthened if it disregarded them. On yet another occasion, speaking at a forum on the role of youths in the Second Malaysia Plan, he encouraged young people to hold forums and seminars to discuss programmes implemented by the Government. He believed they should also be ready to grasp the opportunities given to them under the Plan.

During this period Musa Hitam's rise to political prominence was rapid. In early March 1971, barely two months after his election as Vice-Chairman of UMNO Youth, he resigned his position as a lecturer at the University of Malaya and was appointed Officer with Special Functions with the Federal Land



Development Authority (FLDA). His job was to assist the Authority's chairman, Tan Sri Taib bin Andak, by making as many visits as possible to land schemes to look into the problems faced by the settlers. In August, when Tan Sri Taib bin Andak retired, Musa Hitam became Chairman at the suggestion of Tun Razak.

In 1971, FLDA (renamed FELDA by Musa Hitam) land schemes were facing many serious problems. The most important of these was the continuing low price of rubber on the international market. This meant that settler families, who usually had to repay a \$15,000 loan at 6¼% interest rate to meet the cost of clearing the land and building the infrastructure, were unable to pay up. The problem was a serious one because whether FELDA would be successful in the future at least partly depended upon the ability of the settlers to repay their loans promptly. Low commodity prices meant that increasing the size of the settler's holding was not an attractive solution to the problems. In 1971 the situation was so bad that modified repayment terms had to be introduced and the Government was asked to review its lending terms to FELDA.

By contrast, the price of palm oil during the 1971 was good and this ensured maximum repayments which amounted to nearly \$2.4 million. FELDA therefore began to concentrate on planting palm oil estates. By the end of 1971 oil palm acreage totalled 53.9% of all FELDA acreage.

Unfortunately, there was no long term solution to the problem of low commodity prices in sight. The best hope was that rapid technological advances and efficient marketing systems would serve to offset the effects of rising costs in consumer countries. Part of FELDA's problem was also a managerial one. The lack of skilled managers forced Musa Hitam to centralise functions where it would have been preferable to delegate duties. FELDA's staff had grown from 774 in 1966 to 2,778 in 1971 as a result of the demands placed upon it as the Authority changed from being a land development agency to a fully integrated agricultural development organisation. Plans to open up new settlements were also facing problems related to a shortage of manpower and machinery to construct the necessary infrastructure.

Despite these problems FELDA's land schemes were very popular — particularly among Malays. In 1971 alone the Authority



received 25,000 applications. By March of the following year, however, FELDA had only been able to process 8,000 of them. Successful applicants then faced a waiting period of two years before they could be given land. Musa Hitam therefore decided to freeze all applications temporarily so that the existing ones could be dealt with. At the same time he announced that under the Second Malaysia Plan (1971 – 1975) FELDA was to open up 300,000 acres – sufficient for all 25,000 families.

Musa Hitam also took several other measures to alleviate the problems faced by the Authority. One early move was the establishment of a Youth Works Brigade to relieve the pressure on management by helping to maintain land schemes until they were handed over to the settlers. Youths recruited into the Brigade were specially hand-picked from among settler families. Their main job was to look after new planting areas – including weeding and nursery work – until settlers moved in. Additional measures to help FELDA overcome its management problems included scholarships awards for those wishing to work for the Authority and training schemes for senior and field officers.

Other moves were designed to help the settlers themselves. Noting the difficulties faced by the settlers because of the low price of rubber Musa Hitam devised a new repayment system under which they could be assured of a 'clean' income of \$70 without encumbrances. Under the previous system settlers were each allowed \$100 but the money was subject to loan commitments and other deductions. The average monthly income of FELDA settlers at the time was between \$150 and \$200.

Small scale businesses on FELDA settlements were also encouraged. Settlers were given assistance to set up tailoring and motor car repair businesses while others manufactured *cangkuls* (hoes) and wire springs. In other cases the Authority found it had to intervene more directly. At that time, shops selling essential goods on the land schemes were run by the settlers themselves with two private companies. When Musa Hitam became Chairman these shops were averaging monthly losses of \$69,000. They were then taken over by FELDA and within the first year, made an impressive \$1 million profit. In September 1972 Musa Hitam announced that FELDA's network of 60 shops would be expanded and that settlers would, in time, be given an opportunity to invest

in them.

Another scheme launched in the same year involved FELDA giving more financial aid to the children of settlers to help them pursue higher education. Poverty, Musa Hitam stressed, should not be the cause of school dropouts.

The new Chairman was also active in a variety of other areas. During 1972 the proportion of the Authority's contracts awarded to Bumiputra firms rose steadily from between 9 and 11% to 25% of the total value of the contracts given out. Musa Hitam also found time in June to visit Brussels as an advisor to the ASEAN (Association of Southeast Asian Nations) mission negotiating with the EEC (European Economic Community) countries on questions relating to canned pineapples, coconut oil and semi-finished products. Back in Malaysia once again he directed that FELDA experiment with new crops because of the low price of rubber.

The pace of all this activity as Chairman of FELDA, Deputy Chairman of U.M.N.O. Youth and a Member of Parliament may have been too much for a lesser man. Musa Hitam, however, remained active in all three areas. As an MP he took a particular interest in foreign affairs. Speaking in the Dewan Rakyat (House of Representatives) in March 1971 he was typically forthright in his condemnation of Britain's decision to sell arms to South Africa. Britain, he said, was 'slowly but surely' drifting to the side of racist regimes much despised by Asians and Africans. 'If ever history is to judge one country that has most effectively contributed to the spread of communism in Africa, I am certain that Britain would occupy the highest position of honour.'

Of greater concern for Malaysia, however, was the situation in Southeast Asia. In early May 1972, as Chairman of the Malaysian Afro-Asian People's Solidarity Organisation, he called on the parties involved in the Vietnam conflict to return to the conference table. He advocated an end to all forms of foreign participation. 'We can never achieve success in our programme for peace and development in our country and Southeast Asia', he said, 'so long as this ambition is threatened by outside powers ever ready to use our region for their own ends.' A few months later he urged Asian leaders to start a dialogue with each other to ensure peace in the region. 'Asian problems', he pointed out, 'can be solved with Asian solutions the Asian way'.



Having spent almost a year studying Malaysia's problems in the context of regional co-operation at Sussex University, Musa Hitam had much time for reflection on the subject of foreign policy. In April 1971, a few months after returning to Malaysia, he gave a speech on the subject to the Kuala Lumpur Diplomatic Club. The talk, entitled *Malaysia's Foreign Policy — From a Government Backbencher's Viewpoint*, was a detailed exposition of his ideas about regional cooperation in Southeast Asia.

The basic assumption of Malaysia's foreign policy, noted Musa Hitam, was that it was a Southeast Asian nation, existing in an area which had been subject to conflicting interests for centuries. 'Since the arrival of the Portuguese,' he said, 'Southeast Asia has been carved out, divided, subdivided and fought over as prized young maidens, having our destinies predetermined even before we ourselves became aware of our self-respect and much exploited resources.' Being subject to different colonial experiences, Southeast Asians thus developed separate identities and adopted different political and social systems.

The Kuala Lumpur declaration of 1970 to make Southeast Asia a Zone of Peace, Freedom and Neutrality was therefore aimed at ensuring that each nation could concentrate on nation building and internal consolidation while at the same time contribute to each other's progress through mutual cooperation.

One of the keys to the success of ASEAN, he continued, was that it had remained apolitical and non-military. 'The concept of regional security in the classical sense, stressing the military aspects, has given way to another concept of regional security, but stressing the economic aspects. This has been the most encouraging development in the field of international relations for the past few years. For, security in the classical, military sense was negative, based on an 'anti' some other power or group. Whereas security in the current economic sense is more positive, based on aims of reducing areas of tension and toward internal or regional stability, ultimately serving as the strongest bulwark against any external or internal threats'.

The EEC, he said, should be studied carefully by the ASEAN nations and used as a positive example. Creating a 'Common Market' in ASEAN was a desirable ideal but the pace should not be forced. Mutual trust and confidence must be nurtured first



among the masses as well as the leaders. The creation of a Southeast Asian Community, he continued, involved a slow and painful process of limited 'denationalisation'. Given the difficult nature of the job at hand Musa Hitam did not favour increasing the number of member states for some time. However, ASEAN countries would undoubtedly benefit if they could succeed in convincing the other Southeast Asian nations of the desirability of the ASEAN policy of 'peace, freedom and neutrality'.

Southeast Asian neutrality, he said, should not be looked upon as a simple exercise in the 'zero sum game' because it was not simply a shift away from one power bloc to another. In this sense there was no need for Malaysia's Western friends to be unduly worried. 'Our only wish is not to be used as pawns in the international power game and to be left alone to develop ourselves to such an extent that our success could contribute to a more stable and peaceful world'.

By the end of 1972 Musa Hitam had established himself as a force to be reckoned with in national politics, not only as a Member of Parliament, but also in his close association with UMNO Youth. He had also gained a reputation as a competent administrator through his chairmanship of FELDA. For a man of such ability it was only a matter of time before he was given the opportunity to enter the Malaysian cabinet. In fact, it was not long before he was representing the country with distinction at international economic conferences.

## CHAPTER IV

### UP TO THE NECK IN POLITICS

'It was out of the blue, I guess,' said Puan Maria Musa Hitam of her husband's appointment as Deputy Minister of Trade and Industry in January 1973. 'I was in the Philippines at the time and there was the Malaysian ambassador congratulating me and I didn't know what it was all about'. For Musa Hitam it was the challenge of a new experience rather than the surprise for which he remembers the announcement. He rose to the occasion with characteristic enthusiasm. 'Once you are in it (politics)', he told a journalist on one occasion, 'you must be prepared to be in it up to your neck'.

This attitude suited his political superiors well. Successive Ministers of Trade and Industry in the early 1970's (the late Tun Dr Ismail and subsequently Datuk Hussein Onn) also served as Deputy Prime Minister and thus had little time to devote to the Trade and Industry portfolio. 'It could be said that 90% of the Ministry's work was handed over to me', Musa Hitam explained later. 'They only gave me guidance and advice whenever it was needed'.

The new Deputy Minister wasted no time in getting down to work. The day before he was formally sworn in by the Yang dipertuan Agung (Malaysia's king) Musa Hitam was briefed by Ministry officials on the shortage of sugar which by that time had reached almost crisis proportions in the country. A few days later he announced his decision. Sugar traders, he said, would be given one week to move their stocks into the market or face the consequences. If the artificial shortage was not resolved by then, the Government would take 'direct measures' to ensure that supplies reached consumers. 'My Ministry will not hesitate to invoke further its powers under existing legislation to achieve this objective,' he told newsmen.

Encik Musa also announced other measures to ensure a steady

supply of the commodity. The Government, he said, would not allow the retail price of sugar in peninsular Malaysia to be increased. It would also move for a partial exemption of the sugar import duty in Sabah and Sarawak to stabilise prices in those states. In addition, the Government was to sign a contract with the Colonial Sugar Refining Company Limited of Sydney to assure the nation's long term sugar supplies.

He reiterated that there was adequate sugar to meet the country's needs. 'We have pinpointed the bottleneck and identified the factors which caused the problem. We also know where the sugar is and who is responsible', he said. Sugar traders took the message to heart and it was not long before supplies returned to normal. Musa Hitam, however, completed arrangements for implementing an alternative distribution system and warned that it would be activated if the situation deteriorated once again. Irresponsible traders were soon to learn that Musa Hitam was a man whose words were not to be taken lightly.

Malaysian consumers had many reasons to thank the new Deputy Minister. In the early 1970's Malaysia was experiencing a period of high inflation (the Consumer Price Index rose by 17.4% in 1974) and some businessmen were taking advantage of the situation by hoarding scarce commodities. Anticipating these trends, Musa Hitam declared in February 1973 that five more items — wheat flour, cooking oil, fertilizers, insecticides and fomic acid — were to be controlled items. The checks the Government was already keeping on the availability of rice, sugar, salt, milk and cement were also to be imposed on them. Traders who contravened the Supplies Control Act by hoarding these goods were liable to a fine of between \$15,000 and \$25,000 or a jail sentence of two to five years.

Other moves were aimed at ensuring that consumers were not cheated. For example, in early 1973 large sandwich loaves, sold by bread vendors, shops and supermarkets as 2 pounds loaves, weighed only about 1½ pounds. Musa Hitam reacted by requiring all bakeries to state the price and weight on the wrappers of all their products. He followed this up in 1974 by putting to Parliament the Price Control (Amendment) Bill which required retailers, wholesalers, importers, manufacturers and producers to display labels indicating the quality, grade, price and date of manufacture of the



goods they handled. Previously, the Ministry only had power over producers and retailers.

There were similar moves to regulate the motor vehicle industry. From April 1st, 1973, all motorcars and motorcycles had to be sold at nett prices approved by the Government. The previous system of discounts used by dealers, said Musa Hitam, had confused the public. This was not his last word on the subject either. 1973 was a boom year for car assemblers and other related industries. Wage increases and better commodity prices for Malaysia's exports on the international market had put more money into people's pockets. One effect was to increase the demand for vehicles. The Government reacted to the situation by deciding to allow the establishment of four more assembly plants.

Consumers, however, complained about shoddy work on the assembly line and poor service by dealers. Musa Hitam was equally critical of market manipulation and under-the-counter deals. Speaking at the annual dinner of the Malaysian Motor Vehicle Assemblers Association in 1974, he spoke sarcastically of cars in short supply 'magically' appearing once the Government approved price increases. Some industry observers believed that the Deputy Minister would threaten to remove Government protection from the industry if the situation did not improve.

Musa Hitam was also responsible for the establishment of the National Consumers Protection Advisory Council which replaced the inactive ad hoc Prices Advisory Committee. Steps were also taken to amend the Price Control Ordinance to give the Council more powers. The Council was to make specific recommendations on policy and, if necessary, suggest a level of profit for manufacturers, wholesalers and retailers. The Council was also empowered to study the feasibility of price fixing and whether it would result in black marketing or other malpractices.

Despite these moves on behalf of Malaysian consumers, Musa Hitam did not always get the support he needed. On February 8th 1973 the Deputy Minister sent out letters to 36 individuals and consumer associations, 104 UMNO divisions and 11 UMNO state liaison committees asking for proposals to help solve the problem of rising prices. He received a mere 21 replies and only two of these contained specific suggestions. 'Efforts to deal with spiralling prices should not be the sole responsibility of my Ministry', he said

in a news release a few weeks later. 'It is a national issue and there should be a national effort'.

Musa Hitam also showed his continuing concern about the plight of the poorer sections of society. The ready availability of "cheap" Malaysian labour did not mean that the needs of the workers could be ignored by investors, he told the Tenth Asian Regional Conference of the International Confederation of Free Trade Unions in February 1973. The level of industrialisation was not the only factor by which the progress of the nation could be judged. Equally important, he said, was the question of whether industrialisation had brought an overall improvement in the well-being of the people. The Ministry was therefore taking measures to persuade employers to pay attention to the welfare of their employees.

The question of Bumiputra participation in the economic life of the country was also high on Musa Hitam's list of priorities. In a speech opening the Central Elastics Corporation factory at the Prai Industrial Estate in July 1974, he observed that some people believed that the assistance given to Bumiputras would stunt the nation's growth. 'Let me put it to you here', he said, 'that a policy of bumiputra non-participation would be to the detriment of this country. How long can we go on with purposeful and deliberate exclusion from the economic life of the country a section of the people constituting the majority? I would say that such a policy would be economic suicide. We have seen too many examples elsewhere in the world', he continued, 'where the purposeful and deliberate exclusion of some particular section of the community from the mainstream of life has prepared the ground for revolution and social upheaval'.

In April 1973 he announced the establishment of a Bumiputra Participation Unit within the Ministry of Trade and Industry to promote capital ownership among Bumiputras. 'The unit will have nothing to do with the public share issues quoted in the Stock Exchange', Musa Hitam explained. 'Its main concern will be to identify the shares available for Bumiputras in limited companies where shares are reserved for them. My Ministry has imposed a condition on every industrial project approved that a certain percentage of equity shares to be reserved for Bumiputras.'

He acknowledged that Bumiputra institutions such as MARA,



the Tabung Haji and the State Economic Development Corporations had not had any difficulty taking part in public issue shares. 'But they have found it difficult to identify and choose the types of private limited company shares they would like to acquire', he said. 'To help them to subscribe to these reserved shares, my Ministry has opened a Register of Bumiputra Investors. Any Bumiputra individual or institution with capital to invest is requested to register'.

These efforts met with a gratifying response. In three months the Bumiputra Participation Unit was able to mobilise more than \$80 million of Bumiputra capital for investment in private limited companies. The amount came from Bumiputra companies (\$55.2 million), Bumiputra institutions (\$24.6 million) and individuals (\$6.3 million).

The Unit was also active in other areas. Courses in entrepreneurship were planned for Bumiputra businessmen and information compiled on various projects for recommendation to Bumiputra companies and individuals. The Unit also made contact with overseas and local investors to set up joint ventures with Bumiputras. In July the unit was given three new functions. These were: to help Bumiputras in the distribution of local and imported goods, assist in the marketing of Bumiputra products and encourage Bumiputra service industries such as forwarding agents, transport and professional services. In 1978, long after Musa Hitam had left the Ministry, the Unit was superseded by the Bumiputra Investment Fund which was set up with a Government-subscribed capital of \$200 million.

Musa Hitam has never been opposed to capitalism, but merely its unregulated and unplanned growth. In earlier years, as chairman of FELDA, he had acknowledged the need for the Government and private sectors to work 'hand in hand' to achieve the targets of the Second Malaysia Plan. 'In this national task we cannot work in opposite directions', he told participants at the annual general meeting of the Association of West Malaysian Plantation Executives in September 1971.

His attitude to foreign investment as Deputy Minister of Trade and Industry reflected a similar realistic approach. Investment by foreign individuals and companies, he noted on one occasion, was beneficial to Malaysia for three main reasons. It was needed to



finance industrial projects, assist in the transfer of technological skills and managerial expertise and at the same time provide an outlet to overseas markets, especially in the case of multi-national firms with established market networks overseas.

Such investment was especially welcome if it helped the Government deal with difficult social problems at the same time. In early 1973, Musa Hitam submitted the Investment Incentives (Amendment) Bill to Parliament. It was designed to encourage investments in less developed areas by providing rural-based firms with tax exemption for up to ten years. Apart from encouraging rural development, the Deputy Minister also said he hoped the resulting activity in the rural areas would help reduce the migration of youths to the urban areas. This rural-urban drift was a growing social problem about which he was particularly concerned.

Musa Hitam's efforts to encourage foreign investment and promote Malaysian exports while he was Deputy Minister for Trade and Industry took him all over the world. In March 1973 he left for Tokyo to open Malaysia's exhibition on trade, investment and tourism. It was the first time Malaysia had ever held such an exhibition overseas but it was not to be the last. Musa Hitam believed Malaysia should avoid combined international exhibitions and concentrate on going on her own instead because they were more profitable. International displays would only be useful if they were on a regional basis with the other ASEAN countries. In the following month he was back in Japan again. This time he led the Malaysian delegation at the 29th session of ECAFE (the United Nations Economic Commission for Asia and the Far East) to discuss regional economic co-operation and the development of natural resources.

He followed this up in October with a successful trade mission to the Scandinavian countries. In March 1974 he led a Malaysian Investment Mission to the United States. By June he was in Britain leading yet another trade mission.

Musa Hitam's campaign to attract foreign industrialists was not haphazard despite the pace at which he worked. Target industries had been identified well in advance. By the early 1970's the process of import substitution of consumer goods was already well advanced. Labour intensive and export oriented industries such as

electronics had also made an impressive beginning. Musa Hitam therefore began to seek out companies wishing to invest in resource-based industries such as timber, rubber, tin and palm oil. Industries which were able to integrate with existing import substitution and export oriented industries were also welcome. In addition, industries which would upgrade Malaysian technical skills and know-how were encouraged.

Malaysia needed foreign investment to develop but it was not begging for help. 'We take pride in the fact that we have never asked for handouts', Musa Hitam told a group of investors in the United States. 'We are a young, upcoming country, very rich in natural resources, and we are now inviting foreign investors to participate with us as full partners in development'.

He was also active in other areas which were the responsibility of his Ministry. In February 1974 Musa directed the Tourist Development Corporation to draw up legislation to register and licence travel agents, tour operators and tourist guides. There was a need, he believed, to set minimum standards regarding location, staff intake and capital investment while at the same time discouraging fly-by-night operators.

Musa Hitam was Deputy Minister for Trade and Industry for only 21 months. In terms of his political career it was a short period but it was also one of great activity. He showed himself more than capable of carrying out the responsibilities entrusted to him. By September 1974, when he stepped down in order to take charge of the Ministry of Primary Industries, his efforts at widening Malaysia's trade frontiers by continually seeking new markets for the ever-growing number of Malaysian products, were beginning to bear fruit. Malaysian goods were being sold in many more countries and he had managed to arouse the interest of a significant number of foreign investors. Bumiputra businessmen and Malaysian consumers had also experienced direct benefits as a result of his tireless work on their behalf.

These were important achievements and they soon won him the recognition he deserved. In 1974 the Sultan of Johore awarded him the title of Datuk. The United States based *Time* magazine also acknowledge his ability by naming him, together with Tengku Razaleigh, as one of 150 men and women under 45 that it considered the future leaders of the world.



## CHAPTER V

### TOWKAY GETAH

In August 1974 the Malaysian Government faced the polls for the first time since the 1969 General Elections. In the intervening years, Prime Minister Tun Razak had expanded the tripartite Alliance Government (representing the country's Malay, Chinese and Indian communities) into a ten-party National Front coalition. The combination was overwhelmingly successful. A massive electoral victory gave the Government its largest parliamentary majority in almost 20 years. Datuk Musa also won comfortably, this time in the Labis constituency in Johore. Labis was a new electorate created after a redistribution of seats and the consequent alteration of electoral boundaries. It included parts of Musa's old electorate of Segamat Utara.

After the elections Tun Razak announced his 'action oriented' cabinet which, he said, would place renewed emphasis on Housing, Agriculture and Education. The Prime Minister demonstrated the faith he had in Datuk Musa by appointing him Minister for Primary Industries. It was an important job. In the early 1970's about 80% of Malaysia's export earnings came from primary commodities such as rubber, tin, palm oil and timber. Palm oil prices were holding steady at around double their average for 1973. Tin, despite a slump in prices earlier in the year, was also fetching prices above 1973 levels.

The real problem was the fall in the prices of timber and rubber. The situation had become so bad that there had been a rapid deterioration in the country's previously healthy balance of payments. Real incomes were falling and there was a consequent slackening in demand for goods and services. Fortunately for the Government, the elections had been held before the full impact of these trends were felt. However, the socio-economic effects could not be ignored. Sawmills and plywood plants were laying off labour because of the collapse in world demand. The price of



natural rubber, Malaysia's top export earner at the time, had dropped by 50%. The situation was serious since an estimated 500,000 smallholders were dependent upon natural rubber for their livelihood. In addition, there were another one million workers in the estate sector.

It was not long before these economic problems were to find political expression. The Baling demonstrations in late November underlined the need for quick action to check the growth of discontent.

Soon after taking office as Minister for Primary Industries Datuk Musa promised he would do everything possible to help boost the international rubber market. Later, in early October, he publicly called upon the Smallholders' Advisory Board officials to be dedicated in their work and 'not consider themselves as privileged people'. He was equally blunt in his dealings with those he believed were taking advantage of deteriorating economic conditions to incite peasant unrest. University students arrested in the wake of the Baling demonstrations, he said, would be treated as common law-breakers.

1974 had seen a revival of student political activity. Student leaders in the University of Malaya campaigned for the Partai Rakyat during the elections and followed this up in September with demonstrations on behalf of squatters at Tasek Utara in Johore. The Baling demonstration in Kedah during the month of November was therefore part of a developing pattern. It was followed by demonstrations in the centre of Kuala Lumpur in early December.

Datuk Musa was concerned that the publicity given to those activities in foreign countries was damaging Malaysia's international reputation. Returning from a brief visit to Australia and New Zealand in early November he told newsmen that disgruntled Malaysian students had succeeded in painting a distorted picture of the situation in Malaysia. He believed that if Australia and New Zealand were not given a correct picture of Malaysia, these countries, acting out of their interest and through misinformation, would try to tell Malaysia how to rule herself. 'This sort of situation, if it is allowed to arise,' he added, 'will generate misunderstanding between Malaysia and Australia and New Zealand.'

Datuk Musa said that during his visit to New Zealand, a

Students' Union accused the Government of repression, arresting and detaining more people under the Internal Security Act and striking out names of students from the electoral rolls. 'The accusations were splashed in New Zealand newspapers and the student leader was also interviewed on TV. Fortunately, I was around and I had the opportunity to correct the picture,' Datuk Musa said. 'Student leaders can do or say what they like overseas. But we are against the twisting of information to suit the people in Australia and New Zealand.'

Datuk Musa believed that more Australians and New Zealanders wanted to know what was happening in South East Asia and Malaysia 'due to their desire to identify themselves with the region.' He added that it was time for the Government to take more interest in Malaysian students in Australia and New Zealand 'who formed the communications network in the two countries.' 'The Government should provide better facilities to our students there and encourage parents to keep in touch with their children, so that they will be kept informed about things at home and not be left neglected. In this way, they will not become misfits when they return to Malaysia and will not become deculturalised,' he said.

Datuk Musa did not shun the students, but he did insist that they be properly informed. In December he received petitions from the University of Singapore Students Union and the Singapore Polytechnic Students Union condemning the Malaysian Government for its 'repressive actions'. In the petition the students claimed that in the rural areas the price of rubber was only 28 cents a kati. They also accused the police of brutality. Musa asked the students to get their facts straight. 'The figure they quoted is completely outdated,' he said later. 'It costs more than double that amount — at least 50 cents a kati. As for police brutality, action must be taken for the course of the law to be carried out'.

He could also have added that the improvement in the price of rubber was almost entirely due to the actions of his own Ministry. In late November Datuk Musa announced a crash programme to stabilise rubber prices. The Government purchased rubber from smallholders directly to help boost the price in the rural areas. The estate sector was also asked to reduce tapping frequencies so that more rubber would be "stored" in the trees. In addition, the Ministry introduced compulsory rest days on Sundays and public



holidays.

Long range plans to strengthen Malaysia's marketing network for rubber were also being implemented. By 1974 the Malaysian Rubber Development Corporation (MARDEC) was already selling rubber direct to a number of large natural rubber consumers overseas. The organisation planned to establish additional rubber processing factories to cater for smallholders and was in the process of setting up several joint ventures with foreign investors to produce rubber-based goods in Malaysia for export. 'With its facilities to process smallholders' rubber into SMR and better quality rubber,' Datuk Musa said, 'the Corporation is in a position to pay better prices to smallholders for latex which previously was sold to dealers as unsmoked sheet Grade Three and Four'.

These measures were important but they were not in themselves sufficient. As Musa himself pointed out in early 1975, the rubber industry was caught in a vicious circle. Transient imbalances aggravated the subjective factors in the market causing drastic price changes. These distortions in turn created uncertainties in the minds of producers and discouraged consumers from increasing the use of natural rubber in their products. Inevitably, this led to slow growth in the rubber industry.

Rubber has a history of drastic price fluctuations. After the First World War the price averaged at about a shilling a pound. In 1925 it rose to nearly three shillings but dropped to under three pence in 1932. By the late 1930's it had risen to nine pence a pound. After the Second World War annual averages fluctuated from a shilling to over four shillings in 1951. The appearance of synthetic rubber on world markets added to the producers' nightmares. Ordinary agricultural crops can be adjusted from season to season to take account of these changes. Rubber can not. Planning had to proceed years in advance. It was clear, therefore, that fundamental changes in the marketing system were needed if the economic stability of producer countries was to be assured.

Datuk Musa's proposal was to create an international buffer stock to stabilise prices. He likes to joke that he became known as 'Towkay getah' (the rubber towkay) because of his activity in this area. The title is well-earned, although it tells only half the story. Economic historians of Malaysia will also note his role in the production and marketing of other primary products such as



timber, oil palm and tobacco.

Once he had announced his intention to press for an international rubber buffer stock, Datuk Musa acted with characteristic speed. Since Southeast Asia produced 85% of the world's natural rubber, he concentrated his early efforts on obtaining the support of neighbouring producers. Within months he had obtained the enthusiastic participation of Indonesia and Thailand and had begun moves to get the Association of Natural Rubber Producing Countries (ANRPC) to adopt the idea. In February 1975 he attended the Developing Countries Conference of Raw Materials in Senegal and was elected Deputy Chairman. The Conference decided to establish a special fund to finance buffer stock operations for raw materials and primary commodities. In March he was in Europe, this time to explain his ideas to consumer nations such as Britain, West Germany and the Netherlands.

Reacting to criticisms that the proposed International Rubber Buffer Stock Scheme was 'too hasty', Datuk Musa said: 'If there is anything we can be accused of, it is the fact that we are doing things cautiously. There have been other commodity stabilisation attempts which failed or could not get off the ground because of hasty policies. Ours is a step-by-step cautious approach.'

Datuk Musa recalled that the Government had intervened in the rubber market on several occasions before launching the national short-term crash-price stabilisation programme. 'Now we are proceeding very cautiously together with the other major Asean Natural Rubber producing countries to study first the proposed buffer stock scheme,' he said. 'After the major Asean producing countries have thrashed out the mechanisms of the scheme, we will take it up to the ANRPC for further discussion.' Datuk Musa said that at the same time Malaysia was proceeding with efforts to convince international financial organisations and consumers about the necessity for launching and helping to finance the scheme. This, he added, was a long-term process of 'educating' them and allaying their fears about the scheme.

Concern for an international rubber buffer stock led him to consider wider economic issues. In August 1975 he led a Malaysian delegation to the United Nations Seventh Special Session on Development and International Co-operation. The meeting in New York dealt with efforts to bring about a new world economic

order which would include new marketing arrangements for primary products.

The developing nations argued that they had been short-changed in the international market-place because the economic order condemned them to continue exporting cheap raw materials while having to import increasingly expensive finished products from the industrialised world. The Third World wanted to redress this imbalance with a new set of rules that would include international agreements to protect commodity prices, increases in foreign assistance and changes in the world monetary system. Developing countries believed that both rich and poor countries would benefit. If the poor nations were given better opportunities, they argued, their economies would expand and rich countries would benefit from larger markets for their products.

In November 1977, before leaving for an UNCTAD (United Nations Conference on Trade and Development) Ministerial Meeting, Datuk Musa outlined the issues as he saw them. The time had come, he said, for all nations to show their political will in seeing commodity trade at an international level come to a more equitable position. He said Malaysia regarded the objectives of the proposed common fund for primary commodities as a key instrument towards achieving an integrated programme. 'We believe the fund should be formed to support international commodity stocks within the framework of international commodity arrangements. It should also support other necessary measures besides buffer stocks. In addition, it should play a catalytic role to facilitate the setting up of international commodity arrangements,' he said.

He stressed that Malaysia was only stating her position. 'We could also consider the interests of other developing countries, particularly the least developing ones, and the mutual interests of developing and developed countries in international commodity trading,' he said. Referring to the financial needs and structure of the fund, he pointed out that \$5 billion would be sufficient to meet the needs of its operation. However, only US\$3 billion should come from subscriptions from member countries and the remaining US\$2 billion from borrowings.

Regarding the basis for capital subscription, Datuk Musa said that Malaysia proposed that this consist of two parts. The first was that member countries subscribe to a fixed equal amount. Malay-



sia felt that each country should tentatively contribute US\$200,000. The second part was that the capital subscription be on a basis of the quota assigned to each member country according to a criteria to be formulated and decided upon by the Conference. Datuk Musa said the criteria should be based on the ability to pay and the benefits to be derived from the scheme. However, he believed there was a general consensus among participating countries that the criteria be based on the formula used by the UN Committee on Contributions.

On the source of finance, he said that in addition to the subscriptions and borrowings, finance could also come from earnings derived from the fund's operations. Datuk Musa said Malaysia felt that the fund should function as a viable financial institution and act as a lender in the commodity trade.

Datuk Musa's optimism that the fund would be created appeared justified at the time. The industrialised nations had expressed support for the fund in the course of bilateral, regional and international meetings. Even the Commonwealth Technical Group had recommended what appeared to be an acceptable compromise model for the establishment of the fund. Third World countries had proposed setting up the fund on the basis of a source model, but they were willing to negotiate. Difficulties arose at the UNCTAD meeting because the developed countries wanted a model and nothing else. The basic issue was that the industrialised nations wanted the source of finance to come only from international commodity agreements. They would not agree to governmental contributions.

The decisions of the United Kingdom and Japan caused the biggest disappointments. The former, after having worked so hard on the Commonwealth Technical Group report, decided to join the United States, Japan and Germany in refusing to negotiate on terms other than their own. The Malaysians could not understand Japan's position either, especially in the light of her expressed sympathy for ASEAN.

On his return to Malaysia, Datuk Musa pointed out that Malaysia had not supported other Third World countries just to get something for herself. The nation's two most important exports, rubber and tin, were already covered by international agreements. 'Malaysia is least affected by the non-existence of the





*Musa Hitam and the Japanese Premier.*

common fund but we are not fighting on a narrow nationalistic basis,' he said. Malaysia was practising what it preached — that the least developed countries should get more help. Datuk Musa's efforts on behalf of poorer countries did not prevent him from doing his job at home. In the rubber industry he was known for his uncompromising stand against corruption and inefficiency. These were matters which he was not afraid to publicise — even if they affected the credibility of his Ministry. In May 1975 he announced that he had uncovered 'very serious irregularities' regarding the payment of subsidies from the rubber replanting fund administered by RISDA (Rubber Industry Smallholders Development Authority).

In the following month he gave details of several undersirable practices in RISDA at a Seminar at the Universiti Pertanian (Agricultural University). He revealed that syndicates had conned village people into allowing the syndicates to use their names so that the syndicates could obtain Government assistance to which they were not entitled. Replanting contractors or their agents were also misusing Letters of Power of Attorney to receive payments

without having carried out contract work satisfactorily. Other malpractices, he said, included the distribution of substandard replanting materials and the misuse of fertiliser credit facilities.

Datuk Musa subscribed to the principle of responsibility which did not allow Government weaknesses to be 'swept under the carpet'. If they were not exposed, he believed that such malpractices would 'spread to an extent where nothing could be done to remedy them'. The real danger to the country, he said, was not so much from external factors as from internal degeneration which sapped the confidence of the people in their Government.

He then went on to outline the steps he had taken to eliminate the malpractices. The National Bureau of Investigation (NBI) had been given a 'blank cheque' to investigate anyone (including himself as Minister) in order to bring the guilty to court. The Chairman of RISDA had also been directed to carry out disciplinary measures and an Inspectorate Evaluation Division was set up. In addition, the Ministry was studying the existing legislation with a view to plugging any loopholes.

The Minister was similarly forthright in exposing the weaknesses of MARDEC (the Malaysian Rubber Development Corporation). Speaking at the official opening of the new MARDEC headquarters in Kuala Lumpur in June 1976 Datuk Musa acknowledged that the Corporation had done reasonably well in helping rubber smallholders. However, he pointed out that the failure of the organisation to maximise efficiency meant that its work had involved relatively high costs. MARDEC, he said, had 'completely lost sight of its corporate responsibilities and objectives'. The concept of commercial viability upon which it was expected to operate had been neglected. 'It must not be forgotten that when the Government decided to convert the corporation into a corporate body in 1968, it was implicit in the aims of MARDEC that it must operate under conditions of economic viability', he said. 'This in no way conflicts with its socio-economic aims. Commercial economic viability is a measure of the efficiency of the Corporation's efforts to achieve its long term objectives.'

Both RISDA and MARDEC were a continuing source of concern for Datuk Musa. In October 1977, he warned the two organisations that, while they were both intended to look after the interests of smallholders, their roles were complementary and they



should not see each other as competitors. One organisation, he said, had apparently been buying rubber from smallholders in the usual buying areas of the other. RISDA should realise that MARDEC was working towards the production of Technically Specified Rubber (TSR) which had a more demanding market. Rubber produced by RISDA would have a diminishing market in the future.

Datuk Musa was also prepared to defend his officers from criticism if the situation demanded it. In September 1975 he flatly rejected suggestions that there were communist elements in RISDA. 'It is ironic that some of those who are attempting to project an apparently vigilant stance against communism are also the ones who do not want to weed out the corrupt,' he declared. In the following month he was able to announce that an investigation by the Home Affairs Ministry had confirmed his opinion. The accusations arose, he said, from those who saw RISDA's Community Development Programme as threatening to expose their malpractices.

Apart from the rubber industry Datuk Musa also assisted in the development of a number of other Malaysian primary products. At the international level, one of his more notable successes was in persuading Bolivia to sign the fifth International Tin Agreement in early 1977. Bolivia, the world's second largest tin producer (after Malaysia) had refused to ratify the Tin Agreement because the floor price of \$1,075 per picul was too low for its miners whose production costs were higher than those of other countries.

Malaysia and Indonesia expressed sympathy for Bolivia's case but the situation was complicated by the fact that the United States (the world's biggest consumer) refused to agree to a higher price. Time was running out — the agreement would lapse in June if Bolivia failed to ratify it. The International Tin Council (ITC) was to meet in March but no further meeting was planned between then and the expiry date. In late February Datuk Musa led a joint ASEAN team to the United States and Bolivia. After tough negotiations he was able to get Bolivia to accept the floor price. A joint statement released soon afterwards noted that both sides 'recognised the institutional faults and difficulties in the fifth International Tin Agreement' but also realised 'the importance of the Agreement which allows greater understanding between produ-

cers and consumers'. Soon afterwards, Malaysia announced that it was planning to set up an embassy in Bolivia as an aid to better understanding between the two countries. It was to be the first Malaysian embassy in Latin America.

During his term of office as Minister for Primary Industries, Datuk Musa also led an important trade mission to China since diplomatic relations were established between the two countries in 1974. It was, in fact, the first Ministerial trade Mission to that country. The visit, in 1976, was part of a general effort by Malaysia to reduce its perennial trade deficit with China by encouraging the Chinese to buy Malaysian palm oil and timber. Datuk Musa also discussed with the Chinese authorities international commodity arrangements such as the ITC and the proposed International Rubber Price Stabilisation Scheme. The tin agreement was of particular concern since China was not a member of the ITC and its sale of the metal in 1975 had depressed world prices.

On his return Datuk Musa said he was happy that the Mission had been successful in improving the economic relations between Malaysia and China. 'In specific terms this means that definite efforts will now be made by China to reduce the trade imbalance between the two countries primarily through the import of more Malaysian commodities,' he added. Whilst he was in China, Datuk Musa met Vice-Premier Ku Mu, Foreign Trade Minister Li Ching, Metallurgical Industries Minister Chen Hsiao-Ken and the Deputy Minister of Petroleum and Chemical Industries Yang Yi Pang. Datuk Musa said his talks with these leaders would pave the way for future official-level contacts and promote understanding in economic and diplomatic relations between Malaysia and China. He said officials in his mission held separate talks with the Chinese state trading corporation on specific commodities and in some cases negotiations on further sales of these items 'reached an advanced stage.'

The discussions on rubber and timber were particularly satisfying. During the timber negotiations, the Chinese government gave a firm assurance that it was prepared to buy for prompt delivery 30,000 cubic metres of logs from Malaysia worth \$6.9 million. The Malaysian Timber Industries Board which was present followed up on this matter immediately. The mission also took the opportunity to introduce to the Chinese various types of



Malaysian hardwoods, complete with price quotations. The Chinese Foreign Trade Minister assured the mission of increased rubber purchases from Malaysia in the near future as Chinese demand would increase after 1977. Datuk Musa in turn, personally assured the Chinese government of a regular supply of natural rubber at competitive prices. He said this to allay Chinese concern about the impending signing of the international natural rubber price stabilisation scheme. The Chinese government in turn assured Datuk Musa that its buying and production of synthetic rubber would not affect their purchases of natural rubber as there was a growing consumption of the commodity in China.

Datuk Musa said that palm oil sales to China would also improve. The Chinese had, in fact, failed to buy Malaysian palm oil a few weeks previously because the Malaysian growers had first to meet prior firm orders received from other countries. Following up on this interest Datuk Musa invited a Chinese technical mission to visit Malaysia in order that China could be better acquainted with the processing and the use of the commodity. As a further incentive to future buying the mission also drew up terms for standard contracts to ease the execution of future palm oil sales to China. The Chinese government on their part agreed to refrain from any action which might weaken the tin market during periods of low prices and to maintain its dialogue with Malaysia and other tin producers.

Such efforts to promote Malaysian exports would be of little use if the commodities themselves were difficult to obtain or of low quality. In the case of the timber industry, Datuk Musa found that he had to carry out a number of reforms.

By the mid-1970's exporters of tropical wood from Southeast Asia, including those from Malaysia, had gained a certain notoriety among importers in Europe for not keeping to their export contracts. In view of this, Datuk Musa ordered the Malaysian Timber Industries Board to strictly enforce regulations requiring loggers, millers and exporters to register and deposit their contracts with the Board. This action was meant to ensure that local exporters were able to fulfil the terms of their contracts. Contracts between millers and exporters also had to be made on standard forms prescribed by the Board.

The system helped ensure that exporters entered into contracts

they could fulfill. If a complaint was received from a foreign importer about short supply, the local exporter was hauled up before the Board for an explanation and risked being struck off the register if he was found guilty of breach of contract. In this way timber exporters was not able to get away with the excuse that they had been let down by suppliers, resulting in failure to fulfill commitments to overseas importers.

Datuk Musa also took other steps to improve the timber industry and provide marketing facilities for Bumiputra traders. These included the setting up of a joint venture company with 14 of the 24 registered Bumiputra millers. The company would seek to obtain international markets for their products. Research on the use of tropical woods and their marketing by ASEAN countries was also carried out with financial help from the New Zealand government.

A more serious problem in the timber industry was the high rate of felling and the lack of a vigorous forest regeneration programme. If allowed to continue, this state of affairs would mean that by the turn of the century Malaysia would be denuded of forests and the timber industry would collapse. The problem was not merely one of national co-ordination. The Federal government could only give professional advice on how forest resources should be managed because land was a matter left to each states jurisdiction. State governments therefore frequently ignored the advice of federal officers in order to demonstrate their independence. The situation was clearly a sensitive one and the handling of it required considerable political skill.

Datuk Musa noted that it was false pride to say that Malaysia, although relatively small in size, was currently the largest exporter of tropical hardwood in the world. He believed it was a shame that the position would be completely reversed in less than 30 years because of poor forest management. Statistics published by the Food and Agricultural Organisation (FAO) showed that between 1972 and 1974 Malaysia exported about US\$589.2 million worth of timber products annually compared to US\$487.5 million by Indonesia and US\$315.7 million by the Philippines. Some areas in Malaysia had been cleared for the purpose of development but there were many more areas logged solely for timber and trees were not being replanted.



In March 1977 Datuk Musa directed state forestry officers to exercise greater supervision on the issuing of logging permits by state governments so that the granting of logging concessions could be co-ordinated with land use as targetted by the Third Malaysian Plan. At the same time attempts were made through the National Forestry Council to promote orderly forest management in the states. He also made efforts to streamline the forest enactments of the various states so that they conformed to similar standards.

Datuk Musa's greatest success in the timber industry came later in the year when the National Forestry Council, consisting representatives from the various states, reached a consensus on a National Forestry Policy. Among the guidelines drawn up by the Council were provisions for regeneration and rehabilitation programmes to achieve maximum productivity, the creation of permanent forest estates and the effective promotion of Bumiputra participation in forest and wood-based industries. Ending the list of guidelines accepted by the Council was an agreement to limit the exploitation of forests in peninsular Malaysia to between 290,000 and 340,000 acres a year. The exploitation rate in previous years was approximately 500,000 acres annually.

With all this activity and innovation during his term as Minister for Primary Industries it may seem rather surprising in retrospect to note that, from the point of view of most Malaysians, these years were quiet ones for Datuk Musa. Perhaps the answer lies in the fact that he directed his energies towards international rather than national affairs. Unlike other political figures such as Datuk Harun, Tengku Razaleigh, Lee San Choon and Lim Kit Siang, he was not deeply involved in any major national controversies. He preferred to work quietly in his own way for the good of the nation. Datuk Musa was certainly not afraid of controversy but he was unwilling to seek out trouble for the sake of media coverage.

It was therefore completely in character that he decided not to contest the post of UMNO Youth leader in the July 1976 party elections. Under the UMNO Constitution he was too old to stand as deputy leader for another term. Several newspapers had therefore named him as one of the candidates for the top post, for which there was no age restriction. There were also rumours that several party divisions were prepared to support him.

Datuk Musa made the announcement when he opened the delegates meeting of the Pulai UMNO Division at the Dewan Jubli Intan in May. 'I have given a great deal of thought to the matter, particularly from the view point of whether I would be able to play the role of UMNO Youth leader effectively to suit the present mood of the movement,' he said. 'And after considering the political climate and my personal stand, I have decided to decline the nomination.'

Datuk Musa expected his decision to be interpreted in various ways. Those who had nominated him might take the decision as a 'let-down' and there could be others who would consider it as cowardice on his part. There might yet be others who would brand him as 'cunning and shrewd' in (his) political calculations.' 'It's up to UMNO members, especially those in the Youth movement, to draw their own conclusions on the basis of my past record,' he added.

Datuk Musa criticised certain 'over-ambitious' people who were willing to do anything, even to the extent of being unethical, to win a place in the party leadership. He said he had served and was serving the party, the Malay race, the nation and the Islamic religion as a member of the Supreme Council and as a Minister. He was neither prepared to be involved in intrigues nor willing to abuse his powers to give out perks or licences just to gain support. 'In fact, I do not have the money or wealth.' He added: 'I might have to be cautious in future whether to contest other important party posts.'

Datuk Musa said his decision not to join the race was also coloured by his belief that there was an abundance of talent in UMNO Youth. He believed there was also no dearth of capable young leaders outside the Youth movement, but the question was whether they were given the opportunity to prove themselves. He felt that they should be given a chance. 'Let us who are getting on in years withdraw from the youth arena and give our confidence to the leaders at the divisional, state or national level,' he said.

In the course of his speech Datuk Musa made a few observations on the changes that were taking place in UMNO. Some traditional ties and considerations, he believed, were no longer as important as they once were. 'Whether we like it or not, whether we agree or not, we in UMNO are getting less and less emotional in



forming an opinion or making a stand.' UMNO members, he added, were giving more attention to matters which affected the livelihood of the people around them. 'We can see how serious the present members are in emphasising economic matters. To back their arguments, they base them on facts and statistics rather than on rhetoric and sentiment.' All these, Datuk Musa said, showed that UMNO wished to project a leadership based on rational thinking.

The remainder of Datuk Musa's speech was as much a description of his own political style as it was of the changes occurring in the party. UMNO, he said, had begun to show that it was not afraid to clean up the party by taking action against anyone in order to safeguard its interests. Some sentiments were good to have but 'we should not allow sentiments to chain us to tradition thereby making us hide things which are shameful.' He believed that in the long term interest of the party it would be better for UMNO to act boldly, otherwise a crisis might build up later.



*Musa Hitam: Bold action was needed.*

Soon after being appointed Education Minister in January 1978 Datuk Musa told a press conference that he was satisfied with his work as Minister for Primary Industries. He added that the rubber industry had passed the biggest challenge during his term of office. The proof of his success in this area was the fact that the price had risen from 97 cents to \$2 a kilo and that the International Price Stabilisation Scheme was due to be signed later in the month. He was also happy that the Rubber Research Institute (RRI) had progressed from production research to consumer oriented research with the setting up of two laboratories — one in London and the other in Sungei Buloh.

Datuk Musa also has other achievements to his credit. The tin industry was experiencing a boom while harmony between producers and consumers was being maintained. Acceptance by the state governments of the National Forestry Policy was another significant success as was the establishment of PORLA, the palm oil research institute.



## CHAPTER VI

### READING, WRITING AND ARITHMETIC

Datuk Musa's appointment as Minister for Education in January 1978 moved him into an area markedly different from what he had been previously dealing with. 'I have been in the Ministry which has made the most money for the country. Now I'm in the one which will probably need the most money,' he told reporters lightheartedly. He was not totally unprepared for the job. As a student leader and later a parent and lecturer at the University of Malaya he was familiar with the operation of various aspects of the Education system. 'I know its going to be a tough job but I will take it in my stride and will not panic,' he promised.

Perhaps the most challenging aspect of Datuk Musa's new appointment was the fact that he had been preceded in the job by highly respected and competent political administrators such as Tun Razak, Tun (Dr) Ismail, Hussein Onn and Dr Mahathir. These men had established and implemented policies which had given the education system international recognition. By the late 1970's the Malaysian education system provided a model which many developing countries desired to emulate. The system was even comparable with those of advanced countries in certain fields.

Datuk Musa's term as Education Minister was marked by an improvement in areas which previously suffered from neglect because more pressing issues at the time demanded immediate attention. He is perhaps most well known for the renewed emphasis he placed on the basic skills of reading, writing and numerary in the nation's primary schools. Less publicized, but equally important, were his efforts to reduce class sizes, relieve teachers of excessive administrative work and stop the decline of the standard of the English language during the adoption of Bahasa Malaysia as the medium of instruction.

Datuk Musa also continued many of the policies of his predecessors in promoting Bahasa Malaysia. In this respect his most

controversial decision involved the rejection of an application by Universiti Merdeka Sdn Bhd to set up a private University. The sponsors of the proposed university wanted Chinese to be the medium of instruction.

In his first policy statement after becoming Education Minister Datuk Musa announced that certain aspects of the education system were to be restructured to give greater emphasis to the expansion and improvement of primary and secondary schools. Before that Malaysia followed a policy of placing equal emphasis on lower (primary and secondary) and higher (college and university) education. 'While there is nothing wrong with this in principle, I find that there are a number of shortcomings at the lower level which must be rectified,' he said. He went on to explain that the Ministry would therefore be going all out to ensure quality education at the lower level as it formed the basis for higher education.

Datuk Musa singled out three areas in particular which required attention. These included increasing the number of classrooms, providing better science facilities and visual aids and attracting trained teachers to teach in rural schools by giving them ample amenities.

'It is no use complaining that teachers are reluctant to serve in the rural areas,' he said. 'We have to give them amenities like good quarters because if a teacher has to travel a long distance from his home to the school daily it can also affect him adversely. Furthermore, if he has to teach at a school which does not have sufficient educational facilities, he may not be very productive.'

The need for improvement was further reflected in the results in English, science and mathematics in the 1977 LCE/SRP examination. The results were not as good as those of other subjects. The Ministry had to ensure that more qualified teachers able to teach these subjects would be posted to rural schools. 'It is the policy of the Government to provide education for nine years in the schools,' he said. 'Although this does not mean that we can give 100 per cent free education, we shall certainly see to it that we give quality education.'

Some of the shortcomings in primary and secondary schools were apparently due to the misuse of funds. Datuk Musa pointed out that in some cases, grants intended for the construction of



classrooms were used for prestige projects such as badminton halls. Other funds meant for the construction of teachers quarters in rural areas where also being used for less important projects. In other cases more classrooms were being built than was necessary — and these were built without the basic amenities.

A few months later Datuk Musa announced that the textbook loan scheme was undergoing a major overhaul to ensure that all pupils received their books well before the start of the 1979 school year. The Dewan Bahasa dan Pustaka (DBP), which was entrusted with the task of publishing all the books under the scheme, was given a \$10 million advance to enable it to begin printing immediately. In the past bureaucratic red tape had prevented many students from receiving books on time.

'The DBP is slow with its printing partly because of the lack of funds,' Datuk Musa said. 'By giving it an advance of \$10 million we are confident that a sufficient number can be printed within the specified time.' Datuk Musa said his Ministry had also met various printers who gave their assurance that they could meet the demand. 'In fact, from now on, about 25 to 30 per cent more of the books will be published as a contingency measure,' he said. He also announced that 75 per cent of the total number of books floating under the scheme since it was launched in 1975 would be written-off. 'Our research has shown that this is necessary because of wear and tear and other factors. We shall replace them with completely new books. Those books which can still be of some use from among this 75 per cent may be stocked in school libraries for revision purposes,' he said. From 1979 onwards about 25 per cent of the textbooks in the scheme were written off each year and replaced with new ones.

Datuk Musa's innovative approach as Minister for Education was reflected in the advice he gave to State Directors of Education and other senior educational administrators at the Examinations Syndicate in March 1978. He told them to respond positively to public criticisms and avoid the tendency 'to be defensive and look for excuses' in dealing with parents, teachers, the press and other bodies. He went on to point out that many of the complaints he himself had made as an undergraduate were still being voiced by the public. As a student leader and later as chairman of a parent-teacher association he had found many things wrong with the way

the Education Ministry was being run. He also defended the press saying it represented the *Rakyat* and provided a channel of communication with the Government.

Many of the improvements that Datuk Musa sought were based on the fact that the teacher was central to the changes necessary to give students a more solid grounding at primary and lower secondary levels. The teacher's role was particularly important in rural schools which were unfortunately the very schools in need of improved facilities. Questions of living standards, working conditions, even a real or imagined sense of discrimination, naturally influenced teacher attitudes and therefore student performance.

Datuk Musa realised that teachers were an important source of information about the real state of the education system. In May 1978, he met with the representatives of Malaysian teachers' unions to exchange views on the problems of teaching English and Bahasa Malaysia. He told the teachers that he welcomed their views, suggestions and analyses since they were the ones with the practical experience.

To assist teachers in their work, Datuk Musa announced plans to staff schools with trained administrators. Launching the National Teachers' Day celebrations in 1978 he said: 'We are aware that teachers not only have to perform their normal duty of teaching, but also have to carry out various administrative work. This may not allow them to concentrate fully in teaching their pupils. Therefore, we plan to send administrators to schools who will help relieve the work-load of teachers.'

He added that a Cabinet-appointed committee set up to review the implementation of the education policy, had already begun meeting regularly. 'Since there are many development programmes going on in the country, teachers are invariably involved in some of them. With the launching of the text-book loan scheme, teachers have to spend quite a bit of time in processing, issuing and doing other administrative work to help implement this scheme. Schools also have other projects where again their time is required. Once administrators are sent to schools, we hope teachers will be able to concentrate fully on teaching,' Datuk Musa added.

He said teachers had an important role to play as they were directly responsible for laying the foundation of the future leaders of the country. It was the duty of teachers to help develop the right



attitude and discipline the children in their charge. Datuk Musa also called on teachers to reassess themselves and remedy any weaknesses they may have. 'It is also your duty to help implement the education system spelt out by the Government,' he told them. 'No system, in any part of the world, is perfect. There are bound to be shortcomings. We must remember that we are in the process of change. We shall rectify ourselves as we progress from time to time,' he added.

Referring to Bahasa Malaysia, Datuk Musa said the use of the language as a medium of instruction appeared to have created a 'crisis of confidence' in some quarters. 'Since Merdeka, time has proved that Bahasa Malaysia is a dynamic language, a living language, a language that is being used without any question whatsoever. It is the basis of promoting unity in the country,' the Minister stressed.

Datuk Musa said that due to the large number of teachers in the country and the fact that they had to undergo different types of training, there was bound to be differences in their thinking. He pointed out that there were teachers trained during Colonial rule, teachers trained just after the war, and those trained in recent times. 'As a result of this, the different groups of teachers are likely to subscribe to different schools of thought. But, as long as they remember that their primary duty is to prepare the children of today to be the citizens of tomorrow, then our priorities are correct,' he added.

Datuk Musa introduced many changes designed to assist teachers, but he was not prepared to tolerate those who flatly opposed national policies. In June 1979 he announced that his Ministry was looking into ways, within the law, of forcing teachers who obviously opposed the National Education Policy to resign. Opening a seminar on 'The Role of Education for National Solidarity' he pointed out that such teachers formed part of the machinery which the Government depended on to achieve national unity through the education system. Instead they had been 'poisoning the minds of the pupils and their parents'.

'The Government will not succeed if there are teachers out to betray the National Education Policy at its implementation stage,' he said.

Datuk Musa believed they would not change their attitude

because, for them, the door to accepting the policy was closed. It would be a futile effort to get them to do so, he added. He reminded teachers that it was their responsibility to implement the National Education Policy. The nation's future should not be jeopardised by vicious propaganda which could prejudice the thinking of the young generation.

In May 1979 he launched Malaysia's first ever English Language Campaign to check the declining standard of the language in Malaysian schools. The theme of the campaign was 'The English Language is an International Language'. Among the programmes included in the campaign were debates, oratorical contests, plays and essay writing competitions. Describing English as a door to general knowledge, Datuk Musa said that the knowledge of the English language would not only enable local students to study abroad, but would also enable them to do research in various fields.

Datuk Musa went on to point out that one of the problems faced by local schools was the shortage of trained English language teachers. 'Although we have conducted several courses in the language for teachers, these courses were not meant to produce specialists. To resolve this shortage, we shall bring in 200 English language experts on a contract basis from abroad,' he said. 'They will be posted to schools throughout the country where the standard of English is low. The teachers will be here for three years. In the meantime, local teachers will be trained in the technique of teaching the language so that they can replace the contract teachers when their term expires.'

The most far reaching of Datuk Musa's innovations, however, involved the introduction of a completely new primary school curriculum that emphasised the 3Rs to begin in 1983. It had been clear to teachers, parents and educationalists for sometime that the primary school curriculum was overloaded. Typically, he chose to solve the problem with a radical overhaul rather than proceed with a safe pruning job. The result was a drastic reorientation of the primary school education system that went much further than many dared hope. To nurture the pupils basic skills, teachers were no longer to burden their students with a heavy load of textbooks. Instruction was to include stories, games, drama, and other activities which required a more dynamic approach.





*Revising the Primary School Curriculum.*

Under the new system the entire primary education of a student was divided into two phases — Phase One included standards One to Three while Phase Two comprised standards Four to Six. During Phase One, children were to be given a grounding in reading, writing and arithmetic which was designed to take up three-quarters of the time-table, while the rest of the time was to be used for informal educational activities. In Phase Two other educational activities were to be introduced while the basic skills remained the same. For the first phase there were to be only two types of textbooks, one for reading and the other for mathematics. More books were to be introduced in the second phase.

One of the most attractive features of the system was its built-in flexibility. If a child acquired the basic skills in two years he would be able to skip the third year and go on to the second phase. This provision not only recognised differences in academic ability, but also took into account the varied exposure to pre-school education among Malaysian children. In the Third Year, therefore, teachers would be able to concentrate on the average child, giving him the

time he needed to practise basic skills without feeling that he had been left behind. In effect, a streaming device had been introduced which had none of the ego-destructive implications of the system it replaced.



*Datuk Musa with Tan Sri Murad, Director General of Education.*



Announcing the changes at a press conference in December 1980, Datuk Musa said they were the result of a study carried out by the Curriculum Development Centre following the recommendations of the Cabinet Committee Report on Education. 'The study proved,' he said, 'that the existing curriculum is heavy for about 30 per cent of the pupils.' For these children the curriculum failed to provide adequate motivation for learning. 'Based on the study we have formulated a new curriculum which we hope will be able to establish a firm foundation, especially in the three R's at the primary level,' he said. Apart from an increased allocation of time for the mastery of basic skills, remedial education was also to be provided for students facing difficulties.

Under the new system basic academic subjects would not be introduced until the second stage. Even here the curriculum was not to be rigidly split into different subjects but would incorporate various disciplines.

Datuk Musa acknowledged that the introduction of the new curriculum would involve a great deal of manpower and resources. It would also have far-reaching implications. 'That is why we are doing it in stages. The new curriculum will be carefully planned, developed and tried out during 1981 and 1982. He said that the new curriculum would first be tested in 20 selected schools representing various socio-economic groups — rural, semi-urban and urban. Datuk Musa said the two year period was necessary in order to take into account the time required for the preparation and trying out of teaching materials in schools, the production of new textbooks and the satisfactory training of teachers.

The reforms Datuk Musa introduced into the Malaysian education system were fundamental and wide-ranging. However, none was aimed at dismantling any of the basic policies established by the nation's founders. This was particularly true regarding the use of Bahasa Malaysia as the medium of education. During the English Language Campaign, for example, he repeatedly stressed that it was not his Ministry's policy to promote English to the status of the National Language. For him Bahasa Malaysia was one of the essential building blocks of national unity and he urged Malaysians of all races to participate in enriching the language.

It was no surprise, therefore, that Datuk Musa rejected the application by Merdeka Universiti Sdn. Bhd. to set up the

Merdeka University. Announcing the Government's decision in September 1978, Datuk Musa said that the application had been rejected for three reasons. These were that it would be set up by the private sector, would use Chinese as the medium of instruction and would cater to students from Chinese medium schools. Later, the Government modified its stand by saying that it had no objection in principle to the establishment of private educational institutions though it doubted that the private sector would be able to finance a university. The main objection seems to have been the language medium to be used. The English-medium Tunku Abdul Rahman College, established several years earlier, could be justified on the basis that English was an important international language providing access to the technology of some of the world's most advanced nations. For the Merdeka University there could be no such justification.

In his speech Datuk Musa pointed out that since the memorandum seeking Government approval had been forwarded to the Yang di-Pertuan Agong the issue had become a 'hot topic'. The Chinese language newspapers had made an issue of it, arousing emotional support from the Chinese community. He pointed out that the aims of the National Education Policy were clearly stated and easily understood. Datuk Musa argued that Chinese who valued their citizenship would understand and appreciate the Government's decision.

He had, in fact, done his best to keep the issue out of the political arena so that it would not jeopardise national unity. This was why the decision had not been announced before the 1978 general election. Similarly, Datuk Musa said, he did not announce it before the UMNO General Assembly elections because he did not want to be accused of using it to gain votes for himself.

Datuk Musa did not elaborate on the basis for the third reason put forward for the rejection of the application. However, it seems clear that a good case could be made out on the Government's behalf. Few Chinese students would benefit from the proposed university. In peninsular Malaysia there were 877,815 secondary students registered in government schools in 1978. Of these, 294,852 were Chinese educated or of Chinese descent. Private Chinese secondary schools accounted for another 36,000 students. This meant that only four per cent of West Malaysia's secondary



students from the government and private schools would be eligible for admission to a Chinese-medium university. The remainder would not be eligible because their inadequate knowledge of Mandarin. Even if all the students of Chinese descent were considered, only 11 per cent would eventually be eligible.

Obviously a more practical means of helping Malaysia's Chinese students would be to increase the number of non-bumiputras enrolled in the nation's universities. At the same time financial assistance could be given to overseas students who were caught by the rise in fees at foreign universities. By so doing, the Government would be able to maintain its commitment to Bahasa Malaysia as a vital factor in the process of national integration.

Two months after Datuk Musa announced the Government's decision to reject a Chinese-medium university, non-bumiputra parents and students were given an assurance that the Government would provide more places for them in the nation's tertiary institutions. The move was not simply a response to political pressure from supporters of the Merdeka University. It also took into account the fact that entry to universities abroad, the traditional avenue of an tertiary education for non-Malay students, was becoming increasingly restrictive because of prohibitive costs and quotas.

Explaining the Government's stand in the Dewan Rakyat, Datuk Musa said that anxiety among non-bumiputra parents about the increasing shortage of higher education opportunities for their children could not be blamed on anyone, least of all the parents themselves. Since the launching of the New Economic Policy in 1970, he said, the Government had been giving wide opportunities for university education to Bumiputra students. In the process, many non-Bumiputra students were disappointed because they could not get places in universities despite good qualifications.

'To make things worse, in the past few years (as I mentioned at the Colombo Plan meeting in Washington a few days ago) the protectionist trend regarding the acceptance of foreign students into the universities of advanced countries has grown more marked,' he said. 'As a result, our students, especially non-Bumiputras who at one time could easily study abroad, find these opportunities closed to them.' Datuk Musa said: 'I would like to stress here that the National Front Government will not deviate

from its promises, including that contained in its 1978 general election manifesto regarding education. We will continue to raise standards and expand opportunities for education at all levels and guarantee fair and just opportunities and facilities for all the people.'

The Government would not allow dissatisfaction to grow to such an extent that it could be exploited by elements that wished to destroy the solidarity of the nation. 'The National Front Government will always be just and fair. It will not stoop to using irresponsible arguments. It will not allow any of its members to exploit racial feelings and, especially, to use education as a political football,' he said. 'Exploitation of racial sentiments is the privilege of the Opposition who are irresponsible and bankrupt in concrete arguments.'

Later in his speech Datuk Musa reminded the Dewan that the Government's education policy was based on reports which had been thoroughly debated in Parliament and which had taken full account of the views of all sectors of Malaysian society. Although the Merdeka University memorandum said that 'its doors will be open to all races,' it admitted that 'the university is to be set up to cater to the needs of students from independent Chinese secondary schools.' Datuk Musa pointed out that the non-racial nature would be purely theoretical and the reality would be a university with students from one racial origin and using one language — Chinese.

Referring to a parliamentary debate some weeks previously on an opposition motion to amend the University and University Colleges Act purportedly to enable the setting up of private universities, he said the country's laws did not prevent the establishment of any private university so long as it was approved by the Yang di-Pertuan Agong on the grounds that it was deemed necessary for national interests. The Government's rejection of the Merdeka University project was not tantamount to rejection of private universities in general.

Commenting on Lim Kit Siang's drive to get \$1 from each Malaysian Chinese to finance the project 'to save Chinese language and culture,' Datuk Musa said that was precisely how the Nanyang University had been formed — 'and the fate of the university now is well-known to the Chinese throughout Southeast



Asia.' He believed the drive might well succeed but hundreds of millions of dollars worth of donations could not ensure long-term independence of such a university. In the final analysis the Government would have to take over the burden of financing it as had been continually shown in the history of the world's private universities.

Datuk Musa understood the genuine feelings of many Chinese who supported the proposal for a Chinese-medium university. He said: 'If I were Chinese and another Chinese asked me for donation to save Chinese language and culture, I would certainly donate, especially when faced with emotionally charged arguments. If I were Chinese and another Chinese asked me to sign a petition to save Chinese language and culture, I would certainly sign. If I were Chinese and asked to attend a mass rally or a meeting for a project which would save Chinese language and culture, I would surely attend. This type of reaction is not just peculiar to the Chinese. Whether you are an Indian, a Malay, an Iban, a Kadazan, a Turk, a Greek or an American Negro, your emotions and sentiments can easily be exploited in this way.' These, Datuk Musa said, were the tactics used by the Opposition in promoting the Merdeka University project as a weapon against component parties in the National Front.

By adopting this stance Datuk Musa was not ignoring the plight of the nation's non-Malay students. He merely provided them with an alternative consistent with established educational policies. By increasing the available facilities in the universities and hiring extra staff, more non-Malays were given the chance to receive a tertiary education. However, policy required that at the same time, special preferences for Bumiputras be continued in order to redress the existing educational imbalance in Malaysia. This meant that there was a limit to the number of places the Government could provide for other races in local tertiary institutions.

In October 1979, substantial fee increases for Malaysian students in British, Australian and New Zealand Universities posed new problems in the area of tertiary education. This led Datuk Musa to announce the allocation of \$500,000 for loans to assist Malaysians studying overseas. Datuk Musa also took a personal interest in the matter by visiting the countries concerned to put forward Malaysia's views. It was in their own interest, he argued,

that these countries should not raise the fees for foreign students in their universities. The traditional links between Britain and Malaysia, for example, had remained largely because Malaysians regarded a British tertiary education as a major achievement. Parents and students were being forced to look to other countries such as Canada and the United States.

For Malaysians Datuk Musa had a different message. He believed that Malaysians should face the reality that the days of free education abroad were over. 'We must be able to meet the expensive education fees if we still intend to send out children to study abroad,' he said. When asked whether the increase in fees would halt the flow of Malaysians going to Australia and New Zealand to study, Datuk Musa said: 'I do not think so. This is because Malaysians are prudent and know that education is the best investment.' Despite the fees hike, both Australia and New Zealand announced that they would not curtail places for Malaysians intending to pursue higher education in their countries.

While in Australia and New Zealand he met many Malaysian students and realised that most of them knew very little about policies and events at home. On his return to Kuala Lumpur he described the discussions he had with them as 'heated but positive' and pointed out that Malaysians should not lash out at Malaysian students abroad as a whole when only a small group were critical. 'I believe what is needed is for more Ministers, government leaders and politicians to go and meet the students and explain to them what is actually happening back home. Such an effort would not be defensive but positive,' he pointed out.

He went on to say that a small group of students tried to disrupt his visit by staging demonstrations and distributing leaflets criticising the Malaysian Government. In Sydney, one or two students distributed open letters, hurling what Datuk Musa termed as 'standard accusations' at the Malaysian Government. They alleged that there was racial and political oppression in Malaysia and suggested that the Australian political system was superior. The New Zealand University Students' Association staged two demonstrations. One was at the opening of the Commonwealth Parliamentary Conference at Parliament House in Wellington which Datuk Musa attended as the CPA's out-going chairman. The other was during the special performance of the New Zealand Sym-



phony Orchestra, attended by many Commonwealth leaders. Copies of a leaflet with the heading 'Support democracy and human rights in Malaysia' plus a picture of Datuk Musa with the caption 'Picket this man' were distributed to all universities in Wellington. However, only 25 students participated in the demonstration. Datuk Musa said he was not excited by the demonstrations as they were not unexpected. The negative attitude towards Malaysia was only prevalent among a small group. In categorising the students who participated in the demonstrations, Datuk Musa said some of them were naturally anti-establishment, a fashionable practice for university students. There were also the 'hard-core' types who would not change their opinions whatever explanations were given. Others had become 'deculturalised'. Since the governments of Australia and New Zealand did not want them to stay, they had to resort to wearing hoods during demonstrations 'to avoid prosecution at home'.

The list of Datuk Musa's activities during his term as Minister for Education is indeed a long one. Apart from the reorganisation at the primary school syllabus, the textbook loan programme, the English Language campaign and the expansion of tertiary institutions we could also add a renewed emphasis on vocational and technological education, and an interest in international educational problems. In 1978, for example, he was elected to the board of UNESCO — a position which eminently suited his longstanding interest in international affairs. His support for other projects, such as the proposed ASEAN university for post-graduate studies, can be seen as a reflection of his longstanding commitment to regional co-operation. By 1981 Datuk Musa was a man of considerable experience and ability. Greater challenges were soon to follow.



*Tun Abdul Razak Bin Datuk Hussein, Malaysia's second Prime Minister.*



## CHAPTER VII

### LOOKING BACK: UMNO IN THE 70s

Until now there has been very little said about the circumstances within UMNO which led to Datuk Musa's rise to power. Such a discussion, however, seems justified if we are to have a better understanding of the social and political forces which shaped his career. In fact, the party underwent substantial changes in the 1970's. Were it not for these, Datuk Musa's political career may have followed a much different course.

The traditional lines of cleavage in UMNO have been based upon the state of origin of each member and between the English-educated and the Malay-educated. In the 1970s these divisions were overlaid by a generation gap between the old guard of the party who had led the nation to independence, and a younger breed represented by politicians such as Datuk Musa and Dr Mahathir.

These changes were welcomed and even encouraged by the late Prime Minister Tun Razak who seems to have seen in them an opportunity to transform the party into an effective instrument for social change as well as a means of consolidating his own position. In 1969, the disappointing electoral performance of UMNO and the communal disturbances which followed soon afterwards undermined the position of the former Prime Minister, Tunku Abdul Rahman. Some younger leaders had called for his resignation and a better deal for the Malays. Tun Razak realised that in order to implement the newly formulated New Economic Policy he would need both the skills and the political support these leaders could provide.

The large turnover of Cabinet Ministers and Mentris Besar under Tun Razak was a reflection of the new style of leadership which he brought to the party. In previous years, action had not usually been taken against corrupt or inefficient politicians as long as they remained loyal to the leadership. Under Tun Razak this

easy-going approach was abandoned. Many older party stalwarts were removed and replaced with technocratically oriented leaders willing to support ambitious policies designed to improve the relative economic and social positions of the Malays.

The first of the UMNO old guard to be eased from a position of influence was the former Minister for Information and Broadcasting, Datuk Senu Abdul Rahman. He had lost his parliamentary seat to a PAS candidate in the 1969 general election and resigned as leader of UMNO Youth soon afterwards. Although Tun Razak appointed him to the prestigious post of UMNO Secretary-General it was not one with much influence. Datuk Senu returned to Parliament in 1973 after winning in the Kuala Kedah constituency, but he was not returned to the Cabinet.

In the case of more powerful politicians, Tun Razak found he had to send them overseas in order to isolate them from their party supporters. Such was the fate of Encik Khir Johari, a former rival of Tun Razak who was closely associated with the Tunku. After Encik Johari lost his Vice-Presidential post in the 1971 party elections, Tun Razak made him ambassador to the United States. He was not appointed to any other post when his term expired.

Tan Sri Sardon Jubir was another popular politician. He retained the Vice-presidency in 1971 and again in 1972 when it was decided that party elections would be held triennially in future. He served in the Cabinet as Minister for Health, and later Communications, until after the 1974 elections when he was appointed ambassador to the United Nations. Tun Razak then made him Governor of Penang and he did not contest the 1975 party elections.

At the same time the Prime Minister made similar moves against a number of leaders at the state level. Between 1970 and 1973 the Mentris Besar of Perak, Malacca, Perlis, Pahang and Trengganu were all removed from office. The most sensational case was that of the powerful Mentri Besar of Selangor, Dato Harun bin Hj. Idris, who had also built up a strong political base throughout the peninsula as leader of UMNO Youth. Harun was no supporter of the Tunku or the old guard and had in fact aligned himself temporarily with the Tunku's critics in 1969. However, Tun Razak was concerned about his independent role in the 1969 riots and his capacity to exploit Malay communal and Islamic themes.





*The Tunku and Tun Hussein Onn hand in hand at an official function.*

In 1974, students at the Universiti Kebangsaan accused Harun of corruption involving the Bangi Timber Concession and the Prime Minister ordered the NBI (National Bureau of Investigation) to investigate. These enquiries were apparently wide-ranging for in late 1975, after the Menteri Besar had refused to retire from politics gracefully by accepting an appointment to the United Nations, he was charged with a variety of offences unrelated to the original allegations. These included the misuse of party funds, criminal breach of trust and failure to provide the Government with a statement of certain assets.

Tun Razak moved swiftly to place his own nominees in influential positions. Encik Hussein Onn (he had not yet become a Datuk or Tun) had been elected to Parliament in 1969 and in 1971 his brother-in-law, Tun Razak, made him Minister of Education after he won a seat on the UMNO Supreme Council. In 1973 he became Deputy Prime Minister after the death of Tun (Dr) Ismail. The Prime Minister was also instrumental in promoting Datuk Musa Hitam, Dr Mahathir, Tengku Razaleigh and Ghazali Shafie. Datuk Musa became Deputy Minister for Trade and Industry in 1973 and was promoted to Minister in the following year.



*Datuk Musa with Hussein Onn and Tengku Razaleigh.*





*Tun Hussein Onn and Tun Razak discusses a point.*

Dr Mahathir won a seat in the Supreme Council in 1972 and was appointed Education Minister after the 1974 general elections.

Tengku Razaleigh experienced a similarly rapid rise after winning a seat on the Supreme Council in 1971. He became chairman of PERNAS and later a party Vice-president. Tan Sri Ghazali Shafie, a former civil servant and a life-long friend of Tun Razak, entered the Cabinet as Minister with Special Functions in 1970 after being made a Senator. Later he became Minister of Information and finally Minister of Home Affairs.

With the possible exception of Tengku Razaleigh and Ghazali Shafie, all of the more important of Tun Razak's proteges were in some way opposed to the Tunku and the UMNO old guard. Both Musa Hitam and Dr Mahathir had been punished by the Tunku after they had reportedly challenged his authority in the wake of the 1969 crisis. Hussein Onn had not been closely associated with either of the two but at the same time had avoided serving in the Government while the Tunku, his father's political enemy, remained Prime Minister.

These leadership changes ran parallel with constitutional reforms aimed at revitalising the party, attracting Malay intellectuals

and giving the national leadership greater control over party affairs. The first of these changes was introduced at the UMNO General Assembly of 1971 where it was decided that future elections for the Supreme Council would be held every three years instead of one. The Council was also given extra powers in the selection of electoral candidates, party discipline and the approval of government policies.

These powers were further enhanced after 1974 when the dismissal of leaders at the divisional level required the Council's approval. In an effort to reduce bloc voting (usually by state delegates at the direction of the *Mentri Besar*) a secret ballot was introduced and each delegate was required to cast his vote as an individual. The number of delegates each division could send was also limited to 10 to prevent the over-representation of divisions with dormant or non-existent members. The research section of the party Secretariat was given more staff and charged with the responsibility of analysing the monthly reports which the divisions were obliged to produce.

Other moves were clearly aimed at attracting Malay intellectuals and academics. Bureaux (Committees) attached to the Supreme Council submitted working papers written by highly qualified Malays on a variety of topics. One of the most outstanding examples of success in this area was the publication of *Revolusi Mental* in 1971. The book, written jointly by UMNO officials and Malay academics, was promoted by the Secretariat. This book, and the brief campaign which followed it, sought to promote the values of thrift and diligence within the Malay community.

Not all of these reforms were successful. According to Funston in his book *Malay Politics in Malaysia*, almost half of the divisions failed to send in their monthly reports while vote buying at the general assemblies of the party and leadership struggles at the divisional level continued, albeit in an attenuated form. After the Baling demonstrations in 1974, the then Deputy Prime Minister Datuk Hussein Onn, admitted that the political unrest was at least partly a reflection of local party weakness. Continuing instability in the state party machinery was also in evidence with major political crises occurring in Trengganu and Negri Sembilan in the same year.



Tun Razak did not live long enough to remould the party in his image, but he did manage to concentrate a considerable amount of power in his own hands. As Prime Minister he held many important posts, including Defence and Foreign Affairs, and chaired powerful and influential committees such as the National Security Council, the National Action Council and the National Islamic Council. In August 1974, moreover, it was believed that he was able to select his own candidate as *Mentri Besar* of Perak against the wishes of both the state UMNO and National Front organisations. In Kelantan he took this a step further by insisting on his right to choose which PAS politician he would accept as *Mentri Besar* in the state UMNO-PAS coalition government.

Tun Razak's death in January 1976 was an untimely one for his close associates and proteges. They had not had time to consolidate their positions in the party hierarchy where the UMNO old guard still wielded considerable influence. For more than a year they were on the defensive, struggling to maintain control of the party machinery in the face of a concerted attempt by the Tunku and his associates to remove or curtail the influence of certain persons towards whom they felt particular antipathy.

In challenging the new national leadership the UMNO old guard was assisted by a loose coalition of UMNO politicians together with their respective groups of supporters. These included Datuk Harun (who had been charged with corruption in November 1975), Tun Mustapha (the independent-minded Chief Minister of Sabah) and Syed Jaafar Albar (a leading anti-Anglophile personality). The PAS and Singapore Prime Minister Lee Kuan Yew also played supporting roles.

That such an unlikely coalition of forces could be formed at all reflected Hussein Onn's inability to control the party to the same extent as Tun Razak. Hussein's late entry into the political scene meant that he lacked the close personal rapport that his predecessor had enjoyed with party functionaries. Moreover, in promoting party technocrats and intellectuals Tun Razak had not neglected patronage. The result was that many officials felt indebted to him rather than to the party or national leadership in general. Another important factor which contributed to a general rise in party factionalism was the widespread belief that the poor state of Hussein Onn's health meant that he would be no more than

an interim Prime Minister. The fact that he took almost two months to choose a deputy is indicative of the sort of difficulties he faced in consolidating his hold on the party.

Hussein Onn was able to choose from a relatively large number of eligible candidates for the second position in UMNO and the Government. Almost all of them had been promoted at some time or other by Tun Razak. They included Tan Sri Ghazali Shafie, Dr Mahathir, Encik Ghafar Baba and Tengku Razaleigh. Of these, the last three were serious contenders since they held the party vice-presidential positions. Several factions were clearly displeased when Hussein Onn passed over the more senior Ghafar Baba in order to choose Dr Mahathir. Ghafar reacted by withdrawing from the Cabinet, although he continued to support the party leadership in the critical months that followed.

In the style that is characteristic of Malay politics, the challenge to Hussein Onn's authority was indirect and subtle. Tun Razak, it was said, had allowed 'communists' to obtain positions of considerable influence in the party. A number of Tun Razak's inner circle of advisers, who shared the former Prime Minister's belief in the necessity of drastic government intervention in the economy, were publicly named by Syed Jaafar Albar and the anti-communist theme was quickly taken up by the Tunku and supporters of Datuk Harun. Their targets included a number of politicians with left-wing backgrounds including Khalil Akasah, the Executive Secretary of UMNO and Wahab Majid, Tun Razak's press secretary. Others named included James Puthucheary, a lawyer, and Samad Ismail, a well-known novelist who was also managing editor of the *New Straits Times*.

Unlike Dr Mahathir, Musa Hitam and Tengku Razaleigh, these men were comparatively easy targets since they lacked significant grassroots support in UMNO. However, the campaign to rid the party of "communist" influence inevitably implicated more senior cabinet figures because they were also closely associated with Tun Razak. In 1975 Ghazali Shafie, as Minister for Home Affairs, had already come under criticism at the UMNO General Assembly for his alleged failure to check the growth of communist activity. At the same time he had been beaten in his attempt to win a vice-presidential post.

Meanwhile, Hussein Onn continued the moves against Datuk



Harun that had been initiated by Tun Razak. In mid-1976 the Menteri Besar was removed from office and expelled from the party soon afterwards. However, a concerted campaign by powerful friends resulted in his being readmitted into UMNO in October despite his conviction on corruption charges several months earlier.

Things took a turn for the worse in June of the same year when the UMNO General Assembly elected Jaafar Albar as UMNO Youth leader to replace Datuk Harun despite Hussein Onn's support for Datuk Mohamad Rahmat, the Deputy Minister of Trade and Industry. In the same month still more pressure was brought to bear on the national leadership with the arrest in Singapore of two Malay journalists who confessed to having been part of a communist scheme directed by Samad Ismail. Ghazali Shafie reacted by ordering Samad's detention under the Internal Security Act together with that of Abdullah Ahmad and Abdullah Majid.

These arrests were reportedly opposed by other senior party figures such as Mahathir, Musa Hitam, Razaleigh and Ghafar Baba. Indeed, the subsequent public confessions of the three men left many questions about their alleged subversive activities unanswered. It has been pointed out, for example, that Abdullah Majid's confession that part of his work involved writing an article in 1974 praising China's progress must be seen in the light of the fact that he was accused of maintaining close contact with the Soviet embassy. The article could hardly have been written with the blessing of the Russians. It was, moreover, published in a government sponsored magazine (*The Dewan Masyarakat*) which reported in the same issue that the Prime Minister intended to open diplomatic relations with China. The examples of 'pro-communist activity' cited by the other detainees were similarly vague. Neither was any attempt made to identify which of Malaysia's three warring communist factions the group was associated with.

By early 1977 the anti-communist campaign had begun to wane. Its leading proponent, Syed Jaafar Albar, was discredited when Lim Kit Siang (the leader of the opposition Democratic Action Party) revealed in Parliament that Jaafar was a shareholder and former director in the Great Malaysian Line, which had financial dealings with a Soviet bank. Jaafar Albar died soon

afterwards. Meanwhile in Sabah, Tunku Abdul Rahman's close associate, Tun Mustapha, saw his party (Usno) soundly defeated by Berjaya in the state elections. Harun also faced a further setback when he was again found guilty on another set of charges, this time involving the Bank Kerjasama Rakyat. For his part, the Tunku finally seemed willing to accept the new status quo. A partial reconciliation of the old guard with the new party leadership was effected in May when he accepted an invitation to attend UMNO's thirty-first anniversary celebration.

It was a much more united party, therefore, that faced the general elections of 1978. The collapse of PAS in the Kelantan state elections in March helped consolidate the growing prestige of Tengku Razaleigh in his home state, while the success of the National Front in the general elections in July further strengthened Hussein's hand. In January of that year, the Privy Council in London upheld Harun's conviction and he was finally forced to surrender to gaol authorities.

Thus it was that by the end of the decade the new group of young, well-educated leaders promoted by Tun Razak in the early 1970's had finally succeeded in taking full control of the party's top posts. Prime Minister Hussein Onn still did not have the firm grip on UMNO that Tun Razak had enjoyed, but it was doubtful that any leader would be able to achieve a similar position of dominance in the more strenuous political arena which had emerged. In 1972 the late Tun Ismail remarked that UMNO members no longer followed party leaders blindly. This observation was surely even more true of the party at the end of the decade than the beginning. Frankness and forthrightness were still rare, the general preference being for indirection and compromise, but open expressions of disapproval for the statements and policies of important party leaders were becoming more and more common. It was in this atmosphere that Datuk Seri Dr Mahathir became Prime Minister in 1981. For Datuk Musa it was the beginning of a new phase in his political career.





*A job well done.*

## CHAPTER VIII

### THE RACE FOR DEPUTY PRESIDENCY



*A friendly contest begins.*

In mid-1981 Datuk Musa faced the most difficult political battle of his career. At stake was UMNO's deputy presidency and, by implication, the post of Deputy Prime Minister. Neither Datuk Musa nor his major rival, Tengku Razaleigh, regarded the other as a political enemy. However after Hussein Onn announced his retirement, his successor, Dr Mahathir, decided not to name his deputy but left it to the party to make the choice at its General Assembly in June.

The events leading up to the 1981 UMNO General Assembly were followed with considerable interest in Malaysia. For six weeks, barely a day passed without the latest developments being



reported in the nation's English, Chinese and Bahasa Malaysia newspapers. And developments there were aplenty. Rapidly shifting personal and factional alignments within the party meant that the outcome was not easy to predict. One had to go back to the days of Dato Onn bin Jaafar in the late 1940's and early 1950's to find a General Assembly in which positions were more keenly contested or issues more widely discussed.

Dr Mahathir's decision not to name his deputy was unprecedented in UMNO politics. 'A change in leadership is a normal occurrence', said Hussein Onn in his speech announcing his retirement. True enough, but the break with political tradition had set the stage for a battle royal involving two of the most powerful figures in the party.

In the past, UMNO Presidents had always named their deputies, leaving UMNO General Assemblies the job of merely confirming appointments which in practice, if not in theory, had already been made. To have defied the wishes of the UMNO President on this issue would have been tantamount to passing a motion of no confidence in the Prime Minister himself. Tunku Abdul Rahman named his deputy, Tun Razak, and Tun Razak in turn selected Tun Ismail as deputy when he became Prime Minister in 1970. When Tun Ismail died in 1973, Tun Razak named Hussein Onn as Deputy Prime Minister and Deputy UMNO President. Dr Mahathir was promoted to a similar position by Hussein Onn in 1976.

In 1981 several leading UMNO personalities were known to be interested in the post of Deputy President. Apart from Datuk Musa and Tengku Razaleigh (the Minister for Finance), Datuk Harun Idris, a personality with considerable influence, was widely believed to be interested in the position. However, his decision in early June not to contest the Deputy Presidency left the field wide open for the other two men.

UMNO General Assemblies are usually only the subject of general public interest during the party elections for the three vice-presidential posts which are held every three years. In 1981 the news coverage given to the battle for the post of Deputy President overshadowed this struggle, but it still remained important. By early June a total of seven candidates had accepted nomination for the three positions. They were Foreign Minister Tengku Ahmad

Rithauddeen, Home Affairs Minister Tan Sri Ghazali Shafie, National Front secretary-general Encik Ghafar Baba, Datuk Senu Abdul Rahman, Negeri Sembilan Mentri Besar, Datuk Rais Yatim and Datuk Ismail Majid. Datuk Harun, who was serving a gaol sentence for forgery and corruption, also announced his decision to stand.

A good speaker, Datuk Musa's greatest support in the party in 1981 was reputed to come from the ranks of Malay school teachers. His opposition to proposals by Chinese organisations in 1978 for the creation of a Chinese language Merdeka University strongly appealed to this group. He also gained considerable support, both inside and outside the party, with his decision to revise the primary school syllabus with a view of re-emphasising the basic skills of reading, writing and arithmetic. As education Minister he was also active in visiting schools and making himself accessible to teachers.

The background of Tengku Razaleigh bin Tengku Hamzah was quite different to that of either Datuk Musa or Dr Mahathir, although he had aligned himself politically with both men on several occasions. Tengku Razaleigh was born in 1937 in Kota Baru, the son Tengku Hamsah bin Zainal Abidin, the last appointed Mentri Besar of Kelantan. A member of the ruling house, he studied in the Sultan Ismail College and later at the Anderson School in Ipoh.

Tengku Razaleigh obtained a degree in Economics from Queens University Belfast in 1959 but, unlike Datuk Musa and Dr Mahathir, there is no record that he ever engaged in any serious student political activity. He then went to Lincoln's Inn to read law but had to abandon his studies and hurry home when his father died suddenly. Taking over the family business, he soon came to the notice of senior UMNO officials in his home state. Today he is reputed to be the biggest landowner in Kelantan.

It was Tengku Razaleigh's business skills, rather than any experience in government administration, that helped him rise to the top. In 1965 he was appointed executive director of the Bank Bumiputra, making him the youngest banking executive in the nation, and in 1970 he became its chairman. Meanwhile, within UMNO, he had risen from head of the Ulu Kelantan Division to deputy leader of the Kelantan State Liaison Committee. In 1969 he



won a Parliamentary seat.

Thereafter, his rise was rapid. In 1970 he became chairman of PERNAS (the powerful agency which was to develop a conglomerate of government-owned 'Malay' firms) and in the following year was elected to the UMNO Supreme Council together with Datuk Musa. He was also appointed treasurer of the party and became chairman of PETRONAS (the National Oil Corporation) in 1974 — an office which former Prime Minister Tun Razak described as being equal to that of a cabinet post. In 1975 he was elected an UMNO Vice-President and in 1976 he became Minister of Finance.

Tengku Razaleigh's popularity within the party rested largely upon his close association with government agencies charged with the task of helping Malays to become active in business. He was also generally credited with being responsible for UMNO's decisive victory over the PAS in the Kelantan state elections in March 1978 and the success of the National Front in the general elections which followed soon afterwards.

Some saw the struggle between Tengku Razaleigh and Datuk Musa as a battle between business and culture. The Tunku, for example, described the struggle as being between one who filled the pockets of the Malays and another who filled their heads. The distinction was a little crude, but it did reveal some of the more obvious differences between the two men in terms of their backgrounds and bases of support. It was pointed out earlier that Datuk Musa was strongly supported by the Malay school teachers. This group formed a powerful force at the grassroots level of UMNO. Tengku Razaleigh, on the other hand, was popular among Malay businessmen and politicians who had benefitted from government programmes implemented by PERNAS and other agencies.

The Chinese business community, which had initially been suspicious or even openly hostile to aspects of the New Economic Policy, also supported Tengku Razaleigh. They had found that in practice the Finance Minister actually encouraged them to participate in dialogue sessions at which their grievances could be aired and suggestions for alternative policies entertained. As non-Malays they were not able to influence voting at the General Assembly directly, but some Chinese organisations were alleged to have provided finance for Tengku Razaleigh's campaign.

The race for the Deputy Presidency got off to an early start. On May 15th, when Hussein Onn announced that he planned to step down from the party leadership, Tengku Razaleigh let it be known that he intended to stand for the post of Deputy President. He also said that he did not plan to contest any other position and would leave the cabinet if he lost.

This announcement may have damaged Tengku Razaleigh's image, since it was interpreted as being a rude display of arrogance by many Malay traditionalists. It also put Datuk Musa in a difficult position. The Education Minister had to consider the possibility that if he stood for two posts (say, a vice-presidential position as well as the Deputy Presidency) many delegates might vote for Tengku Razaleigh in order to ensure that both men remained in the Government.

Another problem was the possibility that Datuk Harun would also stand for the Deputy Presidency. Few expected the ex-Mentri Besar to win, but his candidacy might have been sufficient to siphon off enough votes to ensure that Tengku Razaleigh did. This calculation was based on the widely-held belief that Datuk Harun's supporters would prefer Musa Hitam to Tengku Razaleigh if their own leader did not stand.

On the other hand, there was considerable doubt as to whether Datuk Harun would be able to contest the elections at all, much less hold office. Recently passed amendments to the Societies Act banned those with criminal records from holding post in political organisations for five years after their release from prison. Datuk Harun was, in fact, directing his campaign from his prison cell in Pudu Jail.

Datuk Musa was nominated for both the Deputy Presidency and a Vice-Presidential position, but for more than two weeks he refused to say whether he would accept nomination for one or both of them. In an interview published in the Malay language *Utusan Malaysia* he virtually endorsed one of Tengku Razaleigh's earlier statements that a leader who has no support from his own party should not be in the Government. However, he also said that there was nothing wrong with 'playing safe', implying that he might still contest both positions.

Meanwhile, other groups both inside and outside the party began to look for solutions to the impasse. Dr Mahathir called on



the two candidates to contest another post in addition to that of the Deputy President. This appeal was repeated at various times by Wanita UMNO (the women's section of the party) and a number of retired politicians including Tunku Abdul Rahman, Tan Sri Kadir Yusof and a former opposition leader, Tan Sri (Dr.) Tan Chee Khoon.

Various forms of institutional accommodation were also suggested. Tunku Abdul Rahman, for example, asked Dr Mahathir to consider creating two Deputy Prime Ministers instead of one. The Deputy Housing Minister, Datuk Haji Zakaria bin Haji Abdul Rahman, suggested that the number of Deputy Presidents be increased to three and the number of Vice-Presidents to five.

An even more novel set of arrangements to resolve the developing leadership crisis was put forward by *Watan*, a Malaya language biweekly newspaper. It suggested that there be two Deputy Presidents, termed Deputy President One and Deputy President Two, according to the number of votes obtained by each at the UMNO General Assembly. The three Vice-Presidents were to have similar designations. These numbers would not only indicate seniority, but also determine the leadership succession if the posts of President or Deputy President fell vacant.

Characteristically, Dr Mahathir rejected all of these suggestions on the grounds that they would only increase existing complications. 'This is not the solution because we are only avoiding the issue', he said. North Korea had five Deputy Prime Ministers and it still had problems. What was important, according to him, was that contenders and their supporters in the forthcoming UMNO elections should avoid making personal references in their campaigns which could be exploited by the Opposition.

Datuk Harun's announcement in early June that he would not stand for the position of Deputy President was widely expected at the time to benefit Datuk Musa. About 300 die-hard supporters of Datuk Harun, mainly from Selangor and Perak, were to be among the delegates at the General Assembly. The additional support of this group was more than sufficient to ensure the election of either of the remaining candidates, should it remain united. However, Datuk Musa was apparently unsure of the complete loyalty of the Datuk Harun supporters for, when the deadline for the acceptance of nominations passed on June 9th, it

was clear that the Education Minister had decided to follow Tengku Razaleigh's lead and go for broke. A few days later Datuk Musa explained to the press that he was forced to stand for only one position because Tengku Razaleigh was using the same tactic. The campaign which followed was therefore one of the most keenly contested in UMNO history.

The battle had, in fact, begun at least two weeks earlier with both men making public statements designed to consolidate their respective positions. On May 23rd the Education Minister announced that the proposed reshuffling in his Ministry was to be postponed indefinitely. He made this decision, he said, because of the proposed changes did not take sufficient account of seniority and would have deprived some teachers of the chance to be promoted as department heads. A new system was being worked out which would take a teacher's experience into consideration.

Tengku Razaleigh's announcement that the Government would soon transfer the remaining shares it held in profitable companies to the Pemodalan Nasional Berhad (PNB) received front page treatment in the Malay language press. A subsidiary of the PNB, the Amanah Saham Nasional (National Unit Trust), was already in operation and aimed to encourage Malays to invest their savings. A considerable number of the new shares, however, were to be set aside especially for managers and staff of these government-run companies to purchase.

The Finance Minister followed this up a few days later with an important speech to the Malaysian Bumiputra Contractors' Association in which he revealed that his Ministry would be making additional payments to contractors for work undertaken between 1977 and 1980. According to him, these payments (which totalled around M\$95 million) were in response to appeals made by the Association and a recommendation carried by the 1980 Bumiputra Economic Congress.

Despite the introduction of the secret ballot in the early 1970's, voting at UMNO general assemblies still generally followed a pattern which reflected the sympathies of key figures in the state organisations. Apart from his position as Finance Minister, Tengku Razaleigh was also party chief in Kelantan and could therefore expect the support of delegates from that state. Similarly, Musa Hitam could expect the support of delegates from his



home state of Johore. The situation in other states remained unclear since many of the party divisions had sent in their nominations for Deputy President before Hussein Onn announced his retirement. However, by early June most political observers agreed that Tengku Razaleigh could depend upon support from Kelantan, Pahang and Trengganu while Musa Hitam was clearly ahead in Malacca, Perlis and Kedah.

The struggle for the loyalty of the uncommitted states intensified after Datuk Harun announced his withdrawal from the race. At first it appeared that delegates in Selangor and Perak would support Musa Hitam, but it soon became apparent that this was not necessarily true. *Watan*, a newspaper with close links to the Harun faction, reported that Datuk Harun's supporters would vote for Razaleigh.

The truth, it seems, was that in the absence of any clear directive from their leader, Datuk Harun's supporters had become divided. One faction, led by Encik Saidin Tamby, Encik Onn Ismail and Encik Fahmi Ibrahim, appeared to be supporting Datuk Musa. Encik Saidin was the political secretary to the Public Enterprises Minister, Encik Onn was a Selangor State Assemblyman while Encik Fahmi was Datuk Harun's former political secretary. Tengku Razaleigh's campaign workers, however, had been successful in drawing some of Harun's followers into their own camp. The *National Echo* reported that several staunch Harun supporters had been seen visiting Haji Ibrahim Ahmad, the political secretary to the Finance Minister. By withdrawing from the race Datuk Harun apparently hoped to put pressure on the authorities for his early release from prison, since whoever became Deputy President would almost inevitably be indebted to him.

Tengku Razaleigh was also making progress in other areas. Negri Sembilan, which at first seemed likely to support Datuk Musa, began to waver and it was believed that the Mentri Besar might decide to support Tengku Razaleigh. In Kedah, Dr Mahathir's home state, Datuk Musa appeared to be having similar problems with another Mentri Besar, Syed Nahar. However, the political sympathies of a state Mentri Besar were not always decisive. Datuk Musa's supporters proved this in Johore where delegates assured the Education Minister of their loyalty, although the Mentri Besar, Tan Sri Othman Saat, was widely believed to

have preferred Tengku Razaleigh.

At first it appeared that the mass media would play a key role in the campaign, but in fact none of the nation's newspapers took public positions in support of either candidate. Some revealed their preferences in the way the news was reported. The *Utusan Malaysia*, for example, published a series of long interviews with the Education Minister on its editorial page. Similarly, Tunku Abdul Rahman's regular weekly articles in the *Star* were widely interpreted as revealing a sympathy for Tengku Razaleigh. The *New Straits Times* and the *Berita Harian* opted for a bland presentation, while *Watan* devoted a good deal of space to news about Datuk Harun.



*Newspaper coverage of the campaign.*

Even the government-run radio and television network was not free from accusations of bias. One newspaper published an article which claimed that Radio-Television Malaysia (RTM) had given special emphasis to news favourable to Datuk Musa at the expense of Tengku Razaleigh. This bias was said to be due to the fact that almost all the senior officers in the organisation were from Johore, Datuk Musa's home state.

In later weeks, however, these trends were not so readily noticeable. This was particularly so after Dr Mahathir had spoken



out in general terms about the use of Government machinery and funds for campaign purposes. He also made a number of statements which indicated that the campaigning had been particularly intense. This appears to have been taken by campaign workers and newspaper editors alike as a sign that the Government was worried that the situation was getting out of hand.

According the *Utusan Malaysia*:

'What is happening in UMNO at the moment has undeniably produced great interest in politics among the Malays. This interest is very important not only in Malay politics but also throughout the life of the Malay race itself.

Political interest will, of course, encourage many more young people to become involved in political movements, so they can build the foundations of leadership through party politics, and continue the responsibility which now lies in the hands of the established groups.

However, what we want is for all the candidates to campaign cleanly following party regulations. Until now it appears that these campaigns have been carried out properly. However the final stages are very important.

The importance of the campaign should encourage each candidate to take a calm and mature approach, not like those who are always worried as if time had already run out and whatever campaign weapons were available had to be used'.

Several attempts were made to encourage the development of a more relaxed political atmosphere. In early June, Tengku Razaleigh and Datuk Musa reportedly discussed the possibility of a compromise between them with Prime Minister Datuk Hussein Onn and Dr Mahathir. In the following week Dr Mahathir described both candidates as 'sensible men' who would continue to serve UMNO no matter who won the post of Deputy President. Later he told reporters that the loser was likely to be appointed to the party's Supreme Council and would probably be retained in the Cabinet. Both Tunku Abdul Rahman and Dr Mahathir ex-

pressed their concern by reassuring the public that the election results would make no substantial difference to UMNO policies.

At the same time, attention shifted briefly away from the battle between Tengku Razaleigh and Datuk Musa and focussed instead upon the candidacy of Datuk Harun for a Vice-presidential post. On June 14th the UMNO Supreme Council decided unanimously to allow Datuk Harun to contest any post he chose in the UMNO elections. According to Prime Minister Hussein Onn, the decision was made because there was no provision in the party constitution which prevented a convicted person from holding office. There was still some doubt, however, about whether he could hold a post if he was elected. Recent amendments to the Societies Act barred a convicted person from holding office in any political organisation except with the permission of the Registrar of Societies.

Still, the decision represented a major victory for Datuk Harun. Many political observers had apparently expected that he would be prevented from contesting. Speculation about the reason for the Supreme Council decision was rife. Clearly, neither Datuk Musa nor Tengku Razaleigh could afford to be seen opposing Datuk Harun's candidacy. To have done so would have invited the wrath of the ex-Mentri Besar's supporters in the coming elections for the Deputy Presidency. In fact, some sources claimed that Datuk Harun had Tengku Razaleigh to thank for being able to contest the Vice-Presidency. Tengku Razaleigh, it was said, put forward a 'strong case' for Datuk Harun at the Supreme Council meeting.

Dr Mahathir maintained that the Supreme Council's decision was made collectively. No one, he said, could claim the credit for the decision. Dr Mahathir did not name Tengku Razaleigh, but commented instead that he believed the Datuk Harun issue had been capitalised by someone for the purposes of the elections. To some, this statement was clear evidence that the Deputy Prime Minister was no longer neutral. *Watan* quoted unnamed UMNO sources as saying they could not understand why Dr Mahathir made the statement, particularly in the light of his previous claims of neutrality. Another article in the same issue of the newspaper quoted Datuk Raja Nong Chik, a former MP, as saying that Datuk Harun supported Tengku Razaleigh.

Datuk Harun himself made no public comment on the issue





*Datuk Harun Bin Idris.*

and seemed willing to allow his followers to vote in whatever way they wished. However, one source close to the controversial candidate said that his supporters would remember all those who had shown genuine interest in helping their leader either to stand for election or obtain a royal pardon. He went on: 'We are all very grateful to those leaders who spoke out in support of Datuk Harun's nomination for the Vice-presidency, but we also know that in an election year it may be the result of mixed motives'.

Some observers believed that the apparent split among Datuk Harun's supporters over their choice for the Deputy President was a tactical move to put pressure on both Tengku Razaleigh and Musa Hitam. By splitting into two groups, they could pressure both candidates to urge their staunch supporters to vote for Datuk Harun. Other observers believed the split was a genuine one between business and non-business factions in the Harun camp. According to this theory Harun's supporters in the business community preferred Tengku Razaleigh while other groups supported Datuk Musa.

With barely a week to go before the UMNO General Assembly was due to make its decision, the general feeling among political observers was that Tengku Razaleigh would win. Newspapers such as the *Star*, which had formerly been careful not to become too closely associated with Tengku Razaleigh's supporters, began to give him better publicity, and *Watan* reported with obvious approval that a survey of the UMNO representatives from all states showed Tengku Razaleigh to be well ahead. The latter newspaper was, perhaps, not the most impartial judge of political trends, but its close connections with the vitally important Harun faction gave its pronouncements an importance they would not otherwise have had.

The last week of the campaign received little publicity in the local press. Headlines and background articles on the contest became noticeably less frequent. However, there were occasional editorials on the need for moderation and the importance of following the UMNO tradition in which the loser does not form a breakaway party. Newspaper editors had apparently taken the hint from statements of senior UMNO officials that too much publicity could have unhealthy side effects.

Meanwhile, the two candidates continued to make speeches generally interpreted as being aimed at influencing the election result. At a foundation-laying ceremony for a mosque in Ulu Kelantan, Tengku Razaleigh pointed out that he did not enter national politics in the 1964 elections because he wanted time to reorganise the Kelantan state organisation. This statement appeared to be a reply to the argument of some of Datuk Musa's supporters who said that the Education Minister, having become an MP in 1964, had had more experience in the national political



arena.

Two days later, at the opening of a four-day dialogue session with business leaders, the Finance Minister captured the headlines with the announcement that his Ministry would re-examine the entire tax system in order to assist the business community.

Datuk Musa seemed to be following a similar strategy. He announced that the Education Ministry would be building several new colleges, and followed this up a few days later with a major speech on the implementation of the National Language Policy.

The only other event of significance to UMNO delegates was the official laying of the foundation stone for the new M\$200 million UMNO headquarters complex on June 25th. Tengku Razaleigh was chairman of the committee in charge of the project. However, he received little publicity. The main speaker was Prime Minister Hussein Onn.

Like most internal UMNO struggles, the race for the Deputy Presidency in 1981 was difficult to follow and difficult to document. The candidates involved did not publish manifestos and there were no public debates or open declarations of support. In public the campaign was indirect and was carried out through innuendo.

Still, the votes of the delegates to the UMNO General Assembly were strenuously sought by both candidates. Each side kept confidential dossiers on the delegates, using them to help plan campaign strategies in particular areas. Anonymous letters were also employed by the more emotional elements in both camps in order to discredit the candidate they disliked. If the race for the Deputy Presidency at times appeared deceptively low-key, this was really only because of the way the mass-media felt obliged to treat the subject.

In an interview with *Suara Merdeka*, the official organ of UMNO, Dr Mahathir strengthened his earlier statements on the outcome of the election by saying that he was confident that neither candidate would leave the party or the Government. He pointed out that contests for high positions in the party were not new. The late Tun Dr Ismail had once unsuccessfully challenged the late Tun Razak for the Deputy Presidency. After the results were announced, Tun Ismail did not leave the party. Later, when Tun Razak became party President, Tun Ismail was willing to

serve under him as deputy. This example, said Dr Mahathir, was the one the party should follow.

According to the Deputy Prime Minister, things had been done in the campaign between Datuk Musa and Tengku Razaleigh that should have been avoided. 'Sometimes it appears as though we are fighting with a candidate from a different party', he said. He hoped that when the contest was over, party members would close ranks and put UMNO interests and unity above everything else.

This, was the political climate which greeted UMNO delegates as they arrived in Kuala Lumpur for one of the most important General Assemblies of the party since its establishment. The atmosphere was tense, but there was also a strong feeling that party unity had to be maintained. Not only were the delegates being asked to choose between two candidates for the Deputy Presidency of the party who had fought a long and hard campaign, but upon their shoulders also rested the responsibility for the selection of the three Vice-Presidential posts and the members of the Supreme Council. Inevitably these decisions involved many difficult questions such as that of Datuk Harun's political future. As Dr Mahathir pointed out, everyone had to be prepared to accept the decision of the majority, no matter what it was.



*A partnership comes of age.*



## CHAPTER IX

### THE GENERAL ASSEMBLY

The backgrounds, experience and values of delegates who arrived in Kuala Lumpur towards the end of June 1981 were generally quite different from those of their predecessors just ten years before. UMNO delegates have, of course, always been made up of the leaders with the greatest means and education in the local Malay communities. However, as the general standard of education continued to improve during the 1970's, so did the quality of the delegates. Their values also changed to the point where those with progressive or 'modernist' views became a potent force.

In the late 1960's most UMNO delegates travelled to Kuala Lumpur in taxis, chartered buses or by train. Those who used their own cars normally arrived in relatively cheap models such as the Morris Minor or the Volkswagon Beetle. By 1981, however, the success of the New Economic Policy had resulted in many young Malay businessmen, executives and professionals arriving in an air-conditioned BMW or Mercedes Benz. UMNO delegates no longer stayed in the smaller hotels along Jalan Raja Muda but preferred instead the prestigious Hilton or Regent.

A large proportion of the delegates were teachers — a group which has produced many UMNO leaders over the years. In the rural areas the Malay teachers were still respected and were one of the few groups which had enough time to devote to leadership roles in the local community. Another important group among the delegates were the Kemas (Kemajuan Masyarakat or Community Development) officers. By providing leadership at the ground level many had naturally become actively involved in UMNO branches. There were also a few *penghulu* and *ketua kampung* among the delegates, but their numbers had been steadily falling for years.

In 1981 UMNO delegates were younger (a large majority were under 40) and better educated than ever before. They were well

aware of the issues involved and familiar with the background and experience of each of the important contenders. The various candidates and the army of political secretaries and lobbyists who wooed the delegates' votes thus faced penetrating questions. Delegates wanted to know the *real* situation and the message between the lines.

Article 12.4 of the UMNO constitution listed those who were eligible to become delegates and thereby vote for the party's leadership. It provided that all the heads of the party's 114 divisions were to be considered delegates and each division was entitled to send one delegate for every 500 paid-up members — subject to a maximum of ten. The Youth and Wanita General Assemblies were also entitled to send five representatives each. In addition, all 36 members of the Supreme Council, who had been chosen three years previously, were also counted as delegates.

Theoretically, therefore, the total number of delegates entitled to attend the 1981 General Assembly was 1300. In practice, this total was not reached, but this was not unusual, for there had never been a full complement of delegates at an UMNO General Assembly — even in an election year. In 1981 UMNO had a total membership of around 600,000. This worked out to an average of about 5,300 members per division. To obtain the maximum possible representation each division needed 5,000 members, but there were many divisions with only around 4,000 members while others had more than 7,000.

In the struggle for the Deputy Presidency the issue of representation was an important one. It was the urban divisions, where Tengku Razaleigh could expect support from Malay professionals and businessmen, which suffered from a shortage of members. Datuk Musa Hitam's supporters were strongest among the Malay school teachers in the rural areas where UMNO divisions had no trouble obtaining maximum representation. The increased interest in the campaign encouraged many urban divisions to recruit extra members, so that they would be entitled to the full complement of delegates, but there were still many divisions which were not fully represented.

The following table shows the breakdown of state delegates who attended the 1981 General Assembly.



Delegates to the UMNO General Assembly

Perak .....	217
Johore .....	176
Kedah .....	143
Kelantan .....	132
Selangor .....	121
Pahang .....	87
Trengganu .....	77
Penang .....	73
Negeri Sembilan .....	66
Malacca .....	43
Federal Territory .....	43
Perlis .....	22

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1,200

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The two states with the most delegates were Perak and Johore, having 21 and 16 divisions respectively. Johore, Datuk Musa's home state, was able to send a full complement of delegates. Kelantan, where Tengku Razaleigh was particularly strong, also sent the maximum possible 132 delegates from its 12 divisions. However, in the vital state of Perak, where intense campaigning for uncommitted delegates took place, urban divisions such as Kinta and Menglembu were not able to produce the required 5,000 members each. The state was therefore unable to send its full complement of 231 delegates.

On the eve of the election both Datuk Musa and Tengku Razaleigh were confident of success. Private betting in Kuala Lumpur favoured Tengku Razaleigh, but some observers noted that the Education Minister had been closing the gap in the battle for the delegates' votes in the previous few days. Tengku Razaleigh was generally believed to be well ahead in Kelantan, Trengganu, Selangor and Pahang while Datuk Musa held the states of Johore, Malacca, Kedah and Perlis. In the other areas (Perak, Negeri Sembilan, Penang and Federal Territory) neither camp held a clear majority.



*What are friends for? Tengku Razaleigh serves Datuk Musa.*

Lobbying was very intense as the delegates assembled in Kuala Lumpur. Many observers believed that the anxiety among both groups of supporters was due to the widely held expectation that delegates would not follow the 'advice' given to them by their divisional heads in closed-door sessions. For its part, UMNO Youth announced that its representatives would be allowed to vote as they pleased. There was, therefore, no guarantee that assurances given to the two candidates by divisional and state leaders would be translated into votes.

This uncertainty was at least partly due to the new system of balloting which was introduced by the party election commission chairman, Tan Sri Syed Nasir Ismail, to ensure secrecy. Forty desks for voting and 17 ballot boxes lined both sides of the conference hall. Delegates from four different divisions were to cast their ballots simultaneously, watched by 36 observers representing the various states. The new system was designed in such a way that the votes cast by each division were sufficiently mixed so that no one would be able to determine which division voted for whom.



Those who wished to ignore the instructions of their divisional heads no longer needed to worry about being found out.

In the race for the three elective Vice-presidential positions regional factors were important. The northern zone was represented by Datuk Senu Abdul Rahman, an MP and member of the Supreme Council; Tengku Ahmad Rithauddeen, the Minister for Foreign Affairs; and Perak businessman Datuk Ismail Majid. The candidates from the southern zone were Encik Ghafar Baba, the secretary-general of the National Front; Tan Sri Ghazali Shafie, the Minister for Home Affairs; and former Selangor Menteri Besar Datuk Harun Idris. In the 1975 and 1978 General Assemblies only one of the successful candidates was from the north-while two were elected from the south. As things turned out, the results of the 1981 elections were no different.

Many groups and personalities battled for a Supreme Council seat. One group which felt particularly aggrieved at its level of representation and inability to correct the situation was Wanita UMNO. Women made up almost half of the party's membership, but in the selection of delegates to the General Assembly only one (the divisional Wanita leader) or two women were usually selected as delegates by each division. At the General Assembly, therefore, female delegates made up no more than 15 or 20 per cent of the total. The Wanita General Assembly could also send an additional five representatives, but this did not significantly alter the balance of power.

Over the years there had been a steady increase in the number of Wanita UMNO members in the state assemblies, the Dewan Rakyat and the Dewan Negara. However, this was not matched by any significant increase in the number of women on the Supreme Council. Attempts to alter the situation in the 1970's by nominating a large number of Wanita UMNO members as candidates failed. In the 1973 elections Wanita UMNO fielded nine candidates but none were elected. In 1975 Wanita UMNO again split its votes by putting up seven candidates. Only one was successful. In 1978 the women's section was more cautious, nominating only two candidates. Both were elected.

The organisation felt obliged to repeat the tactic in 1981 by fielding Datin Paduka Rafidah Aziz and Datin Paduka Zaleha Ismail and refusing to support a third candidate, Marina Yusof,

who was Datuk Harun's lawyer. However, it was clear that Wanita UMNO leader Datin Paduka Hajjah Aishah Ghani was not happy with the continuing inability of the organisation to become a force to be reckoned with.

The election for the posts of Deputy President and the three Vice-presidents were held on Friday June 26th. The elections for the Supreme Council were held on the following day. Since there was only one candidate for the position of party president, Dr Mahathir was officially declared President on the first day of proceedings. However, Hussein Onn did not step down as Prime Minister until July 16th.

The attention of the whole nation was, of course, focussed upon the elections for the Deputy Presidency. Datuk Musa Hitam's victory by a majority of 205 votes surprised many observers who had expected the contest to be much closer. Some had even believed Tengku Razaleigh would win. When the results were announced there was a tremendous cheer from the assembly floor and the two UMNO stalwarts shook hands several times in front of the delegates. Both leaders were clearly concerned to show their respective supporters that the spirit of competition which had been aroused during the long campaign should be put aside in the interest of party unity.



*A lighter moment at the General Assembly.*



It was not long before congratulations to Datuk Musa came pouring in. Leading UMNO personalities congratulated the new Deputy President immediately and messages of support soon arrived from all over the country. The National Union of the Teaching Profession (NUTP) was one of the first organisations to offer its congratulations while political parties such as the MCA, Gerakan and the MIC pledged their co-operation. UMNO veteran Tun Haji Sardon Jubir, who first made Datuk Musa his political secretary in 1964, also sent the new Deputy President a special congratulatory message.



*Tengku Razaleigh Hamzah.*

At the same time many sections of the party were concerned that Tengku Razaleigh remain in the Cabinet. Encik Abdul Ghafar Baba, widely believed to have been a strong supporter of Tengku Razaleigh in the election contest, released a statement expressing his confidence in the new leadership and his belief that UMNO would remain united. UMNO Youth also planned to table an emergency resolution urging Dr Mahathir to retain Tengku Razaleigh in the Cabinet and asking Tengku Razaleigh to accept the offer. However, Hussein Onn dissuaded the organisation from making the move on the grounds that such a resolution would embarrass both men. In his victory speech, broadcast over RTM that same evening, Datuk Musa Hitam urged members to concentrate on the tasks ahead and give their full support to Dr Mahathir. He went on:

'As for myself as the new Deputy President I would just like to thank all UMNO members who did and did not choose me.

In my opinion, what we have just undergone was merely a process of selection, a responsibility carried out by all members, as they were the ones who chose the delegates and gave them the mandate to act.'

The election, he said, had been carried out in a responsible and mature manner which demonstrated the Malay tradition of being 'orderly, polite and gentlemanly.' He refused to speculate on the factors which led to his victory, saying instead that those matters were best put aside.

In the elections for the three Vice-presidential incumbents Encik Abdul Ghafar Baba scored the highest number of votes (869) followed by Datuk Harun Idris (757) and Foreign Affairs Minister Tengku Rithauddeen (711). Negeri Sembilan Menteri Besar Datuk Rais Yatim, was beaten by the narrow margin of five votes. Encik Ghafar, who had been a Vice-president since 1962, also polled the highest number of votes. In 1978 he was second to Tengku Razaleigh.

Although both Datuk Harun and Tengku Rithauddeen had previously run for the Vice-presidency the 1981 elections were the





*Datuk Musa Hitam.*

first time that either had been successful. However, Datuk Harun had been an ex-officio Vice-president from 1971 to 1976 by virtue of being UMNO Youth leader. Upon his election, his supporters said he would write immediately to the Registrar of Societies to seek permission to hold public office despite his conviction on charges of corruption.

There were several surprises in the results of the Supreme Council elections. Pahang Mentri Besar Haji Abdul Rahim Abu Bakar came sixth among the 20 elected members despite reports that powerful sections of the state party machine were trying to oust him. The women's section of the party also unexpectedly increased its representation. Both Wanita UMNO candidates were successful, while the election of Marina Yusof, a former Deputy President of the women's organisation who had resigned because of personality differences, was generally believed to reflect the strength of the Harun faction in the Assembly. Another significant result was the defeat of Johore Mentri Besar Tan Sri Othman Saat who was said to have been experiencing difficulties with the new Sultan. He was the only Mentri Besar who contested the elections and lost.

Several members of the party old guard, as well as those closely associated with Tengku Razaleigh, also failed to win a seat. Notable personalities who were defeated included former Law Minister Datuk Seri Hamzah Abu Samad; former Culture, Youth and Sports Minister Tan Sri Samad Idris and former Deputy Housing and Local Government Minister Datuk Haji Ramli Omar. More interesting, perhaps, was the defeat of Tan Sri Kamarul Ariffin, the Chairman of the Malay Chamber of Commerce and a close associate of Tengku Razaleigh. It was he more than anyone else who symbolised the new breed of Malay businessman which formed Tengku Razaleigh's natural base of support within the party.

The newly-elected Supreme Council included the Mentris Besar of Trengganu, Negeri Sembilan, Kedah, Kelantan and Selangor as well as six Cabinet Ministers, an ambassador and a State Executive Councillor. UMNO Youth also gained two elected representatives. A complete list of those elected to responsible positions in the party at the 1981 general assembly is given over-leaf:

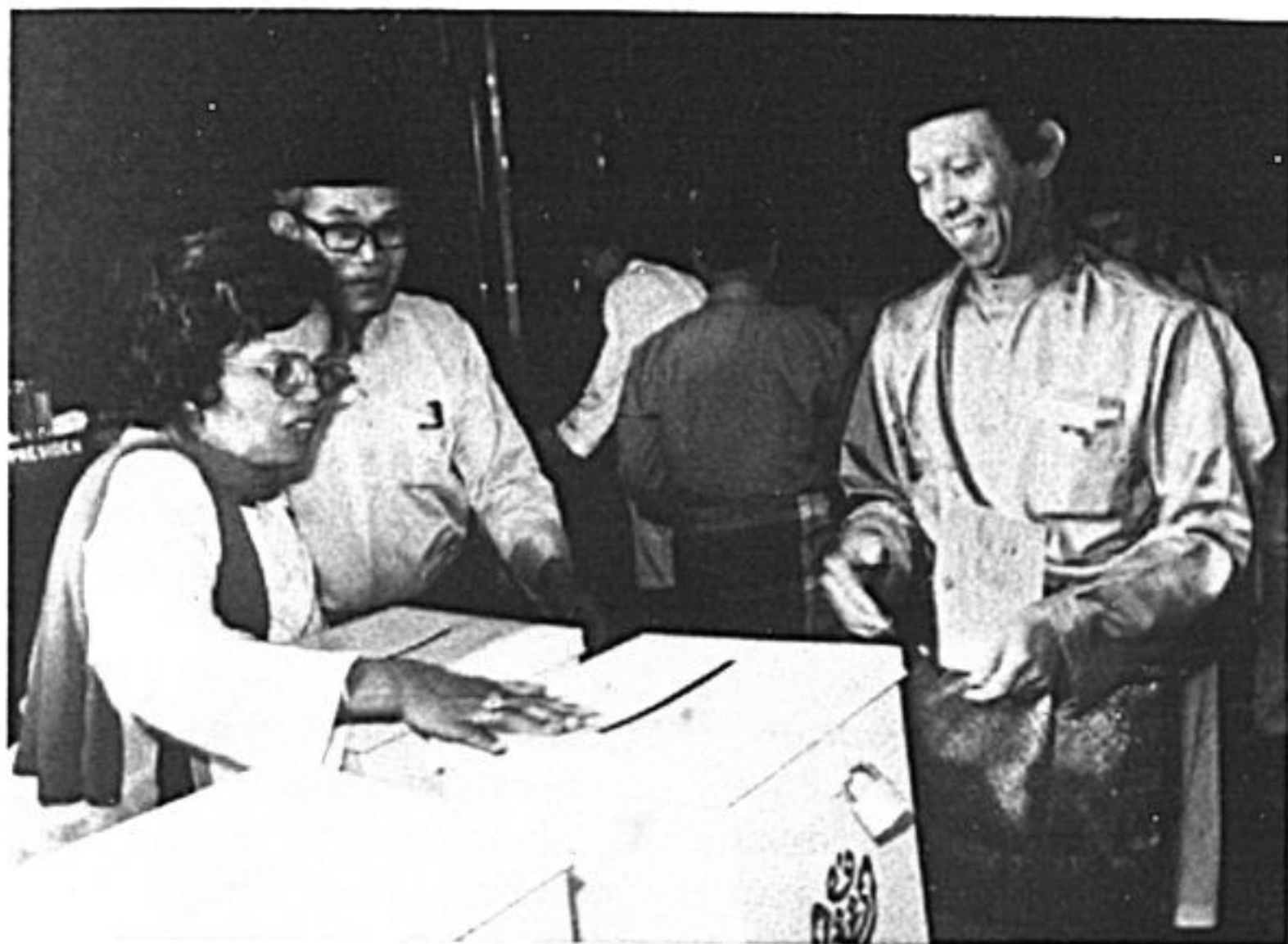


Elected Members of the Supreme Council, 1981

<i>President</i>	<i>Position at time of election</i>	<i>Votes</i>
Datuk Seri Dr Mahathir	Deputy Prime Minister	unopposed
<i>Deputy President</i>		
Datuk Musa Hitam	Education Minister	722
<i>Vice-President (three positions)</i>		
Encik Ghafar Baba	Businessman. Former Minister for National and Rural Development	869
Datuk Harun Idris	Former Selangor Mentri Besar	757
Tengku Rithauddeen	Foreign Minister	711
<i>Members</i>		
Datuk Haji Wan Mokhtar	Trengganu Mentri Besar	948
Datuk Rais Yatim	Negeri Sembilan Mentri Besar	937
Datuk Mokhtar Hashim	Culture, Youth and Sports Minister	842
Datuk Seri Syed Nahar	Kedah Mentri Besar	840
Tan Sri Ghazali Shafie	Home Affairs Minister	768

Abdul Rahim Abu Bakar	Pahang Mentri Besar	762
Datuk Mohamed Najib	Deputy Education Minister	759
Datin Paduka Rafidah Aziz	Public Enterprises Minister	744
Mohamed Adib Adam	Malacca Chief Minister	721
Datuk Haji Wan Mohamed	Perak Mentri Besar	715
Datuk Mohamed Rahmat	Information Minister	689
Marina Yusof	Lawyer	678
Sanusi Junid	Deputy Home Affairs Minister	652
Datuk Abdul Manan Othman	Agriculture Minister	651
Abdullah Haji Ahmad	Deputy Federal Territory Minister	620
Datuk Haji Kamaruddin	Ambassador to Saudi Arabia	605
Datuk Mohammed Yaakob	Kelantan Mentri Besar	590
Datuk Hormat Rafie	Selangor Mentri Besar	540
Datin Paduka Zaleha Ismail	Selangor State Executive Councillor	517
Datuk Shariff Ahmad	Land and Regional Development Minister	516





*Datuk Musa casts his vote.*

Several reasons may be put forward to explain Datuk Musa's victory. The greatest advantage the Education Minister had, of course, was that he could count upon the votes of the Malay school teachers. As was pointed out earlier, this group was the most numerous of any in the party.

However, there was another important factor working in Datuk Musa's favour. History, and therefore precedent and party tradition, were on his side. In UMNO politics it had become almost a tradition that the Education Minister was next in line to become Deputy President and Deputy Prime Minister. Tun Razak and Hussein Onn both served as Education Minister before becoming Deputy President. So did Dr Mahathir.

In 1981, the process of selection was different from previous General Assemblies since it was the party rather than the Prime Minister who was responsible for making the decision. In the eyes of the uncommitted delegates, however, this tradition, as well as the general belief that Dr Mahathir and Hussein Onn preferred Datuk Musa, may well have given the Education Minister's candi-

dacy a legitimacy with which Tengku Razaleigh was unable to compete.

The Finance Minister was also handicapped by another factor beyond his control. Urban divisions in key areas such as Perak, Selangor and the Federal Territory were not all able to send a full complement of delegates because of a shortage of members. For Tengku Razaleigh, who obviously depended upon the votes of young Malay businessmen and professionals, this was a serious problem. The rural bias was not decisive (the number of votes involved being insufficient to overturn Musa Hitam's majority) but it did represent one factor among many that led to the Finance Minister's defeat.

Some observers believed that the main reason Tengku Razaleigh lost was because of the campaign strategy he used. In Malay politics a candidate must not appear too anxious for position and power. Tengku Razaleigh announced his candidacy for Deputy President as soon as it was obvious that there would be a vacancy. He followed this by saying he would contest no other position and would leave the Cabinet if he lost. In a party well-known for its preference for compromise and the avoidance of direct confrontation, the Finance Minister thus gave UMNO delegates the stark choice of either allowing him to win or effectively excluding him from all the important positions in the party and Government.

It may be argued that Tengku Razaleigh really had no other alternative if he wanted to win. Even supporters of Datuk Musa conceded that the Finance Minister's announcement that he was going for broke put them in a dilemma. It was clear that if Datuk Musa contested a Vice-presidential position, as well as the Deputy Presidency, he would not be elected as Deputy President. On the other hand, if he followed Tengku Razaleigh's strategy he risked damaging his image as a wise and moderate leader concerned for the well-being of the party above everything else.

In the event, Datuk Musa decided to go for broke at the last possible moment and carried out a generally low-profile campaign with the assistance of a large number of young and enthusiastic Malay graduates. He made no threats about leaving the party or Cabinet if he lost. Tengku Razaleigh, on the other hand, was frequently in the headlines — especially in the English language



press. Unfortunately for the Finance Minister, this publicity seems to have been counter-productive. Dr Tan Chee Khoon, for example, cited UMNO sources as saying that Tengku Razaleigh's involvement in the foundation laying ceremony for the UMNO headquarters did not help him.



*Dr Tan Chee Khoon (retired opposition politician) meets Datuk Musa.*

In a sense, the Finance Minister was ahead of his time. The fact that Tengku Razaleigh received as many votes as he did despite his campaign style clearly showed that many delegates were willing to overlook this deficiency. The unwritten rules of UMNO politics were changing.

Two other factors may be put forward to explain Tengku Razaleigh's defeat. Some argued that the Finance Minister did not maintain sufficiently close connections with those who wanted to help his campaign. 'I tried several times to meet him to discuss problems of strategy, but there was always a certain member of his staff in his office who tried to stop me,' said one supporter.

The final factor was more subtle. Some sections of the Malay press had alleged that certain Chinese companies had provided Tengku Razaleigh with large amounts of money to finance his campaign. Moreover, it was generally believed that the MCA and

the predominantly non-Malay business community supported the Finance Minister. Many UMNO delegates, concerned about the future of the Malays in the country, may have thought that a victory for Tengku Razaleigh would also have a victory for the non-Malay groups that were believed to be supporting him.

With so many circumstances favouring Datuk Musa, why was it then that many observers believed Tengku Razaleigh would win? The truth, it seems, was that such expectations were really only confined to Kuala Lumpur where a predominantly non-Malay population and business community existed. Surveys carried out by supporters of Tengku Razaleigh could do little more than reflect the number of Mentris Besar and divisional heads who had been induced to give their support to each candidate. The new voting procedures, however, ensured that these party leaders were unable to guarantee that the delegates they led would vote the way they were instructed.

Perhaps the most significant aspect of the 32nd UMNO General Assembly was not so much the struggle for the Deputy Presidency, but the fact that the events of June 1981 confirmed a number of general trends which had their roots in the early 1970's. The fact that the battle between the two powerful party stalwarts could take place at all showed that the party had experienced considerable changes. The political arena was much tougher and candidates were more and more being asked to win office on the basis of their abilities rather than their personal connections.

Also significant was the fact that with the retirement of Hussein Onn a whole generation of leaders who had guided the party during the struggle for Merdeka (Independence) had passed from the scene. The defeat of four ex-Ministers in the elections for the Supreme Council (Datuk Senu Abdul Rahman, Encik Khir Johari, Datuk Seri Hamzah Abu Samah and Tan Sri Abdul Samad Idris) serves to confirm this interpretation.

For its part, the new generation of leaders was fully aware of the heavy responsibilities it bore. In his maiden speech as President of UMNO at the closing session of the General Assembly Dr Mahathir commented:



'In all my political experience before this, there was always someone senior to refer to, to lean on, to turn to for protection, even at times to save myself from blame.

For nearly six years I have, directly or indirectly, consciously or unconsciously, deliberately or otherwise, sought protection behind my chief, Datuk Hussein Onn, president of UMNO.

But today I can no longer do so. My burden is my burden, and the burdens of others too shall be my burden.'

Later, after delivering a moving tribute to Datuk Hussein Onn, he touched upon the sensitive topic of the election for the Deputy Presidency:

'I hope that the moment the election of party leaders is over, we will forget the words and deeds of the selection period and think of the common cause and the necessary unity. As a democratic party, as a democratic people, let us accept all decisions in the democratic spirit. There are no winners or losers in an UMNO contest.'

These words did not fall upon deaf ears. With Tengku Razaleigh's announcement that he would continue to serve in the party, the stage was set for a more permanent reconciliation between the supporters of the Finance Minister and those of Datuk Musa. Rumours of demonstrations in Kelantan in the wake of the election results were quickly denied as were reports that PAS members were celebrating the defeat of their old enemy. More importantly, Tengku Razaleigh's decision to go on a short holiday after the General Assembly showed that he had no intention of taking advantage of any expressions of discontent.

The new Government under Dr Mahathir was soon able to bury intra-party differences and get on with the business of implementing administrative reforms and running the country. Datuk Musa was appointed Deputy Prime Minister while Tengku Razaleigh allowed himself to be persuaded to continue on as

Finance Minister. Datuk Harun, after failing to obtain permission from the Registrar of Societies to hold his Vice-Presidential position, appealed to Datuk Musa (in his capacity as the new Home Affairs Minister) and was successful.



*Datuk Seri Dr Mahathir Bin Mohamad, the fourth Prime Minister of Malaysia.*





*The new Deputy Prime Minister.*

Datuk Musa now held the second most powerful office in the country. The political arena in which the struggle for power had been resolved was much tougher than when he first entered national politics. However, he had proved himself more than capable of carrying out his duties in the high office with which he was to be entrusted.



*Back to work.*



## CHAPTER X

### A PARTNERSHIP COMES OF AGE

It is difficult to write a final chapter on the career of a national leader whose greatest achievements are probably still ahead of him.

Judgements made without the benefit of hindsight often lack the perspective which time bestows. The political career of Musa Hitam is no exception to this rule. Apart from the Ministry of Home Affairs, his role as Deputy Prime Minister does not involve a specific portfolio upon which he can make his mark. Instead, Datuk Musa is jointly responsible for a wide range of governmental activities. Moreover, since his position involves close cooperation with the Prime Minister, it is not always possible to determine which decisions originate from Dr Mahathir and which from Datuk Musa.

Unity of outlook is certainly a feature of the Mahathir/Musa partnership. Datuk Musa's aides say that the two men usually consult each other several times each day. Soon after taking office as Deputy Prime Minister Datuk Musa remarked in an interview that he had been constantly in touch with Dr Mahathir, both inside and outside Government, for many years. 'We have gone through somewhat the same experience and come from the same sort of background in the sense that we are not from the upper crust of society or from very wealthy families,' he said. 'We come from the grassroots, so to speak, and we have been involved in a lot of discussion and projects, even assigned by our political masters in the earlier days. I would think that we understand each other's perception and concept of government. On top of that we basically agree on a number of things that need to be done, but simply could not do because we did not have the opportunity. So now that we have reached the stage where we are No. One and Two, we are getting on with the job as we perceive to be best for the country.'

Perhaps it was their common experience of being on the receiving end of Government policies which gave both men a



*Number One and Number Two.*

desire to revamp governmental administrative machinery. Unlike previous leaders, who worked closely with civil servants, Dr Mahathir and Datuk Musa are known to be impatient with red tape. Whatever the reason, bureaucratic reform has certainly been one of the main concerns of Dr Mahathir and Datuk Musa. Others, such as the desire to unite the country by introducing a single time zone and eliminating immigration restrictions between East and West Malaysia, were consistent with their longstanding nationalist views. The following discussion, however, concentrates on those changes most closely associated with Datuk Musa.

In November 1981, Datuk Musa bluntly warned state Governments against indulging in what he called 'fashionable high prestige' projects, saying they could jeopardise the more urgent task of implementing poverty eradication projects. He reminded development agencies that the poor — the fishermen and farmers — required the direct intervention of the Government to uplift their social and economic well being. The Deputy Prime Minister said



what he was worried about was a situation where officials would be so busy implementing large projects — petroleum and heavy industries among them — that problems of fishermen and farmers would not be looked after.

It soon became obvious that Datuk Musa intended to take a personal interest in ensuring that taxpayers got their money's worth. He worked to improve the productivity and efficiency of the civil service as well as re-orientate spending priorities. He had already stirred administrators out of their lethargy by informing senior officers of key departments that he did not want to know their problems and did not care how they were to be solved. The important thing, he insisted, was that within a few months the people should be able to see that the administration of these departments had improved in efficiency, promptness and courtesy. Datuk Musa also took a dim view of allegations of corruption within the departments concerned.

The Telecommunications Department in particular was singled out for special attention. For some time the nation's newspapers have been showered with complaints about overcharging and waiting for years to get a telephone. After meeting with Telecoms officials to discuss the department's problems he reportedly ticked off the top officials for being 'conservative, negative and doubtful' of new ideas and change. He told them that while it was understandable for kampung folk to resist change, he saw no reason for educated policymakers and administrators to react the same way. Some sources observed that if Telecoms had expanded as it should it would have had more than one million subscribers by the end of 1981 instead of a mere 450,000. Outstanding applicants added up to about 30% of working telephones existing at the time. Datuk Musa pointed out that, in view of the country's development, a telephone was no longer a luxury item but a necessity. He ordered the department to award contracts to private companies to install telephone lines and equipment since it had failed to cope with escalating demand.

Another matter which raised the ire of the new Deputy Prime Minister was failure of certain state governments to implement the National Forestry Policy. This policy had been drawn up in 1978 and accepted by the National Land Council as a result of Datuk Musa's initiative when he was Minister for Primary Industries. It

placed limits upon the annual rate of felling of trees in order to prevent the rapid depletion of the nation's timber resources.

The motive of the states concerned was obvious. Reducing the annual rate of felling trees would mean lesser revenue for state governments. However, Datuk Musa was concerned that if the rate of 800,000 acres per year was maintained this resource would be depleted by the middle of the next decade. Malaysia would then have to import timber in order to meet the needs of her timber processing industry. This, of course, was quite apart from the unhealthy effects on the environment and the climate which would also result. He therefore directed that a formula be worked out to determine the amount of assistance that the federal government could give to state governments that faced difficulties due to the reduced revenue obtained by implementing the programme.

Datuk Musa also supported other moves to protect the nation's resources. Malaysia's initiative to set up a tin producer's association, when it appeared that the United States would not join the Sixth International Tin Agreement, was interpreted in the West as an attempt to set up a producer's cartel. At a news conference in Jakarta in February 1982 Datuk Musa explained that the move was not aimed at consuming countries. He said that it was merely an exercise to explore the various alternatives to make it worthwhile to continue exploiting the depleting tin resources in the country. 'When we talk of the possibility of setting up a producers association,' he said, 'let it be understood that we are only thinking of formalising and formulating a framework of understanding and co-operation in practical terms.'

Malaysia had never intended to form a cartel. 'This is because "cartel" carries negative connotations and the word "cartel" itself is dirty to the consuming nations unless they are the ones doing it and calling it by some other name.' Earlier, Datuk Musa said President Suharto and other top Indonesian leaders had agreed to discuss Malaysia's idea of cooperation to protect the interest of producing countries. Datuk Musa added that the Indonesians fully understood and appreciated Malaysia's thinking on tin and, particularly, the proposed cooperation. He explained that 'we are seeking to formalise the cooperation so that we can look into our problems positively. In another words, this exercise may require some rationalisation of supply and demand.'



The main thrust of Datuk Musa's efforts was directed at reform and reorganisation at home rather than abroad. Several federal and state statutory authorities, such as the Urban Development Authority (UDA) and the various State Economic Development Corporations (SEDC's), realised this with a shock when Datuk Musa turned briefing sessions on their activities into long sessions listing their weaknesses. One of the most sensational of these early incidents, however, involved politicians rather than administrators.

In November 1981 Datuk Musa ordered an immediate stop to any alienation of land or timber concessions to any individual based on political considerations in Johore. In a parallel move, designed to stabilise the political situation in the state, he also ordered a stop to all demands concerning the position or appointment of anyone in UMNO or the Government. He also called for an end to speculation and predictions on Johore politics and the State administration. The shock announcement was made during a three-hour meeting of the Johore UMNO Liaison Committee. Datuk Musa, the newly-appointed chairman, also handed out a list of major house-cleaning orders to the other 22 members, including the Mentri Besar, Tan Sri Othman Saat, and 16 UMNO divisional heads.

Observers at the time saw the move as an attempt to put an end to the rumbling discontent in Johore politics over the position of Tan Sri Othman. Several UMNO divisions had called for his resignation. Datuk Musa's order on the land and timber concessions was a deliberately public act to put a stop to the widely-known practice in Johore of awarding land to State Exco members and Assemblymen, senior civil servants and federal leaders.

Datuk Musa also requested the Mentri Besar to submit a report to the liaison committee on the latest situation in the Johore land administration 'so that we (the committee) can study the matter together.' He told reporters that this was not an attempt to interfere in the daily administration of the state 'but only to keep us informed and to give guidelines to the state government in carrying out its duties and responsibilities'. He went on to explain that his actions did not involve a freeze on the alienation of land in Johore but were aimed instead at ensuring the land was distributed.



*Datuk Musa visits Johore.*

Datuk Musa stressed that all the liaison committee members 'fully understood Johore politics' and said that 'they all share in my desire to stabilise the situation in Johore.' Despite this, a number of politicians were clearly unhappy. Reporters saw several Johore leaders hurriedly leaving the meeting room in glum silence. Tan Sri Othman, who was widely believed to have opposed Datuk Musa's election as Deputy President of UMNO a few months earlier, was in an especially difficult position. But Datuk Musa did not get involved in any public recriminations. He described the 'routine meeting' as being held in an atmosphere that was 'most satisfactory' with no controversial questions raised.

One does not need to have studied economics or public administration to realise that public servants are inherently conservative creatures. Malaysian administrators seem particularly prone to a perverse tendency to 'play safe' when faced with unusual circumstances despite the hardship this may sometimes cause the very members of the public they are supposed to be serving. Thus it was that when the Mahathir-Musa leadership



began to introduce sweeping political and administrative reforms some public servants were bound to carry their directions to extremes in order, one presumes, to safeguard their own positions. In at least one case the effect was to create worry and uncertainty among other administrators.

Soon after taking office as Prime Minister Dr Mahathir issued a directive which explicitly required only the top strata of civil servants to declare their assets. The Public Services Department (PSD), however, interpreted it to include all civil servants and began a massive and detailed exercise with little notice given to the country's 600,000 government employees.

The result was confusion. Cuepacs and the Malaysian Technical Services Union protested strongly against the way the new directive was implemented without any consultation with the National Joint Council. The exercise demanded detailed information of assets owned, including their value at the time of purchase, how they were acquired, how the money was raised and the banks and account numbers where savings were held. Many civil servants tried to get lawyers to help fill up the forms under the pressure of an approaching deadline.

In February 1982 the situation had become so bad that Datuk Musa was obliged to put an end to the confusion by announcing that only civil servants in Superscale D and above were required to declare their assets. He said that the Government wanted to focus its attention on the original exercise, involving only top civil servants, heads of departments at federal, state and district levels, and politicians. A decision on whether to extend it to all government employees would only be made after all the forms for the first exercise had been collected and studied.

Datuk Musa explained that the decision to withdraw the PSD's directive did not mean that the Government was any less committed to the belief that the declaration of assets was necessary for a clean and efficient Government. If it became necessary for all government employees to declare their assets, proper preparations and guidelines would be completed beforehand.

In his role as Minister for Home Affairs Datuk Musa also gave indications that he was prepared to move Government policy in new directions. Perhaps it was due to the fact that he himself had married a Peruvian that led him to treat the plight of foreign wives

with sympathy. In any case Datuk Musa was undoubtedly aware of the problem as it had been highlighted on several occasions in the press. The difficulty was that there was no ruling which allowed the foreign wives of Malaysia citizens to automatically reside in the country pending approval of their applications for entry permits — the first step in the procedure to obtain permanent residence and finally Malaysian citizenship.

Compounding this was the discretionary power given to Immigration Department officials to grant and decide on the duration of an extension on the social visit pass. The pass, under the law, could be issued for any period not exceeding one year. However it was usually issued for 14 days and seldom for more than three months, all based on the discretion of the particular official on duty. When a final extension was granted, the wife could then get a Special Pass. The pass was initially valid for one month but with each extension, the duration of stay given was subsequently reduced. The problem arose when the social visit pass or Special Pass was no longer extended and the application for the entry permit was still being processed.

Datuk Musa did not give foreign wives an automatic right to permanent residence, but he did introduce administrative measures to eliminate arbitrary decisions by immigration officials and make it possible for foreign wives to stay in Malaysia with their husbands pending the outcome of their applications.

Other moves by Datuk Musa in his role as Minister for Home Affairs have reflected a more liberal view of the needs of the Malaysian political system. There were no suggestions that the Government intended to repeal the controversial Internal Security Act (ISA), which provided for detention without trial. However, Datuk Musa gave an indication that he was prepared to be more flexible in its implementation by releasing 22 political detainees soon after taking office in July 1981. He followed this up early the following year by announcing that Malaysia was prepared to offer the remaining 444 detainees under the ISA for adoption by individuals or groups in countries which had been pressuring the Government for their release or trial. Upon adoption, the detainees would forfeit their citizenship and it would be up to the adoptive parties to sponsor the detainees to become citizens of the recipient country.





*As Minister for Home Affairs: Taking a more liberal view.*

Datuk Musa said the adoption offer was in response to the numerous telegrams, letters and applications from foreign individuals and groups the world over demanding the release and trial of ISA detainees. In fact, he said, those appeals have been a common phenomenon since the Internal Security Act was passed by Parliament. The telegrams, letters and appeals mostly originated from Sweden, the United States, Germany and the United Kingdom. He added that the Government appreciated the reality of different perceptions as to what human freedom constituted. Because of this, the Government was not really surprised to receive pressure from groups and individuals from different parts of the world for the release of the detainees.

The Deputy Prime Minister said from then on, the moment the Government received any appeal from these individuals or organisation, 'We will offer the detainees for adoption by them, in whatever countries the detainees choose.' Datuk Musa added that in offering the detainees to the 'liberal world' Malaysia maintained

that their detention under the ISA was based on the country's perception of the threat to its national security.

Answering reporters' questions, Datuk Musa did not rule out the possibility of adopted detainees mounting a propaganda campaign against Malaysia. He also foresaw recipient countries continuing their criticism against Malaysia, but he remarked that 'even without the detainees going there, the Government has been considerably criticised.' The Home Minister stressed that the Government would consider an adopted detainee's request to return to Malaysia on a visit depending on the merit of his case. However, he pointed out that he had earlier made his stand clear about not allowing Malaysians who have dropped their citizenship to return to the country. He said the adoption offer was not in retaliation to the critics of the Government on ISA detainees but rather that 'we are just being human'.

Since taking office in mid-1981 the Mahathir-Musa administration (dubbed 'the two M's' by the press) has introduced many changes. One of the most far-reaching, in terms of the number of people affected, was the decision to adopt East Malaysian time as the standard time for the whole country from 1982. West Malaysian clocks were advanced by half an hour obliging those Malaysians living on the Peninsula to get up earlier in the morning and sleep earlier at night.



*Popular support for Musa Hitam.*



Announcing the move at the Berjaya party headquarters in Sabah in early December, Datuk Musa said it was part of the federal government's effort to assist in the integration of Sabah and Sarawak with the rest of Malaysia. The speech, which drew much laughter and applause from the 200 guests, was an important one because it outlined federal government policy on a number of subjects of importance to leaders of the two East Malaysian states. Referring to the Berjaya-Usno conflict in Sabah, for example, Datuk Musa said it was up to the people of the state to solve the problem themselves. The federal leadership could not intervene in favour of Berjaya because Usno was also a component party of the National Front coalition.

Urging the people to think 'Malaysian' and to push aside provincial feelings, Datuk Musa said that misunderstanding, dissatisfaction and differences in opinion would always occur in a Federal system. This should not be regarded as a crisis, but rather a normal occurrence because in the pursuit of progress and development, all sides would compete for the interests of their people. He also pledged that the federal government would not leave out Sabah and Sarawak in its development plans and policy and it would always remember that national development encompassed all states.



*Datuk Musa in East Malaysia.*

Critics of the sweeping reforms introduced by Malaysia's new leadership have claimed that some changes, such as the introduction of time clocks for civil servants and the establishment of a single time zone, are more symbolic than substantive efforts towards national development. It is certainly true that ensuring civil servants come to work on time will not necessarily raise efficiency. Neither can we expect a single time zone to automatically eliminate provincial attitudes. More seriously, many of these changes risk a backlash from Malay civil servants who constitute a large proportion of UMNO's political base. But neither Dr Mahathir nor Datuk Musa have ever sought power or popularity for its own sake. It is this very quality which makes them uniquely qualified for the task of reform that they have set themselves.

In April 1982 the two men set out to win a fresh mandate from the people to bolster support for their policies within the party and Government. They were overwhelmingly successful. In the elections to decide the composition of the federal Parliament the Barisan Nasional coalition won 131 of the 154 seats. The results were particularly satisfying for Datuk Musa. He was returned unopposed, while in Johore (his home state) the Barisan won every seat in the Legislative Assembly.



*Returned unopposed.*





*Polling Day: Waiting for the results.*

Datuk Musa did not stand in his old constituency of Labis but moved instead to Pantii — a neglected area on Johore's eastern coast. According to some observers, Datuk Musa wanted to represent the people there so that he could assist development efforts. He had certainly chosen an isolated spot. Until the 1970's it could only be reached by river.

Nevertheless, the move to Pantii seems somehow fitting for a man who was following in the footsteps of a long line Malay leaders. In a kampong not far from the impoverished town of Kota Tinggi in the Pantii constituency lies the grave of Sultan Mahmud (1685-1699). Kota Tinggi was also the seat of Jaafar Albar, the 'Lion of UMNO', from 1959 to his death in 1974.



*That's more like it.*



*BERSIH, CEKAP DAN AMANAH (CLEAN, EFFICIENT AND TRUSTWORTHY) Reads the slogan.*



Malaysia today is a country with a new sense of readiness in its civil service and an air of expectancy among her people. Leading the nation are two men with the drive and ability to produce profound changes. It is too early to say whether they will achieve their goals, but future historians will almost certainly note that their excellent working relationship was a positive factor they had going for them. The personalities of the two men are also complementary. Dr Mahathir tends to be rather stern whereas Datuk Musa is gentle and firm. According to one observer, 'His (Datuk Musa's) ability to speak off the cuff in perfect Bahasa and English has impressed all. His friendly way with the press makes the perfect contrast to Mahathir who seems dour as he scolds and cajoles.' Their partnership has finally come of age.



*We did it!*

## *Speech on the New International Economic Order*

### **A NEW ECONOMIC ORDER**

7th Special Session of the U.N. General Assembly  
New York, 4 September 1975

For the second time and for the second consecutive year, the General Assembly of the United Nations is convened in special session. Last year the agenda was entitled 'Problems of Raw Materials and Development'. Today the agenda is on 'Development and International Economic Cooperation'. The title has changed but the problems with which we are seized remain much the same. Indeed they have been the same for many years.

Fifteen years after the initiation of the first development decade including half way through the second development decade, the International Community is still characterised by a deep disparity in the incomes of the developed and developing countries. It is true that some developing countries have made some progress, it is also true that many more have not moved at all. Even for those which have, the progress has not been easy and certainly has fallen short of expectations. Clearly the approach pursued in the past towards development and International Economic Cooperation has failed. It is equally clear that the heightened awareness of our interdependence dictates that new approaches be conceived in cooperation and not in conflict. We do not believe that the community of nations has any real choice before it in this regard. Changes have to be made to the world economic order. They must and they can only be brought about through the joint endeavours of the developed and the developing countries, the rich and the poor, the producers and the consumers.

Certainly the developing countries have always been clear as to the choice they prefer. We demonstrated this last year by urging the convening of the Sixth Special Session. And surely we need not



have to be reminded of the initiatives that were taken in 1973 by the developing countries which have culminated in this Seventh Special Session. Let us therefore put an end to accusations and apportioning blames but rather concentrate instead on our common objectives of raising the standard of living of the poor countries which can only be attained through cooperation. Our purpose at this session therefore should be to put in motion a set of measures necessary for improving the lot of the peoples of the developing countries.

Malaysia firmly believes that the world economy must be jointly managed if the depressing disparity between developed and developing countries is to be diminished. The inter-dependence of our economies is paralleled by the inter-relatedness of the problems that confront us. Both compel us to adopt an integrated and comprehensive approach to the problems of development. We must be prepared here and now to initiate action on all the issues placed before this session or at the very least agree that we are prepared to consider them in their entirety.

The task of restructuring and creating a more just, rational and equitable economic order is a complex one. Each nation assembled here either individually or as a group has its own ideas and its own proposals. As part of the developing world, Malaysia subscribes to the positions that have been outlined in the paper of the group of 77. Let me, however take this opportunity to underline what we believe to be the basic issues that need to be resolved and the manner in which we consider they should be resolved.

Mr President, no other issue has commanded the attention of developing countries for so long than the question of international trade and more specifically the trade in commodities. Perhaps now more than ever, the chances of reaching agreement on a number of issues related to international trade in commodities are now within reach because the concern of developing countries for stable and remunerative prices for their raw materials is today matched by the apparent concern of developed countries for security of supplies. We know well the reasons for this new concern of the developed countries and we know all too well that the concern has been confined only to certain raw materials which have a direct bearing on their very survival. But the days of selective identification of commodities and limited solutions to

them are over. The opportunity for a global integrated programme for commodities as proposed by the Secretary-General of UNCTAD must not be missed. It is the hope of my delegation that an integrated programme along the lines suggested by UNCTAD be implemented not later than UNCTAD IV.

There has been unfortunately considerable confusion in the minds of many regarding the UNCTAD integrated programme. The integrated programme does not mean a multi-commodity agreement. What it means is an approach to commodity policies and questions that is both integrated and comprehensive. This is certainly compatible with the commodity by commodity approach.

As a major producer of raw materials and the world's largest exporter of natural rubber, tin, tropical hard woods, palm oil and pepper, Malaysia too believes in the merits of treating commodity questions on a commodity by commodity basis but never in the narrow and strict sense that some would wish us to believe. The UNCTAD integrated programme does not rule out, and indeed recognises the need for individual treatment for commodities, but seeks to develop a comprehensive set of measures to deal with commodities as a whole. Like others before us, we do not think that the General Assembly should dismiss the integrated programme merely because that certain countries find this comprehensive approach seemingly incomprehensible.

In the last few months many ideas have been put forward as to the best way to stabilise the foreign exchange earnings of developing countries. My delegation believes, however, that the main thrust of any commodity policy should be through price stabilisation. We do accept that price stabilisation measures by themselves may not be sufficient. We believe that for some countries and for many commodities measures like compensatory financing should be utilised to complement price stabilisation schemes. We consider that the Lime convention recently concluded between the European communities and the African, Caribbean and Pacific countries, contain certain positive features. We commend that these be examined with a view to the globalization of this concept.

UNCTAD: United Nations Conference on Trade and Development.



It is encouragingly fashionable today for consumer countries to cry out for consultations and cooperation with producer countries. Yet, and this is easily forgotten, for many years producer countries have indeed called for such consultations and cooperation. Sometimes we were successful but most times we were not. Of the successes perhaps the International Tin Agreement is a good example. The recent conclusion of the Fifth Agreement marks almost twenty years of cooperation between producers and all the major consumers of tin with the exception of one. We can only welcome, therefore, the recent declaration of intent of the United States to sign and join in this new agreement. My delegation is surprised that there are still a few developed countries that have not seen the light and have yet to be convinced of the advantages of commodity agreements. This is strange since the experiences of the International Tin Agreement, which truly represented consumer/producer cooperation, have shown that commodity arrangements do benefit both producer and consumer countries.

We are disturbed that some countries are contemplating on setting up stockpiles and buffer stocks of their own purportedly to help developing countries over their commodity problems. From bitter experience, I cannot but be apprehensive of such moves. I ask them not to go it alone but join with other countries, consumers and producers, in establishing international measures and mechanisms for price stabilisation.

Whilst on this subject, my delegation strongly believes that natural rubber is another natural candidate for international price stabilisation. Inspired by the success of the Tin Agreement my country and other natural rubber producing countries working in unison are involved in the establishment of a stabilisation scheme for natural rubber. Since the objectives of the scheme would provide benefits, like the Tin Agreement, to both producers and consumers, we trust it will be supported and endorsed by all.

In his statement the Secretary of State also stated the support of the United States for the liberalisation of the IMF facility for buffer stock financing. We have always maintained that it should be liberalised but we believe also that to be of any significance the liberalisation should be in the direction of direct financing of buffer stocks. My delegation further believes that the world bank too should have similar facilities to lend directly to the buffer

stock.

The desire of the developing countries to see a liberalisation of the facilities of the international financing institutions to assist in buffer stock financing is but a part of our desire for a fair and equitable financing of buffer stocks in general. I do not wish to belabour the point but we do wish to emphasize that a crucial element in any programme for commodities is the question of finance. Cooperation between producers and consumers cannot begin and end with consumers having an equal voice but with producers bearing all the costs. The buffer stock scheme of the International Tin Agreement, with the exception of two consuming countries making voluntary contributions, viz. France and the Netherlands, is almost exclusively financed by producing countries. Yet such schemes which are designed to achieve stable prices benefit not only producing countries but also consuming industrialised countries. By keeping price fluctuations within reasonable bounds an appropriate level of investment is maintained which in turn ensures an adequate supply of that particular resource. The willingness of developed consumer countries to contribute towards such financing would in our view be a singular manifestation of their sincere desire to cooperate towards the creation of a new economic order.

An equally important matter is the question of access to the markets of developed countries for the commodities, manufacturers and semi-manufacturers of developing countries. We believe that improvements must continue to be made to the GSP schemes. The multilateral trade negotiations in the GATT should step up its works and conclude its consideration on tropical products with concrete results as soon as possible. The developing countries have already submitted their request list and we believe an early and positive response by the developed countries is in order. We hope that the results achieved would not be temporary, superficial and limited. Nor should we wait only till the end of the negotiations before implementing the measures for developing countries. For the current round of negotiations, it is extremely important that the developed countries abide by their own commitments in the Tokyo Declaration.

I have dwelt at some length on the issues of commodities and access to markets because we have always believed that they



represent the crucial sectors of international economic relations where the fact of our interdependence is real. Our ability to reach agreement on the above areas and to set in motion concrete action for their solutions will make a reality of the interdependence that we now merely pay lip-service to. The magnitude of the problems of developing countries boggles the mind and requires massive and new efforts be made on all sectors of the international economy.

On the question of industrialisation, after all these years of cooperation, developing countries still only account, according to the industrial developing board of UNIDO for 7 percent of world industrial production. Traditional forms of cooperation have clearly not carried the developing countries very far. Certainly they do not meet the needs of the present situation. New patterns of relationship need to be established to accelerate development of manufacturing activities. Priority should be placed on the development of agro-based small-scale and rural industries in order that the linkage between the agricultural and the industrial sectors may be strengthened. It is generally accepted that future growth in developing countries shows greater promise in the field of manufacturing. This is in line with the policies of developing countries on industrialisation thereby not relying only on the export of a few commodities for their foreign exchange earnings. The importance attached by developing countries to industrialisations is best demonstrated by the Lima declaration and plan of action which calls for a redistribution of world industry so that developing countries would have 25 percent of it by the year 2000. In this respect it is imperative that greater opportunities must be provided by the developed industrialised countries for the effective adaptation, transfer and development of technology by developing countries and greater impetus given to the granting of ready access to the markets of the developed countries for the manufacturers from developing countries.

The discussions concerning transnational corporations have gone on long enough. The question is not whether we should have them or not but rather what should be done to ensure that they do not operate entirely for their own profit to the detriment of the country that they are in. As a developing country in need of technology, managerial skills and capital, Malaysia welcomes foreign private investment. Obviously however, we have to seek to

ensure that the benefits of such investments are mutual and equitable to both. A code of conduct or guidelines for transnational corporations will remove uncertainties and frictions. The commitment of the General Assembly to such a step will add impetus to work currently being done by the Commission on Transnational Corporations.

Let us be clear about the kind of cooperation that we seek. Let us do away with the notion of demand of developing countries and the concept of concessions by developed countries. They do not contribute anything to the discussions about the adjustments and the reordering that have to be made as a consequence of our interdependence. Nor for that matter will fingers of accusation. It is not a global welfare system that we are looking towards but an international economic system that will ensure the progress and a reasonable opportunity for prosperity of all nations and all peoples. Further, what we should seek to do surely is not the creation of more categories of developing countries but the reduction in the number of developing countries. Categorisation helps to identify who needs the most assistance. It does not necessarily ensure, indeed it may even detract us, from the efforts that we are engaged in at present — the establishment of a new economic order and the formulation of new measure of cooperation to progressively reduce and eventually eliminate the wide disparity in the wealth and welfare of developed and developing countries. By definition a just and equitable international economic order must pay particular attention to the needs of the least developed who form part of that order. But the need to provide for such countries should not be allowed to reduce the effectiveness of mechanisms that may be established for some other purposes nor should it be an excuse for inaction on the major structural changes that we all agreed must be made.

In truth, Mr President, the problems and issues that we are discussing here have been raised for many years and discussed in many forms both governmental and non-governmental. We heard the Honourable Prime Minister of Barbados the other day making extensive reference to the work of the Commonwealth group of experts who were charged with examining and recommending practical measures capable of early implementation. I would not wish to repeat what Prime Minister Barrow has said but merely to



underline the need to implement the recommendations of this expert group of 77. We regard these recommendations as a minimum (measure if they are) to make any impact on the situation facing the developing countries. A number of proposals from the United States, the European Economic Community and the Nordic countries have also been presented to us at this special session. My delegation is encouraged by the response of these countries. We will study these proposals carefully in the constructive manner that we usually give to proposals from any quarter. We trust that in the spirit of cooperation between both developed and developing countries we will arrive at concrete measures for the solution of the very many issues before this special session.

At some point in our dialogue and discussion we have to come to some decision and proceed on an agreed course of action. The resolution of the economic issues we have been discussing in reality demand political decision, an act of political will if you like. This Seventh Special Session of the General Assembly must conclude with an unequivocal commitment of the international community to cooperate in the creation of a just and equitable system of economic relations so that we may with this change usher in a new era of global prosperity and therefore peace.

## *Speech on Youth and Nation Building*

### **IMPLICATIONS OF TRENDS TOWARDS RISING NATIONALISM AND POLITICS AND THEIR IMPACT ON YOUTH**

A Paper presented at the Regional Youth Conference  
Hong Kong, 22 November 1967

*The Conference was sponsored by the American Friends Association. Musa Hitam was then the Executive Secretary of UMNO.*

If we looked around Asia today, we would all agree upon one thing: The colonial powers which once furnished the local scenes are no longer here, and Asians are masters of their own destinies.

Even so, the Asian nationalist movements have not really ended. The colonial powers have moved out with the tide of history, but their imprints left many unhappy results that had jolted the native sentiment and set a chain of increasing nationalism.

This is mainly because to a large majority of the Asian masses, political freedom has not enabled them to get a better life. Everywhere there are grouses and resentment. Leaders who once rode joyously on the backs of expectant masses and drove out the imperialists are in turn condemned and blamed for their inability to alter the colonial economic structure.

It is easy to blame the leaders for their failures, but it is a little more difficult to understand the stranglehold that the colonial politico-economic structure has over the lives of most Asians.

The foundation of nationalism is in the emotional experience of people and their awareness of a common destiny. Nationalism gains momentum when a group of people realizes that they have the ability to change and control both the material and social aspects of their environment. In Asia, the national idea was con-



ceived by those who suffered the change, but at the same time understood that others controlled the capacity of changing their conditions of existence.

In Europe, nationalism was linked closely with the economic changes and the ideas of progress that came in the wake of industrial development. In Asia, however, it would not be correct to relate the national movements to industrialisation. The standard bearer of Asian nationalism is the man who is associated with the land.

Three factors have set the initial stage of a national idea in Asia, namely: the introduction of modern economic methods; the crumbling of the old village economy; and the disruption of the traditional way of life. Regular suppression, civil strife and religious fanaticism may have thickened the skin of many natives, but these alone had not developed what may be regarded as national consciousness.

The above factors brought about economic and spiritual dislocation and disturbed the former equilibrium. A new world, totally alien, was imposed upon the natives who were at once bewildered and did not quite know how to adjust themselves to the changing circumstances. It was a bigger world than the narrow circle of village life that they had been used to, and the traditional authority no longer had a place in it.

At first the reactions were hardly more than the usual acts of dissatisfaction and desperation, frequently combined with religious fanaticism and cultural chauvinism. They were mostly local and coloured by regional frictions and conflicts.

In a later phase, the western-educated natives, usually young men, began to apply the ideas and theories they had learnt to their own countries. They noted with disappointment the discrepancy between the ideas of democracy and actual practice by the colonial governments. Only those who served as instruments of the colonial administrative machinery and economic interest found life rewarding. To the vast majority, western civilization had only brought them misery and, rightly or wrongly, the newly awakened people related this state of affairs to the presence of foreigners. Henceforth, the colonial rulers became the object of ceaseless targets by local freedom fighters. The expulsion of these aliens became the chief goal and common preoccupation of all national

movements.

It would be unnecessary here to state one by one the date of political independence of Asian countries. The important thing is that these countries are now steering their own destinies, and they are expected to rectify the misdeeds of the colonialists and usher in a new era of prosperity.

Since the majority of Asians are youth (over three quarters of them are under forty), these expectations are particularly felt among the young. They need educational and economic opportunities and they want to be disentagled from the semi-feudal way of life. They too desire a new kind of relationship with their former colonial masters and the advanced countries of the west.

The question that lies before us is to what extent these expectations are being met. An observer of the Asian scene today, by this I do not mean the Orientalists or Western apologists, has reasons to conclude that the new national governments have not been too successful in this sphere at least for the moment. Some countries are moving in the right direction and their progress is fairly fast. For many others economic salvation and social justice are still as remote as they were during colonial times. In such cases the new national governments are no more than cheap substitutes for the colonial ones.

In short, the leadership of the new governments of Asia is, in many places, a failure. Leaders who were once at the forefront in the movements for independence do not have the imagination to chart a new course for the process of nation-building. Or, they dare not depart from the old formula that had been so effective in driving out their colonial rulers. The end result is that we have governments which try to hang to power in an obstinate manner and are suspicious of all changes. When such a situation develops, then the ancillary factors of corruption, exploitation and stagnation set in.

It is against these governments that the increasingly sophisticated young Asians expose their might. This has to be so because Asians can no longer afford to have governments whose very make-up discourage all forms of growth.

The Korean students' agitation against the Syngman Rhee government of a few years ago; the KAMI students' success in ousting the 'order *lama*' — old order — of Soekarno recently; and



various protest demonstrations against the national leaderships in other areas are but mere reflections of the frustrations of youth. Obviously people do not create disorder merely for the fun of it. Somewhere, there is something basically wrong that needs to be corrected.

Even so, it cannot be totally denied that in the midst of these confusionism there have been experiments in social and economic improvements. It is not for me to say which political system offers the best solution in this respect. It would be sufficient for me to state how far these experiments have met the wishes of young Asians.

As we are aware, the greater part of this continent is agricultural by character. The lives of a vast majority of Asians are bound up closely with land. There are pockets of industrialised areas; to be sure only a small minority are effected by them. The question of land is therefore no mean thing. Where the land policy is realistic many are unable to make a good living. Where there has been no change in the age-old land structure, peasants get but a bare subsistence.

The concentration of more land in fewer hands, the credit problem and its effects and the general low level of productivity in agricultural areas are but a few illustrations of the kind of thing that a national economic planning has to grapple with. Long after the colonial rulers had left the shores of Asia, few of the improvements envisaged by the new leaders have actually been realised. In many countries, the peasantry still remains in permanent bondage to the moneylender. As Jacoby in his book 'Agrarian Unrest in Southeast Asia' has aptly pointed out, 'the moneylender turns the smallholder into a tenant and the tenant into a landless farm labourer. Deprived of any bargaining power in the marketing of his produce and frustrated by his social degradation, the indebted farmer has no incentives and becomes indifferent to improvements on his land. The landlord, on the other side, acts frequently as moneylender, and if this is his main source of income, he is likely to calculate the rentability of his estate in terms of interest, due from his tenant rather than in terms of agricultural productivity.'

It is not surprising, therefore, if rural youth decide that the town is a better place to live in. They leave the villages of their childhood and swarm the cities in great numbers. There are not

enough jobs awaiting them. Social problems of every sort appear. Political leaders, social workers and economists discover that it is beyond them to solve this new problem. So they advise these youths to go back to their villages and even say that the rural areas have more economic opportunities, even though no development of any kind had taken place there either. For many of these youths, it is a defeat to go back empty-handed. Their parents want to see them make good in the towns.

General poverty notwithstanding, the national revenue is often expended on projects which have nothing to do with social and economic upliftment of the people as a whole. Projects which bring short-term pleasure and long-term disaster are undertaken with the belief that they are in fact improvements upon the colonial economic policies. For so long as the citizens are convinced that these will do them some good, the authorities remain secure. A time, however, will come when these people, which invariably means the young, want to know why such and such a project is built and why it cannot provide jobs. Only then would restlessness emerge.

Some national governments are more realistic and have more understanding of the problems that they have to contend with. It makes you feel good to watch their earnestness and their power of perseverance in the face of the tricky business of nation-building. Everywhere you see some building activity going on. There is not a day when a school or a community hall or a factory is not being opened.

Yet at the very moment that these activities are being undertaken, as in Malaysia, for example, students, lecturers and teachers keep pelting the government with an assortment of criticism. In the case of Malaysia, this is a healthy development for as long as those in power are receptive and sensitive to these criticisms, using them to advantage in the wider interest of national development. But a more fundamental question here is why is there restlessness as reflected in the criticism? The answer is that the rural people, steeped in traditions and shadowed as they are by a colonial past, have not responded immediately to and often fail to appreciate the running away from land schemes established for them, people who trade away business licences given by the government and people who use the newly constructed roads merely to attend movies in



towns.

Land schemes, business opportunities and roads are not wrong. What youths may do, however, is to assist hand in hand those in power to erase once and for all the outdated social institutions which are often the greatest roadblocks to development. We must remember from the start that this is not an easy task. Many Asian societies have had no intellectual revolution in the sense of the European experience and the cultural level they have achieved is not enough to enable them to appreciate modern economic organization. Many Asian societies are still in the animistic stage, the feudal stage and the modern stage all combined in one and to that extent development is made difficult. In such cases a bolder onslaught against the apathy of the traditional way of life becomes all the more important.

It is said that no society is safe with young unemployed lawyers around. This is also true of other young people who have received the benefits of education but cannot apply their knowledge in any worthwhile pursuit. In the traditional society, a jobless person is taken for granted and he is never allowed to go hungry. He has his parents or relatives to provide for his meals if he is too discrepant or too mean to work. But not so in modern society. The corporate life is a thing of the past. The newly implanted individualism of the West ensures that no uncles or cousins will come to your help in time of need. In short, you have got to work in order to live and that means getting a job of some kind. You hope that the government's industrialisation programme might do something for you.

But for various reasons — lack of capital and skill, poor market conditions, conservative politics, discrimination and power of vested interest — youths find that they have very limited opportunities to find a place in this programme. What else could they do than to demonstrate their frustrations and disillusionment.

You then hope that the advanced countries of the West will be so kind as to aid your country generously and lessen the economic burdens. The chances are that the politics of the advanced countries will not warrant such a hand-out. They have their balance of payments to protect and the voters to please. The prices for raw materials of the developing nations decline continuously. While the prices for the manufactured goods of the developed nations rise or remain the same, you find that your country is less and less

able to provide the material comforts of living. So you dislike the people and the countries that give their dogs biscuits to eat whereas you, as human beings, can hardly have proper meals. So there you plant more seeds for bitterness and discontentment.

In those Asian countries where people can earn a decent living, and economic problems are not so much a plague, youths want their governments to possess an independence of mind in dealing with foreign powers and in devising internal political policies. This is not to mean that countries with economic troubles do not desire such independence of mind. This is merely to bring home the point that a country which is economically sophisticated desire political sophistication as a sort of follow-up.

For young Asians today do not like to see their governments aping or allying themselves too closely with the Western powers. They want their countries to have an identity of their own and pursue an independent course in international affairs. Where it is believed that the ruling government has sold its interest for some doubtful returns, there are strong protests from youths. Thus an American President's visit to Japan was cancelled, the Philippines begins to look more towards Asia, and Malaysia prepares to trade with Communist countries.

In the shaping of national political systems, I feel that mere transplanting of Western democracy, European socialism or Soviet Communism will not do. Each political system has a history of its own and evolved under an environment peculiar only to itself and cannot be adopted lock, stock and barrel by other societies.

As an illustration, let us take a democracy in which almost every one has had some form of education. He has little problem in understanding and practising democracy. Even though freedom of speech and the press is his right, he does not impinge upon the liberty of others when he makes use of this freedom. He is not likely to exploit others because he knows that others are as educated as he is, and can easily detect his motive.

This cannot be held true of developing nations where mass education has not seeped into all strata of society. Under such circumstances, freedom of speech and the press become freedom to exploit the ignorant as well as freedom to destroy responsible politics.

In the course of my speech you will have realised that I



mentioned poor political leadership, unsuccessful economic and social policies and undignified relationship with the advanced countries as the causes of restlessness among youths. Also as indicated earlier, the Asia that we have today is a young Asia. What the youths think, their aims in life and the manner in which they react towards certain events will decide the fate of Asia itself and the way that it will go. Youth is that stage when a man is full of idealism and a little impatient of proven methods. He wants to test new grounds in the hope of finding once-and-for-all solutions to recurring problems of all kinds. With such a proportion of youths, Asia has no reason to be unduly pessimistic.

In fact, under the pressure of vocal student movements and increasingly sophisticated voters, sensational leadership is giving way to more pragmatic leadership. This change-over will not take place overnight, but the new signs are there. The Philippines, Malaysia and Singapore are heading in this direction. A while ago Indonesia has changed course and decided to face the realities of the present age.

In the field of social and economic improvements, more and more Asians begin to realise the need of high level planning and the important role of the State. A complex network of systems of State interference is necessary to prevent any region or social group from lagging far behind in development. If this is not done, the wealthier regions and social groups which are more effective in organising their efforts will use their power and resources to stop the improvements of other regions or groups. Under the cumulative process, the poorer regions and groups will become poorer and the wealthier ones wealthier. The role of the State is therefore to break the social chasms and create a psychological, social and political situation conducive to development.

Land reforms must shatter the foundations of stagnant societies and raise agricultural productivity. This is where a government may not dare step in. There are toes to be stepped on, and each time a government does so it may reduce its popular support. This is especially true of a democracy in which the government draws its support from vested interests. Even then, for its own long-term interest it has to undertake these reforms.

Facts show that no matter what the political system of a country is, the ruling elite is often aware of the need of having a

land policy which can benefit the country. There have actually been reforms in certain areas; elsewhere piecemeal attempts are being made. Pressure by the nation's vocal groups have to be made against any administration that shows no sign of wanting to present a more dynamic land policy.

Reforms in land will have to release a substantial number of people from over-populated areas. Only persons who have economic functions of some sort may remain behind. Dependants or hangers-on have to be absorbed by the governments' industrialisation programme. For this, a government needs money. A planned saving must be instituted, foreign capital encouraged and prestige projects have got to go.

The training and education, constructive propaganda and the powerful hands of the state should enable the population to participate on a greater scale in the national development.

Fortunately for us the Asian youths of today do not suffer in inhibitions of their fathers. They were born in the modern world and have no stake in the old way of life. Many years hence Asians who were born in the colonial period will have died or submerged in the tide of young people. This will make for a better orientation of thought among Asians.

The new national development programmes, given the right direction and factors, will alter the nature of international economic relations. Dependent economics which are a heritage of colonial adventures in these regions will slowly crumble so that, for many Asian nations, political freedom will have greater meaning. They do not have to develop nervous tensions every time an international market swings the prices of raw materials downward. They can increasingly look after themselves as the terms of trade will not forever be against them.

With economic independence, Asians will want a greater role in world politics. In fact, being young and vigorous and independent in mind, there is no reason why Asians ought not to shift the balance of power politics in their favour. Remember that the advanced and powerful countries of today were backward and weak countries of many years back.

It is true that there are endless paths to travel, dark corners to be exposed to light and lazy bones to be shaken in the process of putting Asia into the twentieth century and the century after that.



Then you look at the radiant faces of youth and you are yourself radiated with optimism. You discover that the task of building a world that can provide for the future is not a hopeless task after all.

## *Speeches on Foreign Investment*

### **MALAYSIA'S ECONOMIC DEVELOPMENT AND GOVERNMENT'S POLICY TOWARDS FOREIGN INVESTMENT**

Investment Seminar held by the Malaysian Investment Promotion Mission to the U.S.A.

New York, 4 March 1974

I would like to take this opportunity to present to you a broad picture of the political, social and economic environment in Malaysia and the Government's policy in respect of industrial development and foreign investors. I would also like to touch upon some current world problems and their relevance to the relationship between Malaysia and the American investor.

Malaysia achieved its independence from the British in 1957 and it was then known as the Federation of Malaya. The Malaysian people decided to adopt a democratic system of government under a constitutional monarchy. The Malaysian system of government now stands as a symbol of a working and workable democracy in a developing country.

The Alliance Party, which is the party in power at present, has held the reins of government since Independence in 1957. We have elections every five years or so and on each occasion the Malaysian people have come forward in support of the Alliance Party. In fact, we have always enjoyed a two-thirds majority in Parliament. Though this fact has been of some considerable source of frustration to the opposition parties, this has more than anything else, ensured the political stability that exists in our country. I am confident that this will continue for a very long time to come.

Allow me now to give you a broad picture of Malaysia's economic development and the Government policy towards foreign investment. The structure of the Malaysian economy is still basic-



ally agricultural despite the growth of industry and services. In 1973 agriculture accounted for about 30% of GDP. The economy remains basically dependant on export performance for the economic growth and in 1973 exports accounted for about 48% of GNP and were dominated by a few primary commodities, mainly rubber, palm oil, tin, timber and petroleum. Due to this factor the ups and downs in industrial activity in the developed countries, who are Malaysia's major customers for its exports of primary products, have a strong influence on our export earnings and GNP.

Development planning in Malaysia has become synonymous with Government's commitment to the socio-economic progress of the country. An economic Committee of the Cabinet, now called the National Economic Council, has been formed to provide guidelines for development. Our overall development is framed in the form of five-year plans and we are now in the midst of the Second Malaysia Plan (1971-1975). For the purpose of reviewing the progress of this plan, the Government has just completed a thorough mid-term review of the Second Malaysian Plan.

After the completion of the First Malaysia Plan (1966-1970), we took stock of what we had achieved during this period. We discovered that we had succeeded in:-

- (i) Widening and strengthening the base of our economy through agricultural diversification and industrialization.
- (ii) Reducing our dependence on the performance of our exports of primary products.
- (iii) Achieving a satisfactory rate of economic growth.
- (iv) Building up a strong and stable currency with very comfortable foreign exchange reserves.
- (v) Laying a strong and adequate infrastructure, and
- (vi) Attaining one of the highest per capita incomes in Asia.

Despite all these achievements, to our credit, we also took note of our few difficulties which are:-

- (i) There is still a high rate of unemployment, (approximately 7.3% in 1973) and under-employment, indicating that employment creation was simply not fast enough to cope with the expansion of the labour force.
- (ii) Although per capita income is high, poverty exists among large sections of the people, especially in less developed parts of Malaysia.
- (iii) There is economic imbalance between races and regions in the country.
- (iv) There exists identification of race with economic functions, e.g. the Malays with agriculture and the non-Malays with commerce and industry.

In Malaysia with a multi-racial society these economic imbalances have added significance in the context of building a united nation from the various races. Unemployment and poverty which affect all races and historic identification of the various races with separate economic functions, are incompatible with national unity.

It was with these considerations in mind that the Government introduced the New Economic Policy which represents a new strategy whereby national priorities have been re-ordered.

In essence, the strategy is incorporated in the objectives of the current Second Malaysia Plan (1970-1975). The New Economic Policy is based upon a rapidly expanding economy which offers increasing opportunities for all as well as additional resources for development.

In this context the Plan seeks:-

- (i) To eradicate poverty through creation of employment and increasing the income of the lowest earning group.
- (ii) To reduce economic imbalance between races and regions.



The Plan has targetted for an overall annual economic growth of 6.5%. At the same time some 600,000 new jobs are to be created. Per capita real income is expected to increase from US\$420 in 1970 to US\$442 by 1975 (conversion: US\$1/- = M\$2.50).

The manufacturing sector has been designated to play a strategic role under the Second Malaysia Plan. Malaysia's unemployment problem can be seen in perspective if you realise that if by the end of 1975 we succeed in creating about 600,000 new jobs our rate of unemployment will still remain at the existing level of 7.3%. We have therefore to run fast just to stand still.

We also see that the targets are very demanding and the degree of success would depend mainly on how far the public and private sectors can fulfill their respective roles. You would in turn ask what is therefore the role expected of the private sector? Whilst the public sector (the Government) will provide the impetus to development (i.e. the investment climate in the form of political stability, infrastructure or even to participate directly in business activities through Government agencies), the private sector is expected to provide a substantial amount of the total investments envisaged in the Plan. Thus the successful implementation of the New Economic Policy under the Second Malaysia Plan depends significantly on the performance of the private sector. This has to be so as our economic system is based on free private enterprise and therefore a very significant force in the economic development of the country will continue to be the private sector.

The Government policy towards new industrial investments, and significantly too, towards foreign capital inflow is generally one of welcome. I must admit that Malaysia still lacks the necessary expertise and know-how in many fields, but we have rich investment opportunities to offer. It is the policy of the Government to ensure that Malaysia and its people also share the benefits from industrial development that takes place in the country. For this reason, the Government encourages foreign investment in the form of joint ventures where Malaysian capital is combined with foreign technical know-how, management, marketing expertise and, to some extent, capital.

I wish to state here that the Government does not practise any form of discrimination when considering projects whether they are promoted by local or foreign investors. Even amongst the foreign

investors the Government treats them equally, irrespective of their countries of origin. In respect of specific proposals, these projects are appraised according to the merits of each case.

Malaysia's non-discriminatory policy and attitude of welcome has up to the present received favourable response. To-date, we already have capital investment from more than 30 countries of the world.

As regards capital ownership or equity participation the policy is that the Malaysian partners should have the majority capital ownership. However, in the implementation of this policy, we are realistic in our approach and flexible enough to allow, whenever necessary, majority ownership by foreign investors. We have in fact even allowed 100% foreign ownership in certain cases.

With regard to employment it would be appreciated that every country in this world would desire to encourage the maximum employment of local nationals. This is also true for Malaysia. Our policy is to see that Malaysians are eventually trained and employed at all levels of employment. Notwithstanding this we would allow foreign companies to bring in the required personnel in areas where there is a shortage of Malaysians to do the job.

The number and period of stay allowed for such foreign personnel is dependant upon the needs of specific functions. In addition to this, foreign companies are also allowed certain 'key posts' to be permanently filled by foreigners to safeguard their interests.

Malaysia is a country that appears to be blessed with divine protection. Perhaps, it is because Malaysia is a religious country where the belief in God is a basic tenet of national philosophy, we have been rather fortunate in avoiding the impact of major natural and man-made catastrophes: not only are we outside the world's earthquake, hurricane, drought, tidal wave and volcanic belts we are also free from local man-made eruptions such as *coup detats*, government over-throw by student demonstrations and other such national aberrations. I am also pleased to announce that we have been very mildly affected by the recent monetary crisis and the energy crisis that is now gripping the developed and developing countries of the world.

Whereas, I will leave my colleague to elucidate upon the monetary issues, I would like to briefly touch upon the energy



crisis and Malaysia. Malaysia has been fortunate in that we have not been adversely affected by the energy problem. Recently Malaysia has been assured by the oil producers that we can have all the oil we need for our industry, aviation and bunkering. In addition to this, Malaysia is also a producer and nett exporter of oil and recent off-shore strikes indicate that we can expect increased production of our own oil which by the way, we export at present to the developed countries. As Malaysia's low sulphur oil commands a market premium we export our oil and our two refineries import crude oil from the Middle East. The discovery of natural gas deposits indicate that we can expect that Malaysia may also become a nett exporter of natural gas.

What is the effect of this on the manufacturing sector? — one may ask. The answer is that you are guaranteed that your factory in Malaysia will not close down because of lack of electricity or fuel oil; it means that the exports of your finished products will not be hampered by shortage of fuel for aviation or bunkering. It also means that dramatic new opportunities are open for natural rubber based and tin based products as the oil squeeze will take serious toll on synthetic rubber producers and the plastic industry where, for example, plastic containers will be replaced by other materials such as tin containers. In the petro-chemical sector, we present ourselves as a base for the future manufacture of petro-chemical products for our domestic requirements and export, not only for the raw materials but also as a nett exporter of finished plastic products.

The oil squeeze will also demand that international companies rethink their economics of production and transportation. With high cost of transport, the balance of production for international markets may well be tipped in favour of developing countries like Malaysia where the resources are available.

There has also been some concern expressed among manufacturers in developing countries that the action of the oil producers will have a demonstration effect on the producers of other primary commodities. In short, many are asking whether there will soon be an epidemic of resource squeezing by developing countries. Not being an Eastern mystic I do not wish to crystal gaze, however, I can give you this firm long-term assurance: if companies are located in Malaysia, manufacturing products for export

from our agro-based and resources-based sectors, they can be guaranteed of an uninterrupted flow of our natural resources at reasonable prices. Someone very recently said that the present inflationary spiral that is gripping the world is not so much one of runaway monetary inflation but more a question of the slowing down in the creation of supplies of goods and services. Malaysia is prepared to meet this challenge and offers very attractive facilities to any manufacturer who wishes to use Malaysia's resources to meet international demands for finished products.

It is not my intention to appear ostentatious in a moment of world crisis. However, as the Americans themselves would put it 'that's the way the cookie crumbles'. This trend, of the manufacturing sector in developed countries transferring production to developing countries has been recognised by Malaysia for quite sometime, even before this energy crisis. We have maintained that with developing countries asserting their economic independence and providing attractive environments for manufacturing operations the law of comparative advantage, which has not been operating very well for a long time, is slowly but surely becoming a reality of life. If American manufacturers and manufacturers in other developed countries wish to remain competitive in international markets, they must move their production units to where they can manufacture most economically and efficiently. The rising costs of labour and land, the problems of industrial relations and trade unions, the actual shortage of manpower, the problems of pollution and high transportation costs of raw materials are among factors that are dictating this movement to developing countries. This is one of the reasons why during the last 2 years alone, about 100 American, European and Japanese manufacturers have set up 100% export orientated operations in Malaysia.

Before I conclude I would like to say that we are aware of problems being faced by American management with Trade Unions, as regards the export of job opportunities. It is not our intention to create an atmosphere of competition between Malaysian and American workers for job opportunities. In fact at this stage of our development and for a long time to come, the majority of Malaysian workers will never be able to compete for the same job that the majority of American workers wish to perform. If you take world technological development on a scale of 1 to 100



Malaysia may occupy anywhere between 3rd to 5th place while USA is on number 100. The technological gap is so wide that even to discuss the question of employment competition is to indulge in an exercise in futility. We see Malaysia playing a complementary role to America in world manufacturing operations. If America is to remain in international markets, as opposed to adopting a policy of isolationism behind high tariff walls, then Malaysia offers the opportunity to combine the American worker's inventive, production and technological skills with the skill of the Malaysian worker, who as I have said is number 5 or less on our technological scale, and whose only natural asset is a willingness to learn and to work hard. Complementation, gentlemen, is the keynote of our address, not competition.

I wish to conclude by saying that the picture I have painted about Malaysia may be very rosy and may raise doubts in your minds about the actual situation. I ask you, therefore, to come to Malaysia and to see for yourselves what we offer. I do not guarantee that you are coming to Shangri-la and will be completely free of problems when you do set up manufacturing operations in Malaysia, however, I can assure you that any such problems will not be serious ones and when they do occur we will do our best to assist you in overcoming them.

## **ECONOMIC MISSION TO CHINA**

Press Statement

Kuala Lumpur, 10 November 1976

I have just returned to Kuala Lumpur after leading a Malaysian Economic Mission to the People's Republic of China (PRC) from 31st October to 7th November. The Mission which I led included the Secretary-General of my Ministry, Y.M. Tengku Tan Sri Ngah Mohamad as Deputy Leader and 10 other officials from the Ministries of Trade and Industries and Primary Industries, the Department of Mines, FELDA, the Malaysian Timber Industry Board, the Sarawak State Government, MARDEC, MREL B and my political secretary. The Mission was assisted by His Excellency the Malay-

sian Ambassador in Peking, Datuk Hashim Sultan and the Embassy staff.

My visit to China was at the invitation of His Excellency Mr Li Chiang, Minister of Foreign Trade of the People's Republic of China. From the Mission's viewpoint the visit was made with the dual purpose of, firstly, to impress upon the Government of the PRC of the need to balance, as closely as possible, trade between the two countries and secondly, to discuss matters related to primary commodities directly affecting the interests of both countries as well as to exchange views on matters of common interest related to international economic relations. As statistics demonstrate, within the past few years trade had always been heavily in China's favour. This has been due to the fact that imports of China-made goods into Malaysia had far been heavily weighed against import of a few of Malaysia's primary commodities into China, mainly natural rubber and a very small proportion of timber and palm oil.

I am pleased to state that the Mission has been most successful and has achieved its objectives for the furtherance of economic relations between Malaysia and the People's Republic of China on the basis of mutual benefits and equality. In specific terms this would mean that definite efforts would now be made by the PRC to reduce the trade imbalances between the two countries primarily through the import of more Malaysian primary commodities with the objective of achieving a better balance in trade between the two countries.

While in China I met and had useful discussions with His Excellency Mr Ku Mu, Vice-Premier of State Council, His Excellency Mr Li Chiang, the Minister of Foreign Trade, His Excellency Mr Chen Hsiao-kun, the Minister of Metallurgical Industries and His Excellency Mr Yang Yi-pang, Vice-Minister of Petroleum and Chemical Industries. These ministerial level meetings provided a framework for future official level contacts aimed at generating a larger volume and more balanced trade between the PRC and Malaysia as well as promoting understanding of economic and diplomatic relations between the two countries, especially since the establishment of diplomatic relations in 1974. Separate discussions were held at official level on specific commodities and in some cases negotiations of future sales of these



commodities with the various PRC State Trade Corporation concerned reached an advanced stage.

The following specific matters were discussed at Ministerial and Official levels.

### **Timber**

During negotiations on timber the PRC Government gave a firm assurance that it is prepared to purchase for prompt delivery 30,000 cubic metres of logs from Malaysia. The Malaysian Timber Industry Board which initiated the negotiations will follow up on this matter immediately. At current prices this deal is expected to be worth up to M\$6.9 million. Besides this firm assurance of purchase, the Mission also took the opportunity of introducing the various types of timber available from Malaysia (which) China might find useful, complete with price quotations.

### **Natural Rubber**

The Minister of Foreign Trade assured the Mission that China would definitely increase her purchase of natural rubber from Malaysia in the near future. This was based on his explanation that from 1977 onwards the PRC consumption of natural rubber will surpass its consumption level for the current year. In fact, while in China, the Mission was informed that China has indeed been purchasing 5,000 tons of Malaysia rubber (that very) week ..... . Trade with the PRC in natural rubber is thus expected to expand further in the light of this positive response of the PRC Government. The PRC Government also accepted assurances given by the Mission on the future availability and regularity of natural rubber supply at competitive prices. This assurance was given by me personally especially in the context of the International Natural Rubber Price Stabilisation scheme that is to be signed soon, of which the PRC Government had already expressed support during the course of a previous visit by the Malaysian Rubber Mission and repeated again during the course of our discussions.

The PRC Government also assured us that their purchases or production of synthetic rubber will not adversely affect their levels of natural rubber purchases since its consumption is continually expanding due to rapid economic growth. To ensure that this increased trade will proceed smoothly, the PRC has agreed to

promote cooperation between the Chinese Ocean Shipping Corporation and the proposed Malaysian Freight Booking Centre of the MRELB. At the same time the relevant Foreign Trade Corporation of the PRC had also indicated their intention to become an Associate Member of the Malaysian Rubber Exchange in Kuala Lumpur.

### **Palm Oil**

Palm oil sale to the PRC in the immediate future should also be improved. Indeed, the PRC had indicated officially that over the past weeks or so they had attempted to purchase from Malaysia palm oil which unfortunately was not available in the required quantity within this year due to firm orders already received internationally. To follow up on this interest in this commodity I have invited a technical mission on palm oil to visit Malaysia in order that China would be better acquainted with the processing and utilisation of palm oil. This invitation has been accepted. Our Mission also completed drawing up standard terms of contract with the PRC authorities. This exercise will greatly ease the execution of future sale contracts in palm oil with the PRC and should act as further incentive to future purchases of Malaysian palm oil.

### **Tin**

One of the most significant achievements of the Mission is that the PRC Government has now agreed to refrain from taking any action which might weaken the tin market during periods of low tin prices. In addition, the PRC Government has agreed to maintain the dialogue with Malaysia and other tin producing countries on matters related to the stabilisation of tin prices. In our discussions, the PRC Government also indicated in clear terms that in the future, tin producers need not have any apprehensions about PRC's intention or action in the tin market. It was indicated to the Mission that China expects to be consuming more and more of its own tin herself in the light of its industrial economic growth. Rather than becoming an exporter, it was stressed to the Mission that the PRC might in future be a nett importer of tin. The Mission received confirmation that a huge tin-plate factory is being built in Wuhan which is expected to be completed in June next year, if not earlier.



To ensure further cooperation on the above issues and in order to put into practice the spirit of the understanding, the PRC Government renewed its invitation for a Malaysian technical tin mission to visit China. This invitation has now been accepted and the exact dates will be determined soon.

### **Other Matters**

Beside the above specific matters, I also took the opportunity of exchanging views with the PRC Government on matters of common interest related especially to the establishment of the New International Economic Order, with particular reference to stabilisation of commodity prices. The Chinese Government reiterated its support of the aspiration of primary commodity producing countries to secure equitable prices for their commodities at the same time assuring security of supplies to consumer countries. The two sides also exchanged views on how to continue the contacts and dialogue that have been initiated, both sides agreeing that exchanges of specific technical missions should be continued.

The Mission was also given the opportunity to visit the Autumn Export Commodity Fair in Canton. This visit to Canton gave us the opportunity to see at close quarters how Malaysian traders conducted their trade with their Chinese counterparts at the Fair. I also took the opportunity of meeting Malaysian traders visiting the Fair, to exchange views on matters related to Malaysia-China trade generally.

It should be pointed out here that this particular Mission was not a sales Mission. It is my considered view thus that the Mission had indeed succeeded in achieving the dual objectives stated above. The PRC Government was impressed of the need to import more from Malaysia and expressed appreciation on the fact that imports will have to be mainly made up of natural rubber, palm oil and timber, while assuring at the same time that her availability of tin would not adversely affect the price of tin in the international market of which Malaysia is the foremost exporter. Indeed, it was stressed to the PRC Government that commodities that Malaysia produce have direct impact on the economic well-being of our people especially of the poorest strata as well as the general economic development of Malaysia.

## *Speeches on Education*

### **EDUCATIONAL DEVELOPMENT**

The Plenary Session of the 13th SEAMEO Conference.

Kuala Lumpur, 26 January 1978.

*Soon after being appointed Minister of Education, Musa Hitam was elected the President of the SEAMEO Council and was concurrently Chairman of its 13th Plenary Conference. The Conference is held annually to review the organisation's programmed activities implemented by six SEAMEO Regional Centres.*

To-day SEAMEO is already twelve years old and we are now entering the second decade of our activities covering a wide range of areas in the fields of education, science and culture.

In addition to the programmed activities which are being carried out by the Regional Centres, our Organization will also be embarking on other programmes such as the SPAFA Project and Non-Formal Education Programme (SNEP) which have been recently formulated for implementation subject to the availability of funds. It is no doubt beneficial to have many projects of this nature to be planned and implemented in accordance with the needs of member countries, but certain limitations and constraints may affect the smooth implementation of such projects.

The financial burden of the Organization will be increasing from year to year particularly in relation to the capital and operational budgets of the SEAMEO units. Although much has been spent on the training and research programmes of the SEAMEO units, SEAMEO could still plan for viable projects in accordance with the priority needs of member countries. While programmes are being planned, steps should also be taken to make an evaluation of those programmes so as to ascertain as to whether the various training courses, which have been carried out, bring about



results beneficial to socio-economic development of the region.

You may agree with me that the main issue concerning costs is how to keep them as low as possible, while keeping programme effectiveness high. The main issues concerning resources, on the other hand, are how to get more of them from both conventional and unconventional sources and how best to allocate whatever sources are available to education. Therefore, in planning our future programmes and activities in the various fields, we have to take cognizance of all variable factors that may contribute towards the success or failure of our plans. Let us, analyse some of the critical issues based on the experiences of member states and I hope that during our deliberations, matters, like this, could be discussed in the light of our limited financial and material resources.

We fully realize that educational development, geared to meet the situations and demands of a region, will open ways to economic and socio-cultural betterment, and this brings about prosperity and well-being of our peoples. However, educational endeavours on such a scale certainly mean substantial involvement in terms of human and material resources. This implication can present a serious problem, especially when social and economic winds are not promising. On the other hand, if this problem is handled with care and caution and with full realization of the situation by all parties concerned, I think the various difficulties involved will not be insurmountable.

In formulating future education plans, we have to take great precaution to prevent an over supply of educated personnel. As countries approach the economic take off point, the existence of a reservoir of trained personnel allows them to meet new manpower needs and to move ahead rapidly. There seems to be a widespread feeling that resources for education must be redeployed, curricula must be redesigned, teacher training must be restructured, and methods for engaging student interest and concern must be explored to meet this end. There are, moreover, basic questions about the systems as a whole. Firstly how should investment in primary, secondary, and post-secondary education be balanced to meet the needs for more education for more people and for leaders and experts to manage the complexities of a developing society? Secondly how can learning be improved at all levels?

Thirdly how can formal systems provide for life-long learning and a flexible relationship between classroom work and practical experience? Fourthly how can access to education become more equitable? Many case studies seem to indicate that institutions of higher education have an essential role in performing the research that can give answers to these basic questions. Such institutions should, therefore, begin to look at national systems of education and offer curriculum guidance.

Many planners and educators in developing countries are convinced that students should be trained for specific manpower needs. Views, however, differ on what should be done about such manpower discrepancies. There are those who think that institutions of higher education should produce higher level manpower to meet a country's employment needs and that governments should have the right to restrict enrolment in order to avoid a haphazard human resource development. Others see high-level manpower as only one of several purposes for higher education, namely transmittal of knowledge and culture, and service to community and they are likely to differ on the relative importance of these purposes. There are still others who doubt that institutions of higher education should be required to produce high-level manpower in immediate response to the demands of the market. Whatever views there may be, we have to build up a work force not of intellectuals primarily but rather of the technicians and specialists that a country needs. It is only in this way that we can justify the enormous funds spent on education every year. However, developing countries often find it difficult to establish manpower requirements because they do not always have the necessary statistical data on which to base manpower estimates and even when they do have, priorities and training requirements do change from time to time.

It is my hope that our deliberations during the next few days will bring about tangible results essential for the formulation of future programme activities in the fields of education, science and culture. I also hope that member countries as well as donor governments and other international agencies would continue to work together with a view to intensifying regional efforts and co-operation in solving common problems that may arise from time to time.



## EDUCATIONAL PROTECTIONISM

The 109th Session of the UNESCO Executive Board Meeting  
Paris, 6 May 1980

*Malaysia brought to the attention of UNESCO the increasing trend among developed countries towards educational protectionism particularly in the field of Science and Technology. She has also called on the World Body to undertake a study on such subject as the impact of Science and Technology on the cultural values of Developing Societies. Musa Hitam was then the Minister for Education.*

Developing countries face a lot of problems particularly in their dealing with developed nations which have the know-how, basic knowledge and ability to promote education in Science and Technology.

Datuk Musa said 'The tendency towards educational protectionism seems to be intensified in developed nations where students from developing nations are being deprived of their chances to further their education'.

'We made declarations wanting to help developing nations yet there are protectionist barriers such as increase in fees for young men and women to study and difficulties in getting places at universities in developed countries'.

Datuk Musa said this was a very serious problem faced by developing nations especially considering the fact that they depended so much on developed countries 'to provide the opportunity of exposing our young men and women in Science and Technology'.

The Education Minister cited the example of problems faced by Malaysia in her effort in sending thousands of her students to Britain for study. He said education fees to be paid by foreign students in that country for a course in liberal arts have now been increased from £900 to £2000 a year. For Science it had been raised to £3000 and for Medicine to £5000 a year.

'This only demonstrate the kind of difficulties we developing nations have when we want to promote education in Science and Technology,' he said.

Datuk Musa said he respected the right of individual countries to impose fees on the entry of foreign students into their respective

countries. 'But', he added, 'for some strange reasons, students from European countries are excluded from the increase in the educational fees in Britain'. 'This again is indicative of the problems we, from developing nations, are facing'.

The Education Minister stressed that UNESCO has to play an increasingly important role to ensure that whatever project the General Assembly has approved for the Executive Board to implement would have to take into consideration the basic negative attitude of developed countries. He also pointed out that there was a need now to look at the problem of inequitable distribution of Science and Technology in the world and to try to find ways and means of overcoming them. 'Otherwise whatever projects UNESCO has would be nullified', he pointed out.

'It is useless for us to talk about projects,' he added, 'if the basic attitude of developed countries could and would not be changed'.

Datuk Musa also mentioned the culture shock experienced by the introduction of Science and Technology to developing nations. He said he was merely voicing a caution based on the experience Malaysia, in which the process of implementing projects in Science and Technology at such a rapid pace caused the emergency of new problems.

'I hope that our experience could be shared to others and that UNESCO could play a role in preventing Science and Technology from defeating the basic purpose ..... ' he said.

Datuk Musa also hoped that UNESCO's programme and budget for the coming year would see 'some sort of study, either in the form of writing or seminar on such a subject as the impact of Science and Technology on the cultural values of developing societies'.

He said 'I feel that a study of this nature could be done by UNESCO as a preventive measure at the outset when UNESCO is now launching big projects giving priority to Science and Technology in developing societies.'

'A study in this particular field would be worthwhile to ensure that the cultural values of developing societies could be retained which, after all, is the objective of UNESCO in the field of culture', he said.

Earlier on, Datuk Musa also supported the statements made by members from Iraq and Morocco on the wider use of the Arabic



Language in UNESCO and on the programme to be adopted by UNESCO in commemoration of the celebration of the Hijrah.

He said that the importance attached to Arabic Language was not so much to cater for the Arabic speaking countries but more so for the promotion of the use of this ever increasing important language in the International field as well as in education. He added that Malaysia was actively trying to promote the use of Arabic as a language of knowledge and to propagate Islamic teaching.

### **EDUCATION THROUGH BROADCASTING**

The Regional Training Course of Education Media Planning and Production (Radio).

Kuala Lumpur, 1 December 1980

*The training course was organised by the Asia-Pacific Institute for Broadcasting Development (AIDB/IPTAR) and was attended by broadcasters and educationists representing many countries from the Asia-Pacific region.*

Educational Media Service has all along been regarded as an integral part of teaching strategy. It has also been considered that based on modern educational systems, broadcasting has an important role especially in the developing countries such as Malaysia. We consider the rôles of broadcasting much wider than merely to disseminate information relevant to the people and for the purposes of entertainment or leisure. It is a very powerful medium which can be fruitfully utilised to educate our people, to change their attitude and to (help them) respond to the changes of time in their life-style. It is in this educational aspect of broadcasting that I see your workshop as relevant.

I am happy to see that in this seminar we have both broadcasters and educationists together because educational broadcasting is the combined product of both these groups. The educationists' main concern is to formulate effective, useful educational materials while the broadcasters' task is to formulate how these materials are best presented to the public in order to achieve

maximum effectiveness.

Educational Media Service should concern itself with (this question): 'To what extent are lessons and curricular materials presented to the children in an interesting and effective way?' Educational broadcasting should also play a further role of motivating our children in their learning a particular subject. If its role is confined only to presenting the lessons without enhancing the motivation to learning them, it is just another medium of teaching and a lot of money is wasted. It must also be able to serve as examples to our teachers as to how certain material should be dealt with. These are the technicalities that you, as educationists and broadcasters, are familiar with and I do not wish to dwell at length on this matter.

What I wish to stress is the other unseen aspect of broadcasting. That is, the utilization and evaluation of the service. We tend to take for granted that a good programme is fully utilized by the schools. This is certainly a presumption that you as educators and broadcasters should avoid. It is not only that lessons should be utilized but it is also important for you to ensure that they are utilized in the way that they should be utilized. I know of cases when these are used by teachers as substitutes for actual teaching. Broadcasting should not replace classroom teaching; it should only assist teachers in their teaching techniques.

As broadcasting (both radio and television), is becoming more widely used in our educational system, it is therefore pertinent even at this stage to ensure that our teachers are given special and specific training to appreciate the educational value of these media and how to handle lessons through the media.

We cannot sit back and say we are satisfied with the programme; we cannot also sit back and say that our policy is one of the improvement in the quality of programmes and their supporting materials. We have to ensure that these materials are effectively utilized. We must always think in terms of students and teachers. However good the programmes may be, if they are not well received by the teachers and the students, these programmes would contribute little to the effective teaching-learning process in our schools.

I also wish to say that lessons conducted through the broadcasting media should be designed not only with teachers and pupils



in view but also for its general viewing value. As a means of information and education, broadcasting techniques have become so sophisticated that they can even change the value system of the society. We must plan our programmes to contribute to the general development and betterment of our lives, especially in the field of health, hygiene, nutrition, child and maternal care, for better agriculture, for a more balanced development of the industrial, urban and rural sectors, for good citizenship and nation-building, for cultural development, for consumer interest and a host of other areas as well which are important to the development of our nation.

As I see it, the range of areas and interests in which educational media could be utilized can be endless. Underlying all these we must also remember that educational media must be seen to help not only to spread this knowledge but, more important still, help to cut the ever-increasing cost of education and to assist in our attempt to see that education is available to the majority of our people. In your discussion on media planning and production, I am sure you will keep these goals in mind.

I am sure that even if you cannot find the right solution to all the problems, at least you will be able to acquire sufficient information and expertise to help you and your institutions when you return home. It is my belief that your nomination to this course is yet another expression of the great need in our part of the world for trained manpower, thinking manpower, in the media field and towards regional co-operation in finding solutions to our common problems.

Ladies and gentlemen, in my Ministry of Education, we have long recognized that a soundly based and modern educational system is a necessary component in our plans for material, social and national development. In this we also saw the potential that all branches of media had to offer to the process of educational innovation and development.

In Malaysia education is no longer confined to a small population of students, nor is it concentrated only on these who are academically inclined. The comprehensive educational policy requires more teachers, more schools and greater financial support. It also requires substantial degree of flexibility in the development of school curricula to accommodate new and different interests

represented in a school population drawn from all sectors of the community. The Educational Media Service was specially created to embrace the broadcast of Radio and Television as well as an Audio-Visual Aids Unit with the aims of:

- a) strengthening the national education system by reducing imbalance and improving educational opportunities in rural schools which are handicapped by a lack of qualified staff and equipment;
- b) improving the quality of education by demonstrating good teaching methods and providing additional audio-visual materials;
- c) assisting in curricular reforms through speedy and effective delivery;
- d) improving survival rates at all levels by motivating pupils through interesting programme materials using developed audio-visual techniques and enabling teachers to devote more time to individual attention in large classes;
- e) assisting in the teaching of subject areas where trained teachers are in short supply e.g. Science and Mathematics;
- f) promoting civic consciousness and national unity through civic programmes at both the Primary and Secondary levels;
- g) disseminating information of educational interest to parents and keeping teachers up-to-date on curricular innovations and practices;
- h) assisting in teacher training programmes, both pre-service and in-service through the employment of new media techniques.

Our Educational Media Service programmes, especially ETV



programmes, have been well received since it was launched in 1972. However, I am well aware that a higher percentage of Primary schools utilize the ETV Programmes as supplementary to classroom teaching, than Secondary schools. The problem now is constant requests for more and more programmes. Complimentary responses, paradoxically enough, can also raise problems. The broadcast media is sometimes expected to do too much and to be able to solve all problems. Pressure comes not only from the public but also from the educationists themselves. The Malaysian experience has uncovered numerous problems in media planning and production. I am sure you will be discussing some of these problems and perhaps be able to find the right solution .....

*Selamat Maju Jaya* — that's our way of wishing you achievement in your studies.'

## *Political Speeches*

### **'NATIONAL INTEGRATION — HOW FAR ARE WE SUCCESSFUL?'**

Address to the Lions Club  
Kluang, 6 August 1968.

Kluang has always attracted me in a sentimental sort of way as it was here for just over four years that I was launched to face the realities of life from the idealism of youth as an 'international student leader' to the more practicalities of adulthood as an administrator. The four years that I was in this district was most exciting and rewarding in terms of lessons on human relations and in terms of background to my present political interests. It was during this period that I was involved in active preparations for the then 2nd Malaya Development Plan at district level as Secretary of the District Rural Development Committee.

A more important explanation to my sentimental attachment to Kluang is of course the numerous friends that I made. So much so that whenever I pass through here I have to be very careful of not being 'discovered' for fear of being overfed or 'overdrunk' by you all!

I must thank the Lions Club of Kluang for giving me this opportunity to express my views on this subject as it is most timely to be discussed at this juncture of our Independence. I am particularly happy to choose this subject because it is in itself a denial of a policy that the Alliance Government has too often been accused of and that is, a policy of 'assimilation' and not of 'integration'. Obviously we can all differentiate these two words — 'assimilation' and 'integration'. The one, 'assimilation' seems to insinuate in Malaysia a policy which in simple words imply turning Chinese, Indians, Europeans, Kadazans and Ibans into Malays. The other, 'integration' reflects a much more realistic process towards nation



building out of the various races in our country. It aims at an amalgam of the best characteristics of the various races which could eventually develop into a truly Malaysian characteristic in a Malaysian nation.

It is obvious that 'assimilation' is not only completely unacceptable in our context, it is also negative and most important of all, dangerous as it is unrealistic. For, rightly or wrongly, we know that in Malaysia each community feels that it is superior in one way or another to the other community. Each group holds by its own religion, its own culture, its own ideas and ways of life and 'assimilation' means a total surrender of these characteristics. Whereas 'integration' means a partial surrender of racial identity based on certain agreed principles which could be acceptable to all the communities truly interested in the formation of a single united Malaysian nation.

After defining the two words, a second factor has to be taken into consideration and clearly understood by anyone wanting to see to the success of this process of integration; and that is — about the only thing in the world that cannot be achieved overnight or within a decade or even within half a century or to be more cautious (not pessemistic) even within a century, is the full integration of a truly united single nation out of such a variety of races that we have in Malaysia today. The process of integration requires a long period of patience, tolerance and understanding.

With that point well understood, I can now proceed on to answer this question 'National integration — how far are we successful?' The answer is, we have not gone very far and we have a very long, long way to go more. To put it in more definite terms I must say that we are no more successful up till now in forging national integration as we all are successful in discarding our prejudices and cultural snobbery based on racial differences. I am sorry to sound discouraging and perhaps pessemistic in this but I feel that the trouble with us all in trying to achieve national integration is that we are often carried away by grandiose ideas based on complete ignorance of the facts and realities of a multi-racial society. Let us face the facts now — and that is in our country a Malay is still much a Malay, a Chinese is still much a Chinese, an Indian is still much an Indian and each community has its own prejudices and sensitivities which, if wrongly exploited

would produce disastrous results.

We must learn from history and the experiences of others in order to avoid this danger of what I term to be 'wrong exploitation' of the sensitivities and prejudices of the various races in our country chiefly for political gain. Examples could be found in abundance — the creation of Pakistan was basically the result of cultural and religious differences in the Indian Sub-Continent; Ceylon had its clock turned back more than 10 years as a result of religious and racial differences exploited by politicians; Guyana in South America was tottering hardly before the state got its name changed from British Guiana; and Cyprus lives in insecurity for fear of intervention by foreign countries represented by the two major races (Greeks and Turks) in their country.

From my own knowledge (having been in the country for a reasonably lengthy period during the troubles in 1956 and 1958), I feel that Ceylon in those days could draw very strong parallels with our experiences and situation in Malaysia now. Here was a country going through its first decade (1958 then) of independence with placid stability, slow but steady in its progress because of its relative progress in development under the circumstances. The prospects were remote indeed for aspiring politicians however brilliant he might be to wrest power from the already established forces which were credited with getting independence.

There was indeed a brilliant man in Ceylon then. With a Cambridge 'double-first' and a highly successful law career and with a noble driving ambition to be a political leader of his country, Solomon West Diaz Bandaranaike saw that his prospects of becoming Prime Minister of Ceylon was slim indeed unless he had some ready-made issues to catapult him into power. The issues then were indeed ready-made and with his brilliant speeches Bandaranaike in no time became Prime Minister of Ceylon with the support of the Singhalese of Buddhist religion but unfortunately alienating the support of the Tamils of Hindu religion. Bandaranaike soon succeeded in not only antagonising the Tamils but practically instigated them to a violent struggle for survival. The rest of the story of the tragedy of Ceylon is well on record and Ceylon's clock was turned back practically 10 years to a period before Independence.

The moral of the story of Ceylon was that exploitation of



communal sentiment for purposes of political gain is highly dangerous and anybody interested to see to the well being and progress of our country should by all means prevent such a happening here. Nowhere in the world is the danger more real than in our country especially considering the fact that controversial issues for election purposes are becoming difficult to get by in view of the progress undeniably achieved within the first decade of Malaysian independence by the Alliance Government.

In a developing country, two possible issues could be used in any political competition between political parties to get mass support: one is based on the material progress achieved by the political party in power; and the other is based on ideological differences.

No political party in Malaysia could point out to the electorate the lack of interest and action by the Alliance Government to build the infra-structure necessary for a progressive society. Whether it be community centres, wells, health centres, mosques, temples, playing fields or school buildings — the proof is there of the seriousness by which the Alliance Government had gone about to build this infra-structure. It is thus extremely difficult for any campaigner to point out the lack of these facilities for the people.

In a more sophisticated and well developed society, ideological differences normally become issues that provide alternatives for the electorate to choose from. However, in our society, the people are not interested in ideologies, let alone understand the foreign concepts of the different 'isms' between political parties. My favourite theory is that politics in our society is more 'politics of the stomach' rather than anything else. For, in the final analysis, people in developing countries are more interested to see how well their stomachs are being filled or are offered to be filled before choosing another alternative irrespective of the ideological appeals of the political parties.

Both the above issues being out of possible exploitation by political parties in our country, it is not surprising that a number of political parties have chosen the third most easy but most dangerous alternative, and that is, exploiting the communal sentiments of the different communities in our country.

It seems to me that political parties which exploit communal sentiments indulge in what I term to be 'politics of fear'. On the

one hand, we have the DAP group of political parties which use the tactics of implanting a feeling of fear of the Chinese for the Malays with all theories of inequality, domination and a feeling of persecution. On the other hand, we have the PMIP which uses tactics of implanting a feeling of insecurity, fear and suspicion of the Malays for the Chinese. I regard both tactics to be negative and self-destroying and every responsible political party should prevent this mad drift towards communal disharmony destroying our sacred ambition to unite the various races together towards the formation of a united Malaysian nation.

'Inequality' amongst the communities in this country will always exist as long as there are Malays, Chinese, Indians and the others. Unfortunately, however, the inequalities in our country are coincidentally divided on communal lines. Ideally, we should not interpret the inequalities along communal lines, of course, and should rather speak on the lines of the 'haves' and the 'have-nots'. But whether one likes it or not, 'wealth and economic power' are identified with the Chinese community and 'government and political power' are identified with the Malays. As an every day example of this man-in-the-street image of one another, the word '*Enche*' not too long ago was for Malays only, somewhat signifying a man of higher status in society, and the word '*towkay*' was solely used to address any Chinese.

While the abolition of inequality should be our target, what is more important and possible is the working towards a 'just' society. And here we come to the crux of the problem. It is clear that from the communal point of view what each community wants is simply justice where opportunities, be they economic or government, should be based on a free competitive basis where 'the best man wins', so to speak. From the point of view of a non-Malay, the situation in our country is such that there has not been fair competition and they are being treated as 'second class citizens'. They feel that even if they are generally the best, and thus deserve the best positions in our society, the political powers-that-be (the Malays in this context) would rather prefer Malays even when in most cases the Malays are 'less qualified' for the positions. On the part of the Malays they feel that since Malaysia was 'originally our country' (rightly or wrongly, I am not debating here), they should be given these preferences. To the Malays too the economic



powers-that-be (the Chinese) have been very rigidly against giving some ways to the Malays.

The above is of course a rather generalised analysis of the differences and it would do us well, especially those really interested in this problem to go deeper into it so that a better understanding on the differences could first be got before proceeding to make conclusions.

In most societies — in any country — the rural areas are the less privileged compared to the urban areas in terms of development facilities and opportunities. It happens that in our country the rural areas are populated by Malays and the Chinese are concentrated in the urban areas. The few Chinese who are in the rural areas are mostly either middle-men or shopkeepers involved in retail trading and thus still have economic control over the rural Malays. The Malays in the urban areas are mostly government servants.

One would immediately thus see that in the domain of education, for example (the key to progress) while a rural school boy has to walk perhaps easily five miles a day to school very much less equipped in terms of teaching facilities, an urban school boy has a much more easy excess to the comparatively excellent facilities in his school. We thus see the position in towns, for example where out of a class of 46 pupils, only 6 are Malays and, naturally when examination results are publicised most of the best results are *seen* to be produced by Chinese pupils. A false judgement is then made, rather not uncommonly, that Malay pupils are 'less clever' than Chinese. Whereas, the reason is simply that the competition, comparison and judgement is based on a false basis. With this discussion on education opportunities come a whole host of other opportunities in all aspects of activities in our society.

This is where 'justice' is required. Justice in giving the opportunity to Malays to compete with the other races on a just and equal basis. What is clearly needed here is simply 'fair competition on a fair basis'.

This is where the so-called 'Malay Privileges' clause in our Constitution comes in. Article 157 of the Federation of Malaysia Constitution does not anywhere mention 'Special Privileges' as popularly misused but more 'the special *position*' of the Malays. Although admittedly there are always those who would want to

misuse by deliberately misinterpreting the clause, what should be aimed at here is the use of this constitutional clause to give opportunities long denied to the Malays. It is a form of 'protection' if one may wish to term it, but a necessary one.

I think I must stress here that as far as I am concerned, no self respecting person should accept the principle of enjoying any position in society by virtue of his racial origin. However, the position being what it is, only by the time every citizen could stand up and say happily and proudly that he has achieved success in society on the basis of his normal qualifications based on firm and just competition (and not on his racial origin) could we all consider ourselves to have succeeded.

The pace of integration cannot and should not be forced. Through the process of exposure of one racial group to the other and through the process of education of the young, we will see only in years to come the result of our patience and understanding.

A great deal of the present suspicions, prejudices and mistrust that exist between the races in our country is the result of lack of contact. This lack of contact is caused by years of physical isolation, urban and rural, in terms of racial origin and the lack of a common means of communication.

I myself must frankly admit that physical separation is hard to overcome especially in view of the ever common problems in most countries of the population drift from rural to urban areas. I could only hope that the present Alliance Government's efforts to reverse this drift (in view of our great economic potential in the rural areas) could succeed in greater intermingling of the races in both the urban and rural areas.

In the field of education, however, more concrete results could be achieved, although, again realised only in years to come. We can see the result of education in liberalising our racial attitudes to one another as it is now amongst us who have gone through English school education.

It is undeniable that in terms of inter-racial understanding and tolerance, the English educated provide the best examples in our society. This is because of two important factors. Namely: *one*, that English schools are inter-racial in composition and thus provide excellent means of contact between the races and, *two*, that one language is used as a means of communication between



the different language groups.

Unfortunately, however, though ideal, English as a means of communication between races has always been the privilege of a comparatively small minority of the people. The onus thus falls on Malay to perform this function and fortunately, the acceptance of Malay, the National Language, in an important role in national integration has long been settled. As I see it, those who try to revive and question the place of the National Language in this role of national integration fall within the category of those who dabble in this 'politics of fear' that I talked earlier about.

The next question is then asked: Are there any basic ingredients for national integration? Though I must admit that one may get into deep waters here, I think that two important factors could perhaps be considered as a basis for national integration leading to the formation of a Malaysian nation.

The first is of course a common language. This point has been well taken care of above.

The second is a common culture. I submit that the development of a common culture through encouragement and propagation would go a long way towards instilling a spirit of national pride which is the basis of nationalism. I was greatly touched the other night to follow the very laudable attempt on *Malam Irama Malaysia* in music creation out of the basic tunes of the various races in this country into a Malaysian tune in the song '*Bunga Negara*'. This is indeed a laudable attempt and the more we have in the field of cultural activities, the better.

At another Lions Club dinner about one year ago, I suggested that Malay could form the basis of the yet-to-be-formed Malaysian culture. At that time, unfortunately, I was accused by no less a distinguished publication than the 'Rocket' of the DAP of forcing down the throats of all non-Malays, the Malay way of life as a qualification to be a Malaysian!

I repeat my submission of that night, and that is, Malay could form the basis of Malaysian culture. This suggestion was not made because I am a 'narrow ultra racialist' (as I am sure a lot of my political opponents would like to make me out to be) but with a background of my academic studies of Malay culture and my knowledge of the different cultures of my fellow Malaysians of other races because I have always made it a point all my life to

learn about others. If one does take the trouble to study the origins and development of Malay culture as it is today, one would discover that in its present form, it is very strongly tinted with elements of Indian, Chinese as well as Western cultures. It needs one whole series of lecturers to expose these elements. It would do us well, however, to discover these and see how much we have already developed our Malaysian culture during the course of our history.

Finally, let me again stress that we are still full of communal sentiments and prejudices. It is up to us whether to look at the related problems in a rational way and use our understanding positively toward our sacred goal of the formation of a single united Malaysian nation or to use it negatively purely for purposes of achieving power at the expense of this objective. The choice is ours and ours alone.

**MALAYSIA'S FOREIGN POLICY –  
FROM A GOVERNMENT BACKBENCHER'S  
VIEWPOINT**

Address to the Kuala Lumpur Diplomatic Club  
Kuala Lumpur, 25 April 1971

Malaysia has never had it so good in the field of foreign affairs. We have become known as a country in Southeast Asia having a progressive and forward looking foreign policy, whose voice is often heard, considered and paid attention to by the international community as a whole, not least of all among the big powers.

The first decade of our existence as a nation saw us concentrate so much on the domestic scene that when we were faced with threats to our national integrity in the form of Soekarno's 'Konfrontasi', we suffered frustrations and humiliation against Soekarno's well established name and aggressive, although adventurist, foreign policy posture. In a way, we could consider ourselves lucky since 'konfrontasi' came only after about 7 years of our existence as Malaya, since the 7 years were spent on the establishment of a stable economic infrastructure based on our



very strong financial standing.

It has not been uncommon among newly independent and developing countries to be faced with the choice of either building an 'international image' or to remain relatively unknown but concentrate on putting their houses in order on a sound economic footing. The temptation was too great for most countries to ignore the glamour of a good 'international image' rather than face the more difficult task of quiet, yet effective internal development.

Malaysia was lucky to have had leaders who chose the latter course, since, as proved by experience of others, it would have been disastrous for nation building and the task made more difficult if she concentrated her energies and finances (as indeed she could have afforded it) on international image building earlier on.

Even as we claim and feel a sense of recognition as progressive and forward looking in our foreign relations, we have not fallen into the temptation of stretching ourselves too far in the complex international arena.

The basic assumption of our foreign policy now is that we are a Southeast Asian nation, existing in a highly sensitive area subject to centuries of conflicting interests. Since the arrival of the Portuguese, Southeast Asia has been carved out, divided, subdivided and fought over as prized young maidens, having our destinies predetermined even before we ourselves became aware of our own self respect and much exploited resources.

As a result of the centuries of exploitation and subjected to different colonial exposures, we developed separate identities and adopted different political and social systems, shaped up by whatever colonial administrators ran our countries then.

Nationalism, in the context of newly independent, developing countries, is a comparatively new concept. It is still a fragile entity in almost all of these countries. This being so, most of us are pre-occupied with internal consolidation and nation building. We are still far from achieving our aims towards cohesive and everlasting national units. We have, however, come to realize that no effort to consolidate ourselves internally would succeed unless we could be left alone in an atmosphere of international peace and understanding.

It is with this in mind that we frame our foreign policy, oriented

towards Southeast Asia. The Kuala Lumpur Declaration to make Southeast Asia a zone of Peace, Freedom and Neutrality is aimed at ensuring that each of us could concentrate on nation building, and complimentary to that, collectively as a region contribute toward each other's progress by cooperating on the basis of mutual interest.

Nobody can deny the fact that the concepts of Southeast Asian regional cooperation and neutralization are laudable and ideal, that (they) could serve the collective interests of the region itself. But whether these concepts could finally be realized is another question that needs careful scrutiny.

An a-political and non-military regional organisation is slowly being realized mainly because it has managed to stay a-political — or, at least political affairs occupy the lowest priority — and particularly non-military. The concept of regional security in the classical sense, stressing the military aspects, has given way to another concept of regional security, but stressing the economic aspects. This has been the most encouraging development in the field of international relations for the past few years. For, security in the classical, military sense was negative, based on an 'anti' some other power or group. Whereas security in the current economic sense is more positive, based on aims at reducing areas of tension and toward internal or regional stability, ultimately serving as the strongest bulwark against any external or internal threats.

In the context of Southeast Asia, ASEAN serves as the best example of the concept of promoting security on the basis of economic, social and cultural programs. ASEAN is certainly not a security organisation in the classical sense. In fact, one of the most consciously and carefully avoided words in propounding the concept of regionalism for Southeast Asia by leaders involved was the word 'security'. This was only because the use of the term would only bring in psychologically negative responses from a number of countries as it brought visions of such 'collective security' organisations as NATO, SEATO, CENTO, ANZUC, etc. to the extent that it would immediately be perceived as an 'anti' organisation and thus inviting hostile responses from different quarters as, in turn, perceived differently.

In the more current sense of the word, thus, ASEAN as a 'security' organisation becomes most relevant for the collective



interest of Southeast Asia. The wish to succeed can be said to have influenced the promotion of the concept of Southeast Asian neutralization as currently propounded and strongly upheld by Malaysia herself.

In other words, the concept of Southeast Asian neutralization is an essential compliment to the ultimate success of ASEAN.

There have been so many failures at regional cooperation and only one really worthwhile example of success that one is tempted to discuss ASEAN as another of those which would just fall by the way side, leaving it to be studied by academics or disheartened politicians. Yet, if ever there is a case study that could provide ASEAN an opportunity to succeed, it is this very single example of success so far, the EEC, that should be examined and re-examined .....

To begin with, let me state clearly here that the time is too remote as yet for us to talk about a 'Common Market'. The experiences of the EEC itself showed that it took them so long to reach such a stage, and even that with their starting off point much more favourable than the position with us now. A comparative study of the EEC with ASEAN would require a separate exercise. However, I am particularly concerned over the impatience among some ASEAN decision-makers, who have expressed the wish that it should develop into a 'Common Market' as soon as possible, if not now.

While one should not veer away from the ultimate objective of a Common Market and the creation of a Southeast Asian Community, one should also not forget that the still difficult task of nurturing mutual trust, confidence and faith in what we are striving for are still to be firmly established not only among the top leaders, but also to seep down to the masses.

The creation of a Southeast Asian Community, or an ASEAN Community if you like, basically implies a very slow and painful process of denationalisation, although in a limited sense. The rise of nationalism in the Southeast Asian countries, although recent, had been mainly based on emotional anti-colonialism to such an extent that the process of denationalisation would take some time.

It is thus only right that in order that ASEAN may last, there must develop an environment of mutual trust as well as faith and the will to succeed. These could only be achieved through con-

stant contacts mostly on the social and cultural aspects where tension is least likely to occur, rather than political or the more serious questions relating to economic interests. Leaders of ASEAN should not find it difficult to 'denationalize' and carry the masses with them once the spirit of regionalism is properly propagated. But to begin with, I stress again, there must be patience and faith in the idea itself and not to subscribe to the concept simply because others are in it.

Given the outstanding successes so far, yet appreciating the difficulties to be encountered, I feel I should also express the view here that the number of member states should not increase for quite some years more to come. The present composition of ASEAN is compact enough and made up of countries dead in the centre of the region to make it viable as an entity. Let us be 'The Five' for the time being without adding in the four still left out, if I may use the EEC parallel.

The concept of Southeast Asian neutralization, however, could be propagated among all the countries of Southeast Asia to begin with, irrespective of membership of ASEAN. It happens, however, that only the ASEAN countries are so far stable and united enough to push the concept and it will certainly be left to them to sell the idea to as wide a circle as possible.

Indeed, it is basically 'salesmanship' that shall determine the acceptance or otherwise of the concept of Southeast Asian neutralization. And as any good salesman would tell you, the essential pre-requisite for a successful sales drive is for the salesmen to know their goods through and through.

Southeast Asian leaders are at present involved in a sales drive, so to speak, of what I consider to be a most attractive commodity that could serve the purposes of all concerned in the promotion of overall development — serving the national interests of all — that could work in an environment of what we have termed as 'Peace, Freedom and Neutrality'.

As an outside observer, it seems to me that it took quite a great amount of discussion, persuasion and coaxing among the Southeast Asian leaders themselves to come to a consensus to decide on declaring our area a zone of Peace, Freedom and Neutrality as they did in Kuala Lumpur last year (1970).

Basically, the difficulty is still there in that each national unit



perceives its own 'national interest' differently based on its past experiences and how it perceives the future.

Furthermore, experiences in the past have shown that declarations of neutrality, especially among developing countries have proved to be more negative and adventurist than anything else. In many cases, it became so 'anti-west' to the extent that any mention of the word now is interpreted as a sign of shifting away and potential loss to the 'West'. To the 'East' it meant a gain, as it normally developed to be 'pro-East' and thus looked upon as a welcome development. But, again as shown by past experiences, the overall results of such past policies adopted by a number of developing countries was to such an extent that everybody lost because, as I said, the policies were negative — based on adventurism.

As far as Southeast Asia is concerned, to begin with, it is a region that we are asking to be recognised and respected as a zone of Peace, Freedom and Neutrality. I am sure that nobody would quarrel with our declaration of peace and freedom. But it is the means of achieving these objectives — neutrality itself — that have become a source of doubt, caution and even scepticism especially among those countries still looking upon Southeast Asia as an area to exploit and to use as pawns in their power game.

The present sufferings of the peoples of Indo-China as a result of foreign interventions are too horrifying a scene for us to repeat in Southeast Asia. I do not see how the Americans can get out of the incredible misconceptions and blunders leading to their deep involvement in Vietnam. As far as I can see, the present spate of mass bombings by the Americans represents a desperate attempt to stop a people's very human determination to be left alone by, put simply, materialistic brute force.

The relevance of Vietnam here in terms of our concept of Southeast Asian neutralization is simply that involvement and interference have proved too costly for all. Whatever military victory, (one) could never undo the fantastic sufferings as a result of the totally destructive nature of the war.

Southeast Asian neutrality should not be looked upon as a simple exercise in the zero sum game. It is not a shift-away from any group toward another in the way that the old concept was practised. In fact, I would go out of my way here to stress the

danger of such a trend. All I can say optimistically here is that the countries agreeing to promote this concept are collectively experienced enough to provide the intra-checking and counter checking against such a trend.

Malaysians can take pride over the fact that as a result of our initiative, we have gone quite a long way in the journey towards a more stable Southeast Asia. The progress so far was never dreamed of even by the most optimistic. It was not long ago that we adapted ourselves to the fast changing international scene by shifting our foreign policy from a 'pro-anti' stance to one of 'non-alignment'. Even then, our moves were interpreted in an alarming manner by certain quarters.

I still remember the hostile cross-examination I personally faced at the lobbies of the U.N. Building during the last 'China Debate' by some of our close Western friends over our firm China policy. It is quite a scene to see these very countries jumping into the band-wagon once the voice of reason and logic had been clearly expressed.

As far as Malaysia is concerned, our aim in extending the hand of friendship to China, or the Soviet Union earlier on for that matter, should not be looked upon as a withdrawal of our hand of friendship to our long established friends in the West.

Our only wish is not to be used as pawns in the international power game and to be left alone to develop ourselves to such an extent that our success could contribute to a more stable and peaceful world.

### **A CASE FOR MUTUAL CO-OPERATION**

Convention ceremony at Ohio State University  
U.S.A., 7 June 1980

It is a rare occasion indeed for me to be given this opportunity to address you on such a glorious day, full of pomp and ceremony and carrying so much significance for so many of you, especially the young men and women who are graduating today.

Coming from such a tiny country, Malaysia, from such a far



away area, Southeast Asia, the occasion today carries special significance to me personally as well as to my country and region.

To many if not most of you, Southeast Asia simply evokes an image of underdevelopment, suffering, poverty and endless wars and turmoil. The tragedy of Kampuchea and your people's own bitter experiences of Vietnam bear testimony to this. Southeast Asia automatically makes most of you cringe away from any moves toward 'involvement'.

Let me assure you that we in Malaysia in particular and Southeast Asia in general ourselves were not spared of the shock or 'Shokku' as the Japanese say of the experiences of Vietnam and the feelings of desperation and despair over the current threat to the very survival of the Kampuchean people.

There is, however, one aspect of all these that seems to have escaped our attention, your bitter experiences and cringing away with fear, our own fears and despair — these are negative factors. These are negative factors that, in the long run, would run smack counter to our common mutual aspirations to see to a peaceful world where our very wish to lead happy, full and meaningful lives within our own communities, even to the smallest level of the family unit, would be threatened.

Malaysia, only after 23 years of independence since 1957, is emerging happily out of our own nutshell, to reach out to the world to voice our own persuasion and appeal for a positive wider world view rather than negative narrow inward looking nationalism. We are proud of our success in a variety of fronts for the overall benefit of our people after so long being in this 'nutshell' that I just referred to. It reflects the triumph of our own conviction that achieving independence from Colonial rule meant hard work through the democratic process of the people's participation. It meant no sloganeering for ever so long, especially compared to other efforts to give full meaning to independence. Not so as to bulge the stomachs of the leaders, I might add, but, put simply, to fill the stomachs of our own people.

Malaysia's economy continues to be something for us to be proud of by any standard. We are the world's number one exporter of natural rubber, tin, tropical hardwoods and pepper as well as a nett exporter of petroleum. The latest statistics on our economic performance clearly show that we indeed have reason to be proud

of being Malaysians.

But on the minus side, let me say that we certainly are not, oblivious to our own weaknesses and vulnerability. To begin with, poverty is still our biggest challenge. Added to that, we are a multi-racial and multi-religious, society, bringing together the great religions of the world in Islam, Hinduism, Buddhism and Christianity. Our fight against racial and religious prejudices is an ever uphill climb but a fight that we are confident of winning nevertheless.

Here can we find similarity of experiences, the experiences of the great multi-racial society of your country and ours. And the experiences of the negative results of racial prejudice turning into violence — an experience which we went through once in 1969 — and the challenges of efforts to overcome such prejudices made more difficult by the problem of identification of race with economic status.

What then, is the answer to such problems as we commonly face, albeit in different proportions? Certainly nobody can dispute it if I said that one of the crucial answers is none other than education.

We in Malaysia give top priority to education. Allocating more than 20 per cent of our annual budget to it, education is no more elitist but popular; so much so that if you met a Malaysian student on this very campus at Ohio, he or she is most likely to be from the poorest family, working hard to acquire knowledge from your country to play a constructive role once back in Malaysia.

This is the significance of my presence here before you. The significance of linkage between a great highly developed country, yours, America and my country, Malaysia. We on our part simply are trying to prove that success could only be achieved by hard work and determination and a wider international link in the spirit of understanding, collaboration and cooperation in all fields — economic, social and cultural. And here in Ohio, with the stress of education and international link that would and should result in a better appreciation of the fact that even though our cultural values, social, political, and economic systems may be different, we are after all simply ordinary human beings.

Let me just state here that within the context of international relations we in Malaysia are not interested in handouts and give-



ways. With apologies, this needs to be stressed. Especially within the context of the international community's preoccupation with 'North/South' relationship and developing countries' insistence on the 'New International Economic Order'. Looked within a narrow perspective, the call for the establishment of the NIEO sounds like the giver, the developed North having to give to the receiver, the underdeveloped South. But looked it a wider perspective, there certainly is no giver but only a receiver, of stability, a receiver of peace and a receiver of harmony, the receiver being all of us, you and I, your family and mine, your country and mine — in short, the international community at large.

The narrow perspective in international relations seems still to persist among some governments of developed countries. But governments, especially democratic governments are made of the ordinary people. It is thus a golden opportunity for me from the 'South' to address you, especially the young men and women graduating today and leaders of tomorrow, indeed the immediately tomorrow, on the need for the wider global perspective to prevail.

Not that Ohio University could be categorized under 'narrow' and 'inward looking' in its perspective. Far from it.

The long established special relationship between Ohio University and our Institute Technology MARA and the increasing willingness on your part to offer scholarships and places for young Malaysians are laudable proof of your own positive perception of a wider world order. Culminating in the establishment of the Tun Razak chair in Southeast Asia studies with our modest direct grant of US\$350,000 here at Ohio, I am confident that Southeast Asia in general and Malaysia in particular shall be better understood and better appreciated in a fresh perspective.

We in Southeast Asia, at least those that make up what is known as the association of Southeast Asian Nations or ASEAN — Indonesia, Singapore, Thailand, the Philippines and Malaysia — representing just about 250 million people, are determined to prove to the world that the only alternative to war is hard work with 'stomachism', the filling of the stomachs of the people, put simply, as the objective leading on to, needless to say, a fuller and meaningful life.

This point is slowly but surely sinking into the minds of other

developing countries and under close scrutiny by developed countries.

But can we and shall we succeed? Certainly not, if we do not pay enough attention to training our young and preparing them to manage our economics with the scientific and technological skills that are required in this fast developing world. Certainly not, if we are shut off from acquiring the knowledge and skills that you in the developed world have available. And certainly not, if the developed world adopted 'protectionist' walls against us even in education in the midst of all other such unhealthy protectionist tendencies in international economic relations.

So, let us, the United States and Malaysia demonstrate to the world that we know the basic answer to problems of establishing a better, happier and healthier world education in its broadest sense. Let us, Ohio University and Malaysia institutions of higher learning put into practice and play our role in preparing for this better world that we strive for you. For your collaboration and constructive role, I thank you.

And, finally, for your kind indulgence and patience in accepting me to address you, thank you again, and God bless.



## *Speeches on Statutory Bodies and Agriculture*

### **MISMANAGEMENT IN RISDA**

Seminar on Smallholders' Development

Selangor, 8 June 1975

As you are aware, RISDA was established because our Government felt the need to raise the living standards of smallholders. Smallholders are made up of common folks — the *rakyat* who contribute significantly to the well-being of the national economy.

As such RISDA had been entrusted with all development aspects of the smallholder sector. It is also through RISDA that efforts are now being made to modernise the smallholder sector. This is being done through the use of modern practices and efficient and systematic plantation management to achieve enhanced production levels and benefits.

In the past, achievements by RISDA, especially in certain limited objectives, can be said to have been satisfactory. This can be substantiated by the records which indicate that up to the end of 1974, some 1.5 million acres (600 thousand ha) of smallholdings have been replanted. This benefited about 320,016 participants throughout the country. Financial assistance that had been paid out to smallholders up to the end of 1974 amounted to \$888,791.57.

The Government is fully aware of the hopes and aspirations that smallholders attach to RISDA. They look at RISDA as an institution which has been given the responsibility to bring progress for them. It is to RISDA that they have pinned their hopes for changes towards further improvements in their livelihood.

Since I was appointed Minister of Primary Industries, I have devoted quite a substantial amount of energy and time on matters related to the rubber industry. I have done so solely because the Government feels that this industry is the most important under the present economic situation in general and the fact that not less

than 500,000 smallholder families and several thousand more families of workers are dependent on the industry for their livelihood. Steps taken to help stabilise rubber prices, establish a more efficient and effective marketing system, research activities, the setting up of MARDEC and RISDA are all aimed at safeguarding the interests of the national economy and the *rakyat*.

These efforts, however, would not be of real benefit should there exist mismanagement or malpractices within any organisation which has been entrusted with the task of carrying out certain specific responsibilities. Many institutions have been established by the Government to bring about further development within the rubber industry in particular and for other primary commodities in general. For rubber, there is the RRI, MARDEC, MRELB and RISDA. We also have bodies responsible for the development of the timber industry, tobacco, pineapple, oil palm, pepper and tin.

Among these various organisations, RISDA is the most important in respect of its direct relations and dealings with the *rakyat* in the rural areas. As such I have on several occasions urged RISDA officers to be most considerate in carrying out their responsibilities. I have also warned that I will not remain silent and do nothing should there be any misdeed be it in the form of inefficient administration, corruption or downright swindling. These are misdeeds which will erode the confidence of the *rakyat* in the Government. Indicators of my attitude and feelings on this matter are contained in my speeches in Parliament, to RISDA officers and also recently at the UMNO Bagan Serai divisional delegates meeting on May 4, 1975.

Several undesirable practices have been discovered. These practices had in fact been going on since assistance for smallholders were being managed by the former Rubber Industry Replanting Board, that is, before the establishment of RISDA about three years ago. In other words, RISDA cannot be wholly condemned as the sole source of the mismanagement. Be that as it may, I still feel compelled to expose such practices now so as to curb them from spreading further and therefore become impossible to remedy later.

There were many facets to the mismanagement and undesirable practices. Among them were:-



- i) The existance of syndicates managed by well to do people, some with legal qualifications. These syndicates had conned village folks into allowing their names to be used to enable members of the syndicates to enjoy the various Government assistance which should rightfully go to smallholders. These syndicates make small miserable payments and promises to the smallholders to clinch such deals.
- ii) The existance of swindling syndicates made up of replanting contractors or their agents misusing Letters of Power of Attorney (*Surat Wakil Kuasa*) to obtain the power to receive payments but not actually carrying out contract work in a satisfactory manner. In many instances, these syndicates did not even carry out any of the contracted work because the land for which replanting assistance had been sought were not really entitled to the assistance. Such practices had been carried out through the collusion of some irresponsible officers.
- iii) The distribution of substandard replanting materials producing stunted rubber trees which now no longer produce any latex although still young. This malpractice had actually been exposed by UMNO Youths several years ago.
- iv) The misuse of fertiliser credit facilities due to several factors. Some were resold by the recipients. Some did not reach the smallholders altogether and there were also some which did not leave the stores and were left unused.

No doubt what I have just listed out is in a way an exposure of administrative weaknesses of the Government of which I am a member of its Cabinet. I, however, subscribe to the principle of responsibility by which I believe that for as long as Government weaknesses are 'swept under the carpet' although they are widely known by the public, then the confidence of the *rakyat* in their Government will continue to be eroded and the malpractices will spread to an extent where nothing could be done to remedy them. Furthermore, I am of the opinion that the threat to the nation originates less from external factors. The real danger comes more from internal degeneration — malpractices and irresponsible management — which saps the confidence of the *rakyat* in their Government. Praise be to Allah that our Government which had been elected by people with such widespread support is a Government which is truly conscious of its responsibilities. We in this Government are determined to fulfil our obligations to serve fully the interests of the *rakyat* especially those in the rural areas who are really in need of assistance.

Following the exposure of those malpractices, RISDA has undertaken several positive steps. The following steps have been carried out or are being undertaken as a result of an overall review:-

- a) Biro Siasatan Negara (National Investigation Bureau) has in effect been given a blank cheque to direct investigations and actions against anyone suspected of being involved from the highest level (including myself as Minister) to the lowest echelons of RISDA officials or other Government officers. Several investigations have been carried out resulting in arrests and cases being brought to court.
- b) The Chairman of RISDA himself has been directed to take disciplinary actions and administrative measures to avoid a recurrence of the malpractices and mismanagement.



- c) RISDA has established an Inspectorate and Evaluation Division to enable it to continuously check the running of its administrative machinery. Although the Inspectorate comprises of RISDA officials, they are not permanently posted to it but are to be transferred according to a schedule to other divisions. This is to curb the possibility of they themselves becoming involved in malpractices of any kind through being permanently posted to the Inspectorate.
- d) The Ministry with the cooperation of RISDA is currently studying the need to amend existing legislations with a view to plug any loophole or weakness based on our past experiences. New provisions will be proposed where necessary and existing regulations amended where needed.
- e) With the formation of a single national body to represent smallholders throughout the country as a result of this seminar, it is hoped that this new organisation will be able to assist the Government and RISDA to keep a check on the implementation of the various programmes of assistance for the smallholders as a whole.

I have deliberately taken much time to speak on matters relating to RISDA simply to stress the importance of this organisation towards the successful implementation of programmes designed to benefit smallholders, especially at an historic time as this when you yourselves as smallholders have agreed to unite based on considerations of our own and mutual interests. I, however, hope you will not misunderstand or get the impression that RISDA is in such a sorry and hopeless state of condition. On the contrary, I have full confidence in the honesty, dedication and determination

of the majority of RISDA officers at all levels.

What is more encouraging is that the weaknesses, the malpractices and mismanagement which I have exposed had actually been made possible because RISDA officers themselves have helped to open my eyes to them. I would like to take this opportunity to extend my unbounded gratitude and appreciation to RISDA officers, the majority of whom are honest and fully conscious of their responsibilities towards fulfilling the hopes and aspirations of the smallholders. With such an attitude and consciousness, they would certainly be able to carry out their responsibilities. With the Government and the smallholders both equally conscious and aware of those weaknesses and cooperating to remedy them, it is now possible for both parties to work much closer together to carry out our mutual responsibilities to improve the quality of life in the rural areas in this beloved nation of ours.

### **AGRICULTURAL ENGINEERING IN NATIONAL DEVELOPMENT**

Opening ceremony of the International Conference on the Subject.

Universiti Pertanian Malaysia, 10 September 1979.

Many developed countries in the world today have been able to sustain and maintain their rate of development because of their strong and developed agricultural sector. In the United States, Australia and countries of Western Europe, the agricultural sector has played a significant role in supporting development in the other sectors of the economy.

In Malaysia, agriculture has traditionally been the mainstay of its economy. In 1975 for instance, it contributed 45.5% of Malaysia's foreign exchange earnings, 30% of the Gross Domestic product and provided direct and indirect employment for nearly 50% of the total workforce. Hence the Government's emphasis on the agricultural sector under the Third Malaysia Plan.

Under the Third Malaysia Plan, both logistics and financial inputs are aimed at increasing agricultural production, accele-



rating land development and raising farm productivity and income. Under this strategy, upgrading and expanding the existing technology and agricultural infrastructure will be part and parcel of an integrated approach by the Government to accelerate agricultural development.

The objectives of the New Economic Policy to eradicate poverty and to restructure society in fact will be achieved to a large extent if programs designed to increase the income earnings of the farmers are carried out simultaneously with other efforts to modernise the agricultural production processes.

The Government is currently carrying out a two-pronged effort to achieve the increased output of farmers and to uplift their income. Concurrently with encouraging the improvement of production levels of existing farms, new land suitable for agriculture is being developed. In bringing about improved production of existing acreages, programs such as replanting, double-cropping, intercropping, provision of infrastructure such as irrigation and marketing of agricultural produce are being carried out by the Government. In addition, technical assistance through extension and other advisory services are being carried out. These are not limited only to crop production but are extended to fisheries, forestry and animal production.

It goes without saying that the availability of ..... sufficient ..... trained manpower at all levels is a pre-requisite for the effective planning and implementation of agricultural programmes and projects. During the second Malaysia Plan, agricultural development was constrained by shortage of trained personnel at all levels. The shortage has been aggravated by the necessary expansion of agencies in both the public and private sectors, placing heavy demands on the limited number of trained personnel.

Agricultural production is a complex ecological system which calls for inputs from many disciplines ranging from basic and applied science, to social science and engineering. There is therefore the need for educational institutions like Universiti Pertanian to train technical manpower both at professional and sub-professional levels to man agricultural development in this country. The Faculty of Agricultural Engineering is a move in this direction.

It can clearly be seen in developed countries that as agricultural production is pushed to its limit, production methods re-

quired to bring about this increase in production become more sophisticated. Environments for crop and animal production become important aspects warranting consideration and attention. As agricultural production techniques increase in sophistication there is a growing dependence on engineering input. It is quite evident that Malaysia and other developing countries will not be able to adhere to traditional production techniques if production levels are to be raised and production techniques optimised.

Concurrently with the need to modernise Malaysian agricultural production practices and to apply current technological inputs, we face another significant problem — a social problem. In several areas in the country, many farms which were once productive are now underproductive. Many of the young people required to operate these farms have left to work in the towns and cities, leaving behind the senior or old people to cultivate the land and manage the farming enterprise. As a result, only portions of what was once cultivated land of each farm is being worked and the remainder left idle and overgrown with weeds. The infrastructure such as irrigation systems in these areas are not exploited to yield maximum benefits. As it is expensive to convert land from non-agricultural such as virgin jungle to agricultural use, it is important that existing developed agricultural land be exploited to its maximum productive capacity.

The tendency to leave the rural agricultural environment for employment in the urban areas is becoming increasingly widespread. The agricultural engineer can and should look into ways and means of making farming more attractive, particularly to the younger people. I believe that if farming operations were made easier and less time consuming thereby giving more leisure time for the younger people to pursue other interests, there would be more people who would want to stay on the farms, provided of course they are able to generate a reasonable level of income comparable to that which the industrial urban sector is able to pay. This is a very big challenge to agricultural engineers and I believe that the time is ripe now for us to intensify our search for ways other than traditional in agricultural production.

It is inevitable that introduction of technology such as mechanisation or irrigation etc., will have its share of problems which we would have to face. We expect, for example in mechanisation that



machines will free people to pursue other interests, to consider new activities in their lives, and to increase their productivity. In other words, it enhances family income and level of living. Machines do the job of men thus relieving labour shortages where such occur and make life more pleasurable by allowing the user more time for leisure. There would be opportunities for personal growth and participation in community affairs, thereby channelling his leisure for a more satisfying social life.

Development means progress in improvement of the state of affairs in our society by increasing the standard of living for all, providing a variety of services and working toward a reasonable attainment of various ideals shared by most of the population. Even so, we often face reluctance to move away from tradition. Therefore, as agricultural engineers, you would be facing not only technological problems but also those related to social values and ideals. The study of values and ideals in our more traditionally oriented community is essential to understanding and careful planning for constructive change.

Technology acceptance and application know-how must go hand in hand with technology advancement. About 55% of Malaysia's population is engaged in agriculture. Most of these farmers living in the rural areas have a limited educational background and are still practicing traditional farming methods. In order that appropriate farming technology might be accepted in these farming areas to bring about changes to the farming society, education is of paramount importance.

The Government have taken several steps to modernise the agricultural sector in this country. Among them are:-

- 1) The Ministry of Education has included agricultural science in the secondary school syllabuses throughout the country;
- 2) The Department of Agriculture, the biggest employer of agricultural personnel in this country has also set up five Agricultural Institutes to train agricultural officers at the operative level;
- 3) The establishment of this Universiti Pertanian itself, offering courses both at diploma and degree levels;

- 4) The establishment of the Faculty of Agricultural Engineering in the Universiti Pertanian to train agricultural engineers.

In a few days, the first batch of agricultural engineers will be conferred their Bachelor of Engineering (Agriculture) degrees. The Government has accorded full recognition of the degree and I am aware that the Institution of Engineers, the only engineering professional body in the country has also recognised the degree.

The agricultural engineering profession, new as it is, will no doubt face trials. Its practitioners, the agricultural engineers will be looked upon with suspicion and to many, particularly engineers in other disciplines, this new breed appears to threaten the status-quo that now exists in the profession. To others who are outside the profession, there exists among them an air of uncertainty as to what this new breed of graduates are capable of doing, and what 'goods' they can deliver. I am confident that this gathering of distinguished participants will be able, through their able and learned deliberations and discussions, to provide a clear understanding to this country this new discipline of engineering called Agricultural Engineering, which until today has often been thought to mean agricultural mechanisation.

Modernisation of agriculture, through technological change, will influence all aspects of life. It will give rise to numerous questions of social, economic and political significance and magnitude. For example, what effect will the introduction of engineering technology have upon displacement of labour? Will it have aggravating effects upon the unemployment situation or will it alleviate the shortage of suitable labour for the farm? Similarly, what effect does irrigation or drainage or soil improvement have upon the people? Can we have the advantages of increased production and processing without their adverse effects on the environment? We would like to know the answers and you who are involved in agricultural production will, I'm sure, have some thoughts which I hope you will discuss at this conference. And if the answers are not satisfactory or encouraging, what are the practical alternatives? I have no doubt that you will discuss in detail the role that engineering plays in agriculture in your deliberations over the next few days, the outcome of which I shall be following keenly.



## *Speeches on Leadership and Management*

### **LEADERSHIP – ENDS AND MEANS**

Address to UMNO, United Kingdom

London, 15 April 1975

I must consider myself very fortunate to be given the opportunity to speak on a subject of mutual interest before you today for two main reasons. Firstly, I have the opportunity to provoke thought on the subject 'Leadership – Ends and Means' to an audience which has the capacity to provide the thrust of Malaysian leadership in the future. You will be part of that group of people who will be able to shape the future of our country.

Secondly, the exercise bears a special meaning unique in itself to me. Being at present part of the political leadership of our country, the exercise has given me the opportunity to re-examine my own actions and reactions as a leader and in the process to discover my leadership strengths and weaknesses. It is said that in the process of building up leadership strength, it is possible for weaknesses to be eroded. There have, however, been leaders who had become so powerful that weaknesses emerged and developed, without, however, the leaders realizing their weaknesses simply due to the absence of anyone daring to explore them.

Let me start by trying to define 'leadership'. The definition of leadership is individual to the person or group of persons holding it. As a compromise, however, I shall quote this definition of leadership: It is 'interpersonal influence exercised through the process of communication towards the attainment of a specified goal or goals'. In a simple social entity – the family unit for example – the goals of the parents as leader of the group will be custodian and to maintain family unity. The strategy adopted must be geared towards the attainment of these twin objectives.

This simple analogy can also be extended to a larger and more

complex social system. Each social system must have its own individual goal or goals. The goals may change from time to time by the process of addition or subtraction. Sometimes old goals may be maintained but given new emphasis.

Leadership in any social system is therefore concerned with the selection of goals and also the strategy for achieving them. Goals, however, need to be constantly reviewed from time to time. The choice of goals may prove to be wrong through time and will therefore need to be reviewed. However, in certain instances the choice of goals are correct but the selection of strategy on the other hand could be faulty. If indeed our accumulated experience shows that our selection of strategy is wrong, it is then incumbent upon the leadership to select fresh strategies.

The dynamics of the leadership's selection of goals and strategies, in my opinion, is quite apparent in the Malaysian scene. It is a long way from the solidarity marches of the 1950's to the 'Green Book' of the 1970. But the process of nation-building started immediately after independence must still continue. At the same time economic and social development is also emphasised. This is because while political development gives us the character for survival, economic development on the other hand provides us with the sustenance for survival.

Goals once selected, however, should not only exist within the mind of the leaders for rhetorical purposes. They must be translated into relative objective reality because leaders must be measured against the goals that they can deliver, not by how much they say they can deliver. Performance can therefore be measured against actual results and our leadership must be capable of adapting to this new phenomenon in the context of the Malaysian society.

This gradual shift to an achievement-oriented type of leadership as compared to the traditional custodian type of leadership is inevitable. The significance of an achievement oriented type of leadership is generally accepted in Malaysia through the recent appointment of our action-oriented Cabinet. The term itself is already an indication of what the people could expect from its leadership.

The emphasis on an achievement-oriented type of leadership is important particularly to a developing country like Malaysia. I am



not saying that this type of leadership is a recent development in our country. It has existed since we gained independence as evidenced in our records of achievements in our economic development. It has, however, remained unconscious in the past but given new emphasis in the present.

One of the reasons for this, I feel, is that Malaysia like all other developing countries have had its share of the revolution of rising expectations which were further accentuated by unrealistic promises of our leaders. There is the need to consciously control excessive expectations of the people to a more realistic level. Achievement oriented leaders must understand that they can be effective to the extent that the goods promised to their followers can be delivered.

Perhaps a more significant consideration for an achievement oriented type of leadership is further accentuated by the complexity of the government business itself. The cost of development is increasing and the need for money to finance our development projects is becoming more urgent. Not commensurating with the inevitable rise in government expenditure is the unsteady returns for our primary products of which Malaysia has been traditionally dependent upon. Under a tight money situation greater control will be exercised on the leadership and proper priorities will have to be determined to reduce the amount of wasteful expenditure. It is therefore imperative that an achievement oriented type of leadership is desirable to carry out the business of government more efficiently.

I am tempted at this juncture to discuss the concept of good leadership as against popular leadership. I am not assuming, however that popular leaders are never good or that good leaders are necessarily unpopular. To have both would be ideal.

There are the functional and dysfunctional aspects of good leadership and popular leadership if they are measured against their respective effectiveness in achieving social targets. In Malaysia where the targets are defined as nation-building and economic development, the type of leadership that is sought after will be one that is geared towards achieving these objectives.

Firm leadership action must be swift and decisive particularly in a crisis situation. In Malaysia we witnessed the launching of the New Economic Policy soon after the tragedy of 13th May. It was

found necessary that in order to maintain long-term national unity, there must be equal development of all the major races in the country. The New Economic Policy was aimed at increasing the share of Bumiputra participation in all aspects of the country's economic activities. It is in itself a minor social revolution that was necessary to ensure that there will be equal distribution of opportunities and wealth in the country. Of course this exercise created a temporary disequilibrium in our social system but the majority of the population fully appreciate the necessity for such an exercise.

Leadership does not exist in isolation. Rather, it is a function of human interactions and can therefore emerge at various levels of human activities. It is therefore important that to be able to understand why some leaders are effective while others are not, it is necessary to take into consideration the two interrelated characteristics of human beings namely, the rational aspect and the emotional aspect. Unless leaders operate on the basis of how men feel as well as how they visibly act or react, they cannot be followed with confidence by their followers.

It is important that the leadership must be able to assess the rational and gut reactions of the people they lead. Instrumental in achieving this objective is the important concept of feedback. Feedback is the communication tool that sends messages to the leadership thus reflecting the response of the object to any stimuli. It is said that people usually gets the government it deserves. What is actually meant by this statement is that leadership is a function of good feedback or lack of feedback or input of information which serves as a monitor to the leaders to identify areas of strengths or weaknesses.

Feedback, however, can either be pleasant or painful to the leaders. Leaders do not possess the necessary control to determine what the nature of feedback should be although they may have their preference. We all know the functional aspect of pain to the human body. Without pain there would not be any signal on the human body to indicate that something is wrong and would need medical attention. In a social system feedback performs an equally similar function and leaders must act promptly to avert future problems.

In the Malaysian situation perhaps the best illustration of a rather painful feedback from our social system is the May 13th



incident. The racial riots that occurred on May 13th, 1969 were a national tragedy which no Malaysian can forget. However, it also indicated that there was dissatisfaction among the people regarding government policies. Therefore, while the 13th May incident may have destroyed what we have attempted to build over many years, it has performed a very useful 'feedback' function. Arising from this incident, the Government saw the need to review its policies on the various aspects of our development.

Feedback, however, can only be useful if the leaders are willing to use the feedback it receives. In other words, feedback, to be effective, must be used as a communication network producing action in response to an input of information. Also quite apart from using feedback as a tool to identify areas of strength and weaknesses, it can also be used to generate consciousness of leadership goals. It is this continuous process of public education of the leadership's objective and philosophy through the efficient use of feedback that will generate confidence in the leadership.

I have so far touched very little on political leadership. I would now like to discuss the various aspects of political leadership which I think are significant especially in a developing country like Malaysia. Let me initially try to define the concept of politics in the best way I know how. By politics I mean the process of how people in any political system determine who gets what, when and how. It is the exercise of power to influence decision-making which will affect the community life. Politics is, therefore, a process of bargaining for the ability to influence decision making.

The main objective of political leadership, therefore, is the search for the direction of growth of the political system itself. By this, I mean political leadership is continuously in search of a system of regularising the process of political bargaining. In countries that have attained political maturity, the political system itself was only evolved through long periods of trials and errors. The countries themselves were subjected to a series of political revolutions before the ideal system was found.

Developing countries, however, have the advantage of evolving its own political system without having to undergo a similar exercise. Relative value judgement on different types of political system is no longer valid. Therefore no political system is either good or bad. All political systems have their strengths and weak-

nesses.

Developing countries, however, cannot import a political system from other developed countries just because it has served the developed countries well. Political leadership must evolve a political system that is suitable for the country itself. Dealing with human variables is difficult because they are never the same.

Let us take Malaysia for example. Malaysia is a country unique by itself. The structure of the society itself is unique. It is an heterogeneous society where the various races are at different stages of development. The aspirations of the different races therefore are different. Thus we see that the leadership of the Malay community demanding greater participation in the economic activities in the country with the Chinese leadership demanding greater political participation. The question therefore is whether a 'free democratic system' or a 'totalitarian system' can serve our purpose of reconciling our demands better. Perhaps one of the two; on the other hand perhaps none.

Political leadership therefore must search for a suitable political system taking into consideration the realities of the Malaysian society. It is important that our country must have an identity of its own in order that it may be better equipped to resolve our own problems. However, I must emphasise that the search for an acceptable form of political system is an unending process because from time to time as new problems are encountered, adjustments need be made.

In most developing countries, the political leadership is also concerned with the search for a unity of purpose. This is because most developing countries were subjected to colonial rule before becoming independent. During the period of colonisation, a large amount of local dissent were suppressed. For some countries, the struggle for independence was a long and painful process. The purpose of the local masses then was common and the local political leadership was able to maintain a unity of purpose. However, during the period of the struggle for independence, the process of political socialisation was started but until Independence was gained the unity of purpose was maintained.

The problem, however, emerges after having gained independence and the political leadership has to contend with the excess political energy that was generated through political socialisation



started in the preindependence period. Priorities therefore will have to be identified by the political leadership. In this respect different countries at different stages of development have different sets of priorities. Sukarno, for example, may have neglected Indonesia in terms of economic development. No one, however, can deny his important contribution in creating a truly united Indonesian Nation that it is today with an identity of its own. Indonesia can now forge ahead with the process of economic development.

Malaysia on the other hand has a record of economic progress unrivalled by most developing countries. The economic development was started on a large-scale after Independence. However, Malaysia is yet to match Indonesia in creating a truly united nation. The process of nation-building by the political leadership must therefore continue.

Perhaps another important objective of the political leadership is the accommodation of conflicts. Conflict is an inherent characteristic of any political system. This is because a political system is composed of human beings, and for so long as there are human beings inhabiting the world there will continue to be conflicts. Conflicts can therefore never be eliminated but they can be controlled. Political leadership must therefore decide on the allowable conflicts that can exist within any political system.

Very often this responsibility of trying to harmonise conflicts has been abused by the political leadership. Conflicts are for all intents and purposes upsetting and the inability to deal effectively with conflict reflects the inability of the political leadership to be effective leaders. I am not recommending that all political systems should lend itself to open conflict, however. Rather the management of conflict itself should be an exercise of responsibility by the political leadership. Conflicts should not be treated as something that are necessarily bad, but must be given due consideration before concluding that they are bad or otherwise.

Another area of conflict which poses a dilemma to the political leadership is the selection of the leaders itself. Political maturity is measured against the ability of the political party to contain conflicts within the party without creating division.

Political leadership is therefore faced with the need to reconcile the need for political maturity on the one hand and the need to

avert divisions within the party on the other arising out of the process of leadership selection.

Politics is an attempt to resolve human differences through the exercise of power and influence. Political leadership at all levels therefore is involved in the process of interest articulation. It is a process to generate sufficient interest in any issue to be able to exercise influence. Interest articulation on a particular issue therefore moves in several directions. University students and lecturers may be motivated by idealism in their process of articulation whereas others are motivated by some other factors. The right to articulate interest, however, is not the right to exercise power. The interest of one group must be reconciled with that of another and a compromise should be found.

In Malaysia, articulation of interest by the political leadership of the various communities has traditionally been along racial lines. Racial identity is still dominant in our society. Perhaps in the interest of national unity, articulation of interest by the political leadership along a different line may be preferable. There has been a significant start made by the Malaysian Government leadership by making reference to the 'have' and the 'have nots' in the context of its new economic development policy. Although problems may exist at the lower levels, it is hoped that through increased interaction of the various communities at all levels of activities, our efforts to create a truly united nation will be successful.

In conclusion, I must state that the rise and fall of any nation is dependent upon the quality of its leadership and the awareness of the people that it leads. The followers in a country like Malaysia, once they have elected their leaders should not absolve themselves of their responsibilities to check on the activities of its leadership so elected. This interrelationship between the leaders and the followers is a natural process of development which we all hope will contribute in no uncertain terms to our ability to survive in this world of unending crisis.



## PUBLIC RELATIONS AND POLITICS

Institute of Public Relations Certificate presentation Ceremony.

Kuala Lumpur, 13 August 1975.

Basically all politicians must be intrigued by what you are learning in the public relations field, by what you could offer them, and how best they could combine their own instinctive political reflexes born out of experience with the modern day PR initiatives, tactics, techniques and strategies. From the hopefully fictional *Manchurian Candidate* to the factual narrative of *The Making of a President*, one cannot help but detect the enormous and important role being played by the image makers and the PR they employ. Is the name of the game very different here in Malaysia as compared to those in the developed industrialised/democratic countries? If so, how much different is it? What kind of image and what kind of PR strategies or stance get you to the stage where national policies are made?

I am not about to embark on a discourse of the right approach as I am also continuing to seek the answers to several questions, not in the least in the interest of personal survival in the political arena. But you yourselves as much as the Malaysian public at large must have asked certain questions about the leadership selection process in this nation of ours and may have pondered how some people, of all people, have made themselves household names — some people call them national leaders. I am quite sure that as a result of those questions you ask, some of you are still perplexed over how political party members perceive the calibre of aspiring personalities, make their choice and give them the stamp of approval and the leadership. Some of you may find it most difficult to reconcile your own perception of the ideal qualities and capabilities of the leadership personalities you want or look out for with the ones that are being elected. Whether you like the personalities or not, they emerge as leaders who must attempt to lead the country into the challenging future. A case well worth studying is UMNO and the perplexing range of leadership material it has in the ones who make it to the Supreme Council. The Council membership is a blend of many types of leadership styles. And it makes sense to have someone who can speak to the Arabic-

educated, someone who is a smallholder farmer, someone who communicates very well with the ordinary, common folk working in the *sawah* and someone who is adept at trouble-shooting assignments.

What we have here is a case study of images and image formation. Some may have the 'right' image as far as UMNO members are concerned, but look terribly mediocre and undeserving to those outside. Are those whom some Malaysians term as 'not very intelligent' really not intelligent when it comes to efforts to imprint the 'right' type of image necessary to get voted in by the UMNO delegates? We have all seen the results of the last UMNO elections and must therefore conclude that there must be more to it than meets the eyes. What type of PR strategy works best must certainly be the question uppermost in your mind.

To answer the question, one must attempt to discover how the minds of the delegates work, how they respond to the various strategies attempted, and essentially how the mind of the Malays in general work. What do they look for as qualities befitting a leader? What type of leader or what types of leaders do they want or trust? I do not pretend or claim to know the full extent of the interplay of various factors and features of the working of the Malay mind. Many who have been staying continuously at the top of the pile must have learned how it works. And they have instinctively acted and reacted in the manner that has shown they are quite clever at it.

Of course, some have been continuously elected by the fact that they had strived to be physically seen by as many of the party members as possible. That entails quite substantial travels to all sorts of places on the Peninsula where it matters with UMNO. And yet the late Tun Dr Ismail remained a leader most respected and honoured despite his perchance for lack of enthusiasm to beat the Marco Polo trail. He created the image of a serious leader and a prodigious worker for the nation by staying more at his desk in Kuala Lumpur. Some talk a lot through the media causing some Malaysians to allege that they do precious little else to merit being elected by the UMNO Assembly. There are also some who speak a lot, but are sliding down in popularity. Some others have done comparatively little but have public pronouncements and have been given the mandate to help lead the party, while others



who do the same are lamenting the fact that they still remain unnoticed. It has been said that UMNO members never drop a leader like a hot potato, but offer him the more face-saving device of letting him know very subtly that he is on the way out. Yet, one of the most intriguing features of the UMNO leadership selection process is the ability of the lower rung leaders to process the images and realities of each of the candidates, so as to select a balanced and overall representative group, thus ensuring a really representative government representing all strata of society.

While I leave you to ponder the answers to those intriguing questions, let me assure you that politicians and political parties have already begun to see how useful your services can be. There has been a breakthrough from the so-called good old days when party leaders, particularly in UMNO, would not dream of listening to PR consultants. In those times, party stalwards insisted that since they had tasted salt and tamarind first, they should know better what politics is and how to do their politicking. Happily or unhappily, depending on who gains and who suffers, things have changed within the party and in the Government.

The old party salt still has the upper hand when you go out on a house-to-house campaign in the country-side. Calling a lady *Mak Wan* when the customary polite address should be *Mak Cik* in certain particular areas could get you literally on the wrong side of the voter before you even got the change to plug your party line and the candidate. UMNO is not just about to publish the wealth of experience it has accumulated about the ordinary everyday PR exercises that must be utilised to get the votes while on the husting. And now of course, you get more attractive hoardings, billboards, posters, handbills, leaflets and more judicious and prudent use of the various types of communications. But, I suppose we must listen more to the PR men and women or we might overdo it.

However, the question of creating the right public image through genuine public relations efforts remains. It will continue to be so as the Malaysian society becomes more aware of their individual rights and expects the right kind of services. I know how exasperating it is to call up a department and discover that the telephone operator does not really know which official you should speak to, to help tackle your problem. And you get inklings of corrupt practices afoot — which cannot be totally remedied by PR

alone — when you are told how difficult it is to solve your problems and when the officials use the kind of words and phrases that ring the bells in your ever alert mind as a businessman. Even if you are naive enough not to be able to perceive what the official is hinting at, you eventually receive the visit of a *kaki* who tells you that for a certain 'consideration' your problems would be solved despite the fact that applications are already closed. Yes, no amount of PR is going to convince you that your rights are as equal as the next citizen if you are just a beginner in business and have not got the means to make the right payments to the right persons who would accept it from you because he too is a Malay like you and he is afraid you might let the cat out of the bag. Lest I am misunderstood I am not condoning it or saying that it is that rampant. I am merely trying to emphasise how wide the term PR is.

It has helped a lot that the Government has opted for policies that strike at the core of the problems faced by the nation and the people. It has also helped a lot that those who lead the present Government are intent upon implementing those policies in a manner that creates confidence among the sizeable portion of the Malaysian population and not just among the Bumiputras. But these and good PR are not going to solve the problem of image on the 'corruption front' for example, unless we really strive to have a clean and really efficient Government and administration. In other words, confidence can only be instilled if the image is in conformity with reality!

### **THE ROLE OF PERSONNEL MANAGERS**

Malaysian Institute of Personnel Managers Fellowship Night  
Kuala Lumpur, 4 February 1977

I can only draw an analogy between the role of a politician in the country and the role of a Personnel Manager in any corporate organization based on one small objective which we both share. The only difference between the role of a politician and the role of a personnel manager in the human resource development is one of dimension; whereas the responsible politician thinks in terms of



the national interest first, the personnel manager thinks in terms of his corporate interests first. However, we all share the common responsibility of providing opportunities to people to attain their maximum (in terms of realising their optimum contribution) either to the society or to the corporate organization in which they form a part.

Many of us have been disturbed over the development in industrial relations within the public sector in the past week resulting in the convening of a special emergency session of both Houses of Parliament. Any form of industrial action which might have arisen from the issues would be disastrous to everyone, including the public servants themselves. The impact of industrial strife at this juncture needs hardly be emphasized as driving the country into bankruptcy. Even more urgent is the need to consolidate the public service especially since we have just recently launched the Third Malaysia Plan.

Now that the importance of personnel management has been brought to the fore in the public organization, let us examine your role in what is commonly called the 'people's business'. It has been said that a poor instrument in good hands will often succeed while a good instrument in poor hands will often fail. This demonstrates clearly the need for the development of and training in the human aspects of management which your Institute is presently so admirably doing.

Systems, directives and plans are all fine on paper but the ground for their success can be laid only when the people who implement them are sufficiently motivated towards achieving their objectives. It is people, the manager and those he manages, who will in the final analysis put their imprint on such systems, directives or plans for better or worse. And a large portion of the responsibility lies with how managers manage their work-people.

Over the last two decades, the importance of the personnel function has been highlighted in industry. As our industrial development plans gather momentum, with the visible signs of better living standards and the progress of correcting the imbalance being felt, the role of personnel managers in the development of human resources stands out as a vital management function. While both human and material resources determine the extent to which an enterprise can progress, it is the human resources that can make or

break the enterprise. It is man, and man alone, who of all the resources available can grow and develop. It is he alone, whether he manages or is being managed, who can contribute efficiently to the growth and development of the enterprise. Man decides how best resources like money, materials, machines etc. can be utilised.

Modern management has been defined in simple terms as the means of deriving results through its human resources, those who manage and those who are managed in equal importance. In order to get the best out of these human resources, work in the enterprise should not only be rewarding but also satisfying. This applies to all, right from the unskilled worker to the Chief Executive of an organization. The assignment of work to and indeed the management of human resources must be such as to make them want to work productively and effectively.

The importance of the human resources and their value to the enterprise can involve a long narration. Perhaps, it is worthy restating their value by quoting from the report by a chief executive of a successful international company as follows:-

'The greatest assets to a business are its human assets. The improvement of their value is both a matter of material advantage and moral obligation. I believe, therefore, that employees must be treated as honourable individuals, justly rewarded, fully informed, properly assigned and encouraged in their progress. Their lives and work must be given meaning and dignity'.

The Credo, to me represents the role of personnel management in our country, and it is up to you personnel practitioners, therefore, not to have it as a mere statement on paper, but as an expression that can be translated into action resulting in untold dividends to your company, the country and all its people. At this time of national development your role is the more important in the maintenance of good and sound human relations. Providing human satisfaction from work output and good employer or employee relations is indeed your obligation.

Malaysia is at a stage of development where a constant reassessment of its strategies for national development is being



made. In this respect, personnel management in our country needs to be more sensitive to the broader aspiration of the people, especially in the areas of human resource development.

Personnel managers can play a significant role, especially in the development of a more equitable distribution of expertise in our country. This is in line with the overall Government objective of creating a more just and equal society within the context of the Malaysian environment. There is for example, the need to increase the intake of Bumiputras into the private sector at all levels so that we can achieve a fairer distribution of expertise in the country. Whilst I am sure that this new phenomenon would be looked upon with apprehension by other races initially, I am very sure that you would appreciate the concern of the Government regarding the necessity of such a programme. This new phenomenon may create certain displacement effects within the private sector in our country. But I believe that in the long run it will only serve our basic interest.

I hope that through a much more balanced manpower procurement programme initiated by the personnel managers in this country, the significance of your role in the process of nation building can be fully appreciated.

The Government in recognition of the need for human resource development has given priority for training people in specialised skills by providing vocational schools and training institutes. It has placed human resources in the inventory of needs ahead of natural resources, industrial facilities, capital and know-how. With the help of your profession, the Government objective of transferring knowledge to the local people in commerce and industry will be smoothly achieved and in a manner reflecting the country's racial composition, as far as possible.

**RUNAWAY TECHNOLOGY :  
AN ORGANIZATIONAL PERSPECTIVE**

Asia Pacific Regional Research, Management and Administration Workshop.

Kuala Lumpur, 6 December 1979.

The proper and efficient management of scientific research institutes is important because science and technology have vital roles to play in our quest for development. In recent years science has made tremendous and breathtaking advances. As a result, various processes of change took place; for some the change was slow and gradual; for others it was dramatic; for still others it was revolutionary. Never before in human history has man been so intoxicated with change. Man now possesses within his grasp new powers over himself and his environment that will radically transform his whole character and the purpose of his existence.

In a recent speech in Bangkok I called attention to the problem of runaway technology and to the prospect that man may just become an adjunct of technology. Today I would like to address that matter from an organizational perspective which I believe, may have important implications for management.

To begin with, let me pose a question, what is the consequence of the application of technology to solving our immediate problem? I believe that we find contradictions in the process of trying to answer this question and usher in a host of unintended outcomes: Skyscrapers solve the need for space in a situation of physical scarcity but it creates numerous other problems: it constricts the richness and mobility of life, causes claustrophobia, paranoia and the like, and according to some informed observers, increases the incidence and efficiency of suicide, to mention just a few. We did not intend these. Fertilizers increase production, but the run-offs that were flushed into streams exterminate living organisms there, making the water unfit for drinking. Neither did we desire these outcomes. Factories produce industrial goods but industrial waste pollute and poison the air and water, thereby threatening human existence. The felling of trees for timber for purposes of export and building may increase our GNP, but it depletes the forest, and where felling is indiscriminate, as is usually the case, it can cause soil erosion, floods, and even adversely affect weather patterns.



Yet we must have skyscrapers because space is limited; we need fertilizers to increase food production; we need factories; we need timber; in short we need a host of many things. These are the contradictions.

Why these contradictions? Must it necessarily occur? Why is it that the very instrument which man has painstakingly fashioned to produce a certain good at the same time ushers in a host of unintended outcomes? Is the instrument itself at fault or terribly inefficient? I do not believe this is the case. To attribute the failure to the instrument itself is to completely miss the point. The problem does not lie with the instrument. It is with man himself.

I believe that the problem of unanticipated consequences is due primarily to two factors:-

- (i) due to the conceptual model that man adopts in his quest for change via technology;
- (ii) due to the amoral posture of the scientific community toward the question of values and morality.

Let me discuss the point on the technological model of change. On the basis of past and even current experience, we seem to subscribe to the idea that change can be brought about in piecemeal fashion. This is perhaps due to our unquestioning acceptance of the unlimited possibilities of technology, which we believe can only bring about good. Thus, it does not matter for us how technology is introduced so long as it is introduced.

But there is a sociological law, not technological, that governs society which tends to escape the attention of scientists completely. First it must be remembered that social change is a sociological phenomenon, not technological. Second, society itself possesses a unique property which must be properly appreciated. Failure to do so can bring about harmful outcomes. That property or that social fact, is that society should not be viewed in part but in whole. The noted French Sociologist, Emile Durkheim, over a century ago, postulated that 'society is more than the sum of its parts'. What he meant by that was that in order to properly understand society we must view it as a whole because there is a

certain uniqueness of the whole that cannot be accounted for by the parts. To apply this conceptual scheme to our technological development we may say that the sum of the different parts of technological contributions does not make for the whole good. What this implies is that if we want to achieve good, we must start with the good of the whole and not with the good of the part as we had done in the past, are doing now, and perhaps will continue to do in the future.

The strategy for change thus must be reviewed and reconstructed. In the past technology made things happen. It was first in the casual order of things. Society had to adapt itself to technology and not the other way around. Hence we have a case of unbridled technology. It is vital for the good of man that we reverse our conceptual model of change. Society must come first in the order of things. Change must be properly managed, and it must be approached from the whole perspective, and not in piecemeal fashion.

Let me now make a transition to the second point — the amoral posture of scientists and technologists.

Scientists and technologists have all along adhered to a rigid principle of objectivity. A scientist cares only for the facts as he objectively sees them, as he objectively analyses them, and as he objectively presents them. The protocol of the scientist is so objectively rigid that anything that departs from the norm of objectivity is considered unscientific. A scientist is not supposed to pass value judgment because value is outside the province of the scientist. A scientist is not supposed to be biased because, it is felt that such a disposition would undermine the canons of scientific austerity. A scientist, in short, is forbidden to moralise because morality is alien to the culture of science.

As a result of this obsession with cold objectivity science remains aloof from ethical and moral considerations. At best it only provides the means for the realization of values, but it does not create them, and in the final ultimate analysis it does not discriminate among them. The invention of the weapons of destruction, as a moralist would call these weapons, like the nuclear bomb, has, to the scientist no moral undertone. The invention is simply viewed as a scientific accomplishment. Such being the posture of the scientist his work is characterized as descriptive



rather than prescriptive. To be descriptive is to be objectively neutral. To be prescriptive, on the other hand, is to be subjective where one sheds the cloak of neutrality and announces a preferred value position.

Perhaps it is due to the scientist's abdication from moral responsibility that our world is tossed into serious turmoil, bringing man to the brink of catastrophe. Since the discovery of atomic energy, which scientists acclaim as one of the pinnacles of scientific accomplishments, the world has never seen the light of peace. Man's fate now rests precariously between the finger of destruction and the button of doomsday.

I call upon scientists to descend from the descriptive pedestal to the prescriptive, from the position of objective neutrality to one of subjective morality. The aloofness of scientists to questions of values and morality is no longer tenable, realistic or defensible. Science must move from being exclusive to being inclusive, it must move from being analytic and descriptive in its approach to being synthetic and prescriptive; it must move from analysing the constituent parts to interpretive synthesis of the whole; it must move from being interested in the nature of things as they are, to the possibilities of things, their worth and their meanings. Science must not only observe and control processes, it must also criticize, evaluate and coordinate. Science in a word must moralise. Morality and moral values must be the soul of science and technology.

How do we ensure that the proper application of scientific and technological inventions and products would contribute to enhancing our sense of morality and values and sustaining the continuity of our civilization, and more importantly, our existence? We have to tackle the problem at two levels.

At the level of the institution, particularly at the tertiary level, concerted effort must be made to dismantle the impossible barrier that currently divorces science and technology from the humanities. The situation now is most unfortunate. Students, be they in the 'soft' or 'hard' science are regimented into their narrow territories of study. I suggest that the two sciences must be integrated so that our students would possess a sense of balance and proportion in discharging their functions be they 'hard' or 'soft' scientists.

The second solution that I would like to suggest here concerns the management of technology. In this regard I shall not address

management from the cookbook perspective. I believe that there already exists adequate cookbooks to provide clear guidelines even for the novice. Rather, I shall approach management from a conceptual perspective.

I believe this approach is important and crucial to laying down adequate conceptual parameters for management. Thus once conceptual issues concerning management are sorted out the rest should follow quite easily.

The first thing the manager of science and technology must resolve is how to disentangle and separate the relationship between science and technology on the one hand and social change and development on the other. The matter is not as simple as it may seem because this is a crucial point of departure for the manager. The manager must decide, and he must know what to decide on what is to be, because whatever he decides will have serious implications and consequences for the role of each — technology and society — in the quest for progress and development. Does that relationship mean that technology is the engine of social development and change? Maybe this question is simple to answer. I believe we have no trouble in answering 'Yes' because the feeling is unanimous on that, I hope. The next question is rather tricky. Since technology is central to social change, what is the casual order of this matrix of change? Must society in its quest for change adapt itself to the dictates of science and technology or vice versa? And what is the goal of change — societal advancement or technological advancement? If the goal is technological advancement, then society becomes the means for the realization of the technological goal. On the hand, if the goal of change is societal advancement, then technology itself becomes the means for the realization of social goals. Each preferred position has its own implications and consequences. The first position champions the cause of technology: technological development is to be purchased at any price, even at the expense of compromising social values and morals; even if it destroys all simplicity and gentleness of life, and all beauty; even if it plunges the world into wild chaos and bring men to the brink of extinction. Is this our position with regard to the relationship between technology and society? While we may vehemently and violently protest against such characterization, I feel that we cannot any longer afford to have any



pretensions about the reality of the ugliness. I believe there is substantial evidence to persuade us that such is the case about our stand on the relationship between society and technology where prominence and primacy are accorded to the latter.

The second position, on the other hand, accords centrality to society where technology is regarded as a crucial instrument of change. In a situation where social values and morals are threatened, it is not society but technology that must be compromised. This is because to the quest for change, the ultimate objective is man, and he is sacred, and cannot, and must not, by any means, be compromised.

Science and technology must be organised, planned and coordinated so that they share a common perspective and meaning in their quest for the nirvana of good, for the ultimate survival of man.

#### **MANPOWER PLANNING IN THE FMP**

8th Asian Regional Training and Development Organisation Conference.

Kuala Lumpur, 16 November 1981.

The human factor is a key input in the development process. To harness it successfully to meet development targets has never been an easy task. Many countries are unable to supply, at the right time and in sufficient number, the skilled manpower needed to achieve development targets.

Shortages of skilled personnel, however, often exist side by side with unemployment and seriously hamper the implementation of development plans. On the other hand, there may be an over-production of certain categories of qualified staff. This does not, however, indicate a lack of recognition of the economic value and role of human resources in the development process. In fact, what is lacking is an overall view of the problem, especially the criteria for assessing the costs and benefits of investment in people. The unfortunate consequence is a heavy investment in human resources development, but yielding only meagre results.

It is not uncommon, especially amongst developing countries, that there seems to be a serious lack of a coherent policy, specifying and more importantly, coordinating the tasks of various bodies in training so as to ensure that the demand for and supply of, manpower is in equilibrium.

The growing importance attached to educational planning is certainly a step in the right direction but it should not give rise to unfounded optimism, for very often educational planning is detached from, rather than being a part of a national master plan to produce the necessary manpower for continued economic growth and well-being.

It would logically follow that the content of the general education syllabus at the primary and secondary levels should not only ensure progressive acquisition of knowledge but also to equip students so that they can, on completing a given stage of education, take up a introductory course in vocational training. This may require an overhaul of the education system as indeed we here in Malaysia recognize and are in the process of doing.

The need for a national coordinating body for human resources development cannot be over-emphasized. Its absence can give rise to rivalry among a multiplicity of government departments, little or no coordination among them and lack of a channel for discussing major questions of general policy or working out arrangements on objectives to be achieved. This body would most ideally be tripartite in nature. That is to say, comprising representatives from the Government, employer and workers. Subsidiary boards could be set up to service specific sectors or industries like construction, engineering, mining and plantations. This set-up would ensure that a collective approach is adopted in tackling all issues relating to the deployment of human resources.

Ideally, this coordinating body should also be responsible for collection of data relating to Manpower Planning and Development. Only with such a collective approach can any country hope to fully harness its labour force towards the desired development goals. Government can provide institutional training, provide incentives for training and legislate for better working conditions. But the employers and workers, particularly through their respective organisations, can also help to create a committed and disciplined labour force. Employers can conduct training within their



firms and develop an awareness of the social responsibility of management. A Workers' Organisation in addition to defending workers' rights, can help workers from backward areas to adjust to their new working environment, take an interest in improving the workers' living conditions and assist them in organising their leisure time.

This collective effort is also necessary if countries are to successfully integrate their young workers into the working environment. This is an especially pressing task since young people come from a high and rising percentage of the economically active population. In fact, a United Nations study showed that young people under 20 years comprise nearly half of the population of the world and more than half of many developing countries. The prejudice against manual labour has caused widespread concern amongst governments because it endangers the continued well-being of the national economy. Young people very often take industrial jobs because they have to and not because they want to. There is a necessity for a new look at the working environment and working conditions. Economic and material considerations should be replaced by attempts to humanise work so that young workers will be integrated into the labour force to successfully meet the development challenges of the eighties.

Within the Malaysian context, the country's economy has to accomplish during the eighties the long term targets of the New Economic Policy (NEP) and to compensate for past short-falls in terms of performance. Apart from ensuring rapid growth, there is a need to ensure structural changes in employment and skills and in the ownership of assets so as to reduce poverty irrespective of race and to facilitate the restructuring targets of employment.

The country is expected to be undergoing an increasing tempo of industrialization and rapid technological changes during the eighties. This calls for more efficient use of labour so as to meet this challenge. It is therefore crucial that an adequate supply of trained manpower be made available to implement the projects of the Fourth Malaysia Plan (FMP) if there are to be no shortfalls in the achievement of targets.

The rapid pace of industrialisation and technological changes that is envisaged for the Malaysian economy in the eighties also require improvement in organisational efficiency. This implies that

entrepreneurs and effective managers need to be developed to run enterprises efficiently.

The expected economic growth of Malaysia during the eighties calls for continued expansion in the supply of trained and skilled personnel at the professional, sub-professional and technical levels, particularly in the scientific, technical and managerial fields so that manpower shortages will not be a serious constraint on development.

The Government has set up the Manpower Development Board (MDB) in December 1979, to coordinate all activities pertaining to manpower development in order to ensure the adequate supply of skilled manpower to meet the needs of the fast growing economy. It also serves as a forum for public and private sector discussion on major issues and problems in the area of manpower development. MDB is expected to affect closer cooperation and more active participation of the private sector in the training of skilled manpower. Of particular importance is the provision of in-plant and apprenticeship training in various firms and factories.

Apart from striving to coordinate skills training, MDB has also carried out activities to overcome specific problems in manpower development. The activities included the preparation of a preliminary masterplan for manpower development and state masterplan for manpower development in the states of Kedah, Malacca and Negeri Sembilan and a study on the shortage of instructors in public vocational training institutions. During the FMP period, MDB will update the national masterplan for manpower development, review the national apprentice scheme and work out a system of incentives for the private sector in order to encourage and facilitate their active participation in skills training.

The Government is increasing the number of institutions as well as the capacities of existing institutions to ensure an adequate supply of manpower to meet the demands for trained and skilled professionals, sub-professionals, technicians and semi-skilled workers. With regard to the supply of professionals, sub-professionals and administrators, the Government aims to increase the annual output of degree graduates from 4,300 in 1981 to 6,200 in 1985 and diploma holders from 4,200 to 6,000 during the FMP period. A total of 27,400 degree and 25,600 diploma students with about half of them in the science and technical disciplines are expected to



graduate during the plan period.

The training of the skilled and semi-skilled manpower at certificate level will be expanded considerably during the FMP period in view of the rapidly expanding demand for skilled workers in the manufacturing, construction and high technology industries. This is expected to be achieved by increasing the number and capacity of vocational, industrial training institutions and Youth Training Centres.

The training capacities in most government departments will be improved and expanded so as to contribute towards increasing the supply of technical, professional and managerial capability among the staff in the public sector.

As the country moves towards a situation of full employment by 1990, the need for better coordination in the area of manpower planning and development is crucial, otherwise the available manpower may not possess the required skills to match the jobs that have been created.

MAMPU, the Malaysia Administrative Modernisation and Manpower Planning Unit, is playing a central role in the coordination of both manpower planning and manpower development in the country as it is the Secretariat to both MDB and the steering committee on manpower planning (set up in 1977).

I am aware that one of the objectives of ARTCO is to enable the Human Resources Development practitioners of the region to come together and share their experience, expertise and insight into problems of productivity. There is present in this conference, I am made to understand, a rich reservoir of ideas and thoughts that can be tapped by the Government concerned. I see this conference as a sort of a think-tank or a magnified version of the quality-circle which is gaining popularity among the developed and developing countries alike. Looking at the eminent names of speakers and the appropriately chosen topics, I am optimistic that the ARTDO objectives of exchanging ideas will be achieved and that the conference will do justice to the efforts put in by the organising committee of the Malaysia Association of Productivity, the host of this conference.

## *Speeches on Primary Industries and Natural Resources*

### **RESOURCE MANAGEMENT AND INTERNATIONAL COOPERATION**

Fifth International Symposium on Energy, Resources and  
Environment.

Kuala Lumpur, 20 February 1975.

Within the last few days we have listened to a great number of thought provoking presentations on the various subjects of the symposium. To me, the significance of this symposium to Malaysia is enormous in that we are at just the right stage of development to benefit from it. Within the context of the present international economic scenario, Malaysia could count herself blessed with an abundance of natural and human resources, sufficient present and potential energy sources and an environment still little spoilt by the arrival of the technological era.

Being the Minister responsible for Primary Industries, let me caution you at the outset that my thoughts would be restricted to problems that we in Malaysia face with regard to the development of our resources coming under the category of primary commodities on which most countries in Southeast Asia are so dependent for further development.

We live in a highly interdependent and fast changing world in which both natural and human elements can have a significant impact on the future production and supplies of our foodstuff and raw materials. Although it is recognised that the natural elements such as drought, floods and other major natural disasters may influence the supply and demand situation for the various types of commodities, it is still the human elements which have brought about the major problems besetting the world today.

It is through sheer human sweat, blood and toil that we have managed to become productive, changing our society from primi-



tive ways to modern technology. The different degrees of technological advancement are also the result of human elements by a wide range of factors. Leaving aside the human factor restricted within national boundaries, I need to stress here only international conduct to illustrate how this has affected the lives of millions, some negatively and some positively. Primary (commodity) producing countries are faced with a great number of difficulties within the context of the conduct of the international community at large.

The international community's tardiness in dealing with its problems of inflation and monetary disequilibrium has created general distress in the general world economy. Advanced industrialised nations have come to realise that they cannot afford to live off inflation indefinitely. Living beyond what they actually produce by passing inflated prices of their manufactures to other countries (in this respect the developing world generally) is just not tenable anymore. Inflation inevitably will also have adverse effects on the development and production possibilities of primary producing countries, resulting in shortage of primary production and higher costs and prices.

Just when the developing countries are recovering from a continuing decline in their terms of trade in 1973 through a rise in the price of primary commodities, the industrialised countries undertook measures (of) one kind or another to reverse the trend. Additionally, in order to cater to their financial needs and to bolster the inbalance of payment, it is quite possible that the industrialised countries, whilst making efforts to recycle petrodollars for their own use, would attempt to balance things off with the rest of the developing world. Already the warning signals are out that aid and assistance from the industrialised countries are going to slow down. If this happens, it is hoped that this would not spread to lending operations by multilateral institutions despite their domination by the industrially advanced countries. Other possible restraining measures are also being attempted in both trade and investment.

One example of the attitude of 'my interest first whatever happens' is characterised by that of the Far Eastern Freight Conference, which is dominated by liners of advanced nations. Its way of handing down freight increases is arbitrary and unreason-

able. While there is every reason to believe that the recent freight increase by FEFC has been much higher than could be justified by any reasonably efficient shipping operation, the principle of allocating freight increase has also deviated from the past practice of a uniform rate increase for all cargo to one of discrimination against primary commodities of developing countries vis-a-vis manufactured items exported largely by industrialised countries.

The tendencies of such cavalier treatment of developing countries cannot be tolerated. Be it in shipping or trade, such action would tend to produce counter actions bringing in their wake conflicts, confrontation and frictions. There is a limit to which one party or one set of countries can hope to progress at the expense of another. In this respect, the industrialised countries are as much governed by the fortunes of the developing countries as the developing countries are affected by the state of economic health in the industrialised region. In a world in which time and distance have been progressively reduced as a result of modern means of transport and communications, the fuller utilisation of the relative and comparative advantages of countries based on their differing resource endowments and their development potentials have tended to enhance international specialisation and inter-dependence. This trend should be encouraged and not hampered.

The industrialised countries are interested in the developing world as expanding market outlets for their manufactured goods and as sources of commodities and raw materials of various kinds. This makes two factors imperative. Firstly, all developing countries must be assisted to bring about the realisation as much as possible of their development potentials. Secondly, they must be assured of commensurate returns for their products, if production is to be sustained and even expanded to cater to growing world requirements in the future. Whilst the former requires enlightenment on the part of the world community, particularly the rich nations, the latter regarding fair prices is an inescapable commitment. For unless fair and adequate prices are obtained the process of production and reinvestment or new investment will surely take the logical course of decline. The question is: do we wait for a situation of shortage to recur now and again to restore prices to their proper levels or do we act to spare the world the traumas of supply shortages and surpluses with accompanying wild fluctua-



tions in prices.

In recent years, it has become increasingly obvious that the free market forces cannot be depended on or taken for granted in fulfilling their time immemorial roles of proper resource allocations, price and wage determinations and supply and demand adjustments. This situation had arisen as a result of various factors acting on their own and more often compounding each other, such as the international monetary disorders, inflation, stagflation and recession, monetary and commodity speculations, weather disturbances and the energy crisis.

Agricultural commodities, be they fibres, resins or rubber have had to contend with aggressive competition from synthetics and substitutes. Synthetics largely arising from petrochemicals ..... created economic chaos in agricultural commodity markets. Confounded with and compounding speculative market forces, these factors distorted and exaggerated supply-demand balances thereby accentuating price fluctuations. Agriculturally-based commodities tended to loose market when prices were fluctuating at high levels and made no gain whatever when prices were unrealistically low.

The material shortages of 1973-74 and the sudden new realisation of energy costs and shortages demand a revolutionary review of world attitudes towards agricultural commodities. The time and cost scale for petroleum is clear. Sunlight energy is photosynthetically converted by plants and mammals and the trapped energy through organic decay at the end of millions of years appear beneath the earth and the seas as hydrocarbon ... the source of the so-called fossil energy. This hydrocarbon is pumped out, refined and cracked to produce petrochemicals from which synthetic rubbers, fibres and resins are made. Each of these compete with natural rubber, timber, natural fibres like cotton, wool, Abacca, etc. and natural resins. A cost accountant assigned to the job would have soon arrived at the real costing of the process. This would illustrate that petroleum is not a cheap commodity and therefore the petrochemicals and the polymers arising from them would reflect such higher cost levels.

On the other hand, agricultural commodities have a different time and cost scale. In the case of natural rubber, sunlight falls on the trees ... the energy absorbed is partitioned into tree growth and rubber production. With a gestation period of four years and a life

span of 30 years, replanting can keep the cycle going indefinitely with the only external output being fertilizers. Under the biological system, today's sunlight is tomorrow's rubber. Similar equations can be arrived for fibres like Abacca, cotton, etc. and many other agricultural commodities. I would therefore forward the hypothesis that the 'petrochemical era' is essentially over and we are really entering the 'biological era' which depends on our basic resources ... soil, water, air and sunshine. This situation is yet to be generally accepted and our own references to our commodities tell the best story of the basic relationship between resources, energy and the environment.

Malaysia is the world's No.1 producer of natural rubber. Rubber is a good example of the economic forces which we have to contend with. World consumption of elastomers is projected to grow on a secular trend of 6% per annum. The share of natural rubber in overall elastomer consumption can be expected to be maintained at least at the current level of about 30% and most probably to increase to something to the order of 40% in the longer term.

Given the long-term outlook and demand for natural rubber, new investment has to be provided to continue with an expansion of acreages and the up grading of crops through better and improved variety of high yielding plant material. The commitment of additional investment funds is one aspect. Coupled with that is the need to create an environment by which we can persuade farmers to go into the cultivation of rubber or to resuscitate their acreages through replanting. All of these require an assurance that prices and returns will continue to be satisfactory.

Recently, however, we saw how the rubber prices had fallen right down to levels which had become uneconomic for great numbers of small farmers to continue tapping their acreages, let alone persuade new ones to come in. The persistence of such low and uneconomic prices of rubber over a prolonged period could seriously disrupt the whole fabric of the rubber industry as well as the momentum for future growth and expansion. This is quite apart from the social problems that arise from widespread unemployment and sharply reduced family income. As rubber trees take anything up to 5 to 6 years to come to production, the adjustment process to a future demand taking place 5 to 6 years



hence will have to start now. Yet in the process, we recognise that there would be situations where demand could temporarily get out of line with the secular long trend. It is in recognition of such transient imbalances that occur in the supply-demand position that the Malaysian Government embarked on a rubber price stabilisation scheme.

The initial reaction to the scheme has been very encouraging. Prices have been restored to more reasonable levels after a virtual collapse to below Malaysian \$1 a kilo. As a result, hundreds of thousands of smallholders have been spared from being deprived of their livelihood. At the same time, the orderly revitalisation of the rubber industry through replanting is given further impetus not only in the smallholding sector but also in the estate sector. A more meaningful balance is being established between supply and demand.

It is envisaged that the national scheme now undertaken by Malaysia would evolve into an international rubber buffer stock scheme. We firmly believe that this scheme, by helping to remove some of the short-run as well as long-run uncertainties in the market and thereby some of the extreme fluctuations in prices, will be of benefit not only to producers but also to consumers. I am confident that the rubber price stabilisation scheme would contribute significantly towards better resource management and utilisation as well as improved scheduling of production and supplies, whilst at the same time facilitating planning and purchasing functions of consumers and users. In other words, what we are aiming for is not a negative confrontation type of producer-consumer relationship, but one of positive mutual interests.

The three rubber producing countries, namely Indonesia, Thailand and Malaysia would have the advantage and benefit of the International Tin Buffer Stock Scheme, of which they are members, to go by as a model of successful implementation. Indeed as it happens the International Tin Buffer Stock Scheme can be said to be the only one buffer stock scheme working successfully to the mutual interest of producers and consumers alike. As it happens also, if ever there is another commodity that could be launched into another scheme, rubber stands the best chance to be another success story. Like the International Tin Buffer Stock, the proposal for the international rubber buffer

stock scheme should merit the support of all producing and consuming countries alike and indeed the international community at large.

Our proposals for rubber could not be more timely in view of the growing international interest and support given to the establishment of commodity price stabilisation schemes for several primary commodities, such as the United Nations Special Assembly on Raw Materials and the recent Dakar Conference on Raw Materials. The current UNCTAD conference in Geneva is also examining a proposal of creating a special fund to stabilise prices and ensure supplies of several major commodities, including rubber. A good possible source of financing buffer stocks would appear to us to be the I.M.F. which had already participated indirectly in financing the Tin Buffer Stock through loans given to some members of the scheme to finance their contributions to this Buffer Stock. We hope that the I.M.F. would get round soon to amending its Articles of Association to enable it to undertake direct financing of buffer stocks as a means of achieving greater stability and orderliness in world commodity prices.

I may in the course of my presentation have created the impression that only developed and industrialised countries have the obligation to correct the present rather confused state of world economic order. May I stress here that this is certainly not our view. We in Malaysia have accepted the concept of self-help first and foremost before seeking assistance and cooperation at the international level. A unique example in the case of natural rubber is not only the research and development expenditure of US 15 million dollars annually, but the total financing and control of a research laboratory in the United Kingdom to do consumer proximity research on Natural Rubber technology. Since independence, our economic development diversification programme has paid off handsomely to the extent that we find ourselves now to be the leading producer of more commodities than the ones we started off with. From being the world's leading producer of tin and rubber, we have added palm oil, tropical hardwoods and pepper to the list. Concerted efforts are now being carried out to go into other commodity productions with top priority on food. In addition to that, our industrialisation programme emphasises the utilisation of our own natural resources so that the right balance



could be struck within the context of our own economic development plan.

Indeed all these factors as propounded above, both in terms of the obligation of each national entity as well as the international community at large would go a long way towards the creation of the new international economic order that has so often been propounded for at international forums. The achievement of fair and orderly prices for the major exports of developing countries would go a long way towards enabling us to obtain the necessary finances to carry out our development plans which should include the diversification of our economic base, so as to be less dependent on external sources of aid or assistance, as well as guaranteeing the availability of future supplies of essential commodities and raw materials to the growing international markets. Surely no one will deny that this is the kind of international economic order that we want to promote and create for a better world, a better future and greater international cooperation and understanding.

### **EUROPEAN FINANCING OFFERED FOR RUBBER BUFFER STOCK**

2nd ANRPC Committee of Experts Meeting.  
Kuala Lumpur, 6 May 1975.

Let me first, on behalf of the Government of Malaysia, extend a very warm welcome to all distinguished participants of the Second Meeting of the Association of Natural Rubber Producing Countries Committee of Experts. Many of you have met many times in many places for the cause of the natural rubber industry. This particular meeting, however, has a unique significance in the history of the ANRPC and of our region, in that it will not only assess some of the important achievements of your past endeavours, but will also deliberate in totality on the current international efforts towards achieving a fair and stable price for NR.

As you are fully aware, a stable price within reasonable limits, competitive to synthetic rubber (SR), is crucial to the long-term viability and strength of Natural Rubber (NR). You will recall, the

Association was established some years ago with the primary objective of raising the unrealistically low NR prices then and of stabilising the price at levels acceptable to both producers and consumers. The idea of using an international buffer stock was extensively deliberated upon during the early existence of the ANRPC, but its institution was not considered appropriate at that time in view of the developments in the petroleum and SR industries.

As you are aware, exports of the three ASEAN major natural rubber producing countries (i.e. Indonesia, Thailand and Malaysia) met in Kuala Lumpur in March this year and agreed that stabilisation of NR prices is a prerequisite to ensure the healthy growth of NR to meet the challenges ahead. Two measures were unanimously accepted as essential in order to achieve long-term price stability. These are: (a) the institution of an international buffer stock and (b) a supply rationalisation scheme. The former is aimed at controlling prices within specified floor and ceiling levels, especially within the narrower stabilisation band, through direct buying and selling in the open market, while allowing for an uninterrupted modernisation programme to meet the long-term requirements. The latter constitutes individual national schemes which are designed to supplement the international buffer stock operation through utilising existing technologies to adjust supply and demand as the need arises. Details of these two measures, including the financing, operation and the organisational set-up of the buffer stock have also been fully discussed.

I am very glad to note from your agenda that the price stabilisation scheme is the major topic of your meeting. Under this heading, you will discuss the follow-up actions of the decisions reached earlier in the expert group meeting in March. One of these is the initial quantum of international stocks taking into consideration the supply/demand projections, and the other is the manner in which the supplementary supply rationalisation scheme should be introduced. I am glad, judging from the working papers, that in-depth studies have already been made on these issues and I hope that your further deliberation here will lead you to a final conclusion. The time is now opportune for such an action, and the early implementation of the price stabilisation measures is keenly awaited. I have no doubt that you will be able to face up to the



responsibilities shouldered on you and arrive at suitable arrangements within the ambit of the ANRPC.

Evidently one major problem is the financial aspect of the scheme. On this question, I would like to reaffirm Malaysia's commitment of \$300 million to help launch the international buffer stock exercise. In addition, we are also looking at all other possible alternative sources of finance. Moves have also been made, led by the Indonesian Minister of Finance, to amend the Articles of Agreement of the International Monetary Fund to enable it to provide direct financing of the buffer stock. The Special Fund proposed at the Conference of Developing Countries on Raw Materials at Dakar, Senegal, in February this year as well as current discussions at the United Nations Conference on Trade and Development are indications of other possible sources of finance before us.

As you are aware, I have just returned from a visit to Europe in the course of which I took the opportunity to clarify and seek understanding and support of the people there for the proposed buffer stock scheme. I am glad to announce that the representatives of the Government of United Kingdom, Federal Republic of Germany, and the Netherlands whom I met had expressed positive appreciation and support for the scheme. The rubber trade in all the countries I visited also expressed similar support and promised all possible assistance. Needless to say, these expressions of support and appreciation would not have been forthcoming if the private and public sector representatives that I met did not consider our price stabilisation proposals viable. To add impetus to these demonstrations of confidence, one particular government had indicated its willingness to assist in financing the buffer stock scheme and a European financial group went even so far as to fly a team to meet me with an offer to finance the buffer stock operations.

These developments are very heartening and encouraging. They demonstrate the confidence of consumer countries in the viability of our proposal to stabilise natural rubber prices. I will be reporting on these developments to the Governments of member countries of ANRPC soon and will therefore not dwell on the details of the offers at this forum.

It is clear now that measures to help stabilise commodity prices

are being accepted as necessary even in the consumer industrialised countries. Recent indications of this include the remarks made by the British Prime Minister at Leeds; the deliberations at the Conference of Commonwealth Heads of Governments in Kingston, Jamaica and by such other notable figures as the American Secretary of State. The concern expressed by Mr Harold Wilson and Dr Henry Kissinger and the recently-signed Lome Convention between the European Economic Community and 46 countries of the ACP (Africa, the Caribbean and Pacific) demonstrate the willingness of industrialised countries to examine and accept the introduction of international commodity arrangements. What is ideal is of course the multi-commodity buffer stock approach now being discussed at UNCTAD. One proposal even envisages support measures for depressed commodities to be subsidised by earnings from those enjoying more stable prices. This is a unique and intelligent approach to the whole range of producer country problems. While we support all these approaches, I believe that the complex nature of the proposals will require time and painstaking examination and negotiations. I have personally conveyed to both UNCTAD and GATT that while the multi-commodity approach should be pursued with vigour, it should not prejudice the proposal for individual commodity arrangements such as for Natural Rubber. It should be accepted that certain commodities, for example Natural Rubber and Tin, because of their individual characteristics could be effectively tackled separately. This point has now been well taken.

It is in this mood of optimism and confidence that we, as members of the ANRPC should put all our efforts toward achieving our objectives in the true spirit of co-operation and responsibility not only to our peoples but also to the international economic community at large.



**PRIMARY PRODUCTS – PRICES IN THE INTERNATIONAL MARKET**

UMNO Ibu Kota 'Talks Series'.  
Kuala Lumpur, 2 August 1975.

Malaysia's agricultural sector supports the livelihood of a large portion of the population and accounts for some 80% of the total export earnings of the country. That, in a nutshell, is the degree with which Malaysia and Malaysians are still dependent upon this traditional sector. Numerically some 3.5 million people are at the mercy of the fluctuations in natural rubber prices in the small-holder sector. In the rubber and oil palm estates, there are some 250,000 workers, in the timber industry another 95,000 workers. About 43,000 persons work in the mining industry. A drop of one cent in the price of rubber alone would mean the loss of some \$25 million in foreign exchange over a whole year.

We had anticipated that inflation coupled with depressed commodity prices could result in increased restlessness and frustration amongst our people. Hence the various Government measures to dampen the effect of inflation in the first place. Later we saw the emphasis being shifted to combating unemployment as the worst of the two evils. The country witnessed the first demonstrations by farmers and agricultural workers from rural areas. These demonstrations were exploited by certain elements for political ends by alleging that some of them had died of starvation. And recent developments within the region once again prove that in the ultimate analysis it is the stomachs of the people that matter most. With all the modern paraphernalia of military might, a government which is not very concerned about the social and economic needs of the people will not be able to dampen their political aspirations. That sort of government will not last for long.

Our problems in relation to primary produce and our desire to overcome them are complicated by the fact that their prices are more often than not influenced by external factors beyond our control. Commodities are dealt in 'paper' and 'futures' and shrewd international traders must attempt to manipulate the markets to stay on the top and make their pile. The weather can also influence prices as we saw in the destruction of U.S. soya bean crops sending our palm oil prices to unrealistic heights and creating with it a false

assumption among our farmers of what the reasonable levels should be. While the weather is good for soya beans, vegetable oil prices tumble down. When palm oil prices fall to low levels, the Government is called upon to 'raise' them despite the fact that the circumstances leading to the fall are out-side the control of the Government.

Be that as it may, it cannot be denied that it is our responsibility to try and find solutions to the best of the Government's ability.

In the competitive nature of the market for the commodities and facing the bare facts of life, that there are substitutes and there is every possibility of finding substitutes if current materials are excessively priced so as to make the search for substitutes feasible and a paying proposition, there cannot be a better approach than to strive for greater efficiency and/or higher productivity through sustained, intensive and extensive research into all facets of production and usage.

As an example, we have made giant strides in improving the efficiency and productivity of the natural rubber industry and discovered numerous new usages for it. These advances have managed to maintain the competitiveness of natural rubber to synthetic polymers. In fact the phenomenal rise in the cost of raw materials namely mineral oil — the feedstock of synthetic polymers — has made natural rubber much more competitive on the world market apart from the fact that the world has to utilise natural rubber simply because of its intrinsic qualities for a wide range of products. Despite the fact that there is some possibility of synthetic rubber being derived from other feedstocks such as coal, phosphate rock and nitrogen, there are indications that we can make inroads into usage areas now shared between natural and synthetic. Besides, the world requires more and more polymers. Taking costs, productivity and its non-polluting success, natural rubber stands every chance of increasing its share of the polymer market in the years and decades ahead. Even if the unlikely possibility of a very cheap substitute for mineral oil is found as feedstock for synthetic rubber, our researchers have found that in that event it would also be economic and viable to plant rubber trees simply for the wood for which we have discovered the necessary treatment and usage as building materials and furniture. That is the extent towards which we have progressed in our



research for natural rubber.

Research-wise, we have to move in similar directions with regard to oil palm and palm oil, coconut, copra and its oil, tobacco, wood and timber, padi and rice, pepper, cocoa and others. There is a need to vigorously find the right clones, seeds and plants, to improve them and to find new usage for some of them. We have barely touched the surface in our research on palm oil. There is a need to find a high-yielding breed or breeds for coconut to improve productivity and income of those involved. The tobacco leaves that we produce are still of the lower quality for our tropical climate as compared to the varieties planted in other climatic zones. We have hardly begun to study the qualities and usage for our tropical hardwoods to be able to initiate dynamic consumer-oriented marketing programmes nationally and internationally. There is a case for research in certain selected commodities ..... This for example has enabled some \$20 million and \$23 million to be spent respectively for 1974 and 1975 on rubber research alone. Clearly there is, thus, a case for greater investments in research, for MARDI and the other research agencies have shown that with what little money they are allocated, they can strive to deliver the goods.

I have dealt on research and touched a bit on the possibilities that research will open for us in the area of marketing. The problems of smallholder farmers indicate the necessity of providing marketing channels that have their interests at heart first and foremost while gearing for efficiency in the undertaking. FAMA has gained considerable expertise in the marketing of rubber and palm oil. MARDEC with some 15 processing factories is making headway in its area of activities too. There are already several FELDA and MARDEC joint ventures — the FELDA-MARUBENI tie up and the MARDEC-PERNAS linkup and industrial joint ventures — to speak of in the efforts being made now to bring about fair returns to smallholders. We can certainly profit from these experiences in our efforts to upgrade the incomes and quality of life in the smallholder agricultural sector. Socio-economic and political considerations call for a closer look at the marketing structure of their produce. This we are doing.

Looking at some of our current problems — rubber trees planted in wet areas which inhibit and limit tapping and un-

economic holdings of various crops as examples — I strongly feel that there is a case for more meticulous production planning and stricter discipline on a long-term basis. There must be a certain degree of control and supervision which merit among other things perhaps the inclusion of clauses in the Land Code on land uses. This of course presupposes that applications for change of status could be speedily dealt with ..... in the future so as not to frustrate the aspiring, ambitious and intelligent farmer who qualifies under the regulations to plant a certain crop or to change to another which (has been) recommended by the agricultural authorities. There is also a need for our leaders to exhort our farmers in the right direction and at the right time. We have already seen how calls, not based on planning, urging farmers to grow several crops have resulted in prices and income dropping and the farmers concerned becoming restless.

We must identify, as a long-term measure, what crops are for export alone, what crops are meant for both the external and domestic markets and which are for the home market alone. Our people are intelligent enough to be able to accept some degree of control if efforts are made to explain and to convince them of the rationale and considerations for such production planning and discipline.

Lately certain questions have been asked about the direction of government policy with regard to the development and exploitation of our natural resources and primary industries. I would like to say that there has been no change in our policy of collaborating with foreign investors in this field. We are continuing to encourage foreign investment, but we have always made it clear that we want a controlling share in all spheres of economic activity. This policy, clearly outlined in the New Economic Policy has been adopted to help the Government achieve the broad outlines of its announced twin-objectives of restructuring society and eradicating poverty. Domestic control of joint ventures is a legitimate aspiration bearing in mind the bitter experiences of many countries in the past and also currently. Such countries as Canada and Australia have also embarked on efforts to regain control of the exploitation and development of natural resources and primary industries. They as well as developing countries such as Indonesia, Ghana and Egypt have also realised that control and partnership would be to the



mutual interest of both parties. Control and partnership form the next best alternative to 100% outright nationalisation which had been attempted by numerous developing countries lacking in many things to make a success of such a policy. Having failed in that experiment, they are now switching to the policy that Malaysia herself has been adopting. The fact is that in the world today, no one nation can exist in isolation. The reality of it is that we now live in an interdependent world.

We must accept as a fact that as at the moment it is not conceivable and practical for us on our own alone to influence the prices of all our export commodities. There are various ways by which the Government could exert to some extent a certain measure of influence on prices of a number of products and to bring about fair returns to farmers through Government sponsored domestic and international marketing arrangements. At the international level, Malaysia will continue to seek understanding, co-operation and support for stabilised commodity prices. We contend that stabilisation would be to the mutual benefit of both producer and consumer countries. In fact, it should be the new order of things if we are serious and determined to find long-term solutions to the international community's economic ailments. It is our belief that the consuming industrialised countries would not be doing a favour to developing raw material producer countries alone by coming around to our point of view. They would also be doing themselves a favour for we too can develop into prosperous markets for their manufactured products. Malaysia will continue to pursue the attainment of producer-consumer co-operation in international commodity arrangements, for both are continually and increasingly dependent upon each other.

In looking at the whole range of commodity problems that we are facing here at home, I cannot but conclude that there is no immediate prospect at all for quick and decisive decisions at the international level which could alleviate the urgent problems that we face here in Malaysia. Apart from the International Tin Agreement and the proposed International Agreement for the Stabilisation of Natural Rubber Prices, it would be most time consuming to seek understanding and to negotiate the most likely solutions for the problems at the multinational level. For example, with existing technologies, it would be difficult to have buffer stock arrange-

ments for some commodities such as coconut, copra, ground nut and palm oil as is being done for rubber and tin. Many complex problems must be solved first. Coconut oil and palm oil, for example, face competition from 13 other vegetable oils which are produced by many countries. Any attempt at price stabilisation for these commodities have to be made with the full cooperation of the international community. Hence Malaysia has and will continue to take an active part in efforts to obtain international endorsement for solutions to these problems. These efforts of ours are solely based on our desire and aspiration to achieve economic development in general and the happiness of those of our people who are less fortunate.

Finally, I hope my analysis of the problems at hand will encourage you to direct your attention to them and thus to seek together the solutions.

### **MARDEC'S ROLE IN THE MALAYSIAN RUBBER INDUSTRY**

Official Opening of the MARDEC Headquarters.  
Kuala Lumpur, 26 June 1976.

MARDEC, the Malaysian Rubber Development Corporation was established almost at the same time as RISDA. Both these agencies were formed to fill in a vacuum in the smallholders' sector of the rubber industry, where the full benefits of research findings had not been all-pervading. The smallholders' sector had always remained backward and slow in the implementation of the results of research because of the social and economic conditions that prevailed in that sector.

While RISDA was established with a view to improve the production economics of the smallholders in terms of increasing their average yields per acre through aggressive replanting and new planting programmes, MARDEC was entrusted with the task of up-grading and modernising the marketing and processing of the smallholders output. With the intervention of these two agencies the Government was fulfilling a long term objective to in-



crease the incomes of the smallholders and bring modernisation to their doorsteps.

It has become more and more evident that the smallholders' sector is making an ever increasing impact on the total production of rubber in the country. By the end of 1975 the sector contributed 818,000 metric tons of rubber to the total Malaysian output of 1,417,000 metric tons representing about 58% of the total. While estates are gradually diversifying into other crops like oil palm it may not be long when the main bulk of our rubber exported all over the world is from the smallholder's crop. Evidently the need to speed the modernisation process becomes more and more urgent.

Had it not been for RISDA the smallholders would have remained in the back-wash of the Malaysian rubber industry with their scattered and uneconomic holdings and low yielding trees resulting in low average output. Now this has considerably changed with the replanting and new planting of about 1,608,000 acres at the end of 1975. The rate of replanting and new planting will be stepped up to 100,000 acres per year after 1976. Average yields from the smallholders' sector have increased from 500 lbs (227 kg) per acre in 1965 to between 800 and 1,000 lbs (363-454 kg) per acre in 1975. The impact that this has on smallholders incomes need not be over-emphasised.

While RISDA's efforts have increased the productivity of the smallholders, MARDEC strikes at the root of the weaknesses prevailing in the marketing and the processing of the smallholders produce. MARDEC factories are dependent entirely on smallholders' output, whether they come from individual holdings or organised schemes. MARDEC started with 5 factories with an initial combined production of over 3,000 tons per annum. The aim was to establish one factory in every state of Peninsular Malaysia. By 1975, 14 factories had been established and are in operation and towards the end of the year 2 more will be commissioned making the total to 16. Its productive capacity grew tenfold over a period of 5 years. Now its total production capacity exceeds 120,000 tons per annum.

MARDEC as the only tyre rubber producer in the country, and with its plant in Batu Kurau, Perak, plans to convert another one of its existing factories into a tyre rubber factory. This is because

of the high marketability of tyre rubber and its relative profitability to the corresponding SMR grades.

MARDEC has a sound marketing organisation for the export of its rubber overseas. It has established direct contacts with the major tyre producers in U.S.A. like Goodyear, Goodrich, Uniroyal and Firestone as well as with state-owned buying agencies in the Eastern European countries. It has built a marketing network through agents and established dealers in the London and New York CIF and terminal markets and other parts of the world.

Whilst its main objective is to effect modernisation in the marketing and processing of smallholders rubber, it has since the last few years diversified into a number of joint ventures. MARDEC has interests varying from 20 to 40 per cent in each of the joint ventures.

Over the last few years MARDEC has invested \$8.1 million in five joint ventures producing a wide ranging variety of products (from bathing hats to carbon black) with partners from Italy, Federal Republic of Germany and Australia.

Within the ambit of its activities MARDEC has benefitted 115,000 smallholders. This is about 20 per cent of the 500,000 smallholders in the country. It is also giving employment directly as employees or indirectly as wakils or agents to 2,500 people.

However, despite this rapid expansion it has only managed to capture 15 per cent of the smallholders' crop though this is only the thin end of the wedge. Notwithstanding RISDA's role, which caters for additional smallholder production through Group Processing Centres, this is still small taking into consideration that total smallholders output amounts to over 800,000 tons per annum. Because of this the Government is proposing to inject a further sum of \$147 million under the Third Malaysia Plan to expand MARDEC's activities.

Under the Third Malaysia Plan MARDEC's efforts must be increased with greater force and vigour if it is to achieve a projected productive capacity of 350,000 tons by the completion of the Third Malaysia Plan. This will make it responsible for at least 40 per cent of smallholders' production.

I will not be honest with you all if I merely gloss over the Corporation's achievement without searching for its weaknesses. To my mind MARDEC has not done badly in achieving its socio-



economic aims (i.e. improving the livelihood of the rubber smallholders). Through MARDEC's efforts 115,000 smallholders have been able to sell their produce at a better price compared to a situation if MARDEC were not in existence either to provide competition or alternative outlets. Smallholders' rubber has been able to be converted into top grade Standard Malaysian Rubber with prices having higher differentials than the corresponding RSS grades. MARDEC has also given employment to a large number of rural people whether directly or indirectly.

However, I must emphasise here that in achieving these results the Corporation has failed to maximise its efficiency. Because of this failure to maximise efficiency the results which the Corporation has achieved have been achieved at much greater costs than they would otherwise have been. This failure is due to the simple fact that in the euphoria to achieve rapid expansion MARDEC has completely lost sight of its corporate responsibilities and objectives. Its organisational and management machinery somehow has failed to keep pace with its physical development.

In this very context I would always like to be reminded and in turn would like to remind those responsible for the organisation that the Corporation since its inception is expected to operate within the parameters of commercial viability. This principle has to be accepted notwithstanding the socio-economic objective for which the Corporation has been formed. It must not be forgotten that when the Government decided to convert the Corporation into a corporate body in 1968, it was implicit in the aims of MARDEC that it must operate under conditions of economic viability. This in no way conflicts with its socio-economic aims. Commercial economic viability to me is a measure of efficiency of the Corporation's efforts to achieve its long term objectives. If not for this viability factor we will never be able to measure the costs involved in our efforts and whether such costs are not merely hidden wastage sustained by our inefficiencies.

I am not forgetting the complexities of MARDEC's function particularly in field operation. Conditions prevailing are not similar to that obtained in a commercial enterprise. Raw materials have to be collected from a network of thousands of smallholders who are scattered all over the country. MARDEC's collection network in field purchases may cover a radius of 60 miles or more

around each factory. This condition normally discourages private enterprises who consider them non-viable. In addition, MARDEC faces competition from established dealers and remillers whose relationship with the smallholders is sometimes long-standing and traditional. Prices paid for purchases to smallholders must represent fair value, which in economic terms are not necessarily always commercially profitable to the Corporation.

However, MARDEC's recent cost overruns may not be mainly due to these problems. From my own reckoning, MARDEC's present difficulties are of a managerial and organisational nature which need urgent redress. Hence, I have directed drastic reorganisation to be made in the Corporation's entire management machinery. As a step in this direction I have therefore appointed a new Chairman in the person of YM Tengku Tan Sri Ngah Mohamed who is also the Secretary-General in the Ministry so that I will have direct supervision over the Corporation's activities. Very recently I have also appointed a new General Manager in the person of Encik Suleiman Manan to take over from Mr J.E. Morris, who has been on secondment from the MRRDB. I would like to record my appreciation to Mr Morris for his services in getting MARDEC off the ground.

I hope and anticipate, with the new leadership, a new direction and impetus would be given to the entire management of the Corporation. A new management team has been formed consisting of young and dedicated personnel to push the Corporation's machinery into higher and better performance. I am now keeping a close tab on the top management to ensure that this re-organisation process proceeds with speed and success.

For the Corporation this is a period of consolidation. In this period it is expected to put its house in order so that by 1977 it will be ready to carry out additional responsibilities for greater expansion under the Third Malaysia Plan.

As I have said earlier, under the Third Malaysia Plan, MARDEC is being proposed to be allocated \$147 million in order that it can increase its capacity by another 25 factories. I have directed that these 25 factories be located with great care and thought to guarantee that each and every factory will give maximum benefit to the smallholders and at the same time ensure that its operation is viable. The \$147 million to be spent must be done



in a way that will generate income for the smallholders many times over.

If MARDEC operates with the philosophy which the new management team hopes to imbibe in the Corporation I am sure it will become one of the Government's successful public corporations. Its size and importance alone will place itself on the world map as the largest and important producer and supplier of technically specified rubber in the world. In that context MARDEC will be 'a factor' in the world commodity markets of natural rubber and a force to contend with.

### **MINISTRY OF PRIMARY INDUSTRIES — A REVIEW OF ITS PERFORMANCE**

Meeting with Senior officials of the Ministry.  
Kuala Lumpur, 9 September 1976.

It has been about two years since I took over as Minister of Primary Industries and I think it is appropriate that we should sit down together once again to review our performance and to seek out ideas to further enhance our ability to meet the target set out for us.

In reviewing our performance these last two years, it is more than apparent that one of our strong points is that we had been prepared to take stock of our weaknesses and to find remedial measures. I would like to believe that we have not done too badly judging from the fewer numbers of critical reports and letters in the Press aimed at the Ministry or its agencies now. The feedback that I have been receiving lately from members of the public contain less and less complaints of a serious nature. We may therefore conclude that we are delivering the goods, so to speak, in a much better way than we had in the past through the various improved services that we are providing.

We will of course continue to need feedback from the public to enable us to assess whether we are making any headway or otherwise in the performance of our duties to serve the interest of the various primary industries and target groups — in our case, the

rubber, tobacco and pineapple smallholders, the estate and tin mine employees and all those involved in the processing of logs and timber.

Practically on the first month of assuming office, I was faced with the immediate problem of the deterioration of the daily earnings of rubber smallholders due to the very depressed price of natural rubber then. That immediate problem has been overcome, thanks no less to the combined efforts of so many of you. I would like thus, first of all, to compliment those in the Ministry and the various agencies connected with rubber and the various sectors of the industry which had cooperated and worked so hard to make a success of the Six Point Crash Programme to stabilise the prices of natural rubber launched at the end of November, 1974. We have shown for the first time that it could be done despite some opposition and scepticism at the initial stage.

There has also been a general overall change for the better in the image projected by RISDA following the initiative that I took to expose corrupt practices in the agency, thanks to reports of the National Bureau of Investigation. The various remedial measures being taken are beginning to bear fruit. And as always, the introduction of certain innovations to inculcate total involvement of staff and the smallholders are meeting some passive resistance from certain quarters. I hope that in the coming months, more and more of RISDA's staff would eventually come around to seeing things in the way that would help us maximise the effects of our efforts to bring about modernisation in the quickest possible period to the smallholder sector. I would like to touch a little bit on accusations that the Perkhidmatan Masyarakat RISDA (PMR) concept is a communist and politically motivated idea. I have a suspicion that such accusations could have originated from the few who somehow or other fear the investigations being carried out by the NBI on corruption, and who see the concept as a threat which could result in their being exposed and be made unable to continue with their malpractices. It is most ironic that some of those who are attempting to project an apparently vigilant stance against communism are also the ones who do not want us to weed out the corrupt.

However, I would certainly be failing in my duty if I merely dismiss allegations of subversion within my Ministry simply with



the above interpretation. The threat of subversion is indeed real, and warnings voiced by our national leaders must be taken seriously. All of you must take heed of this and be vigilant against the enemy. To me, however, I hold the very strong view that corruption is a cancer that could slowly but surely erode the confidence of our society in our administration. Once the process of erosion begins, subversive elements need only wait for the total collapse of our system and then simply walk in and take over.

Prevention is certainly better than cure. It is with this firm belief that I shall show no compromise to corrupt practices within my Ministry and institutions under it. I shall not compromise on corruption because I do not wish to see the success of subversive and anti-national elements. I hope that every officer who serves under my Ministry and its various institutions will appreciate my rationale for administration and thus be made aware of the ultimate danger posed by the threat from our common enemy.

There is, at the same time, one reminder that I would like to convey to all those working under our Ministry. Within the coming months, we will all be under strong pressure. The pressure will come from subversive elements on the one hand and higher demands and expectations on our performance on the other. Within the coming few years and especially during the course of implementing the Third Malaysia Plan, we will continually be faced with the twin challenges of corruption and subversion. Added to that will be the higher demands and expectations on the part of the people for us to produce results. As far as the twin challenges of corruption and subversion are concerned, I am fully confident that just as the NBI had been active and considerably successful to identify and take action against the corrupt, I am also confident that the Special Branch will be able to do exactly the same to identify and weed out any subversive element within the Ministry. Being a Minister subject to the close scrutiny of my own party, I am now personally taking the initiative to ensure that continued confidence of the people in our Ministry is not jeopardised. As has been the case with the PMR concept within RISDA, which seemed to have created some doubts in the minds of certain quarters, as much as with any such future doubts, I am subjecting myself to the directives of my own political party. Towards achieving this objective, I am submitting a report on the

PMR activities to UMNO's Supreme Council.

Notwithstanding the twin challenges of corruption and subversion, the higher demands and expectations of the people must be met. They must be met through the combined effort of all of us to ensure that there will continue to exist a smooth and efficient administration to implement our part of the task under the Third Malaysia Plan. We must realise that we are already behind schedule if we notice that this is already September 1976 — a year that is included within the five-year plan. Looking at the time element here, it distresses me to see that some officials, both at the political and administration level, seem to give the impression that the implementation of the Plan can be achieved through talking and arguing or by making pronouncements rather than by getting on with the job at hand. Let me urge you now to get on with the job and ensure that at the end of the Third Malaysia Plan period, we will produce the best possible results that are expected of us.

I am fully aware that when calls such as these are made, there are always at the back of your mind such questions as the implementation of the Ibrahim Ali Report and other matters related to working conditions and welfare. Rest assured that the Government is fully aware of them and that we are in the process of fulfilling our obligations based on the consideration of the interests of all Malaysians. Looking at all the competing interests, it is essential that the wider interest of the nation, vis-a-vis the implementation of the Third Malaysia Plan, must not be affected in any way.

As far as our Ministry is concerned, I am proud to say that I have had very good relations with the unions. This, I believe, is because I have always made myself available to approaches by union representatives. The continuing dialogue and exchange of opinions and ideas must be considered as an integral part of the style of administration that I personally would like to see being practised. In this context, I would like therefore to urge the management of agencies under my Ministry to actively encourage the formation of unions. Where there are no unions yet, I would like the management to convene meetings of the staff with a view to helping them form such organisations. Where and when unions exist, I strongly urge that regular meetings be held between the management and representatives of unions and be instituted into liaison committees. I am making that suggestion because I believe



such dialogues would be conducive to good relations.

I would like now to turn your attention to some of the salient features of the Third Malaysia Plan in as far as they touch the area of responsibilities within the ambit of our Ministry. The Plan still stresses the important role of agriculture as a source for further economic growth. This emphasis certainly takes into consideration the role of primary industries which are mainly agricultural, except for tin. Tin, rubber, palm oil and timber products provide the major portion of the country's foreign exchange earnings. Such earnings with the resulting direct and indirect revenue for the Government provide the main bulk of public sector expenditure, though there will be substantial borrowing to finance development projects. Foreign exchange earnings from these industries will continue to be an important source of private sector investments and reinvestments. We are therefore expected to play our part — an important one — to ensure that economic growth in the industries for which we are responsible will meet the targets set out.

You and your agencies have in part been responsible for the drawing up of the Plan and the targets and no doubt have worked on the action plans for implementation. I would like to re-emphasise to you that the Plan is socio-economic in its emphasis. It represents a positive effort at redressing income gaps in working towards eradicating poverty, and therefore has a major bearing on political stability as well as national security.

The allocation for the Ministry and its agencies under the Plan comes to about \$908 million. It is my hope that every cent of that huge outlay would be fully utilised to achieve maximum returns for the nation, the industries concerned and the target groups in the poverty eradication part of the Plan. I need not emphasise, I think, on the need to continue the search for better and more efficient work methods in the implementation process. What I need to stress is that where you have to consider competing interests, for example as between cost and business consideration and the interest of the target groups, the bias should be in favour of the target group, provided such a bias would not be in conflict with the target groups' long-term interest. Of major importance is the need to move ahead with our efforts to involve smallholders beyond the mere production stage into processing and marketing.

**ASEAN COOPERATION IN INDUSTRIAL PROJECTS**

Symposium on ASEAN Cooperation on Industrial Projects.  
University of Malaya, 11 March 1977.

*Musa Hitam gave this speech in his capacity as Minister for Primary Industries.*

ASEAN is shifting in emphasis now towards greater economic cooperation particularly in trade and industrial development. There are those in ASEAN who are urging for more bold and ambitious programmes in these two fields. There are also voices of caution calling for a step-by-step approach of careful examination and study before plunging headlong into various cooperative industrial ventures and the lifting of trade tariff protecting the domestic industries of each individual member country.

The step-by-step approach calling for careful examination and study has indeed been adopted. This is evidenced by the call for feasibility studies first before launching the five proposed projects of urea in Malaysia and Indonesia, diesel engines in Singapore, super phosphates in the Philippines and soda ash (potash) in Thailand. The ultimate decisions of whether to go ahead or not will have to depend on their long-term viability. Personally, I do not believe Malaysia would want her partners in ASEAN to commit their portions of the investment (10% each as against the host country's 60%) in the proposed Malaysian urea project if the feasibility studies are not encouraging. I believe our partners in ASEAN — Singapore, Indonesia, the Philippines and Thailand — would also not be interested in going ahead should the studies indicate that the initial choice of projects are not viable propositions at this juncture.

While waiting for the results of the feasibility studies of the first five projects, work is now going ahead to examine other possible joint-ventures and also avenues for cooperation within the complementary concept. We had prudently opted not to go for the gigantic projects of petro-chemicals, integrated steel mills and others of such nature at this stage. Our initial choice for moderate-size ventures is not actually non-ambitious in the sense that they do require large amounts of investment coupled with some inherent risks. There are sections of opinions in Malaysia emphasising that



we should now opt for pure manufacturing as they may prove to be more viable and acceptable at this stage and the foreseeable future with less cumbersome problems such as those related to unseen costs and the position of existing domestic industries in similar categories.

I thus believe that the exercise in determining the projects to go ahead with ..... will be given due attention and deliberation, taking into account all factors relevant to decisions of this nature which you as participants of this workshop will be touching on.

There is unfortunately a tendency to want to compare the achievements or, as the critics put it, 'the lack of progress' of ASEAN with the European Economic Community consciously or unconsciously. While we are quite happy to be assisted by constructive criticism, those who make the criticism tend to forget the differences in the historical context and sequence of events that emerged after the Second World War in Europe and the circumstances with which ASEAN must cope.

Europeanism was a ground swell emerging from the masses desiring unity in the face of certain threats. ASEAN, on the other hand, is essentially a concept being propagated by the leadership of the five countries concerned. The process of convincing the ASEAN masses of the need to promote a feeling of regionalism alone has to put up with such intense feeling of nationalism which had been instilled in our separate struggle to be free of our former colonial masters. Be that as it may, it has also to be acknowledged that even the European Economic Community today is continually harrassed by nationalistic pressures from individual member countries.

Western Europe had the basic industrial base and an already vigorous intra-regional trading pattern. Intra-ASEAN trading forms only a minute portion of the total economic activity of the region.

Western Europe also had the huge Marshal Aid programme to help in its reconstruction and to move on to further industrialisation. That sort of financing plan is not available yet for ASEAN today.

Therefore, it is my considered opinion that the measurement of ASEAN success or 'lack of progress' should not at all times be looked at in comparison to the EEC. The European experiment,

while acknowledgedly had achieved considerable success given the contributing factors I have touched upon, is an experiment fraught with problems. Thus, it is a misconceived idea to think of the EEC as the best model for regional cooperation. To me, the EEC is at best providing us with useful case studies of the pitfalls to avoid. I would therefore like to urge everyone, academics in particular, not to indulge in and depend too much on setting up models and to make conclusions that the ASEAN experiment simply cannot work because it cannot fit in with those models.

The most pressing problem to be tackled in concert and parallel to efforts in economic cooperation must by necessity be the building up of the spirit and feeling for ASEAN regionalism or ASEAN. ASEAN must not, however, be worked up on the idea of it being threatened by external forces (though they may by themselves help to shape that feeling of a common destiny and future). The flogging of the theme of common external threats is not consonant with the mutual desire of the Southeast Asian region for the establishment of a zone of peace, neutrality and freedom. The collective commitment of the governments of the ASEAN region to this concept implies that we need to work within the context of that declared intention.

We are already beginning to think in terms of that supra ASEAN overall interests. The accord on food and energy covering firstly rice and petroleum is definitely a sign of growing goodwill, trust and concern for each other's welfare. Although it has yet to be tested, it nevertheless augurs well for the future of ASEAN.

I think it is time to remind our officials who are doing most of the day-to-day work of trying to make a success of the ASEAN experiment of the need to think more in terms of that supra ASEAN nationalism — to look at the sharing of projects in a more enlightened and forward looking manner. We should be beginning to think not in terms of having to give away concessions, but actually making our contribution to the overall mutual development of all the five member countries. Malaysia, for example, may have to plan out measures to reorientate a particular industry towards activities allied to the accepted joint ASEAN project in another ASEAN country — perhaps the supply of some parts required by the accepted project — or to start making plans to phase out the local industry and to ensure that the workers



affected can be absorbed into other industries where their skills can continue to be utilised without much interruption to their means of livelihood. In this context, Malaysia would certainly expect our partners in ASEAN to reciprocate in like manner.

We should also be looking at the complimentary concept not so much as to how much we should be apportioned in each particular line of industry or product, but that may be we should accept a lesser share in one and get a bigger slice in another, thus levelling out any sense of deprivation when we look at the total sum of projects as a whole. These, I believe, are some of the considerations we should be putting our minds to. There can never be real progress if we are to allow ourselves to be continually bogged down by narrow nationalism which can be termed definitely as non-progressive in outlook.

#### **THE ISSUE OF DEVELOPMENT AND EXPLORATION OF NATURAL RESOURCES.**

Council of International Relations Seminar on 'Factors of Interdependence'.

New York, 1 May 1977.

The decade of the 70s which saw the oil producing countries of the third world awakening and learning to exploit, at first awkwardly, their newly found importance to the survival of the Western developed economies has produced a chain of events which we are all trying to cope with. Suddenly the question of security of supply and security of income have become the major issues underlying various moves by either groups of nations or individual countries. The increasingly active role of the Organization of Economic Cooperation and Development among the developed Western economies, among others, underlines a desire to ensure security of supply of vital natural resources, in particular oil. The Group of 77 or the Third World have also collectively awakened to their strength realizing that the developed countries do need them to keep their industries going.

One now comes up with the ever increasing desire of Third

World countries to ensure that while their natural resources are being exploited, the benefits that accrue will also help to shape and expand their economies to the point where if and when those resources are exhausted, they have at least diversified their economic activity into manufacturing and further agricultural expansion so as to be able to become viable national entities. This basic rationalization has been accepted at the urgings of developed countries themselves. We have thus seen and will continue to be seeing developing countries with natural resources increasingly exerting their desire to ensure maximum control of the development and exploitation of natural resources within their boundaries.

What choices are open to such countries in their wish to benefit out of their natural resources? Let me list them out.

One is where foreign companies are allowed to operate completely freely to exploit the natural resources and market them, without both operations being interfered with by the host government. In such cases, the host government is contented merely with collecting royalties and such taxes as export duties.

The other, which occupies the opposite spectrum of the choice, is outright nationalization.

In between these two choices is the concept of partnership. A concept based on negotiation, accepting the principle of the host country having the ultimate control yet realistically recognizing the need for joint operations for mutual benefits.

Malaysia has been blessed with natural resources, and though very small in geographical size, we are the world's number one producer of natural rubber, tin, palm oil, tropical hardwoods and pepper. We are a nett exporter of petroleum. Added to these, our production of such commodities as copper, cocoa, pineapple, tobacco and coffee are becoming increasingly important. Our resource diversification policy is complemented by one that goes into manufacturing that gives priority to resource-based industries.

It is obvious, thus, that Malaysia cannot afford to allow a free hand to foreign investors to develop our natural resources. Neither, based on a practical, realistic, and pragmatic approach, can we afford to keep out the foreign investor completely by nationalisation. Indeed, there is no place for narrow economic nationalism in our country.



One needs only to look at latest statistics to show how successful we are after opting for the concept of partnership.

The biggest trade surplus we have ever accumulated, (Malaysian \$3,271 million for 1976) actually represents the successful exploitation of the natural resources sector in that out of this figure, eighty percent of the exports came from our natural resources. But what is most significant is that the bulk of the natural resources developed and exploited is being done so based on the concept of collaboration with the foreign investor.

For those who follow the Malaysian economic scene closely, it would be appreciated that in our efforts to 'bring home' so to speak, companies that are 100 per cent foreign-owned and foreign-domiciled, we have opted for purely normal commercial transaction without government interference.

The most encouraging part of the whole exercise is that the concept has not only been accepted by the foreign interests but that these foreign interests themselves have taken the initiative to ensure success. As Minister for Primary Industries, it has been my pleasant task to persuade in London, Paris and even here in New York, the already established and internationally influential foreign companies of the long term mutual benefits that must result out of our positive policy. I am happy to note that the flurry of activities within the last year, much publicized and scrutinized by the foreign investor community, reflects the positive response that augurs well for us all in Malaysia.

We have made much progress on the joint venture basis on new investment as well as in this process to bring home foreign companies yet retaining the joint venture structure. There are much mutual benefits to reap from this move. The local tie-ups give the restructured or reconstructed foreign companies added stakes and advantages in the possibility of being given new areas and concessions to develop and exploit while at the same time retaining the market tie-up which essentially is the key to security of supply for the consuming country.

There is no doubt in our mind as to the wisdom of the concept of partnership and collaboration on this issue of development and exploration of natural resources. It needs, however, to be reminded that Malaysia (essentially) occupies a unique position in the world resources map when compared to the situation in most

other developing countries.

Most other developing countries have not been blessed with such abundance of natural resources as we in Malaysia are. Indeed, most developing countries have no natural resources to talk about, or even if any is available, these countries are too helpless and too poor in all respects to exploit or develop them. It is here that the international community is needed most. Especially the international community that represents the developed world.

Before proceeding further, let me put you, members of the international community that represent the developed world, into the right frame of mind. Once ever so often, those from the developed world at every international forum assume themselves to be the 'goodie-giver' and those from the developing world to be the 'baddie-receiver'. Even though I must admit that we from the developing world are not entirely free from blame for this, this 'giver-receiver' psychology, I dare say, is not conducive to goodwill and understanding which are such essential ingredients of collaboration. Let me say quite confidently that the poorer the country, the stronger the resentment against such a frame of mind. And this in itself contributes to negative thinking.

The New International Economic Order as enunciated by the international community within the framework of the United Nations actually represents a desire in developing countries to see to a correction of this 'giver-receiver' frame of mind to one of 'receiver all round', where whatever agreement is being sought would result in mutual long term benefits. In other words, what is being sought is the acceptance of the realities of economic and political interdependence, the very subject of this seminar.

Underlying this search for the New International Economic Order is the very basic issue of development and exploration of natural resources. And rightly so too. The obsession of the developed countries for security of supplies is surely matched by our obsession for security of income, thus providing us a common ground. This to my mind reflects the reality of our interdependence and should indeed be exploited positively by both sides.

The income that is to be derived from the development and exploration of natural resources should be such that not only could it be used for the producer country's economic viability but also to



further develop them so as to ensure its continued availability in the world market.

There is no other way of achieving this than the stabilization of market prices. In other words, price stability represents the very core of the matter.

But then in order to achieve price stability there needs to be international agreements to provide for some measure of intervention. But then again — and here comes the area of conflict — intervention hits at the very heart of believers in free market forces. What does 'free market forces' really mean to the commodity producer country? It means, simply put, that however hard we work, however much we plan, and in whatever manner prices affect our very livelihood, it is at the consumer country's end that prices are determined. For, the so-called 'free' market forces are still very much effectively freely active in the consumer countries.

One of the hard core sectors of the international community within national entities is the private sector. They represent a very strong opposition grouping to any form of international arrangement for commodities. They are obsessed with security of supplies, but all the same, the 'quick-buck' instinct overrides other considerations which are most essential to their very long term existence. Happily, they represent an ever decreasing breed as evidenced by what I personally consider to be a slow, often frustrating yet sure progress that we all have made towards the acceptance of the realities of interdependence. The 'yes, okay, maybe' statements of governments of the developed world, declarations of acceptance of '*a* new international economic order' as against the 'new international economic order': '*a* common fund' as against '*the* common fund' — all these represent progress.

Indeed, against all the prophets of doom, let me end here on an optimistic note. The gift that human beings are endowed with, with the capacity for rational thinking must, sooner or later, get us all around to realize that our only salvation lies in collaboration and not confrontation, positive construction and not negative destruction. Surely none of us has any choice except to be optimistic.

**A CASE FOR PALM OIL**

Dinner address in honour of the U.S. Secretary of Agriculture.

Kuala Lumpur, 15 June 1977.

The Malaysian Government is extremely concerned over the continuing efforts of the US soyabean and cottonseed industries which were started in 1976 in the House of Representatives to seek measure to curtail the future development of palm oil and to restrict the import and consumption of palm oil in the United States. These moves which have been spear-headed by Congressmen Dawson Mathis (Georgia), Henson Moore (Louisiana) and Poage (Texas) have proposed measures which, if adopted by the U.S. Administration, would adversely affect Malaysian economy and the economies of other developing, producing and exporting countries of palm oil. The measures are:

- (i) To amend the Tariff Schedules of the U.S. to provide for a duty of US 3 cents per pound on imported palm oil;
- (ii) To require that US manufactured products containing palm oil be labelled, inspected and meet certain minimum standards of sanitation;
- (iii) A 'sense of the House of Representatives' resolution that the President and Secretary of Agriculture negotiate import quotas with principal palm oil producing countries; and
- (iv) A 'sense of the House of Representatives' resolution that U.S. oppose further funding of palm oil development by international lending agencies.

The Government of Malaysia notes with satisfaction that the previous Administration had opposed measures that would damage the economies of developing countries and to preserve the principle of free and competitive trade which Malaysia believes is still being followed by the present Administration that it has also testified in opposition to some of the proposed legislation against



palm oil. Whilst appreciating this positive gesture, the government of Malaysia would nevertheless like to emphasize to the Administration the need to refrain from adopting restrictive measures on palm oil which is an important catalyst of development and major source of export earnings to a developing country like Malaysia.

Oil palm cultivation and palm oil production in Malaysia was started on a large scale in the early 1960s following the achievement of independence. The shift to palm oil from rubber was largely due to political and economic pressures of the 1950s during which period the massive increase in the production of synthetic rubber, of which the U.S. accounted for the major output, had caused the collapse of natural rubber prices upon which the newly independent Malaysian economy depended. The long-term agricultural diversification programme to reduce the economy's vulnerability to rubber price uncertainty and instability resulted in the replacement of 524,000 acres of rubber land with oil palm between 1960 and 1975. The programme also provided the timely opportunity for the Malaysian government to open up oil palm land schemes to resettle the landless and to achieve the New Economic Policy objectives of eradicating poverty and restructuring the Malaysian Society during the Second Malaysia Plan Period (1971-1975). In pursuance of these objectives, a total area of 730,000 acres were planted between 1971-1975 as compared to 500,700 acres between 1965 to 1970. A striking feature of this development is that nearly one-half or 360,500 acres were accounted for by government land development agencies such as the Federal Land Development Authority, the Sabah and Sarawak Land Development Boards and The State Economic Development Corporations. These agencies account for 43% of all oil palm acreage in Malaysia which is a course of livelihood to some 450,000 settlers and their dependents. The land schemes of oil palm have contributed positively to increasing the livelihood of improverished farmers formerly deriving relatively low monthly incomes from rubber (US\$104-US\$182 in 1974 and US\$35-US\$155 in 1975) and coconut (US\$30) as compared to an income of US\$217 from an oil palm holding of 10-14 acres.

From the national economic viewpoint, oil palm has established itself as the third most important crop after rubber and rice. However, it is the second leading agricultural export crop after

rubber, contributing 16% towards the total export earnings in 1975. Palm oil exports have contributed effectively. Malaysia, in planting oil palm, had heeded the advice of international development agencies to diversify her economy and has in fact not only diversified to oil palm but also other agricultural crops such as pepper and cocoa and to industrial and manufacturing activities. However, it is feared that its developmental efforts on oil palm over the last decade and a half may be seriously undermined by unreasonable and restrictive measures against future development and exports of palm oil.

The Malaysian government notes with regret that a resolution has already been adopted by the U.S. Congress which will require the United States to abstain from voting on international loans for oil palm planting. It has been contended that such loans have contributed towards the production of palm oil which threatens the U.S. soyabean and cottonseed industries. Contrary to this belief, the Malaysian government would like to state the loans obtained by Malaysia from the World Bank and Asian Development Bank which were secured at near commercial interest rates amounted to US\$69 million or only 8% of the total Malaysian investment in oil palm up to the end of 1975. The Malaysian government would like to inform the United States government that withdrawal of its support on international loans for palm oil projects invariably deprives developing countries of one of the few viable development projects available to them. The withdrawal of U.S. support for international loans for oil palm planting can also be constructed as a move to restrict the share of developing countries in the vegetable oils and fats market. The United States is currently enjoying the world's greatest share of all edible oil production and exports accounting for 20% of world production in 1975 and 23% in 1976, and 29% of world exports in 1975 and 30.4% in 1976. U.S. soyabean oil alone in 1976 accounted for 28.5% of all edible oils and fats exports. This substantial U.S. share of the edible oils and fats market has been accounted for by the expansion of U.S. soyabean oil which increased in production by 27% from 5.6 million metric tons in 1975 to 7.1 million metric tons in 1976 and in exports by 25% from 2.5 million metric tons in 1975 to 3.2 million metric tons in 1976. In contrast, palm oil's share of increase in production for the same period was only 12% and the



increase in exports was 16.4%. Palm oil share of world edible oils and fats production in 1976 stood at only 6.4% and its share of exports was 12%. It is, therefore, unlikely that palm oil imports into the United States which constituted 6% of total U.S. consumption of oils and fats or that palm oil with its relatively small share of world production and fats would be a threat to the U.S. soyabean and cottonseed industries.

There is currently wide international recognition of the need to expand significantly the economic sources of food supplies to meet the world's long-term food needs. Palm oil development, can help to fulfill this need. The oil palm is a perennial crop that commences to be productive three to four years after planting and continues to generate economic benefits for another 25 years. With a yield of 1.63 tonnes of palm oil (quite apart from palm kernel oil as a by-product per acre), it is the highest oil yielding crop in the world and over ten times greater than the oil yield of soyabean, and annual oilseed. Notwithstanding the relatively small share of palm oil in the world's supply of edible oils and fats, it has by its inelasticity of supply contributed significantly towards stabilizing the prices of oils and fats by filling world supply shortfalls caused primarily by intermittent harvest failures of annual oilseeds like soyabean and sunflowerseed.

The Malaysian government is extremely concerned over the suggestion that the U.S. government negotiate palm oil import quotas with the principal palm oil producing countries and is also concerned by the move to amend the U.S. tariff schedule to impose a 3 cent per pound import duty on palm oil especially when exporting countries such as Malaysia are already imposing export levies on palm oil as a source of much-needed government revenue. The Malaysian government would like to take this opportunity to point out that the undue concern of the possible adverse effects of palm oil imports on the U.S. soyabean and cottonseed industries is not justified. It is Malaysia's belief that the free market forces would regulate satisfactorily the imports of palm oil in the United States. This is evidenced by the fact that for the period January-October 1975/76, U.S. palm oil imports declined by 11% from 320,300 metric tons to 284,900 metric tons. In contrast it may be noted that coconut oil increased by 46% for the same period from 276,780 metric tons to 402,770 metric tons. Despite claims by

the soyabean and cottonseed industries that palm oil imports would adversely affect their interest, the United States recorded an increase in export of 2.84 million metric tons of soyabean from January-October, 1975 to 1976. U.S. soyabean oil exports recorded a greater rate of increase of 38% from 302,189 metric tons to 417,791 metric tons for the same period. When it is considered that through a relatively liberalized system of trade in oils and fats, the United States has managed to secure sizeable export markets, the Government of Malaysia finds it difficult to comprehend any move to restrict the relatively small volumes of palm oil into the United States. It is evident that the American oil-seed industry, in particular soyabean, is seeking protection from palm oil imports which could reasonably be regulated by the free market forces whilst at the same time seeking to increase its exports of oilseeds abroad.

The Malaysian government would like to point out that palm oil exports also suffer other disadvantages in comparison to soyabean oil. U.S. soyabeans already have duty-free access to the EEC and Japan whereas palm oil which has to pay a 4 per cent import duty in these markets. Furthermore, sizeable amounts of U.S. soyabean oil sales under concessional terms such as the P.L. 480 have also deprived Malaysian palm oil of some of its existing and potential markets. In February 1975 to 1976 the United States sold 95,000 metric tons of soyabean and cottonseed oil to India, Pakistan and Bangladesh. The Malaysian government understands that sales under similar terms will increase to 120,000 metric tons in February 1976 to 1977.

The Malaysian government would also like to draw the attention of the United States government to the fact that certain quarters in the United States have called for the labelling of palm oil imports on the grounds of health and sanitation. Palm oil has variously being referred to as 'rat' oil and 'bug' oil by these quarters. The Malaysian Government would like to dispel the fallacy that palm oil is contaminated with 'rat' and 'bug' impurities or foreign bodies. Palm oil is extracted from the palm fruit stem. Further, strict measures are enforced in the quality testing, storage and transportation and shipment of palm oil to the respective destinations. In fact, it is because of the earnest desire of Malaysian producers to ship high quality palm oil free from contamination that they arrange and ensure that shipping facilities meet



with high shipping standards. The United States Department of Agriculture in its study 'Analysis of the Fats and Oils Industry to 1980 with Implications for Palm Oil Imports' has stated that 'all the oil used in manufacturing vegetable shortening and much of the oil used in making margarine must be hardened to produce these semi-solid plastic products. Therefore, the use of unsaturated fats to produce these products becomes less relevant. At the present time, shortening is by far the largest user of palm oil and palm oil's saturation shouldn't be a barrier to its use in the market. However, many people do not realize that oils are hardened by the hydrogenation process, which adds hydrogen to the saturated fatty acids and makes them into saturated fatty acids'.

The Malaysian government is equally disturbed by a campaign currently carried out in the United States on the high saturation in palm oil and its ill-effects on health, especially its possible relationship with cardiovascular diseases. The Malaysian government's concern in this matter is not only based on the knowledge that the entire role of fats is under investigation but that the labelling of palm oil as a saturated fat is highly discriminatory. On the question of saturation it is to be pointed out that the soyabean lobby has termed palm oil as a saturated fat because by comparison, soya-bean oil contains a low percentage of polyunsaturated acids. However, the soyabean lobby has totally ignored the effect of hydrogenation on polyunsaturated fats in the manufacture of shortening and margarine, since hydrogenation alters the composition of the fatty acids and transforms polyunsaturates into saturates. In 1975 soyabean oil constituted 55% of the basic material used in the manufacture of shortening and 82% in the manufacture of margarine. The soyabean lobby ignores the fact that animal fats, of which the U.S. is also the world's leading producer, are also saturated. And animal fats are substantially used in the production of shortening (20%) and margarine (15%) in the U.S. Furthermore, coconut oil, the U.S. imports of which increased by 46% in the U.S. 1975 to 1976 financial year, contains 81.3 to 98.5 per cent saturated acids. On the other hand, palm oil contains 45.9 to 53.0 per cent saturated acids, is low in cholesterol content and is accepted as a balanced diet item.

The Malaysian government understands that the United States had for over two decades sought and is continuing to seek free

access for its products. Malaysia and other developing countries whose development are heavily dependent on free access to markets have constantly joined the United States in ceaselessly working towards the reduction of trade barriers. The Malaysian government appreciates the fact that the United States is currently one of the countries where there are no trade barriers on palm oil. It is important that the U.S. government continue to demonstrate in spirit as well as in letter its well-established image as the greatest proponent of free trade and to abstain from taking measures to curb the entry of palm oil into the United States.

### **RUBBER – LOOKING TO THE FUTURE**

RRIM Planters' Conference.

Kuala Lumpur, 17 October 1977.

This year's Planters' Conference is indeed momentous because it coincides with the Natural Rubber Centenary for Malaysia. I am extremely pleased at this rare opportunity of joining all of you in looking back one hundred years as we trace the evolution of the Malaysian rubber industry from the times of Ridley and Wickham to that of Sekhar and Ani. As we do that, we cannot help but take pride and great satisfaction at the achievements of the natural rubber industry during the past century, and all of us are grateful to all those who have, in their different roles, played their part in putting the Malaysian rubber industry in its present peak position.

While we savour the achievements of the past, let us also not forget that the future one hundred years are going to be more important. They are going to be important because we will be facing aspiring masters like 'Guayule' and 'Golden Rod' in addition to the regular challenges we have with *polyisoprene*, *polybutadiene* and *ethylene-propylene copolymer* from the synthetic rubber camp. The way technology has advanced, even computers have been programmed to become serious opponents. I mention this simply to alert you into realising that unless we continually improve, innovate and indelibly imprint ourselves, our challengers are likely to be ready with answers for any of our feeble moves.



I am optimistic. My confidence for the future is strengthened by the preparations that the Rubber Research Institute of Malaysia in particular, and the people in the NR industry of Malaysia in general, are making for the future. I must congratulate the Board of the RRIM for its farsighted training programme in preparing the researchers to meet the more demanding requirements to serve the industry as a whole.

I understand there is one rubber tree planted in a strategic location in front of the Kuala Kangsar District Office. This tree is rich in experience, considering that it is the oldest rubber tree of 90 years plus. The tree was apparently planted there to remind the District Officers of the early days to think rubber and grow more rubber. Judging from the healthy appearance of the tree, it must be happy to know that the people do not only think rubber but they sleep on rubber and the country's progress and development have been well supported by rubber. The rubber plant is the only tree in the world where the efforts of plant breeders have amply been rewarded — a tree that could yield only 200 to 300 kilos per hectare in the past can now produce 5,000 to 6,000 kilos per hectare. And the plant breeders still declare that the level is well below the maximum attainable biological yield of 9,000 kilos per hectare. It is therefore not inappropriate that the rubber industry of the neo-tropics has been heralded as the 'agricultural revolution' of the century.

While we appreciate and marvel at the yield achievements of the plant breeders we must congratulate the plant scientists for shaping the rubber tree into 2-part tree, later 3-part tree and I understand are experimenting with a 4-part tree with desirable canopy and waist-lines and then stimulating them to give greater yield. We are also conscious of the agronomists for their ingenuity in reducing the immaturity period and the achievements of research scientists in the field of plant protection. After all 'Protection' it is said, 'is better than cure'. The important roles of planters and smallholders in helping us to realise the achievements of the scientists have made the transfer of technology possible and together with the researchers, they are the ones who have placed the Malaysian NR industry where it is today. Their role as producers becomes more vital for the future as we have to consciously increase our production.

Experts have predicted that the world will require a total elastomer supply of 15 to 17 million tonnes in the 1980s and there will be a shortage of about a million tonnes of natural rubber. In a techno-economic analysis, the Malaysian Rubber Research and Development Board has estimated that natural rubber could account for a market share of 43 percent, taking into consideration the technical and economic factors including energy cost, petroleum prices and environmentalism. The supply of natural rubber will thus have to be doubled in a matter of ten years even to sustain the traditional usage of natural rubber.

In the past, the lack of confidence of NR producers and miscalculation on the part of synthetic rubber producers have together brought about the unnecessary transient imbalances between supply and demand and associated difficulties faced by the elastomer-consuming world. What is urgently needed today is a dynamic production policy without any doubt or hesitation to ensure that natural rubber can optimise its share in the rapidly expanding elastomer market.

I am happy to note that Malaysian producers have already set the conditions for achieving the target of increased production. All research and development efforts are geared towards a dynamic production policy, the basic philosophy of which is to raise productivity and reduce cost of production on the one hand and to ensure that there is supply to meet rising demand on the other.

My Ministry is well aware, however, that our dynamic production policy cannot succeed without the support of the smallholders who own 67 percent of the country's total rubber planted acreage and are responsible for 58 percent of the annual total rubber production. Although the Government has done its best to improve the socio-economic position of the smallholders through accelerated replanting with high-yielding clones, about 30 percent of the smallholdings still remain to be replanted.

One factor which has been an impediment for replanting is the question of the replanting grants being made available. My Ministry has already submitted proposals to increase the replanting grant in view of the escalating costs so that smallholders can benefit from the availability of high-yielding clones and the reduction in immaturity period by replanting their uneconomic holdings.



Another factor being an impediment for replanting which affects both the smallholder and estate sector, but particularly related to further investment for the estate sector, is alleged to be the tax structure on rubber as a whole. My Ministry has certainly been active and generally sympathetic to this particular complaint and I am happy that signs are that there has been a positive response from the Government.

A dynamic production policy also calls for rapid implementation of research innovations in processing, product presentation and consumption. We should continue in our efforts to improve further the consumer appeal of Malaysian natural rubber. The changing technologies in the manufacture of rubber products are being constantly examined and prompt and appropriate responses are being formulated to meet the present and future needs of consumers. Natural rubber has been transformed from an agricultural commodity into a sophisticated industrial performance material of positive economic attraction. The Government, through its various agencies, guarantees the quality of our natural rubber marketed under the Standard Malaysian Rubber Scheme. The production of SMR has increased from a mere 700 tonnes in 1965 to about half a million tonnes today. This speaks well for the Scheme which has fully met its original objectives of permitting a technological revolution in the grading and processing of natural rubber. It has opened the door for the introduction of technical sophistication in the marketing of rubber using, in the first instance, levels of contaminants as parameters for the grading scheme. This was indeed sensible and deliberate. There is now consensus among consumers that further sophistication is needed with the overall objective of attaining a high degree of uniformity. I am sure that all of you, as producers of natural rubber, will respond favourably to the request of the consumers for consistency of processing behaviour of natural rubber and for a grade structure capable of meeting the requirements of a more demanding technology.

The impending revision of the SMR Scheme is testimony to the fact that just like natural rubber the SMR Scheme has flexibility to meet the realistic requirements of consumers. Consumers, on their part, must also appreciate the need for evolutionary change permitting both parties to gain further understanding of the complex

technical issues involved within the more sophisticated approach now envisaged.

We have now established the ten-million ringgit Technology Centre in the Rubber Research Institute of Malaysia which is well equipped and manned to give more than the necessary impetus for NR industrialisation here. The Government incentives for the manufacturing industry and all the other infrastructure facilities made available should indicate clearly that the Malaysian investment climate is attractive. There are currently just over 100 factories, apart from numerous small retreading firms, accounting for the 30,000 tonnes of rubber consumed here. Together they produce goods worth about 200 million ringgit. This is an infinitely small sum in relation to the potential we can expect. We therefore look forward to more joint ventures not merely in the now traditional products such as tyres, tubes, foam products, footwear and the like but we should venture into engineering rubber products like bridge bearings and dock fenders, two items that are becoming more and more in demand. I cannot over emphasize the importance of expanding our rubber-based industries especially for export markets. In order to meet this challenge, planners, researchers, manufacturers and engineers must meet more often to evaluate the strength and weakness and coordinate their activities to fully explore a much neglected area of NR activity. I look forward with optimism for definite improvements and trust that the target of 300,000 tonnes of NR to be locally consumed will be achieved in due time.

While we are reflecting on the need to maintain the quality of SMR and increase our NR product manufacture, we should pause awhile to consider the pollution problems related to our processing factories. The rubber tree has always been extolled as the cleanest manufacturing plant and in contrast to the synthetic rubber industry has attracted many admirers. However, NR is beginning to get a sticky reputation when factory owners disregard the effluent discharged causing problems of pollution.

The RRI and the Ministry of Science, Technology and Environment have considered this growing problem and have now come out with definite proposals to control or treat the effluent. I understand that a session will be devoted to this topic and would urge producers, especially factory owners, to pay special attention



to it and to cooperate willingly to keep our environment pollution free.

It is evident that natural rubber producing countries are marshalling all available resources to increase production and improve the presentation and quality of their product. However, it is not so clear that all consuming countries equally recognise and accept that the basic pre-requisites for security of supply are stable prices and equitable returns to the primary producers, adequate to cover costs of production and generate re-investment. We certainly hope that the 'stability of income' goal of producers and the 'security of supplies' goal of consumers will eventually be achieved to help shape the path towards new equitable trading relations between developing and developed countries.

#### **MALAYSIAN ECONOMIC POLICY – AN OVERVIEW**

12th International Young Resident's Organisation Meeting.  
Singapore, 26 February 1981.

I am well aware that as I am speaking to you today, the adverse trends in the international economy are now combining to constitute a veritable economic crisis. Each individual nation of the world, big and small alike, will seek solutions in its efforts to grapple with problems of inflation, balance of payments deficits, protectionism and soaring energy costs. It is a time when structural changes in the world interdependent economics are necessary on a global scale.

I have come from a background somewhat like yours, similar in many respects. We share the common aspiration of promoting our national wellbeing through national development and international collaboration. Not only do we aspire for economic growth but also that the growth so achieved can be shared by the widest cross-section of the population possible.

Malaysia is by any standards a small country of 13.8 million people. It has three major racial groups made up of the indigenous population, Malaysians of Chinese and Indian origins and others. This brings together in Malaysia all the major components

of Asia itself, including in addition to racial diversity, the diversities in religion, language and culture, creating certain dynamics within our nation. Whilst we are among one of the fastest developing nations in the developing world, we have also in the process created certain socio-economic problems necessitating structural changes in the economy.

The Malaysian government is committed to a system of parliamentary democracy following the lines of the British bicameral legislative framework. It is within this system that continued political stability is achieved ensuring that government decisions are reflective of the peoples' will through their representatives in the Malaysian Parliament. The fact that the ballot is secret protects individual freedom in the process of choosing our elected representatives without fear or favour and forms a solid base for resolving many of the ethnic diversities in an otherwise volatile political environment.

I believe that this political stability is important for it has laid the groundwork for our economic development thus far. For those nearer, like in Singapore and those who follow the process of political development and political change in Malaysia, I am fully aware of the very close scrutiny that we are being given currently, especially within the context of speculation on the goings on within the top echelon of our political leadership structures. 1981 is expected to be a lively and active year politically for us since the major partner political parties in the government coalition are scheduled to have elections for top positions.

It is a compliment to our parliamentary democratic system that the contests are open and create a tremendous amount of interest from the lowest strata of our society — popularly referred to as the 'coffee shop' level — to the highest. A great deal of interest is indicated even here in Singapore — and rightly so too, since our destinies are intertwined and that political stability on each side of the causeway is most crucial for our mutual survival.

Whatever the speculation is and whatever its outcome one thing is certain. And that is, the leadership that would emerge, or shall I say 're-emerge' would be one that would have to continue the tradition of tolerance and understanding, accepting the reality of the complexities and sensitivities of a multi-racial society. Needless to say, we do not foresee any dramatic change in our



political leadership structure as to cause any concern.

Malaysia is indeed a small nation. Yet we are the world leaders in the export of primary commodities such as rubber, tin, palm oil, tropical hardwoods and pepper. Five world records for a small nation should be indicative of the dedication and motivation of Malaysians towards hard work and success.

Malaysia is also the producer of other raw commodities, most important of which is petroleum and natural gas. We are at present the nett exporter of petroleum, 'sweet' petroleum, and we have on the drawing board several upstream and downstream projects based on petroleum which will manifest themselves in the decade of the 1980's.

Considering my own personal background and that I am addressing a group of such young and influential businessmen, I cannot help but put to you the conditions that exist in Malaysia that make it a most favourable base for foreign investors. In welcoming foreign investors to Malaysia we have asked ourselves this question, 'what does an investor look for in a country in which he hopes to make an investment to?' The most basic requirement would be political and economic stability without which even the highest returns on investment could be jeopardized, as has been the situation in several countries around the world recently.

Malaysia launched itself into industrial development immediately after independence in 1957. The decade of the 1960's saw Malaysia move into an era of import-substitution. The decade of the 1970's saw the nation gearing itself to the export-oriented era. Our record will speak for itself when I say that we have succeeded in moving Malaysia from merely being a producer and exporter of natural resources and a country entrenched in import-substitution, to a nation that is one of the leaders among developing nations in exports ranging from raw materials to manufactured products. Perhaps a good indicator is that Malaysia is now the second largest producer of edible oils in the world next to the USA and second largest exporter of electronic semi-conductors to the USA, second only to Japan. We expect that this situation of export of electronic semi-conductors could be reversed within the next two years, given the growth and expansion of the electronics industry in Malaysia.

We have realized that the much heralded claim that Malaysia is the world's largest exporter of raw materials like rubber, tin and

timber should in fact be a badge of shame. No more can we afford to take pride in being merely the 'hewer of wood and drawers of water'. It is thus the aspiration of the Malaysian government to increasingly concentrate our attention and our resources in making Malaysia one of the leading nations in the manufacture of finished or semi-finished products based on our abundant natural resources. This will be a major effort during the 1980's.

The second major thrust during this decade will be in the heavy, engineering, ancillary and supporting industries. The wide range of industries that have established themselves in Malaysia have created new import-substitution opportunities for backward integration. It is the objective of this programme that Malaysian industries should be able to obtain increasingly from within Malaysia the necessary components, spare parts and basic materials.

While these two prongs make up our new strategy for the 1980's we will continue the programme of the 1970's i.e. to attract labour-intensive and export-oriented industries and move them away from the traditional urban centres into other towns where large population pools and high rates of unemployment still exist.

We have in Malaysia what is called the New Economic Policy or NEP. Some of you may have heard about this and may or may not have a proper understanding of the principles involved in the NEP. The objective of the NEP is basically two-fold and is designed to create a socio-economic equilibrium that will ensure long-term stability within the nation. The first prong of the NEP is a broad based one aimed at eradicating poverty in Malaysia. The second prong is aimed at the redistribution of wealth and to remove the identification of race with economic function.

Whereas the first prong is self-explanatory there are many who do not understand or simply unable to comprehend the aspect of the second thrust relating to redistribution, understandably so especially for those from countries not having racial problems.

In Malaysia, history has created a situation whereby when one mentions the word 'shop-keeper' the picture of a Malaysian Chinese springs to mind. Even the word '*towkay*' was reserved to a Chinese with the connotation of wealth. When one says 'rubber estate workers' it was a Malaysian Indian and likewise a 'paddy farmer or fisherman' was a Malay. Thus we have a situation



whereby ethnic occupational conditioned reflexes have been created by past practice and by these occupational definitions, various ethnic groups are segmented into urban and rural environments. By any standards this is an unhealthy situation.

It is not the intention of the Malaysian government to enforce this restructuring through a penal system whereby opportunities available within one ethnic group is removed and given to another. Nor is it the intention of the Government to effect in any way the existing wealth of the foreign business community in Malaysia, which incidentally as our figures showed in 1970, controlled 60% of Malaysia's corporate wealth.

The entire socio-economic restructuring programme is designed within the context of a rapidly expanding economy, where opportunities are made available to all but where deprived groups will be given the opportunity to have a larger share of the growth element. By this means we hope to create a situation whereby by 1990, 70% of corporate wealth will be held by Malaysians and 30% by foreigners. However, growth being the essential element in the entire exercise the 30% of foreign ownership of the corporate sector will be in quantum, multiples of what it is to-day, and will continue to be a leading factor in our economic growth.

I wish to emphasize this point because Malaysia recognises the fact that the success of its endeavours in the 1980s, both in the resource-based sector, the heavy industry and ancillary sector and the export sector, will depend upon the involvement of the foreign business community. Often the foreign investor in Malaysia is envisioned as the factor that will fuel the rapid growth of the manufacturing sector and as the foreign equity component increases the Malaysian component will also likewise experience dramatic growth.

Talking about growth, one of the most crucial determinant factors is of course the human factor. In order to achieve the objective and targets that I have mentioned above, education will have to play a pivotal role especially in equipping our vast human resources with the necessary skills and knowledge.

This brings me to the role of education. Education in Malaysia has become popular and democratic in the years of independence as against being elitist prior to that. The clamour for education is interpreted as a positive achievement of the Government. It be-

comes however the responsibility of the Government to steer and channel the enthusiasm of the young towards equipping themselves for a future that would fit them within the framework of our development objectives.

Thus one sees the 1980's as the most crucial period for education since basic structural changes are being launched and that strategies are being reorientated. Since 'science and technology' has developed into somewhat of a slogan, the educational emphasis shall be in these very fields. The building of vocational schools, polytechnics and the expansion of our university level education in these fields are expected to be vigorously implemented in the 80s.

However, Malaysians are somewhat concerned that our current emphasis on science and technology may be at the expense of the ingrained spiritual traditions and beliefs of the people as to threaten our concepts of creating a well balanced society both in material and spiritual terms. To many of you, it might seem strange that religion in Malaysia has not only come into education but has assumed such a crucial factor. For us religious, moral and ethical education are important in any discussion on education. And rightly so too in view of the confused state of mind of the human race in the face of intense challenges for greater output purely on material terms. We are rather disturbed especially since this obsession in material terms have created freaks in many a developed society where a boom in the 'psychiatric business' is the best warning indicator that something somewhere is going wrong. This aspect of so called modernization is certainly the one that we in Malaysia shall strive to avoid.

May I once again say how pleased I am to be able to address you. The programme that has been drawn up by the organisers intergrating as it were, various aspects of business, management, philosophy, religion, politics, culture etc, is indeed most relevant especially during a time when most businessmen are becoming increasingly specialised and narrow in their own areas of activities to the exclusion of other wider aspects of life.

It has been stated that politics without principles, education without character, science without humanity, and commerce without morality are not only narrow in perspective but positively dangerous. I sincerely hope, not only in my capacity as Minister of Education but also as an ordinary human being that is becoming



increasingly embroiled in matters that appear to place nations and individuals against each other, that the wider perspective that this university programme organised by the Young Presidents Organisation will provide, will not only help to blunt the edges of extremism but also create a better understanding of the various facets of life that not only impinge upon ourselves, but upon others whom we deal with in one way or another.

### **THE ROLES OF THE COMMODITY EXCHANGE AND COMMODITIES TRADING COUNCIL**

KLCE Annual Dinner.

Kuala Lumpur, 22 October 1981.

The establishment of the Kuala Lumpur Commodity Exchange (KLCE) was a significant step forward in the development of our capital city, Kuala Lumpur, as an international commodity trading centre. The opening of its first market, the future market for Malaysian crude palm oil, should only be regarded as the beginning of a process of developing modern systems of futures trading for Malaysia's major primary commodities within Malaysia itself. I would like to see this process continue and am confident that in the years ahead, the trading volume in this Exchange would continue to grow as additional markets for other major Malaysian commodities such as rubber and tin, are incorporated into it.

In the process of developing the KLCE, it is necessary to ensure the highest standards of efficiency, reliability and service. I am glad to note that right from the outset, the Kuala Lumpur Commodity Exchange and its accompanying clearing house, have been organised according to the highest international standards. The fact that we have succeeded in attracting many leading overseas trading companies and brokerage houses to establish their offices in Kuala Lumpur within a short time is clear testimony of the KLCE's performance as an international market place for our primary commodities. We welcome and encourage this kind of participation in our markets and this is in line with our own philosophy that commodity trading should be international in

character. At the same time we look forward to these international companies to share their expertise and experience with their local counterparts.

The performance of the Exchange during its first year has certainly been very satisfactory. It is encouraging to note that turnover on the Exchange in respect of the crude palm oil contract, has been on an increasing trend as more people from the trade are making use of the market.

I find it encouraging therefore to note that several international companies, or local companies with international interests and connections, have become KLCE Members or Trade Associates. Some regional interests are also represented in the current membership. Their greater participation in ..... the Exchange and also in (its) activities ..... will auger well for (its) future development as and when more commodities are introduced in the Exchange. The Government on its part will take all necessary steps to facilitate its progress.

The Ministry of Primary Industries is already studying the integration of the Malaysian rubber market into the KLCE. Discussions have also started on plans for starting a future market for tin in the Commodity Exchange. I would like to take this opportunity to reiterate that a policy decision has been made by the Government on the establishment of a multi-commodity exchange in our country. I would like to see that this policy is implemented in a manner which will result in an efficient, equitable and active market for our major primary products. I am aware that in the process of opening new markets there are problems which have to be resolved. However, these problems should not deter us from proceeding towards our final objectives nor should they provide obstacles which might delay expansion and progress of the KLCE. I anticipate that the new Kompleks Daya Bumi, on which construction work has already begun, will be able to offer suitable accomodation for this Exchange and the clearing house. This new building will be in keeping with the Government's aim to develop Kuala Lumpur as one of the region's leading commodity centres with all the modern facilities expected of such a centre.

I am glad to observe that in the process of developing and enlarging the Kuala Lumpur Commodity Exchange, care is taken to consult with Malaysian and international trade interests at every



stage of its development. As a consequence, it can be expected that the development of the Exchange will continue to be in line with international requirements.

I would now like to take this opportunity to refer to the supervisory functions of the Commodity Trading Council. Commodity markets work best when they are allowed to operate in conditions of freedom, but there are certain limitations or restrictions which many have to be imposed upon them in order to ensure good conduct and efficiency. Under the broad definition of 'self-regulation' the management of the commodity exchange and the clearing house themselves are expected to perform whatever regulatory functions may be required to achieve successful operations. This situation also applies to the Kuala Lumpur Commodity Exchange and the Kuala Lumpur Commodities Clearing House with the Commodities Trading Council's responsibilities over these institutions being of a general supervisory nature.

I wish to highlight a particular supervisory function of the Council as laid down in the Commodities Trading Act which is to 'take all reasonable measures to safeguard the interests of persons who trade in commodity futures contracts'. I am aware that complaints have been received regarding malpractices which involved trading on overseas markets and I understand that the Council has taken steps to investigate these complaints. The public should be made fully aware of their legal rights and the powers of the Council to curtail malpractices.

As the KLCE expands its business, it will follow that a wider cross-section of the investing public would be participating in the trading on the Exchange. Speculative activity is an essential element for the successful operation of the market. It will be in the interest of all of you to foster a greater volume of such activity in the market. At the same time I would like to remind you that promotion of the market must be accompanied by a process of educating the participants in the market on the risks and rewards commodities futures trading.

It must also be made clear to members of the public who wish to invest in commodities or to speculate in commodity futures that there is only so much that the Council can do in exercising its function of safeguarding the interests of persons who trade in commodity futures contracts. Neither the Council nor the Com-

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missioner of Commodities Trading, can do anything to help those who treat commodity trading as a game of chance where they place at risk, money which they can less ill afford to lose. It must be understood that people who rely completely on 'luck' have very little hope of continued success in commodity futures trading.

*Dalam merenong ke masa depan, saya berharap harinya akan tiba apabila para pekebun kecil dan kaum pekerja, yang pada masa lalu dan ketika ini merupakan tulang belakang beberapa perusahaan utama kita, akan dapat turut sama menikmati dengan kita sekalian segala manfaat kemajuan yang dicapai. Sebuah pasaran barangan utama yang cekap, yang dibantu oleh usaha-usaha pertubuhan-pertubuhan peladang yang moden, boleh memainkan peranan mengatasi masalah ketidak stabilan pendapatan yang masih juga menjejaskan hidup para pekebun kecil. Teknik-teknik 'hedging' hendaklah digunakan sepenuhnya oleh syarikat-syarikat ladang dan jual-beli kita dalam usaha mendapat manfaat optimum dari pemasaran yang semakin baik. Dalam pada itu, kemungkinan membawa manfaat-manfaat tersebut ke kalangan para pekebun kecil dan kaum pekerja hendaklah juga dikaji. Walaupun kita masih harus berusaha lebih banyak lagi sebelum kita dapat mencapai matlamat kita, saya ingin menegaskan bahawa ianya merupakan satu matlamat yang amat penting bagi kebahagiaan masa depan negara.*

Looking into the future, I hope that the day will come when the smallholders and the workers who were and still are the backbone of some of our primary industries, will be able to enjoy with us the benefits of all the progress achieved. An efficient primary commodity market, which is assisted by efforts of the modern farmers' associations will be able to play a role in overcoming the problem of income instability which still affects the lives of smallholders. Hedging techniques should be fully applied by our farming and trading corporations in order to obtain optimum benefits from the improving market. In the meantime, the possibility of distributing the existing benefits to the smallholders and the workers should be examined. Although we still have to strive harder before we achieve our goal, I would like to stress that it is a very important goal which ensures our country's future prosperity.