

J. PAIRIN KITINGAN

The Making of A Malaysian

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*A collection of speeches
by Datuk Joseph Pairin Kitingan
during his first two terms of office
as the Chief Minister of Sabah
1985 - 1990*

Compiled and edited by

Stan Yee
Perpustakaan Negara
Malaysia

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J. PAIRIN KITINGAN

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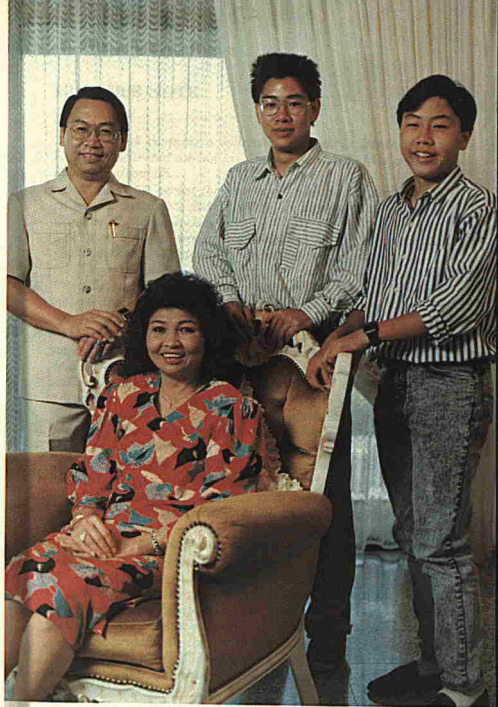
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Family picture – Datuk Pairin with wife Genevieve and sons Alex (centre) and Daniel.

EDITOR'S NOTE

This book contains a collection of speeches Datuk Pairin Kitingan delivered during his first two terms of office as Chief Minister of Sabah.

During this period the tone and style and the goals of the ruling Parti Bersatu Sabah (PBS) are clearly reflected in the Chief Minister's speeches.

These speeches are arranged in 21 chapters and, for the most part, chronologically in each chapter.

The book covers a wide range of subjects on which the Chief Minister had occasions to speak. The title of the book reflects the dominant unity theme which permeates many of his speeches, especially in Chapter 1. Speeches of a political nature are mostly found in part of Chapter 2 and Chapter 21 where he outlines the philosophy and aims of PBS, the state's relations with Kuala Lumpur, with other states, PBS' relations with the opposition parties, the position of Muslims in the party, and other important issues. In this chapter he also touches on the progress the PBS government was making towards achieving its goals, and the problems and obstacles which it encountered.

The bulk of the book contains speeches on the economy and its various components, on agriculture, forestry, tourism, housing, investment and development matters generally. There are also chapters on social and cultural subjects. Some of the speeches which he delivered as Chairman of the Kadazan Dusun Cultural Association are also included as these speeches further reflect his thinking on ethnic and cultural matters in the context of today's Sabah.

Although an attempt is made to minimise repetitions, some overlapping may be apparent in a number of areas where the same subjects may be examined from different angles.

I am grateful to the staff of the Press and Publications Section of the Chief Minister's Department, in particular Hasnah Jaafar, for their assistance at various stages of the book.

FOREWORD

When Parti Bersatu Sabah was swept into power by a slim majority in the 1985 state elections, two major political parties which lost the elections did not accept defeat gracefully. They conspired and agitated to try to topple the new government. What was once a peaceful state was thrown into turmoil, and civil disturbances erupted in the state capital Kota Kinabalu in March 1986. The State Government was under siege and could not function effectively. This led to the dissolution of the State Assembly. In the ensuing general elections of 1986 PBS won more than two-thirds of the 48 State Assembly seats.

Despite its greatly increased strength in the State Assembly and its admission as a member of the National Front coalition, the ruling party continued to experience difficulties. There was no doubt in my mind that the key to solving many of these difficulties lay in improved state-federal relations.

I made references to state-federal relations in some of the speeches. Since I became Chief Minister on 22 April, 1985 I tried hard to improve relations with Kuala Lumpur, but regrettably I never achieved the degree of cordial relationship and close rapport, or enjoyed the same measure of confidence as my predecessors.

As race and religion, personal ties and loyalties, likes and dislikes as well as interests influence politics, sometimes to an excessive degree, it is not easy to unravel what precisely caused the tenuous relationship between the PBS leadership, especially myself, and the top leadership of the federal government.

On the home front PBS has enjoyed solid grassroots support. It has performed credibly in state and parliamentary elections, as well as in numerous by-elections. Even so, I am only too painfully aware how vulnerable the democratic process is to abuse and manipulations, having narrowly survived an attempted *coup d'etat* on the very night PBS won the 1985 state elections.

I believe we owe the survival of democracy in Sabah to the rule of law and a leadership at the top level which defended

democracy in a number of instances when the system was threatened.

I recall I gave credit where I thought credit was due on a few occasions, for instance, at the official launching of Tan Sri Tan Chee Khoo's book "Sabah, A Triumph for Democracy" on 17th August, 1986, when I said, with sincerity:

"In Sabah we have seen democracy being threatened but we have also seen it triumph over those who sought to kill it. The people who allowed the democratic process to run its course unimpeded are those federal leaders who wield power. It is to their lasting credit that they allowed democracy to triumph in Sabah, and in the rest of Malaysia."

But I am also aware that there are problems inherent in Federal-State relations. While it has never been my intention to antagonise federal leaders, I believe that the state should feel free to present its views and legitimate demands to federal leaders or to tell them what federal actions or inactions are hurting the state. If we are not happy about certain things, for instance our disproportionately small share of the oil revenues, the federal government's handling of the massive influx of aliens to Sabah, we must let the federal government know we are not happy.

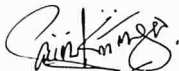
Allegations of anti-federal sentiments are not new. Such accusations were hurled at us from the moment we became a political force in Sabah. They started in early 1985 and have not ceased. I have strongly refuted the allegations many times. In my address to the Second Annual Delegates' Assembly of Parti Bersatu Sabah in Kota Kinabalu on 11th October, 1987 I went to great length to deny that PBS leaders were antagonistic towards federal leaders or were responsible for the strained state-federal relations. At the same time I also made the point that being frank and forthright should not provoke negative reactions.

At the time I made these speeches PBS was still a member of the National Front coalition. Some of the speeches were made much earlier, when we were actively seeking membership. Our disillusionment led to our leaving the coalition on 15th October, 1990. Since then, predictably, relations have deteriorated further.

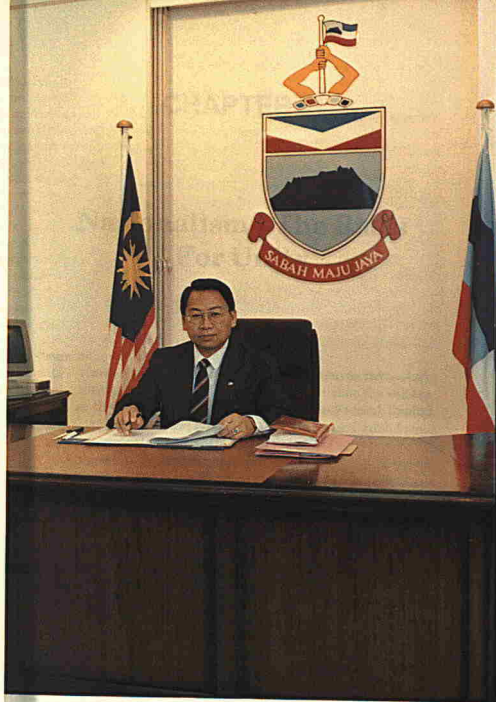
But I believe that the differences between Sabah and Kuala Lumpur are not fundamental. We do not harbour any feeling of enmity towards the federal leadership. Neither do we like to be regarded as enemies. We would like to improve relations but reconciliation is a two-way process. Sincerity is the key to healing and amends. Whether PBS is or is not a member of the National Front coalition does not make its leaders and rank and file members and supporters any more or any less citizens of this country, or any more or any less loyal. We can still work together for the good of Malaysia.

I hope readers will find this book informative as well as revealing of the path and terrain which we have trodden and the direction we are going towards progress and development. Most of all, towards a common Malaysian nationhood and a shared destiny with others in Malaysia. The speeches may also reflect the social and political rhythm and general mood of the people of Sabah at this point in time.

I hope too that the book will contribute to a better understanding of what we in PBS are trying to accomplish, our aspirations and our vision of the future of Sabah as part of an integral part of Malaysia.

A handwritten signature in black ink, appearing to read 'Pairin Kitingan', with a long horizontal line extending from the end of the signature.

J. Pairin Kitingan



Datuk Pairin Kitingan, Chief Minister of Sabah

CHAPTER 1

Nationalism - The Basis For Unity

I regard this year's National Day celebration as particularly meaningful for two reasons: for the first time the celebration at the national level is held outside the Federal Capital, and this is also the first National Day celebration I attend since my appointment as Chief Minister of Sabah.

I think it is particularly appropriate that the first time the national level celebration of National Day takes place outside Kuala Lumpur, it is held in Melaka where the Father of Malaysia's independence, Yang Teramat Mulia Tunku Abdul Rahman Putra Al-haj proclaimed the news of the impending independence of the then Federation of Malaya to a jubilant crowd of 100,000 in 1956.

One year after that on 31st August 1957 the Federation of Malaya became an independent, sovereign nation. Six years later on 16th September 1963, the people of Sabah (together with the people of Sarawak and Singapore and the Federation of Malaya) formed and became a part of the larger political entity that is Malaysia.

Today, on this memorable occasion of National Day, I would like to stress one historical fact which has been obscured over the years, and that is that we, the people of Sabah, were instrumental in the formation of the Federation of Malaysia - we

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were actors in the birth of this nation and were not simply acted upon. I stress this because very often we hear people talk unthinkingly about our admission into Malaysia, not caring to reason that before we formed Malaysia, there was no Malaysia for us to be admitted into.

I think it is important to set the record straight with regard to this historical point and to remind ourselves that we formed and became a part of this nation out of our own free choice, and that having made that historic and irrevocable choice it is our responsibility to see to it that this nation flourishes and grows. You and I, all of us, have a responsibility and sacred duty to nurture and protect this nation.

The theme for this year's national day celebration "Nationalism - The Basis For Unity" is both appropriate and revealing. It is appropriate because it is time we were reminded once again of our national identity as Malaysians, and it is revealing because obviously there is a need for us to be so reminded.

Today, 22 years after we became a part of Malaysia, national integration has remained an aim largely unfulfilled, and national unity is still in danger of being wrecked, even by the very people who had so much to do with the formation of Malaysia and Sabah's development during the post independence years.

Therefore when we talk about Malaysian nationalism we are talking about the intensity of our emotional attachment to our nationhood, to our national identity. We can talk about it intellectually, perhaps in abstract terms. But this is not what the national day theme is meant to serve. I think it is more relevant if we pause and examine our inner-most thoughts and ask ourselves:

- Are we proud of being Malaysians?
- Are we proud of our country's achievements?
- Do we suffer a twinge of pain when our country has suffered a setback in any way, for instance in sports or other undertakings?
- Are we deeply concerned about our country's economic situation, about our country's security, about how other people regard us as Malaysians?

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- Do we buy made in Malaysia goods in preference to similar goods produced elsewhere, other things being equal?
- When we are in a foreign country and see the Malaysian flag fluttering in the compound of the Malaysian embassy do we feel a sense of belonging to that little symbol of our country's presence in a foreign land?
- Again, when we are in a foreign country and meet another Malaysian do we regard him or her with a feeling of affinity even though we may not know the person?

This brings us to the question of unity. If we can all identify ourselves emotionally as Malaysians regardless of our racial origins, and act as such, we have indeed come a long way as a united people of this country.

One way we can identify readily with one another is to accentuate the positive, that is, to look for similarities between ourselves and others, rather than differences. If we are 75% similar and 25% different, why should we allow the small difference rule our relationship with others?

Of course there would always be those who try to make political gains out of differences. We must counteract the attempt by irresponsible leaders to create disharmony, rift, division and race polarization. Lately some irresponsible elements advocated race politics for Sabah on the mistaken belief that race politics is what the people want. These dangerous elements are wrong on two counts: race politics is not what the people want, and even if some appear to favour it, it is the responsibility of responsible leaders to steer their followers away from race politics.

People in leadership position should be guided by certain ideals, amongst which is that every citizen of a country should live in peace and harmony with one another regardless of his race or religious background.

Unity and integration are two important elements of national life that cannot be faulted and should be targets to aim

for. People occupying position of influence should lead their followers to these ideals. They should not lead them away from these ideals by claiming that the people prefer to maintain disharmony and race differences.

Responsible leaders maintain their ideals under any circumstances. They do not abandon their principle or stand out of temporary expediency. A good leader with principle and ideals of multi-racialism would not give up these ideals and advocate race politics over night.

What we want is sincerity – not malice or craftiness. We must not allow such people to endanger unity because the stakes are much too high. Nobody would gain from racial strife and disharmony. We must reject these so-called leaders who try to disunite the people.

Nationalism can only come about when there is feeling of nationhood, when we are proud of our national identity, when we identify with one another as Malaysians regardless of race or religion, when we recognize the value of unity in diversity, when we recognize the fact that the national culture can be immeasurably enriched by a synthesis of the diverse cultures in the country. If we can recognize the basic psychological fact that unity can only come about if everyone is accepted, feels accepted and finds a rightful place in the Malaysian fabric, when no one feels unwanted or alienated or just tolerated and no more, then this nation can really achieve real and lasting unity.

These are not impossible conditions for unity. All that is necessary is a little give and take, a little concern for other people's feelings, a lot of sincerity and care and conviction in our minds that we truly want and value unity for the good of ourselves and our future generations.

All this of course will be so much more enhanced if we have a strong feeling of nationalism to start with. This is why we say that nationalism is the basis for unity in our country.

**(National Day speech on 31st August 1985 at
the Kota Kinabalu Municipal Council Padang)**

The Making Of A Malaysian

As Malaysians we will surely feel an upsurge of our sense of belonging and pride as we celebrate our National Day along with our fellow citizens in all states of our country. On this day we identify with one another as people of one nation regardless of our diverse ethnic, cultural and religious backgrounds and our individual state affinities.

Through our participation in parades and ceremonies in all states throughout the country, we reaffirm our loyalty to the Malaysian flag, the King and other commonly accepted national symbols. It cannot be denied that National Day serves as a powerful symbol of togetherness as we move towards our goal of national integration.

Without detracting from the importance of National Day, however, there is a growing feeling in Sabah and perhaps in Sarawak as well that we should also remember the significance of 16th September. Each year the nation's age is reckoned from 31st August 1957, which is the year the Peninsular states in the then Federation of Malaya became independent.

But we should not forget that 16th September 1963, is the day when the two Borneo states obtained independence by forming and becoming part of the Federation of Malaysia. Many

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of the older people among us here probably attended the proclamation ceremony in Sabah at this same Town Padang.

It is a historical fact that we celebrate 24 years of independence this year as against 30 years in the Peninsular states. In recognition of this fact, the Sabah State Government supports the view that in addition to Merdeka Day we should also commemorate Malaysia Day thus giving it greater prominence.

Therefore, to the people of Sabah and Sarawak, 16th September is of double significance as the day we achieved independence as well as the day Malaysia was born and so should be suitably remembered and commemorated by the nation as a whole.

Until the time Malaysia was formed there was in fact hardly any social or economic contact at all between the people of Sabah and Sarawak and the Federation of Malaysia. There were not even direct sea or air links.

In view of our geographical separation and the lack of communication previously we can derive some satisfaction from the progress we have made in the last 24 years in overcoming the physical and, to a certain extent, mental and emotional obstacles along the road to national integration. During this period, there has been a tremendous expansion of our transportation and communication network and an ever increasing movement of our people and produce between the Borneo states and the Peninsular states.

Yet it is anomalous that while we have done much to bridge the divide of the South China Sea we have made relatively little progress in improving our physical links between Sabah and Sarawak. As yet there is no road connection between our two state capitals.

There has been a lot of talk of federal-state plans over the years to improve the road network within Sabah as well as build a highway linking the two Borneo states. But while the Sabah Government has tried hard to persuade the federal government to carry out the project it is regretted that progress in this direction has not been satisfactory.

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All the Peninsular states on the other hand are linked by a well developed network of roads, not to mention railway services, which allow for an unimpeded movement of passengers and goods across the country. Furthermore, the Peninsular highways continue to be upgraded and extended. Therefore, as far as physical integration is concerned, Sabah and Sarawak have hardly made any progress at all compared with the Peninsular states.

Notwithstanding our transportation shortcomings, it cannot be denied that Malaysia has brought about a great increase in inter-territorial traffic and activities and also population movement, which has set the stage for territorial integration.

Jet travel and spaceage telecommunication facilities have brought the whole country much closer together. But important though territorial integration is as a step towards national integration it needs to be accompanied by ethnic and socio-cultural integration of our people of different races and cultures which more social contacts can help to bring about.

There is no doubt that we are moving in this direction with the greatly increased movement of our people between the Peninsular states and the Borneo states involving government officials, military personnel, teachers, businessmen, students, job seekers, sports contestants, holiday-makers and others. In addition, the national language, national television and radio, newspapers, the national airline, national sports teams and stars, Feri Malaysia, the national car and other national symbols are all important factors in the growing spirit of oneness or togetherness.

In a federation, it is only natural that member territories are inclined to accentuate and try to safeguard their particular interests and rights. In this connection, it must be remembered that we in Sabah not only gained our independence six years later than the people in the Peninsular states but have also lagged far behind in education and development which is why we retain certain special state rights to help us overcome the gap.

It is up to our leaders at both federal and state levels to handle territorially significant issues with understanding and care and be constantly on guard against deeds through action or inaction that may impede national integration. In particular we must be alert against words or actions that may be misconstrued as racial chauvinism.

In the sphere of development, we must bear in mind that the social and economic dynamics that propel society are constantly changing. Though Malaysia has made notable progress compared with many other developing nations, not only because of competent management of our resources but also because we have been spared the kind of sectarian strifes which have afflicted others, we still have a good way to go to catch up with the so-called newly industrialised nations, let alone the well established industrialised world.

Unless we run we may remain in the same spot while other societies are moving ahead. And so as we celebrate National Day we should make fresh resolve to step up our efforts to revitalise our economy and accelerate development.

Though poms and ceremonies are important in our celebrations we must remember that nationalism or patriotism is not just paying homage to symbols, voicing slogans or paying lip service to issues and personages. Patriotism runs deeper than such outward manifestations of nationalism. Patriotism is being imbued with a sense of commitment to our country. It is adherence to a set of values. It is civic-mindedness and having due regard for others as we go about our daily affairs.

Each and everyone of us can demonstrate our love for our country through little things, such as by keeping our surroundings clean and tidy, being friendly and helpful to one another, being courteous on the road, being civic-minded, for instance by informing the authorities quickly when one sees a burst water pipe, a fallen power line, or some other mishaps or hazards, or giving assistance at the scene of an accident.

In other words, it means being good citizens, considerate neighbours, being compassionate and sympathetic to the less fortunate and assisting those amongst us who need help.

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It does not mean unduly protecting those who falter in various ways but showing a good example to others, especially by those in positions of leadership and responsibility. Our feelings as good citizens should be positive not negative. We need not show the world how bad others are in order to show how good we are.

Moreover, we should always maintain respect for the personal freedom of the individual while recognising that our collective interests are paramount.

Being good citizens is a frame of mind that predisposes us to a desire to live harmoniously with everybody whatever their race or religion as Malaysians, without discriminating against one another, without fear or favour. It means being understanding, tolerant and helpful to one another.

Being understanding, tolerant and helpful is being prepared to give and take, to live and let live and to forgive and if possible forget. We depend on this kind of close interaction, rapport and goodwill among our people not only to achieve national integration but for our nation to survive, progress and prosper.

Therefore, as we celebrate our National Day, I ask you to ponder over these things. Perhaps it is appropriate to remind ourselves of the words of the late President Kennedy who urged his fellow countrymen to be concerned less about what their country could do for them but more about what they could do for their country.

I would ask you to think of what you can do for you country. Every person would be contributing significantly to the well-being of our country simply by being a good citizen.

(National Day speech, 31st August, 1987)



Looking up to the King - Datuk Pairin shares a brief moment with His Majesty the Yang di-Pertuan Agong, Sultan Azlan Shah, at the King's Installation on 21st September, 1989.

National Culture - Getting The Right Mix

When we talk about "National Culture" in the context of Malaysia at this moment we are in fact postulating the emergence in the future of a recognizable cultural entity resulting from the evolution and interplay of diverse cultures over a long period of time. These influences are woven into the Malaysian cultural fabric which displays the intricate cultural patterns of the diverse races and communities in the country. I see in our national culture the synthesis not only of Malaysia's diverse cultural entities, but also the pervasive cultural influences of the West which impregnate the minds of our people through the space age communication media.

I have always regarded Malaysia's diverse cultures as a myriad of beautiful flowers which put on a spectacular display of a profusion of colour and scents the likes of which people of a more homogeneous society are not privileged to see in their daily lives.

In approaching the issue of national culture we should be guided by one basic consideration: we accept and develop on that which is good and healthy and cut out that which is bad and decadent. This is of course a statement of intent at its most simplistic. In real life accepting and eschewing involves complex

mental processes which in themselves presuppose a high level of cultural maturity.

Broadly speaking we view culture on two separate planes which, although not mutually exclusive, call for different responses nonetheless. The two cultural planes are alien cultures and home cultures.

What are considered to be alien cultures come to us through trade and commerce, through the printed words, through cinema, radio and television and a whole host of other media. And our home cultures manifest themselves in our daily lives, our ethnic characteristics, our value systems, our beliefs, our responses to other cultures, our way of life.

We can of course try to control the spread of alien cultures by a rigid system of censorship, but modern vehicles of cultural assimilation are so pervasive that we need built-in defences to insulate our citizens, especially the young, from the onslaught of undesirable influences. These built-in defences take many years to form and they are not things that can be imposed on the citizenry by decree, legislation or coercion in whatever form. These defences are inherent in people who are sure of and feel secure in their own cultural identities and who are strong in their own moral conviction and mores to stand up to those aspects of foreign cultures which they consider to be less than desirable. We must be culturally strong to prevent a cultural vacuum from developing.

It is not just alien cultures that contain undesirable elements. Our own cultures may also contain many undesirable aspects which ought to be discarded.

Very often cultural development in Sabah has been thought of in terms of music and dances, art and craft and other "cultural" expressions. This is fine and they ought to be given due recognition as very important elements of our cultural repertoire. But we should also cast our minds on the more abstract aspects of culture such as our value system and social mores which guide our behaviour; our philosophy as reflected in our folklores and literature; our mental disposition, our psychological make-up, our responses to culturally significant stimuli. All

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these go to make up the persons that we are as distinct from others of a different cultural background. The cultural idiosyncrasies of some nations are so marked that their nationals are often stereotyped, generalised and caricatured.

During this month-long campaign to promote our national culture we should ponder over the way by which the diverse cultures of this nation may be synthesized and Malaysianised. There are two ways of doing this. One is by cultural assimilation, the other by evolution.

Cultural assimilation is only possible in a society where there is one dominant culture to which all other cultures pay homage. In Malaysia there are several dominant cultures all greatly influenced by the pervasive West. So in Malaysia any attempt at cultural assimilation by one dominant group on other groups may not succeed. There are strong cross cultural currents that will deflect any attempt to steer the nation's culture in any particular direction.

The need for the national culture to evolve out of social interactions in multi-racial Malaysia has been long recognised, and this thinking has been given new impetus by Barisan Nasional's Manifesto recently. This new emphasis will certainly set a new direction for the development of the national culture, and one that will give every community in the country a stake in the nation's cultural future.

I mentioned earlier that there may be aspects in our culture which need to be modified or removed. In a multi-racial country where it is considered not politic for anyone from one community to point out the less desirable aspects of the cultural traditions of another community, it is really the responsibility of every community to carry out a self-appraisal to identify aspects of the community's culture which ought to be preserved, modified or discarded.

During this Cultural Month let us all play our part to think about the sort of national culture we would like Malaysia to have and what aspects of our own cultural tradition ought to be further developed and incorporated in the national culture of the future.

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If we can think objectively and positively about our future cultural identity as Malaysians and are able and willing to relate our present thinking to the future this cultural month campaign will have achieved its purpose.

(At the official launching of the cultural month on 9th August 1986)

Sabah and Sarawak - So Near and Yet So Far

Let me say how honoured I feel to be here paying my first official visit to a sister state since becoming Chief Minister of Sabah. I say sister state because we Sabah and Sarawak are linked together by that special geographical as well as historical relationship as Malaysia's Borneo States. We are not only contiguous to each other but also share many traditional ties that precede and transcend the political boundaries.

We in Sabah have often looked upon Sarawak as an elder sister, and an example that we should sometimes emulate, not merely because of your size, being Malaysia's largest state, and Sabah second, but also because you have a longer history of government than we have and in many ways better developed than Sabah. Sabah, as you know, became a geopolitical entity only in 1881. Even in those early days our historical records show that Sarawak played a role in the Sabah administration. Many native policemen in our local Constabulary were Ibans from Sarawak.

In more recent times the traditional ties between our two states branched out into other spheres of activity. In the world of sports the event that comes to mind readily is the Borneo Cup Games. There is talk of its revival, and I think it is a good

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idea. During the Borneo Cup seasons in the past there was friendly rivalry. Competition was fierce, and we each looked forward to the time when we brought the Cup home. But the competition was more than just that. It promoted friendship and goodwill, strengthened existing ties, and paved the way for other forms of cooperation. The Borneo Games brought together not only Sabah and Sarawak but also our traditional Borneo Territory partner, Brunei. With this in mind we should also look at other possibilities in the sporting tradition to promote and strengthen our traditional ties.

Another area of mutual interest is our common cultural heritage. Sabah and Sarawak have been labeled the adventure States, or longhouse States which calls to mind head hunters, human skulls hanging from the rafters and pretty girls serving tapai. Sabah, of course has the added distinction of being home of the legendary Wild Men of Borneo widely featured in some overseas tourist publications. I am not sure if Sarawak is overly anxious to share that distinction with Sabah, but, to tell you the truth, we do not really mind it as it enhances our tourism industry and preserves the 19th century romantic ideas about the land now known as Sabah.

I am sure you all would agree with me that we are not really wild, although now and again some outrageous things may happen.

The state government under my leadership is actively promoting tourism to the State and while we are at it we are also trying to preserve and promote our cultural heritage. There is indeed much room for cooperation between Sabah and Sarawak in this sphere as we share so many things in common.

Where it concerns the promotion and preservation of cultural heritage we can learn much from you as you have a proven record of success judging from your renowned museum, your thriving handicraft industry, and the many publications documenting Sarawak's culture.

I understand some effort has already been made to promote visits between staff of our respective museums to enable them to learn, observe and preserve common elements of mutual in-

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terests. Such visit should also be extended between other institutions or agencies with similar pursuits.

When I visited Sarawak a few years back I was already greatly impressed with the development and progress made by your state then.

We are happy to be associated with you in a number of joint-venture projects and others yet to be finalised, e.g. the Flour and Feedmill in Labuan and the cement plant at Sepanggar Bay near Kota Kinabalu.

However, these should not be all. I feel there are many other areas of cooperation which can bring mutual benefit to both our states. Bandar Sahabat a border town between Sindumin and Merapok on our common border is being jointly developed to avoid wasteful duplication.

I would of course hope that Sarawak would be able to come to some sort of joint venture arrangement with Sabah in regard to Sabah Forest Industries' pulp and paper project at Sipitang. Your considerable forest resources in the nearby area offers immense possibilities. On our side we would of course like to look into the possibility of tapping your huge hydro- power resources. Then, linking our two states, what better way than the extension of Sabah North-South highway into Sarawak! I would like, and I am sure many of my colleagues too, in the not too distant future, to be able to drive down here to visit friends at the weekend. At a time when national unity and integration is being widely discussed and ways and means are being sought to promote the idea Sabah and Sarawak should work closely together and quickly to facilitate overland movement of people and goods between our two states. To this end I am happy to note that the Federal government is also doing its bit by approving something like 52 million Ringgit under the 5MP to improve the Beaufort-Sindumin highway of which 20 million will be spent in 1986. I hope speedy action will be taken to connect the missing links on Sarawak's side so that people from Sabah and Sarawak and of course Brunei can visit one another much more easily than they now can. You will agree that when Sabah

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and Sarawak are connected by road there will be more traffic between the two states.

Before I sit down let me say how happy I am to be here as I feel that such a visit will bring two closely related states even more closely together and open up many avenues of cooperation. With Sabah and Sarawak closely linked together the cause of national integration and unity will be even better served.

I would like to take this opportunity to thank Y.A.B. Datuk Patinggi Taib Mahmood Ketua Menteri Sarawak and his Cabinet colleagues and the State Government of Sarawak for the warm hospitality that my wife and I and my entourage receive and for the opportunity to see some of your projects. I would also like to take this opportunity to extend a warm invitation to Y.A.B. Datuk Patinggi and Datin to visit Sabah in the near future. We in Sabah will be greatly honoured by your visit. Once again, thank you very much indeed.

**(At a state banquet in his honour in Kuching,
Sarawak, on 10 August, 1985)**

Sabah and Sarawak - Towards a Closer Tie

It gives me great pleasure to welcome here this evening as our honoured guests the Rt. Hon. the Chief Minister of Sarawak Datuk Patinggi Haji Abdul Taib Mahmud and his wife Datin Patinggi Laila on their first official visit to Sabah since Parti Bersatu Sabah first formed the State Government. Indeed, this is a long awaited visit after the official visit I made to Sarawak in August last year. Datuk Patinggi Taib was prevented from coming earlier because of various reasons with which most of you here are familiar. His visit had to be postponed as it would have been most untimely for him to come during the disturbances.

Therefore, his visit today is doubly auspicious in view of the obstacles we had to surmount. He and Datin Patinggi Laila are all the more welcome now that they are finally in our midst.

Despite the interruptions I have mentioned, I am pleased to say that over this period Datuk Patinggi and myself met often at various functions and we have also met privately. I take this opportunity to thank him for the dialogue we maintained and his advice to me when times were difficult.

Now that PBS is in Barisan Nasional - one of three Barisan Nasional parties in Sabah - I hope all these troubles are now a

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thing of the past. There will be continued close political liaison between Sabah and Sarawak through the Barisan Nasional network in future. This is only to be expected considering our shared geopolitical ties which date back long before our nation came into being.

Datuk Patinggi Taib's visit will enable us to promote liaison and cooperation between our states not only at the political level but at the socio-economic level as well. These exchanges of visits are valuable in providing us the opportunity to look at the progress made by our respective governments in various fields and to learn from one another's experiences and achievements.

Though almost a year has passed since I visited Sarawak, I still recollect how impressed I was by what I saw, particularly with regard to projects which will benefit not only Sarawak but also Sabah and possibly the rest of our country as well. I remember especially the Batang Ai hydro power scheme where I took a boat ride on the lake accompanied by Yang Berhormat Alfred Jabu. Incidentally, I regret very much that there was a boat mishap not very long ago on the lake and I believe some people drowned. The lake itself is very in terms of attracting tourists, especially when it becomes more accessible.

I cannot promise Datuk Patinggi and Datin Patinggi Laila and your party that we will show you anything so spectacular in Sabah. But I am sure you will be interested in seeing some of the modest development projects we have underway which indicate our state's considerable economic potential in respect of aquaculture, agricultural crops, wood processing and reforestation, and tourism, among other things. You have already attended a development briefing today so I will spare you further details here, though I will briefly touch on the Sabah Forest Industries pulp and paper project at Sipitang which you will be visiting and perhaps related border development.

During Datuk Patinggi's visit to the pulp and paper project, I hope that you will be able to make an on-the-spot assessment of its potential and hopefully will decide in favour of taking up a substantial equity share in it. In addition, I hope that you will see the way clear for Sarawak to participate in the project in an

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even more extensive way by making available timber resources in its vicinity on the Sarawak side of the border. This will stimulate economic activity on both sides and hopefully create greater impetus for the provision of better roads in the region. It appears that the integrated Bandar Sahabat border town project between Sindumin and Merapok is one of the projects hit by the prolonged economic recession. I hope that when the economic situation improves one of the first things that we carry on will be this border town which can be viewed as complementary to the pulp and paper project in paving the way for accelerated development in this region.

In passing, I would also like to urge greater cooperation between our two states in the field of tourism. Perhaps it can be arranged that our two harvest festivals, Pesta Menuai as we know it in Sabah and Hari Gawai in Sarawak, can be so timed that visitors to our two states can see them in succession. Both festivals are full of colour and ritual and could be promoted and marketed domestically and internationally as a joint tourism package.

Already we have a record of pooling our resources in some areas of development. For instance, we have implemented joint ventures of various kinds, including cement and flour and feed mill manufacturing and housing finance which has assisted many people to buy their own homes. I believe this is the way ahead for us.

Despite our common border there is surprisingly little movement of people and goods between our two states as far as I can see. There seems to be a good deal more communication and trade between us and the Peninsular states than between ourselves. I believe that only when we get to work together on major projects such as the pulp and timber mill, hydro power schemes and highways which straddle our common border can we feel that we are truly linked to each other economically and

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socially as we ought to be. It is to be hoped that this visit by Datuk Patinggi Taib will take us further in this direction.

**(At a state dinner in honour of the
Rt. Hon. Chief Minister of Sarawak,
Datuk Patinggi Haji Abdul Taib Mahmud
and his wife Datin Patinggi Laila in
Kota Kinabalu on 15th July 1986)**

Talking to Cadet Officers from Semenanjung

I am pleased to address all of you cadet officers of the Federal Public Service from Semenanjung Malaysia who are here tonight. I take this opportunity however, to express the hope that you have added to your knowledge of Sabah during your one week stay in the state and enjoyed this part of your pre-service diploma course in Public Management at Intan.

When the Director of Intan asked the State Government in February this year to be your hosts during your visit we readily agreed, particularly since this is the first such visit organised for Federal cadet officers to the state. I believe that your stay has been beneficial to us in Sabah as I am sure it has been to you.

I believe that you have taken full advantage of your stay with us to gain first hand information in respect of our system of administration and as well as get to know something of our way of life, social and economic development and so on. There is no doubt also that study tours of this kind help to contribute to the process of national integration.

By now you will be quite familiar with Sabah's Institute of Research and Administration, or Sinar which organised your itinerary. Naturally, we do not regard you as tourists in the

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usual sense of the word, but as fellow Malaysians visiting another part of your country. Therefore, we think it is important that you not only visit our scenic attractions but also get a broader view of Sabah including some of our least developed areas well off the "tourist track".

In fact, I am told that the hospitality and treatment you have received is little different from that accorded our local officers on such trips. Encik Gabriel William, our director of Sinar, informed me that we briefed District Officers to give you a realistic picture of the development problems we face in Sabah.

Naturally, we do not want you to return to Peninsular Malaysia thinking that the Federal Government does not need to do anything for Sabah.

Quite to the contrary, I think you will agree that Sabah needs a great deal of federal assistance by way of development.

In your visit to various parts of Sabah you will have come to appreciate the difficulties our local officers face during duty trips or transfers. Nowadays, the journeys to many of the places you have visited are comparatively comfortable and certainly a far cry from not so long ago when reaching them involved a long journey by foot or boat or in more accessible areas several hours drive on a rough jeep track.

Even now, however, there are many villages in the remote areas which are impossible to reach by road and often require several hours of walking to get to them.

From what you have seen you will appreciate that the need for improved infrastructure especially roads and other services in our rural areas is very real. We have not been dubbed an "expensive state" from the aspect of living costs without good reason. The high costs of transportation and public utilities such as electricity have added to this burden.

In view of the pressing need for improved infrastructure, we were quite dismayed to find the Federal Development Funds allocation for Sabah under the Fifth Malaysia Plan slashed by a third because of the prevailing economic circumstances. What concerns us is the slow down in agricultural and rural develop-

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ment which have a direct bearing on the livelihood of our rural population.

In recent years Sabah has erroneously been regarded as a very rich state requiring little federal financial assistance, largely because of our timber and mineral resources. But revenue from our timber has declined sharply and where our crude oil production is concerned we get only a small percentage of the total revenue by way of royalty with the rest going to the Federal coffers. Moreover the state government has inherited a heavy debt burden in connection with certain costly projects which will continue to strain our financial resources for some years to come. But we have considerable agricultural potential which we hope will attract greater outside investment.

Through your visit here you will now have a better insight on conditions in Sabah. You will also have noticed how similar Sabah is to Peninsular Malaysia as well as being different in some respects. I refer to the various local cultures, customs and habits which are unique to Sabah. It is important of course that we preserve these differences and that they be accepted by other Malaysians as part of our rich and diverse national heritage.

Yet we are no less mindful of our similarities and our common desire to work together in the spirit of unity and goodwill towards national integration. We will continue to foster "togetherness" through mutual respect and acceptance of our various cultural backgrounds.

Within Sabah itself I have frequently compared our situation to a profusion of different flowers each with its own colour and scent. With some 23 indigenous groups speaking some 55 languages and dialects in Sabah we certainly have a splendid variety of colours in our garden. Yet we retain unity in our diversity. And I dare say that the ethnic boundaries which divide indigenous and immigrant groups are less clear-cut than perhaps those found in Peninsular Malaysia because of integration practised by our forefathers which has made intermarriages between the different ethnic groups quite common.

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While in our country as a whole we talk a lot about the need to promote national integration. I believe we have to do very much more to match our words through positive action. There is a lot of scope for this as the Intan courses show.

In this year's intake by Intan of 155 cadets for the diploma course it is disappointing to note that there are only two Sabahans. This is not good enough. If we are serious about national integration we must take positive action to facilitate the entry of candidates from Sabah into the Federal Administrative and Diplomatic Service. I would urge the Federal authorities to advertise such posts not only in national newspapers but also in Sabah newspapers. Perhaps the Public Service Department could also write to our State Secretary to short-list some qualified candidates for selection.

More should be done to truly attract more officers from Sabah to the Federal service. The State Civil Service has reached a saturation point. Many posts have not been upgraded for more than 10 years. With higher posts in the state service also filled there is little opportunity for promotion for qualified long serving officers.

The Federal authorities should seriously consider accepting long service qualified state officers into the Federal Service on a secondment basis for two to three years. At present it is, regrettably, only a one-way process with Federal officers posted to Sabah; rather than vice-versa.

Nevertheless, I feel this visit by a representative group of cadet administrative officers is a good start in this direction. We will be glad to welcome other groups of cadets. We hope Intan and the Federal Government could reciprocate and accept Sabah officers on similar visits to Peninsular Malaysia which Sinar can easily arrange.

In the meantime I wish all of you a pleasant journey home along with happy memories of your stay with us in Sabah.

I hope what you have seen and heard will encourage you to undertake more excursions to other parts of the state on future occasions as fully fledged administrative officers yourselves on

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duty or on vacation. Perhaps you will have been inspired to climb Mount Kinabalu.

**(At a dinner to welcome 38 Cadet Administrative
officers from Intan on a study tour to
Sabah on 2 July 1987)**

A Port Closer

The arrival of the Feri Malaysia liner here today on its inaugural cruise is a significant step towards our goal of national unity and national integration in Malaysia. That His Royal Highness the Sultan of Pahang and his consort Tengku Ampuan, the Tengku Mahkota and Tengku Puan and other members of the Pahang royal family, the Pahang Menteri Besar, Datuk Khalil Yaacob, Minister in the Prime Minister's Department Encik Kasitah Gadam and other dignitaries are accompanying this first cruise indicates how important this project is viewed in this regard. The grand launching ceremony at Kuantan port at which His Highness the Sultan of Pahang officiated and the subsequent enthusiastic reception at Kuching port and here again today in Kota Kinabalu, which is attended by the Yang di-Pertua Negeri Sabah and his wife, underlines the tremendous interest throughout the nation in this new ferry service which connects Peninsular Malaysia with Sarawak and Sabah and its great potential for contributing to the process of national integration.

There is no doubt that this ferry project has stirred the imagination of the people in our various states on both sides of the South China Sea. This cruise service will allow our people to travel more cheaply and more often between both parts of our

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country. They will get to mingle more easily and become better acquainted on the journey itself as well as after landing in a way impossible to achieve in air travel. The great interest which the new ferry service has generated in Sabah was evident during its trial run here a short time ago when large crowds thronged this newly constructed jetty to get a good look at the cruise ship. It has been a popular topic of conversation wherever people assemble since then culminating in today's warm reception.

What we see here today is really a new bridge linking the two parts of our country across the South China Sea. though this ferry cannot be compared in its form and length with say our now renowned Penang Bridge it is no less a bridge in the sense that people from both sides of our country can not only visit one another but bring their cars along with them. Just as the people of Penang and the other Peninsular states can drive across the new bridge or opt to make the sea crossing by ferry so now all of us in both parts of our country can drive straight on to this cruise ship on one side of the ocean and drive off on firm land on the other.

With the introduction of this Feri Malaysia service, the whole concept of national integration is given a new physical dimension. From now on we will find more cars on our roads bearing the registration plates of other states. As we get to identify them, so we will increasingly be reminded of all the other states and their people which make up our variegated federation. Likewise, holiday-makers and other travellers from Sabah and Sarawak who take their vehicles to Kuantan and from there fan out to other of the Peninsular states will also be making us better known as we travel further afield by road.

As more and more people from all states cross the South China Sea by this bridge and we get to mingle more with one another, understand one another better, and get to appreciate more our fascinating blend of races and cultures, we will find ourselves moving inexorably onwards to our goal of national integration. I think it is generally accepted that such physical interaction is the means to psychological integration which

A PORT CLOSER

involves winning over the hearts and minds of our people in our move towards national integration. It is something that cannot be forced but will slowly but surely evolve given the physical means towards national integration such as is provided by Feri Malaysia.

In recent days we have witnessed other welcome moves which have contributed in various ways to promoting national integration. The participation by contingents from the various states in the National Day celebrations in Kuala Lumpur last Sunday was most appropriate. It is important that every state feel it is a welcome participant in all national events and is not left out, inadvertently or not. I know that our participation in the national festivities in the federal capital helped to engender a sense of belonging in those who took part as well as the countless television viewers who witnessed our involvement not only at cultural shows but in the parade itself.

Another good step in the right direction is the new radio link between Johor Bahru and Kota Kinabalu through the introduction of the Stesyen Kembar project. The weekly hour-long programme keeps listeners in Johor informed about places and happenings of interest in Sabah and vice versa. In this way we have a new opportunity to learn more about our different peoples, their customs and so forth and thereby gain in our knowledge and understanding of our diverse fellow citizens of Malaysia.

As I have remarked on several occasions recently we in Sabah want to build bridges, not only between contending groups in our state, but also to bring us closer to Sarawak and the Peninsular states. There is no doubt that the new ferry service will do much to promote goodwill and friendship among Malaysians in all states of our federation, apart from the three states on the cruise ship's regular itinerary. Nonetheless, I can envisage that we shall develop especially close links with Kuantan as our new maritime gateway to Pahang and the other states of Peninsular Malaysia.

Naturally, domestic tourism and related industries will get a boost, with the three ports of call likely to be the principal

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beneficiaries. Like the other states, Sabah is also mindful of the increased business opportunities which the new ferry service is bound to generate in the field of tourism. The State Government and its agencies will do what is necessary to assist the private sector to improve tourist facilities. There is now an added reason to keep the state capital beautiful and clean and to maintain our reputation for hospitality with the new turn-around of visitors by sea.

In conclusion, I wish all our visitors who have arrived here today by this ferry service an enjoyable stay in Sabah.

**(At a ceremony to mark the arrival of Ferry
Malaysia Liner on her inaugural cruise, at
Ferry Terminal, Kota Kinabalu on
3rd September 1986)**

Let's Learn from One Another

It gives me great pleasure on behalf of the State Government of Sabah to extend a cordial welcome to all our distinguished guests from our 12 sister states in Malaysia who are attending this 17th conference of Menteri Besars and Chief Ministers in Kota Kinabalu. This is an auspicious occasion for the people of Sabah and one which we in PBS have looked forward to hosting since we first took office.

Within the last 19 months I have been fortunate to attend these conferences in other states and have found them invaluable in building bridges of knowledge and understanding among us. They enable us to renew acquaintances, deepen friendships, exchange ideas and share experiences, not only at the menteri besar and chief minister level, but also at the official level. Also, this event focuses public attention on intrastate relationships which make our people all the more aware that we are all in one big family whatever our individual state interests and peculiarities may be. When state leaders get together in this way our relationships are personalised.

While our states are at varying stages of development, we all share common socio-economic problems. It is to our mutual advantage to tackle these problems together, especially when

every state is looking to the Federal Government for financial allocations and other assistance. We have just been told that the Federal Government is intent on cutting down spending by reducing federal allocations to the states. So all states will have to contend with the problem of receiving smaller financial allocations for development at a time when our needs are increasing rather than decreasing.

In the case of Sabah, the drastically reduced revenues from timber exports, our principal source of revenues, is a matter of deep concern to us. And expansion and diversification of our revenue base is going to be difficult particularly with our heavy debt repayment burden in respect of the think-big projects started by the previous administration which were too far advanced to be discontinued. Nevertheless, we have no choice but to proceed with these billion-ringgit projects because of the huge capital investments already committed.

Out of financial necessity we in Sabah have been scaling down expenditure since last year. Apart from the think-big projects, our proposed programme of development is very modest. We are concentrating on infrastructure facilities and amenities that will benefit as many people as possible, especially the poor rural folk.

Whenever people from other states think of Sabah they tend to visualise us as a state of immense timber wealth. While it may have been so even up to recent years, I regret that this no longer holds true. In fact, we are pressing ahead with reforestation to help compensate for our rapidly depleting natural timber resources. With the comparative decline of the forest industry as the mainstay of the state economy in recent years, the agricultural sector, in particular oil palm and cocoa production, is becoming increasingly important. As you know, we are now our nation's major producer of cocoa. We are now intensifying efforts to go into down-stream processing of our primary commodities.

I realise of course that other states in the federation are similarly experiencing trying times whatever their sources of revenue, as a result of the depressed business conditions

LET'S LEARN FROM ONE ANOTHER

generally. Regardless of the prevailing economic circumstances, however, it is desirable that we approach state-federal relations jointly. Malaysia is the sum total of all states put together. It should not be assumed that Kuala Lumpur has a monopoly on brain power. Each state has some capable planners, innovators and administrators in various fields. They should put their heads together also to help the federal leaders to plan and promote overall economic growth and social advancement.

As we combine our brain power, we should endeavour to set aside whatever parochial sentiments we may have and look at development in a national rather than in an individual state perspective. To reduce state rivalry for available federal funds we should avoid duplication of projects to ensure the viability of existing ones irrespective of where they are located. Furthermore, I would like to see greater participation by other states in large-scale capital - intensive projects such as those which have either recently come into production or are under construction in Sabah. They should be treated as national, rather than state projects. We have talked about harmonisation of industries among Asean member countries. We should certainly apply the same approach within our own country.

As menteri besars and chief ministers, we of course come together as representatives of the people of our various states and thus personify the family ties between all parts of the federation. When we talk about territorial integration, what we have in mind is the mingling of the people of our 13 states socially, mentally, physically, psychologically and so forth in a spirit of kinship. Though it is unlikely that we will see any mass movement of people between our different states, at least the conferences of menteri besars and chief ministers is one way of getting our people from different states together at the highest level. To some extent this is fulfilling the need for closer co-operation and rapport among the states.

As you will gather from the briefing here, the difficulties that confront us in Sabah are not unique to our state. By coming together at conferences such as this, we have the oppor-

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tunity to explore these issues of common concern in the hope of finding possible solutions to them.

I welcome this opportunity to return the hospitality that I and accompanying officials have received at previous conferences, which some of you here have hosted. I look forward to these meetings, which I regard as highly important and instructive. Being relatively new to the job of chief minister, I appreciate the chance to turn to the older and more experienced state government leaders for ideas and guidance.

From Kota Kinabalu, you will be going to Kundasang, which is in the foothills of Mount Kinabalu, for a glimpse of our renowned state park and other scenic attractions in the area. I regret that time does not permit you to tour Sabah extensively, let alone make an attempt to climb the mountain. But I hope that this briefing that follows, the multi-visual presentation, and subsequent discussions give you some idea of the development going on or planned in Sabah.

In conclusion, I would like to thank those people, in particular the state secretaries and other civil servants of our respective states, who put in a lot of work in organising this conference. Aside from the working side of the conference, there will be the opportunity for you, and your spouses also, to engage in sports and other social activities. The programme is meant to give you time to unwind and to socialise with one another in a relaxed atmosphere while promoting cooperation, goodwill and understanding among our states.

**(Opening remarks at the 17th Menteri-menteri
Besar dan Ketua-ketua Menteri Conference in
Kota Kinabalu on 28th October 1986)**

A Meeting of Minds

I feel honoured to be part of this distinguished gathering and to address you this morning. To call it a "distinguished" gathering may sound somewhat ordinary considering that this is a gathering of the "top brass" of the Malaysian civil service. We have here the chief planners and implementors of government policies at the State and Federal levels.

I understand that this is the 30th meeting of the Federal-State Governments Relations Committee. We in Sabah feel privileged to host this meeting here in Kota Kinabalu, more so because this year we are celebrating the 25th birthday of the Malaysian nation. Anniversary celebration commenced just two weeks ago and will continue in the next twelve months throughout the State.

I hope you will take some time off from your official schedule to visit the various exhibitions at the EXPO grounds and catch a glimpse of the socio-economic development which the State has achieved in the last 25 years. I invite you to join in the celebration, not just on this particular occasion, but also in the series of social and cultural programmes to be held in the next 12 months.

One cannot over-stress the importance and usefulness of regular meetings of the type you have here today. Indeed, we

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should congratulate the earlier leaders in the civil service who had the foresight to initiate this regular get-together. These meetings are important because they provide an avenue for the top administrators at the State levels to meet with their counterparts in the various Federal ministries, departments and agencies and discuss problems and issues pertaining to their respective fields of activities and interests. There is no doubt too that such meetings will improve Federal-State relations and, ultimately, promote national integration.

In Malaysia today, the term "national integration" has become a household phrase. It is used by politicians, planners, academicians and the general public in the context of the nation's ultimate objective of forging a united Malaysia. Of course, different people define national integration differently. For example, some people view national integration as synonymous with national unity. There are also those who consider national integration as a prerequisite to national unity; others regard it as a product of national unity.

In my view, national integration in the Malaysian context should be regarded simply as the nation-building process that leads to the visible display of national pride, exhibition of a sense of oneness and belonging to the nation, and mutual acceptance of each other's ethnic origins, religious beliefs and cultural heritage. These attributes are the necessary prerequisites of national unity the consideration of which influences development policies and programmes in our country.

The aims of nation-building are not just economic sovereignty, welfare improvement or international standing in foreign relations. A far more important goal is national unity, which has been the underlying economic and political rationale of the New Economic Policy (NEP) promulgated in 1970. The decision to adopt national unity as our national development objective by the architects of the NEP is indeed laudable.

While the importance of national integration is now widely recognized by our people, few may be aware that national integration has many dimensions. For instance, it has the political, economic, cultural, social and psychological dimensions. In

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the case of Sabah and Sarawak, it also has the territorial and administrative dimensions.

The territorial dimension comes unto its own because the state of Sabah and Sarawak are geographically separated from the Semenanjung mainland. There are therefore constraints that tend to hinder national integration. These include constraints pertaining to mobility imposed by inadequate communication infrastructure.

The administrative dimension is a relevant factor because there is a need for the administrative system at the State and Federal levels to operate harmoniously so that national policies are implemented properly and efficiently. The administrative dimension of national integration is no less important than the more "glamorous" dimensions such as the political and economic dimensions. It is for this reason that I would like to confine the remaining part of my address to the subject of integration in the context of Federal and State administration.

In a developing country like ours, where the population consists of a polyglot of races, cultures, beliefs and languages, the task of development planning is never easy. Each racial group and region usually have their own needs, demands and aspirations. To cater to the varied demands and interests of all groups can be a formidable and daunting job for any government.

Yet, this is precisely the goal of development planning. That is, to examine the basic needs of all communities and to determine the most efficient ways of exploiting and developing our resources so that all groups have a share in the nation's wealth. Successful development planning calls for sufficient efforts being made by planners to recognize and assess the needs of individual groups and, at the same time, for policy-makers to be responsive to and willing to accommodate such needs and demands.

It is in this context that planners and policy-advisers have a crucial role to play. Firstly, it is essential for planners at the top level to be fully informed of the development requirements of each state so that the right decisions are made in allocating resources for development. Accurate information for planning

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purposes can only be obtained if planners get first-hand information on development needs and the problems and constraints faced by each state.

Regular visits by top planners and administrators to their branch offices at the State level and fact-finding trips to the rural areas of the more under-developed states are necessary for this purpose. It is only when we observe with our own eyes the problems that our people in the rural sector face that we are better able to understand and appreciate the seriousness of under-development and the hardships that it brings to the rural people.

Secondly, aside from personal visits, central planners could also gain substantial understanding of the socio-economic background and problems of constituent states if they have strong rapport with planners at the State level. Regular dialogues and informal meetings should be held often so that there can be opportunities for consultation and sharing of problems and ideas. Furthermore, key planners and administrators at the Federal and State levels can play a significant role in preventing misunderstanding and misperceptions between State and Federal leaders arising out of inadequate regular consultations.

A related matter that has an important bearing on national integration in the civil service is the subject of federalization of departments and agencies, which in this case is particularly relevant to Sabah and Sarawak. It is to be noted that the Inter-Governmental Committee (IGC) Report which formed the basis of the Malaysia Agreement provided for the establishment of a separate civil service for the states of Sabah and Sarawak. This was necessary because the two states were given autonomy in several areas of administration, unlike the states in the Peninsula. When the new federation was formed a number of state departments automatically became Federal departments, consistent with the division of administrative jurisdiction as agreed in the IGC Report. Of course, other departments, such as Education and Health, had a transition period before they were federalized.

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The federalization process that took place in the years after the formation of Malaysia was well anticipated as it was consistent with the constitutional provisions governing the division of power and responsibilities between state and federal governments. As far as the people of Sabah are concerned (and Sarawak too) there is an important safeguard in respect of the State and Federal public services. This is the "Borneanisation" safeguard which says that in recruiting officers for local positions in the Federal and State public services, priorities must be given to Malaysians of local origin.

I would like to stress here that the present State Government is under tremendous pressure from the rakyat, particularly the unemployed graduates, who are asking fundamental questions about the "Borneanisation" safeguard, even after 25 years in the federation. Many of our qualified young people are rereading history and asserting that they have a strong case for requesting that they be given appropriate consideration in filling vacant positions in the federal public service at the State level. They are also sad that after 25 years in Malaysia, only about 15 per cent of the 60-odd Federal departments and agencies in Sabah are headed by Malaysians of Sabah origin.

Let me stress that these sentiments are real and I communicate them to you during this gathering because I am confident that a sincere effort may be made to correct the situation. The recent announcement by the Federal Government that it will fill many of the 40,000 vacancies in the A and B categories of the public service is encouraging. I hope that in filling vacancies in the Federal department and agencies in Sabah, the relevant authorities will give our local graduates and other job seekers due consideration as was originally intended.

I would also like to take this opportunity to ask the federal government to increase the number of local officers occupying senior posts in the Federal departments. In this regard I would particularly mention such departments as Education, Immigration and National Registration Departments whose programmes and activities directly affect the daily lives of people in the State. The top posts in these departments should be held by of-

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ficers who have a better grasp and understanding of the problems that the State is facing. Many in Sabah take the view that there are local officers who are adequately qualified to fill these positions.

If, however, it is argued that few Sabahans are suitably qualified or experienced to hold senior posts in the Federal departments and agencies, then I would suggest that specific training programmes should be planned and implemented to correct the situation. Young officers showing promise should be sent for further education or training either locally or overseas. Others should be transferred to Kuala Lumpur for a few years to gain exposure and experience, with the understanding that these officers will one day return to occupy more responsible federal positions at the State level.

Let me finish off by stressing again the role that civil servants can play to forge national integration. It is important for us to recognize that national integration is a dynamic process. It is concerned with bringing people closer together so that they are united in their dedication, commitment and love for the nation. It is a process that involves people and is therefore one that can best be achieved through people.

It is my personal view that civil servants, as thinkers, planners and implementors of government policies, are important agents of national unity. If the energies of civil servants are properly harnessed to undertake these tasks, we can all expect to see a truly united, prosperous, and harmonious Malaysia.

**(At the Federal-State Governments Relations
Committee meeting held in Kota Kinabalu
on 30th September 1988)**



The state government set up two cocoa estates to commemorate two great men of Malaysia, Tun Abdul Razak bin Hussein and Tun Mohd Fuad Stephens. The former was Malaysia's second Prime Minister, and the latter Sabah's first and fifth Chief Minister who was tragically killed in a plane crash on 6th June, 1976. On 27th February, 1989 Datuk Pairin presided at a ceremony in Kuala Lumpur to hand over one estate to the Tun Razak Foundation, and the other to the Tun Fuad Foundation. Picture shows Datuk Pairin posing with Toh Puan Rahah, widow of Tun Razak, and Toh Puan Rahimah, widow of Tun Fuad Stephens. With them are Tun Mohd Suffian, Chairman of the Tun Razak Foundation and his wife Toh Puan Bunny.

25 Years As A Nation

Today is very significant and meaningful to us here in Sabah, as it is to the people of Sarawak, and I hope to the people in Semenanjung Malaysia also where, sadly, today is just an ordinary working day.

For Sabah and Sarawak we are celebrating 25 years of independence through Malaysia. 25 years is not long in the life of a nation, but it is long enough to produce a generation of young people who were born in 1963. They have all reached adulthood and many, I am sure, have joined the workforce in whatever capacities and contribute to the development effort of this country. Some have set up homes and families, and most are able to enjoy the benefits that have come with independence.

Our progress and achievements in the last 25 years are not easily quantified or measured. But on a historic occasion like this it is important that we pause and reflect and take stock of what we have done or have not done so that we can look to the future with perhaps a clearer perspective and move forward with renewed vigor and confidence.

The date 16th September 1963 is a very special date for all Malaysians. It was the day when the Federation of Malaysia was inaugurated. In celebrating the occasion today, we must keep in mind that when the idea of forming a larger federation

comprising the then Federation of Malaya, Singapore, Sabah and Sarawak was first proposed by Tunku Abdul Rahman in 1961, it did not materialize overnight. The proposal was discussed and debated at great length by prominent leaders from all communities. The ordinary people of Sabah and Sarawak were also given a chance to freely express their views and to decide whether to be part of the new federation or not.

The public opinion survey carried out by the Cobbold Commission of Inquiry in 1962 indicated that the people of Sabah wanted to be part of the proposed federation. We wanted to call ourselves Malaysians.

And so we were given self-rule from the British on 31st August 1963. On 16th September 1963, we hoisted the Malaysian flag for the first time.

On this very special occasion, we must remind ourselves that when Malaysia was formed our leaders in Sabah and those in Sarawak believed whole-heartedly that Malaysia would offer us the best avenue for political independence and socio-economic development.

The leaders were committed totally to the Malaysian concept and believed fully that Malaysia was the best choice for our people through which we could gain sovereignty.

Twenty five years have passed since we formed Malaysia. During this period, we have achieved much progress despite numerous obstacles and challenges. Through our efforts under the five Malaysia Plans, we can see with our own eyes that Sabah has come a long way in terms of the State's socio-economic development. The economy has not only grown in size but has also diversified from one purely subsisting on the extraction of forest products in the 1960s to one that is more resilient and less vulnerable. We now export oil palm, cocoa, rubber, processed timber, and fishery and marine products. Our export items are increasing steadily.

In terms of income levels, GDP per capita has increased from \$1,278 in 1971 to \$5,884 in 1986. The incidence of poverty has correspondingly decreased from 58.3% in 1976 to 33.1% in 1984. And in terms of infrastructure and modern amenities, a

larger section of the population now enjoy a more extensive and better network of roads linking many remote areas to the main urban centres. Electricity and piped water supplies have increasingly become commonplace throughout Sabah.

Of course, this does not mean that we are satisfied with our economic progress. As a state leader, I am well aware that the level of poverty in Sabah is still high relative to most of the states in Semenanjung Malaysia. I also know that basic infrastructure and amenities, the communication system, water and electricity supplies are still underdeveloped. Even education facilities still lag far behind those available in the rest of Malaysia, particularly the Semenanjung states.

We in Sabah look to the Federal Government to take note of our problems and to do everything it can to ensure that Sabah gets adequate help to catch up with the other states. In this we are heartened by the Barisan Nasional philosophy that there should be no disparity between regions or states in terms of socio-economic development. We are even more heartened to be assured by our national leaders from time to time that the federal government leadership remains committed to this philosophy. We also believe that although development funds should be distributed fairly among the states, due consideration should be accorded those states which contribute enormously to the nation's coffer, especially those which are least developed, like Sabah.

When the Federation of Malaysia was formed, one of the undertakings made by leaders of the then Federation of Malaya was that Sabah would receive help to achieve and enjoy economic development and prosperity to the level enjoyed by the other states. We have ever since looked to the federal government to step up development efforts in Sabah.

As we celebrate this important occasion, we cannot help but observe that Sabah and Sarawak are the only states which celebrate this momentous occasion. The 25th anniversary of Malaysia is meant for all Malaysians, not just Sabahans and Sarawakians. After all, we are celebrating the birthday of

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Malaysia. It is an event for everyone to honour and celebrate. Malaysia is 25 years old today.

Looking back over the years that have come to pass, I thank God that we have stood together in the past 25 years to face all the challenges thrown at us. During times of adversity, particularly earlier in the history of our nation, we stood together, united in our determination to survive and prosper as a nation. And we should remember our friends who helped us all the way.

National unity and integration is undoubtedly our primary, and perhaps, the most urgent national goal. This is because without unity and national integration there can be no economic prosperity and development. In this year's National Day celebration, we also picked the theme BERSATU because unless we are united, all our efforts in nation-building may come to nought.

There is no denying that in the last 25 years we have come a long way towards national unity despite various obstacles, including the problem of geographical separation. Even though Kota Kinabalu is 1,000 miles and more than 2 hours away from Kuala Lumpur this barrier has not impaired our deep sense of belonging to the nation.

We must, of course, remember that national integration has many dimensions. It has the political, economic, social, psychological and cultural dimensions. Political integration was easily accomplished. It was achieved by a stroke of the pen, which took place 25 years ago.

Economically, there has been substantial integration between the economies of Sabah and Semenanjung but Sabah's open economy has until today orientated more towards the outside world than towards the rest of Malaysia, thus making the state exceptionally vulnerable to international market forces and price fluctuations. I believe there is plenty of room still for closer economic integration between Sabah and Semenanjung Malaysia. There should be more economic complementarity and market integration. In this way, coordination with respect to production and marketing can be enhanced which in turn

should improve efficiency. Planners, both at the State level and in the central government, should study this matter closely so that the objectives of economic integration can be achieved. Sabah should not be regarded solely as a hinterland for goods manufactured in Peninsular Malaysia. There should be a two-way flow of manufactured goods. Sabah too should be allowed to enjoy the advantage of economies of scale which cannot be achieved because of the state's very small population.

In my view, however, of equal importance in the context of integration is the socio-psychological and cultural dimension. While a lot of effort has been made over the years to bridge the social and psychological gap between the two regions, the feeling of oneness and affinity among people from the different parts of Malaysia is still lacking. We must continually remind ourselves that we are Malaysians no matter what our racial, religious and cultural backgrounds may be.

We must resist the tendency to look at our fellow Malaysians in terms of their racial or religious identities. We have to learn to accept them as they are, not as what we would like them to be. National integration does not mean "assimilation" or the surrender of one's culture and beliefs. It simply means the fostering of the spirit of oneness and pride of being Malaysians that transcends the barriers of race, religion and culture. We are a multi-racial society, in which every culture and ethnic group has a place and role in the development of the country.

We need to interact more with one another socially and culturally. In this way, we can learn to appreciate one another's values and understand the different needs and aspirations of others.

It is my personal view that there is a need for our people to interact and get to know one another more closely in order that we can better understand one another and so eliminate any mistrust or suspicion which may still exist. It is in this connection that domestic tourism and the mass media have a critical role to play. We need to provide a greater opportunity for the people in Semenanjung and Sabah and Sarawak to mix and in-

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teract with one another. This can be done by encouraging inter-regional travel by our people from the two regions.

In order to encourage a greater flow of travelers from Semenanjung to Sabah and vice-versa, the cost of travel between the two regions should be reduced. There have been suggestions that MAS and Feri Malaysia fares should be reviewed with a view to reducing them to encourage tourist flow between Sabah, Sarawak and Semenanjung. There is merit in this proposal and I hope the Federal Government will study it for the benefit of national integration. If KTM can be subsidized as a social service, the same principle should apply to promote territorial integration.

As a young nation, it is inevitable that we face many hurdles and challenges. This is normal because nation-building is a slow and lengthy process. You cannot build a nation overnight. In Malaysia, the task of nation-building is even more arduous because our population consists of a polyglot of races, languages and cultures. Each community has its own needs and aspirations. But this great diversity should not dim our hope for a Malaysian race to evolve, no matter how long it may take.

In this connection, we should be grateful that our political system provides a framework within which the needs, problems and aspirations of all communities are aired, discussed, accommodated. Our leaders are conscious of the fact that every community or state has specific needs, demands, grouses. We should discuss and resolve all these as a family.

Our system also provides for us a forum for negotiation and consultation in all matters that affect our people. And as we continue to grow as a nation, I am confident that this spirit of give and take will continue to influence decisions in this country.

As a nation we face many other challenges. We have a fair share of problems at the State level. One that is of major concern to us is the problem posed by illegal immigrants. There is no doubt that this problem is serious. It affects our security, our crime rates are among the highest in Malaysia, if not the highest. These illegal immigrants also put tremendous pressure

on our social services. We recognize however that the problem is very complex and one that has arisen largely because of the long coastline of the state which makes it difficult to guard and patrol.

The state has taken a positive step towards solving the problem by carrying out a census-cum-registration exercise on illegal immigrants in Sabah. The study is intended to gather information on the backgrounds and socio-economic characteristics of the illegals in Sabah which we hope will assist in identifying possible solutions to the problem. I have no doubt that after the study is completed, the Federal Government will be ready to discuss the matter and consider proposals submitted by the State as regards solution to the problem.

I am aware that actions are already being taken to strengthen the police force in Sabah. The Immigration Department in Sabah has also been instructed to review and improve its administrative and manpower capability to perform its functions more effectively. We are grateful for these positive steps taken by the federal government to improve the situation.

The theme of the State's Anniversary Celebration - "SABAH BERSATU BERSAMA MAJU" - is indeed very fitting. It is in line with the theme "BERSATU" adopted for this year's Merdeka celebrations. We can only progress if we are united.

I hope that as we celebrate 25 years of independence in Malaysia, our sense of belonging and love for the country will be renewed and strengthened. The 12-month celebration should result in a greater awareness among our people of our identity as Malaysians and the need to foster greater harmony, unity and loyalty to the country.

Finally, before I conclude, let me again stress the importance of this day - 16th September. Given the importance of this day in our history, I would make a request to the federal government. The request is that starting from next year, 16th September should be declared a national public holiday to mark Malaysia Day.

Our further request is that as from next year, the period from 31st August to 16th September shall be specifically set

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aside for national unity activities and programmes. National unity celebration should commence on 31st August and close on 16th September.

I feel that these requests are reasonable and acceptable to the federal government. We believe that Malaysia Day serves as a powerful symbol of togetherness. It seems such a pity that Malaysia Day comes and goes every year unheralded and unsung in a nation that marks and commemorates so many other days which are far less significant than that historic day when Malaysia was proclaimed.

**(At the launching of the 25th Anniversary
Celebration of Malaysia Day on
16th September 1988)**

After 25 Years - The Quest for Unity Continues

Tuan Yang Terutama Yang diPertua Negeri, Tun Datuk Haji Mohammad Said bin Keruak, dan Yang Amat Berbahagia, Toh Puan Hajah Bandung binte Hasbollah.

Once again it is my honour and privilege, on behalf of the government and people of Sabah and myself personally, to offer Tuan Yang Terutama and Toh Puan our love and felicitations on the occasion of your official birthday. We wish you good health and many more happy returns of the day. On this happy occasion I would also like to offer you our pledge of undivided loyalty and devotion.

Last year when we celebrated Tuan Yang Terutama's birthday we also commenced the year-long celebration of the 25th anniversary of the formation of Malaysia. Today Tuan Yang Terutama's birthday celebration marks the conclusion of the state-wide Silver Jubilee events. I hope, and I am confident, that the celebrations throughout Sabah have made the people of Sabah more aware of our common identity as Malaysians and the historical context in which this nation came into being.

It is fitting that every year the anniversary of the formation of Malaysia coincides with the official birthday of our Yang di-Pertua Negeri. This is especially so as our present Yang di-Per-

tua Negeri was so closely involved in the formation of Malaysia and played such a crucial role in Sabah's government and politics in the early days of Sabah's existence as a Malaysian state. Tun Datuk Hj. Mohammad Said as we all know was Acting Chief Minister for long periods of time during the USNO administration. He also served as the Chief Minister for a short time before the 1976 general elections.

Although long accustomed to exercising authority, TYT Tun has always been a humble man, a moderate leader and a kind man who would go to great length to help others, no matter what their racial origins or religious persuasions may be. During Tun Mohammad Said's long and eventful political career he was a moderating influence, and we are fortunate that he is once again able to give guidance as a public figure, and this time from the high office of Head of State.

Today as we mark the closing of the 25th anniversary celebration of the formation of Malaysia, we must look to the future with renewed determination to work for greater progress in every sphere and to do so with vigour and as one united people, always conscious of our common destiny and the future that we share together.

Looking back over the 26 years that have gone by many of you may feel, as I do, that we could have achieved a lot more, and made better use of the rich natural resources with which Sabah was so well endowed to eradicate poverty completely in Sabah. Given Sabah's small population and great natural wealth, poverty eradication was a distinct possibility within twenty years of independence. It is a sad fact that today many of our people still live in poverty much the same as our elders did before Malaysia came into being. The task to which we must address ourselves now is to make a renewed attempt to combat poverty. This is a challenge that we must accept. I believe it is still not too late to commit ourselves fully to the war on poverty. But this commitment must be made by all. The state government with support from the federal government will spearhead this concerted effort, but there are sacrifices to be made, and a lot of hard work to be done by every body in this state if we are

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to win this war against poverty. Ideas alone are not sufficient. They need to be translated into action by a firm commitment and determination and political will and this is what we are trying to do now.

While we pursue material progress we should not lose sight of the need to forge unity and harmony among our people who come from such diverse ethnic and cultural backgrounds. This is no less important than achieving progress and prosperity. In fact peace and unity are prerequisites to material progress. I am sure events in the last few years have really brought home to us all that unity is still very fragile in Sabah and needs to be further strengthened and protected from harm. Therefore in taking stock of our situation today and reassessing our priorities, the quest for unity and harmony must continue to receive full attention. Unfortunately, some people do not seem to regard unity as very important or share our sense of urgency in promoting it.

Some leaders appear to have no qualms about sacrificing everything, including unity, for short term advantage over their political opponents. These people would stop at nothing; they are prepared to throw their lot with people they know would betray them when they are no longer needed or no longer serve their cause. For the sake of temporary political expediency these so-called leaders are even prepared to endanger the future of their own children and generations to come. This is very sad indeed and I hope they will come to their senses before it is too late.

On this memorable occasion which also marks the end of our Silver Jubilee celebration let us think carefully and intelligently about our future, and try and see who the people are with whom we and our children and our children's children must share a common destiny together. We may then perhaps realise that whatever differences we may have among ourselves they are only temporary, and we have no right to deal with these differences in ways which will do irreparable damage to our future generations.

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National integration is a subject that has been bandied about a lot in recent times and a lot has in fact been achieved in this direction, thanks to the effort of many who have worked towards this noble objective tirelessly. We should continue this very admirable and very important effort to promote national integration as part of our contribution to the nation building process.

But let us also remember that the process of national integration would be a lot easier if there is integration and unity among ourselves as the people of Sabah. We must know who we are and where we belong before we can relate to others elsewhere in Malaysia as fellow citizens. Let us help one another to realise this goal.

**(Speech to mark the official birthday of
TYT Tun Datuk Hj. Mohd. Said Bin Keruak,
Yang Di-Pertua Negeri of Sabah, and the closing
of the 25th Anniversary Celebration of Malaysia
on 16th September 1989)**



The late Tunku Abdul Rahman, Malaysia's first Prime Minister, was a strong supporter of Parti Bersatu Sabah and Datuk Pairin. The two maintained close contact, especially in the early days of PBS' formation. The last time Datuk Pairin saw the Tunku was when he called on him at his residence on 19th September, 1989 to present a book published by the Institute of Development Studies to commemorate the 25th Anniversary of the formation of Malaysia.

Breaking Down The Psychological Barrier

When I use the word integration in this talk I mean social cohesion through normal social interaction and involvement over a period of time or through a deliberate unifying process in a multi-racial and multi-cultural situation. The degree of cohesion is judged by the extent to which people from diverse backgrounds interact, cooperate and socialize with one another in an ordinary day to day situation and the way they deal with or react to territorially or ethnically significant stimuli. National integration, therefore, is a state of socio-cultural cohesion in Malaysia, which is made up of people from diverse ethnic, cultural, religious and territorial origins, who identify with one another as fellow countrymen regardless of their different backgrounds.

In Malaysia National integration has often been equated with national unity, or the process by which national unity is achieved. "Integration" and "unity" are often used interchangeably as if the two words carry the same meaning. They do not. Under normal circumstances "national unity" is dormant and is obscured by divergent interests and cleavages in a competitive, open society.

It is only when a higher interest is threatened as when the country faces an external threat that the dormant "national unity" becomes a rallying force and people of opposing interests may become solidly united to face the common threat.

At this stage of our development integration can be considered as having two dimensions. One is integration among the various communities that are found in each state in Malaysia and the other is territorial integration by which the people of the different states and the federal territories of Malaysia identify with one another as fellow Malaysians. Geographical separation adds a new dimension to what would otherwise be simply a multi-racial situation. Territorial integration merely sets the stage for racial and socio-cultural integration through interactive social or economic activities.

UNITY SYMBOLS

We want to bring about a greater degree of integration because unity cannot be achieved if the citizenry of this country remains compartmentalized or, much worse, polarized. We must break down the barriers between people. In Malaysia there are many kinds of barriers, racial which is inherent in a plural society, physical on account of geographical separation, mental through lack of communication, prejudices, either acquired or inherited, and misunderstandings. These barriers have mounted to a massive psychological divide which is difficult to penetrate. The most important aim of integration, therefore, is to remove these barriers and bridge the emotional chasm which sets one group apart from another.

As far as Sabah and Sarawak are concerned there are certain historical and geographical factors which ought to be taken into consideration in the pursuit of territorial integration.

Certain commonly accepted symbols serve integration, e.g. the Malaysian flag, the King, the national language, the national ideology, the national airline, the national sports and athletic teams, the national car, and many others. Malaysia

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Day too serves as a powerful symbol of togetherness, although it is felt in Sabah and Sarawak that the people of this country ought also to be reminded of the significance of 16th September. It is such a pity that Malaysia Day comes and goes unheralded and unsung every year in a nation that marks and commemorates so many other days which are far less significant than that historic day when Malaysia was proclaimed. Each year on National Day the nation's age as an independent country is reckoned from 31st August 1957, the year the then Federation of Malaya became independent. Sabah and Sarawak's independence dates from 16th September 1963. This is a historical fact which at least deserves mention in the context of the nation's independence anniversary each year.

PHYSICAL SEPARATION

Sabah and Sarawak, the two "Borneo States" in the Federation of Malaysia are separated from Peninsular Malaysia by the South China Sea. Kota Kinabalu, the State capital of Sabah, is 1018 miles from Kuala Lumpur, 1192 miles from Penang and 897 miles from Johor Bharu, the three gateways to Peninsular Malaysia. Kuching, the capital of Sarawak, is a little nearer but there is as yet no road link between the two state capitals. A highway linking the two states will greatly enhance territorial integration. The Semenanjung states on the other hand are linked up by a well developed network of roads which accounted for a relatively more fluid demographic situation in Peninsular Malaysia. So, as far as territorial integration is concerned, Sabah and Sarawak have only started the journey in that direction which the Semenanjung states embarked on a great many years earlier.

POPULATION MOVEMENT

Before Malaysia

In the years immediately before 1963, the year Malaysia came into being, there was little contact between the people

in the then Federation of Malaya and Sabah and Sarawak. Neither was there any significant traffic of people and goods between the two Borneo states. The economies of these three territories were mutually exclusive and non-complementary as London, which administered the two Borneo colonies, still held sway economically, militarily, culturally and, to some extent, politically in the newly independent Federation of Malaya. The three geographical entities looked beyond one another towards the United Kingdom.

In the import and export trade, the Chinese businessmen traded through the foreign owned trading houses in their respective localities or with Singapore which controlled the entreport trade. Sabah, Sarawak and the Federation states never had to have direct dealings with one another and the businessmen did not find it vitally important to travel extensively. Thus the Chinese who were relatively more mobile than the other races had little reason to communicate or visit the other Chinese in the other territories, let alone the native races. The Malays and the other Bumiputra races travelled even less. A great majority of them were rural-bound and many seldom left their kampungs, except for a few Muslims who could afford the fare to perform the Haj in Mecca. Even so, they converged on Singapore on their way to the Holy Land, and on the way back.

There was some exchange of visits between Sabah, Sarawak and Brunei mainly in the form of sporting activities of which the Borneo Cup Games were the highlight. There was, too, appreciably more movement of people and goods along the coastal areas, principally because of regular shipping operated by the Straits Steamship Company. There was of course the Borneo Airways providing regular passenger service between the then Jesselton and Kuching. Most of the passengers in those days were colonial officials and traders who travelled to and from Singapore, "transited" in Kuching. In the border region there were, and still are, strong traditional ties across the common border. The fishermen were not restricted by the territorial boundaries,

BREAKING DOWN THE PSYCHOLOGICAL BARRIER

and the population movement was fluid. So it is perhaps true to say that there had been a long established contact, albeit on a modest scale, among the Borneo territories because of geographical proximity.

After Malaysia

After Malaysia was formed Kuala Lumpur became the administrative and economic centre for the Federation of Malaysia, which resulted in a greatly increased flow of traffic between Kuala Lumpur and the Borneo states as government officials, military personnel as well as businessmen flew back and forth between Kuala Lumpur, Kuching and Kota Kinabalu.

The federalization of certain departments brought in many federal government officers and personnel and their families as well as teachers to Sabah and Sarawak. The Police force was expanded and the military began to set up permanent establishments in strategic areas in the two states.

On the economic front, the second and subsequent Malaysia Plans opened up many opportunities and businessmen and entrepreneurs as well as job seekers from Peninsular Malaysia and Singapore converged on Sabah and Sarawak in increasing numbers. Many people began to take up permanent residence in these two territories where economic and job opportunities were plentiful.

In the meantime an increasing number of people from Sabah and Sarawak started to go to Kuala Lumpur and other Semenanjung state capitals to attend routine meetings, conferences, seminars, training courses, etc. Members of the commercial sectors too began to fly between Kuala Lumpur, Kuching and Kota Kinabalu in increasing numbers and frequency. Students, likewise, began to go to West Malaysia to study. Today thousands of students have studied in various schools, colleges and universities in West Malaysia.

GETTING TOGETHER

On the face of it all these post-Malaysia inter-territorial traffic and activities have set the stage for territorial

integration, and indeed they have. Statistics are not readily available, but it is believed that a large number of Peninsular Malaysians are now residing permanently in Sabah and Sarawak, and vice versa by a smaller number of people from these two Borneo states, mainly through marriage.

So, despite the physical restrictions imposed by geography, the recent population movement promises a high level of territorial integration between East and West Malaysia.

Many things can be done to increase the flow of people. Domestic tourism can be developed imaginatively to increase the flow of tourists within Malaysia. This must of course be accompanied by faster and cheaper transport facilities.

The other means of making social contact is through telecommunication facilities, i.e. through the telephone. At the rate of \$3.00 per three minutes (night), not many people would make a social call to a friend in Semenanjung Malaysia. As the telephone is by far the most effective means of person to person communication the government should consider making its use more widespread by reducing the charges further.

As I have pointed out earlier, Sabah and Sarawak are separated from the rest of Malaysia not only geographically but also psychologically. This psychological barrier is the result of physical separation, although nowadays one can fly from Kota Kinabalu to Kuala Lumpur in less time than one can drive between Kuantan and Kuala Lumpur. Physical closeness gives an individual more opportunity to extend the family ties territorially through marriage and economic activities.

People in the Borneo territories and the Semenanjung states were able to extend such cultural, economic and family ties only after Malaysia was formed. It is against this background that we should view territorial integration. Fortunately, integration is a speedier process now than it was when people travelled by canoes and on foot and messages were sent by messengers. With jet travel and spaceage telecommunications facilities it is possible to carry on inter-

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personal communication throughout the length and breadth of the country. So the whole country are brought much closer together. In this way social and territorial integration has assumed a pace which no one would imagine possible before.

THE PSYCHOLOGICAL CHASM

Important though territorial integration is as a step towards national integration it may not bridge the immense psychological gap that exists between people of different races and cultures. Territorial integration without racial and cultural integration will only provide communal bridges across the vast chasm. We need socio-cultural and racial integration to bridge the emotional void that separates the people of different ethnic and religious backgrounds. Territorial integration unaccompanied by ethnic, socio-cultural integration may not serve the cause of national integration.

Technological progress, likewise, cannot guarantee a high level of integration unless the people really want to integrate. There are difficult problems which must be overcome first. A low level of socio-cultural contact among the people of the various regions of this country would impede the process of socialization. Without adequate social contacts it is not possible to achieve integration. Without integration the people would be disinclined to socialize or make social contacts. It is a vicious circle.

RELATIONS BETWEEN STATE AND FEDERAL OFFICERS

Unfortunately, friction exists between East and West Malaysians, mainly among government officers, business rivals and job seekers when job openings began to become scarce. Regrettably, whenever there are differences between a "local" and a "West Malaysian" the "outsider" aspect of the latter becomes magnified and attracts a great deal more attention than it should.

What is of even greater concern is that such a situation has been exploited by irresponsible people. For instance, when PBS supporters voiced their stand that they would like to see more job preference to be given to the local people in view of the rising rate of unemployment among school leavers and university graduates in Sabah the party's political opponents were quick to charge that the PBS were "anti-Semenanjung" and "anti-federal".

There were even statements in the local newspapers that a large number of Semenanjung teachers serving in Sabah were leaving Sabah because of "pressure" from the new PBS government. It is of course true that a large number of Semenanjung teachers had wanted to be transferred back to Semenanjung. This was in fact one of the problems cited in the "Memorandum on The Problems of Education in Sabah" which the previous government submitted to the federal government. The teachers' desire to leave Sabah had nothing to do with what the new PBS government has done or has not done.

The people of Sabah and Sarawak often judge the level of territorial integration by the extent of social interaction between the federal officers and personnel serving in the two East Malaysian states and their local counterparts. The degree of such interaction is satisfactory but can be further improved. There are several reasons for this, the most important being that federal officers come and go at short intervals which allows for very little time to get to know the local officers, especially those with whom they have little to do. While serving in Sabah and Sarawak the federal officers tend to keep to themselves at the initial stage. It takes some time to "break the ice" with the local people as their preoccupation with official duties leaves them with little time to "go out of their way" to socialize.

Regrettably, after two or three years when friendly relationship begins to develop the federal officers may be due for transfer back to Semenanjung. Such a scenario of relationship is not an isolated example. It is perhaps the main reason why

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social interaction between federal officers and personnel and the local people has remained at a low level.

Complaints about arrogance on the part of federal officers are not uncommon. On the other hand federal officers often claim that the "locals" are reserved and unfriendly towards the Semenanjung officers. It appears therefore that some degree of mutual mistrust and suspicion still exists that will impede territorial integration. This must be removed through a greater degree of social interaction between the two groups of Malaysians. Such ill-feelings may also be caused by economic considerations. The people in Sabah and Sarawak have often complained that they are being deprived of economic and job opportunities because they have been "swamped" by people from "the other side". So, because of the fierce competition for economic and employment opportunities many people in Sabah feel uncomfortable having to share what they have.

To recapitulate, we achieved territorial integration constitutionally when the Federation of Malaya, Sabah and Sarawak (and, at one time, Singapore) formed and became part of the Federation of Malaysia. Through constitutional provision we achieved territorial integration in form, even if not in substance. The post-Malaysia years have seen the nation making a bold attempt to put substance into form by promoting territorial integration which must serve the purpose of welding people of different racial and cultural origins together to give meaning to the constitutional provision, nationhood and the Malaysian identity. Territorial integration is only a step towards national integration. It is not the final goal. Malaysia will be regarded as territorially integrated when the citizenry of this country has internalized his Malaysian nationhood and think of himself and others, no matter where in Malaysia they originate, as Malaysians and fellow countrymen. When people of different racial and territorial origins can identify with one another as fellow Malaysians, perhaps then, and only then, will they be able to view racial and cultural differences and occasional manifestations of parochialism or localism in the right

perspective and accept the situation. They will perhaps realize that there are no ethnic cultures in Malaysia that are diametrically opposed to one another.

CULTURAL SYNTHESIS

Territorial integration will serve the cause of cultural synthesis (as distinct from cultural assimilation) and pave the way towards unity in diversity. Cultural synthesis comes from cultural evolvement over a period of time. Hopefully a Malaysian culture will evolve through a process of cultural synthesis. In our effort to bring about unity through a greater degree of integration we should take great care not to start on the premise that to bring people together we must obliterate the differences and refashion them to an approved design. We cannot do this because if we tried we will meet with great resistance and the outcome will probably be worse than if we had never tried to promote integration. Instead, we should work on the premise that differences should be accepted not only as inevitable but even desirable and that unity in diversity is possible. Cultural synthesis is a great equalizing and unifying process. Whether we like it or not a world culture is in the making through the subterranean currents of the youth culture of today. We can expect to see, within our own life-time, a new culture appearing that is very different from the cultural traits and orientation which we are trying to preserve so doggedly, so dogmatically and sometimes with so much bigotry, even to the extent of endangering national integration.

In the meantime, we should be mindful not to undermine or uproot people from their cultural base which provides them with the frame of reference without which they may not be able to deal with the alien cultures and sub-cultures to which they are constantly exposed through the modern media today.

A common Malaysian identity will evolve in time through positive psychological identification with one another among Malaysians in this country. The Malaysian nationhood will be

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internalized, and out of the multi-racial composition of the Malaysian society the world may one day see the emergence of the new Malaysian race.

(This talk was delivered at a luncheon gathering of the academic staff of Universiti Kebangsaan Malaysia, Bangi on 14th October 1989)

CHAPTER 2

A Fresh Mandate

I am grateful to His Excellency the Yang diPertua Negeri for his kind expression of good wishes for the new PBS Government and his advice to all Hon. Members to exercise restraint and avoid confrontation both inside and outside the House. The people of Sabah have had enough of political squabbles and are looking forward to a period of relative calm and more constructive activities.

His Excellency's policy address reminds this House of the unfinished tasks which the previous PBS government had set for itself but which were disrupted by the turmoils that embroiled the State in the twelve months the previous PBS government was in office. In his speech the Head of State has reestablished the priority, the direction and scope of the tasks for the new PBS government.

What the Yang diPertua Negeri has set out for the new government to accomplish requires a conducive and stable political framework and an atmosphere of peace and tranquility for it to carry out its tasks, and a mature loyal opposition playing its positive role in accordance with democratic principles.

We are determined, in the next five years, to bring about not only rapid development and social progress which we all desire, but also a degree of maturity in terms of political

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relationships among the political parties in the state and in their relationships with the federal leadership. Involvement in politics should be prompted solely by a desire to serve the people and the nation, and not by any consideration of self-interests.

Democracy presupposes that power tends to corrupt and that absolute power tends to corrupt absolutely. It also presupposes that there is a suitable alternative should the party that wields power become unacceptable to the people. It is in this light that opposition parties are regarded in a democracy.

Opposition parties should not therefore regard their opposition role as giving them a licence to obstruct the government in everything that it tries to do, to the extent that it cannot function effectively. In this connection, I am most perturbed to recall a statement made by a leader of one of the opposition parties sometime ago that it is the function of the opposition to try and bring down the government. This is never the function of a loyal opposition. It is never the intention that the opposition should engage in subversive activities under the respectable cloak of democratic opposition.

Opposition parties in Sabah have never played an effective and constructive role in politics. The ruling parties before PBS never gave the opposition a chance to play their full role as loyal opposition. In the past opposition assemblymen were silenced in various ways – some were threatened or coerced into silence, some were suspended from the Assembly on one pretext or another. Therefore opposition voices have not been heard loudly and articulately in this House. This is unfortunate.

It is our intention and wish to accord the opposition the respect and honour which are rightly theirs, and it is our wish that they are heard in this House, as they were yesterday. But, as with most things, rights and privileges are always accompanied by responsibility and, if I may add, civility. Opposition is not a licence to be negative or destructive. It is not expected of an opposition member of parliament or assembly to oppose for the sake of opposing.

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So, Tuan Speaker, while we on this side of the House do not seek to silence our Hon. colleagues (and I mean colleagues) on the other side of this House, we will appreciate it greatly if the opposition will adopt a more moderate stance than that which this House witnessed at the first sitting of the previous Assembly.

As the Yang diPertua Negeri has indicated in his policy address, both the ruling party as well as the opposition must play their respective roles. Given the sincerity of the ruling party in wishing to see constructive and loyal opposition in and outside this House, it would be a great pity indeed if this opportunity is not taken by the opposition to show to the people of Sabah what an opposition can do to enhance democracy and how democracy really works. And when it comes to it, opposition strength and effectiveness does not depend on how many opposition there are in the House. A lone opposition can be just as effective in articulating constructive criticisms and reasoned arguments.

Money politics has been the bane of politics in Sabah ever since party politics came into being in the state. What we have seen in recent times is money politics at its ugliest when a democratically elected government was almost brought down by unprincipled defections motivated by greed for power and personal gains. It is for this reason that we in PBS will not offer any inducement to anyone who wishes to cross over to PBS. Anyone who believes in our struggle and is committed to multi-racialism is welcome to join PBS, but without any precondition.

The best of policies can be misadministered in the day to day situation, and some individuals will feel aggrieved or disadvantaged. Those so affected must be given an avenue to complain and seek redress. In our party manifesto which we presented to the public recently, we promised to provide a better means of redress for individuals who feel aggrieved at the hands of State, public authorities or public officers. We recognize the fact that legal redress is expensive, complex, time-consuming and beyond the reach of many people. We pointed out that many of the problems are not about breaches of the law but about maladministration. Therefore such grievances require a

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different kind of redress from what the courts can provide. At first it was thought that the office of the "Ombudsman" should be set up to take care of such grievances. It was realized, however, that the state can ill-afford such a public office at this moment in view of the unfavourable financial situation.

As the state already has a Public Complaints Bureau under the Chief Minister's Department, it is decided that this office will be strengthened and given more effective power to investigate into complaints of maladministration and misuse of power, and to redress such grievances.

Accordingly, a suitably qualified senior officer will be appointed to head the Bureau. He will be given adequate authority to deal with any departmental or agency head, and will be responsible directly to the Chief Minister.

Hon. Members will have noted that the constitutional amendments which were passed by this House yesterday included an amendment to provide for an increase in the number of Assistant Ministers from nine to twelve. This is part of the PBS Government's plan to strengthen the State's organizational framework for the purpose of bringing about more rapid development and progress in Sabah. It was also intended to increase the Cabinet posts to 12 to give effect to the 5:4:3 formula which I announced at the launching of the party's manifesto. This amendment, however, has to be postponed until an enabling amendment is made to the 8th Schedule of the Federal Constitution. A representation has been made recently to the Attorney-General of Malaysia to amend the 8th Schedule and I have no reason to think that our request will not be favourably considered. Hon. Members will recall that the Federal Government leadership was prepared to increase the Cabinet posts to 14 when we discussed the aborted "peace formula" before the election.

When the number of Cabinet Ministers is increased to 12, certain portfolios will be streamlined and made more effective. Housing development will be separated from the Ministry of Local Government and will be a ministry by itself in view of its

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importance and scope of activities related to housing development.

Similarly, rural development may come under a separate ministry which will give the rural economy and social development undivided attention.

In view of the tremendous importance and potential of aquaculture in Sabah and the fishing industry, the government will consider creating a separate Ministry of Fisheries and aquaculture Development to concentrate on this very important sector of our economy.

Hon. Members will agree with me that an increase in the number of State Ministers is long overdue considering that there has not been any increase for almost 20 years. The work load and business of government has increased tremendously as can be gauged by the fact that the overall budget allocated for the 2nd Malaysia Plan was less than \$1 billion, whereas the total allocation for the 5th Malaysia Plan is in the region of \$6.8 billion. The tremendous increase in both the scope and content of public sector activities require a proportionate increase in members of the Administration at the political, if not at the administrative level at this stage. This is a reality which has to be faced and dealt with.

There are encouraging signs that an increasing number of people in our urban areas are becoming aware of what they can and should do to complement the efforts of the local authorities, especially in the area of public education and inculcation of civic consciousness. The civic consciousness campaign started by a small band of dedicated people some years ago appears to have fizzled out, possibly because of a lack of support and finance. It would be a great pity indeed if such a positive move is allowed to die.

As Hon. Members may recall we promised in our election manifesto that we will encourage and harness the immense reserve of goodwill, leadership, talents and community spirit of members of the numerous voluntary and service organisations in the country in order to channel these energies to worthy causes.

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The Government wishes to provide an organizational framework within which the people may participate actively in promoting not only civic consciousness but also direct community contributions towards improving our towns and environment. To do so the State Government will consider setting up a trust called the Civic Trust of Sabah, the object being to involve the people in a collective effort to improve the general appearance of our towns and environment and to foster better community spirit. The Trust will be financed by voluntary contributions, but an annual government subvention may be considered. It should also derive revenues from other sources. Voluntary organisations and social clubs will be encouraged to affiliate with the Trust to further the common goals.

We are very concerned about the unsatisfactory economic situation in Sabah as manifested in the low level of economic activities. This is due mainly to the economic recession, aggravated by the political disruptions and civil disturbances in recent months.

The Government will take urgent steps to promote economic activities by embarking immediately on public sector development activities under the 5th Malaysia Plan while at the same time provide meaningful encouragement and direction for the private sector to break out of the present economic doldrums.

The economic horizon is not all gloomy. Despite the slow down in economic growth, the prospects for Sabah's economy are heartening. The projected growth is at 5.6% per annum during the 5th Malaysia Plan period. This forecast compares not unfavourably with the average annual growth rate of 7.2% over the 1981-85 period, considering the very different economic circumstances.

The Gross Domestic Product (GDP), i.e. the total value of goods and services produced in the state, stood at \$4.57 billion in 1985, compared to \$3.23 billion in 1980 when the state was riding the crest of the boom years.

Meanwhile, per capita income, i.e. the average annual income per person based on the GDP figure, also showed an ap-

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preciable increase from \$3,066 in 1980 to \$3572 in 1985. Per capita income is forecast to reach \$3957 by 1990 which represents a projected average annual growth rate of 2.1%. This rate of growth is quite encouraging given the rapid increase in population.

Despite the country's tight financial situation, the Federal Government has honoured its commitment to maintain its development funds allocation to Sabah at a reasonable level under the 5th Malaysia Plan. The approved overall allocation, including federal, state and statutory body funds, totals \$6,799.72 million, compared to the 4th Malaysia Plan mid-Term Review allocation of \$5,032.60 million and an estimated actual expenditure of \$4,338.90 million. This is most heartening and impressive, especially considering that the sum does not include multi-state projects such as certain civil aviation schemes which benefit many states.

Of the total development allocation for the 1986-90 period, federal funds account for \$4,506.97 million, state funds, \$1,801.59 million, and statutory bodies' own funds \$491.16 million. A total of \$5,590 million is allocated for the economic sector, \$1,004.96 million for the social sector and the balance for security and administration.

In line with the development priorities, almost half the total funds for the economic sector over the plan period, or 48.8% is for infrastructure development. Energy and public utilities head the list with an allocation of \$1,640.58 million, followed by transportation, \$1,077.56 million, and communications \$599.57 million. The allocation for agriculture and rural development is \$1,533.13 with the state government and statutory bodies providing \$540.35 million.

The State will provide the bulk of the funds for new housing and townships which are allocated a total of \$510.54 million.

As is indicated in TYT Yang DiPertua Negeri's address, the main thrusts of the State's development in the next five years will be in infrastructure, agriculture and forestry based development, fisheries, rural development, rural credit, marketing, low

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cost and medium cost housing, public utilities and welfare services.

To reduce the adverse effects of the economic slow-down the Government will introduce a few short-term measures to reactivate economic activities and to reduce unemployment. In order to bring about more economic activities the State Government will take urgent steps to step up the building industry, particularly housing. This is an area of economic activity which both the federal and state governments have identified as having the most multiplier effects on other sectors.

The measures that will be taken are as follows:

- to carry out low and medium cost housing,
- to increase food crop production, and
- to step up road construction.

All three will produce widespread spill-over effects which will interact with a broad spectrum of economic forces.

Under the 5th Malaysia Plan low and medium cost housing undertaken by the LPPB alone will total in the region of \$258 million. Such a large sum of money will bring about considerable economic activities throughout the State. A start has already been made recently when 1008 units of Phases 18 and 19 of the Kepayan Ridge low cost and medium housing scheme commenced work. An appreciable number of the low cost houses will be built in the rural areas of Sabah. In order to make the most of the economic activities in the construction of these houses, effort will be made to engage local small time contractors who are well able to build these houses.

Roads and bridges and related development will account for \$946.7 million of the 5MP budget, made up of \$432.5 million from State funds and \$513.7 from Federal. Such a huge sum of money will generate considerable economic activities in Sabah.

The next five years will be exciting years in the history of Sabah. The start of this 8th Assembly is a resolute step towards a better future for all of us and for our future generations. With God's blessing and help, and with determination, dedication and cooperation from all, I have every confidence that we will achieve our objectives.

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On that hopeful note, I have great pleasure to move that the Policy Address of His Excellency, Tun Mohd. Adnan Robert, Yang diPertua Negeri Sabah, delivered to this House on 19th May 1986, be agreed to, and that this House record its appreciation to His Excellency for his speech.

**(At the State Legislative Assembly
on 20th May 1986)**

Let The Action Begin

First of all I wish to welcome you all to this first State Action Committee (SAC) meeting since the new government took office.

The SAC is not, of course, new to me, but it may be to other members of the new Cabinet and assemblymen. This is therefore a good opportunity for them to be acquainted with you all and with this very important Committee.

I believe this is a forum where development problems are highlighted, discussed and resolved. It is a kind of final station for decisions, so to speak. As such I expect that the problems we discuss here have been discussed and explored thoroughly elsewhere before. I also expect a thorough, analytical briefing on the problems encountered as well as the possible solutions to the problems. Here we should scan the alternatives and decide on the solutions. We should be decisive at this level, otherwise this Committee will become a bottle-neck and thus impede development rather than speed up the process.

It is not easy to gather together the top state and federal government officers in the state. So when we do meet, let us make the most of the opportunity. I therefore expect all of you to contribute to this morning's discussion. I would like the SAC

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to be a lively forum and would not like the discussion to degenerate into a monologue.

I am well aware that you have all encountered many problems in carrying out development projects in the past. Some of the problems may have been inherent in the projects; others may have been due to imprecise political directives, fickle-mindedness, unrealistic or simplistic thinking, vested interests, lack of popular response, apathy, rashness and many more. I do not think I need to dwell on what you yourselves have gone through. You can probably tell me much more. The important thing, I feel, is for all of us to be honest, to be frank and to communicate so that we can avoid problems and pitfalls, so that the valuable experience which you have gained in the past years can be pooled and added to the repertoire of our knowledge regarding development. We can all learn from one another's achievements and mistakes.

Sabah has a lot to learn from other states in Malaysia. We must try to learn as much as we can. There is really no need for us to go through the same trial and error process that others have gone through before. We should be able to benefit from their experiences if we let ourselves, and if we communicate.

You are all aware that the financial situation is not at all good. I need not go into the extent of the problem. You are well aware of the difficulties and how they have come about. What we should do now is to solve these problems.

I believe in collective wisdom. Many heads are better than one. Whereas under the previous government the impetus of development was provided, to all intents and purposes, by one person, I foresee a future in which everyone of you will play a positive role within the broad frame-work of the government's political objectives and direction.

We must do things rationally, and not impulsively. We do not have much money at our disposal. Therefore we must make sure that what we have we use wisely and to maximum advan-

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tage. I am counting on you all to be fully committed to a lot of hard work ahead.

**(At the State Action Committee Meeting on
17th June, 1985 - The first such meeting since
the PBS government took office)**

CHAPTER 3

Spelling Out Sabah's Growth Potentials

I am very pleased and honoured at being invited here today by the organizers of this National Economic Conference to address you at this luncheon. It is an admirable platform to speak on the scope and opportunities for investment in Sabah. This subject concerns the well-being of the state and is thus close to my heart.

I like to think that my being asked to make this "special presentation" here denotes some recognition of Sabah's tremendous growth potential. I presume you are interested not so much in the manner of PBS's dramatic victory in the recent state elections and its sudden rise to prominence, as on the more relevant aspect here of the possible effects or changes it may have on business activity and investment in Sabah.

Most of you are undoubtedly aware that PBS was faced with all kinds of difficulties both before and after we took office as state government. The party and the state experienced a period of unrest and tension. But happily today the political situation in Sabah is once again calm and stable. I would say we are virtually back to normal, except for a little vexatious litigation that has to run its course.

Earlier, we also had to contend with some wild and baseless allegations spread by our critics to create misunderstandings over PBS in Kuala Lumpur. But I am happy that these baseless allegations have been recognized as such. During my visit to Peninsular Malaysia and also to Sarawak, I have had cordial discussions with federal and state government leaders, including heads of Barisan Nasional component parties. I have received enormous goodwill from all quarters. PBS has applied for membership of Barisan Nasional and I am confident we will be accepted into the family in good time. The Prime Minister himself has assured PBS that where allocations of federal funds and other development assistance is concerned, we will be treated no less favourably than the previous state government. There is no need, therefore, for potential investors to doubt Kuala Lumpur's willingness to grant Sabah a fair share of money for infrastructure and other development.

There were some misgivings about the composition of the PBS cabinet because of its comparatively unknown and inexperienced members; all untried except myself. But surely all of us start out new, and this applies, without exception, at federal as well as state level. When given positions of responsibility and trust, human beings learn to cope fast. My cabinet colleagues have settled down and on the whole have acquitted themselves well. I am sure investors who have occasion to deal with them will find them capable and helpful.

Some of our critics have alleged we have yet to grapple with the complex task of running the government. They claim that development projects have come to a standstill and business has stagnated. But this is not true. During the four months we have been in government, we have been faced not only with political problems, which had earlier threatened our very existence but financial difficulties, as well. For instance, at a time of declining revenues, we had to make some bold decisions in regard to some of the extremely large and costly commercial projects started by the previous government, such as the gas utilisation industries and the pulp and paper project. We are irrevocably committed to putting these projects on a sound footing financially and con-

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tractually. The investment in the gas utilisation industries alone, including the gas grid and the power station to produce methanol and hot briquetted iron, is in the order of 2.4 billion ringgit.

I believe potential investors will want to know the kind of people we are in the PBS before approaching us with proposals. I trust my address today will remove some of the doubts about our good intentions and our future investment plans, policies and priorities. The state government is very serious about accelerating economic development and providing secure employment for our rapidly growing population. But we intend to go about this in a more rational manner within the framework of a comprehensive long-range plan for coordinated and integrated public and private sector development.

Perhaps Sabah is not quite the El Dorado it has been portrayed. But we do possess an abundance of natural resources of great development potential. There is truth in the saying that money grows on trees as our natural and man-made forests and agricultural tree-crop plantations testify. They remain the mainstay of the state's economic growth.

In recent years the development of our forestry, agriculture, mining and other natural resources had enabled us to withstand the worst of the global recession and attain a higher rate of progress than most other states in Malaysia. But you must view our economic performance indicators with circumspection. From 1980 to 1983, the state's gross domestic product increased from 1.8 billion ringgit to 2.24 billion ringgit, representing an average annual growth rate of 7.3 per cent which looks fine against the national average of 6.2 per cent. In consequence, per capita income grew from 1,790.3 ringgit to 1,997.5 ringgit over this period. But you have to remember that petroleum is the biggest contributor to GDP and the state gains hardly any direct benefit from this resource save for a 5 per cent share in the oil revenue. The per capita income figure therefore is similarly inflated and highly misleading.

Nevertheless, we do possess the potential to attain progress with our forestry, agriculture, fishery, mining and other natural

resources. Their development generally is still in its infancy having barely got beyond the stage of simple extraction and primary processing. Therefore, it is no exaggeration to say that investment possibilities and opportunities in our resource-based industries really abound in Sabah.

The government will roll out the red carpet for potential investors intending to further develop these sectors. They will be especially welcome to invest in downstream processing as a means to broaden the state's economic base, increase our foreign exchange earnings, facilitate technology transfer, and provide jobs for our people involving increasingly higher skill content.

Many people still picture Sabah as a state with inexhaustible timber resources, unaware that our natural hard wood forests are being depleted at an alarming rate. Because of excessive and indiscriminate felling of trees in recent years, nowadays we hear more talk about reforestation than conservation. The adoption of the national forest policy in 1977 to progressively reduce log exports and promote local processing of wood products has led to a marked decrease in the volume of log exports from 12,327,000 cubic metres (m^3) in 1977 to 9,362,000 cu. metres in 1984, although this represents less than the 50 per cent cut-back in round log exports we were supposed to have achieved within five years.

Nevertheless, there has been a considerable increase in the processing and export of wood products such as sawn timber, veneer and plywood. In 1984 exports of sawn timber reached 853,500 cu. metres, while veneer sheet exports increased to 98,910 million square metres (m^2) from 3080 million m^2 .

However, judging from the large volume of round logs still exported, there is clearly great scope for increasing investment in processing timber products, including furniture manufacture. Logs processed locally are subject to a lower royalty rate than those exported. Investors may wish to turn also to the utilisation of timber waste. It is estimated that mill waste produced by timber processing in the form of off-cuts, side-slabs, down-grade and trimmings will reach around 28.5 million hoppus cubic foot

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(Hft) this year and approach 42.6 million hoppous cu. foot by the year 2000. Furthermore, timber waste from logging, clear felling and tree crop replanting waste is estimated to yield another 342.5 million hoppous cu. foot in 1985 and 275.9 million hoppous cu. foot in 2000.

Instead of being burned or left to rot, these products could be processed into chipboard, briquettes, softboard, laminated wood products and hardboard. They could also be used along with sawn timber as intermediate inputs for furniture, prefabricated houses and construction. The investment prospects are good considering that the waste wood is very cheap and such industries would qualify for incentives under the Investment Incentives Act. To my knowledge, no firms are currently utilizing waste wood to manufacture some of the products mentioned although recent studies indicate a 22 per cent internal rate of return (IRR) from waste wood utilisation.

What we are also keen to encourage is investment in large scale forest tree plantations of fast growing species. This is the primary concern of the Sabah Forestry Development Authority (SAFODA). The World Bank has already agreed to provide assistance to our reforestation programmes. The Bengkoka project which includes social infrastructure costs, indicates an IRR of 16.8 per cent. The fully commercial undertaking by Sabah Softwoods Sdn. Bhd. on logged-over land at Tawau shows an IRR of 18.4 per cent. It is generally agreed that the IRR for a forest plantation in Sabah is between 13 per cent and 23 per cent. The good thing about forest plantations is that selected tree species grow on marginal lands, and Sabah has about 120,000 ha of such land suitable for forest tree cultivation.

I would also like to draw the attention of investors to the pulp and paper project at Sipitang which also involves the replanting of cleared forest to ensure perpetuity of wood supply. The State government welcomes private sector participation in the equity of this 1.2 billion ringgit project, especially by corporations with access to expertise and management know-how and markets abroad.

PAIRIN'S SPEECHES

Being blessed with abundant fertile land and a congenial climate, Sabah has enormous potential for agriculture investment. No less than 30 per cent of the state's land area has been identified as highly suitable for agricultural development. The cultivation of perennial tree crops has grown tremendously in recent years. The area under oil palm increased from 100,600 ha in 1981 to 159,600 ha in 1984, representing a growth of 58.6 per cent. By the year 2000, the planted area is projected to reach 414,000 ha.

Meanwhile, cocoa cultivation has increased at an even faster rate rising from 83,500 ha in 1981 to 156,500 ha in 1984 - i.e. an increase of 87.4 per cent. In fact, cocoa hectarage is expected to reach 419,000 ha. by 2000, thus supplanting oil palm as the most widely cultivated tree-crop. Both rubber and coconut have declined as tree crops, and are mainly cultivated by small-holders, but they still offer scope for expansion. Besides agricultural tree crops, investment opportunities also exist in the cultivation of fruits, highland vegetables, tobacco, coffee and other commercial crops, for domestic consumption as well as for export.

As agricultural production increases, we want to encourage more local processing for added value which has hardly got underway. While there are 16 crude palm oil mills in the state there is only one palm oil refinery. Only one company currently manufactures cocoa powder and butter mainly for export. According to the Sabah Industrial Development Study, the investment potential in the agricultural processing sector is estimated at 385 million ringgit in the 1980-1995 period. The state government also encourages the processing of these agricultural crops into semi-finished and finished products, and additional cocoa processing plants are currently under consideration.

The seas around Sabah's long coastline which yield a rich supply of marine resources also provide considerable investment opportunities in fin-fishing, prawn trawling, aquaculture and fish processing. Fish catches have been increasing at an annual average of about 14.3 per cent since 1973, according to the Department of Fisheries. But current production is still rela-

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tively low because of inefficient fishing technology and gear and the industry presents bright prospects for potential investors. Deep-sea fishing for demersal and pelagic fishes offers good investment opportunities.

As you know, Sabah prawns are in big demand and fetch very high prices. In fact, chilled and frozen prawns comprise about 80 per cent of fishery product exports. There are also investment opportunities in aquaculture development. Ko-Nelayan and the fisheries department have already initiated a number of pilot aquacultural projects, such as prawn farms, seaweed and oyster culture, and potential investors are welcome to seek further information from the department.

Apart from prawns, there is little other processing in the fishery sector, but there is good potential in other activity, such as the processing of jelly fish and salt fish cakes, fish balls and canning. There is also the possibility of establishing fish meal plants in the state, utilizing the estimated 90,000 metric tonnes of trash fish discarded in the sea every year off Sabah.

While the mineral-based industry contributes a lot to Sabah's gross domestic product, petroleum accounts for most of it and as I have mentioned the state derives very little direct benefit from this oil resource. However, there are considerable downstream investment opportunities in the gas utilisation industries in Labuan. As a matter of interest, the hot briquetted iron plant has a production capacity of 720,000 metric tonnes a year, the methanol plant 660,000 metric tonnes annually and the power plant 79MW. In the gas and iron industries, investment opportunities are available in the downstream processing of methanol into formaldehyde, gasoline and ethanol while the hot briquetted iron could be used in the manufacture of electro-steel and steel products for local needs or export. There is also presently an interest in other downstream projects like the single cell protein proposal which we are looking into at the moment.

In respect of other metallic minerals, there is reason to believe, based on rock formations and associations, that more copper and gold deposits exist in the Ranau area, and south of

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Semporna. Also alluvial gold is known to exist in the Lahad Datu area. Apart from metallic minerals, there are investment opportunities in the exploitation of limestone which is plentiful to the south of Kinabatangan Valley and in the northern islands of Sabah. A ready market for limestone clinkers will exist when the cement plant now being built by Cement Manufacturers (S) at Sepangar Bay comes into operation soon. This plant will require around 400,000 metric tonnes of clinkers per annum.

As far as privatisation is concerned the present state government believes that there are activities which are more appropriately handled by the private sector, especially in management and marketing. Therefore, the government will welcome approaches from the private sector to take over commercial operations undertaken by state agencies, always bearing in mind that in all our considerations the interests of the people are paramount.

The present government has reviewed the development proposals submitted for implementation under the Fifth Malaysia Plan and of course is in entire agreement with the national development objective as well as the policy and strategy enunciated. From the viewpoint of investment opportunities related to the plan I have already covered the main fields today with the exception of tourism. The state government through its tourism arm proposes to formulate a master plan for the development of tourism, including the delineation of tourism development zones, in which we will encourage private participation.

Naturally investors want a stable workforce and will be interested in working out an integrated approach to plantation development. Technology transfer is another major factor in considering investment proposals. I think five years is the maximum period to achieve technology transfer for the sort of undertakings which can benefit us in Sabah. In the plantation industry in which we have accumulated considerable experience and knowledge I would think five years is more than enough.

I hope I have given you a reasonable insight into existing investment opportunities in Sabah and underlined the receptive

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attitude of the state government to investment particularly in resource-based industries. The government will examine your proposals carefully but expeditiously and extend to you whatever assistance and incentives it can. I invite potential investors to come to Sabah and see for themselves the opportunities that exist for profitable investment.

**(At the Third National Economic Conference
in Kuala Lumpur on 29th August 1985)**

The Good Earth

The history of the agriculture industry in Sabah is closely linked to other organised development in the state. As you well know opening up the land for agricultural development more than 100 years ago was the primary reason for the Chartered Company's interest in the state. The early planters and administrators introduced many crops, some of which have survived while others have disappeared from the local plantation scene with the passage of time. In more recent years especially within the last three decades, newer crops have been commercially developed and these have transformed our agricultural landscapes as well as the economies of our two States. We owe much of this transformation to planters such as yourselves and the estate staff and workers under your direction.

In recent years with the comparative decline of the forest industry as the mainstay of Sabah's economy, the agricultural sector has assumed increasing importance. The agricultural industry not only contributes substantially to our export earnings and the Gross Domestic Product but also serves as a major source of employment and livelihood for our rural population. The industry also produces a substantial share of our food requirements.

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The earnings of our major agriculture commodities, predominantly oil palm, cocoa and rubber, have steadily increased over the years in keeping with rising export volumes. In recent times, however, as you well know, prices have been below expectations because of the continuing global recession.

There is no doubt that the future progress and prosperity of Sabah and its people depends primarily on how wisely we develop our extensive agricultural land resources.

Of the 2.14 million hectares of land considered to be suitable for agriculture in the state only about 537,000 hectares have so far been utilized for agricultural development. Therefore, about 1.6 million hectares of good agricultural land remain largely idle. This land is suitable for the cultivation of a wide range of short-term and perennial crops. The prospects for agricultural crop expansion therefore are clearly good.

Through experience, however, we know it is not prudent to be over-dependent on a limited range of commodity exports because of uncertain markets and fluctuating prices. The time has come for us to further diversify the agricultural industry and go into more local processing of our products. There are many benefits to be derived from downstream processing. In this way we can open up a new field of agro-based industries which will not only produce goods which can command higher export prices but also satisfy domestic demand and lessen the present need to import a high proportion of our food requirements from abroad.

Already we are making respectable progress in diversifying and expanding the agricultural sector, despite the general economic downturn. The enormous investment in the agricultural sector in the last two decades by both the private and the public sectors has enabled the State to modernise the industry significantly and diversify crop production from the traditional base of rubber and coconut. Nowadays oil palm and cocoa are our major crops with increasing hectares coming into production. For instance, the area planted with oil palm has increased in the last 20 years from 10,000 hectares to about 175,000 hectares at the end of 1985.

THE GOOD EARTH

In a relatively short period of time cocoa has emerged as a number one crop in Sabah in terms of planted hectarage with an estimated 188,000 hectares devoted to cocoa by the end of 1985.

The State government acknowledges the important role which the private sector, in particular the private estates, played in the State's land development and crop diversification programme. The private sector holdings, which include the private estate companies and small holders constitute 78 per cent of the area under cultivation. Of the total area developed the private estates alone account for 40 per cent. They also account for at least 52 per cent of the land planted with oil palm, and an even greater 71 per cent of the land under cocoa.

In view of your major role in crop production, I believe private estates are well positioned to participate more significantly in the development of agro-based industries. I would like to think that your association itself is monitoring policies and trends closely and keeping members informed of the opportunities for diversification. Being producers and suppliers of raw materials for agro-based industries, it should not be too difficult for you to venture into downstream processing, even though there are challenges to be overcome. Indeed, some of our enterprising entrepreneurs have already successfully made the transition. There are opportunities for investment in palm oil refineries, palm oil and coconut kernel oil mills, and also ventures for producing cocoa butter, cocoa powder and chocolate products. There is only one company currently manufacturing cocoa powder and butter mainly for export and I believe there is scope for others to follow suit in view of our fast increasing cocoa production.

Most plantation companies have tended to concentrate on the more lucrative export crops. But I believe investment opportunities also exist in the cultivation of food and feed crops for both human and animal consumption. These crops are important for strategic as well as foreign exchange earning considerations. There is also a ready market for such products in view of the increasing human population as well as the expanding live-

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stock industry in the nation. I believe there is scope to set up a factory to process locally produced maize, kernel residue and other by-products to produce poultry and other livestock feed.

When planning such ventures it would be natural to consider the state of development of the rural areas and take advantage of the infrastructure facilities already provided by the Government. You would greatly assist our agricultural development effort by locating processing plants in rural areas to utilise raw materials from small holdings as well as your own estates. The Government is as concerned as you are to create stable employment opportunities in rural areas. More cooperation between plantation owners and smallholders could help arrest the rural-urban drift and perhaps contribute to a steadier supply of local labour for your estates in the long run.

The State Government shares your desire for improved roads and other infrastructure in the rural areas. The Federal Government has already assured us of funds for the improvement of roads and bridges. The State requirements are set out in the Fifth Malaysia Plan which awaits the approval of Parliament at its current session. I understand that the tenders for the construction of the two major bridges linking the Lahad Datu-Sandakan highway have been called but have yet to be awarded.

The State Government will make every effort to create a conducive environment for agricultural development in the state. If we appear to have been tardy in providing solutions to problems in the industry it is not because of indifference or neglect on our part. The State government is well aware of your difficulties arising particularly from the economic recession and depressed commodity prices. We are very sympathetic to the problems faced by the cocoa growers and will do our best to help you alleviate the problems of rising production costs, depressed prices and pest infestation. I realise that the cocoa cess is of concern to your industry and I can assure you we are actively reviewing the whole matter of the cess.

Another issue of considerable concern appears to be finance. I note with regret that some fine cocoa estates are being adver-

THE GOOD EARTH

tised for sale. I understand that the problems are largely related to difficulties in servicing loan repayments. During the present difficult period I hope financial institutions will be more sympathetic to the plight of the cocoa growers who have been adversely affected by high interest rates, depressed commodity prices and climatic and biological setbacks. I suggest that our financial institutions consider a review of their loan policies and perhaps reschedule the payments during hard times to ease the burden of plantations, especially medium sized holdings.

We also understand that the acute shortage of manpower in the agricultural sector at all levels has resulted in crop yields falling well below their potential. The industry is already highly dependent on foreign labour and the State government is actively looking into this problem to find a remedy. What is certain is that we must make more serious efforts to use local workers. Perhaps the workers being retrenched in other sectors because of the recession could be redeployed in the agriculture sector.

How readily they are prepared to accept employment in plantations obviously depends on how they view the working conditions. The provision of improved facilities and terms may mean cutting back on profits by plantation companies but this might be necessary to attract more local workers.

The government is very concerned with the training and upgrading of workers in all economic sectors. Perhaps such improvements in the agriculture sector could promote career development opportunities in agriculture in general and the plantation industry in particular.

Estates and in particular members of East Malaysia Planters' Association (EMPA) could contribute to Government efforts to overcome the difficulty of some of our graduates in obtaining suitable employment. They could devise schemes to provide the necessary on-the-job training for our graduates to take up administrative and technical posts on estates.

**(At the East Malaysian Planters Association
Annual Dinner, Kota Kinabalu, on 14th March 1986)**

Strategic Economic Planning for Sabah

There was a time when economic planning was frowned upon by proponents of unrestrained capitalism who equated planning with a centrally controlled economy and, naturally, a totalitarian government. To them, planning smacked of socialism and was inimical to the free enterprise system. The post war years have seen the emergence of a major political fact: underdeveloped countries outside the Socialist orbit have rejected the totalitarian and monolithic state as a precondition for planning. And so, Malaysia, following the example of India, started to have five-yearly development plans. Sabah never took part in the First Malaysia Plan (1MP) as when she achieved independence by forming and becoming part of Malaysia, the then Federation of Malaya had completed their 1MP. But we managed to jump on the bandwagon of the 2MP.

In the context of Sabah, and in fact Malaysia as a whole, our development plan is closely linked with the country's economic plan and strategy. Therefore, when we discuss strategic economic planning at this particular time, in the face of the current world economic recession, we should explore workable schemes whereby we place our scarce resources in strategic areas of the economy where they can generate the most returns,

and have the most spill-over effects on other sectors of the economy. This has got to be the purpose of strategic economic planning in the present context.

I hope that with ideas on strategic economic planning being widely explored and discussed at this seminar the State Government will be able to scan a broader economic horizon than it can otherwise do and benefit from a broader outlook on the state's economy as a result. I certainly would like to see more options and scope for the future development of Sabah, both short term and long term. It makes sense for the government to consult key figures in the various sectors of the economy before finalising any economic plan. I have no doubt that this forum will formulate suitable recommendations on both short term and long term measures that will help the state to break out of the present depressed economic situation and to put the state's economy on its proper footing again. As you will all be affected by these measures you will certainly be eager and pleased to have a hand in their formulation.

From the government's point of view, careful planning based on reliable information and data and objective considerations is vitally important if we are to avoid the sort of costly mistakes that were made in the past. No doubt you are all aware that Sabah's economic well-being is heavily dependent on the export of a few primary commodities. The danger of having a narrow economic base has long been recognised and successive government leaders have spoken eloquently about the need to diversify the economy and to give it more resilience in the face of unfavourable world economic conditions. The BERJAYA government made some convincing attempts in this direction. Unfortunately, some of the diversification programmes strayed into unfamiliar territories and the fragile state economy has got itself bogged down in the quagmire of a number of over ambitious projects. Perhaps these "think big" projects, which are of dubious value to the people, were prompted by the existence of some surplus funds resulting from the sharp increase in timber royalties imposed by the state government during the boom years when the commodity prices were high. You will recall that

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there was considerable euphoria when the revenue from timber royalties reached the one billion Ringgit mark in 1980.

In a way, therefore, the current world economic recession caught us in a state of stupor, and even when it turned for the worse in the first quarter of 1985, the full impact was not immediately felt, and there was still plan to invest in "think big" projects, such as the submarine project in Labuan. Everywhere there were danger signs: the very much reduced export earnings, rising unemployment, low demand of goods and services, widespread bankruptcies, all pointing to the reality that hard times have descended upon us.

When the PBS Government appeared on the scene towards the end of April, 1985, we were fully aware of these economic realities and the difficulties faced by the people. There was no lack of good intention and determination to check the economic slide on the part of the new PBS government. Unfortunately, we never got very far beyond figuring out a way to solve the problems. Before long we found ourselves besieged on all sides, and fighting for survival!

Thank God all that is now history. I can assure you that with the political problems out of the way, all our energy will be directed towards bringing about economic recovery. This will take time and a lot of hard work. The economic recession is not only felt in Sabah but in the whole country as well. The Federal Government has expressed deep concern about the economic woes faced by the nation and has called upon all the State Governments to join in the national effort to combat the recession. Among the immediate measures recommended were to undertake large scale construction of low and medium cost houses; to get on with road construction programmes under the 5MP; to seek ways to reduce unemployment; to exercise austerity in Government spending; to discontinue Government concerns which have persistently performed badly; to review all socio-economic projects to ensure that they really benefit the target groups; to increase food production; and to develop further the tourist industry.

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Indeed, the economic recession, besides bringing hardship to the people, has also jeopardized the State's socio-economic programmes. There is, therefore, a need to take stock of our situation and plan new strategies to achieve our socio-economic objectives and goals. I have some ideas as to what ought to be done, both short term and long term, but I can do with some expert advice, and I expect a coherent strategy all mapped out for the state government's consideration when you emerge from this three day seminar.

When you discuss the inter-relationship of the economic determinants and forces in Sabah, and problems and constraints, I would like you to examine in depth three propositions which are of direct relevance to any consideration of the state's economic future:

- the proposition that the state government can no longer continue to provide the impetus for economic growth, nor break new grounds for economic ventures,
- the proposition that the state's hitherto seemingly unlimited natural resources, namely its forests, agricultural land, fishery resource and its tourism potentials should no longer be taken for granted and must be accorded higher values than has been accorded them so far,
- the proposition (or allegation) that economic activities are often hampered by entanglement with bureaucratic red tapes.

The first proposition stems from financial constraints, resulting from the decline in the State's revenue earning capability. In recent years this capability has been progressively and severely circumscribed by the State's diminishing forest resource aggravated by the low prices of timber in the international market. Thus, from the high peak of 1980 when timber royalties collected amounted to \$1.1 billion, the revenue from timber plunged to \$504 million in 1985. Royalties from crude oil and copper, the next highest revenue, decreased from \$130 million in 1980 to \$115 million in 1985. Other sources of revenue

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including grants and interests, land dues, licences, collection from ports and harbours, etc account for another \$537 million in 1985, bringing the total revenue collection to \$1,156,430,687, which fell far short of the 1980 collection of \$1,538,251,203. Considering that about \$200 million had to be put aside in 1985 to service loans, you will understand why we are so cautious about making any new financial commitments.

You may find it interesting and enlightening to postulate on ways by which the State Government may increase its revenue earning capability, either through diversification or by some other means. You will of course take note that economic growth, which benefits the national economy and which the state will promote relentlessly, does not directly and automatically lead to higher revenues for the State's coffer. You will appreciate that such revenues as import and export duties and excise duty, income and other taxes etc. accrue to the federal government. As most of the workers in our commercial plantations and timber extraction and related industries and the building industry are migrant workers, we cannot even say that economic activities in these fields provide employment for our people. So, when you discuss the State government's revenue position and the state's economic development and future well being, please bear in mind that the conventional yardsticks and arguments may be quite irrelevant in the Sabah context under the present circumstances.

The steady decline in the State's revenue earning capability means that the private sector will have to assume a bigger role in the state's economic development, although the State government does not intend to disengage itself from economic activities. The State Government will step up the tempo of infrastructure development which is traditionally within the province of the public sector, e.g. in road construction, ports and harbours, industrial estates and attendant incentives in addition to what the federal government offers to investors. The State Government's activities in these fields, quite apart from the direct benefits which these projects will bring to the people

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and the investors, will also become the catalyst for economic activities and growth.

The State government will no longer seek to get directly involved in commercial ventures as it had tried to do in the past. Instead the government is trying to divest itself of some of the commercial projects through privatisation. You may consider it appropriate to explore and discuss what you think should be the government's sphere of responsibility in relation to that of the private sector in promoting economic growth other than as facilitator. I can assure you that this will not be a futile exercise as the state government will be attentive and responsive to good suggestions. Such open-mindedness on the part of the government towards the private sector should draw a like response from the business sector.

I postulated the second proposition because the economic growth of the State will continue to rely upon the fuller exploitation of our natural resources, principally our extensive agriculture, aquaculture and forest lands, marine resources within our 200 mile Exclusive Economic Zone, and our attractive scenic spots. These are possible areas for private sector investment and public sector development in the form of basic infrastructure and public amenities.

Perhaps it is pertinent for me to tell you how concerned I feel about the way some investors have neglected the development of the land which the government has alienated to them for agriculture or aquaculture purposes. The area so alienated runs into tens of thousands of hectares. Besides depriving others of the opportunity to invest in agriculture and aquaculture, these idle areas are a big loss to the country. The State Government may therefore have to review our land alienation policy to ensure that land is developed speedily and according to the approved plan.

As far as bureaucratic constraints are concerned, we are aware of the frustration of the private sector with regard to what is generally referred to as red tapes. I think this seminar should give some attention to these highly generalized problems, and work out a compromise solution that will take

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care of the obvious need for the government to maintain some measure of control over the activities of the private sector, while at the same time ensure that the control function and machinery do not have a dampening effect on the business community. In recent times there has been a move towards what is generally known as one stop agency to deal with all the administrative details for the investors. I am sure you can provide some views on these matters for the State Government to consider.

There have also been allegations that there is tardiness and incompetence on the part of implementors of public sector projects. A lot of such allegations are, regrettably, not altogether unjustified. During the boom years of the 70's and early 80's the successive State Governments were extremely extravagant. As a result the need to be cost-effective was lost on the implementors of public sector projects. Times, however, have changed all that. The lean years have set in and may remain with us for some time. It is important therefore that some old habits are discarded and the oft quoted cliché about efficiency and economy be given greater import.

I would like to conclude my remarks by stressing how urgent it is that we inject new life into the flagging state economy. The State Government will play its role by providing the necessary infrastructure and supporting facilities and perhaps, in certain areas, the catalyst for economic activities and growth. The private sector must do their part in partnership with the government. I am confident that the seminar will bring the respective roles of both sectors into sharp focus and chart the course towards a more meaningful cooperation and partnership between them for economic recovery, development and growth.

**(At the opening ceremony of the seminar on
"Strategic Economic Planning for Sabah"
organized by the Institute of Development
Studies in Kota Kinabalu on 26th May 1986)**

Our Buried Treasures

Malaysia is known to possess an abundance of mineral resources much of which have yet to be discovered, much less extracted. Our Malaysian geologists have therefore much ground to cover to help bring these hidden treasures to the surface for the benefit of the nation.

Where Sabah's mineral resources are concerned, other than oil and gas from the offshore fields and copper and gold from the Mamut Mine, not much has been extracted from the ground yet.

I am therefore glad to hear that the Department of Geological Survey of Malaysia through its Sabah Branch has been active in mineral exploration, and the exciting news of recent mineral finds has attracted prospecting interest from local as well as foreign companies.

I am particularly pleased to learn that for the first time platinum has been found to occur in Sabah. Platinum is in great demand and commands a very high price. I hope the Department of Geological Survey will expand its staff in Sabah and intensify its efforts to find economic deposits of this metal as well as other minerals.

The problem we face here in the development of the mineral industry is the lack of a mining community to provide the necessary expertise. This is not surprising considering that mining is

a relatively recent development in Sabah. You will perhaps be interested to know that in the last ten years only one mining company has been operating in Sabah. Therefore it is unlikely that we can rely on local prospectors to make a noticeable impact in the mining industry without the in-flow of outside capital and expertise.

The Department of Geological Survey's effort to be more involved in mineral exploration and preliminary study of mineral prospects is a step in the right direction and will certainly further stimulate the interest of investors. The additional funds which we were told have been aside for this study may prove to be worthwhile investment.

Your work in cooperation with experts of the Federal German Geological Survey at Bidu-Bidu Hills and in the lower Labuk Valley is very encouraging in this respect. The extra funds put into drilling and analyses have resulted in two significant copper-gold finds in these areas. These finds in turn have attracted a number of international mining companies to apply for prospecting licences to evaluate the deposits.

The interest shown by these companies is most welcome. But as minerals are depleting assets, we also have to make sure that our resources are exploited in the best interest of the state. We would like to encourage private sector involvement in the development of the mineral industry, but at the same time the government must also exercise firm control to ensure an orderly development of the industry in Sabah.

The crux of the state mineral policy is to promote exploration and bring about the development of available resources under conditions which will yield maximum benefits to the people. At the same time we will guarantee fair and just treatment to interested groups who are prepared to commit their resources to bring about this development. We will consider applications for licences to carry out prospecting and mining, and the terms and conditions can be negotiated on a case by case basis. In fact several licences have already been issued as was announced recently. More applications are being considered. What we want of foreign partners is their serious commitment

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and sincere desire to assist the local people to acquire expertise in the mining industry.

**(At the opening of the Geological Conference
in Kota Kinabalu on 12th January 1987)**



On 2nd February, 1989 Datuk Pairin flew to "Key Singapore", a Shell oil rig off the coast of Sabah.

Witnessing The Birth of Sapi Plantations Bhd.

It gives me much pleasure to witness the signing of this agreement between the Sabah Land Development Board and Perlis Plantations Bhd. to establish this joint-venture company called Sapi Plantations Sdn. Bhd.

As the Chairmen of your two companies have already indicated, the setting up of this new \$84 million company for the development of a large scale integrated palm oil project in Sabah is a very important step in the State Government's efforts to modernise and diversify the economy. It is also in keeping with our aim to commercialize and private public sector economic activity which is often better left to private business acumen and direction.

In the new company, we have the state's premier agricultural land development agency, with a land bank of 220,000 acres, half of it planted with oil palm, teaming up with a highly reputable private group which is well known for its diversified agricultural industrial interests both inside and outside Malaysia.

Perlis Plantations Berhad is listed on the Kuala Lumpur Stock Exchange and, I am told, has consistently posted annual profits of about \$76 million over the last five years.

The State Government greatly welcomes its participation in this new joint venture providing as it does further proof of the keen interest of major private organisations in going into partnership with the SLDB as well as demonstrating their faith in the state's future under the PBS Government.

It was only a month ago that some of us here also attended the signing by the SLDB of its first joint-venture agreement with another prominent publicly listed company, Kuala Lumpur Kepong Berhad, to run a palm oil bulking installation in Tawau.

To me the direct participation of such major investment groups in our state's development drive says much for the trust and confidence of their chief executives in the PBS administration, contrary to what our disgruntled political opponents would like people to think. We believe that our open and accountable style of government is an important factor in attracting investors to Sabah aside from the State's considerable development potential especially with regard to our large tracts of fertile land.

Whatever our political foes allege in the local media, investors and certainly major established companies will first satisfy themselves beyond all doubt that our economic, political and social conditions are favourable before they commit themselves to investing any sum of money, let alone many millions of ringgit in any project.

Most investors are hardheaded businessmen who come here not to take unwarranted risks but to make assured profits in due course. They value sincerity, integrity, clear economic direction and political stability on our part. They have teams of corporate planners, economists and accountants well able to appraise these factors and are hardly likely to be misled by opposition propaganda.

The readiness of major Peninsular-based companies to invest substantial sums of private capital in the integrated expansion of the oil palm industry serves as a sharp rebuttal of opposition criticism that investors are shying away from Sabah.

They are on the contrary advancing beyond mere commodity production to various phases of industrialisation.

It cannot be denied on the other hand that the failure of the previous government to attract partners in its costly showcase industrial projects to which it committed billions of ringgit at the expense of other more urgent development needs has left us with many problems which we are trying our best to sort out.

Therefore it is most important that we should do justice to the confidence which investors have in us by making sure that we have a trustworthy and efficient administration and maintain political stability. At the same time we should not pay much heed to a few resentful opponents who seem to have nothing better to do than try futilely to destabilize the state and government.

They know as well as anyone else that not a single state in the country has escaped the fallout of the recession. We should not give our detractors too much credence by wasting time replying to criticisms and actions which are clearly intended to deflect us from our important task of reviving economic growth.

Let our actions speak for themselves. Let us continue with our policy to develop the economy in what we believe to be the most beneficial way for the state and the people in a flexible partnership with the private sector. When the PBS came to power we sought to redefine the role of the state government in the economy. We asked ourselves what is the position of government in business and concluded we could not follow the previous government which usurped some of the economic functions of private business in the name of redressing socio-economic imbalances.

No matter how much the previous ruling party continues to brag about its achievements, it is an irrefutable fact that many of its projects were debt-ridden and incurred enormous losses. The previous government attributed this to "social accounting" intending to mean that since the agencies and organisations involved were supposed to be non-profit oriented, losses were unavoidable and so only to be expected.

What we in the PBS aim for is to reconcile social development responsibility with economic viability in the implementation of projects. We look to the private sector as our partners and friends in social and economic development for our mutual benefit. We respect their quest for industrial and market growth for profits and in return we ask them to appreciate our desire to promote social development from their economic expansion.

Indeed, the country's privatisation policy fits in nicely with the PBS Government's economic direction. We see in privatisation a greater assurance of the project's viability and profitability because the private investors are putting their capital at stake and are under the pressure of shareholders to ensure that their investments turn out well.

I would like to assure investors that the PBS Government is a very accommodating government and ever willing to look into the need and aspirations of the private sector sympathetically. We understand that investors do seek some form of protection for their investments even in the soundest joint-venture projects. I would like to say that we can be flexible on matters of equity participation.

What the state has to offer in equity participation is largely the injection of land and assets principally related to the joint-venture industries. We would expect the investment companies to provide the cash flow and the technology input. They would be expected to engage local manpower when local expertise is available and training to enhance skills in all fields up to management level.

In our view it is defective social planning to build industries for which we cannot supply local qualified people to operate them. All too often in the past we have heard talk of "technology transfer" to justify the construction of costly and highly complex industries for which we do not have the professional and technical workforce. And often these industries end up by employing more foreign manpower and buying more foreign technological hardware while jobs for local people remain minimal.

WITNESSING THE BIRTH OF SAPI PLANTATIONS BHD

I hope investors would understand that when the PBS Government talks of "technology transfer", we want investors and their experts to impart their knowledge in local training programmes to our young people at increasingly sophisticated levels where they can be relied upon to run the plant.

In this respect, we are confident that the new joint venture companies will place high importance on local staff training as they have done so successfully in other projects both inside and outside Malaysia.

The basis of our industrialisation approach is integrated development of industries, whether agriculture, mineral or marine resources. This means the development of our natural resources to produce raw material supplies for local industries to manufacture value-added products to be marketed competitively abroad.

Where joint ventures are concerned our approach is one of a packet arrangement embracing land development, plant development and international marketing. For this we need to go into partnership with reputable private companies which calls for the commercialization and privatisation of many of our government projects. It is our desire to spur local economic growth through downstream industrial activities by private sector initiatives or joint ventures between private interests and the government.

As I see it the Sapi Plantations projects shapes up as a good example of this comprehensive package approach. As the SLDB chairman has remarked the Sapi scheme involves the development of 40,000 acres of land along the Sandakan-Beluran highway, of which only 8,500 acres is currently planted in oil palm. The new joint venture company in which Perlis Plantations and the SLDB will hold 60:40 equities is going to develop the unplanted area and as well build a palm oil mill in Sapi and a new palm oil refining plant and a palm kernel crushing plant next to the Sandakan Bulking Installation. Needless to say this integrated oil palm complex should do much to boost the economy of the region and provide substantial employment. Further-

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more, the Sapi scheme will serve as a useful working model for other joint ventures to follow.

I believe that many investors would agree with us that Sabah fulfills many conditions for the expansion of firms here and relocation of production plants to tap the considerable raw materials we have at source and to be near markets for their products, not only by way of palm oil but also others of our agricultural products, timber and so on.

There are logistical advantages in our geographical location, being astride shipping lanes to the large regional markets of Hong Kong, the Philippines, Taiwan, China, South Korea, Japan, Singapore, India and Australia. The state government would certainly welcome suggestions from investors to make Sabah one of Malaysia's industrial gateways to important markets in the world.

**(At the signing of a joint-venture agreement
between the Sabah Land Development Board
and Perlis Plantations Ltd on 17 July 1987)**

A Blueprint To A Better Tomorrow

Iwish to point out at the very outset that the ideas contained in the Action Blueprint is not new. What is new and what we are embarking on today is the renewed emphasis and determination and our firm commitment to make the transition from an economy that is almost wholly dependent on primary commodity exports to one with a broader base and having a stronger processing or manufacturing sector.

The economic success of Sabah in the past was due mainly to the good prices of our primary commodities in the world markets. The present international economic environment foreshadows fundamental changes that will have a profound effect on the State. In particular, the demand for traditional raw materials may have reached a plateau of growth in the industrial countries as a result of increasing synthetic substitutes. At the same time international trade has remained stagnant and capital costs remained high. These fundamental forces have led to a decreasing demand for traditional raw materials and a corresponding decrease in prices relative to that of manufactured goods. Because of our excessive dependence on the export of a few primary commodities for our economic wellbeing Sabah is very vulnerable to these economic forces.

Compounding this unhealthy situation is the current recession which affects all strata of our society. The government is very concerned about the present economic difficulties and has considered various short term and long term measures to remedy the situation. Unfortunately there is no immediate solution. Neither can strategies be formulated overnight. We must tackle these problems in their totality taking care not to create new problems in the process.

We start on the premise that Sabah will not be able to achieve long term economic prosperity by relying solely on the export of raw commodities. We must add value to our primary products and in the process broaden our economic base.

In essence, Sabah needs to develop a more diversified value-added economy to ensure long term growth, stability, social progress and an enhanced quality of life for the people.

I recall that these issues were discussed at length in a Seminar on Strategic Economic Planning organised by IDS and SRI International in May 1986. At that Seminar public and private sector leaders discussed and contributed ideas as to how economic growth could be stimulated. Ideas and information gleaned from the seminar and subsequent studies on related issues formed the basis of the Sabah Action Blueprint which has been formulated to help Sabah manage the necessary transition. This document has been endorsed by the State Cabinet and will now be the official strategic plan of the State Government.

In the context of the state's overall development programme the two most important parameters acknowledged in the Blueprint are the New Economic Policy (NEP) and the Fifth Malaysia Plan. The NEP aims at eradicating poverty and restructuring society. The special preferential treatment of the Bumiputra community will continue to be a central feature of the policy. The delicate balance between growth and wealth redistribution will be given close attention. In the preparation of the Blueprint the objectives and overall direction of development set out in the Fifth Malaysia Plan have been taken into account. It should be stressed however that the Blueprint seeks

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to complement and supplement the Fifth Malaysia Plan and not to supplant it. More specifically the Blueprint takes into account the socio-economic dynamics of Sabah relative to the other states of Malaysia and seeks to provide a broad framework within which our development efforts under the Fifth Malaysia Plan are given fresh impetus and vigour.

I would now like to highlight the salient features of the Action Blueprint. I must emphasize, though, that while the Blueprint provides the framework for public policy and private sector action to bear on Sabah's economy, it is not a step by step implementation plan. It merely provides the general direction and strategy and, to some extent, procedural guidelines as regards implementation.

The Blueprint envisages a steady decline of the State's revenue earning capability and the increasingly bigger role that the private sector will assume in the State's economic development. The private sector is expected to be the engine of growth, propelled by the thrust engendered by the government's public sector programmes. In line with this rationale the Blueprint stresses private sector participation, which represents a departure from the less effective top-down approach in the past which involved massive subsidies and which has resulted in heavy reliance on the government. The Blueprint, which is a strategic plan, prescribes only the directions of development. Specific action programmes have to be further identified and formulated. It is in these areas that further inputs from individuals, intellectuals, businessmen and investors representing the private sector must come into play. I am hopeful that you will rise to the occasion to assist the Government in these crucial tasks. This cooperative endeavour is, you will agree, consistent with the 'Malaysia Incorporated' concept.

Even though the private sector is expected to play a bigger role in the development strategy prescribed by the Blueprint, I wish to stress that the Government will continue to provide direct assistance where necessary. For example, the rural areas which have the highest incidence of poverty will continue to be given high priority. Public utilities and certain services con-

sidered not suitable for privatisation will remain with the Government. However, the Government will not compete with the private sector in economic activities which are considered more appropriately left to private enterprises.

In such areas, the Government will facilitate private sector investments. In particular it will step up the development of infrastructure and public amenities which are traditionally the domain of the public sector and, where appropriate and possible, provide State incentives in addition to what the Federal Government offers.

A matter of great concern to the business community is what is generally referred to as bureaucratic constraints in the form of rules and regulations and lengthy procedures in getting things done. While there is no doubt that such constraints do exist we should bear in mind that regulations and proper procedures are necessary for regulatory authorities to maintain some degree of control over the activities of the private sector. In any case the Government is always willing to tackle specific issues such as delays in issuance of approvals, licences, etc. that are brought to its attention. With the active participation of the private sector in the implementation of the Blueprint I am confident that such problems can be discussed and resolved speedily. The Government's role both as facilitator and regulator is well defined in the Blueprint.

There are however factors that will slow down the implementation of the Blueprint. For a start the government is handicapped by the need to continue with the programmes and projects initiated by the past administration. The present Government has no choice but to try and salvage these projects. I refer in particular to the 'think big' projects such as the Sabah Forest Industries, Sabah Gas Industries and the Sabah Shipyard. These large investments absorb huge amounts of money which would otherwise have increased the scope and depth of public sector initiatives in line with our planned development priorities. As a result the private sector is expected to play a more substantial role in complementing the government's effort in providing the thrust for economic growth.

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The Blueprint not only identifies the future growth and direction of the economy but also prescribes how the growth may be managed. The document identifies seven factors as the bases for economic growth other than the normal factors of production such as land, labour and capital.

These seven factors or infrastructure for economic growth identified by the Blueprint are:

- Accessibility to appropriate technology, i.e. the application of the latest scientific and engineering know-how to products and the production processes.
- A skilled and adaptable workforce which makes up the human capital necessary in producing goods and services,
- Entrepreneurship – a vital human resource component of the economic strategy,
- Availability of land and investment capital to support the industries,
- Appropriate physical infrastructure such as roads, utilities and communication systems.
- the existence of institutions with strong problem-solving capability in both the public and private sectors as well as voluntary organizations able to work together for mutual benefit.
- the availability of marketing know-how and marketing outlets which determine the viability and sustained performance in the production of goods and services.

Today we are in a position to create, enhance and shape these factors by cooperative public and private sector actions. This means that we can create economic strength by utilizing public policy and private sector initiative.

Of the factors I mentioned I would particularly stress human resource as I feel that human resource development ought to be given more attention than it has hitherto received in Sabah. We should also reduce the high incidence of job-skill mismatch which has resulted in the ironic situation of manpower shortage on the one hand and unemployment on the

other. To further develop our human resources, and do so rationally, the State Government is in the process of establishing an Employment Service Bureau (ESB). This body will strive towards optimum utilization of human resources through effective and efficient participation of the public and private sectors. The establishment of the ESB is consistent with the general directions outlined in the Blueprint.

The key sectors identified in the Blueprint for further development are the resource-based processing industries, tourism and aquaculture. Agriculture will continue to be an important sector of the economy and must be expanded to provide the raw materials for the value-added industries. The Blueprint has also charted the course of development for other sectors in which value-added industries hold great promise.

To implement the Action Blueprint the existing state machinery has to be adapted and mobilized for the tasks ahead. As you are aware the State Development Planning Committee (SDPC) is the highest policy making body in the civil service. There is a need now to expand the scope of the SDPC from purely policy making to include coordination and monitoring tasks. In line with this added function, it has been decided to enlarge the membership, now comprising top civil servants, to include Cabinet Ministers. This Committee will then be under the chairmanship of the Chief Minister. The inclusion of Cabinet members is to ensure more effective coordination and consistency, especially in cross-sectoral projects, and to improve the working relationship between politicians and development agencies. The functions of the SDPC in respect of the implementation of the Blueprint are as follows:

- to monitor the overall progress and implementation of the Blueprint.
- to review and approve new policy initiatives and regulatory reform.
- to provide the impetus for programme and project implementation.
- to consider and approve allocations of resources in response to changing situations and needs.

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The restructured SDPC is scheduled to meet for the first time in October 1987 to initiate the necessary action programmes.

Reporting to the SDPC will be the Ministerial Committees to be established for each sector chaired by the Minister concerned. This Committee will have representatives from the public and private sectors. As the Chairman, the Minister will be involved directly in project implementation. It is expected that this will lead to better cooperation between the political leadership and the bureaucracy as well as the private sector. It will perhaps also result in more effective project implementation. The Committee will appoint ad hoc task forces to examine and recommend programmes and projects for specific parts of the Blueprint and thereafter to see to their implementation.

The role and functions of the Ministerial Committees are summarized as follows:

- To assign the relative priority of programmes and projects,
- To formulate, revise or improve upon development policies,
- To identify persons with suitable expertise for inclusion in specific task forces.
- To receive, consider and approve proposals and recommendations submitted by the various task forces.
- To recommend fund allocations to programmes and projects recommended by the various task forces.
- To monitor work progress of task forces and the implementation of programmes and projects and to receive and assess feedbacks from the public.

I am sure that some of you from the private sector will be invited to serve on the Ministerial Committees so that you too will have a chance to contribute to the success of these Committees.

Finally, I would like to stress how important it is for the private sector to play their part in injecting the required talents, entrepreneurial skills and material resources into the

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economy. We all have a role to play to help revive our flagging economy and provide the impetus for increased development and growth.

**(At the official launching of the Sabah Action
Blueprint on 17th September 1987)**

KUWASA – A Symbol of Enterprise

First of all let me congratulate the Employees' Provident Fund (EPF) on the completion of this magnificent complex which is among the largest and prestigious in Sabah at this moment. I would also like to say a word of welcome to Y.B. Encik Daim Zainuddin and others with him who have made a special trip to Sabah for the official opening of this complex.

This building is inspiring in many ways. Quite apart from its imposing look and prestige, it symbolises success in a very definite form.

When the Sabah branch of the EPF was set up on rented premises on the first floor of Central Building in Kota Kinabalu on 1.9.1969 it was difficult to imagine that sixteen years later the EPF would have its own building of the size and grandeur as this one today. Surely, this is a success story which is not altogether commonplace in Malaysia or anywhere else.

I think the Chairman of EPF, Tan Sri Zain Azraai's remark about the building being the symbol of strength of the workers is very apt. And I would also add my comment that this is also the symbol of the workers' trust and the EPF management's responsibility, the former as the financial base on which the

EPF exists and the latter as the custodian of the workers' savings.

The rapid expansion of the EPF in Sabah is also indicative of the rapid growth of Sabah's economy. In 1969, the monthly contribution was \$1 million, from 4000 employers and 54,000 registered workers.

Today the monthly contribution has increased to \$15 million, supported by 280,786 workers serving some 17,516 employers.

The greatly escalated public sector spending in four five-year development plans and the boom economic conditions prevailing at the time were no doubt largely responsible for this very impressive growth.

The 5th Malaysia Plan period however appears to compare less favourably with the past growth pattern. I note in particular that the total federal allocation for Sabah for the 5th Malaysia Plan period has been reduced from \$2.7 billion to \$1.8 billion, a reduction of 33%. The sectors most affected are those that have direct effects on the livelihood of 80% of the State's population, the agriculture and rural development sector. The allocation for agriculture and rural development has been reduced from \$989.98 million to \$543.77 million, a 45% reduction. The allocation for drainage and irrigation is an even bigger casualty, a drastic reduction of 59% from \$49 million to \$20 million. The revised allocation will certainly affect the development of the rural areas in terms of agriculture development, rural roads, rural electrification, irrigation and water supplies.

The Public Works Department suffers a cut back of 44%, which will now receive only \$227.84 million out of the original approved allocation of \$407.80 million.

Tourism, although an area of national priority has received no allocation. It is also disturbing to note that there will be no mid-term review at which the State may hope for an upward revision of these allocations. The annual allocations against the greatly reduced amounts may be even smaller.

Of course we in the State Government are fully aware that times are difficult and that the Federal Treasury must be more stringent in the financial management of the country.

KUWASA - A SYMBOL OF ENTERPRISE

It is hoped however that when the economy improves as certain economic pointers seem to indicate that it is improving, the Federal Government will take a more favourable view, and action towards the allocations to the State under the 5th Malaysia Plan.

But we must count our blessings too. We in the State Government are thankful to the Federal Government especially the Minister of Finance for a loan of \$17 million to help us settle the interests which accrue on our off-shore loans for the Sabah Forest Industries project.

We are also grateful for another loan of \$245.3 million allocated to Sabah Gas Industries through the State Government also to pay for off-shore loan and interests.

Even so, the situation as it stands is most unhealthy and demands prompt, decisive and effective measures to relieve the State of these heavy debt burdens incurred by what should surely be considered as national projects.

I am pleased the opening of this KUWASA Building has brought the Minister of Finance to Sabah. I certainly hope that aside from this very pleasant task which brought him here, the Minister will also spend some time with us to listen to and understand our woes and to try and find out if anything can be done to help the State.

This is the first time Y.B. Encik Daim Zainuddin visits Sabah since the new State Administration took over the reins of the State Government and there is much we would like to draw to the Minister's attention. I realise of course that Y.B. Encik Daim's main purpose in coming here is to declare open the EPF Building. Nonetheless I do hope that this visit will be the start of many more visits to Sabah by the Minister of Finance and other federal leaders, especially Y.A.B. the Prime Minister himself.

This magnificent building and the modern equipment and gadgets that have been installed by the EPF should improve the organisation's performance. I have no doubt that all those who contributed to the EPF, both employees and employers alike will expect a much higher degree of efficiency from now on.

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I think all of us must appreciate that the unfortunate events involving the "Deposit taking cooperatives" and other institutions of trust such as banks and finance companies have made many people somewhat jittery about putting their hard earned money in someone else's hand.

I would not be surprised if many have reverted to the old practice of putting their money under their mattresses. Having said that I must hasten to clarify that I have not the slightest doubt about the integrity of the EPF but I would urge the management to bring their records up to date so that when a contributor checks his account he will have the satisfaction of seeing that all his contributions are safely in the book.

Before I conclude let me offer my very warm congratulations to the EPF once again on this very auspicious occasion of the opening of this magnificent complex and I wish the management and staff and all the contributors who collectively own this building all the very best for the future.

**(At the official opening of the KUWASA Building
in Kota Kinabalu by Encik Daim Zainuddin,
Minister of Finance of Malaysia on
16th June 1987)**

Spreading the Good News to Hong Kong Investors

The primary purpose of our visit to Hong Kong is to acquaint you with the general direction of Sabah's economic development and our policies and priorities as regards investment. I have just returned from China where I led a Sabah trade mission and I hope that here in Hong Kong too we can interest you in stepping up trade and investment activities in Sabah.

A look at the world map will show you that Sabah is not very far from Hong Kong and it is no longer off the beaten track as it once was. We have regular scheduled air services between the state's capital Kota Kinabalu and Hong Kong and we welcome you to come and visit us and perhaps look at business potentials in Sabah. We are fully aware of the enormous financial resources and entrepreneurial acumen of the business community of Hong Kong and we would like to interest you in undertaking business ventures in our state which is rich in natural resources. We are also making appreciable strides in development in all fields and can assure you that it is an ideal place to invest in.

We have recently formulated a plan to transform our economy from one largely based on the production of primary

commodities for export to one involving greater domestic processing of these commodities for value-added export. This plan is outlined in a document called the "Sabah Action Blueprint", copies of which are being distributed to you.

Traditionally, our economic wellbeing has depended mainly on log export and, to a lesser extent, agricultural produce such as rubber, cocoa and palm oil. Copper concentrate and petroleum crude are also important export items.

In recent years we have embarked on downstream processing of some of our export commodities such as timber and other natural resources. We have now a large number of sawmills and plywood mills and we have established a pulp and paper industry as well as a gas utilisation plant which produces hot briquetted iron and methanol. The scope for down stream processing is enormous and can be accelerated by the infusion of more capital and expertise through foreign investment. This is why we go on trade and investment missions abroad to attract investors to Sabah.

The Sabah government recognizes the crucial role of the private sector in spurring development and we provide full cooperation to outside entrepreneurs who wish to establish business enterprises in the State. I should perhaps add too that they are also welcome to take over government-owned enterprises which we consider are best left to private sector interests.

The government is at present trying to divest itself of its business-oriented agencies and corporations through privatisation. The policy is to reduce direct government involvement in commercial activities. The government concerns earmarked for privatisation are listed in a booklet entitled "Specific Investment Opportunities in Sabah". These booklets are also being distributed. You should consider our privatisation offer seriously because the commercial enterprises and business activities of these public corporations will open the way for you to enter directly into existing businesses and will save you all the time and cost of setting up new business ventures.

Also you will be pleased to know that the State Government takes what you might call a participative approach to develop-

ment. We think that private sector participation is crucial throughout the planning and policy-making stages. This is why we involved the private sector directly in the compilation of the "Sabah Action Blueprint" which I mentioned earlier.

As a state in the Federation of Malaysia, the laws and policies of the Federation governing trade and industry and foreign investment apply also to Sabah. Nonetheless we still have a degree of latitude in certain spheres and I assure you that the government is in a position to provide assistance over and above that given by the Federal Government in certain areas of development to which we accord high priority. These high priority areas include the development of agriculture and related industries as well as other resource-based industries which are suitable for downstream, value-added processing. Apart from that we also promote tourism which we believe has tremendous growth potential.

Sabah is fortunate to have large tracts of fertile land and congenial climate. No less than 2.15 million hectares have been identified as suitable for agriculture. Of this only 23 per cent has been developed, leaving vast areas still available for a wide range of crops.

Among the crops which promise good returns for investors is cocoa. Sabah currently produces about 60 per cent of the cocoa output of Malaysia which ranks the fourth largest among producing countries. Cocoa yields are high in Sabah. They average four times more per hectare than the Ivory Coast, the world's foremost cocoa producer. This makes us very competitive indeed in the future, thanks to our very intensive cocoa research and the increasingly more efficient plantation management. Almost all our cocoa is exported as cocoa beans. In 1986, we exported 68,510 metric tonnes of cocoa beans. The scope for downstream processing is self-evident.

Similarly good investment opportunities abound in oil palm cultivation and processing in Sabah. Palm oil has a wide range of uses especially in the food and detergent industries. You will be interested to know that experiments have been carried out

on the use of palm oil as diesel fuel and the results are very promising.

All of Sabah's oil palm is currently processed into crude palm oil which is further processed into downstream products outside Sabah. Most of our palm kernels are similarly exported to Peninsular Malaysia for oil extraction. Naturally we would like to see such processing being carried out in Sabah. It is estimated that our oil palm plantations produce enough fruit to support several refineries and palm kernel crushing plants in Sabah.

Apart from oil palm and cocoa we have large areas of fertile land highly suitable for the cultivation of a wide variety of tropical fruits which are in great demand overseas.

You are no doubt well aware of the great demand for tropical fruits in Hong Kong as in other countries such as in Western Europe and Japan. The increasing demand for health food particularly in the developed countries seem to have led to a great interest in tropical fruits in recent years.

There has been a tendency in the past to equate Sabah with timber wealth. It is of course true that the forestry sector continues to play a leading role in our economy. Last year we exported \$2000 million ringgit worth of timber, 96 per cent being shipped as logs and sawn timber, which indicates the scope for more wood-based industries in Sabah. Apart from sawn timber, we produce veneer, plywood and blockboard, all for export.

What we are particularly keen to promote is the processing of lower valued logs and wood residues into reconstituted wood products such as chipboard, fibreboard, particle board and waferboard. We would also like to see more processing of sawn timber and veneer into end products such as timber moulding and furniture manufacture.

As timber is a depleting resource, the Sabah Government is encouraging the planting of trees in large areas of logged over land and marginal wasteland. More than 40,000 hectares of fast-growing species have already been planted with some private sector participation, and the export of these logs for chips has already started. In addition, large areas of land have

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also been planted with rattan, which is a lucrative crop that should warrant investors' interest.

With 362,200 hectares of mangrove swamps and other coastal lowlands as well as inland lowlands Sabah has ample scope for aquaculture activities. We have already achieved substantial progress in pond culture, especially of tiger prawns, cage culture of grouper, shellfish culture and seaweed culture which all show good investment potential in view of the huge international market for seafood.

Sabah also offers investment opportunities in offshore and deep sea fishing. Most of our fishing activities are limited to about 30 miles from the coast due mainly to the lack of technical know-how and supporting facilities. Even so only about half of our estimated 112,000 tonnes yearly potential of pelagic and demersal resources within the 12-mile zone has been exploited. There is also scope for the processing of trash fish into fish meal.

Let me also tell you something about Malaysia's investment incentives. In order to encourage private sector investment in manufacturing, agriculture and tourism industries the Malaysian Government offers a wide range of incentives including "tax holidays" for companies which are accorded a pioneer status. A company which is accorded pioneer status is entitled to five years of tax relief irrespective of the level of investment. The tax relief period may be extended for a further five years for certain products or activities.

To reinforce confidence among foreign investors, the government has signed Investment Guarantee Agreements with various countries to protect investors against non-commercial risks such as expropriation, or nationalization and to allow for the free transfer of capital and profit. Agreements for the avoidance of double taxation have also been concluded with many countries whereby business profits are taxed only in the country in which the enterprise is situated.

Equities of foreign participation in business enterprises in Malaysia were eased recently to allow for up to 100 per cent ownership if the venture exports 80 per cent or more of its

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products. Up to 100 per cent foreign equity is also allowed for companies which do not compete with local companies and export 50 per cent or more of their products or sell 80 per cent or more of their products to companies in the Free Trade Zone, or employs 350 or more full time Malaysian workers.

There is minimal foreign exchange control. No permission is required from the Controller of Foreign Exchange for a foreign company to undertake direct or portfolio investment in Sabah. Payment to countries outside Malaysia may be made in any foreign currency. All payments including repatriation of capital and remittance of profits, fees, dividends, royalties and commissions are freely permitted.

Because of the small domestic market in Malaysia, the government has also provided a wide range of incentives aimed at promoting exports, as you will find in a booklet entitled "Malaysia, Investment in Manufacturing Sector" which we will also distribute to you.

In addition to the investment incentives provided by the Malaysian government, the State Government of Sabah will assist investors to the fullest extent possible.

To conclude, I hope I have given you adequate information about investment opportunities that are available to you in Sabah. It remains for me to invite you to come to Sabah to take a closer look for yourselves at the excellent investment opportunities that we are offering you.

**(Luncheon talk in Hong Kong on 29 October, 1987
following a trade delegation visit to China)**

Feeling the Pulse of Government Agencies

I regard this afternoon's launching of the State Companies Information System, or SCIS for short, as very important because the system will have far-reaching effects on the management and control of government owned companies in the state.

As the information system will be fully explained later this afternoon I will not go into the working of the system in any great detail. Suffice it to say that this system is designed to help the government to monitor the progress and performance of the state's many statutory bodies and subsidiary companies.

In Sabah statutory bodies have increased quite substantially since 1976. Today we have about 16 statutory agencies, 11 parent companies which are in one way or another associated with these statutory bodies and about 140 subsidiary companies.

These Statutory bodies were created to provide specialized services to the public which normal government departments are considered to be less able to do effectively and efficiently because of restrictions inherent in a bureaucracy.

Similarly, government owned companies were incorporated to undertake business ventures in high risk areas where private

entrepreneurs are reluctant to pioneer. There is of course the added consideration that the statutory bodies may become financially self-supporting.

Unfortunately the records of statutory bodies and government owned companies in Sabah have generally been rather dismal. Some of the agencies have become liabilities to the state. Instead of becoming self-reliant they have continued to rely on the government for financial assistance. Some rely on the government to finance even their operating expenditures. While this may be tolerable in cases where a statutory body may be providing socio-economic services to the people, the same is not true of organisations which are supposed to be wholly commercial in nature.

To date the state government has disbursed a total of \$6.1 billion to semi-government agencies and their subsidiary companies, comprising \$1.7 billion equity, \$2 billion grant and \$2.4 billion in the form of loans. This amount does not include the allocation of land, timber concessions and other contributions which, when all are added up amount to a colossal sum. Out of the \$1.7 billion worth of equities the government has so far received only \$42.22 million in dividend, which is only a 2% return on the equities.

In terms of loan repayment, of the \$2.2 billion released only \$166.5 million has been repaid leaving the bulk still outstanding.

Where it has become quite obvious to the government that there is absolutely no way it can recover a loan, the loan is converted to equities. In the last few years \$240 million has been converted to equities in this way.

As the state government has large stakes in the semi-government agencies the liabilities of these agencies and their subsidiaries are actually the liabilities of the state government in the event that these companies incur losses or fail to meet their contractual obligations. The Labuan Wood Products Sdn. Bhd. and Sakilan Desa Sdn. Bhd. which were placed under receivership are cases in point where the state government has

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had to bear the financial burdens when these companies came under liquidation.

One of the main causes of the dismal performance of these government owned companies is that there has been no effective supervision and control over these companies. It has long been recognised that we should have a central monitoring and control system not only to make supervision and control more effective but also to enhance forecasting and, of course, planning. You will perhaps recall that this need was touched on in the Finance Minister's speech when he moved the 1988 budget in December last year.

The system known as the "State Companies Information System" is now ready for implementation and I am sure you are all eager to see how it works and what you have to do as contributors to the system and, of course, as users.

I should state at the very outset that the success of this system hinges on the full cooperation and support of heads of government agencies and company executives of the state owned companies which are linked to this system.

This system is designed to achieve four objectives:

- To create a database for all statutory bodies, agencies and their subsidiary companies,
- To enable the government to monitor the performance and the financial position of the semi-government agencies and companies,
- To analyse and interpret the data collected and to diagnose the state of the companies with a view to taking remedial action where necessary, and
- To update the data on a regular basis and provide up to date information for policy formulation, planning and decision-making generally.

At present there is no department that has a complete and up-to-date information on all the state statutory bodies and state owned companies. Collecting the relevant information is a formidable task. However, with the widespread use of computers the task has become a lot easier.

Not only will the State Companies Information System enable the government to determine the status and financial position of the company concerned it will also make available up-to-date data and information which can expedite decision-making, policy formulation and planning.

The state Companies Information System will also serve as an early warning device which will alert the state government to a company which is in distress. Forewarned, the state government may be able to avert disaster for the company.

You are of course aware that such a database is not new. The Federal Treasury established a similar system in 1986. The system is managed and operated by a unit called the Central Information Collection Unit (CICU) within Permodalan Nasional Berhad. At present the unit has information on about 1000 companies with a total paid up capital of \$16 billion.

SCIS is developed along a similar line as CICU with which it works closely. Initially SCIS operates four data system, i.e.:

- General Data
- Financial Data
- Loan Data, and
- Operational Data.

These four categories of information will be explained to you by the appropriate officers who develop and manage the system.

Earlier on I said that the effectiveness of this system hinges on the full cooperation of the various statutory bodies and companies. I cannot over stress how important this is because unless the system receives all the relevant data, unless all the data that it receives are correct, the system will malfunction and what we are trying to achieve today will fail.

There is of course the possibility that the management and staff of some statutory bodies or companies may have cause to feel threatened by the system as the information they may be required to feed into it may not reflect well on their companies. The disclosure of the real situation may even suggest that foreclosure is the only sensible thing to do.

You are of course aware as well as I do that all organisations do develop a life of their own which they would like to per-

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petuate tenaciously even long after they have ceased to serve the purpose for which they were established. Survival and self-preservation can become the end in itself for some organisations. I am not saying that there are state government agencies in this category. The data collected by the information system may give us new insights into a lot of these companies and I would like to see the records before passing judgment on any of them.

A central information system is a valuable device to monitor the pulse of a company. The analogy can also go further and extend to diagnosis and treatment for an ailing company.

Be that as it may, it is one thing to have an information system, quite another to ensure that the data collected are relevant, accurate, up to date and have depth of scope. It is therefore important that there are built-in safeguards to make sure that data collection is properly carried out and that the data collected are intelligently interpreted and used.

The launching of the information system today indicates that we now have the capability to create such a data bank, and are able to benefit from it. I like to think that this is indeed so and that today's launching will be of long term advantage not only to the many companies owned by the government, but also to the statutory bodies and the government departments generally.

Information collection and usage is part of the everyday life of the inhabitants of the 20th Century. Those of you who have read the book called "Megatrends" written by John Naisbitt may be struck by the author's proposition that America made the transition from being an industrial society to an "information society" in 1956/57 when white collar workers started to outnumber blue collar workers. According to Naisbitt the new source of power had then shifted from money in the hands of a few to information in the hands of many. He even went to the extent of saying that the American society today mass-produce information the way they used to mass-produce cars. If this assessment is correct it points strongly to the fact that this situation was brought on by the tremendous increase in the

consumers of information in our modern society. Looked in this light what we have set out today is unavoidable and ought to have been done much earlier.

We are now well into the third year of the current 5th Malaysia Plan and if the computer print-outs coming from the Prime Minister's Department are anything to go by Sabah's performance in terms of development implementation needs to be vastly improved if we are to achieve the targets set out in the development plan. We all should be gravely concerned about the slow progress we are making. According to the analysis of the Prime Minister's Department, we have only achieved a 22% progress in terms of money spent on development. In terms of physical progress the situation is even worse, only 12%. We have about two years in which to redeem ourselves, and it is hardly necessary for me to say how vitally important it is for all of us to pull our socks up and make up for lost time. We must have a keener sense of urgency and take care not to procrastinate on the pretext of studying the problems and thinking up solutions to them. We cannot afford the luxury of thinking too long. There is simply no time for that.

I also see the need for greater discipline in government departments and agencies. Among other things heads of departments and agencies must see to it that all unnecessary travels are curtailed not only to reduce expenditures but also to ensure that officers are not distracted from their work.

I hope that with the setting up of this information system we are moving strongly towards better performance and accountability through more effective monitoring, supervision and control over the financial management of government agencies and their subsidiary companies, and as a result of better planning made possible by the system. Although, as the name suggests, the system is set up out of the obvious need to monitor the state's government owned and associated companies, there is no reason why the system cannot operate in relation to government departments and ministries. That will have to follow.

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Until then I am very interested indeed to see how this system will function in relation to the limited tasks which we have set for it at this moment.

**(At the official launching of the State Companies
Information System (SCIS) on 23 March 1988)**



Sabah has very rich fishery resources. Large quantities of fishery products are exported. A wholly government owned company called Sabah Fish Marketing Authority (SAFMA) was set up in February, 1982 to spearhead the development of Sabah's fishery products export industry. A large fishery complex was constructed with loan from the Asian Development Bank. The Chief Minister officially declared the complex on 29th September, 1987. Picture shows him inspecting the prawn factory of the fishery complex in Kota Kinabalu.

Sabah - A Safe Haven for Investors

Sabah's economic development is now at a veritable cross-road. After 25 years of independence within Malaysia we need to take stock of our present stage of progress and our objectives. In the past our economic success was due mainly to the good prices which our primary commodities, in particular timber, fetched in the world markets. We have been dependent on the royalties on the export of round logs with other revenue coming from the royalties on crude oil and copper concentrates and income on wood products and agricultural produce such as rubber, palm oil and cocoa. As a result our economy has long been vulnerable to commodity price fluctuations which have had adverse effects both on state revenues and our development programmes.

As a way to overcome these difficulties we are stepping up our efforts to expand and diversify our economy. We are very serious about transforming our economy from one based largely on producing primary commodities for export to one emphasizing greater domestic processing of these commodities for higher value-added products both for export and domestic consumption.

To provide a general strategy towards this end we recently adopted the "Sabah Action Blueprint", a plan which sets out our approach towards securing long-term economic growth, providing more job opportunities, maintaining stability and ensuring progress and a better life for our people. The Blueprint is not a step-by-step implementation plan but a framework for the general direction of development which lays stress among other things on coordinated public and private sector development.

It is the policy of the State Government to encourage and assist private investors, both local and foreign, to play a bigger role in the development of Sabah. In our assessment there are many areas of economic activities which the government should not be involved in because they are better tackled by the private sector.

Because of our present limited revenue base, it is a matter of necessity and of prudent economic planning on our part, for the private sector to be more involved in our development efforts in all sectors of our economy. We look to the private sector to contribute their entrepreneurial skills, capital, technology, innovative science and managerial know-how which we require towards achieving the kind of accelerated economic growth and bright future that we envision.

In the past it has been the practice of the government particularly during the pre-recession years of high commodity prices and substantial revenues to be involved in initiating development projects in all fields. But we have found that this approach which involved massive subsidies and a heavy dependence on the government has not worked to the benefit of Sabah for long-term purposes. It is our policy to allow private businessmen to participate in and even take over certain government-established projects and as well have a relatively free rein to invest in whatever fields that attract their interest.

In expanding and diversifying our economic base we still need to increase our production of primary commodities upon which to build our value-added industries and at the same time generate the export earnings that we require to finance our economic transition.

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Where our timber industry is concerned, there are still ample investment opportunities available in various downstream timber processing activities. The continuing high level of log exports underlines the wide scope for more wood-based industries in Sabah. Logs retained for local processing incur a very much lower royalty rate than those exported, the former amounting to 10 per cent of the FOB price as compared with 70 per cent for the latter. Local sawmilling and veneer and plywood production have in fact registered rapid growth. Last year sawn timber exports reached a record level in terms of value while plywood exports were more than double the previous record figures registered in 1986 both in volume and value. Veneer exports also increased.

What we want is not more sawmills of which we have plenty now but an upgrading of their activities. We want to encourage investors to move towards more sophisticated downstream processing of semi-finished and end products such as mouldings, joineries, floorings, doors and furniture for which there is a good domestic as well as export market.

We are particularly keen to promote investments in the utilization of wood residues for the production of reconstituted wood products such as chipboard, fibreboard, particle board and waferboard. It is estimated that by the year 2000 the volume of mill residues in the form of off-cuts, side-slabs and trimmings and replanting will be around 276 million Hoppus cubic feet and their utilization should be quite a profitable proposition worth looking into in view of the negligible cost of the raw material.

Recognising that our natural hardwood forests are a depleting resource and the need to replace them as a source of revenue and also to ensure a sufficient supply of timber both for our export and domestic needs we are also very keen to promote investments in fast-growing tree plantations. The development of these plantations in large areas of logged over land and marginal wasteland is the primary activity of the Sabah Forestry Development Authority or SAFODA, a state government agency.

From an investment standpoint we believe that the development of these plantations on a relatively short rotation period in tropical conditions is a very attractive proposition in view of the deficit supply of industrial wood in the world. In the Asia-Pacific region alone the annual deficit of hardwood is estimated to reach more than 21 million cubic metres by the year 2000.

Both Sabah Forest Industries or SFI and Sabah Softwoods are also engaged in planting fast-growing tree plantations. The first fully commercial undertaking by Sabah Softwoods in Tawau is presently exporting chip logs. SFI also wants to ensure sufficient raw material for its timber, pulp and paper complex in Sipitang. SAFODA is mainly involved to work out a programme to ensure that the areas identified for industrial wood plantations, which total 120,000 hectares in the West Coast region of Sabah alone, are utilized.

There is also very good scope for private investments in the planting of rotan, especially for end use as furniture for which there is an increasing demand in developed countries. We have in fact received a number of applications from investors who wish to plant rotan. We already have close to 7000 hectares already planted by Safoda and other areas planted by another state government agency, the Rural Development Corporation or KPD.

In broadening our economic base, we also need to open up more land for agricultural purposes including additional areas for such commodities as oil palm, cocoa, rubber, coffee and fruits because all these can be exported either in raw processed form. We have ample land and congenial climatic conditions.

Of the state's total land mass of some 7.4 million hectares, about 2.1 million hectares have been identified as suitable for various forms of agriculture development, including 614,000 hectares which have been designated as agricultural land with high potential, suitable for diversified development and the remainder classified as suitable for a limited range of crops. Only about 24 per cent of the total agricultural land area has so far been cultivated which means that our potential for further development is therefore very great.

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There is still plenty of scope for private investments in agricultural tree crop planting, especially of oil palm and cocoa which have already registered tremendous progress in the past decade. The area under oil palm has almost trebled from 76,160 ha in 1978 to an estimated 220,000 ha last year while cocoa cultivation has increased nine-fold from 22,097 ha to some 196,000 ha over the same period.

Most of these plantations are located on fertile and undulating land near to major communications system in the East Coast of Sabah and have been developed mainly by private companies but also by state government agencies, especially the Sabah Land Development Board of SLDB, and these crops continue to attract keen investment interest.

There is very considerable investment potential in domestic downstream processing of these products. While we have some 16 crude palm oil mills we have had only one palm oil refinery in operation. Most of our crude palm oil therefore is sent to West Malaysia for processing into refined palm oil products even though we import large quantities of cooking oil, margarine, soap and other such products. It is our policy to encourage investments in Sabah in the production of refined, bleached and deodorized palm oil products, refined palm oil kernel and palm oil cake.

With cocoa also, although we produce over 60 per cent of Malaysia's total cocoa bean output, practically all of it is exported in raw form. In view of the growing raw material base, it is timely for investors to consider the manufacture of products such as cocoa liquor, butter and powder and unsweetened chocolate if not higher grade confectionery.

There are also investment opportunities in the commercial cultivation of both tropical lowland and temperate highland fruits, both for domestic consumption and for export. KPD which I mentioned earlier has a few subsidiaries moving in this direction but there is a lot of room for private sector participation.

While we continue to import millions of ringgits worth of fresh and dried fruits each year there are indications of a grow-

ing preference for local fruits like guava, star fruit, papaya etc which are just as nutritious and tasty as imported temperate fruits. Reports give rise to confidence that local fruits are marketable in countries like Hong Kong and Japan. As the volume of fruits increase sufficiently a canning industry can be activated.

There is also scope for commercial planting of coffee, tea, pepper and other spices, tobacco, cashew nuts, maize, asparagus and other vegetables. We already have some small coffee plantations and local processing of beans and we want to encourage more planting to begin processing on a larger scale.

Turning to our fishery sector and fishery-related industries these also have good investment potential. The potential pelagic and demersal fish resource within the 12-mile zone alone is estimated at 112,000 tonnes a year, which is well over double the volume of fish presently landed annually. And this does not take into account our deep-sea and off-shore fish resources which we believe to be quite extensive.

A relatively new investment field of great promise in augmenting fish production is aquaculture, which in Sabah mainly means the rearing of prawns. We have extensive unpolluted mangrove and nipah swamp coastal areas estimated at some 362,200 hectares, of which about 50,000 ha have been reserved for aqua-culture purposes. With our ideal climatic and sea conditions, investors can get at least two harvests a year without much problem. We believe we have the capacity to transform the aquaculture industry on a scale which can perhaps rival that of our achievements in cocoa and oil palm production.

There are already eight large-scale aquaculture enterprises in Sabah mainly involved in prawn cultivation and more applications are coming in. In response to a request from one company for an additional area we have just offered 1300 acre to them indicating that aquaculture development in Sabah is indeed one very interesting and very attractive line of investment.

I would like now to turn to the mining sector in Sabah where we also have quite extensive mineral resources still waiting to be tapped by enterprising investors. Apart from crude oil

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production our principal mining activity till now has been the extraction of copper ore at Mamut on the foot hills of Mt. Kinabalu. The mine which began production in 1975 was found to have estimated reserves totaling 106.2 million tonnes of ore averaging 0.5 per cent copper with recoverable gold and silver. But geological studies show numerous other occurrences of metallic and non-metallic mineral deposits including copper, iron, zinc, lead, manganese, gold and silver and the recent exciting discovery of platinum.

Further copper-gold deposits have been discovered at Gunong Nung Kok, West of Mt. Kinabalu, and Bidu-Bidu Hills, of which the latter is considered a major find and commercially viable to exploit. All these have caused many mining companies to apply for prospecting licences. Last year alone we gave approval to seven companies. At least one company is at the ore-reserve drilling stage and it is our hope that we will soon see new mining industries established.

Last but not least of the economic sectors which we are promoting is the tourism industry where we think investment opportunities abound in Sabah. This is a relatively new industry where the scope for business opportunities which can mushroom out of it is very wide. Aside from increased capital investments in facilities we welcome joint efforts in regional tourism promotion.

We believe that Sabah has a lot to offer tourists in the cultural diversity of our many racial groups and a wide variety of scenic attractions, which include some of the region's finest beaches, islands, coral reefs, the orang utan sanctuary at Sepilok near Sandakan and of course South-East Asia's highest range, Mt. Kinabalu. We are advocating an open-sky policy to enable more scheduled airlines and also charter carriers to land in Kota Kinabalu.

I have already indicated that it is now government policy in Sabah to refrain from participating in business activities in direct competition with the private sector. In keeping also with the national and state privatisation policies, we have started to divest ourselves of government-owned companies which we be-

lieve can be more efficiently run under private control and management. It is our hope that the bigger companies which have had cash-flow problems may attract joint venture partners or straight out takeover bids by private interests. These companies include Sabah Forest Industries, whose pulp and paper mill is already in production. We have received investment proposals from Taiwan and Sweden, for example, but we have not finalized anything as yet and therefore we are open to other proposals as well.

Also available for either partial or complete privatisation is Sabah Gas Industries, which is currently manufacturing hot briquetted iron, methanol and electricity in Labuan utilizing associated gas from the oil fields off Sabah's West Coast; Sabah Shipyard; international class hotels including Tanjung Aru Beach Hotel and Kinabalu International Hotel, in Kota Kinabalu; the nation-wide cinema chain of Cathay Organization (Malaysia); the Kojasa Supermarket chain and others. Kojasa is now in the process of being privatised. Whatever proposals are made must of course be fair and equitable so that the divestment exercise or joint venture arrangement will be mutually beneficial.

In addition to these companies earmarked for privatisation, a number of state development agencies are inviting private investors to participate in joint ventures with them or even purchase outright land already reserved for certain development projects, particularly in the agricultural sector. In this respect, the Sabah Land Development Board or SLDB, among other agencies is happy to participate in such joint ventures as it has done with two major West Malaysia-based plantation groups i.e. Perlis Plantations and Kuala Lumpur Kepong, recently. Perlis Plantations has a 60 per cent equity stake in a new company setup to develop a \$90 million integrated oil palm mill. Kepong has a 30 per cent equity share in a palm oil bulking installation in Tawau. The SLDB is currently looking into a few other joint venture proposals from private investors.

In addition, other state government agencies are also seeking joint venture partners in various agricultural plantation

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schemes including Ladang Sabah Sdn Bhd, KPD, Permodalan Plantation Sabah Bhd, Sabah Rubber Fund Board, and Koperasi Rakyat Sabah. In the field of property development, Permodalan Bumiputra Sabah Bhd is inviting proposals for the development of 10 hectares of prime land in Tanjung Lipat, near the town centre of Kota Kinabalu, while the Sabah Economic Development Corporation is seeking partners in certain import-substitution ventures.

Being part of a federation we are guided by Federal Government policies governing trade and industry and investors in Sabah are of course eligible for the whole range of investment incentives offered by the Federal Government. But we do retain certain state rights in respect of some matters, especially concerning immigration and land. We recently took action to reduce the land rates applicable to new land alienations as well as land affected by conversion, including a 30 per cent reduction of land premiums on commercial, industrial and residential land. We also reduced annual rents and as well extended the land tenure for commercial and industrial land from 60 years to as much as 90 years.

In addition, we have reduced the amount of land or equity share required under the New Economic Policy to be reserved for bumiputra in land development above 1000 acres from 49 per cent to 30 per cent which is offered to bumiputra participants only after five years of development at prevailing market values.

There are certain constraints on our economic development which we are trying our best to overcome. We have, for example, taken steps to reduce bureaucratic red tape and expedite project studies and approvals. We are also considering among other things how to lower the present cost of land for industrial estates, reduce the cost of electricity and provide systematic training for our large number of unemployed, most of whom are young school leavers and hence inexperienced.

In our drive for investments of course one of our main considerations is the creation of jobs for our working age population of 420,000 of whom an estimated 11.4 per cent are unemployed.

We realize that the only way to solve the unemployment problem is to speed up economic development and train our young people in the necessary skills. We are keen to encourage industrialists in high-cost countries to relocate operations in Sabah in view of our large labour force as well as our plentiful land and natural resources.

Recently we established a new Manpower Resource Development Bureau in the Chief Minister's Department which among other things will be prepared to assist investors with manpower development, recruitment, upgrading of worker skills, technical training and management development.

In trying to ease existing problems we are moving towards a one-stop agency where potential investors can come to Sabah and get the information they require without delay so that they can make their assessment quickly and we too can reach a decision in the shortest possible time. We are moving to the finer aspects of identifying specific areas for specific uses, down to detailed information on the types of crops or products suited to them.

No matter how attractive our economic and fiscal incentives are we in the State Government recognize the overriding importance of political stability to investors in Sabah. The ruling PBS has taken great pains in the past two to three years to restore and maintain political stability in the face of grave challenges since taking over the reins of the State Government in April 1985.

From the very first hours that we are elected to power we went on to face endless attempts to destabilize the political situation and disrupt development by a handful of politicians who are unable to accept defeat. But we are indeed thankful to God that despite the earlier upheavals and uncertainties we now enjoy relative peace and tranquility as well as the blessing and cooperation of the people of Sabah.

Throughout those trying times, we steadfastly adhered to the policy of addressing the needs of all sections of our multiracial society, remaining sensitive to the particular needs and aspirations of our various communities to ensure social and

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political harmony. We fully recognize the importance of being responsive and accommodating to the divergent demands and expectations of the people while also ensuring that the limited resources of the state are optimally used.

The prevailing political calm that is generating investor confidence in Sabah is attributed in part to the stable political framework that we in PBS have established. The multiracial character of PBS is reflected in the composition of the Sabah State Cabinet and in the distribution of other public appointments. In the State Assembly, PBS holds 45 out of the 54 seats, ensuring through its state-wide representation on the government benches that the sectional and common interests and aspirations of our people are well safeguarded.

Earlier misunderstandings over PBS in Kuala Lumpur have long since been dispelled and we have established close and cordial relations with the Federal Government. PBS was accepted as a member of the National Front in 1986 and is represented in the Federal Cabinet by a Minister in the Prime Minister's Department and a Deputy Minister.

During my visit to Peninsular I take every opportunity of having frank and cordial discussions with Federal and State government leaders. It is our belief that it is a lot easier for the federal leaders to discharge the federal government's responsibilities and obligations to a state if those in the state are able to maintain a good rapport with them while articulating its needs and interests convincingly. We will continue to work very closely with Federal political leaders and officials in our efforts to bring greater development and progress to Sabah.

Despite continuous provocations, the PBS government has not sought to interfere with freedom of expression in Sabah. As a party that is committed to democratic government, we still regard open debate and dissension, however vituperative, as evidence at least of democratic rule. Young though we are as a party and government, we have been able to maintain social and political stability in spite of the previous upheavals by serving the over-all needs of all our people and so we continue to enjoy their support and confidence.

Even then it cannot be denied that we have a lot of poor people but even the depressed areas of the state can also be looked into from an investment viewpoint particularly by the State Government. In depressed areas such as the Kudat residency where much of the soil is infertile because of the ravages of earlier shifting cultivation we can still think of a lot of investment possibilities and believe these can also be taken into consideration by private investors who take the trouble to fine-tune themselves to assess the opportunities that can be created because of government measures to improve economic activities in them.

In this instance, the State Government has formed a task force to serve the Kudat residency area which needs more than average attention with regard to development and any assistance from the private sector will surely be helpful.

Although we are relatively new in government we believe our policies are based on sound principles and that we have a recognizable and acceptable vision which we can share with businessmen and investors as well as our society at large. We want to see everyone pulling strongly and resiliently together so that all our undertakings are viable and work out for our common benefit.

All in all, our drive for investments is inspiring more confidence in Sabah among businessmen as they come to understand our policies and our approach. We have received a steady stream of investment inquiries and proposals as well as actual investments in various projects over the last two years and more so in the past year. We appreciate the interest shown by investors in the development of Sabah and assure potential investors of our willingness to assist in any way we can. We can top up existing Federal investment incentives by those of our own.

(Luncheon address on "Political Stability and Business Prospects in Sabah" at the Dynasty Hotel in Singapore on 25th March 1988)

Sabah's Future in Cocoa

I note with great interest and satisfaction that the KLCE is developing rapidly into a major centre for trading commodities and a useful and reliable market for both hedging and pricing purposes. It is my sincere hope that this growth will be further enhanced by the trading community and that both traders and producers will avail themselves of the services of the KLCE and profit from these services.

Malaysia's reputation as a reliable producer of rubber, palm oil and cocoa is widely recognized and accepted throughout the world. Cocoa is of recent development and Malaysians can be justifiably proud that within a short time we have emerged as the third largest producer of cocoa in the world.

Sabah is estimated to produce in excess of 60% of Malaysia's cocoa output. It is therefore important that when we plan Malaysia's cocoa development we do so with due regard to the needs of the Sabah producers.

I am heartened to note that Tawau has been included as a delivery point in the cocoa futures contract. This will no doubt assist producers in Sabah and at the same time generate additional economic opportunities for traders in Peninsular Malaysia.

Sabah has a total of approximately 190,000 hectares under cocoa employing about 60-70,000 workers. The export value of cocoa beans for Sabah in 1988 is expected to reach 500 million ringgit. Clearly, it is a very important economic activity within the state and has to be nurtured with great care.

It is for this reason that the headquarters of Malaysian Cocoa Board has been proposed to be in Sabah. The Malaysian Cocoa Board is empowered to look into the various research and development needs of the cocoa industry including marketing. There will also be adequate representation from the private sector such that the views of the industry will be taken into account. This, then is another positive development for the cocoa industry.

Unfortunately, cocoa processing leaves much to be desired at this moment, and it is my hope that investors will seriously consider investing in further downstream processing of cocoa in Sabah.

I have been informed that several companies have acquired manufacturing licences, but so far only one company is processing cocoa beans into powder and butter. Recently, there has been increasing demand for cocoa butter by Japan and other countries. Sabah alone is capable of producing in excess of 100,000 tonnes of cocoa beans per year and so supply to such factories is more than assured.

The potentials are enormous and the State Government is willing to render every assistance possible. With the introduction of the KLCE Cocoa Futures a viable mechanism for pricing the beans will be introduced and industrialists should capitalize on this development and go aggressively downstream.

I am indeed pleased to see this new development within the cocoa community and the fact that we are working towards setting an alternative pricing centre to London and New York serves to demonstrate how determined we are to assert ourselves as a major producer.

Our non-participation in the International Cocoa Organisation must be reviewed to ensure that Malaysia is not placed at a disadvantage. Given the importance of cocoa to the Malaysia

SABAH'S FUTURE IN COCOA

economy it is important that all aspects of the cocoa industry are looked into carefully. We should not leave anything to chance.

Malaysia especially Sabah has vast land resources which could be developed for cocoa if adequate returns are assured. The potential for developing cocoa into a billion-ringgit export industry is great but it is still largely untapped. It is not difficult to see that one day cocoa will rival timber in terms of export earnings.

**(Opening remarks at the Kuala Lumpur Commodity
Exchange Cocoa Futures Seminar in Tawau
on 16 July 1988)**

Setting Up A Malaysian Cocoa Board in Sabah

Cocoa growers, and indeed, the plantation industry as a whole must bear in mind that the State's economic future lies in agriculture. It stands to reason therefore that the State Government looks to the plantation industry, of which cocoa is an important component, to provide the catalyst for economic development and spinoffs.

In practical terms this means that the State expects to see some direct benefit accruing to the state not only in the form of the nation's GNP but in terms of direct revenue in the form of cess, in terms of more employment opportunities for Sabahans and in terms of more money circulating within Sabah. None of these appears to feature very strongly in the State's economy at the moment.

I know and I am sympathetic with cocoa growers, that the world price of cocoa is very low at this moment and that an imposition of cocoa cess may well be the last straw for the cocoa growers. There is therefore no question of levying the cocoa cess at this stage. But the State Government will actively carry out its policy of making job opportunities more readily accessible to the unemployed, especially those in the West Coast and interior of Kudat region of Sabah.

PAIRIN'S SPEECHES

Obviously this matter needs to be examined more closely between the planters, and the State Government. I expect to see more dialogues among all parties concerned in the near future.

In recent years cocoa has become the most important export crop of the State. Today, cocoa ranks third in terms of export earnings of the State after timber log and crude petroleum. In 1988, total export of cocoa beans amounted to 137,000 tonnes valued at \$509 million ringgit. The importance of the industry to the state economy therefore cannot be over-stressed. Of particular importance of course is the proportion of participation of small-holders. In cocoa, private small-holders, Government schemes excluded, constitute some 15% of the total cocoa hectare. By comparison, small-holders only constitute about 1.7% of the total area under oil palm cultivation. This is because it is a lot easier to grow and market cocoa than it is oil palm.

As Sabah produces some 60% of Malaysia's cocoa output it is only logical that the newly established Malaysian Cocoa Board should have its headquarters in Sabah. The State Government greatly appreciates the federal government's recognition of Sabah's position in this respect, and our needs.

The setting up of the Malaysian Cocoa Board at this juncture is also very timely. The industry is hard hit by the very poor cocoa price which has sunk to its lowest in 13 years, and the world is facing an estimated surplus of some 1.065 million tonnes of cocoa. Many cocoa planters will no doubt look to the Malaysian Cocoa Board for guidance and help to overcome the problem. Ways and means will have to be found to reduce cost and to increase efficiency of production. Some of the new ideas on cocoa cultivation need to be further investigated. In particular, the concept of high density planting which, incidentally was first conceived in the Philippines and taken up enthusiastically in Malaysia, should be carefully studied and evaluated. Preliminary results from Sabah indicate that high density planting is not as encouraging as expected. However, I understand that the poor result may be due to a somewhat different planting configuration. More work is obviously needed, and if

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the new system works, it will perhaps bring about a great improvement in production efficiency.

Traditionally, we have been dependent on the American and European markets to sell our products. Since these markets have unfortunately almost reached a saturation point, the Malaysian Cocoa Board should develop new markets such as the Eastern Block and Asia. It is hoped also that the Malaysian Cocoa Board will be able to provide better market intelligence than is currently available. Another area which I think deserve the Malaysian Cocoa Board's attention is down stream processing to add value to our products. Currently, the majority of our cocoa is exported in the form of beans. For instance in 1988, only about 36,000 tonnes of beans were processed into butter and powder. Most of the processing factories are located in Peninsular Malaysia. Sabah accounts for only some 2,000 tonnes of beans processed. We have therefore not yet exploited the full potential of the cocoa industry. By comparison, Singapore in the same period processed some 40,000 tonnes.

There is obviously a great deal of room for improvement. With the current state of industrial development in Malaysia and the country's expertise in other oil and fat industry, I am confident that higher value can be added to our cocoa. We do not and should not have to remain as a mere exporter of beans. Efforts should also be made to encourage domestic consumption of this wholesome and nutritious food. I am sure cocoa can be added to our cooking recipes to a greater extent in addition to beverages.

In the context of Sabah, improvement of road condition, particularly access roads to farms, should reduce considerably the capital cost needed such as the purchase of expensive 4WD vehicles, and the costs of inputs, maintenance and marketing. We look to the Federal Government to substantially expand the road network in the state. Lowering of energy costs and the provision of better shipping links with other parts of the world will also help encourage downstream processing and manufacturing in the State.

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The state government has always maintained a close rapport with the private sectors. I hope that the Malaysian Cocoa Board will continue to keep such rapport and be responsive to their problems and needs. In the case of cocoa grading, because of poor infrastructure and related difficulties and the sheer volume of production, a centralised grading system has yet to be adopted. However, I have been informed that the industry is unanimous in favouring grading of beans before export. I am aware that cocoa producers in Sabah have, on their own initiative, formed the Sabah Cocoa Grading Council which oversees grading. The methodology is the same as that adopted in Peninsular Malaysia and the same SIRIM standard of classification is applied. The only difference is that the actual surveying is conducted by private surveyor. The system appears to work well, the grading is accepted by overseas traders as well as by Kuala Lumpur Commodity Exchange, and at no cost to the Government. With the Malaysian Cocoa Board now filling the role as the authority to regulate export quality, it is hoped that the system evolved in Sabah will be accepted so as to make grading efficient, cost effective and in line with the Prime Minister's policy of privatisation.

The current level of cocoa price has undoubtedly caused a great deal of hardship to our cocoa planters. However, like all commodities such cyclical fluctuations in prices cannot be avoided. To counter it, we should improve the efficiency of our production and find ways to cut cost. Effort should also be made to enhance the value of the product through quality improvement. In this respect, I wish to urge cocoa producers to pay special attention to processing in order to ensure the production of high quality beans. Sabah's pioneering work on cocoa flavour developed in 1985 has recently been confirmed by workers in Peninsular. I hope the method can be more widely adopted. It will be a pity after all the time and effort spent to ensure high yield if we are unable to reap the benefit because of poor processing and therefore poor prices.

The hardship that the cocoa planters endure now will not be in vain if it will bring about an efficient production system.

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When the price improves, which I think it will before too long, the cocoa planters will reap better benefits. The withholding of cocoa from the market by a major producer in West Africa has already stimulated a demand for the lower priced and freely available Malaysian cocoa. There is indication that demand for Malaysian cocoa this year may be more than we can meet. Another factor is that there is a possibility that Ivory Coast may eventually have to lower the domestic guaranteed price of cocoa to a more realistic level in line with current market value. When this happens production is likely to be reduced. Besides, the present low price may have the effect of inducing more people to consume and develop a taste for cocoa. The resultant increase in demand for cocoa will benefit our producers in the long run.

The Malaysian Cocoa Board is therefore being entrusted with a heavy responsibility. The cocoa industry of the country will look towards the Board to lead the industry into a new era of growth and prosperity. With dedication, hard work and cooperation from everyone in the industry, I am confident that Malaysian Cocoa Board will be able to lead us and the economy to a better future.

**(At the launching of the Malaysia Cocoa Board
on 18 July 1989)**



Datuk Pairin on a visit to Kota Marudu on 23 May, 1989.

Helping the Poor - Redistribution Or Growth?

Poverty eradication is undoubtedly one of the prime aims of the New Economic Policy and it is also a means to achieving national unity, which is an overriding national objective. The New Economic Policy, first introduced in 1971 during the Second Malaysia Plan, was formulated to serve as a cornerstone of government programmes over a period of 20 years in the context of the Outline Perspective Plan. The Policy is due to expire in 1990, which is barely a year from now. The next policy to be adopted by the government in the post-1990 period will most certainly take into account the performance of the New Economic Policy, including the poverty eradication programmes, as well as the need to gear the nation to face the challenges ahead posed by the changing global economy.

There should be no doubt that the main philosophy of the New Economic Policy has been the concern with issues relating to social justice. The Policy advocates fostering economic growth and redistribution of wealth. It seeks to create a just social and economic order in which all Malaysians may find self-fulfillment within a system which provides equitable participation, management, and control in national development.

As we approach 1990 which will see the end of the New Economic Policy, we should take stock of the situation. How far have we succeeded in realizing the objectives of the NEP? What were its strengths and weaknesses, especially in relation to the poverty eradication programmes. Should it be extended? If the answers to these are less than satisfactory then this country should perhaps refashion the next NEP, and do so without departing from the basic philosophy of hitching redistribution to economic growth. I am of course aware that many people are of the opinion that we should put more emphasis on economic growth and less on redistribution. They argue that with better economic growth, the problem of redistribution will be taken care of automatically.

While this may be an interesting subject academically we in the PBS Government believe, and are committed to this belief, that economic growth and equitable redistribution of wealth must be considered together. There should therefore be no doubt that while the New Economic Policy in the post-1990 period might be changed or modified in response to new challenges, its *raison d'être* remains.

The State Government's commitment to poverty eradication manifests itself in our poverty redressal programmes. For instance, a task force to develop the Kudat region, long considered to be one of the most depressed areas of Sabah, has just been formed. The State Government has also launched a pilot project to give credit to the poor to enable them to engage in gainful enterprises. This rural credit scheme called Projek Usahamaju is jointly organized by the Institute for Development Studies and the Rural Development Corporation. I am happy to note that this pilot project is making good progress and is showing great promise. Another scheme aimed at helping the rural poor is the People Development Programme carried out by the Sabah Foundation. I understand that you will also discuss this programme in the course of this workshop.

In order to carry out programmes that will help the poor in the rural areas where transportation is a major obstacle the state government has approved an allocation of \$276.8 million

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to the Ministry of Communications and Works for various projects in 1989. This makes up 60.4% of the total estimated state development expenditure for next year. Out of this figure, \$114.2 million is intended for the construction of roads and bridges throughout the State. This state effort complements the Federal Government's road construction programme.

As the farming community and fishermen make up a large proportion of the poor the state government has also allocated \$ 54.4 million to the Ministry of Agriculture and Fisheries to finance its many programmes in these sectors.

I wish to stress, though, that while the State Government is committed to the eradication of poverty, it does not believe in giving handouts in whatever form. We believe that subsidies and outright financial help, although helpful as a temporary measure, will not be in the long term interests of the recipients. Such assistance tends to make people overly dependent on the government and may even be abused. Besides, the recipients of prolonged assistance are also in danger of losing their dignity and self-respect and the vital sense of fulfillment and self-worth that can only come with individual initiative and labour.

In order to encourage self-reliance and to stress the value of labour and individual initiative, the State Government is anxious to avoid the shortcomings of past poverty eradication programmes which had tended to "take over" the initiative from the individuals. Such an approach very often not only led to the displacement of indigenous skills, but has also stunted the acquisition and development of new skills; it has led to cultural disorientation and in certain instances socially unhealthy tendencies. Therefore, any attempt to introduce changes designed to foster the spirit of self-reliance must necessarily take into account the socio-cultural environment and the peculiarities of the target group. Whatever skills they possess should be given due recognition and put to good use. These skills should also be further refined and developed through exposures to new ideas.

I would like to stress though that while the state government has assumed the bulk of the responsibility of poverty eradication this does not mean that it should be left to fight this

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war on poverty single-handedly. All should join forces with the government in this enormous effort to bring a higher standard of living to the poor. It is in fact in the interest of all to end or at least reduce poverty. The negative effects of poverty are all pervasive. For instance, a high incidence of poverty is no good for the business sector since there would be less demand for their goods and services. A high incidence of poverty could also lead to political instability which in turn would adversely affect the business environment, inhibit investors, and ultimately lead to a higher rate of unemployment. Having said all that I should also add that helping the poor is a moral obligation which we must fulfill.

Of course, to rid poverty there must be close cooperation among the various agencies involved, especially between State and Federal agencies.

I am glad to learn that the response to this workshop has been very encouraging. This certainly indicates that you are very enthusiastic in being part of a team to explore and identify effective ways to fight poverty in Sabah. Your keenness augurs well for the future.

**(Keynote address at a workshop on "New direction
to eradicate poverty in Sabah" on
13th December 1988)**

The New Economic Policy - Restructuring Growth

The underlying rationale of the NEP is to foster national unity through a two-prong strategy of poverty eradication, irrespective of race, and the restructuring of the economy to eliminate the identification of race with economic function and geographical location. In our multi-racial nation, which has been characterized by some degree of income disparity and relative poverty, the NEP was intended to be a sensible means of bringing social justice to all Malaysians. The NEP has not only contributed towards peaceful and harmonious co-existence among the diverse races in Malaysia, but during the period of its implementation, has also been partly responsible for high rates of economic growth.

In fact, in the last nineteen years, both the nation and our State, have made great strides in socio-economic development and in the fulfillment of our aspirations. In Peninsular Malaysia, the incidence of poverty has fallen substantially from 49.3% of the total number of households in 1970 to 18.4% in 1984. While in the case of Sabah, the incidence of poverty was reduced from 58.3% in 1976 to 33.1% by 1984. In absolute terms, this means 19,500 poor households were lifted above the poverty line for the State between 1976 and 1984.

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The achievement in restructuring society was reflected in the significant increase in Bumiputra share of the corporate sector mainly through the growth of trust agencies. In 1971, Bumiputra controlled only 4.3% of the corporate sector at the national level, but by 1985 the figure was 17.8%. It is anticipated that Bumiputra share of the corporate sector will continue to increase and reach 22.0% by 1990. It should be noted that non-Bumiputra Malaysians have also increased their share of the corporate sector from 34.0% to 56.7% for the period 1971-1985.

In Sabah, trust agencies were set up to assist the Bumiputra and under-privileged in all sectors of the economy. As a result, Bumiputra participation in the modern sector such as in construction, finance and services is becoming increasingly more visible. In the rural areas, where most of the poor reside, the quality of life has improved substantially as a result of rapid socio-economic development. Social mobility and the range of skills and expertise among Bumiputra have increased much more rapidly as a result of the NEP.

Now that it is nearing its expiry date, the question is not whether it should be continued or discarded but rather in what form it ought to assume.

The Prime Minister has made it clear on a number of occasions that the government will not shed its obligation to eradicate poverty and restructure society. The setting up of the National Economic Consultative Council (NECC) means that everyone will be fully consulted before the Federal Government decides on the new set of economic policies and strategies.

Consistent with the spirit of NECC, the State Government will be making its submission on the achievements and shortcomings of the NEP and recommend the policies and strategies required to more effectively reduce the level of poverty and restructure society in Sabah. It is for this reason that we are gathered here today, to put our heads together and share ideas which could then be used to prepare a comprehensive submission to the Federal Government for consideration.

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However, in order to work out a submission that reflects the situation in the State, a few key questions need to be addressed. How far have the objectives of the NEP been achieved? What were its strengths and weaknesses? Since the shape of the post-1990 NEP is going to be dependent very much on past performance and experiences, it is vitally important that an accurate assessment of the NEP is made.

It is often said that the shortcomings of the NEP lie in its implementation and interpretation. Should the Bumiputra own and manage 30% of the entire corporate sector or should this requirement be applied at the level of individual companies? What are the elements constituting an appropriate share? Is the interpretation of employment distribution "in all sectors and at all levels" implementable? Is the NEP being implemented at the expense of non-Bumiputra? What are the "new imbalances" being created in the process of restructuring? For instance, has the NEP created sub-classes of Bumiputra, such as the "Bumiputra rich" and "Bumiputra poor"? And in addressing the issue of poverty, do we differentiate between the Bumiputra poor and the non-Bumiputra poor? These are but a few of the many questions that have emerged as a result of the NEP and should form the basis of your discussion in this workshop.

Much evidence appears to have surfaced in support of some of the problems that arose from the implementation part of the NEP. For instance, the MCA has asked why only 4.0% of scholarships awarded by the government for overseas study between 1980 and 1984 went to non-Bumiputra? Why is it that as at the end of 1982, the Chinese only accounted for 1.7% of Felda settlers? The Gerakan party has also talked about the NEP institutionalizing the Bumiputra/non-Bumiputra dichotomy leading to racial polarization. These are some of queries on the NEP that obviously will need to be examined as we think of a post-1990 economy policy.

Certainly, if what have been said are true, then these negative elements of the NEP must be eliminated. There are no doubts in my mind that poverty and inequality, the haves and have-nots cut across all racial boundaries and should be dealt

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with directly. Any attempt to associate poverty and inequality mainly with a particular racial group would only heighten racial polarization and tension between the Bumiputra and non-Bumiputra.

In the case of Sabah, in spite of the government's attention on eradicating poverty and restructuring society, a number of problems have to be examined and should form the basis of your deliberations. Although the incidence of poverty for Sabah declined from 58.3 per cent in 1976 to 33.1 per cent in 1984, it was still well above Peninsular Malaysia's average of 18.4 per cent. For the period 1976-84, the poverty reduction rate in Peninsular Malaysia was faster than that in Sabah. This feature needs to be examined in detail so that corrective policies can be implemented.

Unfortunately, not much is known about the poverty situation in Sabah. The Fifth Malaysia Plan does not even provide a profile of the poor in Sabah. The only recent data available are from some surveys conducted by IDS. But even these were confined to selected districts, such as Pitas and Kota Marudu. There is obviously a need to conduct a more comprehensive study to determine the extent and causes of poverty in Sabah.

Information on income inequality in Sabah is even more scarce; there is no mention of the inequality situation in Sabah in the Fifth Malaysia Plan. Again this highlights the need for research to determine the extent of inequality among regions and ethnic communities in Sabah. I understand that IDS has identified this problem for research this year.

I would like to take this opportunity to share with you some of my own views on the NEP as basis for your discussion in the next two days. I am aware that the current debate on the post-1990 NEP has given economic growth much emphasis. Some are still of the view that once there is economic growth, development will naturally take place. Let me state at the outset that the PBS is committed to the strategy of economic growth with equitable distribution of wealth. This philosophy is reflected in our economic growth and development strategies right from the start of the PBS government. We are very much aware of the

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fact that we cannot have development without economic growth. If there is no growth in the economic cake, it is literally impossible to distribute it. If we do that, we will actually be distributing at the expense of others.

In order to promote growth, the State Government has provided all necessary assistance over and above those given by the Federal government in priority areas of development. As examples, last year we reduced the equity share required under the NEP to be reserved for Bumiputra in land development above 1,000 acres from 40 per cent to 30 per cent, which is offered to Bumiputra participants after five years of development at prevailing market values. We also took action to reduce the land rate applicable to new land alienation as well as land affected by conversion, including a 30 per cent reduction of land premiums on commercial, industrial and residential land.

On the poverty eradication side, I would like to stress that the commitment of the State Government to eradicate poverty is reflected in the government's various rural development programmes. Rural development is viewed as crucial because it serves two major purposes. First, since the majority of the poor is in the rural areas, rural development is a direct way to eradicate poverty. Secondly, development of the rural areas would serve as a base to provide the raw materials for downstream industries.

Recently, two pilot projects have been launched in an attempt to seek more effective poverty redressal methods. Project Usahamaju which is based on the highly successful Grameen bank of Bangladesh and now being operated in Kota Marudu gives credit to the poor to enable them to engage in income-generating projects. The other pilot project known as the People Development Programme carried out by Yayasan Sabah is now being tested in Tambunan.

The emphasis on rural development is also indicated by the State budget for 1989, whereby development funds are channeled to areas most in need of assistance. The PBS government will continue to address both rural and urban poverty covering all racial groups.

Let me now highlight what I consider are major shortcomings of the NEP which must be overcome to enable us to truly attain the goals and aspirations of the nation. Chief among these problems is the well known "dependency syndrome" the economy is encountering. The government has traditionally been viewed as the focal point for business development and provider for the poor. Because of expected dwindling State revenue in the near future as a result of depleting forest resources, I foresee that the government will be less able to play the lead role in business developments.

At any rate, through painful experience in the past, we have found that the government should restrict its activities to governing and providing conducive climate for investment, and let the private sector spearhead economic growth. There is much truth in the view that the prevalence of the government in the business sector tends to stifle entrepreneurial development especially among the Bumiputra, due mainly to the lack of pressure on them to perform and be competitive. The State Government will examine this problem critically with a view to identifying specific strategies for generating a truly Bumiputra commercial class of entrepreneurs who are innovative and dynamic.

In our efforts to eradicate poverty, our strategy is clearly to teach people how to be self-reliant. We do not believe in mere handouts and will not support programmes that cannot be sustainable in the long run without government financial aid. Otherwise the poor will continue to rely on the government for financial assistance which has the effect of hampering individual initiatives and resourcefulness the very factors necessary to enable the poor to break out of the poverty trap. I believe that people generally want to be self-reliant and independent but past poverty eradication programmes have been inefficient and insufficient in achieving these objectives.

I would like to stress that whatever growth and development framework we choose to work in in the next decade or so, it must be cast in the context of the rapidly changing conditions we live in. This is especially so in the case of Sabah where a

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large proportion of the GDP comes from exports. The restructuring of Sabah's economy in the next decade must be set in the context of an increasingly competitive, uncertain but yet more inter-dependent world environment. At the same time we must ensure that poverty and inequality continue to be reduced and eventually eliminated from the State.

Finally, to ensure that the original goals of the NEP are achieved, and to eliminate conflicts among different ethnic and income groups, the post-1990 NEP must place emphasis on increasing the level of investment both from foreign and domestic sources. To sustain our development efforts we must increase productivity, promote the entrepreneurial skill of our people and acquire new technology.

I can see that participants in this workshop are drawn from a good cross-section of community leaders, politicians, the civil service, the business community and concerned citizens. I am therefore confident that given the diversity of your backgrounds a balanced and fruitful exchange of views and experiences will result. I look forward to receiving the recommendations of the workshop in due course.

**(Opening remarks at a workshop on the New
Economic Policy after 1990 on 31 January 1989)**



Datuk Pairin travels extensively in Sabah. There are few places in Sabah, however remote, which he has not visited. He knows many ordinary people in the villages by name. Picture above shows Datuk Pairin talking to a woman in Tuaran, and below being greeted warmly by a villager in Tambunan.



New Thinking on Rural Development

As the Fifth Malaysia Plan is drawing to a close at the end of next year the State Government and its various agencies involved in development will have to formulate their plans and budgets for the Sixth Malaysia Plan very soon.

It is therefore appropriate that we should now review our past performance and chart future direction as well as work out a strategy for the Sixth Malaysia Plan for Sabah. This will help the decision-makers in the State Government and the State Agencies involved in rural development to formulate an effective, efficient and consistent plan which is responsive to the needs and aspirations of the people.

The direction, scope and emphasis of the Sixth Malaysia Plan will be of great significance to us in Sabah. It will be the direction in which the State will propel itself in the decade preceding the Twenty-first century.

I was informed that the objectives of this Workshop are as follows:-

- To formulate the direction and strategies for rural development programmes in Sabah for the 1990's under the Sixth Malaysia Plan.
- To expose decision-makers on the concept and strategies of rural development.

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- To review the progress of rural development in Sabah and Malaysia so that planners and implementors can learn from our past performance, success or failure.

At the State level, the State Government has already defined the direction of our economic development in the Sabah Action Blueprint document. The overall concern of the Sabah Action Blueprint is to transform the State's economy from that based on a narrow range of primary commodities to one that is more diversified and having a more significant value-added industrial base.

To implement the Sabah Action Blueprint, the State Government has already set up various Ministerial Committees and Task Forces. At this point, I would like to emphasize that the Sabah Action Blueprint is not meant to replace the various development plans in each sector of the economy. The role of the Sabah Action Blueprint is to provide the framework for a broad economic strategy which guides the direction, emphasis and scope of the State's economic development. It provides a macro perspective of the State's economic future.

I would like to reaffirm to you here that the State Government is always willing to consider new ideas that will help our development programmes. All State Government bodies and agencies must take an active part in providing relevant inputs for the Sixth Malaysia Plan.

In order to plan for the Sixth Malaysia Plan period the relevant agencies and organisations should take stock of their past programmes and performance.

Regrettably our past performance in rural development has not been very encouraging. For instance, the record of successive administrations in trying to increase Bumiputra participation in commerce and industry has left a lot to be desired. Poverty in the rural areas still persists and is widespread. Unemployment is still quite serious. Ironically, large tracts of land are still uncultivated in the rural areas. The dismal performance has cast doubt on the efficacy of both the planners and the implementors of the development plans.

It appears certain that we need to reorientate our thinking and strategy and take a more effective approach to rural development under the Sixth Malaysia Plan than under the previous plans.

To be fair, I admit that we are dealing with a difficult subject. For a start the rural communities in Sabah are very diverse – having different traditions, life styles, religious backgrounds, languages, socio-economic conditions, physical environments and geographical locations. These diversities can be very bewildering and defy conventional theories as to the best solutions to the problems they present.

Perhaps, what is needed really is for everyone who is involved in rural development to have a deep understanding of the socio-economic and socio-cultural conditions of the target group, or in other words – to see the realities – social as well as physical, as seen by the target group. Development plans and programmes that are formulated by people far removed from the environment of the target groups may not address themselves to the real needs, aspirations, problems and constraints faced by the target group.

In order to help decision-makers prepare a development plan that will really and effectively help the people the plan is intended to help, I would urge you here to relate your proposals to the real local situation and local individuals as you find them here in Sabah and not to a highly generalized, even hypothetical, situations and individuals you read about elsewhere. This however, does not mean that we should not learn from experiences elsewhere. Nor does it mean that we should ignore theories about rural development. What is important is for planners and implementors to understand the circumstances underlying the success or failure of these programmes. A serious attempt should be made to assess the suitability or otherwise of such programmes to local conditions. Development planners and implementors need therefore be very cautious and critical when attempting to introduce any new idea, even if it has been found to be workable elsewhere.

It is also important to recognize the broad national and international situations in which the plan is conceived. At the national level, the New Economic Policy itself is being reviewed. The Federal Government is also currently actively seeking to enhance the private sector participation in the economy. Key sectors to be developed and promoted have also been identified in the Industrial Master Plan. These initiatives should be able to help the Government to restructure the national economy to enable Malaysia to enter the Twenty-first Century with added resilience and vigour.

On the international front, the Asia-Pacific region, being economically one of the most active regions in the world, offers tremendous economic opportunities. The state should take advantage of the relocation of industries from Japan and the newly industrialized countries to parts of Southeast Asia where raw materials are plentiful and the cost of labour is a lot lower. Even so we should be wary of the increasing trend towards protectionism among the world's leading economies. Other relevant considerations are the Third World debt burden, trade imbalance, United Kingdom's future in Europe and, most certainly, Hong Kong's future after 1997.

A better appreciation of the socio-cultural reality, economic and physical conditions of the target group, and an awareness of the national and international economic environment should enable development thinkers and planners to develop a better development plan – a plan that is effective, efficient, coherent and responsive to the needs and aspirations of the target group.

It was frequently pointed out in various seminars and workshops that in the formulation of the previous Malaysia Plans, the various governmental bodies and agencies at the State level were not actively involved. Their participations were limited to merely providing relevant operational inputs in response to the various guidelines laid out in the various circulars issued by the central planning agency. I feel that there should be a greater degree of involvement by all State Government bodies and agencies in the plan formulation at the policy level.

NEW THINKING ON RURAL DEVELOPMENT

I was informed that you are drawn from a wide spectrum of interested members of society representing diverse interests, expertise and experiences, and that you are drawn together in this workshop by your desire to contribute towards this concerted effort in identifying and charting the directions of our rural development programmes and strategies for the Sixth Malaysia Plan. Given the composition of speakers and participants in this workshop, I am convinced that the objectives of this workshop will be achieved.

On behalf of the State Government, I would like to take this opportunity to express our sincere appreciation to the speakers from the Philippines and Peninsular Malaysia who have agreed to share their experiences with us in Sabah. I would also like to thank the Konrad Adenauer Foundation for sponsoring this workshop. Finally, I would like to thank all of you here for your willingness to participate and contribute ideas in this discussion.

**(Keynote address at workshop on Rural
Development Strategy for the 6th Malaysia Plan
on 12 June 1989)**

From Blueprint to Action

The Sabah Action Blueprint, or SAB, as you are aware, was launched in September 1987 to help the State make the transition from an economy that is almost wholly dependent on primary commodity exports to one with a broader production base and which has a strong processing and manufacturing sector. There is no doubt that the economic success of Sabah in the future lies in developing this broad production base. We cannot continue to rely on the exports of a few primary commodities for our economic well-being in the future.

It is not difficult to see that the main thrust of the Sabah Action Blueprint is to promote investment in the State. We need to diversify our production base by promoting local processing of raw materials and by expanding local manufacturing of consumer goods. We have to gradually reduce our dependence on predominantly non-renewable resources, such as our forests and mineral deposits, for economic sustenance in the years ahead.

Increasing the level of investment in the target industries can be done in two ways: firstly, the State can invest directly in these areas, and secondly, the private sector can invest in these

types of ventures. I can tell you at the outset that direct State investment is not quite feasible for two primary reasons.

The first reason is that the State has limited resources. The State Government cannot afford to spend indiscriminately on all sorts of projects – especially in business ventures. The State Government has already involved itself in commercial ventures to an extent that is putting a severe strain on the available funds. These resources could be much better used in developing much needed infrastructure in the State.

The second reason why direct State investment is not feasible is that it is not consistent with the privatisation policy. The state would do well to refrain as much as possible from going into business ventures and competing with the private sector.

That leaves only the private sector, which fits in well with the overall strategy envisaged by the SAB. This strategy is highly advantageous for several reasons. Firstly, the state would not have to commit its limited resources and is thus allowed to concentrate on other development needs. Secondly, private investments increase competition and therefore long-term competitiveness and viability of our industries. Thirdly, local capital in the private sector is induced to remain in the state instead of being invested abroad. In addition, the prospect of attracting more foreign capital into Sabah is a lot brighter.

However, private investors do not commit their capital simply because the State would like them to. The local conditions must be conducive to private investment. And this is where your role in the implementation of the Sabah Action Blueprint is important.

I see the implementation of the Sabah Action Blueprint as a two-pronged exercise. One is to identify the problems and constraints which impede our progress towards a more diversified economy and the other is to formulate the appropriate policies that would effectively bring about the results we desire.

This effort at economic diversification, I feel, clearly calls for an evaluation and perhaps a change of attitude and of the way we did things in the past. In particular, we need to stop being

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complacent and instead start regarding the tasks with a sense of urgency.

As far as planning is concerned, we should bear in mind that the most important part of any plan is not so much in its formulation as in the extent to which it can be successfully carried out. In this regard, the successful implementation of the Sabah Action Blueprint is of paramount importance to the State.

There is no doubt that the economic future of Sabah rests very much on what we do today. We are the policy-makers and implementors of development programmes in the State. We constitute the machinery that is going to chart the future direction of our State as well as propel the state in that direction. If the machinery as a whole is expected to do its tasks well, then all the parts must perform as they are expected to perform. There must be concerted efforts by all concerned. And concerted efforts means teamwork - in this context this means close cooperation between the public and private sectors and among the various government ministries, departments and agencies. Plans and policies have a better chance of success if all those concerned have a hand in their formulation. If any one department or ministry is slackening or is uncooperative in this cooperative effort, we can expect the overall result to be less than satisfactory. Given the importance of achieving the objectives outlined in the Sabah Action Blueprint, we cannot afford to let that happen.

The primary objective of today's workshop, I have been told, is basically to find ways to implement the Sabah Action Blueprint effectively. There will be problems, no doubt, but problems and differences of opinions are all part of everyday life. We should not be intimidated or disillusioned by problems and difficulties. In the course of your deliberations today I am sure numerous problems concerning the implementation of the Sabah Action Blueprint will surface. This is to be expected and is in fact beneficial as it is useful to know what obstacles lie in our path.

PAIRIN'S SPEECHES

Problems are actually very revealing. They reveal key weaknesses and obstacles in plans, systems and processes so that we can take corrective measures. In particular, the problems you identify today will perhaps suggest where in the machinery modifications are required.

Working together is not always an easy task, especially when many people of diverse backgrounds are involved. And implementing the Sabah Action Blueprint is going to involve a lot of people. I know it is not an easy task, but it is not an impossible task.

It has been pointed out to me that so far the progress in implementing the Sabah Action Blueprint has been slow. Out of the eleven ministerial committees formed, most have only met once or twice and one has yet to convene the first meeting. On page 27 of the Sabah Action Blueprint, it is stated that the ministerial committees are to meet at least once a month initially. Similarly, the progress of most task forces has not been satisfactory.

All told, indications are that the implementation of the Sabah Action Blueprint will encounter many obstacles. I am sure you will identify some of them at the seminar today. You may even work out a strategy to forestal these problems. If you can do this you will do a great service to Sabah indeed.

I hope you will have a fruitful discussion and a rewarding experience in being involved in a cooperative endeavour as important as the Sabah Action Blueprint.

(Opening remarks at workshop on "Implementation of the Sabah Action Blueprint" organized by the IDS and the State Department of Development on 15 June 1989)



Bamboo is plentiful in Tambunan. One of the first things that Datuk Pairin did after he became Chief Minister was to see to the setting up of local industry using bamboo as raw material. While on a visit to Tambunan, Keningau and Nabawan in July 1987 he stopped by to look at a bamboo factory in Tambunan. Picture shows the Chief Minister at the factory with Datuk Kadoh Agundong, Sabah's Minister of Culture, Youth and Sports on 13th July, 1987.

Setting the Target for Economic Development

The topic of the Seminar today – “Global Trends In Economic Policy Reform” – has special significance to Sabah for two reasons.

Firstly, economic policy reform is currently taking place at the federal level and it is going to greatly affect the economic development of the entire nation in the years to come. I am of course referring to the Post-1990 economic policy being formulated now to replace the New Economic Policy which will come to an end at the turn of this decade. In the past, the State has not played a major role in the formulation of national policies. This has to a certain extent affected the development of the State. In recent years, Sabah has taken a more active role in national policy-making by submitting regularly to the Federal Government the State's views on policy matters so that the problems and needs of the State are properly addressed.

Secondly, there is a need to review Sabah's economic policy periodically to ensure that the state's economic development is in tandem with related development elsewhere. Our economy is highly vulnerable to the price fluctuations of our export commodities.

In addition, the current process of industrialisation in the State is invariably linked to economic conditions of our trading partners. Therefore, we must constantly monitor world and regional events to discern current economic conditions and likely trends in the future. Only then can we decide with a degree of confidence what we should do with the economy.

Given that economic policies are so important to development the elements of a sound economic policy should be well examined. What constitutes a sound and effective economic policy? An economic policy is basically a statement that outlines a certain course or method of action to guide and determine the decisions of the government in managing the economy. An economic policy is needed because it enables the government to make coherent decisions so that the development objectives can be achieved.

The instruments normally available to the government in carrying out its economic policy include the tax rates, public expenditure, interest rates, international trade control and direct intervention in commerce. However, at the State level, the instruments available are considerably reduced. The State Government can influence the economy only through public expenditure, direct intervention in commerce and royalty rate control.

The most significant policy reform in the State took place about 2 years ago. Before that the state governments had tended to equate wealth creation with development. What happened was that a rapid rate of exploitation of the forest resources was encouraged to expand the economy and to increase revenues. The growth of the timber industry was impressive, and state revenues increased considerably. However, the wealth created was largely concentrated in a few hands and many real problems in the state were not properly addressed.

The past economic policy in the State also called for direct governmental involvement in commerce. Many commercial enterprises were set up. The real problem with all these economic measures was that they were generally unsustainable without continual heavy financial support from the government.

SETTING THE TARGET FOR ECONOMIC DEVELOPMENT

As a result, short-term economic considerations were overstressed at the expense of longer term investments. Thus development was severely impeded. Resources and efforts were wasted. Consequently, the poor whose living conditions badly needed improvement were neglected.

The obvious but difficult task for the State Government in managing the economy has been to reform the policies adopted previously in the late 1970s and early 1980s. Following a series of policy analyses, the Government decided to adopt a more liberal economic role than previously by assuming a lower profile in areas of economic activities which were considered to belong to the private sector. The Government's direct involvement in trade, commerce and investments in the past was thought to have stifled entrepreneurship and investment.

Two measures were introduced by the State Government to correct what it considered to be development imbalance. Firstly, the government shifted the development priorities. More money was now allocated for rural development and for the provision of basic infrastructure in the State. Secondly, a strategic plan aimed at diversifying the economic base of Sabah was launched in 1987. This plan – called the 'Sabah Action Blueprint' – was devised because the State Government saw the need to diversify and modernise the economy. This plan entails initiating and implementing bold and far-reaching programmes to improve and diversify agriculture and to step up the domestic processing of the State's primary commodities. At the same time the government also undertook measures to ensure stable political and social conditions so as to create a conducive climate for local and foreign investors to take part in the development of the state.

The policy reform in Sabah is a delicate issue. There is a need to ensure that not too much emphasis is placed on short-term benefits. So, the Government's direct involvement in commercial activities has to be reduced to allow for more infrastructure development. It is the role of the Government to ensure that the elements for sound economic performance in years to come are well in place. These elements include entrepreneur-

ship, infrastructure support, a conducive economic environment, and political stability.

It is the policy of the Government today to refrain from getting involved directly in commercial activities and to encourage the private sector to take the lead in commercial development. Therefore, the State Government's efforts will be concentrated in two areas, firstly, in the provision of infrastructure, and secondly, in social development, so that poverty in the state can be substantially reduced.

Policy change is a dynamic process whereby the policies adopted previously are evaluated and reconsidered and, if necessary, replaced. Reform means change. But whether a policy change will produce the desired results depends on many factors. Therefore, policy-makers and planners must always be alert to new developments which may have bearing on the economy. Only then can policy reform be thought out and executed effectively. We must make sure that development takes place in an orderly way.

(Opening remarks at the seminar on "Global Trends in Economic Policy Reform" jointly organised by the Institute of Development Studies and the Konrad Adenauer Foundation of West Germany on 14th September, 1989)

Sabah in the 1990's - The Next New Economic Policy

We are here today to participate in the process of economic planning. Economic planning can be described as action taken by the government to influence the priority of economic variables through a certain period to achieve a set of objectives.

Generally speaking the economic variables are mainly levels of consumption, investment, saving, export, import, supply and demand, to name only a few. In Malaysia, however, considerations of "national unity" also influence economic planning. Since the early 1970s we have the New Economic Policy (NEP) as the guiding force of our economic development.

As is well known, the underlying rationale of the NEP is to foster national unity through a two-prong strategy and poverty eradication, irrespective of race, and the restructuring of society to eliminate the identification of race with economic function and geographical location. In our multi-racial nation, which has been characterised by some degree of income disparity, the NEP was intended to give the Malays and other Bumiputra races in the country a bigger economic stake. The time span extends to 1990 by which time 30% share of the corporate sector in Malaysia is supposed to pass to Bumiputra hands. As 1990 is

just around the corner it is time to take stock of the NEP and to plan ahead.

Planning is important as we need to maximise scarce resources. Through proper planning and close cooperation and rapport between the government and the people, I believe Sabah is able to achieve greater prosperity.

We often speak of development for the people, but what exactly does development mean? As I have stated recently, any definition that simply equates development with an increase in Gross Domestic Product or national income alone is potentially misleading. Unless development leads to a noticeable improvement in the livelihood of the people development in the true sense of the word has not yet taken place.

In the context of Sabah, development is alleviating poverty, reducing income inequality, facilitating political participation of the masses in decision-making, effective conservation of our environmental heritage, and improving the quality of life of the populace.

Development in essence, therefore, is about people and not just projects and statistics. The people are both the targets and the dynamism of development. This is how the present state government looks at development.

In fact, in the past nineteen years, both the nation and our state have made great strides in socio-economic development. In Peninsular Malaysia, the incidence of poverty has fallen substantially from 49.3% of the total number of households in 1970 to 18.4% in 1984. In the case of Sabah, the incidence of poverty was reduced from 58.3% in 1976 to 35.3% by 1987.

The achievement in restructuring society is reflected in the significant increase in Bumiputra share of corporate sector mainly through the growth of trust agencies. In 1971, Bumiputra controlled only 4.3% of the corporate sector at the national level, but by 1985 the figure was 17.8%. It is anticipated that Bumiputra share of the corporate sector will continue to increase and reach 22.0% by 1990. It should be noted that non-Bumiputra Malaysians have also increased their share of the

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corporate sector from 34.0% to 56.7% for the period of 1971-1985.

In Sabah, trust agencies were set up to assist the Bumiputra and under-privileged in all sectors of the economy. As a result, Bumiputra participation in the modern sectors such as in construction, finance and services is becoming increasingly more visible. In the rural areas, where most of the poor reside, the quality of life has improved substantially as a result of rapid socio-economic development. Social mobility and the range of skills and expertise among Bumiputras have increased much more rapidly as a result of the NEP.

Although the factors which led to the formulation of the NEP were unique to Peninsular Malaysia it was also applied to Sabah and Sarawak which were not directly involved in the formulation of the policy.

The point I am trying to stress here is that the NEP was formulated to resolve a particular socio-political problem that was regional in nature, and within a specific period of Malaysia's history. Today, the local socio-political environment and global economic conditions have changed drastically. Political aspirations and national consciousness have also developed differently since the 1970's.

With the forthcoming expiry of the NEP, the nation is now at the threshold of formulating a post-1990 economic policy. It is very important that Sabah contributes to the mainstream of national policy formulation to ensure that the specific needs of the Sabah economy and its people are taken into account and catered for. The setting up of the National Economic Consultative Committee (NECC) provides this opportunity for full consultation before the economic policies are decided upon.

Consistent with the spirit of NECC, the State Government will be making its submission on the achievements and shortcomings of the NEP and will be recommending policies and strategies considered effective in further reducing the level of poverty, and in restructuring society in Sabah. It is for this reason that we are gathered here today, to put our heads together and share ideas which will then be used to prepare a

comprehensive submission to the Federal Government for consideration.

I would like to take this opportunity to highlight a number of issues and conditions peculiar to the development needs of Sabah which should be taken into account in shaping the post-1990 economic policy. These issues should be discussed at this forum:

Lack of direct poverty redressal programmes

Sabah does not have regional development authorities similar to those that exist in Peninsular, like MADA, PERDA, KEJORA, etc. All we have are FELDA and FAMA which were established several years after they were introduced in the Peninsula. We need regional development authorities to take care of specific needs in the state.

Higher cost of living in Sabah

The higher cost of living in Sabah has been haunting Malaysians in Sabah for years. It is one of the reasons why investors are not as willing to put their money here relative to Peninsular Malaysia. The cost of living in Sabah is approximately 30% above that in the Peninsular. This is even reflected in the differential Poverty Line Income employed by the Federal EPU to determine the incidence of poverty in the country.

It is to be noted that manufacturers in Sabah have for some time complained of exorbitant transport costs between the Peninsular and Sabah. Indeed it is well known that it is almost as expensive to transport goods from Sabah to Peninsular and vice versa as it is to transport them to the United States. This is a significant problem given that more than 50% of Sabah's imports come from the Peninsular.

In several instances, particularly in the case of steel bars and cement, there is substantial restrictions on imports. For instance, an import tariff of 50% or M\$100.00 per tonne is being levied for cement. And for steel bars, we believe that local producers have raised prices by 30% since 1982. Coupled with

other related charges, when importing these items from Peninsular to Sabah, Sabahans will have to pay even higher.

Problem of transient workers in Sabah

This matter has bearing on our future economic policy. In particular, illegal immigrants, Filipino refugees and temporary immigrant workers are included in the surveys conducted in measuring the poverty situation in Sabah. For example, their inclusion in the Household Income survey definitely distorts the true picture while the 1980 population census treats Filipino refugees and Indonesian workers as Bumiputras.

In formulating a post-1990 economic policy there is a need to consider the present problems and situation and the likely problems that we can anticipate in the future.

At the national level this will involve an analysis of:

- the problem of redistribution
- the present economic conditions
- the anticipated post-1990 scenario.

The problem of redistribution

As regards redistribution, the crucial question is, will government involvement in redistribution and restructuring society impede economic growth? The answer is especially pertinent since there can be no redistribution without growth.

The present economic conditions

In regard to the present economic conditions, the crucial element is again economic growth. While growth is not the only objective of a developing economy, it is an objective that a developing economy cannot do without. But economic growth is not spontaneous. The commercial environment must be conducive to economic growth. For this reason the government should pursue policies that impose the least restrictions on to the commercial environment.

The economic climate has been largely favourable for Malaysia in the 1970s with firm international prices for primary commodities. As downturn came in the early 1980s the

economic growth was not enough to keep pace with population growth and inflation. External debt, which was incurred to stimulate economic activity in the 1980-82 period increased from \$11 billion in 1980 to \$25 billion in 1982.

After 1982 when it became evident that heavy government participation in the economy was becoming increasingly untenable to sustain growth, public spending was curtailed. The Malaysia Incorporated and Privatisation ideas were introduced and the private sector was exhorted to provide the engine for growth.

The likely post-1990 scenario

The formulation of the post-1990 economic policy has to take into account the anticipated post-1990 economic scenario. With Malaysia's heavy dependence on international trade, the world economic health has strong implications on the domestic economy. Significant changes have occurred and are still occurring in the world economy. In the immediate future, the growth rate in the world economy is expected to slow down to 2-2.5% from 3-3.5% in recent years.

Changes in the world economic structure have also occurred. Considerations of lower costs and competitive advantage will move more and more manufacturing industries to the Asia region from the industrial economies. The Asia-Pacific region has already been predicted to be the economic center of the world by the next decade. How Malaysia will fare in this scenario will depend greatly on how competitive the country's industries can be during these crucial times.

A second feature is the increasing protectionism of world economic leaders such as the USA and EEC because of increasing manufacturing efficiency of the Newly Industrialised Countries and developing economies. Germany and Japan, with their huge trade surpluses, are expected to lay greater stress on domestic consumption for future growth. In the face of protectionism, nations that will do best will be those that are highly efficient.

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In summary, Malaysia is likely to operate in an environment characterised by slower growth, increasing protectionism, greater uncertainty and fierce competition in the next decade.

Given the above background the post-1990 economic policy may contain the following ingredients:

- Firstly, a sustained economic growth should be given primary attention in government policy, as without sustained growth, economic development, which encompasses the redistribution objectives, will not be achieved.
- Secondly, to ensure economic growth in 1990s there should be a high degree of economic liberalisation.
- Thirdly, redistribution of wealth between ethnic groups should be de-emphasized and, instead, redistribution within ethnic groups should be given due consideration.

In concluding my remarks, I would like to see greater collaboration between the East Malaysian States of Sabah and Sarawak and the States in the Peninsular in future policy formulation. Towards this end, we may need to make regional adjustments to policy measures so that the special needs of our states are taken care of. In this respect, more regional development plans and programmes to address specific regional weaknesses and problems are needed.

(Opening remarks at a forum on "Post-1990 National Economic Policy with particular reference to Sabah" on 6th November 1989)



Sabah leads Malaysia in forest plantation. Large areas of land have been planted with fast growing trees to replenish the state's natural forests. On 12th October, 1987 Datuk Pairin declared open the Bengkoka Afforestation and Settlement Project at Kampung Bongkol, one of the poorer areas of Sabah. Picture shows Datuk Pairin being greeted on arrival at Bongkol. With him is the Hon. Wilfred Bumburing, then Assistant Minister to the Chief Minister and Chairman of SAFODA under whose aegis Sabah's reforestation programmes are being carried out.

CHAPTER 4

Planting Trees at Bengkoka

Both the chairman and general manager of SAFODA have already mentioned in detail some of the good work that has been done, with the help of the World Bank, to implement the State Government's afforestation programme here in the Bengkoka region and elsewhere in Sabah.

Perhaps some people may wonder why we have found it necessary to develop forest plantations when there are still vast forest reserves in Sabah. The answer is that in the last twenty years or so we have been logging our commercial forests so rapidly that the process of natural regeneration may not be able to keep up with extraction on a sustained yield basis. In addition, large areas of forests have also been cleared for agriculture.

To replace these forests and to convert large tracts of wasteland and marginal agricultural land into forest plantations we have introduced hardy species of fast growing trees. In the process of doing so we also hope to bring economic and social development to largely infertile areas like Bengkoka. Local inhabitants like yourselves have been given the opportunity not only to obtain employment in these forest plantations but also

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to participate in related settlement projects such as this pilot scheme here in Bongkol.

It can be said that these forest-based settlement schemes represent a breakthrough in our efforts to bring development to some of the more isolated and backward areas of our state. There is no doubt that some remote communities have hardly got to a stage where they too can enjoy the benefits of the government's development programmes in the 24 years since we attained independence. These remote communities have lagged behind in most aspects of development.

I can think of a number of reasons why these remote areas have not seen much development. Some government departments and agencies may have been reluctant to extend their activities to isolated areas because they probably thought that these activities would not bring sufficient economic benefit to the people to justify the expenditure involved. Perhaps the people themselves, by their lack of positive response to the government's development initiatives, did not help matters much to bring about change.

Naturally the government has to manage the state's finances very carefully, especially at a time when economic conditions are not very good. But we do not regard the recession as a good excuse to delay fulfilling our duty and responsibility to the people.

It cannot be denied that tremendous disparities exist in the scale and pace of development as between our rural areas and urban centres. We all know that the people in our towns generally enjoy much higher incomes and are able to afford the cost of improved facilities and amenities. But I assure you that the PBS government is seriously trying to narrow the gap between the rich and the poor and to bring progress to the rural areas.

In this respect the Bengkoka afforestation and settlement project and similar projects in progress elsewhere in the state are part of the government's plan to reduce poverty.

Therefore I urge you all, workers and settlers, to make the most of this opportunity, and not to be influenced by some ir-

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responsible people who try to obstruct progress in these schemes for selfish reasons as the SAFODA chairman has warned you about. Instead, you should be determined to make these schemes successful for your own sakes and for the wellbeing of your children. The government is holding great hopes for these forestry schemes as a means to raising the living standard of the people in these depressed areas.

All of you here and particularly the 200 settler families are pioneers in these tree crop development project. Your plantation is different from other settlement schemes which rely on oil palm, cocoa or even coconut crops as a source of income. You rely on plantation timber. As I said earlier you are the pioneers, you and those in a similar scheme at Karamatoi in the Kenin-gau district. Therefore, your progress will be closely watched not only in this country but also by other countries. This is particularly so because the World Bank is taking part in this project under its technical assistance programme.

The success of these projects will depend very much on how hard you work and how closely you cooperate with SAFODA in developing these forest plantations. The settlers who provide the labour force in the planting and maintenance of these plantations and, in time, in the harvesting as well are a very important component. I would therefore urge all of you who are settlers gathered here today to give your full support to SAFODA to help ensure the success of this scheme in Bengkoka.

I know that you will encounter difficulties at the initial stages as you and your families will have to adapt to a new way of life and have to depend a great deal on SAFODA for assistance. It will take some years for the trees to reach maturity. But if you are hard working and produce your own agricultural crops within the settlement and harvest the forest trees you should eventually become self-reliant and no longer require any help from SAFODA. You will be able to show that the Bongkol community has freed itself from the grip of poverty and are not dependent on subsidies from the government any more.

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In this development you and your families must be active participants and not sit back and leave the work to SAFODA or other government agencies. You must be ready to cooperate and work diligently to make this venture a model for others to follow.

I also urge SAFODA staff and personnel not to be dismayed should you run into difficulties in carrying out your duties in what is after all a new kind of development. There must inevitably be an element of trial-and-error involved. You should not allow setbacks to get you down. You can expect some problems and shortcomings in developing new projects of this magnitude. But you should accept these as normal challenges to test your resolve and ingenuity and not feel discouraged.

It is important that we all recognize and understand what investment in forestry means and involves and how it differs from investment in industry or even agriculture. Even with our favourable soil and climatic conditions in Sabah where trees grow fast investment in forestry is very much a long term matter. It is a long wait for the fruit of our labour.

Much capital has to be put up front at the start of the project in the form of infrastructure development, land preparation and planting. Thereafter more money has to be spent regularly on maintenance and silviculture until the trees are ready for harvesting. Then the cycle starts all over again. To a certain extent it is an act of faith as it is hard to foresee how good the market will be for the timber when it is ready for harvesting.

I assure you that the government will do all it can to continue to provide financial and other support for SAFODA in its activities to establish forest tree plantations on degraded land that would otherwise have very little productive value. I understand that SAFODA has already spent a total of some \$120 million in planting over 23,000 hectares of trees and rattan in its reforestation work in various parts of Sabah.

In view of the current straitened financial situation arising from the economic recession it is perhaps not possible to provide SAFODA with as much funding as it needs. It is therefore up to

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the authority to make the best possible use of what money can be made available. It is important to ensure, though, that plantations are suitably located, properly established and well managed so that in future they may form a valuable commercial forest resource in Sabah.

I understand that SAFODA intends to introduce a new scheme under which it will encourage small landowners with land close to SAFODA plantations to plant trees which may be marketed in future along with the trees from the SAFODA plantations. This idea appears to be very feasible because the demand for Acacia Mangium or Kayu Safoda as pulpwood appears to be growing rapidly overseas.

At the same time it is also likely that a proportion of SAFODA's future production will be in the form of sawlogs and veneer which command substantially higher values than pulpwood both in the domestic market and overseas.

I understand that good progress is being made here on this World Bank supported project in Bengkoka and that work is proceeding more or less on schedule. It is expected that more than \$19 million will have been spent on these trial plantations by the time the World Bank involvement in these pilot plantations finishes in 1989. If by then it appears that large scale forest plantations in this area are financially viable then the state government will do what it can to find ways and means to help finance the expansion of the plantations. If we are unable to find the necessary funding in the state we may well look at the possibility of getting a joint-venture partner for SAFODA to further extend and develop the plantations.

You may be interested to know that a number of timber producing western countries have developed commercial forest plantations to a high level of sophistication. But they do not incorporate the community welfare schemes which are at the heart of our forestry settlement schemes in Sabah.

**(At the opening of Bengkoka Afforestation and
Settlement Project at Kg. Bongkol, Kudat
on 12th October 1987)**

Money from Man-Made Forests

First let me add my own welcome to that already extended by the seminar chairman to the various speakers and participants at this seminar. The theme of the seminar is highly relevant to the future of forestry in Malaysia. In view of the importance of the forest industry in our economy your deliberations and recommendations will have a significant influence on the future development of the country.

On going over the list of speakers and participants that we have with us today I must confess that I am impressed. We have very distinguished members of the forestry, agriculture and other professions, and even public figures, from countries ranging from Brazil, the U.S.A., the United Kingdom, France, New Zealand, Australia, South Korea, Japan, Taiwan and the Philippines. The background of the participants are equally wide ranging, from the public and private sectors, from small and large companies, from national and multinational corporations, from the producing and consuming sectors, and from national and international banks and institutions. The response to this seminar has been most gratifying, and I would like to express my sincere appreciation to all of you for your participation.

I must particularly mention the World Bank which has acted as the catalyst for the seminar. The Bank became very interested in the forestry sector in Sabah some 5 years ago. As a result, a loan was provided to finance the first investigatory phase of a three-phase plan. It is hoped that during the remaining years of this century this plan will lead to the creation of a substantial forest plantation resource in Sabah.

This seminar forms a small but vital part of the activities of the first phase of the plan. I would like to take this opportunity to thank the Bank for their interest in Sabah and the role they have played, and to express the hope that they will continue to be involved in the subsequent phases of the plan.

While the Government through its various departments and agencies will obviously play a major role in the establishment of large scale forest plantations, the success of the programme will depend on the full involvement of the private sector and the mobilisation of capital. It is hoped that this seminar will help develop and generate sufficient private investment interest.

There is little need for me in a gathering of this nature to dwell on the importance of forestry to Malaysia. Suffice it to say that in the recent past, the forestry sector has generated a sizable portion of Malaysia's GNP and though the percentage may have declined slightly, it is still very substantial. It is expected that forestry will continue to be a major contributor to the national economy.

Recently there has been increasing global concern over the rate at which tropical forests are logged and deforested. We in Malaysia share that concern, and while we will continue to carry out controlled logging of our natural forests to generate funds for the development of the country, we will take all possible measures to minimize forest loss and to conserve outstanding and representative examples of forest habitats within a well-managed system of protected areas. In this connection, we strongly support the FAO's Tropical Forestry Action Plan, which is being introduced throughout the tropical world in an attempt to save the tropical forests from destruction.

MONEY FROM MAN-MADE FORESTS

In the past, there has been a tendency to regard the once vast tropical forests as inexhaustible. This perception is changing as it becomes more and more obvious that the forests are dwindling very much faster than they are regenerating. As the natural forests dwindle, forest plantations will play an increasingly important role in supplying timber to the world. This is why Malaysia has become very interested in forest plantation.

In this country it has been the general practice to set up forest plantations in areas which are too infertile or too rugged for the normal run of plantation crops. A great deal of money has been devoted to the development of agriculture by both the public and private sectors whilst the investment in forestry was quite insignificant. The present thinking is that there should be more investment in forest plantations by both the public and private sectors.

In this respect Sabah can take pride in having established the first commercial forest plantation in Malaysia, i.e. Sabah Softwoods Sdn. Bhd. (SSSB) in 1973. I understand that this seminar will take a look at SSSB as a case study. A few years later, in 1976, the State Government established the Sabah Forestry Development Authority, (SAFODA) whose main objective is the development of forest plantations on waste land. The main motivation for the creation of SAFODA was to utilise waste land and in doing so create employment opportunities in the rural areas and a forest resource for the future. Shortly after the creation of SAFODA, the State Government made representations to the Federal Government and succeeded in giving forest plantations "approved crop" status under the Income Tax Act of 1967 - Income Tax (approved crops) Order 1980. This was to encourage the private sector to invest in this new industry.

More recently Peninsular Malaysia has recognised the need to develop forest plantations to provide general purpose timber for the domestic market. This is in anticipation of the time when the natural forests will no longer be able to meet domestic requirements for timber. This has resulted in the implementation of a Compensatory Plantation Programme which plans to

establish about 188,200 hectares of forest plantations by the year 2000. I understand that this programme will also be discussed during this seminar. However, all these programmes are being initiated and implemented essentially by the public sector.

The general lack of interest in forest plantation development by the private sector in Malaysia is quite understandable. The private sector evaluates its investments on the basis of the anticipated rate of return. Compared to perennial crops such as oil palm, cocoa, etc. which start producing much sooner, the long gestation period of forest plantations which range anything from seven to fifteen or twenty years, makes it somewhat unattractive to investors.

This is not peculiar to Malaysia. Other countries, especially those in the temperate regions, have a similar problem. It takes much longer to produce a crop of timber in temperate regions where trees take a long time to grow.

Investors must be given attractive incentives to invest in forest plantations. However, incentives should not be seen as permanent subsidies for the forest plantation industry, but rather as a means of stimulating private sector interest and involvement. Initially incentives may need to be quite attractive to overcome the very definite time-related drawbacks of this particular industry, but once well established and self-sustaining, the level of incentives can be reduced. This has been the pattern of development in other countries.

In Malaysia there is no lack of plantation technology. This technology can readily be adopted for forest plantations.

Thus with the provision of suitable fiscal incentives e.g. income tax rebates and other incentives, e.g. appropriate land alienation policy etc., there should be little to prevent a major involvement in forest plantation development by the private sector.

I am happy that this seminar has been organised in Sabah and I also hope that those of you who are unfamiliar with Sabah Softwoods Sdn. Bhd. or Sabah Forest Industries Sdn. Bhd. will

MONEY FROM MAN-MADE FORESTS

take the opportunity to visit these projects after the papers have been presented and before your final session.

(Opening remarks at a seminar on "The future role of forest plantations in the national economy" on 30th November 1987)

Let's Make Our Forests Last Longer

Iwould like to thank you for your assurance here of continued close cooperation with the State Government to ensure that the timber industry will always prosper as a vital component of the economy of Sabah.

As your president has rightly pointed out we cannot continue to remain so dependent on log exports to generate the current level of revenue which the industry contributes to the State Government. It is in fact the policy of the present government to progressively reduce the volume of logs exported from Sabah and retain more logs for domestic processing by establishing more sophisticated wood-based industries in the State.

As you are aware one of the strategies we have adopted towards attaining this objective has been the introduction of the log exports quota whereby loggers are now required to sell some portion of their production to local processing mills, and so assure them of a sufficient supply. As a result, I am pleased to say that we have now overcome the problem faced by processing mills in obtaining adequate supplies of logs to maintain production. I am told that primary processing mills in the state now have an adequate supply of logs to keep them busy.

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Last year we saw a considerable increase in timber processing activities with 103 sawmills, 7 veneer mills, 4 plywood mills, 1 blockboard mill and 1 pulp and paper mill in operation. The combined input of logs amounted to 1,533,965 cubic meters (m³) excluding the requirements of the pulp and paper mill.

I hope that with this new drive towards less further local processing, we will see a greater shift from mere sawmilling to more diversified processing mills and even integrated timber complexes including wood preservation plants, moulding plants, joinery and furniture factories. We have been engaged in sawmilling activities for over two decades now and it is time that we went further downstream. By going for more downstream processing of high value added products we are assured of better returns and higher foreign exchange earnings for our timber exports.

As your president has indicated, studies show that compared to log exports, the value of processed timber increased by M\$280 per cubic meter in the case of sawn timber and M\$455 per cubic meter in the case of veneer. The total value of our processed timber in 1987 amounted to M\$470,235,890, with the greater part of M\$382,797,077 coming from sawn timber, M\$18,969,992 from plywood, M\$68,134,359 from veneer and M\$334,462 from blockboard.

Naturally the running down of our log exports and the consequent loss of royalty will result in less revenue for the State Government from this source. As a result the forestry sector might not remain the highest contributor of revenue as the impact of this policy is increasingly felt. Therefore, I would urge everybody in the timber industry to review their current activities and direction of future development in line with the government's policy towards more downstream processing activities in the State which by now should be quite evident to all.

While pursuing more downstream timber processing activities, we must not forget the importance of maintaining our competitiveness in the world market. It is necessary for us to assure our buyers of our ability to supply high quality timber. This means that we have to look for the right technology related

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to this industry, continue to enhance the quality and range of our wood products and strive to maximize cost-advantages relative to our competitors.

In view of the diminishing availability of well known wood species we have to increase the productivity of our forests by making optimum use of the timber we have. We must take steps to reduce the wastage rate at our sawmills which at present is at an excessively high level of about 43%. In an integrated timber complex this wastage can be greatly reduced.

Furthermore, I would urge mills to seriously consider utilizing lesser known or under-utilized species of timber. I am pleased to note that last year there was in fact a significant increase in the export of lesser known species of logs from Sabah. It is also noted that the export of sawn timber of lesser known species such as Kayu Pengiran, Karai and Keranji have also increased.

These developments would suggest that our lesser known species of timber have good export potential and we must take steps to promote them more actively abroad. It appears that we lack marketing information, promotion and strategies in this respect. I would urge all parties involved in the timber industry to make better use of the services provided by government agencies such as the Malaysian Timber Industry Board to obtain more marketing information.

While we tend to view forestry as a resource management activities devoted primarily to the production of raw material for our emerging wood-based industries, we should not overlook the fact that many of our rural people remain dependent on our forests for their more immediate requirements. The forests continue to provide some of the most basic needs of rural households including firewood and wood for their houses. Forest lands are also part of the ecosystem which sustains the local inhabitants.

Despite the economic development generated by the timber industry over the past two decades, it is regretted that the rural people have not shared the benefits of such development to a

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greater extent. Very little of our forestry resources have been directed towards meeting the needs of the local community.

In order to improve this situation and help alleviate rural poverty all timber licences are now required under the terms of their forest licences to undertake community forest projects that will benefit the local residents. The Forestry Community Programme will be identified, designed and implemented by the Forestry Department in accordance with the needs of the respective communities in the localities.

I am happy to note that some areas have already benefited from the community forest projects such as Pulau Bangi, Kg. Kadayan Pitas, Kg. Minusoh in Tungud and Kg. Entilibon Tungud. A lot more is required to expand the programme and ensure that it contributes significantly to rural development and I urge you all to give your full support to the Forestry Department in this respect.

(At the 28th Anniversary dinner of the Timber Association of Sabah (TAS) on 7 October 1988)

Training for Reforestation

This training centre is the fruit of cooperation between the Japanese International Cooperation Agency (or JICA) and the Sabah Forestry Development Authority (or SAFODA). I understand that this training centre is the first of its kind in Malaysia.

On behalf of the Government of Malaysia and the State Government of Sabah, I wish to express my deep appreciation to the Japanese Government, to the Japanese International Cooperation Agency (JICA), and to the people of Japan for their kind generosity in giving us a helping hand to improve our skills in forest plantation technology. To all our distinguished Japanese friends and experts gathered here today I extend my sincere thanks for your contribution and assistance in setting up this training centre. It is my fervent hope that the establishment of this training centre will be the start of even more fruitful cooperation between Japan and Malaysia in reforestation activities and large scale forest plantations, particularly in Sabah.

Over the past 3 decades Japan has played a very important role in Sabah's timber industry by being the main importer of our logs. In 1987 alone Japan absorbed 66% of the total

hardwood logs and sawn timber exported from the State. Therefore Japan and Sabah have indeed a very long history of partnership in the timber trade. However, our natural timber resources are now fast depleting. We must therefore embark on an accelerated programme of forest plantation development. It is therefore timely and encouraging to see that our major partner in the timber trade i.e. Japan has already taken a positive step in assisting us in our forest plantation effort.

There is no doubt that forestry in Sabah has entered a new era and plantation forestry, both in reforestation and afforestation works, will develop and grow into an important industry in the near future. The fact that over 50,000 hectares of forest plantations have already been established in Sabah over a period of 13 years by Sabah Softwoods Sdn. Bhd., SAFODA and the Sabah Forest Industries, is a strong indication that we are serious in our effort to develop this new industry.

Economic development must involve the people, including those in the rural areas, so that the economic benefits are spread as widely as possible throughout the State. In this regard plantation forestry plays a very important part in the socio-economic development of the rural areas. SAFODA has been given the important task of carrying out reforestation and afforestation works in areas where the land is generally not suitable for other agricultural crops. These include land that has been rendered barren by the shifting cultivation and seasonal bush-fires. SAFODA has embarked on large scale planting of trees and rattan and the reforestation and rehabilitation of wastelands, tree farming on private lands, and other related activities. For instance, it is also involved in the resettlement of shifting cultivators into development centres so that they can be provided with alternative employment as the permanent workforce in the plantation schemes. The target groups in SAFODA's development programmes include the rural people in economically depressed districts like Pitas and Kudat.

The effective implementation of these forestry development programmes will depend to a large extent on personnel development and training. As plantation forestry is a rapidly develop-

TRAINING FOR REFORESTATION

ing industry in Sabah, there is an urgent need to train personnel at all levels of operation so that they will be equipped with the skills and up-to-date plantation techniques. I understand that JICA will concentrate on training staff at the sub-professional and forest worker levels. SAFODA staff should take advantage of the opportunity which this training facility provides to upgrade their skills and knowledge in the various aspects of forest plantation.

There is now growing interest among overseas and local investors in large scale forest plantation in Sabah. Even private land owners have started to plant forest trees on their land in place of the traditional crop like rubber or oil palm. I therefore believe that this training centre can be expanded to cater to the training needs of these forest plantation companies and the small-holders.

We have large and suitable areas to offer investors, entrepreneurs and businessmen alike to go on joint ventures with us. Sabah is endowed with ample land and a suitable tropical climate for tree growing. Geographically, we are strategically located near our industrialised neighbours like Taiwan, South Korea and Japan. Experts in the pulp and paper industry have forecast a shortage of hardwood pulp in the next few years, whilst the traditional natural sources of hardwood chips are fast depleting. The prospects of forest plantations or man-made forests are therefore exciting and promising. I would therefore like to invite all prospective investors to come to Sabah and see for themselves what we can offer. Perhaps our JICA friends can spread the word.

The current concern about the adverse impacts of deforestation of the tropical rain forests and the growing awareness of the important role of forests in sustaining the productivity of the land, the livelihood of human communities and the quality of the environment, have attracted the attention of a large number of policy makers and the public at large. A variety of international organizations in developed countries have jumped on the bandwagon to put pressure on governments to ban the import of tropical timber.

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I fully appreciate the genuine concern of some of these organizations, but they must understand that timber provides the main revenue for our economic growth and it is not logical for us to adopt policies which will work against the interest of our own survival. Our forests are being managed with the objective of maximising social and economic benefits for the State and its people in accordance with the principles of sound forest management. Like our sister state Sarawak, we also have the problem of shifting cultivation which is the main cause of deforestation and destruction of the tropical rain forests. I am pleased to say that through agencies like SAFODA we have already taken positive steps to reforest and rehabilitate these wastelands with the aim not only of providing industrial timber but also protecting and maintaining our environment.

I hope the environmentalists in treeless Europe will take note of this. Instead of lobbying for a ban on tropical timber they should come up with some useful suggestions as to how people like us, who depend so much on timber for our livelihood, may survive if we stopped felling trees altogether in a brave effort to save the world.

I wish to reiterate my sincere appreciation to the Japanese Government and the Japanese International Cooperation Agency (JICA) for their assistance in setting up this training centre at Kinarut. Your assistance in the form of this training centre, along with the provision of experts and equipment will certainly help to foster even closer ties between the two peoples of Japan and Malaysia, and Sabah in particular.

**(At the official opening of the SAFODA-JICA
Reforestation and Technical Development Training
Centre, Kinarut on 18th August 1989)**

An Integrated Approach to the Timber Industry

I am pleased to see so many of you from the various sectors of the timber industry at this Seminar which, I am told, is aimed at acquainting members of the industry as well as the general public with the prospects and possibilities which the industry offers downstream.

The timber industry has been the main pillar of Sabah's economy and has consistently accounted for well over 50 per cent of State Government revenues. Traditionally Sabah has been an exporter of round logs but the changing world economic environment and natural resource depletion call for an urgent strategic adjustment. As an open economy Sabah is extremely vulnerable to outside economic forces. One particular relevant development is the fundamental shifts in supply and demand for primary products and manufactured goods resulting in a permanent decline in the prices of raw materials relative to manufactured goods. Timber as a raw material has not been spared the adverse effects of this development. As a primary producer faced with these two economic constraints there is a pressing need for Sabah to add value to this raw material by processing it locally.

This is in fact the main thrust of the Sabah Action Blueprint which is a strategic economic plan adopted by the State Government to develop a more diversified value-added economy. While the goal of economic diversification and industrialization is not new in Sabah, the need to make this transition has grown dramatically. Accordingly, the Sabah Action Blueprint has identified various strategies to achieve this goal.

The forestry sector is the leading component in this development thrust, and strategies involving both the private and public sector have been identified. While the private sector is exhorted to play an increasing role in investments the State Government is committed to facilitate the development, particularly the downstream activities. This complementary role is in line with the "Malaysia incorporated" idea advocated by both the Federal and State Governments.

The timber industry has to make the necessary adjustment to take into account the prevailing economic realities. However, the adjustment has to come quickly in view of similar developments in other countries facing similar problems. The State Government has already undertaken concrete measures to encourage the development of local downstream activities in the wood sector.

Unlike some countries which have banned the export of round logs, the State Government has adopted a pragmatic approach to discourage the export of round logs as a means to boost local downstream activity. Over the next two years timber royalties on round logs from Sabah will be increased by 25 per cent. The increase will be in three stages: by 5.4 per cent from January 1990, a further 8.4 per cent on 1 June 1990 and by another 11.4 per cent on 1 June 1991. A significant reduction in volume of log exports is therefore anticipated in the next few years and this will benefit the local timber processing industry in view of the enormous opportunities in downstream processing.

The limited timber resources in the State also necessitate a more efficient wood processing industry. To improve the conversion rate the government is currently reviewing the preferential

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royalty rates on logs for local processing with a view to encourage secondary processing industries.

Another significant government decision is the development of integrated timber complexes. This is in line with the recommendation of the Industrial Master Plan which has designated Sabah and Sarawak as the timber processing zones. However, as new centralised integrated processing complexes involve substantial investments and take a long time to implement, the Government will encourage the development of integrated timber complexes in locations where clusters of timber processing mills already exist on private land. This is to take full advantage of existing infrastructure, machinery and other supporting facilities.

The areas identified where integrated timber complexes should be set up are at:

- Silam in Lahad Datu
- Seguntor in Sandakan
- Batu Sapi in Sandakan
- Sipitang (SFI)
- Keningau
- Tawau

Existing mills in these locations will be encouraged to go further downstream. The government will assist in upgrading existing infrastructure and common facilities.

As regards investment incentives, there is a whole range of Federal incentives since wood processing is a promoted activity. I believe these incentives will be clearly explained in one of the papers at this Seminar.

This being a relatively new industry, the manpower requirements of downstream activities will have to be addressed. This is particularly urgent in the case of skilled work force where "poaching" has become a common problem. While institutional training facilities are available and has to be upgraded, a faster means to build up a core of skilled workers is through on-the-job training. The timber mills in operation should initiate or expand such a programme. Such training is vital to the industry

and I am told that expenses incurred in training are tax deductible.

The future development of the timber industry requires a concerted effort between the State Government and the private sector, especially those directly involved in the industry.

At the moment the timber industry is represented by three organizations, the Timber Association of Sabah (TAS), the Sabah Sawmilling Industries Association (SSIA) and the Persatuan Pembalok Bumiputra Sabah (PPBS).

The current thinking is that the three associations would be more effective if they formed a single body to look after their common interests. The single body can be the vehicle to which the Government can delegate the promotion and trade regulatory functions that are necessary for the orderly development of the industry. A self-regulatory body will be more effective in ensuring discipline within the industry. Funding of this function will be borne by members. Such a body will also be an effective advisor to the government on all business aspects of the industry.

The advantages of having a single representative body can therefore be summarized as follows:

- Divergent views of various sectors can be sorted out within the single body and a united consolidated representation can be made to the Government.
- The Government deals with only one organization, thus doing away with duplication and so saves time, energy and resources.
- The industry keeps its house in order for systematic development of various sectors within the industry.
- A single association can best develop price stabilising schemes, marketing and research for all inter-related sectors. In particular, it can formulate common marketing strategies more effectively to enhance the value of the State's wood products.
- Raw material supply (log quota) can be better managed by one representative body for distribution.

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- The negative aspects of dual membership of a member dealing in multiple wood products can be minimised.
- Cross section, vertical and horizontal development of the industry can be pursued by members of different sectors without undermining one another's interests.
- Dissemination of market information to all members of different sectors can be carried out more effectively.

I would therefore urge the three associations to seriously consider forming this single body to represent the industry as a whole as I believe that you have a common interest that is best served by a united body that tries to safeguard all sectional interests with one voice.

Perhaps it is also pertinent for me to touch on a broader issue which may have an effect on the future market of downstream products. This is related to the global green movement and the campaign against tropical hardwoods. This has arisen mainly out of misinformation about the local timber industry.

Malaysia is reputed to be one of the few countries in the world that are still able to maintain a large percentage of their natural forests despite the rapid development taking place. The State Government has always tried to strike an acceptable balance between timber extraction and conservation. This is based on the concept that the forest should be harvested on a sustained yield basis. To relieve the pressure on natural forests the State has also embarked on and promoted private sector investments in forest plantations. Forest plantations have also played a role in rehabilitating fallow and degraded land area to create forests in areas where none existed before. Through appropriate management forest plantations will have a shorter harvest rotation and consequently more productive. These developments to perpetuate the timber resources of the State will no doubt blunt the misinformed lobby against tropical hardwoods originating from Sabah.

I would like to conclude my remarks by stressing the importance of downstream activities in the wood sector both to the in-

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dustry and the government. There will be a need for the timber industry to adjust itself to this new emphasis on down stream timber products. I have no doubt that a clear exposition of the problems and opportunities will be a useful contribution to this adjustment. I am sure the Seminar will meet the expectations of participants who will be the key players in the development of wood processing activities.

(Key-note address at a seminar on domestic wood processing organised by the Timber Association of Sabah on 22nd August 1989)

A Tale of Two Tribes

I am very pleased to be with you all this evening as this social occasion not only provides a welcome break from a rather hectic week but also a chance for us to be together again before we enter the new year.

Ladies and gentlemen, in recent times there has been a lot of talk about upstream and downstream in relation to the timber industry. Taking a simplistic view it appears there are two groups of people who inhabit up river and down river.

Only recently I had the pleasure of going up river to attend a gathering of the TAS tribe. I am pleased to see many of them again tonight among their kinsmen of the SSIA tribe. I understand that the TAS, a nomadic tribe of very pleasant hunters and gatherers are moving down river in large numbers to adopt the more settled lifestyle of the SSIA tribe. I expect both tribes will work together and spread their settlement further down river, perhaps as far as the coastal regions in the near future.

The development of the timber industry in the Sabah context is reminiscent of the early stages of human development. All started off as hunters and gatherers, then became the farmers and pasturers. Still later came the trading and manufacturing stage.

So in terms of our timber industry in this context we are still somewhere in between the hunting and gathering stage and the farming and pastoral stage of development. In other words, our timber industry is still at a relatively primitive stage of development.

The State Government is committed to the development of downstream wood-based industries in line with the policy to diversify the State's economy. The private sector should take this opportunity to actively participate in assisting the Government to build a strong and diversified timber industry.

The timber industry needs to cooperate and work towards a common goal of consolidating and reinforcing further downstream industries in the timber trade. The pursuance of this goal may also bring about a more acceptable level of extraction of what remains of our forest resources. The development of downstream wood-based industries will enhance the economic value of our forest resources as it will provide jobs for the large number of unemployed and underemployed people in the State, in addition to bringing in revenues to the state. The increase in the economic value of value-added product can be seen most dramatically if we look at the current average FOB prices of shuttering board and mouldings, i.e. M\$1,783 per cubic metre and M\$1,089 per cubic metre respectively as compared to the average price of sawn timber which is M\$612 per cubic metre.

With the very sophisticated machinery available today, it is not difficult to produce better quality finished products. With innovations arising from aggressive marketing, the industry should be able to create useful processed products out of what is considered waste material. Highly priced products such as mouldings, joinery and furniture should be the future timber products of Sabah. The development of timber industry in Sabah will eventually lead to the development of other supporting industries thus resulting in progressive economic diversification and development.

The down stream goal will also lead to prolonging the life span of the forests. Sabah has presently entered into an era of diminishing forest resources and increasingly this calls for the

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need to utilise fully the resources without unnecessary wastage. This can only be achieved through expansion of the timber industry to downstream processing.

The State Government has so far provided a very conducive environment for further downstream processing of timber. Joint efforts with the timber associations has been taken to look into the implementation of an integrated timber complexes, to study and review the royalty formula structure, to study the setting up of a single body representing the timber industry in Sabah and to look into the stream-lining of the State's forest procedure.

The proposed formation of a single body is aimed at presenting a united front for the timber industry, an important step in our attempt to be competitive in the world market.

The timber industry should take advantage of the recently introduced tax incentives by the Federal Government for rottan and wood-based products for Sabah. Currently, manufacturers of rottan and wood-based products for the export market, excluding sawn timber and veneer, are eligible for incentives. With effect from 1.1.1990, these incentives will be extended to manufacturers producing for the domestic market. Manufacturers of wood-based products, excluding sawn timber and veneer, for the export market will be eligible for an extension of additional 5 years. Further more, they will be eligible for double deduction on freight charges incurred.

The downstream direction that the industry is taking is already producing very encouraging results. Export of sawn timber for January to September 1989 for instance, has increased from 689,106.85 cubic metres to 889,192.07 cubic metres, an improvement of more than 29%. This has brought an increase in sales revenue from M\$344,779,420.23 to M\$544,556,653.83 or an increase of 58% as compared with the volume and sales revenue of sawn timber over the same period last year. The average FOB price per cubic metre has also increased from M\$500.33 per cubic metre to M\$612.42 per cubic metre, or an increase of close to 23%.

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This very encouraging development clearly indicates that the government's policy is propelling the industry in the right direction. This means that the government will continue on the present course and is working towards a gradual diminution of log export, whether through the imposition of a ban on log export or through the dictate of the market forces. But you can rest assured that what will ultimately prevail will be the government's perception of what it considers to be in the best interest of the state in the long run.

Ladies and gentlemen, I have spoken on the subject of the state's timber industry on a number of occasions previously. I do not wish to go into a long discourse on the subject here tonight. Suffice it to say that the government has already spelt out the policy and strategy for the future of the industry. What is needed now is action. Otherwise after all is said and done we may have the misfortune of having more said than done.

**(At the "Lumber Night Dinner" of the Sabah
Sawmilling Industries Association (SSIA)
on 8th December 1989)**

CHAPTER 5

Launching the Kepayan Ridge Housing Project

Two months ago I attended a meeting to launch a low cost housing programme for Sabah. The occasion I believe was particularly significant as it was the first time members of the private and public sectors concerned with public housing development met together to discuss problems which have been hampering the provision of low cost houses in the state.

The meeting proved useful and I am certain the outcome will result in the speedy implementation of low cost housing projects in Sabah. I can see that serious attention is being given to the provision of good quality and affordable homes particularly for families in the lower income range. This is borne out by this morning's stone laying ceremony for this Kepayan low cost housing project. I wish to congratulate the Housing and Town Development Authority (LPPB) and those involved in this project for responding so readily to the State Government's call to speed up the implementation of low cost housing projects in the state.

We have always stressed that priority should be given to development projects that benefit the people, such as low and medium cost housing. The PBS government will give priority to

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the construction of low and medium cost housing in the next three years.

No doubt there is an urgent need to provide more low cost houses to meet the increasing demand in the state. I understand in the Kota Kinabalu area alone there are some 9000 applicants on the LPPB list for low cost housing. I can assure you that the state government will make every effort to overcome the shortage and provide homes for those who are eligible for houses under this scheme.

At present the state government has three parallel housing programmes which are being carried out by the LPPB. There is one financed by the Federal government, and another by the state government. The third is a special low-cost housing programme which is financed by the commercial banks and finance companies and Bank Negara Malaysia.

This low and low medium-cost housing project is the largest single undertaking by the LPPB so far. Work on two similar but smaller housing projects are also underway in Sandakan and Tawau.

This contract provides for the construction of 1008 units of low cost and low medium cost flats in three storey blocks on a 35.65 acre site at Kepayan. This scheme to be carried out at Kepayan phases 18 and 19, has some features which are quite new in Sabah. These features include community facilities and open spaces and landscaping which are not usually provided for ordinary low cost flats.

The contract was signed between LPPB and the contractor a fortnight ago on April 12. The project will cost the LPPB some \$30 million to complete. Of the total sum, the Federal Government has allocated \$25.2 million towards this project. The state government's contribution is in the form of reduced premium on the land and substantial subsidies on "off-site infrastructure services". Each flat will have two bedrooms and is expected to sell at between \$32,000 and \$33,000 per unit.

There is no doubt this project will help alleviate the housing shortage of the people amongst the low and low medium income

LAUNCHING THE KEPAYAN RIDGE HOUSING PROJECT

groups in the vicinity of Kota Kinabalu when it is completed in two years' time.

You will be interested to know that the Sabah government plans to build an additional 2000 units of low cost houses annually over the next three years under this special low cost housing programme launched by the Federal Government. Plans for this programme have been submitted to the Federal Government. Several sites have been identified and work on the project is expected to begin by the middle of this year.

As you may have heard the Federal Government announced last year that funds of \$2 billion would be made available annually by commercial banks and Bank Negara Malaysia for all states to build low cost houses for the next three years. Sabah has availed itself of these funds. Public housing, in particular, low cost housing has been identified as one way of stimulating the economy. I am told that cumulatively this nation wide programme will add a two- percent growth to the country's economy.

The PBS government is aware of the plight of our building industry during these hard times. There is no doubt that the availability of these funds for low cost housing will boost the economy and at the same time enable the private sector to have a share in the low cost housing programme under the privatisation scheme of the LPPB.

The state government's participation in this nationwide low cost housing scheme will bring about a three-fold benefit for Sabah. The implementation of the low cost housing programme in the state will not only revive the flagging building industry and stimulate the economy but will also provide decent housing for people with low incomes. It is principally for these reason that the State Government has embarked on this and other housing projects throughout Sabah through the ministry of Local Government and Housing and the LPPB.

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This low and low medium-cost housing project will no doubt be a landmark in Kepyayan, and in the state's progress in the field of public housing.

**(At the foundation stone laying ceremony of
the Kepyayan Low Cost Housing project
on 26th April 1986)**

Launching A Special Housing Project in Tawau

As you will be aware from news reports, the Malaysian Government is placing a lot of emphasis on the massive construction of low cost and low-medium cost houses as one way of stimulating the flagging national economy at this time of recession. Only last Sunday our Prime Minister, Y.A.B. Datuk Seri Dr. Mahathir Mohamad, launched this special nationwide low cost housing programme in Dusun Nanding, Hulu Langat, Selangor. The state government through its agencies, in particular the State Housing and Town Development Authority (LPPB), has also been preparing itself for participation in this national effort. Thus today, just a week after its inauguration by the Prime Minister, it is my privilege and pleasure to officiate at this ground breaking ceremony to launch the first of a number of projects under the same programme in Sabah.

I would like to say here that the State government greatly welcomes the efforts of the Federal government in trying to ensure that the effects of the recession are minimised by creating this special housing programme, quite apart from the value of the programme itself. In particular, we appreciate the steps which have been taken to ensure that the necessary funds are available for its implementation throughout Malaysia.

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Some 80,000 units of houses are to be built yearly in the next three years all over Malaysia, over and above normal Federal and State funded programmes. For this purpose, the sum of two billion ringgit (\$2 billion) has been earmarked by the Association of Commercial Banks, finance companies and Bank Negara Malaysia. The programme is expected to contribute significantly towards national economic growth, in addition to relieving to a substantial extent the tremendous pressure on public housing throughout the country.

The reason that low cost and low-medium cost housing development has been chosen as a potential catalyst in revitalising the national economy is the many multiplier effects such development exerts on related sectors, including manufacturing, trading and services by way of employment and other gains. Also it will go a long way towards meeting the enormous demand for such houses.

The guidelines governing loans, as announced during the past week, allow for 100 per cent loans to non-EPF contributors, joint applications from immediate family members, the waiving of the condition on maximum income, and longer and graduated repayment periods extending over 30 years. The much easier conditions will bring home ownership within the reach of many low-income families for the first time. The programme certainly reflects the extra effort made by the Federal government in responding to the needs of the nation by countering the recession and fulfilling the aspirations of our citizens to home ownership.

In Sabah as in other states, we believe the special housing programme will make property ownership possible for many people who probably despaired of ever living under their own roof. Under the programme, it is proposed to build over 7,000 units of various types in Sabah over the next three years.

Besides this project in Tawau, the State government has identified seven other schemes in Lahad Datu, Sandakan and Kota Kinabalu where there is a pressing demand for public housing. These are along Jalan Silam and Jalan Nipah in Lahad Datu, along Jalan Labuk in Sandakan, and in Kampung Likas, Kepayan Ridge and Kuala Menggatal in the Kota Kinabalu

LAUNCHING A SPECIAL HOUSING PROJECT IN TAWAU

area. They will be of various standardised designs including timber or semi-permanent individual detached houses, single and double storey terrace and cluster houses and also walk-up flats.

As in the case of this Tawau project, the new housing programme is being implemented on a privatised basis. This means that the LPPB provides the land while private developers or contractors plan, finance, build and sell the houses in accordance with the terms and conditions as negotiated and approved by both parties. There are special guidelines to ensure that adequate standards of construction and infrastructure services are maintained even as costs are kept low. Low-cost home buyers can be assured that safety and health requirements will not be compromised.

The immensity of the special housing programme can be measured by the fact that in Sabah it is proposed within the next three years to build more units than were constructed by the LPPB during the combined period of the first four Malaysia Plans. The total built over this period came to 6,251.

Three State-level task forces have been set up to help us to ensure that our target of over 7,000 units is met. These are:-

- The Land Acquisition Task Force, which is responsible for land matters (i.e. land applications, conversion, premium etc);
- The Plans Approval Task Force, which is responsible for expediting development and building plan approval, the provision of basic infrastructure services by the Public Works Department, Sabah Electricity Board, etc; and
- The Funds Arrangement Task Force, whose role is to facilitate and expedite the processing of bridging and end financing by the banks and finance companies.

From all this, it is clear that we have an immense task ahead of us in carrying out this special housing programme. But the state government through the LPPB, is going about it in as systematic a way as possible.

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For the programme to be successfully implemented, the state government will require the understanding and cooperation of all those involved in housing development – the professional groups, builders, financiers, civil servants, the political leaders and others. Unless we are able to mobilise and pool all our resources in both the public and private sectors, it will be difficult to attain the target in the stipulated period. I, therefore, call on all concerned to support this programme fully for our common benefit.

(At the official launching of the special low/medium cost housing project in Tawau on 20th July 1986)

A Home Within Reach

I believe this is the first time the public and private sectors concerned with public housing development have come together to discuss the provision of decent houses for those within the lower income groups of our community.

You may recall that Datuk Musa Hitam, the Deputy Prime Minister, on the 2nd December last year threw a challenge to all the state governments to build 80,000 units of low cost houses a year for the next three years. He gave the assurance that for this year alone a sum of M\$2 billion would be made available by the commercial banks and Bank Negara Malaysia for the special programme.

As you all know from statistical reports and other information from various sources including the professional bodies and housing developers' association, the demand for medium cost housing in Malaysia has fallen. This and the current economic recession have also adversely affected the building industry.

However, there is still a big demand for low cost houses and a great need to provide them. Therefore, the government's decision to inject funds into this sector will not only revive the flagging building industry and boost the economy but will also provide homes for those in the lower income groups.

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With this in mind the Sabah government through the Ministry of Local Government and Housing and the Housing and Town Development Authority (LPPB) has decided to go along with the Federal Government's plan as revealed by the Deputy Prime Minister. We will carry out this housing programme on the basis of the following criteria:

- the demand,
- the availability of suitable land,
- infrastructure services and
- amenities and LPPB's capacity to handle the crash programme.

This meeting is specially held to enable the state government gauge the views of financial and professional bodies as well as government ministries, departments and agencies which will be involved in the proposed programme.

Under this special programme the categories of houses or flats proposed to be built are:

- Low-cost housing at selling price of \$25,000 and below per unit; and
- Low-medium cost at selling prices between \$25,000 and \$60,000.

Our target groups are those low-income people who can only afford to buy houses at these prices. The thinking during the current recession, therefore, should be "build to sell". If you will recall, one of the main objectives of the special housing programme is to increase the economic growth of the country. From various studies it is estimated that the successful construction of 80,000 units of low and low-medium cost houses a year within the next three years will help generate a growth of at least 2% in the Malaysian economy.

One of the ways in which we can implement this crash programme efficiently and successfully is to reduce delays in processing plans for the programme.

In the past, it took developers a long time to get approval for their land applications, conversion applications, development and building plans, etc, not to mention delays in getting their loans approved.

A HOME WITHIN REACH

I am not going to pin-point any organisation for their inefficiencies in the past. Rather, I would like to see a more positive approach by the organisations which are involved in one way or another in public housing development. As a start, they could review their current policies, procedures, rules and regulations, and so forth and reformulate them in such a way that delays can be avoided.

Therefore, I would like to call on all of you in both the private and public sectors, to work together and cooperate with the federal and state governments in carrying out this special housing programme. I would also like to call on you to exercise discretion where necessary to avoid delays if existing procedure, rules and regulations hamper the rapid implementation of these projects.

In this connection three "task forces" will be set up at state-level to deal specifically with:

- Land alienation – (to deal with land applications, premiums, conversion and so forth);
- Plans approval – (to expedite development plans and building plans consideration and approval by the local authorities concerned, and "off-site" infrastructure services provided by the Public Works Department, the Sabah Electricity Board and other relevant utility agencies), and
- Financial arrangements – (to facilitate processing of bridging and end financing by the banks, finance companies, and Bank Negara Malaysia).

These task forces could meet and operate simultaneously to expedite processing of plans for the housing programme. Each task force would, of course, consist of personnel and experts appropriate to the designated task.

The success of this special housing programme in Sabah depends on how successfully we can bring concerted efforts and the necessary resources to bear this task. I therefore appeal to

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all of you to cooperate and work closely with the government to ensure the success of this programme.

**(At the launching of the Special Low-cost
Housing Programme)**

A Crash Housing Programme in Sandakan

This low cost housing project undertaken by Lembaga Pembangunan Perumahan dan Bandar (LPPB), namely, "Taman Rajawalli" located here at Mile 8, Labuk Road, Sandakan is the second of a number of projects being developed by LPPB under the "special low cost housing programme" in Sabah. The first such project officially launched in Tawau on July 20 last year consists of 921 units of houses in Phase I; to be followed by 997 units in Phase 2.

"Taman Rajawalli" is part of a major housing project already in progress on a 25.6 acre site. It will comprise 412 double storey terrace intermediate houses, 72 terrace corner and 72 cluster link houses. This project will be privatised, which means that an approved private developer (in this case - Boomcess Sdn. Bhd.) will undertake to finance, build and sell the houses. The project will be carried out according to the board's approved development plan, building plans and costing which are subject to the special low cost housing guidelines for Malaysia as modified and amended to suit local Sabah conditions. The total cost of this project is \$17.8 million.

As I have already indicated "Taman Rajawalli" is not in a totally new area of development. Adjacent to it are some 262

PAIRIN'S SPEECHES

house built by LPPB earlier and already occupied. Another 212 units are under construction and are nearing completion. Along with "Taman Rajawalli", the board in fact is in the midst of a seven-phase development project in this site which will continue in the next few years depending on demand. "Taman Rajawalli" constitutes the third stage.

As its name indicates, LPPB is the main government agency to plan and implement public housing projects in Sabah. Presently, it is involved in three socio-economic housing programmes which are running concurrently.

They are:

- The normal five-year Federal-funded low cost housing programme,
- The normal five-year State-funded low cost housing programme, and
- The special commercially-funded low cost housing programme.

Under the Federal-funded programme the board has negotiated a Federal loan of some \$42.22 million to implement four projects in Kota Kinabalu, Sandakan and Tawau consisting of some 2,848 units of houses as provided for under the Fifth Malaysia Plan (1986-1990). Under the State-funded programme, LPPB has initially secured a state loan of about \$13.8 million to build some 716 units of houses mainly in the smaller towns and rural areas.

As far as the commercially-funded programme is concerned eight sites have been identified in the bigger towns of Kota Kinabalu, Sandakan, Tawau and Lahad Datu. More than 7000 units are targeted to be built in these areas in the next three to five years. However, the actual number of houses that will be built will depend on demand bearing in mind that these are privatised projects with commercial funding.

In addition to these three low-cost housing programmes, the board has also instituted a small semi-commercial as well as fully commercial programme to build some low-medium/medium cost houses. The revenue obtained from these programmes

A CRASH HOUSING PROGRAMME IN SANDAKAN

enables the LPPB to pay for the administrative and other overhead costs.

Recently, both the public and private sectors have shown more interest in developing low cost housing projects in the major towns. As the demand for shoplots and commercial space in Kota Kinabalu, Sandakan and Tawau has slackened following the construction boom in recent years, developers are now turning to low cost housing instead. This trend is to be welcomed as it should help to satisfy the demand for such housing more promptly. However, the housing industry should guard itself against over-zealousness and avoid creating a glut of low cost houses as has occurred in the case of commercial building development.

While it may seem a bit premature to voice such concern at this time, to be forewarned is to be forearmed. Hence, I see the need for some kind of monitoring and control by the relevant authorities to ensure orderly growth of the housing industry. In such a regulatory arrangement, the public and private sectors could play complementary and supplementary roles. There must be flexibility and sincerity on both sides so that the private sector will not see the public housing development agencies as enjoying and exploiting an undue advantage over them, and the public agencies on the other hand will not doubt the private sector's integrity and seek to build up protective red tapes at every turn.

The launching of this low cost housing project here today brings us yet another step nearer to the government's objective of providing adequate public housing to the people in Sabah, and on that score I have great pleasure to launch "Taman Rajawali".

**(At the launching of "Taman Rajawali" - a special
low cost housing project in Sandakan
on 15 February 1987)**

Housing at Kingfisher Park

Today is a very important day for the construction and housing industry in Sabah. The commencement of work on the first phase of this new residential township, Kingfisher Park, by an international contractor, Zenecon-Kumagai of Japan, is indeed a big boost to the construction sector. I feel it is a good time to start this major housing project as other sectors of our economy have shown a welcome improvement.

I recall when I flagged this project off last year at the contract signing, I told the developers, "I am giving you a good start; make sure you give me a good ending". I think they must have heard me correctly and I am glad we are all here this morning to see the actual start of construction activity. The State Government is of course very much concerned with this project which as you know is a joint venture between SEDCO, representing the Government and Wamaju Holdings Sdn. Bhd., representing Kumagai Gumi of Japan. The Government through its various agencies and local authorities has helped in many ways to get this project successfully off the ground and we are naturally very keen that it should proceed smoothly.

The involvement of an international construction group such as Kumagai Gumi in this project is itself a matter of signi-

ficance. It should bolster confidence among everyone involved in the construction and housing sector who should take heed and adopt a positive approach.

As all of us can clearly see, Kingfisher Park is located in one of the most scenic parts of Kota Kinabalu. The site is bound by the Inanam River. We have the sea in front and hills behind. The Sabah Medical Centre occupies a dominant position on the site. For too long it has stood here in solitary grandeur. I am happy indeed that soon this barren land here will be transformed into a hive of activity with the development of this first phase of what will ultimately be a thriving residential and shopping township all around.

I believe that the first phase will cost some \$25 million and that there are several other phases to follow.

Naturally the representatives of Kumagai Gumi here today need not be reminded that we expect more than high quality work from an international company of this status. We expect you not only to complete the houses on time but also to use local materials and manpower as far as possible. We would like you to work with local sub-contractors and consultants as much as possible and transfer some of your skills and know-how to us in Sabah. It is to be hoped that your workers are mainly Sabahans as many of our people are unemployed.

The Sabah economy has improved markedly over the last 18 months. Prices of our major export commodities have appreciated significantly. We recently added paper to our list of export items. The surplus in our balance of trade has improved substantially and state revenues have similarly improved. I am confident that the present favourable economic trends will continue.

Already we are seeing indications of renewed confidence in the property market with all major towns throughout Malaysia experiencing a steady rise in demand for houses, according to latest reports. It is timely that the Government step up its efforts to stimulate the construction and housing industry. Banks and institutions like the Employees' Provident Fund have come to

HOUSING AT KINGFISHER PARK

assist the housing industry and the positive signs of a recovery in the property market are most welcome.

The revival of interest in property development is evident in proposals for joint ventures between the private sector and government agencies like SEDCO and Sabah Urban Development Corporation. It is my hope that more construction projects can be started this year and the development of Kingfisher Park will be a catalyst to other building activities in this area.

Looking around this delightful spot, I am confident that prospective house buyers will be attracted by the reasonable prices offered by the developers in this first phase project. I am sure buyers will find they have made a sound investment. The developers have been wise to convert this project from a high-cost development to a medium-cost one because what the people want are quality houses at affordable prices.

The local developers are to be congratulated for selecting a corporation of the stature of the Kumagai Gumi Group as their joint venture partner in the development of Kingfisher Park. I have no doubt that Kumagai Gumi will strive to maintain its high reputation as it goes about this project in Sabah. The Government will continue to assist where it can but the successful completion of the project is now very much in your hands as from this ground breaking ceremony.

You can be sure that your efforts will be under close scrutiny from the Sabah Foundation Building which stands across the way. Not just because I happen to have my office there on the top floor overlooking the whole of this site but because I understand there are quite a number of prospective buyers among Government and Sabah Foundation officers working in the building. However, you can be sure that I will also be following the progress of the work with keen interest.

(At the ground breaking ceremony of Kingfisher Park, Kuala Inanam on 5th July 1988)

CHAPTER 6

Presenting "The Land Below The Wind"

I am very pleased to be here with you this morning to officiate at the opening of this important seminar on tourism organised by the Sabah Tourist Promotion Corporation (STPC) in association with the Sabah Tourist Association (STA). It was only two weeks ago that I spoke at a graduation function for tour guides. I also welcome this opportunity today to outline government policy generally on tourism development in Sabah.

The State government believes that the time has come to take tourism very seriously in Sabah. In both the developed and developing world, tourism has long been recognised as an important growth sector of the economy. The consistent growth of the global tourist industry despite the uncertainties of the economic slowdown, monetary fluctuations and rising trade protectionism has been a salient feature of world economic development in recent years. The STPC has provided me statistics compiled by the World Travel Organisation (WTO) which reveal that international tourist arrivals worldwide increased at an annual growth rate of 4.6 per cent between 1970-1983. The total number of domestic and international tourist arrivals in 1983 amounted to approximately 3.5 billion.

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There are few countries which do not benefit from tourism to some extent. Indeed, some countries which have hardly any natural resources and have neither a strong industrial nor agricultural base have relied mainly on tourism for survival. A number of these countries, with little more than sun, sand and surf and smiling inhabitants to start with, have managed to do very well.

In Malaysia, tourism is emerging as a significant growth industry, generating a great deal of employment, providing substantial foreign exchange revenue and exerting multiplier effects on other sectors of the economy. Between 1980 and 1983 alone, the number of tourists visiting Peninsular Malaysia increased at an average annual rate of 10 per cent, rising from 2.07 million to 2.75 million over the three-year period. Foreign exchange earnings from overseas tourists in Peninsular Malaysia nearly doubled from 618.9 million ringgit in 1980 to 1.2 million ringgit in 1983, representing an annual average growth of 25.2 per cent. This steep rise indicates the increasingly significant role that tourism will play in the balance of payments position in our country in the years ahead.

The Federal Government has accorded top priority to the development of tourism. The great importance it has placed on the tourist industry is underlined by the setting up of the Cabinet Committee on Tourism headed by the Deputy Prime Minister to oversee its development. The energetic and determined way in which this high-powered committee is going about its tasks is most encouraging to all of us.

In Sabah the tourist industry is probably among the least developed sectors of the economy and, sad to say, has been making negligible progress in spite of improved communications, hotel accommodation and other infrastructure. Unlike the situation in Peninsular Malaysia, tourist arrivals have been disappointing. There was an actual fall in visitor arrivals between 1981 and 1983, the number declining by 3.7 per cent from 76,000 in 1981 to 68,000 in 1983. Moreover, foreign exchange earnings from tourism dropped to 60.53 million ringgit in 1983 compared with 67.8 million ringgit in 1981.

PRESENTING "THE LAND BELOW THE WIND"

There are several factors that have contributed to the negative growth of tourism in Sabah. These include:

- The absence of an effective government backed organisation to plan, promote and coordinate the development of tourism in Sabah.
- The lack of promotion or "hard sell" of the state's tourist attractions or resources in the market areas.
- The relatively high cost of travel to Sabah from other established tourist destinations.

The State government is aware of the importance of formulating a coherent tourism policy and strategy to give the industry direction and impetus. It is necessary that we set out in a more deliberate and systematic way to assess and tap our considerable tourism potential. The first step towards this objective is the revival of the Sabah Tourism Promotion Corporation as the tourism arm of the State Government.

The Sabah Tourism Promotion Corporation, which is one of the sponsors of this seminar, was enacted in 1976 but its activities were frozen in 1978. Thereafter it remained dormant until its recent reactivation.

The corporation will be entrusted with the following responsibilities:

- To coordinate the planning and development of tourism within the state and to monitor and control those activities in respect of the tourist industry that are conducted by government departments, agencies as well as non-government agencies.
- To initiate and conduct research into the social, cultural and economic feasibility of tourism-related projects; make recommendations to the government regarding the policies, standards and methods required to facilitate the development of the tourist industry and assist, where appropriate, in the implementation of projects.
- To undertake in cooperation with the Tourist Development Corporation, Sabah Tourist Association and Sarawak Government, joint tourism promotion ef-

forts that are consistent with the objectives and desired level of tourism development in Sabah.

In our efforts to develop the state tourist industry, the government will take positive steps to identify areas to be zoned for tourism development. A master plan for these areas will also be formulated to ensure proper planning and development of the necessary infrastructure and to encourage and facilitate private sector participation.

From the scope of the Corporation's duties and responsibilities it will be clear to you that we expect big things from the Corporation. But we will require the cooperation and support of other government agencies as well as private organisations and firms involved in the tourist industry.

In the past, tourism development was pursued in a random and piece-meal manner and not as a sustained effort to achieve a definite, planned goal. There have of course been sporadic efforts to attract tourists to Sabah, and occasionally one sees quite a large number of tourists, often elderly, wandering around in Kota Kinabalu looking bored and bothered by the dust and the heat. You would surely agree that this is not their idea of having a good time. The local tourist industry hardly benefits at all because the luxurious passenger liner which brings these tourists to Kota Kinabalu only stops for a very short time and these visitors are unlikely to spend much money during their brief stay. Their stopover does not bring any business to the hoteliers and very little to others in the tourism line of business.

Though such tourists may perhaps be well-heeled, as it were, they bring no more benefit than the knapsack-carrying, hitch-hiking visitors that we also see in Sabah. Of course we should not be too mercenary about this and regard these people as unwelcome visitors merely because they are not big spenders. We must not forget that tourism has its public relations function too. All visitors who have come to look at our country as tourists are likely to talk about Sabah, positively or negatively. It is therefore the public relations function of those involved in the tourism busi-

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ness to ensure that our tourists leave Sabah with happy memories.

There are lessons for us here as we set about to boost the tourist industry. When tour operators and others in the business consider making any place in Sabah a tourist destination, they should consider very carefully whether the destination is ready to receive the visitors. My feeling is that we should not sell more than we can deliver. A dissatisfied tourist can do more harm than good to our fledgling tourist industry.

Also we should give special attention to activities which actually benefit our people, especially the inhabitants of the village and towns they visit. Let us have cruise ships in on short visits by all means but let them stay long enough or have programmes organised whereby both visitors and "locals" alike get to benefit. "Do our people benefit?" we should ask ourselves in our tourism undertakings because it is the livelihood of our people we are most concerned about. At the same time we must give value for money.

When I speak about formulating a coherent policy and strategy for the tourism industry I have in mind the sort of attractions that we should project to the outside world in our tourist brochures. What are the specific assets we can sell? For a start the very name Borneo is a major selling asset. To many people Borneo still has a mysterious ring of adventure about it. The legendary "wild men of Borneo", the "headhunters", the human skulls still to be found hanging from rafters in remote houses, are all part of the exotic image of Sabah. And why should we disappoint the outside world by going all out to present Borneo's modern facade of five-star hotels, night clubs and the other trappings of urban life which are common everywhere. Perhaps with a name like Borneo we do not even need to call Sabah the "Land Below the Wind", a name which does not evoke any feeling of romance or adventure, but simply places it geographically south of the typhoon belt.

Perhaps we may not realise it, but there are many people in America, in Western Europe, in Japan and other affluent industrialised countries who long for the sort of adventure which some of the early explorers had. They may have uninhabited

wildernesses in their own land but they want to travel and see how other people in distant lands live. They want to visit the last remaining "primitive" places and meet the "friendly natives". If they want to travel half way round the globe to live their fantasies, we should be happy and ready to provide the escape for them.

As a destination for adventure and nature lovers, Sabah does not lack the potential for tourism development. It's there all around us, in the natural beauty of our mountains, forests, rivers, waterfalls, caves, hot springs, coastal plains, beaches, offshore islands; in the rich variety of our flora and fauna; and above all in our people's great ethnic and cultural diversity.

In recent years some of our scenic attractions, notably Mount Kinabalu park and the orang utan sanctuary at Sepilok have been developed and publicised to some extent. But generally we have scarcely scratched the surface in sorting out, compiling and developing the state's natural tourist attractions, let alone packaging them for the tourist market.

Though we are not really wild any more, we are still an adventure state with mountain climbs and jungle walks in our parks and wildlife sanctuaries and boat trips upriver and to offshore islands still awaiting the curious and adventurous. But landscapes and marine vistas can become boring without wildlife and human beings adding interest and excitement to the scene. There is always the chance however remote of glimpsing a rare rhinoceros. But I guess extremely few will be that lucky, which is perhaps a good thing so that the remaining few will be undisturbed, hopefully to breed and proliferate.

There is scope for our tourism authorities along with private entrepreneurs to encourage and assist rural communities to become more directly involved in the industry. For example, a Murut long house in the interior could spruce up its surroundings and stage cultural shows in an authentic setting. They could make and sell indigenous handicrafts on the spot, perhaps provide local meals, including fish from freshwater ponds, accompanied by quality tapai, served in individual miniature jars. There would of course need to be adequate rest house facilities

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close at hand with emphasis on cleanliness and hygiene because tourists should not have to worry about their health. Perhaps we could get the same kind of thing started in an upriver Orang Sungei settlement, in a Rungus long house, or in a Bajau fishing village built over the sea.

Even simple but comfortable accommodation using local materials and craftsmanship could be provided in places for overnight or longer-stay visitors who could accompany their hosts on nature treks or hunting expeditions in the interior or on fishing or coral viewing outings along the coastline. To me the whole thing hinges on atmosphere. The tourists will get to experience the sights and sounds of the local habitat but in safe and relatively comfortable conditions if this is what they wish.

There is considerable room to improve the presentation of our diverse cultural attractions while at the same time preserving and promoting our rich cultural heritage. These shows should be made readily available and accessible and be properly promoted and publicised. A proper calendar of cultural, festive and sports events should be arranged.

In other general areas, serious efforts are required to intensify beautification and cleanliness programmes not just in rural centres, but even more so in bigger towns. We want to create a more attractive and healthier living environment as much for ourselves as for visitors. The accumulation of rubbish at various places in Kota Kinabalu is disgraceful. The government intends to see to it that markets, hawkers centres and restaurants in the towns are hygienically maintained and laws relating to food displays are strictly enforced by local authorities. Particular attention should be given to toilets in restaurants, coffee shops and public places generally because nothing repels tourists more than filthy, unusable "conveniences".

As from keeping our towns clean and neat, the government will pay attention to the preservation of our coastal, mountain and plateau scenic environment and protect them from pollution and destruction. In addition, historical sites, buildings and relics or structures of architectural significance will be properly maintained. More care will be taken to ensure that nothing is

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done to detract from their appearance when development of the surrounding areas is undertaken.

While we in Sabah rightly take pride in our variegated attractions, we have to acknowledge that there is a low level of awareness of our state in overseas countries as a holiday destination. Though the Tourism Development Corporation has been promoting Sabah in various ways both internally and abroad more recently, its efforts have been limited due in part to the relatively low priority status accorded the state as a destination. Instead of the primary destination status extended to Kuala Lumpur, Penang/Pulau Langkawi and the East Coast states of Peninsular Malaysia, Sabah is considered a secondary destination.

The state government through our tourist promotion body will undertake efforts to promote Sabah's attractions more aggressively in overseas markets to supplement the efforts of the Tourism Development Corporation. The state's physical infrastructure is much improved and with better roads, transportation, communications, more modern hotels and other amenities and services available it is opportune to persuade more tourists to come our way. The commissioning of the new Kota Kinabalu airport terminal will enable us to handle expeditiously the increased inflow of tourists which may be expected with the operation of chartered flights into Sabah.

Though we are principally concerned with attracting more foreign tourists to our shores we also welcome of course visitors from other Malaysian states to whom Sabah is still a rather remote frontier state. The Sabah Ports Authority is to expedite the construction of the local terminal link in the Kuantan-Kuching-Kota Kinabalu ferry service. In addition we look forward to the completion of the Sabah-Sarawak highway which in time will also provide a direct road link with Sarawak and Brunei, and greatly facilitate travel across our borders. At the same time we propose to encourage domestic tourism as far as possible. Some of our people from Sabah's West Coast have been to Europe or North America but have never been to interior towns like Keningau or East Coast centres like Lahad Datu.

PRESENTING "THE LAND BELOW THE WIND"

In my view tourism has tremendous development potential in Sabah and it is the task of all of us to do our utmost to realise this potential. The State Government is keen and eager to work closely with the private sector to develop this very promising industry. There are many areas for close cooperation between the public sector and the private sector waiting to be explored and pursued.

As executives you have a key role to play in ensuring the healthy development of the state's tourism industry, particularly in exploring, identifying, programming and selling tour packages. You will be aware that markets are extremely price sensitive and therefore tour packages must be attractively priced to ensure the success of such programmes.

**(Key-note address at a seminar on tourism
organised by the Sabah Tourist Association
on 19th August 1985)**

A Disciplined Approach to Tourism

I am pleased to be with you this morning at the start of this very important Seminar on "Tourism Potential in Sabah - the Land Below the Wind".

Most of you here are probably familiar with the "Land Below the Wind" appellation. But to refresh your memories, it was a romantic tag given by seafarers long ago because of Borneo's location just below the typhoon belt. This label became the title of one of the books written by Agnes Keith, an American writer who lived in Sabah during the early part of this century. Although a woman accustomed to the comforts of city life, Agnes fell under the spell of Sabah's rugged but captivating scenic beauty. Several of her contemporary writers also portrayed this image of a country of unsurpassed natural beauty: Some were so fascinated as to describe Sabah as no less than a paradise.

That beauty remains unchanged. It is seen in our pristine islands which possess some of the finest beaches in the world, along with magnificent underwater coral gardens teeming with marine life; in the majestic grandeur of the tallest peak in South East Asia, Mount Kinabalu; the exotic flora and fauna which abound in our state; and countless other attractions. The lush green terrain of tropical rain forests dissected by lofty ran-

ges and tumbling rivers make up the picturesque and enchanting panoramas of landscapes that is Sabah.

The geographical location of Sabah and the physical structure of the land has over the centuries led to a remarkable ethnic diversity of people. They offer an exciting array of traditions and cultures as manifested in their different but distinct lifestyles, costumes, festivals, dances, handicrafts and other cultural modes and expressions.

Despite all these assets endowed by nature it is only quite recently that an earnest attempt has been made to tap the scenic panorama and the variegated customs, traditions, legends and folklores of our people as the basis for developing the tourism industry in Sabah. The relative isolation of the country and the lack of modern infrastructure retarded from tourism development efforts. But with the improved communications and other facilities now available, we are trying to overcome our somewhat belated start, prompted by the realization that tourism is one of the more promising global industries today, despite the present economic difficulties. Yet we in Sabah will have to make a major effort to attract a greater share of the tourists who come to Malaysia.

From travel statistics, we find an increase of international tourists arrivals worldwide at an annual rate of 4.6% between 1970 and 1984. In 1984, international travel registered an approximate 300 million arrivals and departures. South East Asia received 29 million of these visitors. There were 2.8 million visitors to Peninsular Malaysia in 1983. Yet Sabah got only 63,067 in 1985.

In terms of nationality the Japanese account for the largest number of visitors to the South East Region. In 1985 some 300,000 Japanese visited Singapore while some 370,000 went to Thailand and approximately 120,000 came to Malaysia. Only 4,361 came to Sabah during this period.

With international travel likely to increase further in the future, Sabah will have to do a lot more than now to increase our share of the world's travelers. To this end, the State Government has revived the Sabah Tourism Promotion Corporation (STPC)

A DISCIPLINED APPROACH TO TOURISM

which until recently had been defunct since 1978. The corporation among other things has the task of increasing awareness among international travelers of the many scenic attractions of the "Land Below the Wind".

Right now, according to a survey undertaken by the Pacific Asia Travel Association (PATA), the awareness among short-haul or long-haul international travelers of Malaysia as a holiday destination is at a low level. Travel agents around the world lack knowledge about Malaysian destinations. Therefore, the STPC will have to work closely with international and other state tourism organisations in a concerted effort to promote our many attractions in the international tourist market.

As I have already indicated we are not short of scenic splendours. To what I have already mentioned I might add that we have the largest pitcher plant and flower known as *Rafflesia*, the rarest orchids, the orangutans, and turtles among others. However, we will not make any headway in exploiting these assets if international tourists do not know that they exist, or even where Sabah is on the map. In order to overcome this awareness gap, we should do more to familiarize overseas tour operators with the diversity of Sabah scenic attractions and cultures and complement this by aggressive marketing abroad.

The State Government will treat the tourism industry as an important growth area and envisions that it will, in time, contribute substantially to the State's economy and employment creation, given sustained and coordinated effort by all organisations concerned with its development. This vision of economic growth through tourism can be achieved because we believe that we have in Sabah the kind of attractions that tourists want to see.

If we can successfully develop and expose Sabah's tourism resources to the outside world we will do well. In a developing country such as Malaysia we must take care that the process of modernization does not obscure local cultures, customs and traditions and harm the natural environment. The preservation of our cultural heritage is vital to the promotion of tourism. In most countries where tourism is a major industry, such as Fiji,

Hawaii, New Zealand and South Korea to cite a few, the preservation of local cultures, customs and traditions has played an important role in the industry's growth. As other countries are doing we too must preserve areas of the natural environment where our flora and fauna can be safeguarded for tourism as well as other purposes.

While the phenomenal growth of international tourism in recent years has made many governments view tourism as a possible catalyst for economic development, we must guard against undue optimism in this respect. Let us not be so naive as to regard tourism development as a panacea for our economic difficulties. We must be careful to pursue balanced development and not let ourselves be bedazzled by unviable schemes of grandeur arising from over-optimistic visions. However, we should at the same time be imaginative and innovative. Whatever plans we initiate must be realistic and workable.

I would like to see a disciplined professional approach to tourism planning and development, with a strategy based on the state's financial capability. How wisely we plan today will determine whether our hopes and expectations of the tourism industry will ultimately be realized.

The experience of other countries show that tourism has good as well as bad sides. The good side is usually related to economic benefits. The bad side consists of the negative social aspects such as moral decline. Sabah is probably not cut out to receive mass tourism but we are ideally suited to attract specialized tourists. We have the potential to attract mountain climbers, divers, nature lovers, family holiday-makers, adventurers, environmental and educational specialists, culture enthusiasts and others. Our natural environment is our selling strength, not artificially created attractions which create social problems.

The main role of the public sector is to facilitate tourism development through policy formulation, research, and overseas marketing programmes to project the image of Sabah as a holiday and resort destination, as well as provide basic infrastructures which are not within the scope of the private sector.

A DISCIPLINED APPROACH TO TOURISM

Within this framework the State Government expects the private sector to do their part in developing and packaging the attractions that they wish to sell. We welcome private investors from outside Sabah.

While the Government will play its role to facilitate tourism development as far as possible, success will depend very much on the initiative and drive of the private sector. PATA marketing specialists have deplored excessive competition among the tourism enterprises in Sabah. In the present stage of development of the industry it is important that they work together for a common goal. There must be a high degree of cooperation between the public and private sectors responsible for tourism to ensure the industry's growth.

(Keynote address at the conference on "Tourism potential in Sabah - Land Below The Wind" held in Kota Kinabalu on 24th October 1986)

A Warm Shelter on The Mountain Top

There is no doubt that Kinabalu Park, dominated by the majestic mountain, is the crown jewel of the tourist industry in Sabah. Each year, tens of thousands of people flock to the park attracted by its cool climate, its scenic splendours and its rich variety of flora and fauna. Since the park was established in 1964 the number of visitors has soared from 949 to 174,077 in 1985, as road access, transportation, accommodation and other facilities have been greatly expanded and improved. No fewer than 10,000 visitors climbed the mountain last year testifying to its increasing renown.

Of course Mt. Kinabalu is synonymous with Sabah. The mountain pervades our culture, traditions, and our folklore. It is our national treasure. Malaysians from other states comprise a large proportion of visitors to the park. The unique grandeur of the mountain and the beauty of its surroundings have made it the national pride of Malaysia as a whole and not just Sabah.

Therefore, it is quite appropriate that the Malaysian Armed Forces should have participated in the building of this new rest-house thereby emphasizing the national rather than the state character of the project.

PAIRIN'S SPEECHES

The Public Works Department did a fine job in designing the resthouse, which cost about \$1.8 million. But the construction was carried out by the 5th and 8th Engineering Squadrons of the Malaysian Armed Forces. The 5th Squadron started drilling and blasting for the concrete pillars of the resthouse late in October 1983 and continued with the construction until its redeployment in 1984 when it was replaced by the 8th Squadron. The 8th Squadron which is currently serving in Sabah completed the building early last year.

Indeed, I would like to take this opportunity to thank the Malaysian Armed Forces on behalf of the state government and people of Sabah for their contribution to the state's development as evidenced by this new hostel. In particular, I wish to express our appreciation to the military personnel who have worked here for long periods braving the cold climate and the difficult terrain to enhance the comfort of visitors to the mountain. The Defence Ministry has contributed substantially to the cost of the resthouse in terms of salaries and allowances for the army engineers and sappers involved in its construction.

There were of course state government agencies very much involved in the construction of the resthouse. For example, Sabah Air helicopters transported the major portion of the building materials to the site. The rest were carried up the mountain track by our hardy porters who are from villages in the surrounding area. The Public Works Department acted as coordinator throughout the construction period and helped to extend the electric cables and install the transformers at Panar Laban.

During the latter stages of construction, park staff did the plumbing, tiling and other finishing touches on the building. All involved are to be congratulated for their fine work. The Sabah Parks Board of Trustees of course bore the major part of the overall cost.

The new high altitude hostel certainly provides greatly improved facilities for the comfort of climbers. There is now electricity and hot and cold water supply systems, electric heaters in each room, a canteen, a sunken lounge and accommodation rooms with a total of 55 beds.

A WARM SHELTER ON THE MOUNTAIN TOP

With the additional accommodation, there are now 133 beds for climbers at Panar Laban. The total accommodation at the park I am told has been increased from 10 beds in 1965 to 380 beds, inclusive of those in mountain huts and at Poring Hot Springs.

The State Government appreciates the increasing contribution of tourism to our economy and will continue to give emphasis to the development of more and better facilities in Kinabalu Park. Under the 5th Malaysia Plan, eight more units of chalets will be built at Kinabalu Park Headquarters to cater for the increasing demand for accommodation while more recreational facilities will also be provided.

Meanwhile, we have plans for more comprehensive development of the Poring Hot Springs which is really an ideal spot to relax after the mountain climb. There, an area of 10 acres has been set aside for the development of more accommodation facilities. The road from Ranau to Poring will be sealed this year. A wild animal study area and a lowland garden will also be established in Poring so that visitors will be able to view and study the animal and plant life more easily. I believe we have every reason for optimism in the future popularity of Kinabalu Park as a major regional tourist attraction.

No doubt some of you here may wonder what has become of the proposals advanced some time ago to consider the possibility of constructing a cable car link from the vicinity of the Desa dairy farm site to Panar Laban as well even of building a road up to the mountain. The parks authority has informed me that a feasibility study carried out by a Japanese firm showed that while the cable car link is technically feasible it is economically not viable at the present time and so the proposal has been scrapped. The road proposal did not really warrant serious consideration.

**(At the official opening of the Laban Rata Rest
House, at Panar Laban, Mt. Kinabalu
on 2nd January 1986)**

Our Quest for an Open Sky

Iwould like to thank the Federal Minister of Transport, Y.B. Dato' Dr. Ling Liong Sik, for his introductory speech on this auspicious occasion of the official opening of the new terminal building of Kota Kinabalu International Airport by Y.A.B. Prime Minister, Datuk Seri Dr. Mahathir Mohamad. I hope that Y.B. Dato' Dr. Ling and his wife become frequent visitors to our state in future to underscore the continued expansion and up-grading of Sabah's airports and other transportation facilities in line with the state's economic growth and increasing population.

It is now my signal honour and pleasure to welcome here today on behalf of the State Government and people of Sabah Y.A.B. Prime Minister and Y.A.B. Dato' Seri Datin Paduka Dr. Siti Hasmah, who are making their first official visit to Sabah since the recent state general election. The State government is happy that they have taken time off from their busy schedule of duties and engagements to spend two days with us in Sabah.

The Prime Minister's visit is highly significant for us. His presence here symbolizes the closer understanding that has been achieved between the Federal Government and federal leaders with the State Government and state leaders in recent

weeks. I regard this as very important in view of the past misunderstandings. For us in Sabah being part of Malaysia it is important that we have a very close rapport between the state and federal sides so that there is no conflict between us at all. We should not allow local political bickerings blur the fact that we are part of Malaysia and must be treated as such. Among the ways this can be shown is through frequent visits to the state by the Prime Minister and other federal leaders.

In all sincerity, we in the present State government have committed ourselves towards developing and ensuring the further progress and economic advancement of all Malaysians in Sabah. Towards this end we stress the need for cooperation of all our communities. It cannot be over-emphasized that to achieve progress and stability in our state requires the cooperation and participation of everyone of all communities in both the private and public sectors. We feel it is necessary to emphasize that all Malaysians in Sabah should be aware of the facts of the prolonged economic recession. Therefore we should all engage in a combined effort to minimize the effects of the recession and overcome whatever problems that may emerge.

In striving to attain progress and development in Sabah in the economic sense we must take into consideration also other aspects of our relationships, be they social, political or cultural. I am happy to note that the Barisan Nasional leadership has taken these other aspects into consideration to create a very positive and encouraging approach towards the achievement of the overall objectives of the nation i.e. unity, progress and social justice for all.

I for one am very aware that the Barisan Nasional leadership has gone through a trying time in making itself aware of the aspirations of the people throughout Malaysia and responding to the aspirations honestly and practically. We realise that it is no easy task to run a country of 15 million people made up of so many communities of different ethnic origins and cultural backgrounds, and faced with such great economic disparities and social inequalities. However, there is a moral duty for all leaders of the various communities to contribute positively

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towards achieving the kind of nationhood and unity we all aspire to for the good of Malaysia and our citizens.

Around this world there are too many examples of countries which are stricken by dissension and disunity. We must be alert to the serious effects of such social and political misunderstanding on peace and stability. It is therefore incumbent on all of us that we strive more seriously as well as more determinedly towards our noble aim of creating a united Malaysian nation. We want to develop a nation which all of us should be proud of and one which can be enjoyed with a deep sense of national pride by our future generations.

The presence of the Prime Minister and Datin Siti Hasmah on this very memorable occasion is profoundly appreciated. Kota Kinabalu International Airport is a vital link for us not only internationally in that the airport is recognised as an international gateway to Malaysia, but also domestically. Presently our air links with our sister states and hence our personal contacts with our fellow Malaysians are maintained only through our national carrier, Malaysian Airline System. I would like to commend the Federal Government for having extended this international airport which is the second busiest airport in our country today.

Whilst we desire to develop and improve our country in a concerted effort with fellow Malaysians in all states, however, we have found that one of the obstacles confronting those of us eager to know our fellow Malaysians in Peninsular and Sarawak better, and vice versa, is the very high air fares which we have to pay. Added to that, Malaysia and especially Sabah where we are concerned is turning to the tourism industry as an additional source of income. As we all know, the Federal Government is making greater efforts to promote tourism as a means to diversify the economy from over dependence on commodity exports and improve the balance of payments position.

In Sabah the development of the tourism industry will similarly help to diversify the state economy and reduce the present over dependence on timber exports for state revenue. In addition to the direct benefits, the State Government would also

benefit indirectly through the state's investment in hotels through Permodalan Bumiputra Sabah Bhd in Tanjung Aru Beach Hotel and through SEDCO in Hyatt Kinabalu International and Perkasa Hotels Holdings Sdn. Bhd, all of which have incurred heavy accumulated losses.

It is generally agreed in the industry that the principal drawback to this development is the limited air accessibility and the very high airfares to reach Sabah compared with the competitive airfare structures on international routes with many airlines to choose from serving cities like Kuala Lumpur (and therefore other centres in Peninsular in close proximity to the Federal capital), Singapore and Bangkok. For travelers to extend their journeys from Kuala Lumpur and Singapore to Kota Kinabalu works out to be much more expensive. They also have to contend with very high load factors. As a result, visitors to Sabah have to be prepared to pay a high premium.

To illustrate:

The London-Kuala Lumpur-London fare is 1,950 ringgit for a journey of 23,464 kilometres taking 34 hours – this is equivalent to 8.31 ringgit per 100 km.

By contrast, the Kuala Lumpur-Kota Kinabalu-Kuala Lumpur fare is 760 ringgit for a journey of 3,356 km taking a little over 4 hours – or the equivalent of 22.64 ringgit per 100 km.

This is close to three times the rate on the London route.

Further, this sector of the flight is monopolized by MAS and Kota Kinabalu is not serviced by intercontinental, Australia and Pacific-Asia flights. This means that Kota Kinabalu must be reached through one of the present gateways being Kuala Lumpur, Singapore, Manila and Hong Kong.

In addition to high fares, MAS operates on the Kuala Lumpur-Kota Kinabalu and Singapore-Kota Kinabalu sectors with very high load factors. This means that even during off-peak periods it is difficult to get a seat without booking well ahead and advance bookings for groups are even harder to obtain. This limited capacity has also made ticket purchase under Apex fares difficult.

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Thus, the limited number of flights with international connections, the expensive airfare structure and the heavy load factor have all rendered Kota Kinabalu as a not so accessible destination and this has been cited as the major constraint to tourism development in Sabah. It must be noted also that at least half of the available seats are taken up by Malaysians themselves, thus leaving little room for growth in international visits.

As a result, we in Sabah and no doubt Malaysians in other states as well have been thinking about this very deeply and we believe that one of the best ways to attract more businessmen in the industry, who include investors and researchers as well, is to allow Malaysia to have an open air space policy. This may not seem very attractive to MAS. However, we feel for the sake of the national economy and the importance of allowing more foreign businessmen and tourists easy and reasonably priced access into the country that MAS should think also of the broader national interests and agree to an open sky policy. Without such an open sky policy, we feel that the tourism industry will not progress so rapidly for the benefit of the nation.

What could be done is to encourage MAS to ensure more frequencies and capacity thus resulting in greater accessibility and availability of lower-rate concession fares. Also the Department of Civil Aviation and MAS should be encouraged to allow other scheduled airlines increased landing rights in Kota Kinabalu thus enabling our airport to become an intermediate stopover for flights, for example, Sydney-Kota Kinabalu-Kuala Lumpur, Tokyo-Kota Kinabalu-Kuala Lumpur etc. In addition, other scheduled airlines can be allowed landing rights in Kota Kinabalu, besides the limited landing rights currently granted to Cathay Pacific Airlines, Royal Brunei Airlines and Philippines International Airline, thus creating more competitive situation providing easy accessibility and competitive airfare structures. I am sure that MAS is strong enough now not to have rely on a captive market to survive.

Chartered flights, scheduled and unscheduled, can also be beneficial.

PAIRIN'S SPEECHES

It is clear that these measures need to be very seriously considered in view of the economic recession and the fall in commodity prices and in particular because of our intention to improve the benefits from the tourism industry which we have already started.

In the broader sense, we want to attract more foreign visitors to our shores as well as encourage more travel between Sabah and other states of Malaysia thereby furthering positively our efforts towards achieving closer understanding between the various peoples in our country. I am sure an open air policy will improve economic activity within Malaysia itself. There is no question of the positive employment benefits arising out of the economic spinoffs of more tourists as well as businessmen coming to Malaysia as the result of greater and cheaper accessibility. We would like to urge the Department of Civil Aviation and MAS to consider this very favourably for the sake of our country's advancement in tourism, both locally and internationally, as well as for general economic growth.

It is encouraging to recall here that it was the Rt. Hon. Prime Minister who, in conjunction with the recent PATA conference, unveiled the new strategy to accelerate the growth of Malaysia's tourism industry involving the development of three gateways, namely Kuala Lumpur, Penang and Kota Kinabalu for international visitors to the country and special fare schemes by the national carrier. I am confident that the Rt. Hon. Prime Minister will take favourable note of these further proposals which I have just outlined to develop Kota Kinabalu as an international gateway on more competitive terms comparable with those prevailing in Penang and Kuala Lumpur.

In connection with this new terminal building, I am given to understand that we have received some technical assistance from nearby Australia. This was in the form of a contribution of about 850,000 Australian dollars (the equivalent of more than 1.5 million Malaysian ringgit) which included the supply of equipment for the air traffic control centre and funding for a resident supervisor and the training of counterpart staff. Perhaps it was appropriate that it was a Qantas 747 jet airliner

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which was the first large wide-body commercial aircraft to land at Kota Kinabalu airport in mid-March this year, bringing vacationers here from Australia. I hope this is a forerunner of things to come under our open sky proposal.

Whilst on the subject of transportation, it is timely for me to comment on the existence of another Federal Government programme in the form of the Feri Malaysia project. Again we must appreciate the fact that this is an effort by the Federal Government to achieve territorial integration among the peoples of Malaysia. In this respect, I would like to touch on Sabah's participation in the project by constructing and providing the necessary terminal facilities at Tanjung Lipat. The facilities provided take the form of a link span where the ship will berth. This facility, which comprises the major part of the project and costs 6.2 million ringgit, will be completed at the end of this month. The passenger terminal, which has a total area of 10,000 square feet and cost 300,000 ringgit, was completed last month. Therefore, we in Sabah will be ready in time for the inauguration of the new Feri Malaysia service as targeted.

While we appreciate the objectives of Feri Malaysia, it has nevertheless been noted that the fare between Kota Kinabalu and Kuantan is quite high. This opinion has been expressed by a number of people and perhaps in view of the intention of the Federal Government to make it possible for more people, particularly those of the lower and middle income groups to be able to travel between Sabah and Peninsular, the fare structure could perhaps be reviewed.

With the Rt. Hon. the Prime Minister in our midst today, I am tempted to advance the claims of Sabah in respect of other matters. I would like to put in a word on behalf of the Unified Teaching Scheme (UTS) teachers and entreat the Federal Government to resolve their long-standing plight which for so long has caused much unhappiness in the local teaching profession. This matter has been taken up with several education ministers over the years. Perhaps the quiet intervention of the Prime Minister may settle it amicably once and for all.

PAIRIN'S SPEECHES

I have already taken up a good deal of time particularly in our representations today on an open sky policy which we earnestly hope will be adopted by the Federal Government. This will enable Kota Kinabalu to truly become an international gateway to Malaysia to the benefit not only of Sabah but of our country as a whole for the many reasons I have already mentioned. I am sure our representations will not go unheeded.

In conclusion, let me reiterate how happy we in Sabah are today at having the Rt. Hon. the Prime Minister and his good wife grace this occasion. I would like to thank all of you present today for taking time off to extend a warm welcome to the head of our national government. I know you are all eagerly waiting to hear the Prime Minister speak. Therefore, without further ado, I take great pleasure in inviting the Prime Minister to address you.

**(At the opening of the new Kota Kinabalu
International Airport by the Prime Minister,
Dr Mahathir Mohamad on 7th July 1986)**

“Hand-in-Hand We Welcome You!”

I am delighted to be here tonight, not only because tourism is a subject which is close to my heart but also because, like many of you here this evening, I took part in the shooting of the film which we will look at shortly.

The shooting of the film was in itself a memorable experience. It is not often that we have an opportunity of seeing almost 2,000 Sabahans hand-in-hand expressing their joy in welcoming visitors to their land of “wondrous colours”.

It was a moment that I cherished because the event triggered many pleasant visions in my mind. Seeing so many Sabahans in their colourful traditional attires singing hand-in-hand in such good spirit in spite of the hot sun and long hours really touched me. The scene conjures up a vision of a huge bouquet made up of a profusion of flowers, each with its own beauty and colours, yet all blending together in perfect harmony and unity.

The spectacular display of unity in diversity that morning gave a new lease of life to the fond hope that all of us who love and cherish this “Land Below the Wind” this “Borneo’s Paradise” – will work hand-in-hand for a happier future which we share. I certainly would like to see the spontaneous and real joy of

togetherness, friendship and unity so strongly demonstrated in the final scenes of the film to spread right across the land. In this regard I am happy to learn that the song sheets and cassette tapes of the song are being distributed. They will help spread this feeling of unity and solidarity throughout the State.

The production of this film and its screening over TV Malaysia is in support of the national effort to promote tourism in connection with the Visit Malaysia Year 1990. I would like to thank Innoprise Corporation Sdn. Bhd. for its initiative in producing the TV commercial. I congratulate Innoprise for picking the unity theme for the film. There is indeed a need for an integrated approach to our tourism development and promotion programmes in Sabah. The federal and state tourist related agencies, the public sector and the private sector organisations and firms must all work as one, united in purpose and working in perfect harmony.

I am confident that the Visit Malaysia Year 1990 programme will provide a further boost to the tourism industry in the country. Its success will put Malaysia in a prominent position in the world tourism map and will bring with it many economic, social and cultural benefits.

The State Ministry of Tourism and Environmental Development and the Sabah Tourism Promotion Corporation or STPC have also drawn up their own programmes in support of the Visit Malaysia Year. This calls for close coordination and consultation at all levels at both the planning and implementation stages. As 1990 is fast approaching all sectors involved in its promotion must come together with a sense of urgency and chart out an action programme to achieve the common objectives. Working in concert will minimize overlapping of activities that may negate our total efforts.

I fully support the view that individual States and regions in Malaysia should supplement national tourism efforts like that of Visit Malaysia Year 1990 by promoting their own unique attractions. In the case of our State where nature is the primary tourist attraction, we should concentrate on providing the basic facilities and amenities which blend well with the natural en-

"HAND-IN-HAND WE WELCOME YOU"

vironment of the State. In this connection the decision by the State tourism authorities to promote Sabah in foreign countries as "Borneo's paradise" is therefore very appropriate. The name Borneo still holds great appeal to the adventurous and romantic who long for a break from the hustle and bustle of city life.

There are many prospective tourists who are attracted by "off the beaten track" destinations. In this respect, Sabah has a distinct advantage. Another outstanding feature that can be further developed and promoted is the cultural diversity that exist among the many ethnic groups.

I wish to take this opportunity to urge local entrepreneurs, businessmen and all those who are involved in the travel trade in Sabah to take advantage of the great potential that is available to them. They should be constantly on the lookout for new ideas and create new products and services. The private sector can for instance develop interesting and attractive tour packages at reasonable costs. They can at the same time broaden the range of tourist attractions besides Mount Kinabalu, islands and beaches, by creating more cultural, adventure and other tour packages. A wider range of such facilities will also ensure that tourists to the State will find enough programmes and activities to hold their interest for at least two or three days.

But it is not my intention to give a discourse on tourism development tonight. We are gathered here to watch a tourism promotion film before it is put on television for general viewing. So let's watch it now.

**(At the official launching of tourism TV commercial
in conjunction with the Visit Malaysia Year 1990
on 23rd July 1989)**

CHAPTER 7

Plain Talking to the Business Community

I am well aware that the Chinese Chambers of Commerce throughout Sabah are looked upon as the unofficial spokesmen of the Chinese community in Sabah. On an occasion such as this – considering that you are in the forefront of the State's economic enterprises and activities – I cannot help but touch on the State's economic situation at the present time.

Nobody knows better than you as businessmen that we in Sabah are experiencing hard times. The economy is sluggish, prices for our principal export commodities are low and revenues are way down. The PBS government has also taken office during a transitional period between the Fourth and Fifth Malaysia Plans when a slowdown in development activity can normally be expected. It is not only Sabah that remains in the economic doldrums but all countries within the Asean region and beyond are similarly affected. Nobody, therefore, should regard the economic downturn as something that has materialised since the PBS formed the state government.

Unfortunately, our task of galvanising the economy has been aggravated by the problems we have inherited as a result of mismanagement by the previous government. Instead of moving to consolidate our economy at the onset of the global recession, the

previous government continued to squander huge sums on prestige projects of doubtful economic or social worth while our net reserves rapidly dwindled. The cash available to the government at the end of March this year amounted to only \$145 million – far short of the \$220 million which Parti Berjaya claimed.

Even worse we found that this year alone we need \$194.8 million to service state loans. And this amount will continue to rise over the next few years because of the huge external debt of \$2.7 billion accumulated by the previous government on loans for the major state projects.

In the case of the gas utilisation project located here in Labuan the state government has a massive investment of \$2.43 billion comprising \$717 million equity and the balance of \$1.71 billion being loans secured from export credits, OECF Yen Credit and other loans. Because the state government is the sole owner of the project it is pure semantics to argue that the State Government will not be affected by the debt service capabilities of the project. The fact is that if the project fails to meet its debt service obligation the State Government as the shareholder will have to provide the necessary cashflow to maintain the project failing which the Federal Government as guarantor will have to provide similar assistance.

It is difficult to identify a government project that is generating a satisfactory profit or return. More often than not you will come across losses and failures which we have found as we probe the activities of government agencies and their subsidiaries to ensure that public money will no longer be overspent or misspent. No doubt the business activities of government ventures have also been adversely affected by the worldwide recession and the reduced demand for goods and services. But it is clear that mismanagement has contributed to their poor performance.

The PBS government intends to pursue privatisation as we believe it is better for commercial business to be run by businessmen rather than bureaucrats. Thus, we are prepared to take steps towards privatisation especially in respect of some activities of government agencies which are in direct competition with the

PLAIN TALKING TO THE BUSINESS COMMUNITY

private sector. The retail business side of the Kojasa Group is an example. There are other government ventures such as hotels and also the shipyard here in Labuan which can be privatised. The PBS government would welcome overtures from private investors who are interested in taking over government commercial enterprises that could be profitably privatised instead of being a drain on public funds.

Along with identifying projects for privatisation we are evaluating existing projects with a view to determining the cost of either termination or reduction in current commitments where necessary. We will be careful not to take action that will cause companies undue financial difficulties.

The policy of the present government is not to go for big prestigious projects which tend to benefit outsiders more but to give the pressing needs of our own people priority in our development strategy. The previous government got its priorities all wrong. For our part we propose after putting our state finances in order to get to grips with the all-pervasive problem of poverty and concentrate on projects which will be of lasting benefit to the people and add quality and dignity to their lives. The sort of projects we have in mind are not those that can be handed over to turnkey contractors but rather projects that evolve and grow with the people. They should not be a burden that we have to shoulder indefinitely but something we can hand over successfully.

In our quest for more comprehensive development, we look to closer cooperation between non-bumiputra and bumiputra businessmen. The PBS government accepts the New Economic Policy as a means to redress economic imbalances by assisting the "haves-nots" without causing undue hardship to the "haves" and I am sure you also go along with this. There is a mutual dependency between bumiputra and non-bumiputra or shall we say a symbiotic relationship in which one cannot do without the other. The Chinese should try to work with the non-Chinese given the fact that the majority of the people of Sabah are bumiputra and are mostly poor with low purchasing power. By helping to raise their economic status and capability and also

increasing their purchasing power the Chinese business community would benefit also, not to mention the enhanced social stability that would derive from an economically stable majority. The humiputra for their part should regard business as a long term and partly educational activity and not a vehicle to become rich overnight.

To provide some relief for the difficult business conditions you are now facing, the present government proposes to reduce the high license fees and rates imposed by the previous government. As promised we have reviewed submissions to lower the rates in the various municipal councils. A cabinet paper is being prepared by the Ministry of Local Government detailing its recommendations and we expect to announce substantial reductions next week. We hope these rate cuts will help stimulate business activity and bolster confidence.

Of course the reduction in fees will mean local authorities will have less money to maintain and improve public services. Perhaps your chambers could help offset this by assisting municipal councils to encourage our town dwellers to give greater cooperation in keeping their surroundings clean and un-littered. Local authorities would then not be required to spend money unnecessarily on clearing away rubbish on a massive scale but instead concentrate on more useful work such as roads and drainage improvements.

There is no question that the general appearance of our towns leaves much to be desired not only in markets but in and around other business premises. In fact, we see ugliness everywhere with people making use of lanes, five-foot ways, staircases and passageways to stack boxes and deposit rubbish. Roof tops and ledges are cluttered with litter tossed down from upstairs. The buildings themselves are dirty with the paint peeling off their walls. Instead of cooperating with town councils some people seem to be trying their best to frustrate them.

New town councils have been set up to which some of you may have been appointed as members. The councils will be given powers to step up their efforts to clean up the towns. But we hope the people themselves will take some pride in the ap-

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pearance of their surroundings. No doubt the majority of town dwellers do want their precincts to be tidy and clean but an incorrigible minority seem unconcerned about undoing what the municipal councils are trying to do. Everyone should come to appreciate that they have a civic responsibility to maintain a clean and gracious environment free from blight. I am sure I can count on your cooperation in this respect as in all our endeavours to make Sabah a nicer place to live in.

The government welcomes a continuing dialogue with the private sector on steps to bolster the state economy in the face of the continuing recession. Economic development after all is something that can be achieved through close cooperation between the public and private sectors. Nevertheless, it is timely to issue a reminder that there is a limit to the grace period which we can allow for the collection of monies such as timber royalties owed to the state government especially in view of the dwindling receipts from our major revenue sources.

There are welcome indications of a pick up in the public sector of the economy as reflected in the expenditures proposed in the Fifth Malaysia Plan which will have spin-off benefits for the private sector. During recent visits to Kuala Lumpur I have had discussions with the Federal Minister of Public Works on the allocation of funds earmarked for roads development in Sabah. There should be no doubt about our determination to improve transportation, utilities and other infrastructure along with agriculture and other development to improve the livelihood and well-being of the rural population.

Under the Fifth Malaysia Plan essential socio-economic projects such as rural roads, water supplies, rural electrification, public housing, schools and hospitals will receive priority attention. In particular we intend to push ahead with large-scale plantation development with participation by both the public and private sectors. For this we hope to attract investment from Peninsular Malaysia and abroad. The Bengkoka afforestation project among schemes to be financed by foreign funds and other projects which contribute to the achievement of the New Economic Policy objectives and economic growth will

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go ahead. The government will also encourage potential growth industries like tourism.

Despite the current business slowdown and the setbacks to some major projects we need not be pessimistic about the future. Given our considerable natural resources and our resolve to spare no effort to develop them we have reason for optimism about our economic prospects.

**(At the installation of the Sabah United
Chinese Chamber of Commerce in Labuan
on 12th July 1985)**

Set Your Sight Higher than the Balance Sheet!

I am happy to be with you here at the formal swearing-in of your office-bearers for the next two years. I wish your incoming leaders well in tackling the challenges that you face especially at this time when we are trying to stimulate business activity and shake off the recession.

I do not propose to dwell at length on the current business slowdown with which you are all only too familiar. Rather I would like to reflect a little on the role of the Chinese Chambers of Commerce and how they relate to the rest of the Chinese community and our society as a whole. In particular, I would like to touch on how your chambers may interact with the present PBS Government.

There is no doubt that your joint chambers represent a vital organ of the Chinese community. The chambers articulate the views and attitudes of the Chinese community especially on the business side of things. At times you act as pressure groups and at other times with more circumspection as an influential body of well informed business leaders with whom we in the State Government are happy to interact in regard to policies and practices pertaining to trade and industry and the economy in general.

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What the PBS Government expects from the Sabah United Chinese Chambers of Commerce (SUCCC) and other chambers of commerce is responsible responses to the government's initiatives relating to trade and industry. The responses of individuals or special interest groups may not be always helpful being as they are influenced by considerations of personal profits and interests. But when the views of members are filtered through the chambers, they tend to be refined and may then crystallise into more reasonable and responsible responses. The collective stand of the chambers may then be more consistent with the general good as perceived by the community as a whole. The official stand of the chambers on the economy, social justice, racial harmony and political issues is likely to be more moderate and orthodox than individual or pressure group opinions are likely to be. It is therefore so much better when we in the government can interact with your members through an organisation which can articulate your collective wishes and expectations not only in relation to your own special interests but also in relation to the interests of the other communities and the government as well. In this respect your chambers can act as a powerful influence in the way you approach common problems. You can influence the thinking of your members to help them become more attuned to our complex, multiracial, multi-religious society with its diverse interests, pressures, cleavages and other challenges. Your collective stand and wisdom are especially necessary when times are difficult and we need to stay united in our efforts to surmount our economic difficulties at this moment.

At a time when the economy remains hard hit by the long recession, we in the government look to your chambers as the most economically active component of the community to interact with the prevailing economic forces so that when general economic conditions improve Sabah will be quick to respond. Therefore it is important that you be alert to indicators of the long-awaited economic upturn so that Sabah can move with the rest of the country on the road to economic recovery and not be left behind.

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As we can see from the improving commodity prices and the lively share market, the economy is showing definite signs of recovery and many top business minds have expressed optimism that the worst is over and brighter days are ahead. You may have your own evaluation and assessment of the economic situation and I am sure you have definite plans as to how you will respond to the opportunity to move more vigorously when the long winter of recession begins to thaw.

For our part we in the government are ready and willing to respond to interact with the economic forces which you represent and are willing to explore ways and means with you to energise trade and industry and the economy as a whole. Leaders in trade and industry must realise that they have a responsibility not only to themselves and their business interests but also to the community at large to ensure that what they suggest to the government will benefit the economy as a whole and not just themselves as individuals.

In the past I noticed that business people who had ready access and had close rapport with government leaders were only concerned about their own interests and therefore had concentrated their efforts in promoting them. Very few would make use of their good relations and rapport with government leaders to try to find solutions to problems and overcome obstacles which retarded the growth of the economy in general. Whatever they put up to the state government was greatly tainted by personal considerations and vested interests. This is a great pity but there is always time to set things right and your combined chambers can set a good example in this respect.

In order for the SUCCC to be effective it is important that the rank and file members fully support the organisation that represents them and try their best to avoid factionalism from developing within the organisation. And if it is the intention of the Chinese community to structure the Chinese Chambers throughout Sabah such that the SUCCC presides over all the other Chinese chambers in Sabah it is important that the SUCCC be given the mandate as the voice of the Chinese business community in the whole state and be regarded as the

authoritative body with whom the state government and the other communities may interact.

I would now like to refer to some of the points which your president raised in his speech. I believe the government has made good headway in promoting a healthy climate for investment as I mentioned only yesterday at the signing of the agreement between Sabah Land Development Board and Perlis Plantations Berhad to set up an \$84 million integrated oil palm project. I am confident we will see increasing capital in-flow through more such joint ventures with government agencies in keeping with our objectives of developing resource-based industries and expanding and upgrading employment opportunities in Sabah.

As for the cutting of red tapes, this of course has been a favourite target of the business community for a long time and, on the government's side, efforts have been made to reduce bureaucratic barriers. But we must realise that it is not always possible to simplify procedures. There are government procedures which cannot be short-circuited without dire consequences. What you regard as red tapes may be very necessary procedures. If however your chambers feel that things could be speeded up you should cite specific cases instead of making sweeping generalizations which are not very helpful.

There is however certainly a need to instill a greater sense of urgency in the minds of civil servants. This is something that the government will try its best to do because some civil servants do have the tendency to take their own sweet time to do things.

Trying to improve the infrastructure and public utilities of the state is something which successive governments have been trying to do ever since we gained independence. We in the PBS government are doing our best but because of the existing financial constraints we are not achieving as much as we would like to achieve. Road construction and other development programmes have been adversely affected by the greatly reduced financial allocations from the federal government at this time of recession.

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As for the high cost of utilities, particularly electricity charges which your president cited, I suggest your chambers get together with other concerned organisations such as the Sabah Manufacturers Association to put up a memorandum with recommendations on the matter. You should be very specific in your requests where electricity charges for instance are concerned so that they can be forwarded to the National Electricity Board for their consideration. A broad, highly generalised statement seldom achieves results in my experience.

It is true that I did say in my address to your chambers two years ago that the government should not be involved in commercial activities in direct competition with the private sector. It is the policy of the present government to relinquish its business activities which are in direct competition with the private sector and our policy has been clearly spelt out on many occasions. And we have named the businesses that are to be privatised.

What you should bear in mind, however, is that these business organisations are large, some huge. Millions of dollars have been pumped into these government-owned companies and there are contractual obligations and various economic, financial and commercial considerations that we cannot overlook. The government cannot simply stop their operations or close them down. There must be private organisations prepared to take them over.

Therefore, now that the PBS Government has indicated its intentions to relinquish these businesses, it is up to the private sector, either individually or collectively to make bids to take them over. It is also unreasonable to expect the state government to abandon those firms owned by the government. The ball, therefore, is at your feet. As private businessmen, you should organise yourselves and make the necessary arrangements for the take over of these government-owned businesses. I assure you that the present government is ever ready to relinquish them at cost.

On the subject of rice, I tend to agree. It does appear that the quality of rice that we import in Sabah leaves much to be desired. There have been allegations that we consistently receive old stock

and it is quite understandable that consumers are not happy about the rice we buy. The State Government will make representations to the National Padi Board to ask them to monitor the quality of the rice closely and make sure we in Sabah get supplies of reasonably good quality rice. As for direct importation into Sabah, we will watch the situation. If the situation does not improve, we will take another look at the suggestion.

Another matter touched upon is liquor licensing. The beer-house licence regulations are quite clear. But we will look into the matter again in association with the federal authorities and if there is a strong case to waive licensing the State Government will consider doing so if it is justified.

As far as the MAS air fares are concerned, we have made known the difficulties faced by the traveling public in Sabah through our representatives on the board of MAS. But so far there has been no positive response from the airline to our request for lower air fares.

Where the quality of the MAS service is concerned, this is something which we have to remind the airline now and again to ensure that it is maintained at an acceptable level especially since the airline has no competition whatsoever on domestic routes.

As for the suggestion that the chambers should each have a nominee on municipal councils and town boards, I would like to say that these local authorities are already represented by members from the various communities and it is considered not really necessary that the chambers have their own representatives. The Chinese members at the councils and committees should be regarded as spokesmen not only for the urban population but also for the Chinese business community. But I am not shutting the door completely. If the SUCCC feel there are cogent reasons why the chambers should have their own representatives they should submit their case officially for consideration.

I think time precludes me from responding off-the-cuff as it were to all the various points your president has raised. I would however like to touch on one matter which has not been brought

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up and that is the forthcoming trade and investment mission to China Hong Kong and perhaps Taiwan also which the state government is planning to send sometime in October.

It is my hope that this mission will comprise representatives of business interests throughout the state and I would like personally to invite the SUCCC and other chambers to join the state-sponsored mission if they are not already in communication with the mission secretariat. The secretariat may be contacted at the Department of Industrial Development in the Ministry of Industrial and Rural Development.

The Prime Minister has personally approved the mission and I do not anticipate any difficulty apart possibly from keeping the number of participants from both the public and private sectors to a manageable level. The number was over 130 at the last count. I imagine a lot of people seek this opportunity to see China apart from trying to make business contacts. But it should be business before pleasure for those in the forthcoming mission. I intend to be very firm in this respect. Prospective members must have sound reasons for wanting to join the mission. It is not a sightseeing trip. If they do not have serious business intentions they should skip this trip.

To refer briefly to the signing of the SLDB-Perlis Plantations joint-venture agreement once more, I would like to stress that the State Government is putting in a lot of effort trying to attract investment in the agro-industrial field because that is where the future economic growth of our state lies. This is a reality and a reality to which the business community must reorientate itself. If we take full advantage of our extensive and diversified agricultural resources, reasonably good infrastructure, and bear in mind the growing world demand for food, we will realise that this is one field of business activity where we cannot go wrong.

Before I sit down I would like to congratulate the new office bearers of the SUCCC on their election to this very important organisation. I hope you will consolidate the gains of the past achieved by your predecessors and chalk up further gains by being more imaginative and enterprising in your dealings not

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only with the State Government but also with other chambers and all the economic forces with interests in Sabah.

**(At the swearing-in of the President and new
officials of the Sabah United Chinese Chambers
of Commerce in Kota Kinabalu on
18th July 1987)**

Bumiputra Businessmen in the Making

It gives me great pleasure to be here with you all tonight on this occasion of the formal installation of your chamber's new president and committee members in conjunction with your annual dinner and social get-together.

Never before to my knowledge has your chamber celebrated this event on such a grand scale as this year. I refer particularly to the presence of your distinguished guest of honour the Yang Di-Pertua Negeri in addition to the many other dignitaries here tonight.

It adds up indeed to a high profile introduction of your chamber's new office bearers to the government and business leaders of all communities present here. And rightly so. For too long the Sabah Bumiputra Chamber of Commerce has taken a back seat more or less in matters concerning trade and industry in our state.

It is to be hoped that this high profile installation of your new office bearers signifies the beginning of a new era of greater participation by the chamber in Sabah's business activities. From the remarks of your president on the restructuring of the chamber and related matters it seems clear that this is your intention.

As your chamber represents the principal bumiputra business interests in Sabah it is only appropriate that you should take the initiative in bringing about greater cooperation with bumiputra trade organizations such as those representing contractors, small traders and transport operators as just mentioned to strengthen your voice and present a united front in your dealings with other bodies and the state government.

I am confident that under the dynamic leadership of your new management committee bumiputra businessmen and entrepreneurs will experience a refreshing new period of vigour and aggressiveness which is especially timely as the state and nation recover from the recession.

In common with other chambers of course the Sabah Bumiputra Chamber of Commerce is made up of people of political and religious persuasions almost as diverse as their business activities. And this should remain so as I believe that trade and industry should not be mixed up with politics. As I look around this hall this evening I am happy to see people of diverse backgrounds mingling together in a spirit of friendship and goodwill which of course is characteristic of our multiracial society in Sabah.

There should be no barriers of any kind among you because business is founded on the hard realities of supply and demand in various forms and competition and objectivity and not on the shifting sands of emotions and subjective thinking.

In this respect I would like to express my satisfaction at the close cooperation that exists between your chamber and other such organizations and the government in Sabah. I assure you that the government will give serious consideration to any proposals you care to submit on increasing the present level of cooperation and to overcome the problems that confront the chamber and bumiputra businessmen in general.

In particular we would welcome any detailed representations from your chamber on state government privatisation policy. I would like to see a more positive response from the private sector towards the government's desire to private certain state business agencies, not because these government-

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owned companies are not making money but in the belief that the private sector will do a better job in managing some of these businesses.

A good number of these companies involve substantial investment of public funds and their takeover may be beyond the immediate means of most individual bumiputra undertakings. But the government is willing to discuss any proposals that your chamber makes concerning their privatisation. I would like to reiterate that we would greatly appreciate positive ideas on how we can expedite their privatisation preferably by local business interests. But we would also welcome joint ventures with outside capital and managerial and technological know-how.

Naturally we are concerned that these government-promoted businesses be kept afloat and run profitably so that the large amount of public funds invested in them and the significant number of jobs provided local people are safeguarded.

Throughout the years your chamber has enjoyed cordial relations with the Chinese chambers and I am glad that you look forward to maintaining and expanding this rapport. It is highly important that our different business communities, especially the Chinese and the bumiputra, work together and learn from one another in advancing the interests of the bumiputra community and in so doing enhance the economic wellbeing of our state and people as a whole.

There has in fact been substantial bumiputra participation in various forms of business in Sabah due in no small measure to easy government credit particularly in the past and other assistance and also to some extent to close cooperation between the bumiputra and Chinese business communities. Unfortunately, however, it is widely accepted that a lot of bumiputra partners in so-called joint ventures are sleeping partners.

It cannot be denied that there are still a lot of Ali-Baba businesses. In such cases we have non-bumiputra businessmen seeking bumiputra partners in order to take advantage of the preferential treatment available to bumiputra on the one hand

and bumiputra taking advantage of their special privileges on the other to get on in this way.

This may all be very well except that many bumiputra have not been making use of the opportunity to learn more about the business in which they are partners, learn to conduct the business well and learn to be more independent for the sake of their long-term advantage.

As bumiputra you should realize that your present privileged position in trade and industry will undergo profound changes as bumiputra participation in trade and industry grows. In years to come, bumiputra and non-bumiputra will not compete with one another as they do now in circumstances that lend to the continuation of Ali-Baba businesses. Instead, as bumiputra expand their role in trade and industry, a growing number of you will find yourselves competing with one another. No longer will competition be so much along racial lines.

Unless, therefore, you are very good in your respective field of business you will lose out to others of the same race. You will no longer have any recourse of appeal to government on racial grounds because you will be competing with others of the same race as yourselves. You will not be able to claim special treatment against competitors of the same racial category.

It is important to remember that you will be competing among yourselves. You will have to compete to survive. You will no longer be able to rely on handouts, special treatment or privileges. It will be a matter of survival of the fittest. Already we are heading in that direction as more and more bumiputra take a more active and direct part in trade and industry. Therefore, you should learn all you can about your respective line of business and strive to enhance your competitiveness while the going is good.

In this respect it is indeed encouraging to find your chamber moving with the times and girding itself to meet the new challenges confronting you. I do not intend to speak too long tonight on what is essentially a social occasion. However, I believe that my advice will not go unnoticed.

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I would like to end by expressing the hope that you will maintain your desire to be more progressive and assertive and that your chamber will play an increasingly prominent role in the business life of Sabah.

**(On the occasion of the installation of office-bearers
of the Sabah Bumiputra Chamber of Commerce
in conjunction with the Chamber's Annual
Dinner on 17th January 1988)**

Let Us Strengthen Chinese-Bumiputra Unity

I am pleased to be here tonight to witness the installation of the new Chairman and Committee members of the Sabah United Chinese Chambers of Commerce (SUCCC), an event which I have been privileged to attend on two previous occasions.

Somehow I feel that this installation is a little more special because it marks the infusion of new blood into the organisation and therefore promises a new era, perhaps new direction and emphasis, new horizons and new possibilities.

I am sure as members of the SUCCC and as representatives of your respective Chambers of Commerce you have all come to the installation dinner tonight with a feeling of expectation, a feeling that you may see something new and, hopefully, refreshing, and perhaps better than the old.

These are natural inclinations and can be expected of members whenever there is a change of leadership. To the new office bearers the experience can be quite sobering because they know that underneath the glitter and the limelight and accolade is a deadweight of responsibility which goes with the privilege.

And it is this responsibility, commitment and expectation that must always be held up high so that they will not be obscured by distractions which usually accompany high office.

In this connection I am pleased to hear in your new Chairman's address that the new SUCCC committee will stress collective leadership and joint effort. Perhaps this new style of leadership will ensure a higher degree of involvement by the members in the affairs of the organisation and better sense of dedication and commitment to the common aims. It will also lessen the danger of the organisation becoming and serving the private interests of one or two leaders who may have absolute control over it.

Your Chairman has listed a dozen requests for the attention of the State Government. I do not propose to respond to each and every one of them tonight as I feel that any request made to the government should be made officially, which is what I think the SUCCC will do in due course. But in the next few minutes that I have tonight I would like to stress that the State Government is very serious about promoting industrial activities as outlined in the Sabah Action Blueprint to lessen our heavy dependence on the extraction industry to keep the state solvent. The idea of creating an industrial zone in Kota Kinabalu and the other main centres is not new and the State Government has in fact laid the basic framework for such industrial zones. The main problem to be dealt with is as your Chairman has rightly pointed out, the lack of infrastructure. This and related problems are being addressed and, as I had occasion to state at the State Investment Committee meeting only yesterday, the State Government is prepared to go a long way to remove the obstacles which impede progress towards our industrialisation programme. We are addressing the problem of water shortage and will be able to overcome this problem shortly. Electricity is a perennial problem and one which defies solution unless those involved share our anxiety and commitment to our industrialisation programme. But we have not given up hope and will continue to present our case to the federal government.

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As for the SUCCC's intention to set up a training institute to provide vocational training for industrial workers I assure you that the State Government will give you every cooperation possible. Your application for land will be favourably considered. But I would like to stress that such land will carry a time frame to compel the land owner to complete the project within a stipulated period after which, if the land is still undeveloped, it will revert to the State. Other requests for land will also be similarly considered.

As for accelerating agriculture development I wish to say that the extent of future expansion in terms of hectarages will take into account the State's manpower resource and infrastructure and the State's ability and readiness to further expand this sector of the economy.

At this moment we do not wish to see new areas opened up for agriculture development. Instead, efforts should be made to plant up idle land and rehabilitate unproductive plantations. It should be stressed that the Government's policy is to gradually phase out foreign labour and correspondingly to increase the local labour content of all estates and industries. This being so we will not go into new areas of development which will involve a large intake of foreign labour and which will not bring direct economic benefits to the State.

As far as infrastructure development is concerned I need hardly say that the matter is receiving full attention not only by the State Government but also by the Federal Government. I am in full sympathy with the road users who have been waiting for the completion of the East-West Highway, the North-South Highway in Sabah as well as the Sandakan-Lahad Datu road. These roads go through some of the most difficult terrains in Malaysia and the long spell of bad weather has compounded the difficulties, thus causing inordinate delays. But I am told that things are beginning to look up and these roads will be completed, even if a little later than expected.

As far as scholarships are concerned I am of course fully aware that many poor children from Chinese homes deserve as much help from the Government as the Bumiputra. And I

would like to say that the State Government has, over the last few years or so, given scholarships to many Chinese students, more than in previous years. Since PBS came to power 148 Chinese students have been awarded state scholarships. About 34% of the total awards this year were given to Chinese students. The record speaks for itself.

I think my speech tonight will not be complete if I did not touch on the one single matter which is very close to my heart and that is unity. When I say unity I mean unity among the Chinese, regardless of clan affiliation or dialect differences, and unity between the Chinese and Bumiputra.

There is not much I can add to the former, except to acknowledge that the relations even within some Chinese communities can be somewhat tenuous at times because of dialect or regional differences which tend to accentuate other differences. Occasionally we witness recriminations, charges and counter charges between factions and sub-factions which reinforce the impression that unity is a very relative term even in a seemingly homogeneous group.

However, it is unity between the Chinese and Bumiputra that ought to receive more attention because the consequences of disunity are so much more serious and the ramifications are so much greater. I do not wish to dwell on the rather disturbing signs of disunity which have surfaced between the SUCCC and the Bumiputera Chamber of Commerce over the Dewanniaga dispute. The Dewanniaga issue has, I believe, been brought to court and it will therefore be quite improper for me to comment on it. Suffice it to say that this is an instance where cooperation between the Chinese and Bumiputera has fallen short of success.

I do not wish to pass judgement or lay blame on any quarter, but I do hope that both the SUCCC and the Bumiputera Chamber of Commerce will not allow the bad experience of Dewanniaga sour relationship between Chinese and Bumiputera. What happened in the past should not be allowed to jeopardise future relationships, especially since the SUCCC is now under a new set of leaders. Relationship should begin anew

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and I would like to see a much closer rapport between the SUCCC and the Bumiputera Chamber of Commerce. In fact I would like to see a constant dialogue between the two either at the organisational level or at the personal level. I would like to see such a dialogue and rapport in the very near future.

It is not too early to think in terms of a joint effort in some sphere of economic cooperation between the SUCCC and the Bumiputera Chamber. I am prepared to consider any worthwhile joint-venture in which both can take part. This will perhaps make up for the not-so-successful experience involving Dewanniaga. So think about it and work out something worthwhile.

The SUCCC has always been regarded as the legitimate spokesman of Chinese interests in Sabah and I think quite rightly so. It represents a collective entity made up of 13 Chinese Chambers of Commerce throughout the State. This being so it is all the more important that leaders and members of the SUCCC should be always mindful of their very responsible position and refrain from conducting themselves in ways which can tarnish the image of the organisation.

Although the name of the organisation appears to indicate that it is primarily concerned with promoting the commercial interests of the Chinese, there is no denying that the SUCCC and its 13 member chambers are also inherently interested in safeguarding the welfare of the Chinese. Your Chairman's speech and the broad outline of the Chamber's programme of action makes this immediately apparent. For instance, the Chamber's involvement in culture and education and other social activities is very much part of SUCCC's non-business involvement in community affairs.

Naturally, of course the SUCCC's most immediate concern is the business environment and how to improve the economic well being of its members. This concern is understandable and the State Government is always mindful of the views of SUCCC and its members and will do what it can to help solve some of the problems faced by its members.

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As I have mentioned earlier the State Government will respond to your Chairman's requests which we heard in his speech and which I expect he will submit to the State Government officially in due course. I cannot promise that each and everyone of the requests will be granted, but whatever is reasonable and within the power of the State to give will be sympathetically considered.

The installation of your new Chairman and office bearers of the Executive and Supervisory Committee of the SUCCC is a very important event and one worthy of the attention of the whole community. As far as the State Government is concerned we have long regarded the Chinese Chambers of Commerce and the SUCCC as the guardians and spokesmen of Chinese interests in Sabah. There is no doubt that this awareness of the Chamber's position in society will spur the leaders in the 13 Chinese Chambers of Commerce and the leaders of SUCCC to greater effort in their attempt to fulfill the Chamber's obligations and commitments to their rank and file members.

You will all realise of course that your active participation, your vigilance and involvement in the affairs of your respective chambers and the SUCCC will be a decisive factor which will determine the performance of your organisations. You should also bear in mind that your chambers must interact with and behave in a very responsible manner towards other organisations in the community, notably your Bumiputera counterparts.

I wish to congratulate Datuk Tan and his committee members on their election to the Executive and Supervisory Committee and I wish them all a very successful and rewarding term in office.

(At the installation of the Chairman (Datuk Mohd. Sari Tan) and members of the Executive and Supervisory Committee of the Sabah United Chinese Chambers of Commerce on 1st August, 1990)



A keen soccer player in his younger days, Datuk Pairin regularly takes part in friendly matches. Picture shows him getting ready to lead his Tambunan team against Inanam for the PBS President's Trophy on 11th October, 1987.

CHAPTER 8

Learning to Be Better Leaders

The whole purpose of this Workshop is to make us better leaders. I believe events in the past two years or so have brought home to us how much is expected of us as leaders of the State. We are often faced with difficult and complex problems. In fact, some of the problems appear to have no solutions at all. Those among us who are government leaders are expected to make decisions and to make them fast in order to satisfy the expectations and demands of the people. And the decisions we make may have far-reaching consequences.

As leaders, our roles as decision-makers occupy much of our time and attention. With the rapid advancement in technology and modernization and the increasingly complex economic system that have affected our State in the past two decades, political leaders in Sabah now operate in a new environment. We are no longer dealing with straight forward problems like encouraging small-holders to replant their rubber trees to increase productivity or to encourage padi farmers to do double cropping, as our past leaders had done. The problems that we now face are far more complex and challenging.

This is because our State does not exist in isolation. The problems we face emerge not only from the local environment,

but are very much related to the changing political and economic conditions at home and abroad. In order to be effective leaders we need to keep ourselves well informed of the changes and development that are taking place.

I understand that this Workshop will focus on the dynamics of leadership aimed at developing skills that can help us respond more decisively to problems that we encounter.

As you know the main objectives of the Workshop are:

- To familiarise our political leaders with the salient features of the Malaysian political system;
- To make our political leaders more aware of local and national issues which have relevance to the political development in Malaysia;
- To improve the knowledge and appreciation of political leaders of basic concept of leadership management; and
- To develop strategic responses to political issues at local and national levels.

There will be a total of eight working sessions in the next two days, each dealing with a specific topic. The topics include:

- Basic political concepts and comparative political systems;
- The different systems of administration, functions and machinery of government;
- Internal and external forces affecting government policies and decisions; and
- Political management skills and tools for efficient decision-making.

The social backgrounds of politicians and top civil servants, who are also the top decision makers in the country have been the subject of considerable scrutiny in western countries.

In a developing country like Malaysia, particularly Sabah, politicians come from all walks of life and defy generalisations as to their backgrounds. Furthermore, our democratic form of government and the associated institutions may not be familiar to all although I do believe that many of you have had some

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basic exposure to the philosophies and fundamental principles of a democratic system of government.

The subjects covered in this Workshop place us in the context of a modern system of government based on the western democratic principles and traditions. But I have also noticed that some of the papers focus on the Malaysian system of government with its own peculiarities and modifications to suit local conditions and traditions. This will have to be explored to establish whether our local peculiarities conflict or harmonise with the established precepts and mechanics of the democratic system of government in practice elsewhere. The basic consideration is whether our practices are consistent with the democratic precepts which we have generally accepted as the most desirable principles governing human behaviour between the government and the people. We must at the same time be practical and be well aware of the many problems which confront us in our society at this stage of our development.

For democracy to be meaningful it must first of all be workable. Where certain democratic precepts conflict with the people's interests at this stage of our development, we should explore ways to adjust and adapt the system to suit our needs without jeopardising the basic democratic interests of the people. This is something which you may have occasion to think about in your career as representative of the people in a developing democracy.

The question is often asked, is PBS a strong party? Let me stress here that the strength of our party rests on you and me and there may be times when we are only as strong as the weakest among us. Our party is young, just over two years old and it takes a little time for an organisation to grow and become strong. PBS is growing. We must make sure that it grows fast so that we can have the strength to discharge our duties to the people, the state and the country efficiently and effectively.

(At PBS workshop on "Political Management and Leadership Development" on 22nd July 1987)

Developing Our Human Resource

With the transformation and modernisation of the economy through the downstream processing of our primary commodities comes the need for trained, more highly skilled and better qualified manpower. It is important then that we waste no time in developing human resources into a skilled, dynamic and adaptable workforce so that Sabah can compete and survive in the fast changing and increasingly sophisticated international economic environment.

Furthermore, there is an urgent need to develop entrepreneurial talents in Sabah. The obstacles in this direction should be identified and appropriate measures taken to overcome them.

With Sabah already facing a mounting unemployment problem, the need to develop a more diversified value-added economy requiring more highly skilled human resources at all levels of production becomes all the more pressing. The unemployment problem will become really serious in Sabah unless new jobs are created to absorb the new entrants to the labour force. With our population growing at a rate of 3.8% annually, the highest in Malaysia, we have to face the problem head on.

There are no shortcuts to overcoming our current difficulties. However, with proper manpower planning, supported by

proper education and training, we should be able to contain the unemployment problem and hasten the structural changes in our economy. Our economy will then become more competitive in the world market.

There are obvious shortcomings in the present education system. Nowhere are these shortcomings more apparent than in the relentless rural-urban drift among our school leavers who seem to be irreconcilably alienated from their socio-cultural and home environment by their education. These young people are educated out of the rural areas. Instead of remaining in their village communities to help develop the rural economy, most school leavers prefer to look for white collar jobs in the urban areas. It is quite paradoxical that jobs have remained unfilled in the agricultural sector at a time when there is widespread unemployment.

This is a very important seminar both for the public as well as the private sectors and for the economic development of the State. I wish to thank the Konrad Adenauer Foundation for sponsoring this seminar.

There is still very severe unemployment problem in Sabah and in Malaysia as a whole. The problem of the educated unemployed is especially critical. Some source put the unemployment figure at 40 to 50 thousand in the next two years.

Our concern is how to increase economic activities and stimulate economic growth. Diversifying the economy is a necessary step as we are over dependent on a small range of primary commodities. Our efforts to go into downstream processing have not been altogether effective. This hampers our plan to eradicate poverty, especially in the rural areas where most of the poor live.

The attitude of the rural people is another important factor in development. When they are supposed to be farmers they do not concentrate on farming but are influenced by other factors.

Therefore we need to change their attitude in addition to improving their skills and teaching them new techniques and methods to enable them to improve agriculture. We should also help them open up new horizons and explore new possibilities. For instance, many padi growers in Sabah do not seem to be

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aware that they can also plant other crops and keep livestock. Therefore we should think of these farmers when we talk about human resource development in the Sabah context.

It seems to me that there is a lot to be done to train and bring necessary skill and information to the farmers. The district level machinery must be activated.

To deal with the unemployment problem and the problem associated with migrant workers the State Government is considering setting up an employment service bureau responsible for registering job seekers and monitoring job openings, recommending and processing work passes and developing and planning strategies to provide employment, conduct labour census district by district and ensuring annual returns are submitted to the government by the private sector.

We will set up a computerised system to monitor the work force and provide a secretariat for processing all applications. We will also consider creating a welfare fund. We will address the relevant authorities in due course about the Employment Service Bureau.

Some aspects of human resource development require critical examination by policy makers and planners who seek to reinvigorate and diversify the state's economy. I have no doubt that this seminar provides an ideal opportunity for an in-depth discussion.

I am told that you will be discussing eleven papers at this three-day open session, to be followed by a series of workshops each dealing with specific issues including unemployment and manpower planning, education and training, and the development of entrepreneurial skills.

I have no doubt that the seminar will engender a greater public awareness of the need to develop the human resources required for the state's continued development. It will enhance our understanding of the various problems we face in this respect and help us to formulate better plans to meet the challenges in keeping with our current state of socio-economic development.

PAIRIN'S SPEECHES

I am also confident that your conclusions and recommendations will help to pave the way towards a more systematic development of human resources in Sabah.

(Keynote address at the seminar on "Human Resource Development" on 17th August 1987)

Some Thoughts About the Dignity of Man

This is a subject that can take one high up in the clouds where one speaks in the abstract. One may even be tempted to make forays into Aristotle.

I had brushes with Aristotle when I was a student, but his ideas have since been consigned to a rather cluttered attic. Some of the few traces that jut out include the idea that man is a political animal. Of course here in Sabah one should take care to draw a distinction between the Aristotelian political animal and the later day variety.

But we must come down to earth and deal with this very interesting, if somewhat illusive, subject in its present day meanings and applications.

Although dignity is an intrinsic attribute of man, it can be sustained or enhanced, undermined or destroyed in his interaction with his fellow men or by the circumstances in which he lives. A man's dignity or indignity is a function of how others regard him and how he feels about himself. Dignity can be an intrinsic attribute, and it can be external to a person. A much despised despot may carry himself with all the trappings of high office and dignity, and may exact the most servile deference, but his dignity goes no deeper than the mortal fear that he strikes

in the hearts of his subjects. His dignity is extrinsic, a veneer. Intrinsic dignity commands respect, although perhaps less visibly so. Deference may assume a more demonstrative expression, but may fall short of real respect.

A great many of our legislations, especially those which protect the rights of the individual, owe their origins to western liberal ideas about the dignity of man. These ideas have crystallised from the thoughts of the great thinkers of antiquities and other philosophers in the centuries that followed. The democratic ideas about human rights and dignity, about freedom of expression, about the rule of law were regarded by the ruling elite as dangerous ideas at various times in human history. These ideas were ruthlessly suppressed for hundreds of years. These were times when rulers thought that they had a divine right to rule, and when human dignity was trampled under foot.

We have come a long way since the French Revolution, longer still since Magna Carta, if we may look at these two crucial developments as part of the history of the human race as a whole. Ironically, through subjugation by the British, although perhaps not necessarily exclusively so, we have benefited from the struggles for democracy in the western world whose system of government we have adopted, albeit after a fashion.

Many of our laws, especially our constitutions, are the products of western democratic ideals. They are the final arbiters and protectors of what we regard as human dignity. But in our everyday situation people do not resort to litigation to uphold their dignity. Furthermore there are as many interpretations of the dignity of man as there are people who have occasions to think about it.

Most cultures believe that man is created with dignity. But when men start to exploit one another they lose their human dignity.

One essential ingredient of dignity is employment, no matter how menial it may be. If a man gets a fair wage for a fair day's work and can support himself and his family, he will have dignity. He is the master of his house. But if the man is un-

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employed, or is excessively exploited so that no matter how hard he works he is unable to improve himself, he loses the dignity that he finds in labour.

One can find dignity in every situation. Even the poorest of the poor can have dignity. They may live in very trying circumstances, and their jobs may not be what one might consider to be pleasant, but they can still maintain their dignity. On the other hand, one can lose one's sense of dignity even in the most lavish of circumstances if one knows that the wealth that sustains this lifestyle has come out of the miseries of others.

One thing that destroys dignity is despair. Anything that creates a feeling of despair takes away dignity. Human beings like to have hopes that things will improve. If these are taken away and despair sets in, dignity is severely undermined.

Everybody likes to have his own culture, and to have it accepted by others as having some value. If one's culture is ridiculed and despised or down-trodden, one feels that one is losing one's dignity. This is why some racial or cultural groups become somewhat extreme. When they think that they are losing their cultural dignity, there is a sort of backlash when they try to exert themselves, and gain recognition. Once they get recognition they will no longer fuss over it. People like to have all the little trappings of culture. They give them a sense of belonging and a sense of dignity.

One should also be allowed to realize the beauty of one's human personality. People are special. We should look to people as having values in their own right. People need a chance to grow and develop intellectually and spiritually, because that is a very satisfying thing. Even the poorest of persons need some kind of intellectual and spiritual development. This too is what makes for human dignity. When man is man there can be dignity even in poverty. Give the poor dignity. It is not material thing that they really need. This is not always the most important thing for the poor. What is even more important is to give them an opportunity to get out of their situation for themselves, for instance by making society a little more just, improving the wage structure, stopping exploitation.

Helping others gives a man dignity. The rich can do it easily. A poor man cannot do that as he barely has enough to feed himself and his family. Therefore we need to create a situation in which a man of no great standing in society can do something to gain respect, to feel important, to do something for others and be praised for doing it.

As human beings we all want to become more than we really are. We all want something to aim for. So we must help people to be able to achieve their dreams. It is the poor who build our buildings, clean our streets, take away our rubbish. They serve us in fancy restaurants and they sell the daily necessities of life in our street corners at a price that the poor can afford, and yet we never see them, or rather we see them without really seeing them. So in a sense they are invisible to us. We should make them visible and give them the dignity that is their due instead of taking them for granted.

One can go on and on about how the dignity of man can be enhanced or undermined. Ultimately the best guide and guarantee that one is constantly mindful of other people's right to human dignity is to heed the immortal adage which exhorts us to do unto others as we would others do unto us.

**(At an Institute of Development Studies forum on
"The Dignity of Man" in Kota Kinabalu
on 18th December 1989)**

Leaders As Agents of Change

As I look at the audience, I am heartened by the presence of a very diverse group of participants from Sabah, Sarawak and Semenanjung. It appears that even at a small gathering such as we have here this morning we have an impressive array of leaders and emerging leaders, not to mention potential leaders, leader-watchers and philosophers about leaders and leadership.

Of course, many of you here are well past the "emerging" stage and are indeed leaders in your own right. I am also aware that all of you occupy positions of influence in various fields as academicians, businessmen, politicians and administrators. Such an impressive assembly of personalities promises a really fruitful conference over the next two days.

One can perhaps say that the level of political stability and national well-being of any country is a measure of its political, economic, social and cultural maturity; that is, the cohesion of the body politic, the endowment and development of economic resources, the ability of a people to act concertedly and the achievement of unity in diversity in term of the nation's culture. The political, economic, social and cultural dimensions are in-

terdependent and only if all the four factors work in harmony can we really achieve political stability and national well-being.

There is one other factor, and one which directly enhances or weakens these factors which I have just mentioned or combines them to produce political stability and national well-being or chaos and disaster. This is leadership. Indeed, leadership through its perception of problems and issues, through its inspiration and management acumen or lack of any of these qualities, has been recognised as a key element that makes for political stability and national well-being or the complete opposite. Either way it affects the lives of the people profoundly.

When I first learned about the conference the immediate impression I got was that this conference was going to address itself to the changing roles, styles and emphases of leaders and leadership in response to a rapidly changing environment, not the least of which is the attitudes, psychological make-ups, expectations and aspirations of the younger set of the citizenry with whom the emerging leaders are interacting and will interact.

In fact I had wondered how the conference was going to deal with these issues, that is whether you will hypothesize about the changing circumstances which requires change in the style of leadership to which leaders must respond appropriately or whether you will look at the subject in a historical context and draw instances from empirical evidence. I also thought that you may combine the two.

I have had little time to reflect on the four conference topics but a cursory glance was enough to convince me that these are the main areas which will see some dynamic development in the future. In fact we see what appears to be the start of some major development even now.

National integration and territorial integration are subjects that have been discussed at length in other forums before today. I have personally presented a paper on territorial integration at an ISIS Seminar in 1986. I think what we should bear in mind is that this is not a matter for which we can organise a crash

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programme in the hope that this nation will be integrated – whatever that might mean – in a short while.

In fact this is one of those things we must leave to the slower process of evolution. Naturally the people whose thinking and psychological make-up are expected to evolve in this slow process are the present and future generations who interact with one another now and in the future. And in this process your outlooks and responses, and mine, will dictate the degree to which the barriers which divided the various groups in the country are breached or perpetuated.

Malaysia has now been in existence for a quarter of a century, and for a quarter of a century young people of diverse backgrounds have gone through a period of intense refashioning in the melting pot of our national system of education. Hopefully the system has produced positive results. I certainly would like to see a Malaysian entity emerging from the mould. National unity, national integration and territorial integration all describe the kind of togetherness or composite whole made up of the complex jigsaws of a diverse citizenry. No mastermind, no system of education can dictate or predict the completed picture of this mammoth jigsaw. One thing we can be sure of is that they will all fit and that the finished picture is going to be beautiful because it is colourful.

I take the word leaders in a very broad sense. In Malaysia where society tends to be less individualistic and people are more inclined to follow a behavioral pattern modeled after figures who are held up as leaders, those in a position of leadership are able to exert a great deal more influence than those in more developed societies where leaders figure less prominently in the lives of the people.

In Malaysia some political leaders have appeared out of nowhere and are thrust into the forefront of political or community affairs at crucial times, for instance during elections. Many, however, have been in youth activities, such as the UMNO Youth Movement or the PBS Youth Movement. Many of the established leaders of today have gone through a period of tutelage in one form or another. These early experiences are both

training as well as testing grounds to prepare them for more important leadership roles in the future.

Our young people carry with them the imprints of the society they grow up in, including the value system and mores. They are, however, also a product of their times which are changing and therefore they may not look at things the way older generations have tended to regard things. Even among the same generation of youth there are differences in outlooks depending on the environment, the socio-economic grouping and of course, the level as well as the type of education they received. Therefore it is to be expected that the emerging leaders would respond differently to a given set of situations and this fact is an important factor to consider when we discuss the sort of leaders that will emerge in Malaysia in the future.

What roles will future leaders be called upon to play in Malaysia? Increasingly future leaders will have to appeal to a more varied and complex range of supporters. No longer can they rely on a narrow base founded on race, or religious sentiments. They will have to deal with pressure groups whose memberships come from diverse backgrounds. Even within the homogeneity of their own ethnic groupings they may have to deal with a complexity of conflicting demands and factional interests. Increasingly they will find that the race appeal is becoming archaic.

At this point in time it is difficult for us to anticipate what will occupy the nation's attention in the foreseeable future. Looking back we can see the different stages of our history and the roles played by the various leaders to meet the challenges and priorities which they saw then. Thus, Tunku Abdul Rahman was preoccupied with unifying the numerous communal entities into the Malaysian nation. He had to contend with external as well as internal threats to our peace and security, and in fact survival as a nation. The late Tun Abdul Razak put a great deal of efforts into economic planning and development. So did his successor, Tun Hussein Onn. Our present Prime Minister sees Malaysia's future as an newly industrialized country and as a small nation with a strong voice in international af-

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fairs, and this vision has marked his style of administration. What will be the main areas of emphasis for the future? This may be an interesting subject to ponder over when you discuss the opportunities and challenges of future leaders in Malaysia.

I am confident that today's conference and future meetings of this nature will help put ourselves and our individual roles in society in the right perspective, and in addition, bring us together in an atmosphere of fellowship and friendship.

**(Opening remarks at the National Conference
on "Emerging Leaders in Malaysia"
on 21st February, 1989)**

CHAPTER 9

Improving the District Administration

I think at a time when the success of our rural development efforts hinges so much on grass-root participation and "bottom-up" initiative and orientation it is only natural that we should take a good look at our district administration to see if there is anything we can do to improve the system and make it more effective. There is no denying that unless our district administration is in top working order little can be achieved to bring development and progress to the people in our rural areas.

As with everything else, when we look at our administrative system and practice we must look at it in the proper context so that we will be able to assess and evaluate our problems and constraints in relation to our objectives in the proper perspective, and will then be able to work out solutions that are effective and efficient.

We are all aware that we are on the threshold of the 21st Century. Some of the problems that we will face will be highly complex and not readily surmountable. We must therefore prepare ourselves now for the challenges of the future. This, I understand is part of the purpose of this seminar and I think it is timely because we must be always prepared for change.

PAIRIN'S SPEECHES

The objectives of this seminar, as we have learned, include an overview of the district administration before and after independence in Sabah, Peninsular Malaysia, Sarawak and the British Colony of Hong Kong. The Seminar also deals with issues and problems of District Administration today as well as discuss broad strategies to meet the challenges ahead.

There are amongst you who have held the post of a district officer for many years and are therefore expected to be thoroughly familiar with the duties, the responsibilities, problems and constraints and the frustrations which come with the job. This is an opportunity for you to share your experiences with your colleagues. I am sure you have much to talk about.

Those of you who are district officers or have served as district officers have gone through old colonial files which must have given you a good insight into the form and content as well as the attitude of the British administrators who administered your district in pre-Malaysia days. I myself have not had the good fortune of serving in the districts but from what I can gather many of our district officers are full of admiration for the dedication and efficiency of the colonial officers who had tried their best to do a good job despite a serious shortage of funds from the colonial office. These colonial officers may have appeared to be somewhat aloof at times but given the general conditions which prevailed at that time and the way our society regarded them we can perhaps forgive them for the way they behaved. And so when you go over the colonial period in your discussion you can perhaps compare the conduct and performance of these colonial officers with the local D.Os today. If you find that the present D.Os are doing less or achieving less you should explore the reasons as well as ways to overcome the shortcomings. On the other hand if you honestly feel that the D.Os today are much more effective there is really no cause for complacency. You should still find ways to improve yourselves. There is always room for improvement.

The typical district officer in the colonial days was an "orang putih" in khaki shorts and knee length stockings who was regarded in considerable awe by the inhabitants. He was

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the chief administrator of the district responsible directly to the Resident, and to him only. He had only one boss. You have many. He was the Assistant Collector of Land Revenue (ACLR) with wide powers over land matters; he was the magistrate, the appellate court, the final arbiter in local disputes whose judgment was always respected and unchallenged. He was also the development officer, the local authority chairman, the licensing authority, and the one who administered the many laws which existed then. He was called upon to do almost anything. There is at least one instance when the district officer of a remote district had to perform an emergency task – that of a mid-wife!

The colonial district officer was well respected even long after Sabah ceased to be a British colony. They were a hard working, dedicated lot who in their own ways cared a lot for the people. I have had occasions to go through some of the old colonial files and cannot help but be impressed by the high degree of efficiency government business was conducted. Matters were attended to expeditiously and methodically and letters were always replied to promptly.

Perhaps the district officer then did not have the work load that you have now. But he did not have the supporting staff that you have, nor the money.

In evaluating the system of district administration today a comparative study of the past and present system and that practised elsewhere will be of immense value. This is why I am pleased that such comparative study has been incorporated in this seminar.

In the last 40 years or so district administration in Sabah has evolved and changed rapidly, especially since 1963. If you look at the broad sweep of events during this period you will probably agree that the most striking change has been the trend towards specialization. The generalist jack-of-all-trade district officer has gradually relinquished some of his functions to specialised departments and agencies which have emerged over the years. Increasingly though, he has acquired new duties and responsibilities. The post-Malaysia district officer has become the development planner, project implementor, coor-

dinator, the local chief of protocol, the public relations man, the returning officer at elections and chairman of dozens of ad hoc committees.

He can no longer be aloof, but must be sensitive and responsive to the political environment in which he operates. Although theoretically he must detach himself from politics and political considerations his close association with the party in power brings him in close contact with the political functionaries of the ruling party. At the same time he is conscious of the fact that politicians from the opposition parties are watching him for any sign of partisanship. He must therefore walk on a tight rope and must learn to be adept at doing the balancing act in discharging his duties.

The colonial D.O. did not have this problem, although it was required of him to tread cautiously where native "adats" and customs were concerned. He had to rely on the native chiefs and district chiefs to insulate him from entanglement with native laws and customs which he knew he was not competent to deal with.

The present D.O. has still to rely on the local chiefs but the latter have become increasingly more political in their outlook and orientation, and their sphere of interests have extended beyond the realm of adats and customs. In addition the D.O. must work with the Village Development and Security Committee (JKKK) which is considered partisan to the party in power. He has also to work through many committees presided over by politicians, including the local Assemblyman. For him the politics-administration dichotomy is very blur and at times virtually non-existent.

The post-independence D.O's sphere of responsibility has widened tremendously. He is at the centre of the government's socio-economic programmes from planning to implementation. He has to be politically alert in the sense that he must know the current thinking of the government in all important issues which affect the people generally, and at the same time he must be aware of the people's mood and aspiration and must somehow convey this to his superiors in the government. For in-

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stance he has to be familiar with the latest land alienation policy, the timber policy, the New Economic Policy, matters concerning the Bumiputra status of individuals and corporate bodies, etc which he has occasions to have to deal with in the course of his duties. He is also in the centre of the five-yearly development plans of the country and is involved throughout the entire stage from start to finish.

Increasingly, as more and more of our rural areas become urbanized the local authorities are taking over much of the role of the district offices. Some people even see the eventual phasing out of the district office in favour of the town board or the district council. They argue that as the business of government become more and more specialised, and as specialised departments and agencies assume the role and functions previously shouldered by the D.O. the D.O. will be left with very little to do. I am sure this view will be hotly contested at this seminar, so for the moment I will refrain from giving you my view on the matter.

Also as the state is moving in the direction of value-added down stream processing of our raw materials industrialization will move to many rural areas, and this will result in a substantial change in the life-style and occupational pattern of the rural people. There is no doubt that the district officer will play an important role to help bring about the transition.

So I would imagine this seminar will focus attention on the future role of the district administration in the context of the country's socio-economic development and the changing roles which the district officer as well as other government or semi-government functionaries will play. While you are on this subject you may also assess the advantages or disadvantages of the move in 1979 to do away with the residents and the three district offices of Kota Kinabalu, Sandakan and Tawau. Some people have expressed the view that the residents should be brought back to oversee the district officers. You may also wish to take a look at the District Administration Section of the Chief

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Minister's Department and evaluate its effectiveness as the government's supervisory agency over all district offices in the state.

**(Speech to declare open seminar on "The District
Administration of Sabah" at Kundasang
on 23rd November 1987)**

A New District Secretariat for Sandakan

This very handsome building took four years to complete and has cost the state well over eleven million Ringgit. Some 16 government departments and agencies are housed in this building, and I understand more will move in shortly.

The building, undoubtedly, is another imposing landmark in Sandakan, a city which is rivaled only by Kota Kinabalu in beauty and modern appearance.

This building alone, I feel, will not contribute significantly to the people's well-being apart from making life more comfortable for those who work in it. This is not what the building is intended to serve. It was built to function as the administrative nerve centre of the Sandakan, Labuk and Kinabatangan region, to house the many government departments and agencies which serve the people in this area.

Grand and beautiful though this building is it will be of little advantage to the people unless the officers and staff who work in it perform their functions conscientiously and with dedication. Government employees should be constantly conscious of their responsibility not only to the government which they serve, but particularly the people whom the government itself serves. In doing their work the servants of the people

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should maintain a high standard not only of the quality of their work, but also dignity which is manifested in the way they carry themselves, in the way they dress, in the way they answer the telephone, the way they respond to the general public, in the way the premises are kept and maintained, in the general appearance and cleanliness of the building.

Too many office buildings that I have visited throughout Sabah are depressing in their general appearance and state of cleanliness. They generally portray a very low state of decorum and sense of responsibility of those who use the premises and facilities. This kind of attitude, of course, extends to other areas including their performance and quality of their work.

Heads of departments, no matter at headquarters level or at a local level such as you are here in Sandakan ought to bear in mind constantly that you represent the upper crust of society and have a responsibility to set a standard for others to follow. If you behave in a sloppy way in the performance of your work and in your life style and conduct those who look to you for leadership and guidance would be hopelessly let down.

Leadership by example is appropriate under any circumstances, and I think this is an opportune moment for officers and staff of all the government departments and agencies to take a firm stand to preserve this fine new building, to keep it clean and tidy and to maintain a high standard. I leave it to you to try and work out a plan whereby this can be achieved. If you take the cleanliness and tidiness of this building seriously this attitude and mental disposition to take good care of your surroundings will also extend to other spheres of life and if this caring attitude becomes widespread, we will then perhaps see a new Sabah emerging.

Since the PBS Government assumed office there have been many attempts by various people to disrupt the smooth functioning of the new government. I think it stands to the credit of our system of government that nothing serious has occurred or damage done to the administration of the State. Under our system of government the civil servants carry on the administration of the country without major disruption while

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politicians are engaged in their power struggle. You can imagine what could have happened if civil servants decided to join the fray. There would be chaos and perhaps absolute anarchy.

I hope the dignity and neutrality of the civil service will continue so that the state is administered smoothly and efficiently under the general direction of the government of the day.

It is inevitable that civil servants have their private views about political figures and parties before, during and after the election. Some civil servants may have felt tempted to take sides in the political struggle in general election. As thinking individuals civil servants have preferences and dislikes much like everybody else. But the point we ought to bear in mind is that civil servants should accept what is established by the rule of the game. It is everyone's responsibility to give the government of the day his undivided loyalty and devotion. This too is the rule of the game under our system of government.

On our part, as politicians, we too abide by certain precepts and rules which the system imposes on us. For instance, we too must drop politics when election is over and start administering the state to the best of our ability, fairly and with dignity, even in opposition areas.

Sandakan, and Tawau, have suffered the blunt of the previous government's wrath when the electorate decided to withhold support for the then ruling party in the parliamentary election in Sandakan and State election in Tawau.

What happened to Sandakan and Tawau is public knowledge and I do not wish to dig up the past. Suffice is to mention here that the PBS Government would like to give special consideration to Sandakan and Tawau which experienced a slower pace of development under the previous government.

I notice that Sandakan despite its size and level of development in most respects does not even have a modern sports complex which even smaller centres like Keningau now enjoy. Considering Sandakan's importance during the hey-day of the timber boom I think it is a shame that Sandakan was not given a little better treatment.

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I would therefore urge you, civil servants, city fathers and community leaders to put your heads together and work out a coherent scheme for the development of your district. If you want to bring development to Sandakan you should first articulate your aspirations and present a strong case to the government. You must understand that the days when the government imposed development from above are gone. We now follow the bottom up principle which requires that the people must decide and articulate intelligently what they want. It is felt that if development projects and plans are formulated as a result of popular participation the chances that the projects will succeed are so much greater. I urge you therefore to bear this in mind when planning the development programme for your areas.

The new government has assumed office at a transitional period between the 4th and 5th Malaysia Plan. It has also come into power at a time when certain off-budget agencies were embarking on a series of large capital intensive projects of a purely commercial nature, thus siphoning off much needed funds away from socio-economic programmes and projects which are of direct benefit to the people. All this development naturally result in the new government facing a serious financial difficulty. As these off-budget capital intensive projects have been irrevocably committed financially and contractually there is no question of turning back, which means that the dwindling state revenues from timber has had to be channeled in large measure to these commercial projects. What it means in terms of the state's development budget in the next 5 years is that whatever money we have will have to be put to maximum effect. We would therefore consider all requests for development funds very carefully and judiciously in order to keep our spending within reasonable limit.

Such a delicate situation would call for a great deal of careful thinking, resourcefulness, tact and wisdom on the part of civil servants who have occasion to advise the government on development matters. We may need to look at development from a fresh angle. Instead of the usual run of physical development we may perhaps put greater emphasis on consolidating

A NEW DISTRICT SECRETARIAT FOR SANDAKAN

whatever gains we have made in the last decade and put a little bit of quality into what we have achieved. You will agree that our towns have an unfinished look. Wherever we go we see signs of unfinished jobs waiting to be finished. We can never travel far along any stretch of road without passing piles of rubble and debris, signs of work in progress or mess left behind by work already finished. We see eyesores everywhere. We can perhaps add a little quality to our surroundings by removing such eyesores at very little cost.

All this requires an alert public and civil servants and a caring attitude. I therefore urge you all to be active participants in whatever role you happen to fill and assist the government to bring development and progress to your own area. You can rest assured that the PBS Government is sincere in its intention to bring progress to every part of Sabah, no matter where and however remote the place may be.

We are never short of good intentions and positive aspirations. The only constraining factor is financial resources. But we hope to be able to surmount this difficulty by marshaling the support and popular participation of the people. I am therefore counting on all of you, civil servants and the public at large to throw in your support whenever the opportunity presents itself.

The new building will serve the people of Sandakan well in the next few decades. Sandakan is fast becoming a great agricultural district and along with Tawau will perhaps become the pillars of the State's agro-based economy. Sandakan will once again be a very important district, not in the style of the transient affluence it briefly enjoyed during the hey-days of timber boom but in the more mature, dignified and lasting stature of one of Sabah's most developed agricultural districts.

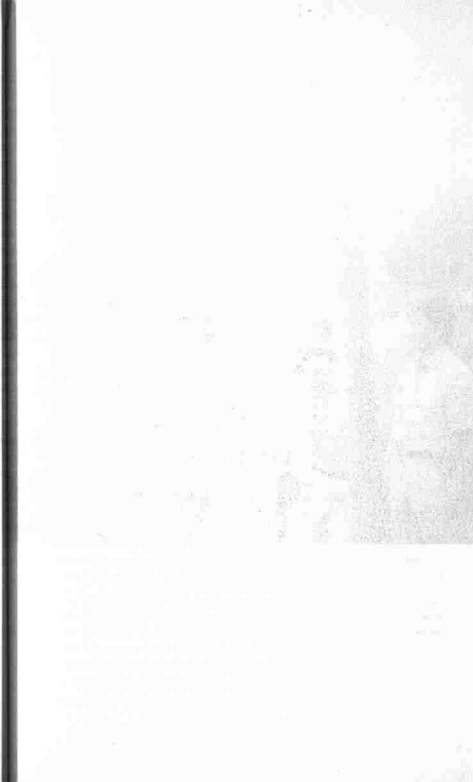
We have been independent within Malaysia for 22 years now and we have held the destiny of Sabah in our hands during this period. We have looked around us to see what we can do to put our state on a firm economic footing. We have extracted our forest resources on a massive scale and at a frightening rate. We have tried industrialization and we have tried a few other things in the hope of diversifying our economy. Today we are

faced with a greatly depleted timber resource and an industrial programme and projects that are still a big drain on the State's financial resources. If we look around us today the only bright spots appear to be our agricultural sector. We have abundant land and I feel that this is the resource that we will exploit to the full in the years to come. The world is facing many problems and many shortages, including food for the massive population. Now that a lot of our forests have been logged and cleared for agriculture let us make sure that this valuable resource – our land – is not wasted. We must plant up all alienated land and turn Sabah into a prosperous agricultural state and a source of food not only for this nation but also for the world market.

I believe we can achieve this objective far more successfully than we can in our industrial and other ventures. This is an attractive sector of our economy for investors to invest their money in. Sandakan being the urban centre of such a huge agricultural hinterland can play a vital role in propelling the State's agricultural objectives. This is why I think that this town will once again be a prosperous town that it had been in the past. I used to be quite shocked at the way money was thrown around in Sandakan and other timber towns in the past. Now that money is more scarce and does not fall out of the trees like leaves I hope people have become more sensible with their wealth. Money from agriculture is money earned through sweat and toil and will probably be better spent than money picked up from the trees.

This is a difficult time which calls for austerity and hard work. We have many tough challenges ahead of us, but these will be shared by all in the state and we will be strengthened by the hard work that we will have to put in. We will be the better for it.

**(At the opening of the District Secretariat Building
of Sandakan on 26th July 1985)**





Sabah's forestry sector gets the Chief Minister's very close attention. In recent years such attention has swung from extraction to forestry management and conservation. Datuk Pairin's visit to the Luasong Forestry Centre in Tawau and the Danum Valley Research Centre underscores the great stress he places on judicious management and conservation of Sabah's forest resources. Picture shows Datuk Pairin being briefed at the Luasong Forestry Centre on 10th March, 1990.

CHAPTER 10

Opening the Danum Valley Research Centre

The facilities at this new Danum Valley Field Centre in a remote forest setting represent an important addition to the opportunities available in Sabah for forest research and nature education. The buildings provide accommodation for up to a dozen scientists and over 30 students or school children. Laboratory and workshop facilities are also available, and future plans include a 35 metre – high steel observation tower in the forest canopy.

The field centre is already in extensive use by researchers from the Forest Department, Universiti Kebangsaan Malaysia and from the United Kingdom under the terms of a memorandum of understanding for a Danum Valley rain forest research and training programme. It will also be possible soon for groups of school children to visit the area and learn about the wildlife and ecology of our forests.

What is more significant, is that by setting aside some 438 sq. km of forest in the Danum Valley area, for forest research, nature education and wildlife conservation, Yayasan Sabah is acknowledging a wider responsibility in the field of forest management than that of logging and reforestation. The Danum Valley conservation area adjacent to this centre is one of the two areas

totaling 828 sq. km out of the foundation's 10,000 sq. km concession. No extraction will be permitted in these areas within the context of its forest management plan. The plan is intended to provide a continual harvest of timber while ensuring adequate provision for the protection of watersheds, flora and fauna.

The need for sound management of Yayasan Sabah's concession is but one facet of the wider problem of the depletion of timber resources facing the state. Every country or state in history which is endowed with abundant natural resources has tended to mistake the plentiful for the limitless. Only as these resources have depleted has the need for more careful management become appreciated. So it is in Sabah.

I would like to elaborate further on the theme of conservation in relation to the timber industry and explain the government's role as the custodian of forest resources. There is a common misunderstanding that the conservation of natural resources conflicts with development: that in any dispute over the utilisation of a resource, conservation is a luxury that we cannot afford and which must therefore be sacrificed. The crucial question, however, is whether we can afford not to protect our environment.

With the timber industry approaching a period of transition, the government is facing pressure to permit logging and cultivation within areas set aside for protection, such as state or national parks, virgin jungle reserves, protection forest reserves and wildlife reserves. These areas have been protected for reasons of public interests and as other undisturbed forest dwindle, so the value of the remaining protected areas increases. Many of these areas, such as Bukit Silam Virgin Jungle Reserve or Tawau Hill National Park, serve as vital water catchment areas. Protected areas like Sepilok Forest Reserve and Tabin Wildlife Reserve are havens for unique samples of our remaining fauna and flora which we would be most unwise to disturb. Rare plants like the rafflesia or animals like the orangutan and the Sumatran rhinoceros are a part of our Sabah heritage.

OPENING THE DANUM VALLEY RESEARCH CENTRE

The State Government has already taken action to save the rhino in Sabah. An unlogged "core area" of 90 sq. km in the Tabin Wildlife Research in the Dent Peninsular has been set aside for this animal while a state rhino and wildlife conservation committee has also been established. I regret to say, however, that illegal hunting of the rhino and other protected animals in the state still persists.

Many species of fauna may yet prove to have some medicinal, agricultural or other value, which we are unaware of at present. Their continued existence constitutes a "gene pool" of unknown but potentially great value. As many species occur only in lowland forests it is necessary to protect some of these as well as those in the less accessible mountain areas.

As we all have a stake in protecting our heritage for economic and other purposes the responsibility for managing our resources carefully should be borne not only by the government, but also by commercial interests, and the general public as well.

A third form of benefit from protected areas which is readily apparent to all those who have visited Kinabalu Park or Sepilok is that they are valuable places for recreation and education. They are also of great economic value because of their attraction to tourists. More than 100,000 visitors now enter Kinabalu Park each year and about half that number visit Sepilok. Hence, these areas must be managed properly to facilitate their use and enjoyment by all without compromising their primary purpose of conservation.

In view of the many benefits to be derived from national parks and reserves, and the pressures they face, the government intends to conduct a systematic review of all protected areas in the state with the aim of expanding or improving them while there is still some scope to do so. They may be placed under the management of an established government agency. The Sabah park boundaries, especially around Kinabalu Park, may also need to be adjusted to reincorporate some of the areas that were excised by the previous government. Thereafter, park boundaries deserve the same degree of protection as forest

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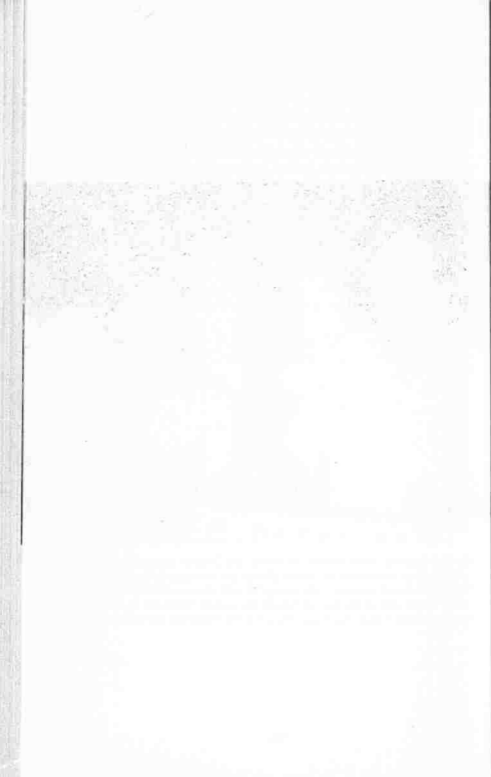
reserves in that they can only be altered by legislative enactment.

Danum Valley Field Centre is an important achievement in its own right, but it must be viewed in the wider context of the need for a comprehensive strategy for the timber industry and a system of protected areas to coexist for mutual benefit. The government intends to pursue an integrated policy in this respect. I hope that this field centre will not only be appropriately utilized but also its aims appreciated by all.

**(At the official opening of the Danum Valley Field
Centre on 29th August 1986)**



On 30th October, 1989 HRH Prince Philip, the Duke of Edinburgh, President of World Wildlife Fund visited the Sepilok Orangutan Sanctuary in Sandakan to see for himself what Sabah is doing in the interest of wild life preservation. At the press conference at the end of his tour of Sepilok he praised Sabah for its impressive conservation efforts. Datuk Pairin accompanied the Prince on his tour of Sabah.



Conserving Our Natural Environment

The environment related problems which have emerged in recent years have brought home to us how perilous it is to take our environment for granted, and how important it is for us to consider our environment as part of us as much as we are part of it.

In fact the existence of this association and the passing of environment related laws is a happy reflection of our changing attitude for the better towards protecting our environment.

The natural environment is our shared heritage and we all have a stake in protecting it not only for our present needs and quality of life, but also for the benefit of future generations. Its protection, therefore, requires the active participation and commitment of everyone in our society, especially those in positions of authority whose decisions directly or indirectly affect the environment.

A common misconception is that the protection of our environment conflicts with development. Whenever conservation clashes with development there is the tendency to view the former as a luxury which must be sacrificed in favour of development. The question that we should ask now is whether we can afford not to protect our environment.

PAIRIN'S SPEECHES

In talking about the environment in Sabah the felling of our forests is of major concern because of its effect on the complex ecosystem of the rain forests. Logging and land clearing for agriculture on the scale that is taking place in Sabah has wrought great changes to the landscape and the ecosystem.

Even now there is considerable pressure on the government to permit logging and cultivation within the permanent forest reserves. Such pressure must be resisted. The forest reserves are vital for the maintenance of the climate and physical condition of the state and for the continual supply of a great variety of forest produce. For these and other reasons the state government will continue to protect these reserves.

In the past shifting cultivation has deforested as much as 15 per cent of the state's land area, posing a major problem to water catchment management. The effects of logging activity are also serious especially with most of our remaining commercial forests now found in the upland regions where our water catchment areas are located. However, agricultural development, although a main cause of deforestation, has not caused serious or permanent damage to soil and water conservation because much of the cultivated land is under permanent crops.

The State Government is constantly monitoring the situation to ensure ecologically and environmentally sound forest conservation and management practices. We have taken steps to provide an alternative to shifting cultivation by opening up land settlement schemes and reforestation programmes. We are also considering a forest management system proposed by the Food and Agricultural Organization of the United Nations which allows for more flexible harvesting of timber to take advantage of market demand while safe guarding the environment.

In our efforts to study and conserve our forest habitat, the government last year also opened the Danum Valley Research Centre near Lahad Datu covering 438 square kilometers of virgin forest set aside for forest research, nature education and wildlife conservation. The Government also initiated the formation of the Sumatran Rhinoceros and Wildlife Conservation

CONSERVING OUR NATURAL ENVIRONMENT

Programme with the aim of seeking out this rare animal for captive breeding in Sabah.

Other than stepping up conservation as a means of protecting our natural environment, we must also take a close look at our man-made environment, especially in the urban areas where rapid development has led to congestion and pollution. Some of our by-laws are obsolete and ought to be replaced to meet the requirements of rapid change. The local authorities must review their by-laws periodically with a view to updating them.

Moves are also afoot to extend the Uniform Building By-Laws to Sabah with suitable modifications concerning drainage and sanitation to ensure that a good standard of public hygiene is maintained.

Under the new provisions of the Environmental Quality (Amendment) Act 1983, the likely impact on the environment of construction and industrial projects must now be assessed before these projects are implemented. Laws to combat air pollution caused by motor vehicles are also being enforced in Sabah.

The Government is constantly looking for remedies to our environmental problems. I fully appreciate the valuable contributions made by civic-minded organizations such as the Sabah Environmental Protection Association. The combined efforts of your association and other concerned groups such as the Sabah Society and the Sabah Nature Club can do much to bring about a better and healthier environment for all.

I am pleased to note that the Sabah Society is instrumental in the preservation of a Rafflesia site in Tambunan. The site has now been gazetted as a Rafflesia Reserve. The Sabah Nature Club too is doing its part to create awareness and appreciation of our environment amongst young people and school children.

Regrettably, much of our environmental pollution and destruction stems from ignorance and selfishness on the part of many unconcerned individuals. The government shares your concern particularly over the illegal felling of trees and the illegal hunting of protected animals, especially endangered spe-

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cies, in Sabah. Of equal concern to us is the bad habit of littering and indiscriminate dumping of refuse. It appears therefore that public education may perhaps hold the key to the solution of some of these environmental problems.

There is no doubt that your association has the potential to become an influential pressure group which can speak out effectively on issues concerning our environment. I can assure you that the government is receptive to ideas and is always ready to consider any workable proposal.

**(At the Environmental Protection Association's
Inaugural Dinner on 2nd May 1987)**

CHAPTER 11

Sabah Women on the March

The launching of this Advisory Council for Women is an event of historic significance for all of us in Sabah, especially for the women folk in whose interest the Council was created. I feel honoured to have a part in its creation and to launch it tonight.

The formation of this Council in itself reflects the need to further promote the welfare of women in this country, not that we menfolk in Sabah are particularly bad and uncaring towards women. Other countries too, including the more advanced industrialized countries like the United States of America, Great Britain and countries in Western Europe have similar organisations to look after the welfare of the womenfolk there and to harness the very considerable productive potentials of women, productive in the economic and creative sense. We also have similar organisations elsewhere in Malaysia.

Women's interests and welfare have not always been looked after and protected without a hard struggle. It is indeed a sad commentary on our male-dominated world that every step of the way taken by women towards full emancipation and equal status has to be so tortuous.

PAIRIN'S SPEECHES

Perhaps because they are physically weaker women as a species of the human race have not always been treated as equal to men. They have had to fight for equality all the way. The journey is less painful for women in this country because women's natural rights were championed and won long before we became independent politically. Women were allowed to vote from the first day the rest of the population were able to vote. Women suffrage in Western countries was granted after centuries of struggle by individuals and organisations. Although the struggle was primarily led by women, it enlisted from the beginning the support of many men. Men have been women's allies for a long time and to a greater extent than some women "libers" care to admit. This Council for Women was supported and approved by a male dominated state cabinet. So you will realize that we men are not really that bad. The lone female champion of women's rights in the cabinet did not really have to fight very hard for this council to be formed. This is so because all her cabinet colleagues are also champions of women rights. We believe that the men who protect and care for their women-folk are the real men worthy of their manhood. The wife bashers and bullies who regard women as anything less than human are themselves less than men.

Rhetoric aside however, prejudices against women have their roots deep in history and in the Greek and Roman philosophies going back to ancient times. I do not wish to go back that far tonight. Suffice it to say that, in general, established laws, customs attitudes and habits of thinking about women were so set and entrenched that society, women included, took a long time to accept new ideas about women and their place in society. Even in the US women suffrage was a hard battle. The Nineteenth Amendment to the US Constitution granting women the right to vote which was introduced in the House of Senate in 1878 was repeatedly defeated until 1919 when it was finally passed. No doubt the tremendous contributions of women to the war efforts in the First World War helped to break down male prejudices against women. In Britain women suffrage movement started in 1865 and it was not until 1918 that the Representative of the People Act

SABAH WOMEN ON THE MARCH

was passed by the House of Commons. Even then the voting age for women was 30. It was not until 1928 that the voting age was reduced to 21.

But once the hangup of male dominance was broken, there was no turning back for women. Once gained, the female vote became a force to be reckoned with. Women around the world have used it to eliminate other discriminations. So the pattern of historical development has changed since franchise was given to women. Along with suffrage came the eligibility to hold public office.

The objectives of the Advisory Council for women as briefly touched upon by Datuk Ariaah in her speech tonight are a clear indication that women in Sabah as they are elsewhere are not only still trying to establish a new role for themselves in the modern world in addition to their traditional roles, but in the process have to reach a consensus among themselves as to the direction they should take. Fortunately however, I think they will not have to fight an uphill battle as women in other lands used to do in the early days when there was vigorous opposition to women's participation in anything that did not pertain directly to the home and the rearing of children.

Still, women in Sabah have to wait for the PBS government to further champion the rights of women in this state and to try and do something for them on an organised basis. The formation of this Advisory Council for women came somewhat late. It should have been set up within the "Decade for Women" between 1975 and 1985 declared by the United Nations in 1975. Still, it is better late than never.

The Advisory Council for Women is being set up to fulfill a number of objectives. I am not going to go over these again as Datuk Ariaah has already done this in her speech. I would however like to stress that one of the main objectives of setting up this advisory body is to garner women's views on issues of current interest, especially those affecting the home and family and the social order in general. It is also the aim of the Council to advise the government what serious problems are confronting women of today and how best these problems may be overcome.

These problems should be looked at from the female angle as men do not generally see things the way women do and may not realize that you have a problem. Also, women themselves do not agree among themselves how they would like the government to help them. It is thought that it would help everybody if women discuss problems and issues among themselves and reach a consensus before they approach the government for whatever action that they may wish the government to take to solve their problems.

I trust that the setting up of this women's organization will harness the creative energies and dynamism of women and turn them into a powerful driving force that will make a strong impact in all fields of development in Sabah. Already there are so many woman organizations in the state, all trying to do their little bit to do service to the community. But they all seem to go their separate ways and at times compete among themselves. This advisory council may put an end to this kind of unorganized approach to community effort and development.

Important though it is for women to get out of the house and take an active part in community affairs and even affairs of state, there is no getting away from the reality that they are needed at home as wives, as mothers. In this time and age when we talk a lot about equality of the sexes we should not forget that no one can replace the woman in the home. Men cannot do what women can do. Much of the roles of women are not imposed by men on women. Women have qualities endowed by nature which men do not possess no matter how much they try to persuade themselves to the contrary.

Similarly men have qualities which women do not have. The two are meant to complement each other, not to oppose each other from opposite poles. Men and women have worked together from the very beginning. The cavemen went out to hunt and the cave women cooked the meat and looked after the children. Major decisions were always made by men. Much remains the same today. But increasingly women have tried to have a greater share of the decision making process and to do things which have hitherto been men's preserves. I hope, how-

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ever, that it is not in this light and for this purpose that the women in Sabah look at the formation of this Advisory Council. This body is not meant to be the stepping stone for women to launch an onslaught on men's views as regards the different roles of men and women. Rather the council is meant to facilitate greater participation of women in community affairs in which women themselves excel and to do so in a more organised way and having regards for the interests of not only women, but society as a whole.

Women are moving rapidly into men's domains. Increasingly men have come to realize, and come to terms with the reality, that in an age of modern technology where brute force alone is no longer vital, there is very little that men can do which women cannot do. A petite maiden can operate a giant crane that lifts a massive load, or press a button to blast at enemy positions or drive a bulldozer that munches through the hill just as efficiently as any man twice her size and strength.

But, if women suddenly abandoned their homes and their children and went into the men's world, and men took a break from their normal jobs to do housework and baby-sit at home, the result may be quite comical, if not disastrous. Cartoonists have delighted in portraying such role reversal and the effects it has on men and women. Such cartoon strips probably end with men and women switching back to their former roles again, both with a big sigh of relief.

Whatever may be said about a woman's place in the modern world, there is no escaping the reality that her place, basically, is still at home. She must keep the home fire burning while the man goes out to work. This is so not necessarily because she is any less capable to go out and work, but because she is better at minding the home and the children.

The Advisory Council for Women will have its secretariat in the Chief Minister's Department. It will monitor and coordinate the activities of the various women's activities and provide an annual grant, starting with \$10,000 this year. I hope, and I urge women's organisations throughout the state to work closely with this Advisory Council. This Advisory Council is not a

political organization and will not function as such and definitely should not be regarded as such. This Council and Women's Welfare Unit of the Chief Minister's Department will serve the interests of women of all races, creeds and political persuasions in Sabah. Through it women in this state and in this country will work in concert for the betterment of women and society as a whole. We cannot look at women's welfare and interests in isolation from society's, from our very intimate selves because the women we talk about may be our wives, our daughters, our sisters, our mothers, our loved ones.

**(At the official launching the Women's Advisory
Council on 26th August 1988)**

Women's Role in Development

Last year I had the pleasant task of launching the Sabah Women's Advisory Council which was created to serve the welfare and interests of women and society as a whole in Sabah. Having had a hand in its creation I feel doubly honoured to have been invited by the Council nearly a year later to officiate at this seminar which I consider to be another significant milestone in the Council's short history.

I would like to congratulate the council members, the Women's Affairs Unit and others who have contributed their time and effort to organise this seminar. It could not have been held at a more opportune time coming as it did in the wake of the recent discussions on the State's future development strategy and emphasis.

This Seminar which focuses on the role of women in development provides a forum to explore various issues affecting the role of women in national development. I regard this seminar as very important because it will not only bring into focus the many issues affecting women in our increasingly complex society but also provides you with an opportunity to explore ways of solving some of the problems faced by women.

In Sabah the problems faced by women are so complex and numerous that we must take a global perspective of these problems and get some basics and priorities sorted out before we immerse ourselves in the myriad of discontents which every woman has.

As a start we should discuss how best we can remove some deeply entrenched views and attitudes which put women at a disadvantage in the economic and social spheres. No doubt some of these impediments may be due to physiological differences between man and woman but in this day and age these differences are less relevant than they were when brute force was a plus factor in determining one's standing in society. Given equal opportunities in education and employment women should hold their own in relation to men in most areas of economic activities.

In recent years the State Government has provided more avenues for women to improve their positions through better opportunities in education and better access to the senior positions in the civil service and semi-government bodies. The appointments of women in the upper echelons of the civil service, statutory bodies and other government agencies are indicative of the state government's readiness to allow women to play a more important role in the affairs of the country. It should be appreciated, though, that women are expected to compete with men on the basis of merits. Women themselves do not expect to be cushioned against tough competition with men by a quota system on the basis of which vacancies are filled. But they also expect, and quite rightly, to be given an equal chance to prove their worth.

Having said that I would also like to stress that it is a healthy trend to have more women joining the labour force in the country. They will probably improve the quality of some aspects of labour and increase productivity.

When we talk about development we talk about improving the quality of life of everyone in our society. This is a major goal in national development. This realization brings us face to face with the fact that women in Malaysia make up nearly half of

the total population of the country, and a third of the labour force. Purely from the perspective of basic human rights and social justice alone women should have an equal share and take an active part in the development processes from start to finish. Regrettably in Sabah women are still relatively uninvolved in development especially in the rural areas.

Despite our rich natural resources and the frantic pace of exploitation of these resources in the past 26 years it is appalling that Sabah is still one of the poorest states in Malaysia. Rural poverty is still widespread and is in fact increasing. The reasons for persistent poverty have been examined elsewhere and I do not propose to dwell on them here. Suffice it to say that this situation reflects, among other things, the lot of our women, some 80% of whom live in the rural areas and eek out a meagre living from subsistence agriculture.

Lately there have been a number of seminars and workshops to examine and evaluate the results of the various development programmes that have been carried out by both the state and federal governments and agencies in the last 25 years. These discussions concluded, among other things, that Sabah and the nation cannot hope to implement our development programmes effectively and achieve sustained economic growth and prosperity if we fail to harness the immense human resources which have hitherto lay largely dormant in the female population of Sabah. It is the general consensus that the time is ripe for women to play a more active role in development. The time is ripe because women are better educated now than ever before, and they are generally better motivated to improve their positions in society, and society itself is now more positive and responsive to their needs and aspirations.

I am pleased to see that traditional attitudes towards women are changing, and women are beginning to assert themselves more forcefully. This has resulted in more women getting into positions of influence where they are involved in policy making and implementation. I am sure over the next two days you will have a further opportunity to explore the expanding landscape which is opening up all round you.

PAIRIN'S SPEECHES

Although women in Sabah are increasingly more involved in government and community affairs I feel that these involvements should not detract from their primary role as wives and mothers. There is no substitute for the women in the home and when we talk about human resource development we must accept the fact that a better educated wife and mother is a greater asset to the family and society at large than an uneducated woman. This alone should justify the education of women which used to be regarded as wasteful.

Although many women realise that they are needed more at home than outside the home, household and economic circumstances often force them to go out to work to support the family. There are of course those who choose to work to maintain a measure of economic independence. Naturally the better educated they are the better their chances of success.

However, the same cannot be said of women in the rural areas where literacy is low and wage earning opportunity is virtually non-existent. Furthermore, the rural woman is bonded by traditions, stifling social customs and expectations which hold her captive in her own home. Ignorance and ill health due to excessive child-bearing and poor food take their tolls on her and sap her energy. This must surely be one of the causes and, indeed, effects of the startlingly high incidence of poverty in rural Sabah.

Indeed, over the next two days I would like you to focus your attention on ways to improve the lot of women in rural Sabah. You may wish to take a look at the rigid customs and traditions to which women are held captive and explore how these fetters may be broken through attitudinal change of both men and women and through self-emancipation by women themselves.

To bring about the necessary change we should look at the needs of our womenfolk more closely and work out plans to remedy the appalling situation which exists in many parts of Sabah. There is also a need for a programme to be drawn up to bring about closer contacts between women living in rural areas and those in the urban areas. I believe that such close contacts

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are necessary to speed up change. You may wish to explore the nature and scope of such contacts at this seminar.

Quite apart from the question of poverty there are other areas of concern which affect the interest and welfare of women in general. I note with interest that among the papers being presented is one on the role of women in politics. Traditionally women have only played a supportive role in politics. Although this role is important in itself, women will have to play a more active part in politics in order to provide women leaders who will influence decision and policies at the top leadership level. In this regard, I am sure this topic will be of great interest to all in Sabah.

When we consider the role of women in development in the Sabah context we should steer away from the natural inclination to focus our attention wholly on the fortunes of women we see around us everyday.

We tend to have a blinkered view of things and see only the career women in government and in the tertiary industries. Discussions have often gravitated around the question of equality, or the lack of it, the treatment of women relative to men, whether women are as good as men in a given field, about discrimination against women in the public service, women's role in politics, etc.

These are all relevant matters and deserve much attention but I feel that we should really focus more attention on the average women of Sabah because if we can somehow improve their welfare and position a little, Sabah as a whole stands to benefit in a very significant way. I believe the purpose of this seminar is to explore ways to harness the creative and productive energies of women in Sabah and channel these energies into the state's development efforts.

There is another aspect of women which may have bearing on development. Women are a stabilizing influence in society. They ensure continuity when things are in a state of disequilibrium as a result of social disorientation brought about by rapid urbanization and boom conditions. Under such conditions of rapid change the menfolk are inclined to wander off to seek

their fortunes where opportunities are good. Their womenfolk are left behind to keep the home fires burning and to bring up the children. This source of stability and continuity is a factor which we should take into account when we assess the role of women in the Sabah context. And, not unusually, we may find that these women need a lot of help.

You will probably find this seminar a rewarding experience because it gives you an opportunity to put women and their problems under the microscope, so to speak, and ponder over possible solutions to these problems among yourselves. I need hardly mention that I am very interested to see what conclusions and recommendations you will arrive at at the end of the two day session. There is hardly any need for me to remind you that you are not representing just yourselves or your own interests at this seminar. You represent the average woman of Sabah whose needs and aspirations collectively make up the sum total of the needs and aspirations of half of the population of Sabah and, if I may indulge in a bit of poetic imagery, a lot of hands that rock the cradles.

**(Keynote address at seminar on "Women in
Development" on 26th June 1989)**

CHAPTER 12

A New State Assembly Building

I feel that the laying of the foundation stone for the new State Legislative Assembly building by our Head of State today is perhaps one of the highlights of our celebrations marking our 25 years of independence in Malaysia.

We have made great progress in all fields of development largely through our own efforts in the last 25 years. Unfortunately, we have not made any progress in providing a permanent home for our Legislative Assembly which approved the government's development policies and programmes and the budgets on which we have forged our considerable progress in the last 25 years. We have put off building an edifice that befits the dignity of our legislature until today.

The present government has decided that it is time we did this and what could be more appropriate to get this new building under way than this year when we commemorate our 25 years of independence in Malaysia?

From the day Sabah gained independence the State Legislature has met in very humble buildings. The first State Legislative Assembly meeting that followed the birth of Malaysia was actually held in the Development Conference Room of the Old Secretariat Building.

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Later when the residence of the Yang Di-Pertua Negeri Sabah moved to its present location on Signal Hill, the old Istana which was also formerly occupied by the colonial governors of British North Borneo became the office and chamber of the State Assembly. Even though this was intended to be a very temporary plan the Assembly office and chamber had remained there until its last sitting at the end of 1979.

The following session of the assembly (in 1980) was held in what was originally intended to be the Conference Room of the Sabah Foundation building. There our august House has remained to this day.

As you can see, the Sabah State Legislative Assembly has all these years been leading a somewhat nomadic life, squatting as it were in temporary homes. Interestingly, various plans and recommendations were submitted by the relevant authorities from time to time for the construction of a new permanent Assembly building. But all came to naught.

The present state government feels it is high time that the State Assembly should have its own permanent building in keeping with the dignity and prestige of the legislature. And no time is more appropriate than now in the year we celebrate our silver jubilee to start the project. I think we have a beautiful site for the building on this lofty ground overlooking the sea and the port area of Kota Kinabalu. Hopefully in two or three years time this long awaited edifice will materialize.

The successive Chief Ministers have also been moving from building to building like hermit crabs. With the completion of this building the Chief Minister's Department will at least have a home it can call its own.

When that time comes this building will stand not only as the permanent abode of our legislature but also a vibrant living tribute to the first 25 successful years of our existence as part of Malaysia. In this building future representatives of the people will deliberate on legislations, policies and programmes upon which the future welfare and prosperity of this nation will depend.

A NEW STATE ASSEMBLY BUILDING

Today with the foundation stone securely in place, we are a step closer to this august symbol of democracy and the rule of law.

**(At the foundation laying ceremony for the
new State Legislative Assembly Building
on 16th September 1988)**

The Legislative Process and National Development

First of all, let me say how delighted I am to be with you this morning and to deliver the opening address for this important workshop on "The Role of the Legislative Process in National Development" organized jointly by the State Legislative Assembly Office and the Institute for Development Studies (IDS) Sabah.

I am very glad that so many of you are able to be present this morning and to participate in this two-day workshop. Your participation in this workshop is a clear reflection of the importance we attach on the need to continuously evaluate our role as the people's representatives and to explore ways and means to enhance our contributions to the socio-economic development of our people.

The theme for this workshop is very appropriate as it stresses the role of the legislature in the context of national development. I am glad that the organizers have adopted this broad and strategic theme because sometimes the public, and even we ourselves as members of the legislature, have tended to take a very narrow view of our role as elected representatives of the people. Many people see us simply as politicians. Our role as legislators is often overlooked. This is probably because here in

Sabah our role as legislators is often over-shadowed by our preoccupation with other, perhaps more urgent, political issues.

I hope that in the process of reexamining our roles in the broader context of national development, we will be reminded yet again of our responsibilities as representatives of the people no matter whether we are government or opposition members.

In a multi-ethnic country like Malaysia, particularly Sabah, it is our responsibility as the people's representatives to build bridges of understanding across communal barriers. This is of paramount importance because it promotes peace, good will and stability without which national development will not proceed smoothly. We at the state level in Sabah have achieved modest success in this direction. In my view, the most notable achievement of the political process in Sabah is the development of multi-ethnic party politics. This is made easy by the high degree of interactions, particularly inter-marriages among our people of different social and cultural backgrounds. The level of racial understanding and harmony in Sabah is truly outstanding in this region.

I would particularly like to take this opportunity to dwell a little on the importance of the legislature in relation to decision-making at the State level. As I have already stressed, the legislature presents an avenue for the people's representatives to discuss crucial issues that affect them, especially matters that have long-term implications for the state.

In the past there were occasions when constitutional matters that had far-reaching implications on State rights and the welfare of the people of Sabah were decided upon without sufficient opportunity being given to the representatives of the people to deliberate on their long-term implications for the people of Sabah.

It is to be noted that Article 161E of the Federal Constitution is meant to grant specific safeguards for the people of Sabah.

While this provision is in itself legally and politically sound, experiences in the past tend to indicate that the safeguards were all too often demolished by State leaders themselves. The

THE LEGISLATIVE PROCESS AND NATIONAL DEVELOPMENT

glaring shortcoming of the safeguard is that it leaves the protection of State rights almost entirely in the hands of the political executive. As a result, the extent to which State rights can be protected is dictated largely by the strength and personality of the State leaders.

Many people in Sabah feel that constitutional issues and other matters that affect State rights and the well-being of the people should be brought before the people for a thorough debate before a decision is taken. The appropriate place for such deliberation is the Legislative Assembly. In this way, the wishes of the people of the State can be more reliably ascertained short of a referendum.

Our views are that matters affecting state rights must be referred to the rakyat through their elected representatives, and such matters should receive the support of at least two-thirds of the House before a decision is taken one way or another.

In this way, State rights can be better protected and not subject to the whims and fancies of the government leadership of the day as had occurred during successive past administrations in Sabah. I am confident that such a process, would reduce ill-considered decisions.

**(At the opening of a workshop on "The role of
the legislative process in national development"
on 9th December 1988)**

CHAPTER 13

A Specialist Centre Within Reach

The setting up of this medical centre represents a significant advance in the development and expansion of medical and health services in Sabah. The state now has its first private medical centre equipped with modern facilities. In this respect, it will complement the government hospitals.

I am told that this new "specialist hospital" will provide better medical care for a broad spectrum of diseases than was available in Sabah previously. This being so it should provide an alternative to going for diagnosis and treatment overseas. In the past, Sabahans requiring medical treatment frequently had to go elsewhere, such as Singapore and Taiwan because of inadequate diagnostic facilities and equipment to support the local doctors and specialists.

They will now have the option of seeking treatment locally and so be spared the additional expense of going abroad. The resultant foreign exchange savings will be an added benefit.

By providing the necessary facilities, the centre will directly help our own doctors especially specialists in various fields such as cancer, heart disease, microvascular surgery etc. to practise their skills and hopefully at the same time encourage others still abroad to return to Sabah to practise here. In this way we

will improve our local pool of expertise and at the same time reduce the brain drain.

Besides providing better quality medical treatment, the center will also provide facilities for medical research, medical education and training for hospital administrative staff and others. More jobs will be created.

The existence of a specialist medical centre like SMC will also help to promote Sabah's attractions as a location for foreign investment. The availability of modern health care facilities is an important consideration in the minds of foreign investors in their overall assessment.

In the recent development of the medical health care service of the country as a whole, the cost of providing up to date facilities and equipment has become an increasing financial burden on government. It is through the participation by the private sector such as that found in this centre that the standard of health care can be improved.

I understand that the Ministry of Health has explored the possibility of establishing a national health security fund similar to Medicare in Singapore. This is a very welcome development. It is highly desirable to bring private medical services development into line with the overall national health plan considering the significant number of doctors in the private sector. They make up to 52 per cent of the total number of doctors in Malaysia.

A private hospital on the scale of the \$50 million SMC project is of course very costly to run and maintain and requires the support of the public to be viable.

The state government is the major shareholder of SMC through its statutory bodies Sedco and Permodalan Bumiputra Sabah and I assure you that we will seek to protect this outlay of public funds by doing what we can to ensure the centre's successful operation.

In this regard the government will give due consideration to making greater use of SMC as a referral centre for employees in statutory bodies and agencies, not only for diagnosis and treatment but in the area of health care and fitness.

A SPECIALIST CENTRE WITHIN REACH

It is hoped that the consultant specialists and doctors in Sabah will extend their full cooperation to the centre. They should take the opportunity to make full use of the excellent facilities available in this building in terms of equipment and qualified staff and strive to excel in the skills they acquired in medical schools and hospitals in Malaysia and abroad.

As for wider public support, I would urge business establishments, families and individuals to support the centre for the benefit of themselves and the community as a whole. Without extensive public backing and confidence the centre cannot be viable.

I am informed that the centre in its initial six months of operation up to end of April treated nearly 2,500 patients comprising 613 inpatients and 1,866 outpatients.

The SMC site is part of an overall 400-acre development project collectively known as Kingfisher Park. The area surrounding the centre will be developed in the near future by Sabah Urban Development Corporation (SUDC).

The government has already approved the future construction of a permanent bridge across the mouth of Inanam River to provide better access to the whole of the Kingfisher Park region and the medical centre.

Meanwhile, the road from the Sabah Foundation roundabout to the present temporary bridge has been widened and upgraded and adequate lightning has been installed making it safer during the night.

Finally, I hope all of you who make use of the facilities at SMC will provide medical services of a high standard to your clients and in so doing assist the state government in discharging some of its social responsibilities to the people of Sabah in respect of health and medical care.

**(At the official opening of the Sabah Medical
Centre, Kota Kinabalu, on 18th June 1987)**

Better Health Through Public Education

I am truly delighted to be with you here this morning at the start of this conference. I must confess I am not altogether sure what this meeting is all about, but I am aware that some really distinguished doctors from Australia and elsewhere are here to discuss a number of topics of great concern not only to the medical profession, but to the public at large. I understand the topics include sexually transmitted diseases, hepatitis B and malaria.

I am always very delighted to have visitors from overseas, especially people like yourselves. Therefore I will not ask awkward questions like why you chose to gather in this little town to talk about sexually transmitted diseases. When I was told that you would be discussing STD here in Sabah it occurred to me that you might have some rather interesting medical statistics concerning us Sabahans that I am not aware of. If that is so I think I have a bone to pick with the local doctors.

Whatever the reason for you to hold the conference here, I think it is a marvelous idea, and I extend a very warm welcome to all of you from abroad as well as those from other parts of Malaysia. I hope during your short stay here you will have time to see a little of this state of Malaysia. Sabah is no stranger to

Australia. The Ninth Division of the Australian Army landed here in 1945. They made quite a racket and kept many people awake all night, especially those in the Labuan and Beaufort area. After that the Australians never really did leave this country, at least not in the memories of a great many people of Sabah.

That, of course, does not explain why you have come here to talk about sex diseases. But I am glad you came. STD is no laughing matter any more, not that it ever was. Nowadays when one hears about sexually transmitted diseases, one does not think of the little discomfort and embarrassment which can be knocked out by a course of antibiotic, or even the dreaded Vietnam Rose or the threat of the incurable herpes. Any mention of STD raises the spectre of Aids. When I was a boy leprosy was considered the ultimate horror. Now that may appear no more terrible than a bad attack of scabbies relative to Aids. The most terrifying aspect of Aids, I think, is the fact that the virus does not manifest itself for a long time. So while we may console ourselves now that no one has died of Aids in this country, there is no telling that it has not already reached this country and has spread undetected.

One important question which you may ask at this conference is whether we are sufficiently prepared to deal with the situation if Aids became widespread and reached epidemic proportions here in Malaysia. It is important that we face the problem now together and in a concerted manner. Countries like Australia which have a head start in dealing with this problem can certainly impart considerable knowledge to us, especially in matters of prevention. It is perhaps with this in mind that you are holding this conference here in Kota Kinabalu, which I think is timely and, I hope, the first of many more to come.

Malaria does not hit newspaper headlines the way Aids does. But it is still a terrible disease. I understand that in recent years malaria has again become prevalent as the mosquito which spreads it has become more and more resistant to DDT. The problem that we face in combating this disease is a very delicate one. We can of course introduce increasingly more

BETTER HEALTH THROUGH PUBLIC EDUCATION

potent insecticides to kill off the mosquitoes. But we would probably kill many people as well in the process. I understand that many kinds of insecticides which have been banned elsewhere are still widely used here, especially for agricultural purposes. I do not see an easy solution to this problem, but I hope you can think of a way of combating malaria without exposing those you try to help to other, perhaps more serious dangers.

As a government leader I am naturally interested in the prospects that as the standard of living of the people rises, and as their living environment and dietary intakes improve, they are better able to withstand the disease. This is the direction in which we try to propel the country, and hopefully there will be a significant improvement in the general health of the people as a result of a general improvement of their livelihood and lifestyles.

Hepatitis B is another big worry in this part of the world. Some doctors say that it is as bad as Aids. While this may be their way of stressing the seriousness of the disease, there is no denying that at this moment a lot more people are going to die of this disease than they will die of Aids. But at least this disease is better known and is preventable by immunization, or so we are led to believe. However the vaccine is so expensive that many people will not be able to afford it. To vaccinate the whole population against the disease is indeed a public health challenge which I am sure will not escape your attention at this conference.

Knowledge of hygiene is perhaps one of the most important weapons to combat this disease, as it is to combat Aids. If prevention is better than cure, surely it is even more so when there is no cure. I think members of the medical profession should spearhead a campaign to foster better hygiene. This is not an easy problem to solve. In some instances you need to change a way of life which has lasted a long time. How do you persuade people to suddenly change the way they eat and tell them that they should no longer partake of food from a common dish or dip their spoons into a common soup bowl? But unless

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this is done there is every likelihood that our fight against Hepatitis and Aids may suffer a severe setback.

As I said earlier, I am very pleased that this conference is held here in Sabah. I hope our local doctors will make the most of this opportunity to participate fully in the conference. By taking this conference seriously they are not only doing justice to the organizers and participants of the conference, but are also doing a good turn for their patients and the community as a whole. I am sure there are many matters affecting public health, blood transfusion for instance, which should be thoroughly discussed.

Once again, I want to say how glad I am that you chose to hold your conference here, and I hope you will hold future conferences here also. I hope too that your itinerary includes at least a visit to the Mt Kinabalu National Park. Having come this far you might as well climb the mountain. If you do not you may go away feeling somewhat unfulfilled.

Finally, let me wish you a very fruitful and rewarding conference and an enjoyable stay in Sabah.

**(At a medical conference in Kota Kinabalu
on 28th September 1987)**

CHAPTER 14

The Importance of Research in Development Planning

Research has been given increasing prominence as part of the national development planning process in this country. This is reflected in the Fifth Malaysia Plan which, I was told, was allocated a sum of \$400 million for research. I think this considerable amount allocated for this purpose is well justified as there is no doubt in my mind that research leads to better decision-making and therefore better performance. In fact I feel that the amount could be further increased considering that \$400 million still falls short of the target of one per cent of the GNP set for developing countries. Given the limited fund budgeted for R&D, it is all the more important that whatever money is set aside for this purpose is used prudently to produce optimum results. If today's seminar is intended to achieve this aim, as I think it is, then it deserves our closest attention as it is most timely.

Malaysia has a respectable record in research and development in the field of agriculture. In fact, research bodies such as the Palm Oil Research Institute of Malaysia (PORIM) and the Rubber Research Institute (RRI) are world renowned. Industrial

research lags somewhat behind, but this too is being given more attention now.

I understand that this seminar will discuss research in both the industrial and agriculture sectors as well as research programmes related to forestry, human resource development, and the economy generally.

This seminar will no doubt review the role and progress of researches that we have done so far. Since most of the researches are conducted by the public sector, we should also examine whether our research efforts have been consistent with our development priorities in Malaysia, particularly Sabah.

I understand that in Sabah alone well over four hundred research studies have been carried out by public sector agencies over the last twelve years. Naturally we should ask what findings these researches have produced, and to what extent they have had practical applications in our development efforts. Perhaps we should even ask whether they have been presented for the attention of the relevant authorities and whether the decision-makers have made use of them. If these research findings have in fact been made use of we are naturally interested to know what the outcomes are. If, on the other hand, research findings are not given due consideration for practical applications, we should also establish what the reasons are.

It seems that some research reports and consultancy studies have been completed but subsequently left to gather dust on the shelves. So it seems that we need to research into these researches to find out why they have not produced any positive results!

As you know, public sector agencies are normally involved in applied researches. It is most important that research recommendations are practical and can be implemented, having regard to the existing constraints of the government machinery.

In the past, some studies undertaken by foreign consultants were not very practical as their recommendations had little regard to the capability of the development agency or even the government itself to carry them out successfully.

THE IMPORTANCE OF RESEARCH IN DEVELOPMENT PLANNING

In Sabah, we have seen many research or study recommendations being implemented in a piecemeal fashion, thus falling short of achieving the overall objectives. Sometimes this may have been due to some inherent weaknesses in the organization which implements these recommendations, in which case a revamp or readjustment of the existing machinery may have to precede implementation.

Moreover, I feel that there appears to be a communication gap between researchers or consultants and administrators or implementors. In a developing state like Sabah, civil servants should not see themselves simply as traditional administrators. They should be familiar with basic development concepts and techniques which are often applied in research and consultancy studies. A better understanding of such concepts and techniques can generate more effective communications. This will bring about better inputs in the planning process and facilitate the implementation of research recommendations at the operational level.

Another problem is the lack of an organizational framework within which the numerous research programmes may be effectively coordinated and applied. It is a common knowledge that much useful research information is kept under lock and key on the ground of confidentiality without there being a serious consideration whether there is a need to do so. People who are interested in this information and can perhaps make good use of it for the benefit of the state have found it virtually impossible to gain access to it.

This difficulty is experienced by both the private and the public sectors. I am pleased to note that this seminar has relevant papers to address these problems. I hope that effective measures can be found to overcome these constraints.

I have highlighted some of the problems and issues in relation to research and its application in the hope that you will explore these issues further in the next two days.

Obviously R&D must be geared towards generating better efficiency, improved productivity and increased competitiveness not only in the agricultural sector, but also in all other sectors of

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the economy, particularly manufacturing. In Sabah, I am sure that our efforts in industrial research can be further enhanced. I would particularly like to see more emphasis being given to researches that will contribute to our attempt to go downstream in our resource-based industries.

I must also call for greater efforts to promote an integrated approach to researches in development planning. In the past, most research activities were carried out in isolation by individual agencies. A multi-disciplinary approach should perhaps be adopted whereby the intricate development issues and problems from the broader political, economic, geographical and social angles are taken into account. I sincerely hope that greater attention will be given to such an approach so that the resultant recommendations are not only workable, but also achieve our development aims in their broader context.

As I have mentioned earlier, most of the researches in Sabah are carried out by the public sector. Therefore, I would like to urge the private sector to play a bigger role, and increase their efforts and resources in undertaking researches. In fact, the Federal Government encourages the private sector to utilize and commercialize research results. Private sector can also involve itself through in-house R&D activities, perhaps in collaboration with universities and other organizations carrying on research and development on their establishments. Such a cooperative effort will contribute immensely to a common fund of knowledge and expertise. It is therefore most important that both the private and government sectors should work closely together in a well coordinated effort to expand the frontier of knowledge and expertise for our common good.

(Keynote address at seminar on "Research Utilization" organized by IDS on 29th June 1988)

CHAPTER 15

Training Our Engineers for the Job

The launching of Sabah Forest Industries' training programme for engineers today is indeed a very auspicious event for you are destined to be key personnel in the operation and management of Malaysia's first pulp and paper mill.

I understand that the training you will be given is part of a comprehensive scheme to enhance the knowledge and skills of various categories of personnel who work at this mill. The ultimate objective where manpower is concerned is that the entire operation and management of the company will pass into the hands of local Malaysian staff by 1991.

This is an extremely challenging undertaking but I am confident that the management of Sabah Forest Industries with the full support of the workforce will be equal to the challenge.

The pulp and paper project is a massive and critical investment of the state government. It is critical because we are venturing in a big way into a new industry in which we have practically no previous experience.

The magnitude of our capital investment in this \$1.2 billion project naturally attracts a lot of attention and perhaps it is timely to recount the various factors relating to its implementa-

tion. It is also the natural tendency for people to enquire what benefits accrue to whom from such a huge investment.

As we all know, Sabah is richly endowed with timber resources. The exploitation of these resources has been the mainstay of the State's economy for quite a long time. However, the falling earnings from log exports and the rapid depletion of the natural forests have compelled us to take a fresh look at our strategy for the management of our timber resources.

We have long since realised that it is not prudent to be too dependent on a single income earner. We have to broaden our economic base so as to withstand hard times. This has led to a greater emphasis being given to wood processing industries. The pulp and paper project at Sipitang is therefore part of the state government's effort to broaden our economic base.

The present government has reviewed the project and has decided to honour the government's contractual obligations and to do its best to make this project a success. The government is confident that given proper management and supervision the project can be made viable.

It is hoped, therefore, that private investors will be interested in taking shares in this pulp and paper venture. It is our intention to opt for partial or full privatisation, or joint participation with interested parties.

The government also anticipates that a lot of ancillary activities supporting this project will come about. There are already a number of newly established service companies catering to the needs of the workers. The project is creating job opportunities for local people in the Sipitang district. It is encouraging the development of business endeavours and supporting services.

In general, the implementation of the pulp and paper mill is serving as a catalyst for the development of a district which until now has been relatively isolated with little economic growth. This is one of the reasons why the new government has decided to rescue this project.

TRAINING OUR ENGINEERS FOR THE JOB

I can foresee that within a few years, Sipitang will undergo considerable changes as more people move into this area either temporarily in search of employment or permanently.

While we accept that change is inevitable as a consequence of socio-economic development of the area, we must also not overlook the negative aspects of such change. We must take care that the negative aspects of change are minimised. In particular, SFI must be alert to the environmental hazards a project of such nature can bring to this place. The most immediate threat to the environment will be in the form of air and water pollution. To guard against this threat, the Sabah Forest Industries has set up an Environment Pollution Control Department to monitor both air and water pollution. This department will strictly adhere to the regulations, including those governing population density, laid down by the Department of Environment of Malaysia whereby the air and effluent from various sections of the mill will be regularly monitored and analysed.

Environmental protection methods practised by pulp and paper mills in developed countries such as the United States will also be observed and adopted.

The formal training you will undergo as engineers is designed specifically to acquaint you with the pulp and paper industry. I understand you will be given specialised training in all functional aspects of the mill. Upon completion of your course in late 1986, you will form the core of the technical staff who will eventually take over from your expatriate colleagues the running of the mill. This is of course in keeping with the policy of the state government to give preference to local people. This is also consistent with the technology transfer emphasis of our industrialisation policy.

In respect of other staff training programmes, I understand that so far 121 trainee operators have been sent to the Industrial Training Centre in Negeri Sembilan to attend a 10-month course jointly sponsored by a Swedish consulting company – the AF-Group Industries Process Konsult AB and Sabah Forest Industries. Upon their return, these operators will man key control stations in the mill.

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In a sense, you are all pioneers in an important new resource-based industry which will bring multiple benefits to our country. I trust you will make the most of the opportunity that has come your way and make this first pulp and paper mill in Malaysia a great success.

(At the launching of the Sabah Forest Industries' training programme for engineers at Sipitang on 5th September 1985)

Learning to Manage Our Own Affairs

The Sabah Land Development Board has been in existence for 17 years, having been formed in 1969 as a statutory body with the primary objective of developing agricultural land for the settlement of the landless poor or those with uneconomic holdings. Since its inception it has contributed much to the economic and social well-being of our people. The SLDB holdings include 33 schemes totaling some 50,129 hectares, mainly planted with oil palm. The board also has six oil palm mills. Its schemes make up one third of Sabah's oil palm areas, producing also about one third of Sabah's overall palm oil output.

Twelve of the SLDB schemes are settlement projects with more than 2,600 families occupying over 11,624 hectares of land. The SLDB also directly employs nearly 6,000 workers. Thus, the effective supervision and management of manpower is vital to the successful operation of the SLDB.

The PBS government is most concerned that the SLDB be managed properly and efficiently with local people in effective control considering that the board was set up over 16 years ago. In the first term of the previous government the board management did largely consist of local officials headed by a general manager. In 1980 the State government awarded several large contracts for land development on a turnkey basis incurring

large capital outlays which became an unbearable financial burden on the board. Unfortunately, the management was subjected to constant interference from politicians from within and without, which inevitably led to mismanagement and malpractice. There were several cases of corruption before the courts which gave the board bad publicity in the news media.

In order to avert a financial disaster, the then State government decided to suspend the executive functions of the board and the general manager. A Sime Darby team was appointed to manage the SLDB on a three year contract for an exorbitant fee of \$17 million. But that was not all. Reimbursable expenses such as salaries, housing, cars, traveling, entertainment, leave passages etc for seconded Sime Darby executives cost the Government an additional \$5 million. The objective of the Sime Darby management agreement was, it was declared, to put the board on a sound footing and to train local persons to take over from them at the end of the contract term. The team was given wide powers and a guarantee of no political interference in their management. Given these powers and political support, the Sime Darby team was able to exert firm management control during the contract period.

It is true that the board's ffb (fresh fruit bunch) production increased considerably during the three year period, helped by the introduction of weevil assisted pollination and new areas planted earlier coming into production. The larger operating profit reported was also due to higher commodity prices to a large extent. But in respect of training local staff to ultimately take over, the results fell short of expectations, particularly at the top management level. At managerial level, outsiders were recruited in large numbers to hold positions which local people could have filled. Not surprisingly, this caused dissatisfaction and frustration among local staff.

Even worse, the previous State government failed to fulfill its pledge that local staff would take over the management of SLDB at the end of the three-year contract period. It surreptitiously signed the Berindas management agreement on August 13th 1984, even before the Sime Darby management agreement

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expired on September 30th 1984. It was quite strange that Berindas Corporation should be appointed to manage the board. Local executives of the board surely had gained sufficient experience to take over from the Sime Darby team. Moreover, Berindas Corporation Sdn Bhd was a small company with \$2,000 paid-up capital formed to carry out property development.

Five out of the seven officers seconded from Berindas to the SLDB were the same individuals serving with the Sime Darby team. They included the two key persons holding the posts of chief executive and controller of finance. The Berindas team continued the same style of management as that introduced and implemented by them under the Sime Darby agreement but with even more power than before. For instance, the management was given the authority to approve unbudgeted capital expenditure up to \$3 million annually. For the Government, such expenditure needs the approval of the State Legislative Assembly.

The fee payable to Berindas came to about \$320,000 per month increasing with each planted hectare. This amounted to approximately \$4 million a year. On top of this fee, the Government was required to pay reimbursable expenses including vehicles and travel. The performance of the Berindas management came under the review of the PBS government after we came to power in April, 1985. After a thorough investigation, the Government decided to terminate the agreement which took effect on 23rd December 1985. The present team consisting of senior local officers was appointed to take over the management the following day. Effective this day also, the powers of the board which were suspended by the previous government were restored.

I am pleased that the present SLDB top management under the able chairmanship of Datuk Robert Evans has accomplished a smooth take over from the previous Berindas team. Your chairman has assured me that the new top management team has been carefully selected, each and every member being well qualified for his job. The current low prices for palm oil products

has certainly not eased your task of managing the affairs of the SLDB. The adverse market factors, given the depressed prices, uncertain economic trends and stiff competition, are matters for considerable concern. However, the chairman and the board of directors are confident that you will rise to the greater challenges confronting you.

Most of the top executive posts are now manned by local people. However, certain senior executive positions at operating unit levels in agricultural schemes and processing mills are still partly dependent on non-Sabahans, whose services are of course appreciated. The management is currently undertaking an executive development programme to train local executives in schemes and mills for future managerial positions when the contracts of non-local people expire. The present policy is to promote serving officers of the board and to recruit only if none are available from within.

Now that the management of the SLDB is back on the right track, this conference is most timely. In view of the difficult economic times we are experiencing compounded by our political travails, it is most opportune that you as SLDB managers should meet to thrash out common problems and hopefully formulate solutions and action plans to upgrade your operations. If you have achieved progress in this direction, then the expenditure on this conference is well justified.

I understand that the majority of you here are managers of operating units while the rest are senior headquarters supporting executives. As managers in charge of operating units, the various businesses of the board come under your charge. You are entrusted with heavy responsibilities which require hard work and commitment on your part. While you may have good paper qualifications in administrative and technical disciplines these alone do not necessarily make good managers. A positive attitude towards your work and good relations with your colleagues and others are important. With the management of the SLDB back in your hands, it is up to you to ensure the effective functioning of the board not only in your own interests but for

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the benefit of the many settlers and workers in SLDB schemes as well as the people of the State at large.

I need hardly tell you that you must discharge your duties and responsibilities with dedication and integrity. Because of the unsavoury past episodes in the history of the SLDB, your behaviour and actions will be closely scrutinised by everybody. Provided you are diligent and honest in whatever you do, you need not fear criticism. I would also urge you always to work together and cooperate with one another as members of a team.

In fact, all of us should think of ourselves as members of a team, not only in our own operating units, but in our departments and boards and indeed in all sectors and at all levels of society. If I might say so here, the problems of the PBS government in administering the State in the past year have not been due to any incompetence on our part but rather to the lack of goodwill and cooperation from other parties. I hope we can get greater cooperation from all quarters in the future in the true spirit of democracy and common endeavour.

**(At the closing of Sabah Land Development
Board Managers' Conference, Kundasang
on 3rd April 1986)**

Helping the Educated Unemployed

Unemployment among our college and university graduates is a very thorny issue which has been intensively discussed in recent years. Having received tertiary education it is only natural that graduates expect to find suitable employment that can guarantee a reasonable standard of living. The Government has done what it can to create or find jobs but it is not easy to satisfy personal ambitions and aspirations even in boom times let alone during this prolonged recession which has stunted our economic growth and restricted employment opportunities.

Unemployment is found not only among people with tertiary education, it is also widespread among school leavers as indeed throughout our whole community. So the problem of the educated unemployed must be viewed in a wider context to include the state's employment and labour markets generally.

With a largely rural population and a huge number of migrant workers in our midst it is really difficult to keep tabs on the employment situation in Sabah. However, according to a recent study carried out by the Manpower Planning and Development Unit of the State Ministry of Manpower and Environ-

mental Development, the unemployment rate in Sabah is in the region of 11 per cent or roughly 45,000 people.

Most of our jobless are young people and their number is increasing each year as school leavers enter the labour market. Nearly a third of our unemployed youths have been without work for anything between one to three years. These unemployed persons also include retrenched workers laid off by companies hard hit by the economic downturn which accompanied the recession beginning in 1985. Furthermore, companies as well as the government have scaled down or halted recruitment.

The study identified a number of causes of unemployment. Apart from the economic down turn brought about by the recession, the causes include job-skill mismatch, choosiness on the part of job seekers and high rate of labour turn-over for various reasons.

Paradoxically, while a large number of Sabahans are unemployed, a large number of jobs in our principal economic sectors i.e. plantation, logging and construction industries are filled by migrant workers. They are mostly semi-skilled and unskilled workers who are, theoretically, not difficult to replace with local people. But local labour are not attracted to these job openings which offer low wages and may also be far away from their villages.

Also in reference to unemployed graduates the report indicated that the graduate population did not comprise professional people much needed by the State such as doctors, dentists, surveyors, teachers and others. Many of those filling these jobs are expatriates and West Malaysians.

A majority of the unemployed approached in the survey expressed their preference to work in offices rather than outdoors, further confirming job choosiness. The survey showed that many people would rather remain unemployed than toil in plantations or on construction sites for relatively low pay. And so they opt to stay home while waiting for something better to come along.

In the case of graduates particularly, the problem of mismatching is quite obvious and is attributed among other things to shortcomings in overall manpower planning, including inade-

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quate direction and coordination in the award of scholarships and education grants and a lack of career guidance. Thus we find an over-supply of graduates in some fields such as business practice and administration and not enough in other fields such as in the health and medical services and in the teaching profession.

We are told that there are several hundred vacancies for teachers in our various educational institutions. The reluctance of graduates to take up teaching is surprising given the many job opportunities available in the various disciplines and the declared preference of people to work in the public sector for reasons of life-long security.

Although graduates form only a small segment of the total labour force in Sabah, their potential contribution to the country is considered to be much greater. Estimates of the number of unemployed graduates in the state appear to vary considerably. But the number listed by the Chief Minister's Department stood at 309 on February 10, comprising 218 degree holders and 90 with diplomas. The list is not conclusive, I am told, because some jobless graduates may not have registered with any of the graduates associations or government departments while others who have been listed may have obtained employment since.

In addition, other graduates are attached to state and federal departments and agencies on a temporary basis under the nationwide placement scheme implemented in June last year. The scheme has deservedly been acclaimed as a practical means of providing graduates with job exposure and experience while preparing them for possible absorption in the permanent establishment.

No fewer than 187 of our graduates have found temporary employment since the launching of the scheme in Sabah last June. Initially they are employed for six months, but the scheme has since been extended for another six months up to June this year. Happily, 88 of these graduates have succeeded in obtaining permanent public sector employment.

There is no doubt that when vacancies do occur employers prefer graduates with relevant work experience to those without

any experience. This preference applies particularly in the private sector. The Institute for Development Studies in a report on graduate unemployment in Sabah published in August last year has also recommended such a scheme as a "logical" way to rectify the mismatch of skills and job opportunities as well as help to overcome the lack of relevant experience which aggravates graduate unemployment.

The IDS report makes a number of recommendations that warrant consideration including the extension of the attachment programme to private sector organizations. A random study by IDS shows private firms to be quite receptive to the idea, although some felt they could offer little assistance immediately because of the business slowdown.

Nevertheless, the State Government will seriously study the proposal outlined to me a little more than a week ago by the action planning committee of the Joint Council of Returnees/Graduates Associations. What is proposed is that the State Government take up its own attachment programme with the participation of the private sector to expand the scope of training and employment opportunities for graduates.

For such a scheme to be thoroughly studied and implemented the goodwill and cooperation of private employers is of course necessary. Furthermore, the scheme has to be considered in the context of the overall policies for manpower resource development.

Due consideration will also be given to the council's proposal that the position of civil servants acting in higher posts and those on secondment to statutory bodies should be reviewed to prevent the practice of officers holding two posts at the same time and thus possibly depriving others of the opportunity to enter the service or of being appointed substantively.

There is something to be said in favour of the proposal to arrange for the attachment of local officers to federal departments in and outside Sabah for the sake of greater exposure and also national integration. But we would also have to be prepared for reverse attachments.

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Normally also we would not reengage retired personnel but it is reasonable to do so on short-term engagements if there are not others immediately available to fill important vacant posts.

There are other steps which could be taken to make room in the government service for graduates. But some of these steps can only be implemented by the Federal Government. For instance, steps can be taken to enable serving officers who wish to opt for early retirement to do so without incurring disadvantages.

The State Government is sensitive to the problems of unemployed graduates. In its recruitment programmes, the State Public Service Commission and the State Establishment Office in the Chief Minister's Department give priority to suitable local graduates. There is also close liaison between the State Government and the Immigration Department on the issue and renewal of work passes in this respect.

As pledged in the ruling party's first election manifesto, we have largely halted the recruitment of outside people for posts in government agencies that we regarded as inimical to local professional manpower development. We have terminated the contracts of a lot of highly-paid non-local personnel employed in state agencies, replacing them with local personnel.

Also we have not renewed the contracts of many expatriate staff, providing yet more jobs for local people in government departments. Only a few have been retained because of their special knowledge or skills not easily found locally.

There are limits to how far we can go to restrict the entry of people into the state for jobs in both the public and private sectors especially given the present situation of manpower shortage in certain fields of expertise.

The whole question of employment is closely tied up with the state's economic conditions and development. The State Government can contribute to a healthy investment climate by restoring a large measure of political and social stability in the state and through careful and forward-looking economic and financial policies. But we must be careful not to undermine the good groundwork done in this respect by withholding the issue

of work passes to non-Sabahans simply to provide more job openings for local people.

Also it is not feasible in our present economic circumstances to try to implement any plan to phase out speedily all expatriate and migrant workers and replace them with locals regardless of their qualifications or skills. There is no guarantee either that we can successfully send local people from the west coast to the east coast of the state where job openings are plentiful and migrant workers are predominant. All previous efforts in this direction have failed.

While I do not wish to indulge in platitudes, I am hopeful that the employment situation will improve in time with the eventual recovery of the economy. But this does not mean that we are not doing anything in the meantime. I can assure you that the Government will study your views and proposals and will find ways to alleviate this very difficult problem.

**(Dialogue with graduates organised by the Joint
Council of Returnees/ Graduates Associations
in Kota Kinabalu on 28th February 1987)**

A "Transient" Problem that Persists

In the past two months I have visited various districts in the state for briefings on Buku Merahdua, to inspect development projects and to meet the people at the grassroots level. During these visits, especially to the east coast areas of Tawau, Semporna, Kunak, Lahad Datu and Sandakan and also here in Keningau, people of all walks of life have urged me to take steps to overcome the problems posed by illegal workers and other transients in Sabah.

In fact the District Officer here in Keningau told me at a briefing only last Saturday that the presence of illegal immigrants is a big problem in this district. Up to last October 1,390 illegal immigrants and 164 illegal houses were identified in Keningau mainly in Taman Kota. The surroundings of these places as you can see for yourselves are very dirty. There are no drains, few lavatories and rubbish is scattered everywhere including in the river.

Naturally the people of this town are very unhappy. I was told that illegal immigrants are also monopolizing certain market and roadside trading activities and creating problems at car parks too. Even though the local authorities are taking steps to dismantle illegal houses the structures spring up again like

mushrooms overnight. I greatly appreciate the initiative of the District Officer to form a committee comprising representatives of various government departments including the police and immigration authorities and also leaders of the JKKK in Bingkor and Sook constituencies to deal with some of the more problems.

As we all know the presence of so many transients in our State is a problem that has been with us since the early seventies when Filipino refugees started to come in large numbers.

We do recognize of course that there may be justification for the employment of foreign workers in plantations, timber camps, and in the construction industry. But such employment of foreigners has to be regulated in accordance with existing laws and regulations. Our laws must be enforced, and sending foreigners who have no work passes and no travel documents back to their own countries should be done as a matter of course. But even so we recognize that certain steps have to be taken before repatriation is carried out.

Where Indonesian illegal workers are concerned we have announced an amnesty on June 15 this year giving those with jobs but without proper travel documents and work passes six months to make their presence known to the authorities concerned. They are permitted to return to Nunukan in East Kalimantan to obtain the necessary travel documents and if they held jobs which local people do not want they will be allowed to obtain work passes to return to their jobs. They will be permitted to stay and work here for a period of two years after which they have to apply for work passes again. Those who are unemployed will have to leave or face deportation.

While Sabah is obliged to accommodate the genuine refugees from the Philippines, we cannot continue to allow economic migrants to come and go as they wish. For the sake of internal security, the maintenance of peace and order and for the long term stability and prosperity of our state, we have to exercise firm control and regulate the entry and presence of aliens in Sabah.

This amnesty arrangement will not only help law enforcement agencies to carry out their functions more effectively but

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assist employers also who will no longer face the risk of infringing labour laws. The State Government is contemplating a similar measure to regulate the economic migrants from the Philippines who, for various reasons, are not included in the amnesty exercise.

The State Government is fully aware of the problems faced by law enforcement agencies. In the past, there has not been any clearly defined policy effecting the illegal workers and other transients in the state. Because of this it appears that some law enforcement officers were not sure what appropriate action should be taken against them.

The amnesty is of course a short term measure to regularize matters pertaining to the undocumented aliens in Sabah. In the long run we will have to formulate a strategy to reduce the need for foreign workers in the state. This is a logical step but as I have said before it is unfortunate that our youth who are said to be unemployed do not want to take advantage of existing job opportunities even though there are numerous vacancies in the plantation, in the construction industry, timber camps, in restaurants, as domestic helps and many other fields of employment. The attitude of our people towards these jobs is therefore an important factor to be taken into account in our attempt to resolve the matter. Contrary to criticisms leveled against us there is no denying that the state government is taking a very serious view of the problem and we are doing all we can to seek a lasting solution.

All of you who are gathered here are specially selected and invited to attend this forum, to deliberate and examine this problem from all aspects. In your own capacities, you have all come into contact with certain aspects of the problem and thus can share your knowledge and experience with one another.

It may be well to summarize the aims of this forum so that we can direct our minds to the issues involved. The aims are:

- To share with the relevant government agencies dealing with the transient population information and perceptions about the nature, extent and implications of

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the problem and its consequences on the future development of Sabah;

- To jointly explore all possible avenues for an effective and practical solution to the problem; and
- To recommend appropriate solutions to the federal as well as the state governments.

Four papers will be presented as the basis for our discussions today. Firstly, there will be a paper from the Resettlement Division of the Chief Minister's Department presenting an overview of the problem and showing information that our staff have compiled after 12 months of intensive study.

We are happy to have with us the Acting Commissioner of Police in Sabah, Saudara Zulkifli Abdul Rahman who will present a paper dealing with the problems faced by the Police Department in enforcing law and order among the transient population.

The remaining two papers will be from the Philippines Embassy and the Indonesian Consul General who will discuss how these two neighbouring countries can help us deal with the problem.

It is the intention of the Resettlement Division of the Chief Minister's Department to prepare a memorandum to present your proposals to the Federal Government. I am confident that upon receiving your recommendations and being mindful of the serious implications of the transients in Sabah, the Federal Government will take appropriate measures to deal with the situation.

There is no doubt in my mind that the people of Sabah cannot accept the continued presence of such a large number of aliens in Sabah. Unless this problem is resolved, our people will continue to live in anxiety and fear. We owe it to ourselves and our future generations to take concrete actions now to remedy the situation. Let us therefore work out the framework for a solution to the problem at hand.

(Addressing a forum on "The Problem of Illegal Immigrants in Sabah" in Keningau on 4th August 1988)



A large number of Indonesian nationals work in Sabah, especially in the state's plantation industry. One estimate puts the number at 150,000 people. The position of these migrant workers in Sabah was one of the subjects which Datuk Pairin discussed with President Suharto when he called on the President on 28th June, 1989. Picture shows Datuk Pairin being greeted by President Suharto at Bina Graha.

CHAPTER 16

Telling Our Architects Some Home Truth

As a professional group, architects enjoy a high standing in our society. But to be successful professionally and, therefore, financially, one must rely much more than the status of one's profession to make the grade. This is especially so at a difficult time like this when the global economic recession has slowed down economic activities considerably here in Sabah.

In difficult times some business people, professional people included, sometimes turn to the government for support. Architects are no exception. This is understandable as in any given situation the government has more resources to prevail upon things than any other institutions in the country. But you will appreciate that in a free enterprise system there is a limit to how far even the government can go to influence developers and government departments and agencies in appointing their architects, engineers and other consultants.

But I am also aware that architects in Sabah have had more than two decades of boom time to consolidate their position as a profession. As a body you should be in a position to help your new members as well as improve your service to your clients.

Lean time or boom time your services are always needed. Under local authority regulations houses and other buildings

within rating areas are required to have properly prepared plans from architects. Even people who can barely afford the services of architects have to abide by the regulations. But, unfortunately, some architects are not interested in such small jobs. They are only interested in big multi-million dollar projects.

I am aware that many local architects resent the engagement of consultants and their associates from outside the state to do local projects. Though your fear of losing business and employment opportunities is understandable we should at the same time recognize the need for healthy competition. We should avoid a situation in which the people of Sabah and the government become a captive clientele of the local architects and other consultants. Such monopoly is not good for the state's building industry, and certainly not good for the public whose interests the government must protect.

Furthermore, many developers and contractors are also closely tied up with architects and engineers from outside Sabah on joint-venture enterprises. The government cannot interfere with these developers over the selection of consultants. If our local architects cannot in any case compete with outsiders then it would appear that there is something wrong somewhere. I am inclined to the view that the remedy lies in the hands of local architects to some extent because they have the advantage of being on the spot. Therefore, I would imagine that developers would prefer to engage local architects and engineers, all things being equal.

Given the tremendous building boom we experienced before the onset of the recession there was little pressure from local professionals to restrict the entry of consultants from outside Sabah. But with the building industry in the doldrums it may be necessary for government and professional bodies to work out something so that preference is given to local consultants where projects are undertaken by the government or its agencies.

But the government can only do this to the extent necessary without jeopardizing the quality of the work to be done bearing in mind the time frame in which the projects have to be completed. The government has to be convinced in every case that

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our architects and other professionals can cope with the job. They must show they can compete successfully with outsiders, which means that the quality of their work must be good and their professional credibility beyond question. They must win the confidence of the government and the public in fair and open competition. Preference can only be accorded them when all other things are equal. Therefore, our architects and other consultants should not sit back and expect to be given preferential treatment over outsiders as a matter of course. They must be competitive in every respect.

If our local architects can match outsiders in every way, the latter would be disinclined to come in. But before you let your hopes rise, I would suggest you should try to ascertain why all this time you have lost out to outside competitors. If the opportunities are not here for the picking, outsiders would hardly come in. Is there a vacuum in Sabah which others have to fill? You should try to establish the reason.

As we are one nation, I sometimes wonder why there has been a one-way flow of professionals from other states to Sabah. I am not aware of any traffic the other way. If people from other states have been able to come here and take the cream of our business I would think the brighter and more enterprising of our professionals could similarly find greener pastures in Peninsular Malaysia. Perhaps some of the professional consultants who come here do so to broaden their experience. Some of our architects and others may perhaps be able to benefit similarly from a stint in West Malaysia. They may find a niche there for themselves. If some of your architects and other professionals find Sabah too restricted or too small to absorb your talents you should seriously consider a spell in other states.

In any case, I feel architects should move about a little and be exposed to new ideas. Looking at the unimaginative and uninspiring buildings all around us I cannot help but feel that there is tremendous scope for improvement.

**(At the Annual Dinner of the Malaysian Institute
of Architects, Sabah Chapter, on 13th July 1985)**

In the Company of Rotarians

I cannot help but comment on the gracious way in which you hand over the leading reins of office in your club. No grim last ditch opposition to the incoming president. No harsh words uttered. Rather, the new president said how capable and dedicated the Immediate Past President (IPP) had been and how much he had done. Everyone was so civilised, so cordial, so dignified.

If you can stretch your imagination a little, can you envision the Immediate Past Chief Minister (IPCM) going to the Istana not to do what he did but to congratulate the incoming Chief Minister and say all the nice things that John Rodgers said of David Chin. Let your imagination wander and conjecture the new CM praising the IPCM for the "great things" he had done for Sabah during his term in office?

This is not saying of course that I was not prepared to say anything good about my predecessor had events run a normal course. I possibly could and probably would have done so if the circumstances were different.

How I wish that politics could be more dignified and civilised than we have seen in Sabah of late. But then the democratic process that we know probably comes closest to injecting

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some dignity and civilised behaviour into what could otherwise have been a rather crude and savage process of power struggle, the likes of which we still see happening in less fortunate parts of the world.

No doubt you are all familiar with the adage that politics is the art of the possible – the process of deciding who gets what, when and how. It is also said that man (in the generic sense – in case you ladies wish to take issue on that) is a political animal. All this may be what politics is all about, but the word that attracts attention is the word animal. If man (and woman) is a political animal, then obviously the question arises as to which features most in a politician, the man or the animal particularly when cornered or thwarted. You can perhaps draw a conclusion from recent political events in Sabah.

The outgoing president has thanked me for sparing the time from my busy schedule to attend this evening's installation dinner. He is correct when he remarks that the position of Chief Minister is a full time job with many and varied duties, some pleasant and some not so pleasant. While it is arguable if attendance here is a duty or not there can be no question that it is certainly pleasurable.

Looking around I see many familiar faces. Though not all of you may have voted for me or my party at the recent polls I am conscious I am among friends and can rely on your good wishes and help where possible in my endeavour to serve Sabah in particular and Malaysia in general. I say this with confidence for I am well aware that the Rotary movement with its ideal of service above self is totally non-political, non-racial and has no religious bias.

Being as they are made up of highly capable persons of all persuasions, service clubs such as Rotary clubs play an important role in supplementing the efforts and work of government. In fact, there are many things which service clubs do which are beyond the scope of government.

Welfare officers, for example, no matter how conscientious and caring they may be must follow the rules and regulations and are not normally in a position to provide the extra luxury of

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special attention which individuals can give. I am very pleased to learn that the Rotary Club of Kota Kinabalu has initiated a number of community efforts to cater for the special needs of the handicapped. I urge all members of the public to support such efforts.

I understand it is the club's usual practice to do the spade work for the projects and once they are off the ground to hand them to the authorities or elected committees with only one or two members maintaining liaison with the club.

While it would be brash of me to promise to support any and all undertakings in which the Rotary Club and the Inner Wheel Club embark, I can assure you that I and my colleagues in government will welcome your efforts. We will not stand in the way provided we are satisfied that the people will benefit. I cannot imagine of course that the club would undertake projects against the people's interests.

I was interested to learn something of the work of the Rotary Foundation from the description given by your outgoing president. It is gratifying to note that the Rotary clubs in Sabah are contributing to the cause of world peace and understanding in addition to the service accomplished here. I have no doubt that you will be well rewarded for your efforts by the personal satisfaction derived from doing something worthwhile to assist your fellow human beings in need.

**(At the installation dinner of The Rotary Club
of Kota Kinabalu on 7th July 1985)**

Speaking to Fellow Lawyers

Some of you may regard a member of the legal profession who does something else for a living as someone who has gone astray. If this is how you regard me my excuse is that no one has really drawn the line to demarcate the boundary within which members of the profession must confine themselves and, if it comes to that, neither has any line been drawn to circumscribe the politician's sphere of activities. Both professions, or rather vocations, thrive best in conflict situations. Sometimes conflicts appear to be artificially created to keep lawyers busy. Politicians, especially those in the Third World Commonwealth countries, appear to have a penchant for keeping lawyers busy, especially the QC variety. I suppose we should be thankful that the protagonists in political conflicts in these parts generally do not resort to less civilized modes of persuasion to get their points across.

Both the lawyer and the politician rely on words as a tool of trade and, sometimes, as stock-in-trade. However, there is a difference in the way they use words. Whereas politicians pour out words in great torrents which sometimes land them in trouble, lawyers, in Sabah at least, rely a great deal on what I call "canned

words" in the format of prototype contract agreements and documents which they leave to their clerical staff to assemble.

Politics and the legal profession complement each other very nicely. The lawyer politician falls back on his legal practice when he does badly in politics. The non-lawyer politician retires to one of the inns in London to read law and to reemerge later as lawyer politician or politician lawyer, whichever is more feasible. Politics has a hold on some people which they find difficult to break. It is a kind of addiction. The withdrawal symptoms are severe, and they usually manifest themselves in an insatiable urge to speak to the press, or to keep a watching brief in court proceedings.

Law Association dinner is probably the Association's only activity in the year. (You will note that at this point I am discarding my status as a guest and start flashing my membership card before you, as it were.) If this dinner is reported in the local press it will probably be the only occasion when the public hears of the Law Association of Sabah. I stand to be corrected, but you will surely agree with me that the Association has been keeping very quiet at a time when so many disquieting events have taken place and are taking place, including litigations that have made constitutional and legal history in this country. The legal profession has kept silent even when the democratic system of government, the due process of law and the fundamental tenet of democracy, which prescribes a division of power between the legislature, the judiciary and the executive are in danger of being undermined.

These are weighty issues the outcome of which may well decide the health and vigour of the democratic system of government and our future as a civilized community.

While the reluctance on the part of the legal profession to get embroiled in political controversies may be understandable, the same is not true when the due process of the law is being abused by a sinister few who have refused to abide by the time honoured rules which regulate human activities, including politics, and are trying to exploit legal technicalities to achieve dishonorable ends.

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The general impression about the legal profession is that its members are so content and safe in their protective cocoons that they sometimes forget that they have a moral obligation to speak up for justice and influence public opinion on matters of great public and moral interest. When those who perpetrate immoral acts seek legitimation under the guise of litigation members of the legal profession should make it clear where the legal profession stands. This is not a political stand, it is a professional stand.

Members of the profession should also improve their public relations with members of the public. I think I need hardly remind you that the general public looks to members of the legal profession for informed and educated opinions on issues of public interest. Unfortunately, the public's faith and trust in lawyers has sometimes proved to be misplaced. In fact it is perhaps correct to say that the general public in Sabah no longer regard members of the legal profession in high esteem as they used to. Lawyers have often been severely criticized for their allegedly mercenary attitude towards their clients. Some have not tried to conceal their disdain for some of our lawyers. I recall the Law Association reacted strongly to some of the scathing criticisms about our local lawyers last year.

Recently the Prime Minister, Dr. Mahathir Mohamad, while addressing the Eighth Law Association Conference in Kuala Lumpur also expressed very frank opinions about the lawyers and other professional people in Malaysia. I agree with all of what he had to say and, speaking as a member of the profession myself, I feel that something ought to be done to put matters right and to regain the position of esteem and prestige the legal profession once enjoyed in our society.

I am not altogether sure how lawyers can improve their image and performance. But it is the general consensus of opinion that the first thing that needs to be done is to remove the protective shield which keeps out competitors from outside. The present position perpetuates a kind of professional cartel. Only the local lawyers benefit from such a monopolistic arrangement. I do not see how the public stand to benefit. In fact I am aware

that the public in Sabah, particularly the business community have developed a great dislike for lawyers and the so-called due process of the law. Most people will tell you that a contract agreement duly signed, sealed and delivered and costing a lot of money does not constitute a safeguard in a transaction. In the event of a default litigation will be a slow and protracted process, at the end of which the plaintive may or may not obtain redress or remedy. If they can help it most people try to avoid lawyers. They prefer fool-proof security to support or supersede legal contracts.

I suppose this is barking up the wrong tree. You may argue that it is the judiciary that should take the blame for the tortuously slow legal process in this country. This may be so, but is there anything that can be done to speed up the process? There must be a way and the people best suited to find the way are people in the legal profession, both in the Bar and on the Bench. Regrettably, I am not aware of any meeting, conference or seminar organized by the Law Association or the Bar Council to discuss this very serious problem. On the contrary, the persistent impression one gets is that members of the legal profession are a contented lot who are quite happy with the status quo. Those among us who have a strong social conscience should do something to rouse their fellows from the deep slumber of complacency and put a new vigour, zest and credibility into the legal profession in Sabah.

I hope there will be dialogues among members of the profession and between them and the public. The Law Association is an ideal forum for such a dialogue and, I hope, a measure of self-criticism as well. It will not be a bad idea at all if you can appoint a committee to be given the task of the Devil's Advocate for the purpose of in-house fault-finding and criticisms. This is a kind of internal auditing to establish where weaknesses lie and what remedies may be used.

The Prime Minister made a very apt observation when he said and I quote:

SPEAKING TO FELLOW LAWYERS

"Whereas Parliament has deemed it necessary to legislate on a wide range of matters to protect the consumer from the tradesman, professionals are still left to regulate themselves."

The sad thing is that there is no indication to suggest that the professionals are doing anything to regulate themselves. What they do is to lobby through influential members in high strategic places to introduce measures in the form of rules and regulations, even legislation, to strengthen their positions. Thus the Medical Association has succeeded in prohibiting foreign doctors from setting up private clinics in Malaysia, even though there is a crying need for more doctors in the country. The surveyors, the architects, the engineers, the lawyers all try to keep others out in order to enhance their position and to perpetuate their complete monopoly, except when they need expert help, in which case they simply fill the role of brokers.

The important thing to remember is that these exclusive clubs do not benefit the public. In fact the public is greatly inconvenienced and disadvantaged by the monopoly both in terms of quality of service and cost.

If we adhere to the principle that our public policy and action should bring the greatest benefit to the greatest number of people, we are left wondering why the public should put up with artificially created shortages of professional people, and as a result, have had to pay exorbitant professional fees. We are inclined to ask ourselves, are we not sacrificing public interest for the sake of a privileged few? Why can't the free enterprise system upon which our economy is founded also govern the professional services which are, after all, part and parcel of the tertiary industry?

It may do us all good to ponder these issues and to ask ourselves where we are going. The "professionals" in Malaysia must realize from the occasional public outcry and the Prime Minister's recent speech that the writing is on the wall. The exclusive, sheltered and privileged professional cartels in this country must wake up to the truth and improve their services to society or face the prospect of seeing their cozy niche broken and finding themselves having to compete in the open market.

PAIRIN'S SPEECHES

Ladies and gentlemen, we must all take good care of the good image of our profession. This statement must have sounded strange to you coming as it has from a politician, but then politics has seldom, if at all, been regarded as a profession. As members of the legal profession we should infuse more professionalism into our service, and prove to society that we can regulate ourselves. Otherwise we must submit ourselves to the only alternative open to us, which is to submit ourselves to checks and balances which a society may impose on us.

**(At Sabah Law Association Dinner on
25th November 1985)**

Talking About Voluntary Service

I am glad to be with you here this morning to officiate at the opening of the SABATA's seminar on "The Role of Voluntary Organisations and Service Associations in the Health Programme of the State".

The State Government believes that health education should be intensified in the state. This is in view of the recent outbreaks of epidemic diseases such as scabies and dengue in the state especially in the rural areas.

It is timely and highly important, therefore, that such a seminar be organised to compliment the health department's efforts to generate public interest in the health education programme in the state. I believe strongly that voluntary organisations and service associations, by virtue of the services they provide, are in a position to help, particularly in educating the public on health matters and activities in the state. Organisations like SABATA, for example, can serve as a channel through which its own members and members of the public can contribute to welfare work.

Health education is very important in the rural areas where unhygienic practices often lead to outbreaks of diseases. Here, the majority of the rural folks, living in poverty and primitive

conditions, are not aware of basic personal hygiene. Building clinics or hospitals equipped with the best medical facilities will not serve any real purpose if the people are left to continue with their unhygienic practices. The people must be taught about health education and how they can fight the source of these diseases first. Otherwise, the whole cycle of these people getting sick and going to the hospital and getting sick again will keep repeating itself. In other words, the people should be educated on preventive measures first such as personal hygiene. Health education should be an ongoing process where the people should be constantly cautioned on the dangers of unhealthy ways and practices and what to do when an epidemic breaks out.

Doctors and health workers too share the burden in this task. With their knowledge and expertise they are in a better position to help propagate health issue to a larger community. In fact, the burden falls on them more due to the fact that society regard them as the authorities on health matters.

However, there is only so much they can do. With so many responsibilities such as patient care and treatment and a host of other health related tasks to attend to, doctors and health workers often cannot handle some of the tasks themselves. Problems such as lack of manpower often cause a backlog of work. This is where voluntary organisations and service associations can step in to help.

I am aware that in the past there are voluntary organisations in Sabah which have been actively carrying out rural health projects in areas worst hit by health problems. These organisations, through their projects, have helped health authorities considerably in generating awareness on health matters.

I urge more voluntary organisations and service associations in the state to emulate the efforts of some of these organisations who have also taken a step closer to help upgrade the health and living conditions of the people.

The state government is also carrying out programmes to improve the living standard of the people. With this in mind, it is hoped that this would indirectly improve the health situation.

TALKING ABOUT VOLUNTARY SERVICE

What society needs is committed people who sincerely possess a genuine desire to help create a better place for all to live in. Organised groups such as voluntary organisations and service associations should consist of members who must adhere to the aims and objectives of the organisations and associations they represent. Members should discard selfish motives for personal gain and glory when joining such organisations. In short, they must have an empathy for social and welfare work.

In recent times, I have also noted that voluntary organisations and service associations in the state have a tendency to focus their attention more in the urban than in the rural areas. I feel that equal attention should be given to both areas so that all will benefit from their contributions to health care and other social services.

I hope today's seminar will enlighten participants and members of the public more on the role they can adopt to help generate public interest and awareness on the health programme of the state.

The Sabah Anti-Tuberculosis Association or SABATA has contributed a lot in the fight against tuberculosis. Besides providing assistance to those afflicted with TB, the association has also done much to protect the welfare of those recuperating from the disease. For instance, it has helped build rest houses for TB patients. I believe many have benefited from your efforts for which you truly deserve praise and commendation. The man behind this is, of course, none other than Dr. R.N. Roy who has been at the helm of SABATA for many years. SABATA is synonymous with Dr. Roy whom many have dubbed the good Samaritan "Sabata Roy".

His efforts did not go unnoticed of course because I have been told that his work earned him the prestigious D'Arcy Cowan Memorial Award from the Australian Tuberculosis and Chest Association.

**(At the opening of the SABATA Seminar in Kota
Kinabalu on 18th October 1986)**

The Teachers' Union - A Platform for Collective Action

I am indeed pleased to be with you today to officiate at the 19th annual delegates conference of your union. The Sabah Teachers Union boasts a fine record in catering to the needs and welfare of the teaching fraternity during a significant period of change and progress in the development of our state, especially in the field of education. The participation of delegates from all over Sabah as well as the presence of so many teachers at this conference today underlines the vitality of your membership and will, I am sure, contribute to the continued success and growth of the union.

The record of your union's past achievements and the continuous efforts you have made in advancing the cause and welfare of your members are to be highly commended. The determined and dedicated efforts you have devoted to raising sufficient funds to fulfill your dream of having your own union headquarters are particularly praiseworthy. You can take pride in the realisation of this project which stands as a truly concrete symbol of the unity, solidarity and cooperation of all your members.

PAIRIN'S SPEECHES

I would like to take this opportunity to congratulate your union leaders and committee members for your enterprise and hard work in making this building possible. I have no doubt that they will continue to provide the necessary leadership and guidance to ensure the successful realisation of the aspirations of your union and the implementation of its objectives for your common benefit.

While I appreciate your overriding concern for the personal interests and needs of your members, I would emphasise the need for all of you to be aware of the wider roles of the union in relation to our society as a whole. As teachers you are in a position to make an important contribution to our state and nation in terms of service for the well-being and betterment of your fellow citizens. You should be prepared to pursue these broader roles at all times.

With the rapid strides being made in science and technology and the advent of the computer era, our teachers have to be continually developing and upgrading their knowledge and skills. There is always scope for self-improvement to enable you to play a more effective role as professional educators and capable counselors. The children under your charge require your expert instruction and guidance so that they can be trained not only to become well educated members of society but also responsible and disciplined citizens when the time comes to leave the classroom and take up employment.

Needless to say, it is the professional competence and dedication of the teachers that will ensure a creditable performance on the part of our children and the steady improvement of the standard of education in Sabah. I trust that you will not be lacking in this respect and will continue to dedicate yourselves to the cause of education in Sabah in particular, and the nation in general.

The State Government is fully aware that teachers in Sabah are still facing problems in relation to their conditions of service, particularly those teachers who previously belonged to

THE TEACHERS' UNION - A PLATFORM FOR COLLECTIVE ACTION

the Unified Teaching Service. Despite the fact that the UTS teachers have been given absorption as Government employees in January, 1980, to date they have been unable to be confirmed into the permanent and pensionable scheme of service because of the preconditions they must fulfill.

I am also well aware of the frustrations faced by experienced teachers who on receiving "trained status" after attending in-service holiday courses at Maktab Gaya were considered as new recruits and given reduced salaries.

The State Government has taken cognisance of all these anomalies. We shall try our best to find satisfactory solutions to all problems of the UTS teachers as highlighted in your various union memoranda which you have submitted also to the Federal Government. You are aware that the State Government has in fact taken up the problems of the UTS teachers at the highest Federal level and we regret that nothing further has come out of our representations to date. We have done what we can. The recession has not helped. However, I urge you not to be too despondent.

Perhaps, as has been suggested, the State Government could consider initiating or supporting some form of trust fund to assist UTS teachers who ultimately and finally fail to be confirmed and whose service might be in danger of being terminated. Those teachers who have since retired on 1st January 1980 but obtained no benefits whatsoever would come within the purview of such a fund.

Moreover, the State Government is also prepared to consider the grant of some land concessions to the teachers through a teachers' cooperative as has also been suggested. We fully support the concept of cooperatives to encourage initiative, mutual assistance and joint endeavour within a community or a group, particularly at times of travail. Not only would the cooperative provide such teachers with an alternative interest but the profits could perhaps be used as some form of compensation for their long service as pioneers in the cause of education in Sabah. You will gather that we do have the interests of the UTS

teachers as well as those of the teaching profession as a whole very much at heart.

(At the 19th Annual Delegates' Conference of the Sabah Teachers' Union at Union House, Kota Kinabalu, on 6th December 1986)

Our Hardworking Doctors

Few professional groups in Sabah are as burdened with long and irregular hours of work as the government doctors and other medical staff. Perhaps some doctors in private practice find themselves under less pressure. But invariably they have already served time in various capacities in public hospitals and know the relatively poor conditions prevailing in the health and medical services in Sabah.

There is no doubt that insufficient financial allocations and the unsatisfactory services provided in the past have led to widespread public dissatisfaction with the present services. The state government has drawn the attention of the federal authorities to the need to overcome the shortage of doctors and specialists, the dearth of nursing staff, poor dental, maternity and child services and insufficient drugs and equipment. The excessive pressure on existing facilities is likely to persist until the inadequate financial allocations in the past are substantially improved and the many vacancies for medical officers are filled.

If we look around the main urban centres such as Kota Kinabalu, Sandakan and Tawau, where our principal hospitals and the majority of private practices are located, the shortage of doctors is not so noticeable. But the further out we go to the

smaller towns we find many are without any private clinics while the local communities are served only by a health clinic, dispensary or a small district hospital.

Even in my own large state constituency of Tambunan I see no private clinic opened there yet.

Undoubtedly one sure way to overcome the short supply of government doctors, especially specialists, is to improve the rates of remuneration and conditions of service. Medical officers would naturally be delighted at such an eventuality. But that seems a remote prospect given the continuing government austerity drive at this moment. I understand that the Medical Services Department in Sabah faces many obstacles in the way of improving services. These include reduced operational funds, a freeze on development projects, and problems of transport and communications.

There was a hopeful sign of a turn for the better last month when the Health Ministry reported an improved supply of doctors for government service in relation to available posts. This was attributed to a steady increase in local medical graduates as well as a modest decline in resignations. I would hope that with the improving staff position we will see a redeployment of some of these medical officers to Sabah in view of the many vacancies in the state and our low doctor-population ratio.

Yet it does seem rather premature for the Health Ministry to be already talking about the federal medical and health services reaching a saturation point in a few years and not being able to employ all medical graduates.

In view of the shortage of doctors especially in the rural areas the Sabah Medical Association itself should perhaps try to encourage and motivate more students to take up medicine especially young people from rural communities. Hopefully they may be more inclined than their town cousins to serve their fellow kampung folk when they finish their medical studies.

The state government itself will provide scholarships to deserving students only in selected professions where we are in need of more qualified personnel such as doctors and other medical staff.

OUR HARDWORKING DOCTORS

Though medical and health services are the responsibility of the federal government it seems to me that the state should have more say and influence in the actual administration and regional distribution of funds where an intimate knowledge of local conditions and attitudes is important.

I understand that many of our more sparsely populated and less accessible areas do not have any form of medical services and people have to travel long distances to the nearest facilities.

In view of the highly unsatisfactory conditions and grossly inadequate facilities at the district hospitals, health centres, village group sub-centres, dispensaries and clinics it is little wonder that health standards in many rural communities are appallingly low.

It is indeed alarming to know that many diseases which are on the decline elsewhere are still rampant in our rural areas. The high incidence of malaria, cholera, tuberculosis, hepatitis and other diseases reflect the virtual absence of health care in many parts of Sabah.

In the past the state government has made strong representations to Kuala Lumpur to improve the position but without much marked effect. There is little evidence on the ground of anything being done to implement the declared strategy of the federal authorities under the current Fifth Malaysia Plan to extend health care infrastructure to "unserved or under-served areas" in Sabah. How to press home to the Health Ministry the urgent need to upgrade medical and health facilities in Sabah continues to be a matter of major concern to the state government.

What also gives rise to concern are the potential health hazards posed by refugees, illegal immigrants or economic migrants. The outbreak of measles which led to the death of so many children on Pulau Gaya recently underlines this danger. It also emphasises the importance of ensuring that such refugees and illegal immigrants are properly registered and controlled for many good reasons, especially regarding health so that contagious diseases can be better identified, traced and controlled.

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In the case of Pulau Gaya, I would like to state here that neither the local authorities nor the United Nations High Commissioner for Refugees were to blame in any way as the Filipino residents there have always had access to the nearby medical facilities in Kota Kinabalu. Filipino community leaders admitted during a recent visit of UNHCR and state government officials to the island that their countrymen were aware of the facilities available to them but had chosen to ignore them preferring to resort to traditional medicine instead.

Without detracting from the tragedy, the fact is that it could have been prevented or certainly been minimised given a greater awareness of health care on the part of the population concerned.

The Filipino residents have been urged to secure proper medical attention when needed not only for their own safety but for the sake of the wellbeing of the people of Sabah.

There is clearly a tremendous amount of work to be done in respect of inculcating a greater awareness of the importance of health consciousness and care among our people especially in the remoter rural areas where medical facilities are so deficient. The need for greater efforts by our society as a whole in promoting health education in respect of improved cleanliness and sanitation, disease prevention and the like cannot be over-emphasised.

In this respect, professional medical organisations such as yours have a key role to play because of the knowledge and expertise of your members. There are various ways in which your association could assist the public in regard to medical and health care. For instance, you would be performing a public service by launching an anti-smoking drive perhaps in cooperation with other community service bodies as well as government authorities. We all know that smoking has many ill effects to health. However, not many smokers seem to be dissuaded from smoking on this account.

The evident lack of control over the importation and use of insecticides in Sabah is another potential health hazard which requires attention. The excessive use of insecticides was of

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course very much in the news recently in Peninsular Malaysia when it threatened the vegetable trade with Singapore. It appears that a lot of insecticides banned elsewhere are widely used in Sabah. The labels on some insecticides used in Malaysia are often so unintelligible as to be completely useless. I understand that sometimes the price is stamped on the instructions thus obliterating the words as if it is unimportant that the user should read them.

The Agriculture Department especially should go around to all the vegetable growing areas in Sabah to advise farmers how to use insecticides and when to use them. Many of our vegetable growers spray their crops with insecticide in the morning and harvest them in the evening which is very hazardous to health.

Also some food sellers still use questionable substances and excessive amounts of preservatives in their products.

All concerned bodies especially your association comprising medical and health personnel should be alert to all these hazards. You should be more outspoken and not leave such matters to the Consumers Association of Penang to warn the public against the dangers.

Unfortunately, I must say at the risk of upsetting your appetite and digestion tonight that there is a feeling among the public that some doctors are more interested in their material advancement than in the wellbeing of the community. There has been undue delay in diagnosing illnesses, diseases etc with specimens from patients having had to be sent to Kuala Lumpur for analysis. Have you tried to overcome the problems of specimens being lost on the way, long delays or inconclusive results?

There are doubtless cases where the disease has got beyond the curable and treatment stage adding to the suffering of the patients. The incidence of cancer in Sabah is high and if this disease is to be arrested or cured it requires early detection. I am led to wonder if any of our doctors have tried to find out why cancer is so prevalent in Sabah. This must surely be a matter that concerns every doctor.

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Then some doctors in cases of uncertainty are so reluctant to refer cases to others that they prefer to resort to trial and error procedures in the treatment of their patients. It appears that they are too proud to refer to others who may know better. It seems also that there is quite a lot of jealousy and general uncooperative tendency among some doctors which is very unprofessional.

Well I would hope that you will do more to enhance the image of the medical profession in Sabah. Doctors must perform better if we want the public to have faith in our medical services and in particular support the new Sabah Medical Centre otherwise many people will continue to seek medical diagnosis and treatment in Singapore and elsewhere overseas.

There appears to be a crisis of confidence in our medical and health services because of the inadequacies both in the public and private sectors. I hope you will accept my criticisms in the spirit in which I make them in the expectation that you will heed them sincerely for the sake of the good name of the medical profession and, more important, the good health of the people of Sabah.

**(At the annual dinner of the Sabah Medical
Association on 21st June 1987)**

The Tshung Tsin Secondary School – A Showpiece of Community Effort

The completion of this beautiful building marks the culmination of many years of great efforts by the school authorities and the school Building Fund Committee as well as the community of supporters who have contributed time, effort and money to the school building programme.

Tshung Tsin exemplifies a fine tradition of self-help which the Chinese Community exhibit in Sabah and elsewhere in Malaysia. I remember that during the colonial days when the government did not provide schools the Chinese community built and ran their own schools throughout Sabah. The spirit of self-help has been truly admirable. The fact that the literacy rate is high among the Chinese is undoubtedly due to the untiring effort of the community to provide education for their young.

When it comes to education the Chinese are prepared to put up with any hardship, shoulder any sacrifice to put their children through school. Many of our professional people, doctors, lawyers, architects, engineers, teachers today came from poor families, from market gardeners, petty traders, hawkers, tradesmen who

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toiled tirelessly and managed to save enough money to send their children overseas. And these are good children who worked very hard at universities or colleges, who remembered what sacrifices and deprivation their parents had to endure just so that they were given a tertiary education.

The situation today is slightly different. We now have a national system of education and have educational matters decided and run from Kuala Lumpur. Even so there is still much for the community to get involved in and to contribute to the educational advancement of our children. In this respect the effort of the Chinese community to establish a number of independent secondary schools is most admirable and deserves the commendation and strong support of us all.

I am pleased to note that the zeal with which this school conducts its educational programmes reflects very positive thinking on the part of the school authorities, the school management board, the teachers and the community at large who support the school.

I note that your zeal does not emanate from any cultural chauvinism but from a realization that the community has a role to play to augment the efforts of the government in providing good education for our young.

I am pleased to learn that Tshung Tsin Secondary School is now one of the largest and best equipped secondary schools in Sabah with a student population of well over two thousand students. I am very impressed with the progress the school has achieved in the last few years, particularly with your very new pre-University centre. I am told that the school's expansion programme in recent years has cost more than 1.5 million ringgit, of which \$500,000 has still to be raised. Datuk Chau, your School Building Committee Chairman has just appealed to me to allocate a sum of \$500,000 to meet the balance. I am most sympathetic with the request, but as our resources are limited and have to be distributed widely, I am afraid I cannot meet the request fully. I am, however, prepared to approve a sum of \$200,000 towards the school building fund. I am sure the

THE TSHUNG TSIN SECONDARY SCHOOL

remaining \$300,000 can be raised by the Chinese community without too much difficulty.

Many of you here today are, I am sure, parents whose children are attending this school or are contemplating sending your children here at a future date. This is a significant indication of the important role that private schools such as Tshung Tsin plays in the community.

I understand that this is an expensive private school, but the fact is that in spite of this the school intakes have increased steadily since it came into being. To me this can only mean one thing and that is that parents are prepared to make sacrifices for their children because they think, and I am sure they are right in thinking so, that they get value for their money.

What are the factors that set Tshung Tsin apart from other schools in Sabah – that makes it sufficiently attractive for parents to have so much faith in it?

I understand that it follows the same national system of education in terms of the curriculum and syllabi. It prepares children for the same public examinations at the appropriate levels and they are subject to virtually the same regulations to which other schools are subjected. What, then, is special about this school?

To me what distinguishes Tshung Tsin from other schools is the fact that it allows for flexibility in pursuing the broad educational objectives within the National System of Education. The most attractive aspect is the fact that classes are slightly smaller which allows for a greater degree of teacher guidance, individual attention and creative teaching. Too often in larger schools a pupil becomes an anonymous entity just at a time in his life when he seeks to achieve an identity.

I trust that your school has a well thought out set of values which it not only stands for but also, I hope, lives by both in the class rooms and the everyday running of the school. Thus the public can expect not only scholastic achievements in the examinations but also the development of an all-round, mature and creative personality in the pupils. It is also a school where not only can the brighter pupil shine but also allow the slower

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pupil, who might in a less conducive environment drop out of school altogether find a sense of self-worth as well as pass his public exams with adequate grades. This I think is the real yardstick of a good school – not how many “A” passes there are but how many average and below average students reach their full potentials.

I am aware also that it has not always been easy for you to recruit experienced teachers with the necessary training and professional expertise. This is a very real problem. However I am happy to know that there are those who are not only well qualified academically and professionally but are also highly motivated and enthusiastic. I have no doubt that these professional teachers will share their expertise and skills with those who are perhaps a lot younger and have not had a great deal of classroom experience, and that the advice of the more experienced will be readily accepted by those with less exposure to good teaching practices.

This school is significant also in that it represents a community effort to build for itself what it feels it needs. It also represents an area of parental involvement. But while this is vital, for money is essential to the building of any great institution, I feel other areas of parental involvement are also important. Parents need to be more involved in the daily lives of their children. No school, no matter how excellent, can replace the role of a parent in a child's life. All too often one gets the impression that to some parents sending a child to school, especially one where the fees are high, is a matter of totally handing over responsibility for the education of the child to the school. The attitude seems to be, “I pay, you do the rest”. I notice that when it comes to PTA functions, important meetings where problems concerning the education of the child are discussed few parents turn up and those who do are often the ones who least need the advice.

There is a limit to what the teachers can do, for the child needs the interest and advice of his parents. The formal education which the child receives in school and even the advice of his teachers, however professional that may be, can never be a sub-

THE TSHUNG TSIN SECONDARY SCHOOL

stitute for close parent child relationship and the warm loving environment which only the home and the family can provide. So no matter how much money you may be paying for your child's education your role cannot be delegated.

I am pleased to see that this school has come a long way since it was established in 1965. I would like to congratulate all those who have contributed to the development of this school, the Hakka Association, the School Building Committee, the School Management Committee and the community at large. This is truly a very admirable concerted community enterprise which ought to be emulated by all who wish to do things for themselves.

**(At the official opening of the Tshung Tsin
Secondary School, Kota Kinabalu,
on 16th January 1989)**

Involving Non-Government Organisations (NGOs) in Community Work

I have been told that this may well be the first time in this region that a public meeting of this kind is held where government planners and administrators and NGOs meet together to identify strategies for enhancing government-NGOs relations and explore ways of tapping NGOs' inputs into policy formulation. This close liaison is consistent with the State Government's emphasis on "consultative development planning", which is defined as a planning procedure that takes into account the local situation, the realities, the needs and aspirations of the grassroots as well as the popular moods and sentiments of the people generally. In brief, it is development planning which reflects the wishes of the rakyat.

That Non-Governmental Organisations should play a significant role in the formulation of government policies and programmes cannot be over-emphasised. Most NGOs are grassroots organisations which have extensive contacts with the general public. They therefore represent important channels for two-way communications between the government and the people.

In addition, many NGOs are directly involved in providing some form of social services to the community, such as material assistance for the disadvantaged, community education and counseling, self-help programmes and information dissemination. In this respect NGOs form an integral part of the welfare service network.

Of course, what is fundamentally unique about NGOs is that they are independent, voluntary, self-reliant and non-political. Hence, in more developed countries, non-government institutions are actually performing some of the functions which are considered to be well within the realm of government responsibility in developing countries.

In Sabah, NGOs take many forms, although they tend to be simply known as voluntary organisations or societies. In 1987, there were about 900 such organisations registered with the Registrar of Societies. They include cultural and religious organisations, guilds, youth and sports associations, and general and social organisations. While each of these organisations may have their own specific aims, they are generally interested in contributing to the welfare of their members within their own sphere of interests and capabilities.

It is for these reasons that the PBS Government has always been very open and supportive of NGOs. The government has provided financial assistance, where such assistance is justified and appropriate. The State Government's support for NGOs is reflected, for example, in the size of the annual grants provided to voluntary welfare organisations through the Welfare Council and other organisations.

I must emphasize here that government support for NGOs is not only reflected in the level of financial help given to NGOs but especially in its readiness to involve these non-government organisations in policy formulation and planning, where NGOs' expertise and inputs are sought.

The government backed Sabah Council of Social Services, Ministerial Committees, Sabah Women Advisory Council are some examples of the government's sincere effort to bring NGOs into the mainstream of policy formulation and planning at the

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State level. There are other select committees and task forces where NGOs and the private sector are invited to participate actively.

It is appropriate that I take this opportunity to stress the rationale of this "consultative" approach to development planning. There are essentially three principal reasons.

First, the idea of inviting NGOs and the private sector as participants in key areas of decision-making is consistent with the nation's thinking generally referred to as the "Malaysia Incorporated" concept which aims to build closer working relations between the public and private sectors to improve efficiency in policy implementation and private sector activities.

Second, consultative development planning explicitly acknowledges that NGOs and other non-government bodies can usefully contribute to public policy formulation. In my view, this is a tribute to the capability and resourcefulness of private sector and NGOs.

Third, consultative development planning reflects the government's willingness to accommodate the views and suggestions of the private sector and NGOs. Of course, this process of accommodation involves careful evaluation of proposed ideas and suggestions.

Let me emphasize again that the PBS Government is receptive of NGOs and sensitive to their ideals and aspirations. We regard them as partners in development. There is therefore a corresponding obligation on the part of NGOs to protect their integrity and reputation as well as preserve the quality of their contributions. For these are essential qualities for NGOs to make an impact on the planning machinery and the society at large.

I am hopeful that this workshop will be able to work out a strategy to enhance relations and collaboration between the Government and NGOs in all aspects of development. At the same time, I hope this workshop will bring about closer working relationship among NGOs themselves so that a team spirit will emerge and each organisation will find its place in the totality of the cooperative efforts.

PAIRIN'S SPEECHES

I trust that you will have a very fruitful discussion today and I look forward to receiving a report on your deliberations in due course.

**(At the opening of IDS Workshop on "The Role of
Non-government Organizations in Development
Planning" on 13th May 1989)**

CHAPTER 17

A Trip to Australia

Iwould like to say how delighted I am to be here this evening together with all members of my delegation and would thank the Chief Minister of the Northern Territory and his cabinet members and government for this very happy time together. I am indeed privileged to have this opportunity to convey to you the fraternal greetings from the State Government of Sabah and express my sincere thanks to you for your warm welcome and generous hospitality to me as well as my colleague Sabah Deputy Chief Minister and Minister of Agriculture and Fisheries Datuk Chau Tet On, my Assistant Minister Wilfred Bumburing and Legislative Assemblyman Clarence Bongkos Malakun and other members of my delegation from Sabah.

I would also again like to express my thanks to the Australian Ministry of Foreign Affairs and Trade who invited me, through your High Commissioner in Kuala Lumpur to make this visit to your country. I really appreciate the comprehensive arrangements made at such short notice to visit the states of Queensland, New South Wales, Victoria and now here in the Northern Territory, and see something of your development and progress in the fields of agriculture, animal husbandry, tourism, education and others, especially relevant to our needs in Sabah. I greatly welcomed the opportunity also of having discussions

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with your Acting Minister of Foreign Affairs and Trade Michael Duffy in Melbourne on various issues of common interest. We have learned a great deal from various state leaders and others whom we have met and we look forward to closer cooperation with everyone with whom we have established contact, goodwill and friendship.

In particular, I would like to express my deep gratitude and appreciation to you Chief Minister of the Northern Territory and your cabinet colleagues and representatives of various business and cultural organisations for a very warm welcome to myself and my party in Darwin. I realize that you were given relatively short notice of our desire to visit you in the Northern Territory and the Ministry of Foreign Affairs and Trade and your Government here in the Territory seem to have worked wonders to organize such an interesting programme for our mission. Today's programme was of course such a full programme but it was really enjoyable.

Many people in Sabah have always felt a special kind of relationship with Australia. This arises in part from war-time associations when Australian troops were in the vanguard of the liberation forces. We have memorials in Sabah to Australians who were killed in the war. Then came a period of Australian assistance in our infrastructure development and in the educational and technical aid programmes under such schemes as the Colombo Plan. In fact, a good number of our mission members, including myself, received our tertiary education in Australia for which we are very grateful indeed.

In more recent years we have moved away from aid towards trade and greater cooperation in trade, tourism and other development. I cannot but help acknowledge the contribution by the previous state government of Sabah towards the development of business ties with Australia in general and the Northern Territory in particular in the late seventies and early eighties. I was a member of the former government. During this time we took a real stake in the Northern Territory, of course with our purchase of the Camfield Cattle Station and subsequently the Montejinni and Legune stations with the aim of supplementing

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our domestic meat supplies with beef on the hoof as it were for fattening and slaughter in Sabah.

For our part it is regrettable that after such a promising start that further development of our relationship should have been left in abeyance for a period of time. Not of our own volition I hasten to add but because of events somewhat beyond our control certainly where we in the present State Government are concerned. Because of some fundamental policy differences between members of the previous administration and myself and some of my staunch supporters I was dropped from the previous cabinet and more or less expelled from the previous ruling party and because of that I was compelled to form a new party i.e. Parti Bersatu Sabah or PBS. At that particular time the people of Sabah clearly were known to want a change of government and so PBS came to power in the 1985 general election. The margin of victory was slim and because of that there was quite a trying time and we ran into a lot of difficulties created by people who could not accept defeat. Therefore for a considerable time we were more preoccupied with political problems rather than tackling more pressing economic problems. I have to say it was a very trying time indeed.

In the circumstances we were forced to call for fresh elections in 1986 and happily we were returned with a convincing majority and have duly formed the government up to this point of time.

Despite these political problems however we have not neglected development of course and now with political stability restored and our economy on the move again we are engaged in efforts to transform our economy from one based largely on the export of our primary commodities, principally our forestry, agricultural and mining resources to one emphasizing downstream processing for higher value added products. In these efforts to expand and diversify our economy we are very keen to promote greater participation by the private sector, both local and foreign, to create jobs for our young and increasing population, as well as enhance our foreign exchange earnings and ensure sustained economic growth.

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In our current tour of Australia which has taken us to Queensland, New South Wales and Victoria and now the Northern Territory we have observed many areas in which we can cooperate particularly in agriculture, livestock, trade, tourism and many more. There is much that we can learn from the advanced Australian agricultural technology and animal husbandry techniques and in other areas like tourism where it seems we have to be more aggressive in our promotional exercise.

From the series of briefings and meetings we have been fortunate to attend today with your tourism, cattle, primary industries and other development interests it is clear that we share many common interests and development objectives. And it is my earnest wish that my visit will usher in a new era of ever closer cooperation in trade and other economic exchanges and our affinity with you not only because of the factors I have already mentioned but also because of our relatively close proximity, similar climate, small populations and somewhat similar largely undeveloped resources. We are both recognized as frontier states as it were eager to develop our abundance of natural resources for the betterment of our respective countries and our people. I assure you that the present government in Sabah is very keen to reinvigorate our economic and social ties with you, expand and consolidate them, and move together as far as possible on all fronts where there is clearly considerable scope for close cooperation.

I would be very happy if you and also members of your cabinet could find time to visit Sabah. I would like to take this opportunity to extend an invitation to you once again Chief Minister in this respect. I have seen something of your bicentennial celebrations in Australia and would like you to know that we in Sabah are also preparing to celebrate the 25th anniversary of our independence within Malaysia beginning September 16 this year. We would certainly be happy to welcome you to our shores.

I look forward to strengthening and extending our economic ties with the Northern Territory and towards growing bond of

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friendship between our two states now that we have established direct personal links. I sincerely hope that my visit will lead to further exchanges of visits by government leaders and officials and also private businessmen.

I am indeed thankful for this opportunity to visit you in the Northern Territory which you rightly describe as the Australian "Gateway to South East Asia". I look forward to welcoming you in Sabah, which we refer to as "The Land Below the Wind" and also the "Gateway to East Malaysia" and Borneo.

Nothing but good can come from such visits. I hope and believe that my visit here and a return visit from your Chief Minister in the near future will take us well along the way to better and mutually rewarding relationships.

**(At a dinner reception hosted by the Chief
Minister of the Northern Territory of Australia,
Mr. Steve Hatton in Darwin on
11th April 1988)**

Our Close Historical Link with Australia

If I may say so, I think the people of Sabah have many human qualities in common with Australians. Your country is admittedly far ahead of ours in economic and social development and hence you enjoy higher standards of living. But I like to think that the majority of people in Sabah share some of the Australian characteristics of rugged individualism and also your regard for truth, justice, fair play and democratic governance. I am happy to note that our people are becoming more tenacious in exercising and upholding their democratic rights and deciding what they want out of life and what is best for them.

Aside from our shared perceptions of democratic practices and principles, we have close historical links between Sabah and Australia which stem mainly from the years of the Second World War. Nearly 2,000 Australian troops perished in Sabah during the infamous death march from Sandakan to Ranau. As if to avenge this atrocity, it fell mainly to the men of the Australian 9th Division to liberate Sabah.

Not so long ago, I had the pleasure of welcoming members of the Returned Services League of Australia who came here in July last year. They came for the unveiling of a memorial cairn

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on the site of the former Japanese prison camp which held the few survivors of the Sandakan death march. The passage of time has not lessened our gratitude to the Australian forces. I would not be surprised if a number of you here today served with these forces. In the sphere of development, Australian soldiers constructed the Sook Road while engineers from your country helped build the Malaysia-Australia road project linking Sandakan and Ranau.

Apart from our shared war-time tribulations and reconstruction efforts, many Sabahans have established close bonds with Australia through Australian educational and technical aid programmes. It is our hope that this cooperation and assistance will continue. Quite a few of our political leaders, both present and past, and some of our top civil servants received their tertiary education in Australia. I myself was educated in Adelaide where I studied law and have fond recollections of my student days in South Australia. Perhaps it is true to say that no other visitors are more welcome to Sabah than Australians. Even my political opponents may not find it too difficult to agree with me on this point.

**(At the opening of BP Australia Dealers
Conference in Kota Kinabalu on
11th March 1986)**

Bridging the Knowledge Gaps

A part from a common interest in your educational and family book exhibition what we in Sabah obviously share with your ship's complement is a large mixture of people of different races and cultures living and working together peacefully and happily. In this respect, we are very sympathetic to your Christian Youth Service Program which enables volunteer workers from some 40 countries to live, learn and work together.

Though I personally am not from a seafaring background as are some of our coastal and riverine communities in Sabah, I can understand the interest, the sense of excitement and mission that imbues all of you who journey in this ship. You certainly have a rare opportunity to see and perhaps learn from the different cultures you encounter not only among yourselves aboard the ship but at the many ports that you visit around the world.

It is interesting to recall that the last time I officiated at a similar wharf side inaugural function was to welcome the Feri Malaysia Liner Cruise Muhibah on her inaugural visit to Sabah last year. The ferry is now a regular round-trip caller here allowing Malaysians living on opposite sides of the South China

Sea to travel more cheaply and more frequently between both parts of our country.

Through the relatively new sea link between the west and eastern parts of our country, more Malaysians of different ethnic backgrounds can get to know and understand one another better. Every voyage you might say brings our people a little bit closer together towards attaining our aim of national unity and integration.

In a sense the Doulos has a similar if perhaps broader role in bridging not one sea but several oceans on her mission of goodwill to many countries to promote reading and literacy and share your faith and friendship.

Many of us who seldom get to sea apart from occasional fishing trips still remain fascinated by ships as a enviable means of travel and exploration to exotic places. For many centuries ships have been equated with journeys of exploration into uncharted oceans, the settling of new sparsely populated lands, great migrations, the rise and fall of empires, scientific discoveries and so on, altogether the settings for countless tales and the inspiration for an infinite number of books, which would require whole fleets to transport.

Indeed, it seems very natural that a ship be transformed as a floating library, in particular a vessel of Doulos' storied vintage, having I am told sailed the seas for 73 years as a freighter, a wartime transport, a migrant carrier and a luxury liner before being converted to her present role. The Doulos has undoubtedly witnessed many absorbing tales about the lives of those who have sailed in her.

Nevertheless, I don't mean to detract from the treasury of books which the Doulos exhibits and sells to the visitors who flock aboard at your various ports of call.

Many of us like to read books of all descriptions for various purposes, such as for knowledge, information, relaxation and pleasure. But regrettably we often fail to find or set aside sufficient time for books after a day of reading newspapers, magazines, reports, correspondence and generally attending to our daily chores.

BRIDGING THE KNOWLEDGE GAPS

We try to temporize that there is a limit to how far we can strain our eyesight let alone our mental alertness as we let another day pass without so much as glancing at the unread books piling up. Television has clearly played havoc with our reading habits as well.

From all accounts many parents in developed and developing societies alike not only neglect their own reading of books but also fail to do enough to instill an appreciation of reading in their children. It is little wonder that many children, raised on school textbooks, comics and TV serials and variety shows, fall short of our expectations of a rounded education.

Therefore, we certainly value this visit by the Doulos and her impact in focussing our attention on the benefits of reading. The visit has clearly attracted a lot of interest judging from the large crowd here today eager to see your display of books and to buy as well.

As I have already indicated, I am rather impressed to learn that you have people from so many nations living together in happy fellowship within the confines of this ship. I think our state is fortunate in that we can just about match you in the ethnic and cultural diversity of our people. I am glad you will have the opportunity to see this for yourselves in Sabah and so add to your experiences and knowledge of the people of this part of the world.

I note from your port programme that you have planned a lot of activities both on board the ship and ashore during your two-week sojourn in Sabah which should prove entertaining as well as educational.

In conclusion, I wish you all a pleasant stay, a fruitful visit, good book sales, a learning and as well a relaxing time. I hope you take the chance to stretch your legs a bit along our coastal walks, our beaches, our offshore islands, and maybe at nearby Mount Kinabalu also, that is if the more energetic among you can find the time to climb Southeast Asia's highest mountain.

**(At the official opening of a Bookfair aboard M.V.
Doulos in Kota Kinabalu on 1st August 1987)**

Parliament – A Common Heritage

You may have wondered what sights would greet you as you approached Kota Kinabalu. I hope you have not been too disappointed not seeing much of the legendary wild Borneo.

Your short stay here precludes any adventure to the wilder parts. Besides, even the wildest parts in the Interior of Sabah may not offer the kind of excitement the more adventurous among you may yearn for. Instead of bamboo implements you may eat out of plastic plates and spoons – not the most romantic of experience anywhere.

I sometimes feel, not entirely without basis, that the wildest part of Sabah is probably right here in Kota Kinabalu where a species who call themselves homo sapiens tear at one another in a favourite pastime they call politics. You probably have a similar pastime in your own country.

Whatever your political climate and situation back home we all share a common background of British tutelage in parliamentary procedure and system of government, including the pomp and ceremony and the rituals, which are probably as old as Magna Carta, some probably the relics from the Roman days. And so here in tropical Sabah our Speaker bears with the dis-

comfort of his wig; the mace lies on the table and the Sergeant-at-Arms fusses over it at different stages of a bill's passage through the House, and order papers are scattered about in the Assembly.

We are, of course, free to do away with these trappings of Parliament, as have some of our member countries. But the old traditions and practices have a psychological hold on many of us for various reasons, not the least of which is the feeling that they are part of our common heritage and they lend an aura of solemnity and dignity to the process of law-making.

Ladies and gentlemen, I do not wish to go into a lengthy discourse on the system of government that we share in common as many of you here are a lot more knowledgeable and experienced than I am. Suffice it for me to say that whatever its shortcomings and unwieldiness the parliamentary system of government, taken in its broadest sense, is probably still the best system of government that mankind has devised for itself.

Some years ago a friend related to me the story of a Prime Minister who became impatient and irritated by having to go through the grind of parliamentary procedure and the troublesome cycle of general elections. This Prime Minister preferred to simply issue decrees and have himself installed as life-president.

One day in exasperation he exclaimed to one of his aides:

"Why do we bother to have these damned elections every so often!"

"So that they need not shoot you to replace you, Sir," said the aide.

As you may have learned, we have about 30 ethnic communities in Sabah with their own languages or dialects, cultures and rituals which makes us a mini-commonwealth on our own. But as much as we cherish and foster our own distinct traditions we view them also as our special contribution to the broader national multiracial framework of Malaysia.

I notice from tomorrow's programme that you will be visiting Kinabalu Park in the foothills of Southeast Asia's highest mountain. You will perhaps gather from the scenic grandeur of Sabah's mountainous interior as well as the seaside attractions

PARLIAMENT - A COMMON HERITAGE

in the vicinity of this hotel alone that we have some justification for promoting Sabah as a tourist destination.

I hope that after the CPA conference in Kuala Lumpur ends a week from tomorrow and after you return to your countries you will remember your stay in Malaysia fondly and in particular your short sojourn in Sabah. Do tell your friends about us and encourage them to visit Sabah as well. They can be assured of a warm welcome.

**(At state government dinner in Kota Kinabalu on
29th August, 1987 in honour of Commonwealth
Parliamentary Association Delegation who attended
the 33rd Commonwealth Parliamentary Association
Conference in Kuala Lumpur)**

Playing Host to Young Presidents

I must admit that prior to this conference we in Sabah had heard little about the Young Presidents Organization. I understand that this organization is an internationally known and highly respected body, comprising members who are very successful in one way or another. Indeed, we are fortunate and honoured that you have selected Sabah this year as the venue for your annual conference. I note with interest that there is a Sabahan in your Malaysia Chapter.

You may have noted from the visual presentations earlier this evening that Sabah is well endowed with natural resources. My colleagues and I in the State Government are duty bound to ensure that these resources are utilized in the most economical and beneficial way possible so that we can bring about greater development in the state. While we are primarily concerned with development, we have not ignored our responsibilities to preserve our rich natural and cultural heritage as well. In fact we encourage the blossoming of our culture alongside physical development.

In land area, Sabah is the second largest state in Malaysia. Out of the state's 7.4 million hectares of land 30 per cent is suitable for agricultural and livestock development. In recent

years there has been a tremendous increase in acreage devoted to oil palm and cocoa cultivation. In 1984 some 319,000 hectares were planted with these crops.

With the comparative decline of the forestry industry as the mainstay of Sabah's economy in recent years the agricultural sector has become increasingly more important. It serves as a major source of employment and livelihood for our rural population and produces a substantial share of our food requirements. We are today diversifying into downstream processing of our primary commodities.

The state's future progress and prosperity will depend primarily on how well Sabah's extensive agricultural land resources are developed. We welcome investment in this sector.

As I have already indicated, the timber industry has always been the mainstay of Sabah's economic development. The industry, which is mainly centred on the export of round logs, is the government's main source of revenue. Because of the prevailing low timber prices and the depletion of our natural forests the state government has recently taken measures in the hope of obtaining better prices in the export market.

For instance, we are tightening the export quota for logs and are exploring new markets for our timber while at the same time we take stock of our remaining forests. In line with the National Forest Policy we are also encouraging a shift from primary processing of logs to secondary and tertiary processing such as furniture making. There are three areas which offer opportunities for downstream processing of timber. Lower valued logs and wood residues can be made into reconstituted wood products, such as chip board, fibre board, particle board, wafer board and cement board. The sawn timber and veneer which we now produce can be manufactured into higher value products, such as mouldings, joineries and furniture. In addition, the output of our new timber plantations can be processed into any of these products.

There is considerable potential for fisheries development because of our long coastline and mangrove swamps. We welcome

PLAYING HOST TO YOUNG PRESIDENTS

aquaculture projects producing prawns and fish. Fish processing also has a good future.

As well, Sabah is also relatively rich in mineral resources. Crude petroleum and copper ore extraction together account for about 40 per cent of Sabah's annual export earnings and contribute between 12 and 14 per cent of state revenue.

You might be interested to know that exaggerated tales of Sabah's great mineral wealth lured adventurers and fortune hunters to the state in bygone years. This culminated in the gold rush to the Segama River on the east coast late last century. The fever soon abated when the panners thought that the stories were more myth than real.

However, recent discoveries of deposits of gold, silver and copper in the state have raised fresh hope of a new source of wealth. Sufficient deposits for commercial exploitation have been found in the Bidu-Bidu area on the East Coast.

In the course of geological mapping, numerous occurrences of metallic and non-metallic mineral deposits have been found throughout Sabah. They are found along a central belt stretching from the northern islands of Banggi and Malawali, through Mount Kinabalu, Labuk Bay, to the Segama-Darvel Bay area and the Semporna Peninsula.

I understand you have a meeting planned for Monday with members of the Chambers of Commerce in Sabah with whom no doubt you will be exploring business opportunities.

We welcome your members and associates to come here more often to establish and expand your professional and business contacts in Sabah. We hope that this conference will pave the way for many more visits in future.

On our part we look upon you not only as potential investors but also as possible partners in the business and professional sense who can help bridge the gap between Sabah and other parts of Malaysia and other parts of the world.

Although investment is very much welcome we also look to you for new ideas so that we can break new ground in our effort to accelerate development.

PAIRIN'S SPEECHES

This is where a conference such as this is important in building bridges to facilitate communication between us.

**(At a dinner reception in honour of members of the
Young Presidents Organization in Kota Kinabalu
on 13th September 1986)**

Hosting a Williamsburg Conference in Kota Kinabalu

Iwish at the very outset to say how pleased and honoured I feel to be hosting this dinner tonight to welcome such a distinguished gathering of political and business leaders, diplomats and scholars who have come here to attend the 16th Williamsburg Conference. Some of you among us this evening rightly come under the statesmen category, and I do not use this term lightly because I feel that a statesman is one who has contributed in a significant way not only to the development of his country but also to promote international understanding and harmony.

I must confess I know very little about the Williamsburg Conference but Dr. Noordin Sopiee has been kind enough to tell me a little about it. From the little I know about the Williamsburg meetings, I am impressed with the effort of a relatively small number of men who have tried, and to a large measure succeeded, in building a bridge to span the great Pacific Region and to bring leaders together to discuss with one another issues of common concern and interest. The causes and effects of ideas, actions, events which have a bearing on international relations are seldom clear cut or readily discernible, but you will agree

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that the Williamsburg meetings which you have had every year since 1971 must have a positive influence on relations among countries within the Pacific Region and probably beyond.

As a state leader within the Federation of Malaysia the bulk of my attention is naturally focussed on state matters, but occasionally when events of major importance take place in other parts of the globe and the shockwaves of these events reverberate throughout the region, sometimes in the form of a cataclysmic quake in the stock markets, one is reminded how small and fragile this planet earth is that we all share. Sometimes we are so preoccupied with local problems that we fail to see more important events that are taking place beyond the horizon.

Your coming here is one of the occasions when I am reminded that Sabah, and Malaysia as a whole, is but one of the many actors which impinge on the international scene.

I am grateful to Asia Society and ISIS for choosing Sabah as the venue for this year's conference. And I am pleased that we are able, in a small way, to contribute to the success of this conference. I hope that you will be able to take a little time off here and there during these few days to see a little of Sabah. But my fondest hope is that you will leave this state of Malaysia with a happy memory and a desire to come back again for a more extended stay and see more places.

**(At a dinner hosted by the state government in
honour of delegates to the 16th Williamsburg
Conference in Kota Kinabalu on
6th November 1987)**

Regional Development – Comparing Notes with our ASEAN Friends

I am delighted to be with you this morning at the start of this very important conference, and I feel very privileged to extend a very warm welcome to all our distinguished guests from member countries of the Association of Southeast Asian Nations. Your coming here to attend this conference is a great honour to Malaysia, particularly Sabah. I would also warmly welcome all other representatives from overseas as well as those from within Malaysia. I trust that you find your stay here pleasant and comfortable.

I am truly sorry to hear that the Philippines has been hit by a catastrophic natural calamity recently and has suffered massive destruction of lives and property. On behalf of the government and people of Sabah and all participants at this conference I offer our profound sympathies, especially to the bereaved families.

I am heartened to note that a conference of this nature, drawing participants from ASEAN countries, is being held here in Kota Kinabalu, which, if you look at the map of Southeast Asia, occupies quite a central position in the ASEAN region. This conference is also both timely and significant coming as it

does at a time when the future outlook of the world economy is far from encouraging.

The Wall Street crash on October 19 has created shock waves which sent major stock markets throughout the world tumbling and has raised the spectre of another world recession, just when we were seeing signs of economic recovery.

It seems increasingly clear that the United States, hitherto the world's main engine of economic growth is no longer able to provide the thrust and impetus for economic growth. It is obvious that other industrialised countries are reassessing the position of their economies vis-a-vis this economic giant and are readjusting the pattern of economic relationship not only among themselves in anticipation of the emergence of a new line-up of dominant economic powers, but also in relation to the economies of the Third World.

While we have yet to feel the full impact of these adjustments, indications are that a situation is developing where the industrialised economies are further alienated from the primary commodity producing economies. Protectionism in various guises is likely to increase. At the same time the adjustments in functional economic inter-dependence among the advanced industrialised countries which appears inevitable necessitates a reevaluation of the development approach of the primary commodity producing nations. Should they remain as primary producers of raw materials while slowly developing resource-based and labour intensive manufacturing industries, as some do, or should they embark on a massive industrialisation drive, focussing on large scale, capital intensive manufacturing industries so as to enable them to join the ranks of the industrialised nations as fast as possible? This indeed is a difficult issue. Many economic planners are of the view that the former approach may not bring about rapid economic growth and will only delay the industrialisation process, although there is no doubt that this slow approach may have better spill-over effects, e.g. more job openings. The latter approach entails many problems as well. You will no doubt take a look at these problems during this conference.

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This conference is greatly enhanced by the participation of researchers, administrators, planners and executives from ASEAN member countries which, with perhaps the exception of Singapore, have an economic base that is heavily dependent on the export of primary commodities. In the 1970's and 1980's ASEAN member countries enjoyed a comparatively high rate of economic growth which enabled these nations to accelerate their development programmes. The period of the 1970's is therefore very significant in the context of the conference today. For during the early 1970's there were conscious attempts by ASEAN member countries to address regional development issues within the framework of the regional grouping. As a result some courses of action have been formulated to tackle common problems faced by member countries. One obvious example is an attempt at harmonisation of industries to exploit economies of scale within the region.

The various steps taken by ASEAN member countries towards a greater degree of cooperation among them are I think an indication of the awareness of these countries that they as a group can help one another towards achieving greater economic independence. They are also indicative of an awareness that they need not be appendages to the advanced economies indefinitely, and that they should use whatever comparative advantage they have to redress the lop-sided relationship that has characterised the economic ties between them and the industrialised countries. As world resources are becoming scarce through excessive exploitation, and as the economics of synthetic substitutes is somewhat untenable, industrialised nations must come to terms with the producers of primary commodities. They should treat them as partners, as equals, not as appendages. They should realise that the relationship must be one of inter-dependence, for mutual survival and benefit. The primary commodity producing nations must unite and stand together for their common good.

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Happily, there are instances of their standing together to promote the common good. Recently we had a conference of the Southeast Asia Lumber Producers Association comprising six major timber producing countries in this region. Our aim is to cooperate with one another in order to adopt a common stand in regard to the timber trade. The idea is to enable timber producers to derive reasonable returns from the exploitation of their forest resources to sustain their economies without having to increase the volume of log export. In this way our forests may last longer which is also in the interests of the consuming countries. The point I am trying to put across is that we can only do this if there is a common stand and concerted effort by the timber producing countries.

The united stand which ASEAN takes in political and economic matters affecting them as a group is indicative of their awareness that together and united, smaller nations can make a powerful impact on the world's economic and political scenes and become a force to be reckoned with.

Although regionalism is essentially the central theme of this conference, I am hopeful that this conference will also give you an opportunity to exchange views and ideas on development strategies and problems faced by each member country so that we can all learn from one another's experiences.

This of course is consistent with the aims of this conference, which I understand are as follows:

- To share insights among policy-makers, researchers, administrators, planners and implementors of ASEAN member countries on the adequacy, effectiveness and efficiency of regional development strategies of their respective countries;
- To explore the implications of the changing world economic structure on issues relating to development within and among ASEAN member countries; and
- To explore strategic and policy options that are available in order to improve the effectiveness and efficiency of regional development programmes with-

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in the framework of ASEAN in the face of the changing world economic environment.

These are very ambitious and important aims, and I am confident that you will address yourselves to all the issues raised at this conference with great enthusiasm and come up with useful and practical suggestions as regards solutions to some of the problems that confront us all.

In the face of growing global economic uncertainty, we have recognized the need to plan our future development programmes carefully, to avoid being continuously buffeted by externally induced shocks. Consequently, we have formulated a Sabah Action Blueprint to deal with the future. We have cast the Sabah Action Blueprint within the framework of the Fifth Malaysia Plan.

In the Sabah Action Blueprint, we have taken account of the realities of the external economic environments, the financial constraints of the state and federal governments and the failure of past development efforts in uplifting the living standards of vast majority of the people.

Given that the world in the rest of 1980s will most likely be difficult years in the sense that the volume of world trade will be low, competition will intensify and demand for primary products will weaken, how does a natural resource based economy such as Sabah deal with its future?

We have attempted to deal with that uncertainty by developing Sabah into a value-added economy based on our natural resources.

Soon, we will be embarking on the implementation of the Sabah Action Blueprint. On the eve of launching the new development programmes, we have decided to tap the valuable experiences of our neighbours in similar area of work. We are particularly interested in your experience related to the implementation of rural development programmes.

Needless to say, our main concern is how a resource based region like Sabah can best complement national development efforts to bring about rapid national development. We want to contribute actively to the overall national development.

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In Sabah, where the large majority of the population reside in rural areas, the 'growth pole' approach will certainly also result in large disparities between the cities and the hinterlands. Uneven development will then lead to social, disenchantments. Such developments will also lead to massive rural-urban migration and serious housing and unemployment problem in the town centres.

To my mind, a more appropriate approach will be the in situ development. Instead of moving people from their existing settings, the Government should perhaps examine how best to help the people where they are. The in situ development concept would strengthen local institutions and improve social cohesion, while at the same time enhance the productive capacities of the people.

What is at issue is how best can a state or a local authority go about implementing these in situ development projects? What are the pitfalls that we should be watching for? What are the basic social infrastructures required to guarantee its success. These are some of the issues which I hope the participants will discuss in this seminar.

Another related issue which our distinguished participants may deliberate on is in regard to the development of the human capital.

I firmly believe that the human asset is much more valuable and durable than natural resources. While natural resources are rigid and destructible, human assets, if properly nurtured and harnessed, will greatly enhance the growth potentials of a region.

Perhaps, it is now time for our experts to pay some attention to this much neglected area of developing human capital in the relatively backward areas.

The central question here is how to ensure that rural folks will respond positively to development programmes, and how to raise their overall productive capabilities.

There is no doubt that one needs to examine a whole host of social constraints which inhibit growth as well as introduce

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rewards and incentives to motivate positive change. These are important issues which need careful examination.

**(At the ASEAN Conference on Regional
Development in Kota Kinabalu on
30th November 1987)**

Waging War on Drug Abuse

As the host of tonight's dinner I have great pleasure to welcome you all and to extend to you greetings especially from Sabah.

I feel greatly honoured to be here this evening because I am aware that this gathering has all the make up of a council of war assembled in Kuala Lumpur to work out a war strategy against one of the most terrible menaces the world has ever seen – the drug menace.

This scourge has spread rapidly in recent years and here in Malaysia we have set up a national organization called Persatuan Mencegah Dadah Malaysia, or PEMADAM for short, to fight the scourge. We Malaysians are very fond of using abbreviations. PEMADAM translated into English means the "extinguisher". And this is what we intend to do – to extinguish the evil flame of dadah which threatens to engulf and destroy us all.

The war against drug abuse and drug trafficking must be fought internationally. No single country can deal with this menace alone. Like small pox and other dreaded diseases, narcotics must be wiped out through the joint effort of every nation on earth. If small pox can be obliterated through measures jointly carried out and enforced by the international com-

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munity, so can drug trafficking and drug abuse. The key to success in this war is commitment, determination and a concerted effort by all.

If I may be permitted to carry the small pox example a little further I would say that the drug abuse is much worse than small pox. As far as I know this dreaded disease was never the stock-in-trade of the under world, the crime syndicates and the smugglers the way narcotics are. And we have yet to find a vaccine against drug addiction.

The closest remedy that we have come upon is international cooperation to fight this new disease.

And your being in Kuala Lumpur these last few days and here at this dinner tonight is a forceful declaration of that commitment, determination and united stand which the international community is taking in the fight against this modern plague.

I can still say with cautious optimism that the drug problem in Sabah is still among the least in Malaysia. But we are not feeling complacent about it. This is why when it was put to me that Sabah should host tonight's dinner reception for IFNGO I considered it an honour for Sabah to play this small part.

I would like to take this opportunity to congratulate the organising committee under the Chairmanship of the Hon. Datuk Megat Junid bin Megat Ayub, President of PEMADAM Malaysia for the success of this 5-day international forum. I also congratulate Datuk Megat Junid on his being appointed the eleventh Chairman of IFNGO.

I thank you all for being here this evening. It is a great pleasure indeed for us to have you and I hope you will visit Sabah after attending the forum.

**(At a dinner reception in Kuala Lumpur in honour
of delegates to the IFNGO Conference on
16th November 1988)**

The Old School Tie

Iwould like to add my own warm welcome to that already expressed by Datuk Peter Cheong, President of the Kota Kinabalu Municipal Council, to all Chung Ling delegates from all over the world. To all of you, welcome to Sabah.

Seeing so many of you here tonight I cannot help but notice that the common underlying force which binds you all must be very strong indeed and that force must have stemmed from the sense of belonging and loyalty to a common entity, your alma mater, the Chung Ling High School. Not so many Alumni Associations or Old Boys' Associations can equal the size, extent and cohesiveness of the Chung Ling Alumni Association, and the international character that it has evolved over the years such as is demonstrated in today's gathering.

I understand that you have come from all over the world - from Singapore, Thailand, Hong Kong, Taiwan, Brunei, North America, Australia, besides the states of Malaysia. This 21st World Carnival held by Chung Ling here in Kota Kinabalu is indeed an historic event as the Association is imbued with a sense of mission, which is reflected in the various programmes in connection with the Carnival. The events which took place at the Town Padang yesterday reflected the cultural tradition on which successive generations of Chung Ling students were

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brought up and which have become interwoven in the nation's multi-cultural fabric. Your coming here in such numbers and from far flung corners of the world is indeed a very emotional experience not only for you but for us in Sabah as well, as it is an indication of good will, care and concern for the well being of Sabah, and it reflects the desire for greater national as well as international integration in a very practical way.

The theme of this Carnival – the development and investment potentials in Sabah, Malaysia – amply demonstrates the extent to which members of your association have immersed yourselves in the world of commerce and industry and your interaction with both the public and private sectors not only in Malaysia but also in other countries where Chung Ling members exist.

I am told that a great many Chung Ling members are prominent industrialists, businessmen of international repute and investors. This gathering here is therefore an event of great significance and opportunity for us in Sabah to try and interest you to invest in Sabah. In this connection the brief seminar organised by the Institute for Development Studies (IDS) this morning should draw your attention to some sectors of the economy which may be of interest to you from the investment point of view. You will discover that Sabah is still a land of opportunity and can prove to be a fertile investment area. But like gold, these opportunities have to be mined and there may be some initial cost involved. You will have to sink capital into any venture before you can get something out of it.

There have been cases in the past where some investors, having declared their interest in the plantation industry in Sabah, promptly applied for timber land to finance the venture. This is not the right approach to investment. If you wish to invest you are expected to bring in outside capital and expertise and not rely on local resources to start the venture. I mention this in passing tonight to clear the air and to stress that opportunities really abound for very profitable investments in Sabah, especially in downstream wood processing industry, in agriculture and related industry and in tourism. I believe some of you are

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already looking into some of these areas and are poised to begin a very meaningful participation in Sabah's economic future.

I am told that some 600 Alumni members are in Kota Kinabalu for this Carnival. Many of you may not have visited Sabah before and may not have another occasion to come again in the foreseeable future. I therefore hope that you will give yourselves adequate time on this visit to see a little of Sabah's scenic attractions and its cultural diversity reflected in the varied traditions and ways of life of its people.

I hope, at the end of your visit, you will have formed an even more favourable opinion of this state in Malaysia to want to come back in a more leisurely fashion, or perhaps to invest. You can rest assured that you are always welcome.

**(At a "Gala Dinner" in honour of members of the
Chung Ling Delegates hosted by the President
of the Kota Kinabalu Municipal Council,
Datuk Peter Cheong, on 30th July 1989)**

CHAPTER 18

A Voice for Democracy

I feel greatly honoured and privileged to have been asked to launch Tan Sri Dr. Tan Chee Khoon's book called "Sabah, A Triumph for Democracy".

To be quite frank, I was in a bit of a quandary trying to decide whether to accept this honour or to recommend another person.

This book is a collection of articles written by Dr Tan about the political developments in Sabah since the Tambunan by-election in 1984. Much of what is written concerns me and my struggle to lead PBS through a very difficult time before, during and after the 1985 state general elections. Some of Tan Sri's observations and remarks about PBS are complimentary, some mildly critical, some shows his perplexity and consternation, but on the whole he has shown sympathy and understanding. He has dispensed praises with a good application of warnings, as when he reminds me on page 50 that no one has the divine right to rule Sabah. So for me to launch this book is like indulging in a certain amount of self-praise. Despite that, I agreed to perform this very pleasant duty when it was stressed to me that my agreeing to do so does not necessarily mean that I agree to everything that the author has said about me or PBS!

Although this book is about the political development in Sabah over a relatively short period covering the emergence of

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PBS on the political scene of the State, there are references to earlier periods which provide the backdrop to the current events.

Although much of what Tan Sri writes concerns Sabah, the spotlight is beamed on Malaysia as a whole, because what happens in Sabah concerns the whole nation. In this book Tan Sri Tan takes a broad sweep over the political scene, covering the Tambunan by-election, through PBS' struggle and victory in 1985, the attempted coup which the author calls "putsh", the ensuing unrest, the siege on the government, then the spate of bombings, arson, demonstrations and disturbances in March 1986 and the central government's handling of these events. Then finally he talks about the "grand slam" in the 1986 general elections which provide a suitable finale consistent with the title of the book.

The book documents the main events of PBS's struggle from start to its eventual victory, and the treatment it received from the establishment, which unfortunately was identified with the Barisan Nasional coalition government.

In this book Dr Tan highlights his serious reservations about PBS's seeking to join the BN at that point in time. He feels, instead, that the PBS should maintain a correct relationship with the BN, and concentrate on running a good, efficient government. He regarded PBS' overtures to the BN and its eagerness to attract defectors as two "discordant notes" in PBS's actions after the 1985 general elections. Under normal circumstances one can understand Dr Tan's apparent disappointment with PBS's stand on these two issues. Unfortunately, however, circumstances were not normal. In the 12 months after the 1985 general elections the power struggle between PBS and its opponents assumed the proportion of an all out hostility. This was a case of a strong opposition trying to bully a weak government and threatening its very survival. Everyday each side was wondering what the other side was going to do. The opposition was preoccupied with trying to overthrow the government, and the government had to set aside the normal governmental functions to concentrate on staying alive. Viewed in this light the discordant notes in PBS's effort in trying to get

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into BN and to welcome defectors may perhaps be understood as part of its survival plan.

There is another reason why PBS was anxious to join BN, even after the 1986 general elections when its survival was no longer threatened. BN has been equated with federal. Thus while technically it may not be absolutely essential for PBS to be within BN to be able to run the state government unimpeded, it is unlikely able to do so without a close rapport with federal leaders. So in a situation where BN leaders are also federal leaders the only logical thing for PBS to do is to seek BN membership. And we have done so with a clean conscience because right from the beginning we announced to the world that we were not anti-BN even though we were engaged in a life and death struggle with a component party of the BN.

A lot of the things that happened in Sabah were unfortunate and should not have happened. As in most dramas there are villains as well as heroes in the thinking of the people. Tan Sri has spoken his mind and laid the blame on a number of people. Most of those he blames probably deserve censure, but when we judge the events that have passed with the hind sight of history we can perhaps see positive signs in that Malaysia is lucky to have a system of government that has on the whole followed democratic principles and the rule of law. Within this system the people are given a chance to flush out the bad and reinstate the good. In any country the bad and unsavory sometimes rear their ugly heads. America, the great bastion of democracy has had its fair share of the unsavory, such as the Watergate scandal. But the important thing to note is not that such things happen at all, but that the system is able to weed them out and repair itself.

In Sabah we have seen democracy being threatened but we have also seen it triumph over those who sought to kill it. And the people who allowed the democratic process to run its course unimpeded are those federal leaders who wield power. It is to their lasting credit that they allowed democracy to triumph in Sabah, and in the rest of Malaysia. We also owe a debt of

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gratitude to those who defended the democratic principles and ideals so vigorously, such as Tan Sri Dr Tan Chee Khoon.

Tan Sri Tan is really an inspiration to us all. Here is an honest, upright, caring person who despite physical disabilities has visited Sabah many times to assess the situation and to get first hand information. He works long hours in his study with a zeal and dedication which really puts many people a lot younger than he to shame, including myself. I know that Tan Sri Tan will continue to write and I am sure before long we will again have the pleasure of seeing another of his book on the book stands. I really relish that.

But until then I have great pleasure to commend this book to you and to the rest of the reading public in Malaysia.

**(Remarks at the launching of Tan Sri Dr Tan
Chee Khoon's book "Sabah, A Triumph for
Democracy" at the Hyatt Hotel on
17th August 1986)**

Tribute to our Head of State

Tan Sri Mohd Said's official birthday coincides with the 24th birthday of Malaysia. Twenty four years ago today the formation of Malaysia was proclaimed at this same place, the Town Padang.

It is appropriate that we celebrate these two events at the same time. Tan Sri Mohd. Said played a very important role in the earlier years of Malaysia as Acting Chief Minister for long periods of time when Usno administered the state. He also served briefly as Chief Minister in his own right before assuming the role of leader of the Opposition.

Though long accustomed to exercising power, he has remained a moderate leader with a kind heart.

During his long and eventful political career, he was a guiding and moderating influence on younger political leaders especially those who were inclined to be somewhat extreme. Both in government and the opposition and now even as Head of State he has always been friendly and helpful, considerate and courteous to everybody irrespective of their race or religion or social standing.

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Sabah is truly fortunate in having him as a government leader during the formative years of this country and now as Yang di-Pertua Negeri. He is an inspiration to us all, young and old, and in all walks of life, especially the current generation of leaders.

It is a historical fact that Malaysia came into being on 16th September 1987 which makes it 24 years old today. Next year we will celebrate the silver jubilee of Malaysia.

Many momentous things have happened in the last 24 years. We have seen great changes, many for the better, but some for the worse.

There has been much physical development which has transformed the landscape of Sabah. Large tracts of our primeval forests have given way to plantations. Inevitably the development and exploitation of our forest resources has also left ugly scars across the face of the state.

Today we face the future with mixed feelings. There is a sense of hope, expectation and optimism in our determination as well as our ability to build on past achievements and strive for further development and progress.

But at the same we cannot help but feel somewhat remorseful that we were not able to take full advantage of the many opportunities that we had during the boom economic periods in the first 24 years of our existence. We could have stepped up the pace of rural development.

Today the majority of our people still live in poverty much the same as our elders did in the early years of Malaysia. We have exploited our forest resources to the point of near depletion but have not made full use of the huge revenues that accrued in those boom years to build a stronger economic base. As a result our people have still not been able to pull themselves out of their subsistence existence to a more secure means of livelihood.

With a better sense of direction and planning and good management we could have given economic security to the small population that we have without any difficulty. But I do not wish to project a pessimistic view of our state's future. It is still not too late to make up for lost time.

TRIBUTE TO OUR HEAD OF STATE

With the limited depletable resources we still have at our disposal and our non-depletable land resources we can still move ahead towards a better life if we are determined enough and are able to chart our economic future in accordance with a carefully formulated development plan.

The time has come to take stock of our situation and to reestablish our priorities as well as rechart the direction in which we will proceed from now on. Tomorrow the State Government will launch an action blue-print which will provide the framework as well as direction in which we will direct our development efforts in the future.

The plan takes into account the social and economic dynamics and realities prevailing in Sabah including our strengths and weaknesses. This is a long term plan which may not yield immediate or even short-term results but our commitment to it as the way ahead will have far-reaching consequences.

On this dual celebration of the official birthday of Tuan Yang Terutama Yang di-Pertua Negeri and the 24th anniversary of the formation of Malaysia let us face the future with renewed vigour, confident that the year will bring new opportunities and that we are equal to the challenges.

We must at the same time bear in mind, though, that no matter how good the plan and how determined we are to pursue the objectives we have set for ourselves, we will not be able to carry them through unless we have stability and tranquility in the country. Peace and harmony can only be maintained and consolidated if all of us remain determined to preserve the splendid tradition of mutual respect, tolerance and inter-communal rapport that we have in Sabah and of which we are justifiably proud.

Today we pledge our loyalty and devotion to Tuan Yang Terutama Yang di-Pertua Negeri. We pray that all Malaysians in Sabah will work unselfishly with one accord towards the fulfillment of the overriding national objectives of peace, harmony and national integration which are vital to our progress and prosperity.

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Once again on behalf of the State Government and people of Sabah I wish Tuan Yang Terutama Yang di-Pertua Negeri abundant good health and many happy returns of the day.

**(On the occasion of the Yang Di-Pertua Negeri's
Official Birthday and the 24th Anniversary of the
birth of Malaysia on 16th September 1987)**



Picture shows Datuk Pairin with Sabah's Head of State the Yang di-Pertua Negeri, Tun Datuk Haji Mohd Said Bin Keruak and his wife Toh Puan Hajjah Bandung Hasbollah at the National Day Parade on 31st August, 1987.

To Sir With Love – A Tribute to Brother Charles O’Leary

Brother Charles,

My fellow old boys have asked me to put on record our profound gratitude to you for your dedicated service to the cause of education in Sabah for almost a quarter of a century. I feel greatly honoured to do so, and I associate myself whole-heartedly with everything that they have put in this citation. You have truly distinguished yourself as a great administrator, teacher and, above all, a friend.

As a young man, you left your native land, Cork County of Ireland, some 35 years ago in 1951 like so many of your countrymen before you. But unlike so many, having crossed the Irish Sea you did not linger in the port of Liverpool to catch a west-bound ship to the New World. Instead, you went to the “Far East”, to Southeast Asia.

We in Sabah welcomed you some seven years later in 1958 along with two other La Salle Brothers who had come to take over the running of the Sacred Heart School. You relieved the greatly overworked Mill Hill Fathers, who had done a splendid work in the field of education in their time, the onerous burden of this school.

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You have been with us ever since, except for a short time when you went on study leave. For well over 25 years, you have been a profound influence in moulding the characters and shaping the lives of thousands of students who studied at La Salle. Those of us who were among the first batch of La Sallians, especially the boarders, remember very well your early years at the school.

In contrast with today's students we, the first batch of La Salle students, must have looked rather like a bunch of riff-raff as we did not wear uniform. Many of us were from the rural areas and were rather scruffy and some of us were not very much younger than you, Brother Charles.

In the eyes of the La Salle Brothers, however, we were top quality raw material to be processed and shaped into men of character and integrity. Brother Charles, on the whole you have done a good job of us. There are La Salle old boys at every level of society in Sabah today. Many have achieved prominence in politics, in the civil service, in business and in the professions. But your best achievement, Brother Charles, must be in the thousands of ordinary men and women who have made good in their own modest ways and who remember you as a positive influence in their lives, especially during their impressionable years.

No one else has contributed more to La Salle than you, Brother Charles: in sports and games you were the first to organize the "House System" of competition which helped La Salle produce many famous sportsmen. The House System was later adopted by other schools in Sabah.

In the ensuing years the school's unique parliamentary system was developed, providing students a good training ground for leadership roles in life. The school padang as we see it today was also built by you Brother Charles with the help of the boarders. Most of us remember the formidable financial constraints we faced in those days. You will probably recall how we could not afford fertilizers for the grass and so we relied on a pony which roamed loose on the field. The boarders helped too.

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The Boarding House must have been the first building that the brothers built. In the 28 years after 1958 the school underwent great changes and expansion. A new block consisting of 7 classrooms, a staff room, an office, a library, an audio-visual room and a language laboratory was successfully completed in 1975, followed by a science block with 5 classrooms and, later, a canteen. In 1984, your dream of a school-hall materialized largely because of your dedication and enthusiasm in rallying the community into building and financing this project.

In recognition of your immense contribution to education in this country we were proud that you were honoured with the distinguished State Award of Ahli Setia Darja Kinabalu by His Excellency the Yang DiPertua Negeri in 1979, and in 1982 His Majesty the Yang DiPertuan Agong honoured you with the award of AMN. Only last month the Rotary Club of Likas Bay presented you the Paul Harris Award on 21st June, 1986.

For all that you have done Brother Charles, words cannot adequately express our gratitude to you for your contribution to our school and for your guidance and direction.

Your retirement as Principal of La Salle Secondary School will mark the conclusion of a memorable era, but the memories remain and the proud La Salle tradition will continue.

We can find no better words to express our gratitude than to simply say "Thank you" Brother Charles for having devoted the best part of your life to us and to this country.

**(At the La Salle Annual Dinner on
26th July 1986)**

CHAPTER 19

Celebrating a Bumper Crop

Nothing pleases me more than to see a large number of people of diverse ethnic backgrounds mingling happily in a festive mood in this celebration. A social and cultural event such as this festival provides an important occasion to remove the barriers which separate our ethnically diverse people and to forge integration. There is no doubt that this festival and the others we celebrate throughout the year play an important role in promoting religious tolerance, cultural harmony, understanding and unity.

Today, we also pay tribute to our farmers. Our farming community makes up the most part of our rural population. The State Government recognizes their importance and potential and has drawn up development programmes to improve their economy and uplift their standard of living.

Although this celebration focuses our attention on the rice crop this festival has a much broader agricultural base, encompassing other crops, animal husbandry, fish farming and fishing generally.

But rice retains its symbolic and religious values. Besides being the staple food and providing the traditional drink, rice

has also been a valued barter item widely used to facilitate transaction of goods and services.

Nowadays, as a result of changes in our lifestyle, economy and agricultural practices many of the practical functions attributed to rice have become more symbolic than vital.

We import about two-thirds of rice we eat. Our population is increasing but there appears to be no corresponding increase in our rice output. In fact, I believe our local rice production is declining.

The State Government is very concerned about this situation and has plans to make the State self reliant by embarking on a large scale commercial padi planting scheme at Trusan Sapi near Sandakan. Some 200 hectares have been planted and harvested and another area of approximately 12,000 hectares is being planned under a joint-venture programme with investors.

We are also aware of the problems of our local rice farmers concerning the poor prices of locally produced rice which are hardly adequate to meet costs of production. The state government will continue to provide subsidies and provide basic facilities for wet padi cultivation. An allocation of \$6.5 million has been set aside for the subsidy scheme and will benefit 37,000 families this year.

A sum of about \$20 million has been allocated to extend the drainage and irrigation facilities under the Fifth Malaysia Plan. I would like to urge the relevant authorities such as the Lembaga Padi dan Beras Negara to be more sympathetic and revise the prices of padi in order to provide better incentives to encourage local rice producers.

On their part our farmers should make a more determined effort to diversify and increase productivity. They should not merely rely on government assistance. They must also take the initiative to grow other cash crops for domestic consumption, livestock feed as well as for sale.

There is much we can learn from our neighbouring countries where farmers produce two or three times more than what our farmers produce. There is no reason why our farmers cannot boost their production. Our farmers must learn to adapt to new

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practices and make good use of assistance offered by the government to increase their income. They must make a fresh and determined start to lift themselves up from a subsistence existence. If they do not try no government would be able to bring progress and prosperity to them.

Our environment is undergoing rapid change. Here and there we see padi fields being left idle or converted to make way for urban development. What is even more serious and sad is the rural-urban drift which has sapped the vitality and the energy of our rural areas. With so many of our young people converging on the urban areas in search of jobs, the rural economy is left in the hands of the old people. This is not the best way to modernise our rural economy.

This attitude that padi farming and other agricultural activities are "old people's work" must change if we want progress and development. We must also take steps to reverse this unhealthy trend and persuade our youths to remain in the countryside.

I am aware that there is a shortage of suitable land for cultivation in our densely populated villages. However, there are numerous land schemes elsewhere in the state waiting to be settled by landless people.

As you are all aware the Sabah Government views tourism as an important growth sector of our economy. The Federal Government announced recently that a new ministry was created, the Ministry of Tourism and Culture. This reflects the great importance given to the industry and to culture and the inter-relationship of the two.

There are many opportunities offered by the tourist industry to enable our rural people to diversify their sources of income and to boost their standard of living. For instance, there is a need to produce good quality handicrafts utilizing the knowledge of our elders and traditional skills for sale to tourists.

The preservation of our cultural heritage would be of little use if we do not take steps to develop it creatively.

Our traditional skills can be utilized to economic advantage.

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I would like to remind you that culture is not static. It is a living and dynamic force, constantly assimilating and evolving. We all share the responsibility of developing our culture as we move along. We must add our own imprints to what we have inherited from tradition. Some we should preserve, but there are also those which we should discard.

Perhaps, it is time also to consider establishing a site or a park to hold the state level celebrations where we can build permanent infrastructure to save cost. Such site can be turned into a camping and picnic ground for our people, particularly our youths and overseas visitors who prefer the outdoor life.

What we have accomplished in Tambunan in creating a permanent venue for cultural and tourism activities at district level could perhaps also be repeated in similar appropriate settings in other districts. But such efforts require a lot of initiative and imagination, extensive participation by the local populace and sustained support to succeed.

But we should not settle for anything less than high standards for our harvest festival celebrations by way of sites, preparations and above all community involvement. The celebrations are not intended exclusively for any one or two ethnic groups. Our brothers and sisters from all ethnic groups are welcome to participate and contribute to the various social and cultural programmes.

There is perhaps a little too much emphasis on social and recreational activities at present. I would like to see the celebrations reflect more of our farming pursuits.

In this connection, the festivities should include shows and competitions displaying the varied produce of farmers, including vegetables, fruits, poultry, livestock, fish etc.

I believe such shows, which are common in advanced agricultural countries would increase the involvement of our farmers in the harvest festival celebrations as well as attract more visitors.

Even more important, perhaps such shows would induce our farmers to produce bigger and better crops.

CELEBRATING A BUMPER CROP

In other words, I would like to see this festival related more directly to our daily working life as well as to our leisure time. If we are prepared to work hard, adapt ourselves to modern farming methods and increase productivity we will have more to celebrate. How much we progress and prosper depends largely on our own efforts. Therefore farmers must make the most productive use of their land holdings, forming family and community cooperatives wherever desirable to increase production and improve their earnings as a result.

The Government will continue to assist the farmers and indeed all sections of the community to improve their lot. The government is committed to improving the wellbeing of all our people irrespective of their ethnic, religious and social backgrounds. The government similarly seeks the cooperation of all our people to work together to develop Sabah for our common good.

I am confident we can work together in unity and harmony for our mutual progress. We are fortunate we live in a country which is free from civil strife and serious economic and social disorders. I believe our multiracial society has emerged more united than ever before from the trials in our recent history and we can be proud of the prevailing peace and tranquility in this beloved state of ours.

**(At the state-wide Harvest Festival celebration,
Keningau, 31st May 1987)**



Sabah's annual Harvest Festival is an occasion of great excitement and there is much merry making throughout the land in May. It is a time when state leaders tour the state extensively to be with the people. Ranks and protocols are often cast aside at such gatherings. Picture shows Datuk Pairin dancing the Sumazau at the Rungus Longhouse of the Hongkod Koisaan Complex, Penampang during a Harvest Festival celebration on 30th May, 1990.

Harvest Festival - Celebrating a Way of Life

It is once again my great pleasure to address you on the occasion of the Harvest Festival celebration.

I feel that Harvest Festival is a festival for all of us because basically it is a thanksgiving celebration. All of us in Sabah no matter who we are and where we come from have a lot to be thankful for.

For the Kadazan/Dusun and Murut communities the celebration of the Harvest Festival revolves around the harvesting of rice. But not all of us toil in the fields so a harvest of rice is not the only good thing that comes to us in return for our labour. Whatever we do, however, this festival is only meaningful and worthwhile if we have worked hard during the year and have an actual harvest to celebrate.

It would be rather sad if we went through the occasion with an empty feeling, knowing that we have wasted our time during the year and have achieved little or nothing. If we have nothing to harvest or nothing to show for during the year our celebration of the Harvest Festival would indeed be less enjoyable and meaningful.

Traditionally, the Harvest Festival is a festival for all especially the Kadazan/Dusun and Murut people and others who

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have followed this annual event from the past. This is a festival which the government takes part in celebrating. I hope that it is not just celebrated by those connected with the government or party in government. I hope leaders of other political parties join in the celebration as well. Let all our leaders set aside their political differences on this occasion. Let us have a rest from politics. Whatever our political affiliations or ambitions let us get together at this time to celebrate the Harvest Festival in a spirit of goodwill, without rancour.

I would indeed be glad to see everybody, especially leaders of other political parties mingle freely and happily in the celebration of this festival.

As in the case of the festivals of other communities in Sabah, the Harvest Festival is a good occasion to promote goodwill and understanding with one another in our multi-cultural society. Those who celebrate Harvest Festival will be eager to reciprocate the hospitality they receive from their friends of other races during their respective festivals.

I hope there will be a lively round of visits to Kadazan/Dusun and Murut homes to strengthen bonds of friendship and increase appreciation of one another's different cultural traditions. I have often likened our multi-cultural society to a profusion of flowers of varying colours and smells, each with its own special beauty and fragrance.

Each flower is to be appreciated no less than any other for its own unique qualities. Put together they enhance one another and add up to a dazzling myriad of blossoms. And this is how I view our diverse racial mixture in Sabah. I believe it is our main attraction and one which we must cherish, nurture and project for the whole world to marvel at.

This year's Harvest Festival comes at a time when the economy is well on the mend. The economy is definitely in better shape than at this time last year. The export prices of our main primary commodities have improved and state revenues have increased significantly as a result.

With our improved financial capability we are stepping up the rate of development in both the economic and social sectors.

HARVEST FESTIVAL - CELEBRATING A WAY OF LIFE

There is increasing outside investment interest. I believe we have good grounds for optimism over our business prospects. With less politicking and more goodwill and cooperation on the part of all parties I am confident that we will see a great deal more development.

In the last two to three years the State Government has carried out a lot of development, both tangible and intangible to put the state on a firmer financial footing. Some of the measures we have taken have been in the nature of rescue operations where certain major projects are concerned. These are beginning to show good results and we can now talk in terms of reaping some harvest from them. All of us then can therefore be thankful that we have cause to celebrate the Harvest Festival this year, even if only on a modest scale, for the hard work we have carried out during the previous years. I trust that with the assistance and cooperation of everyone in the state irrespective of their political associations we will continue to achieve good progress in the coming year.

(Harvest Festival Message, 27th May 1988)

Standardising the Kadazan Dialects

I am pleased to share with you some thoughts on the language issue that pertain to the Kadazan dialects. Despite the diverse dialectical groups that we represent, I believe we have come together today to discuss one of the main issues that directly concern us all, which is the development of our common language. However, in order to appreciate and look at this issue in the right perspective, we should first go over the social-historical experiences of our people.

In the old days the Kadazan or Dusun people lived as closely knit tribal communities. We were then known by our tribal names such as Gonsomon, Momogun, Tobilung, Garo, Gana, Tindal, Bundu, Liwan, Tinagas, Tuhawon, Tangara, Kuwijau, Tatana, Sukang, Lotud, Tombonuo and many others.

Much of our activities were also confined to limited geographical areas. Traveling from one place to another was not only an arduous task but also a risky affair as some of our tribes were hostile to one another. I believe head hunting was also prevalent in those days.

Mutual cooperation and understanding developed gradually as interactions among these tribal groups became more frequent. Later, as members of these communities began to move

from place to place in search of new land, and also as a result of inter-marriages they discovered more and more similarities and oneness in their traditions and cultural values. This in turn led to the awareness of a common identity.

The dominance of the Brunei Sultanate over North Borneo or Sabah during this period also contributed to this awareness of a broader ethnic identity especially among the non-Malay tribal communities. Thus, the fishermen who were popularly known as "Sama" were given the name "Bajau" which means "fishermen", and those who tilled the land in the hinterland of Sabah were called "Orang Dusun" or "Orchard People".

When the British Chartered Company came in the 1880's, the two ethnic labels namely "Bajau" and "Dusun" were adopted by the colonial government. As this was done as a matter of convenience, the labels ignored the diverse tribal identities of the native peoples. Unfortunately, the name "Dusun" was often used by other racial groups in a derogatory sense. To the thinking segments of the Dusun population the term "Dusun" was undignified as it carried connotation of a backward people.

As a result of this, some leaders in the "Dusun" Community began to popularize "Kadazan", an ethnic term that was meant to encompass all the tribal communities mentioned earlier. This was unanimously endorsed at the first Congress of the United National Kadazan Organization or UNKO on 6th August, 1961. All representatives of the various tribal groups were given an opportunity to debate the issue. The term Kadazan was unanimously adopted as the ethnic name to encompass all the tribal groups.

I do not wish to deny anyone the right to question the 1961 resolution but I feel that it is unwise for us to continue to assert our respective tribal identities to the extent that we revive past tribal sentiments. We should bear in mind that since 1961, we have been collectively recognized as Kadazans nationally as well as internationally. Thus, as far as our ethnic identity is concerned, we have already resolved what we should call ourselves.

So our efforts should be focussed on the development of our common language, a language that can be properly called the

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official Kadazan Language recognized by our people throughout Sabah and by the whole nation.

A step in this direction began a long time ago. A serious attempt to develop the Kadazan language was made by the Mill Hill Missionaries of the Catholic Church during the time of the Chartered Company. With the cooperation of some of our first school teachers, they developed the "Tangara" dialect which is now popularly known as the "Kadazan Language" used in the news media.

Development of the other dialects also occurred, although to a lesser degree. For instance, the Borneo Evangelical Mission developed the "Liwan" or Ranau dialect in the course of translating the Bible for the Christians of Ranau. The Protestant Church of Sabah too has compiled a "Rungus" dictionary and translated the Bible for the Rungus community.

As a result of growing political awareness occasioned by many epoch-making developments elsewhere in post-war Asia, the need to place the Kadazan communities on a more organized footing was not lost on the Kadazan leaders. Their efforts to unite the various Kadazan communities eventually led to the formation of the Kadazan Cultural Association or KOISAAN on October 29, 1964.

One of the prime objectives of KOISAAN, and one which is included in the Association's constitution, is "to assist in the standardization and consolidation of the Kadazan dialects". The KOISAAN Constitution defines the Kadazan dialects as those of the Dusun, Kwijau, Murut, Lotud, Rungus, Tambanuo/Orang Sungai, Dumpas, Maragang Paitan, Minokok, Ramanau, Mangka'ak, Lundaya, Bundu and other non-Malay groups mentioned earlier. In fact, the definition is in line with the resolution adopted by the United National Kadazan Organization (UNKO) Congress on August 6, 1961.

In the three decades that followed the 1961 Congress efforts to realize this objective have not been very successful. They were hampered by the continuous disagreement among the various ethnic communities.

It is indeed unfortunate that despite being widely used in newspapers and radio broadcasts and in liturgical services the standardized usage of the "Tangara" dialect did not gain widespread acceptance in some communities who regard these efforts with skepticism and, at times, blind resentment. The negative attitude towards the Tangara dialect is further aggravated by certain quarters who wish to exploit the parochial sentiments of our people for political reasons.

Today, a significant number of our people are educated and are able to think more rationally. The responsibility therefore lies in each and everyone of us to be constantly vigilant against the dangers of parochialism bearing in mind the concerted efforts of those whose only wish is to see us forever disunited.

The development of a standard Kadazan language suffered a serious setback during British rule simply because the British Government found it difficult to obtain the consensus of the other Kadazan communities to have one of the dialects taught in our schools.

Had it not been for this impediment, I believe the Kadazan Language would have been taught in our schools today. While we quarreled among ourselves, our Iban friends managed to have their dialect taught at the primary and lower secondary level. Had we set our minds to work together among ourselves the past three decades could have produced volumes of useful reading materials for our children in the primary and perhaps secondary schools.

Now, in the twilight of the 20th century, it is time we stopped being parochial and, instead, made a serious effort to standardize the Kadazan dialects.

In standardising the language, I do not foresee that some dialects will face extinction.

I see "standardization" simply as an attempt to secure the concurrence of all the Kadazan dialectical groups as to how best we can communicate with one another. Many of these dialects are in fact closely related in terms of their root words or the symbolic significance that they commonly share as dialects within the same language family.

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Minor variations perhaps lie more in pronunciation than anything else. Whatever these minor differences may be, I think we will do well to view them as assets that should be incorporated in the standardized Kadazan Language.

By accentuating differences, we are placing ourselves in a very difficult position. Efforts towards bringing about speedier standardization will be hampered. If we are overly concerned with differences we will only negate our efforts at unifying the Kadazan race and culture, which includes our language. You may recall that the late Father Gossen compiled a Kadazan dictionary in the early 20's based on the Papar dialect. Today, it is hardly used by our people. The dictionary is of academic interest only.

There are 5 major Kadazan dialects but none is taught in school. Sadder still, increasingly many of our young are disinherited from their mother tongue, and possibly from the value system that is part of our oral tradition.

It is not enough to simply place the blame on the parents. Over the past thirty years the pressures of social change and economic development have influenced our lifestyles so much that even concerned parents have found it difficult to cope with such a task. Being a multi-racial society where inter-marriages between Kadazan-speaking groups and those of other races are commonplace we cannot depend solely on the family institution as an avenue to preserve the language.

As you are aware, plans are afoot to have Kadazan taught in school. This was announced by the Education Minister. However, considering our present state of affair, I am afraid we are still not ready for it unless we are able to respond with a sense of urgency. Rather than quarreling over whose dialect is "superior" we should be asking ourselves as to which dialects could be most readily used as a basis for standardization.

Until recently, the Dewan Bahasa dan Pustaka had also tried to incorporate some of the indigenous terms found in the Kadazan, Iban and other dialects to be incorporated into the Standard Bahasa Malaysia or "Bahasa Malaysia Baku".

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Again the same problem of selecting the so-called "right" Kadazan word was encountered. The Dewan Bahasa dan Pustaka encountered disagreements among our Kadazan representatives when trying to incorporate some indigenous terminologies into the Standard Bahasa Malaysia. I think it would be sad indeed if we are to repeat the same mistake. Indeed it will be quite unfair to blame the Education Ministry for not having Kadazan taught in school.

In fact, a verbal assurance has already been given by the Ministry of Education that the Kadazan language will be incorporated in the school curriculum by 1990. The onus is therefore on us to hasten the process of adopting the standard Kadazan language. If we can put aside our differences and respond to this development positively our contribution will have far-reaching benefits to the present as well as future generations.

I sincerely believe that by standardizing the Kadazan language, we will see the emergence of a Kadazan literature. Given a solid foundation of the Kadazan Language both in terms of its written and spoken forms, our children will be able to learn their very own mother tongue with a degree of fluency that will help them to disseminate modern thoughts and skills to their respective communities.

When this occurs, better socialization can be enhanced among our people thus ensuring the preservation of indigenous values and, more important, our identity as one people. Viewed in the context of our multi-racial federation, a standardized Kadazan language would ensure the continuity of our cultural heritage, thus enhancing our existence as an integral part of the Malaysian society. For language is rooted in our culture.

**(Key-note address of Datuk Joseph Pairin Kitingan
as the President of the Kadazan Cultural Association
at a symposium on the standardization of the Kadazan
dialects held in Kundasang on 13th January 1989)**

The Kadazan Roots

We have been told by our elders and our elders' elders and our great-great grandfathers before them that all of us have come from the same origin, from Nunuk Ragang and that from there, we dispersed and moved to all parts of Sabah.

We are told that wherever our forefathers settled, they assumed an identity peculiar to the locality, and that the whole community was identified by that name. For example, the name Kuriou was given to a tribe who inhabited a place where there were a lot of dead trees. "Kuriou" was a corruption of Nuriou and much later Kuriou became Kujiau, one of the tribes of the Kadazan race. Another tribe inhabited a region where there was an abundance of "tuhau", a plant that makes a very pungent sauce much relished by the local inhabitants. The tribe became known as Tuhawon. And so we have other names such as Tangara, Lotud etc.

Although we have different tribal names, our elders (Komo-lohingan) tell us that we share a common origin, as we all came from the same place, that is from Nunuk Ragang.

We went through a sad period in the past when our forebears delighted in waging tribal wars and collecting human heads as trophies. That is part of our history. We are wiser now, at least we like to think so. With education, mass media and

much improved communication we are no longer isolated communities who regard others as outsiders. We have become more rational and can identify with one another better as we discover our common origin. We can now talk about unity and mitatabang.

Unavoidably, we have also become immersed in politics which our forebears did not care too much about. They simply followed their village elders whom they regarded as undisputed leaders.

Unfortunately politics is threatening our unity. There are those who wish to split us and destroy the unity that we have achieved after such a long time and hard struggle.

Someone asked me why there are differences between the leaders of KCA and USDA. I have also asked myself this question but have not been able to answer it. I have searched myself and I found no reason why there should be differences.

It is written on my birth certificate that I am DUSUN. My father accepted it, although he must have been aware that it was a name given by the British. Sometimes names given by outsiders become widely accepted in preference to the local names. For instance the world's largest flower is known throughout the world as Rafflesia and not Tusak Tombuakar, its local name. When it comes to names, popular usage usually wins the day.

When our leaders revived the name Kadazan to encompass all the Dusunic tribes for the sake of unity by forging a common identity we all thought it was a good idea. So like many others I accepted Kadazan as the official name of the race with which I identify myself. As far as I can recollect there was no objection to the name. On the contrary, it was widely accepted and the decade of the fifties saw the emergence of societies, clubs and welfare associations all bearing the name Kadazan. When the idea of forming a cultural association to preserve the cultural heritage of the various tribes, the name Kadazan Cultural Association, or KCA, was unanimously adopted for the association. Again there was no objection or query. My involvement with the KCA goes back many years. When we went round throughout

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Sabah to open branches of the Kadazan Cultural Association, there was no misgiving from any quarter. The people were happy because the common identity served the cause of unity.

I was given the name Pairin by my parents. I came from Tambunan and I am a Dusun because it is written in my birth certificate. I am also a Kadazan because I have accepted the resolution on our identity by our elders. I am a Sabahan because Sabah is my State and I am a Malaysian because Malaysia is my country. Sometimes we are also identified by the district we come from. This makes me Orang Tambunan.

Since the early days, when people called me Dusun, I accepted the name and when people called me Kadazan, I was similarly happy to accept it. I would also accept the name Tuhowan or Liwan from Tambunan. There is nothing wrong with these identities. We are also known as Bumiputra. People also call us Sabahan, and Malaysian.

Kadazan in the Lotud language (Kedayan) means person. Our aim of having Kadazan as the umbrella name for all the indigenous tribes in Sabah is to unite them. That is the basic reason why I accepted that name. My struggle and involvement in the Kadazan Cultural Association has only one aim, which is to unite the people no matter where they come from, Ranau, Kudat, Tuaran, Tambunan, Penampang or any other place in Sabah.

The definition of Kadazan as defined in the KCA Constitution includes all the indigenous tribes, sub-ethnic and ethnic within the same speech community of the Kadazans. And this does not mean that we should do away with the various tribal, sub-ethnic or ethnic identities within the Kadazan speech Community. No identity will be lost. Nobody will force anyone to get rid of any ethnic or tribal label. It is up to each community to call themselves by whatever name they wish. But collectively as a united people of this distinct linguistic group we identify ourselves as Kadazan.

But no matter what we call ourselves or what other people call us, the most important thing is that we are united, that we are aware that we are one people who share a common heritage

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from Nunuk Ragang. We must strive to strengthen our solidarity, and bring back the spirit of *mitatabang* to ensure progress as a united people.

We should not create unnecessary problems for ourselves by squabbling over our ethnic name. Whether Dusun or Kadazan we are one and the same people, and that is more important than anything else. What we want is unity, not discord among our people. Already we are being threatened by outsiders who have come to Sabah in large numbers. We are being swamped. So let us not fight among ourselves over our identity and destroy our unity in the process.

**(Excerpts from Datuk Pairin's Harvest Festival
speech in Ranau on 20th May 1989)**

Opening a Unity Centre

Today we see the fulfillment of a wish which we have all shared for a long time – to have our own Koisaan Cultural Centre.

This modest building has not been built without much hard work and struggle and most important of all, the spirit of Mogitatabang not only among ourselves as members of KCA but also with other communities in Sabah. It is therefore no coincidence that this building is called Hongkod Koisaan or "Unity Centre". It is the product of unity and it is also a building which will serve the cause of unity in Sabah.

This Hongkod Koisaan will stand as a reminder to us and our future generations of our struggle for decades to preserve, cherish and enrich a cultural heritage that is an inalienable part of the cultural heritage of Sabah and Malaysia as a whole. We regard this building as a milestone and a symbol of our achievement.

But it is only a milestone. We must continue the journey to progress, to the future and must at the same time be mindful of the present realities and the constant need to respond to the challenges and demands of a world that is going through rapid change. Our achievements today should be regarded as a step-

ping stone to meeting the next challenges. Our struggle is continuous. There is no rest or respite because time does not stand still and the future does not belong to those who dream and who do not respond to the realities of the times.

We must adapt ourselves to a new socio-economic order and be actively involved in new fields of economic pursuits, such as cultural tourism, modern commercial farming, trade and industry in order to succeed in an increasingly competitive world.

This building will remain an empty shell and devoid of meaning and purpose if it does not help us build within ourselves and among ourselves a feeling of unity and solidarity and a shared sense of identity and common destiny which KCA has always tried to foster and provide.

Hongkod Koisaan must draw its life from us who use it, otherwise it would be as dead as the bricks and the wood which make up the building.

I would like to thank all who have generously contributed in one way or another towards the realization of this building. A large number of generous individuals, groups and organisations rallied to us to help build this KCA centre.

I would, in particular, on behalf of the Koisaan, wish to thank Syarikat Kerjasama Batu-Bata Jayadiri Moyog Berhad for their generosity in donating the land for this Hongkod Koisaan Building. Without this contribution this cultural centre building may still remain a dream today.

Let me not forget to thank also our Bobohizans for performing their traditional ceremony of blessing upon this building.

I must also thank and congratulate the consultants, engineers, architects, electricians, contractors and subcontractors and workers on their good work.

Finally, but most of all I want to thank Datuk Clarence Bongkos Malakun and his hardworking Koisaan Building sub-committees for their dedication and tireless effort in coordinating the Koisaan building project right from the very beginning. I understand they even organised the opening ceremony and celebration today. I dare-say that without the dynamic leadership of Datuk Clarence Bongkos in the face of the many difficul-

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ties and challenges this building may not have been completed so soon. The design and landscaping of this cultural centre too are greatly influenced by Datuk Clarence Bongkos' considerable knowledge of our traditional architecture and cultural concepts.

To all of you Koisaan members, and friends of Koisaan let me say: Rejoice with us. This Hongkod Koisaan is ours, yours and mine. It is ours to use and cherish for generations to come.

**(At the opening of Hongkod Koisaan the new
Kadazan Cultural Association Building
on 30th May 1989)**

Challenges and Opportunities for the Kadazan People

We are assembled here today in the face of many challenges and, I should add, great opportunities which usually accompany challenges. And we do so in fellowship and unity with one another, and in a relaxed atmosphere brought about by a sense of freedom which we did not always have before.

We have a long agenda at today's conference, for we need to discuss many things that have happened since we last met. Some of the issues and events are of grave concern to all of us as they have bearing not only on the aims and philosophy of Koisaan, but also the very basis upon which it was founded and sustained.

You will have noted that in recent months there has been a reappraisal of some of the premises on which we conduct our affairs in Koisaan as well as the constitutional provisions which govern Koisaan. As a result, it was considered appropriate to make certain changes in response to the needs of the times and more particularly to make us better able to meet the challenges which confront us.

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In our attempt to bring about a renewal in Koisaan some of us have tried to recapture the perspective and visions of our future, and our aspirations, through the eyes of the early founders of Koisaan. But if we did this we may not see what they saw. Times have changed and are changing still. So are the constellation of forces which shape our lives and with which we interact. Therefore we have to realign our perspectives which have been thrown out of focus by forces of change.

But even as we do so we should not lose sight of the philosophy and aims upon which Koisaan was founded and nurtured and preserved to this day, even though the strategy to achieve our objectives, and the emphasis of these objectives themselves, may have altered somewhat in the course of time. The reappraisal will, hopefully, crystallise into something new and refreshing, and something which will breathe a new lease of life into Koisaan. This reassessment and renewal must be considered as our periodic attempt to keep up with the times and to deal with whatever new challenges and circumstances which may have surfaced, and we do all this on the collective wisdom of the delegates at our biennial delegates' conferences.

Some of the problems that need to be addressed are perennial problems which are not amenable to short term solutions. Some of our members have expressed apprehension at the incessant onslaught on our values and cultural traditions by the international mass media to which we, and more particularly our children, are constantly exposed. I share this anxiety, but unfortunately there is no antidote for this, except to try and strengthen our own cultural roots so that we are better able to discriminate and reject those elements which are completely alien and are opposed to our culture and mores.

As the custodian of the Kadazan-Dusun cultural heritage and traditions it is Koisaan's role to harness the forces of change so that whatever change that comes will not overwhelm us but instead will improve the lives of our people and give us a better sense of fulfillment. In our quest for material progress we must take care that the progress we seek and achieve does not alienate us and uproot us from our cultural heritage.

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Having said that I would like you to remember that it is not really our exposure to alien cultures that poses the most challenge to us as a people. It is disunity and divergent tendencies spawned by leaders who felt threatened by the unity of the Kadazan-Dusun race under Koisaan. It is a familiar strategy known as divide and rule. And what appeared to be a transient measure by others to undermine the Koisaan was eagerly taken over by our own people and sustained for reasons of personal ambitions and political expediency.

When I said earlier that we have a long agenda for this conference I should have also mentioned that some issues to be discussed are more urgent than others, and perhaps more important as well. The question of unity will undoubtedly receive a lot of attention. Some members have also expressed concern that we have an identity crisis on our hands. While I do not think the question of our identity has assumed crisis proportions there is no denying that we must give it our urgent and serious attention at this conference.

The theme of this conference is unity, and quite rightly so. I would consider unity and understanding as the foundation not only of Koisaan, but also of Sabah and Malaysia as a whole. And so when we talk about unity let us remember that ultimately we are all Malaysians and can unite as Malaysians even if we have parochial differences among ourselves. We should count ourselves lucky that we can meet as one people at so many levels.

I feel that I should also stress that I do not regard unity as being seriously threatened by the recent Kadazan-Dusun controversy. The forces of disunity are not as potent as they are sometimes made out to be. The unity that we have worked for in over two decades cannot be undermined or damaged so easily. In fact I daresay that we have succeeded in welding our people together, especially at crucial times. If there is anything which we can always count on in this time of rapid change, it is the feeling of affinity which our people share with one another. I do not think anyone can destroy the ethnic fabric interwoven so

inextricably by family ties across the length and breadth of Sabah and spanning so many generations.

And so while I think it is important that we explore ways and means to further strengthen unity among the Kadazan-Dusun people, we should not be alarmists and use a language which gives the impression that we are on the verge of breaking up. Nothing is further from the truth. We are more united now than ever before, and we are now better able to articulate this unity in so many ways. This fine building which the Kadazan-Dusun people have built stands as a symbol of our unity. In fact it is called *Hongkod Koisaan* or unity centre, built through our *mogitatabang* effort over many years.

While we stress unity in the context of Koisaan and in relation to the Kadazan-Dusun race, we must not lose sight of the broader unity that we seek in Sabah. In this connection I am very pleased to see so many of our friends from other cultural groupings in our midst here today. You are all most welcome to this family gathering. We regard all as members of the same family.

While it is the primary role of Koisaan to look after the welfare of its members in accordance with the constitutional provisions of the Association, it is also its role to build bridges of communication across ethnic or cultural boundaries not only within Sabah, but also in the rest of the country and perhaps beyond. Of course before we can relate ourselves on such a wider scale we must first of all put our own house in order so that when we do make contacts with others we will do so with confidence and dignity, secure in the knowledge that we are well grounded in our cultural roots, and can hold our own in relation to others.

We can then perhaps tackle the issue of national integration as well as territorial integration in the context of Malaysia more confidently and effectively. I have always held the view that before we can relate to others we must first of all establish our own identity. This is what we are doing in Koisaan and this is how our activities should be regarded by others, that is, as part of our effort to relate to others on the basis of mutual

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respect and understanding, and on the basis of our wish that we be accepted as we are.

As far as it concerns our aim to promote the welfare of members of the Association, I feel that this too ought to be looked at in a broader perspective, especially under the present circumstances. As members of Koisaan we must learn to be self-reliant. We must learn to help ourselves through cooperative efforts within the Association. Neither should we think of Koisaan only as those people at headquarters. Every little branch of Koisaan at the village level is an integral part of Koisaan in its totality. I would even go to the extent of saying that every member of Koisaan is Koisaan.

Of late there has been a tendency among a small group of individuals to try to politicize Koisaan. There are negative elements in any organisation. As long as the good ones predominate, the few will not corrupt the many. I would like to take this opportunity to say how grateful I am for the generous support which Koisaan has received not only from the many hard working Koisaan officials and rank and file members over the years, but also the many volunteers and supporters who contributed both financially and in kind towards our activities and programmes.

I am very pleased to note that the support for Koisaan is increasing steadily which indicates that many people recognize and subscribe to the noble aims of the Koisaan. To each and everyone of our members and supporters, let me say thank you, and I say so from the very depth of my heart.

Before I finish I would like to put in a nutshell what I would like this 5th Biennial Delegates' conference to think about and discuss in the two days that you are gathered together here.

- to rethink, revise if necessary and reaffirm the goals, roles and responsibilities of Koisaan in the light of the present circumstances.
- to identify and discuss the problems that confront Koisaan and formulate a strategy and action plan to meet these challenges.

- to explore effective ways of promoting unity and national integration as well as closer rapport with other ethnic or cultural groups in Sabah and elsewhere, and
- to discuss the constitutional provisions pertaining to the name and membership of Koisaan and decide what amendments ought to be effected in response to the present situation.

These are the main areas of concern in which I wish to share some thoughts with you at the start of this delegates' conference today. I know that there are a few issues at hand that may prompt a heated debate, but I would like you to exercise restraint so that the debate will be well contained within the bounds of reason. I wish you all a very fruitful conference and a rewarding experience.

**(Keynote address of Datuk Joseph Pairin Kitingan
as the President of the Kadazan Cultural Association
on the occasion of the official opening of the 5th
Biennial Delegates' Conference of the Association
on 4th November 1989)**

CHAPTER 20

Whither Freedom of the Press?

Just two months ago, the PBS government was elected to office. And I believe that since then there has been a distinct change for the better in terms of balanced media coverage on Sabah, particularly where local newspapers are concerned. Perhaps the media has taken heart from my earlier announcement that the PBS government will not seek to control the press in Sabah as our predecessors did so blatantly.

You are, I believe, only too familiar with the hostile stance of the BERJAYA government towards a critical press, or any news that portrayed the government as anything less than angelic. Under pressure, local newspapers blacked out practically all news that appeared favourable to our fledging party. Presumably they gave us little chance at the polls. Even the national news agency incurred the wrath of the previous government for trying to be impartial. But as the election results showed, a captive press did the former government no good. Despite the mass communication machinery, save a handful, being mobilized almost entirely behind the ruling party, it still suffered a humiliating defeat.

While the reasons for its debacle are many, I would like to touch on the media aspect for this occasion. Like other me-

chanisms employed by the previous government, the media failed to provide accurate feedback or was inhibited from doing so with disastrous consequences for the then ruling party. Because of its patent intolerance of criticism and dissent, the government of the day deprived itself of the opportunity of hearing the other side of the story. Not all its leaders were insensitive or indifferent to the feelings and aspirations of the people. But over the years, particularly after 1981 they became overconfident and lost touch with popular sentiment. In their preoccupation with their private interests, they locked themselves out to independent minded people of good sense and refused to allow the media to fully play its role as a communicator of public opinion. The electorate, already disenchanted at the dictatorial bent of the BERJAYA hierarchy, became further disillusioned and alienated when they found that the mass media served wholly as the ruling power's mouthpiece.

I could cite many examples where people were intimidated against speaking their minds, however genuine their ideas. Those who stuck to their beliefs and dared to defy were punished in one way or another. I was one of them. But my intention here is not to dwell on the wrongs and follies of my predecessors. More can be gained by learning from our experiences. There is the need for all of us to respect one another as fellow human beings and be honest and sincere towards one another. We must have the courage to admit our weaknesses for only then can we begin to correct them.

Everyone who loves this nation must be prepared to contribute to its stability and progress in a true spirit of give-and-take and goodwill. The media for its part must be permitted to play an independent and constructive role in mirroring and moulding public opinion.

The pen, it has been said, is a mighty weapon for good in responsible hands. No media in this country can be said to be truly independent and this is probably true of the press throughout the world. Even in advanced democracies such as the United States and the United Kingdom which have long traditions of press freedom there are periodical rumblings of

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undue interference – be it from the government or from others with vested interests.

Freedom of the press at best can be no more than the measure of freedom of expression allowed the citizenry in any country and is therefore relative. But it is relevant to ask ourselves whether the liberty we permit the media in our own country measures up fully to the democratic principles we profess to up-hold. This is a question to which we all need to address ourselves – you who work in the media, those in government and the public whose interests we are both obligated to serve and protect.

In the light of recent experiences, I am sure you have asked yourselves whether some of the media in our country can claim to be free of complicity, willful or otherwise, in “protecting” those wielding power, even at the expense of the interests of the masses. Has some of the press not acted as if might is right? We should be frank and honest about this.

Whatever the justifications for imposing curbs on the media, it is an inescapable reality that the public in a democracy ultimately exercise their power of judgment. In the case of Sabah, it has been proven that the people are capable of pronouncing judgment despite the tremendous handicap of not having access to information to assist them to make a decision. But they can see for themselves exactly what the government has done for them in reality. They can do without prosperous politicians telling them that they have never had it so good, particularly when conditions in countless kampongs have long remained depressed and hardly changed. The recent state election provided irrefutable proof that the majority of the voters are more intelligent and mature than the previous government gave them credit for. They are indeed able to distinguish between truth and falsehood as the former government learnt too late to its peril.

While I advocate press freedom particularly in disseminating correct information to the people to facilitate their participation in government in the democratic tradition, I am well aware that free expression cannot be wholly unfettered. Doubtless the

media has its own mechanisms to exercise care and restraint in airing matters of public interest. Beyond that of course our country has a number of laws relating to the press, including the Printing Presses Act, the Internal Security Act, the Essential (Control of Publications and Safeguarding of Information) Regulation, the Sedition Act and others.

From my experience, however, it would appear that these laws are not scrupulously observed. Leaders of both BERJAYA and USNO for instance made somewhat seditious statements particularly during the recent election. They harped on race and religion and took undemocratic measures completely at variance with the spirit of Rukunegara and the constitution. But I have yet to hear of any of these leaders against whom complaints were lodged, being brought to book. Indeed some of them continued to make reckless statements with apparent unconcern for their implications or their consequences. They should be stopped from causing dissension.

Where the role of newspapers is concerned, I feel that in addition to their normal defined tasks to inform, educate and entertain, they should be a repertoire of ideas that lends to the plurality of opinion. This plurality when properly harnessed can only strengthen the nation.

What we have so far witnessed in Sabah experience is a general domination by the Government of not just the government media, but also the privately owned media. There are numerous examples of newspapers not performing even the fundamental roles of informing our people what others feel and think, let alone providing an insight into vital decisions by the government often made with little or no prior consultation with the public.

In the new climate of press freedom in Sabah, I note that readers welcome the opportunity of getting their letters on various topics of the day into print. The great increase in the number of letters being published in the correspondence columns shows that we have a lot of knowledgeable and articulate people keen to have their say. Despite this facility, however, we still have in our midst irresponsible people who are

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interested only in malicious smears and so resort to flying letters out of sheer malice. No doubt some of these letters reach the media. How the media respond to such letters perhaps reflects their attitude and sense of responsibility, or the lack of it.

We are all only too familiar with the kind of problems caused by a failure to communicate and inform speedily and accurately on matters of public interest. The press should bear in mind that even though it is an instrument of public opinion it cannot itself escape public scrutiny and judgment by an intelligent public.

Whether they like it or not, the media may feel compelled to toe the official line through the gamut of laws, licensing, regulations, and occasional admonishment.

While governments are much the same everywhere, there is a distinct difference between the press in the Third World and the West. As one commentator noted recently, the more established democracies in the West are more likely to have an enlightened public to correct an erring leadership. This is less so in the Third World with the result that in some states an autocratic leader can dictate terms to the press if he so chooses. In the final analysis of course, only a free people can guarantee a free press. I am happy that the people of Sabah have once again displayed their independence of thought as can be seen in the election results.

In cognizance of the power of the people, the PBS government has chosen as its fundamental election promise, the upholding of the dignity of man and this means understanding and respecting the feelings and beliefs of one another. In the course of our administration we shall strive to propagate a better appreciation of basic human values and incorporate them in our daily living pattern including perhaps new approaches to development itself.

**(At a Press Club luncheon in Kota Kinabalu
on 24th June 1985)**

Cultivating Good Relations with the Media

I sometimes get the impression that I am being constantly stalked by reporters trying to corner me for impromptu comments on some contentious issue of the day. But I have thrown cautions to the wind tonight and delight in being your guest. You can perhaps say that in a sense I am your willing captive tonight. Yet I feel secure enough in your midst which perhaps reflects the fairly good relations that prevail between politicians in the ruling party and government and the press in general.

Many contentious issues have arisen to be sure to keep the press constantly on my heels since I last addressed your club members two years ago. The PBS government had then been in office only two months. In the ensuing months the political situation remained highly volatile, frequently dominating the headlines of local, national and even international newspapers as our opponents continued to resort to all kinds of devious tactics to unnerve and unseat the government. Finally, we went back to the electorate whose solid reconfirmation of support for us did much to mute if not silence our more implacable foes in the opposition.

No doubt the press found this a testing time. Preserving a balance between the views and actions of the relatively silent majority and a strident minority requires some ingenuity. I do not intend to dwell on the past but wish simply to express the hope that journalists continue to learn from our shared trials and become more circumspect and proficient in its task of disseminating the news and in reflecting public opinion.

In this respect, I agree that it is the business of the press to be conversant with the views and actions of politicians or government leaders as well as the public's reaction to them. For journalists to perform their role of keeping the public well informed on all that is happening requires not only simple note taking but also a high degree of professionalism.

To me, professionalism in your field means writing and presenting the news in a manner that is consistent with a sharp intellect, an inquiring mind, good moral values, a keen awareness of right and wrong and a sense of propriety whatever the situation or the challenges or pressures you face. I must acknowledge that these are the kind of qualities that I would like to see ingrained in our politicians as well.

Just as politicians and the parties they represent are constantly watched and judged by the public so are journalists and their newspapers. Your honesty, objectivity, impartiality and accuracy in news coverage are similarly open to public scrutiny.

Though the pen has been described as a mighty weapon press people should not be under any delusions as to how far they influence public opinion. Never imagine for a moment that members of the public are bereft of opinions of their own or that their views are largely moulded by the media.

From our experience in Sabah, the people look for balanced information in political affairs as in other matters when required to make a judgment affecting their wellbeing. They are not deceived by lopsided reports. In 1985, the electorate ignored the blandishments and threats in the press of the previous ruling circles. The unreasonable attacks against the PBS along with a virtual blackout of all positive news of our policies and activities in the captive media at that time backfired, strengthen-

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ing rather than weakening our position. What is proved is that the people have alternative sources of information to exercise their power of judgement should the press fail to report events and present all viewpoints fairly.

Newspapers are among many news disseminators. The general public itself is a form of media. When people find insufficient information in the formal or institutionalized media to make a considered decision they will turn to alternative or supplementary sources including mouth-to-mouth information passed on in various places or congregation.

There is no doubt, however, that the press is a powerful force for good in responsible hands. The institutionalized media is generally accepted as being more official, accurate and authoritative than hearsay reports provided it is used with responsibility and restraint. But if newspapers are known to be consistently biased they will come to be viewed in a very negative light by the public. For newspapers to maintain their credibility, therefore, it is important that they adequately reflect the plurality of public opinion.

When journalists write subjectively, are biased, untruthful, irresponsible, malicious or slanderous, they no longer have any claim to professionalism. It should be remembered that the reporter and his organization are judged by the public as much as the persons or parties he writes about are judged. A responsible press should abide by defined codes of ethics in dealing with the wide spectrum of subjects especially in the volatile and sensitive political field.

The press not only in Sabah but in the country as a whole tends to over-indulge in political polemics. Many newspapers seem to regard political wrangling as the most important subject almost to the point of an obsession. Unfortunately, political polemics are often unsettling, inconclusive and divisive and should be handed judiciously particularly at a time when we should be concentrating our energies on promoting stable conditions for economic growth.

There appears to be no end to politicking whether or not elections are under way. And some newspapers are ever ready

to stir up the fray. News organizations subject to direct political control naturally tend to be one-sided. For instance, reports are slanted the way they would like to see an election go because they want a particular side to win. They allow bias and wishful thinking to interfere with their judgment which becomes all too evident when their predictions turn out to be far off the mark.

If a newspaper or other body is consistently negative in its reports on leaders of a political party or state government, for instance, its credibility as an honest newspaper becomes suspect. It is hardly believable for those under constant criticism to be always in the wrong. Yet some newspapers or reporters try to persuade the public that certain leaders are incapable of doing anything right or conversely that others can do no wrong.

With the press in the state considerably freer than it used to be as your club president has just pointed out the PBS does not expect all reports about its activities to be complimentary or flattering. We do not seek to monopolize the local newspaper columns like previous government leaders. But sometimes I feel our activities and achievements should receive more attention. It is hardly pleasing to find our critics receiving considerable publicity for their politically-motivated diatribes against us often out of all proportion to their current political or social standing while straight news reports of what we are doing are played down.

I am also puzzled to find that many reporters who attend various official functions virtually ignore the speeches or dialogue and show more interest on quizzing me on allegations made against us by our opponents. Though my off-the-cuff comments may be negative or of little consequence they are often given much greater prominence than say a prepared speech on government policies because it fits in with the play on political polemics.

Indeed I am dismayed to find that desultory comments obtained to keep some contentious issue smoldering may get as much space in some newspapers as the whole proceedings of a Legislative Assembly meeting. Many carefully prepared speeches and statements in the Assembly on positive issues of

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public interest may receive less press attention than the peremptory remarks of someone not holding elected public office criticizing our performance in government.

Just as I have urged political parties to reduce politicking for the sake of unity and harmony so too I would ask the press to dwell less on political polemics. I believe there is a need for more care and restraint in publishing unsubstantiated allegations and rumours which more often than not turn out to be untrue. I would suggest that the press strive to get both sides of a story before rushing into print.

The all too often practice of spreading rumours in the form of speculation and ascribing the stories to "reliable sources" or "sources close to such and such" should cease. Unless the newspaper is prepared to identify the sources publicly the story should be regarded as mere rumour, and the report as rumour mongering.

Some newspapers do not seem to be embarrassed by the fact that their reports have time and time again been proven to be baseless and false.

In any event, we are confident that the public will not be misled by spurious allegations made against us by disgruntled adversaries or their agents. It is because of our belief in the public's political maturity that we feel no compunction to rush to reply to all the accusations against us in the press. We leave a lot to the good sense of the people in discerning what is right and wrong.

This is the style of the PBS government. We are not like the previous government which was overly sensitive to even the slightest criticism in the media and wanted to "correct" such reports. We are more forbearing. We tend to reply only if the charges are serious and if there is a risk that the public may not be sufficiently informed to draw their own conclusions on the matter.

Yet the government does appreciate the role of the press in helping not only to inform and educate the public and provide necessary feedback but also serve as a public watchdog. I am happy to note also the increasing public spiritedness of some

newspapers in helping to activate and entertain the public in positive ways. Their efforts in encouraging public debate in their columns, taking up problems through the "Hotline" networks and other channels and in actively promoting public participation in cultural and sporting activities deserve commendation.

An informed, concerned and vibrant public is one of the most important factors that differentiate a developed from an undeveloped nation, a developed from an undeveloped society, an advanced from a primitive economy. Viewed in this light the press is encouraged to develop a strong sense of purpose and responsibility in line with public aspirations. That means having competent and dedicated staff imbued with a high sense of professionalism. I am pleased to learn, therefore, that your club has arranged courses aimed at enhancing the level of professionalism among journalists.

While the government does not wish to unduly restrain the prerogative of editors to employ persons who are able to fulfill the high professional standards expected in a responsible free press we would like news organizations to recruit as many local people as possible. The policy remains that priority for employment must be given to the locals in view of the high unemployment rate in Sabah. At the moment we have 400 unemployed graduates. I stand to be convinced that none of them are good enough or willing to take up jobs as reporters.

So if and when the state government decides not to issue work passes to Malaysians from outside Sabah our action should not be regarded as a deliberate attempt to obstruct the functioning of the press.

It seems timely that the media in the state got together to consider how to build up the local press corps. We are concerned at seeing a sound and vigorous press of professional depth as we are in expanding the scope for local employment.

As to the laws we have in our country touching on freedom of expression, these have national application. But you can be assured that the state government will not seek to hide behind the official secrets legislation on any controversial issue just to

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spare us embarrassment. We are committed to an open government and would resort to legislative cover very sparingly or only when obligatory where national security is involved.

By the same token we have no wish to curb press freedom or add to your problems here. As I have said before we view the freedom of the press as no more and no less than the freedom of expression allowed the citizenry in our country. Just as we have no desire to curtail the freedom of expression of the people so similarly we do not wish to gag the press.

No doubt you are thinking it is time I gagged myself tonight and let you get on with the merry-making. Thank you for your patience in listening to me.

**(At the Sabah Press Club dinner
on 20th June 1987)**

CHAPTER 21

Muslims in PBS – Together We Stand

You will have realised from the increasing number of Muslims like yourselves who have joined and are joining PBS that PBS is serious about its multi-racial platform. In fact we have never wavered from our multi-racial objectives, but as the party was young and had to plunge head on into the 1985 general election a little over a month since it came into being, the party did not have an opportunity to establish and broaden its popular base. So, as it turned out all our Muslim candidates were defeated in the election. This gave the impression that the party did not have Muslim support.

The party leadership is determined to include a strong Muslim element in its power structure because we honestly believe that PBS will not be able to realise its objectives fully without Muslim support. This is why I am very happy to welcome you to PBS. I hope that as more Muslims join PBS, an increasing number of them will fill important positions in various state government agencies and local authorities to reflect the population composition of the state. There has been much criticism about the preponderance of non-Muslims in the local authorities and statutory boards in Sabah.

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It should be understood that these positions have been traditionally filled by supporters of the ruling party. We did not create this tradition. The previous governments did it and we see no reason why this should be halted now so as to include opposition supporters.

I am hopeful that before long our political base will be sufficiently broadened to reflect the state's multi-racial composition more clearly which will in turn manifest itself in the racial make-up of people holding various positions in the state.

That is as far as it concerns the filling of government positions.

In other spheres the PBS will not discriminate any race or creed in dispensing its services in the state. No area will be discriminated against simply because of the way people there voted. No one will be put to any disadvantage because of his ethnic or religious background.

We believe that the party that has been given the mandate to administer owes the people an obligation to carry out its responsibilities faithfully and without bias. We in PBS are determined to prove to all the people of Sabah that we are for all the people of Sabah and are not against any group, race or religion.

It is now abundantly clear that our opponents are not sincere when they raised so much heat and fury about the supposedly weak Muslim representation in the PBS government.

As I said earlier, our party did not get much Muslim support during the election. None of our Muslim candidates won the election. Any other party would have said, "too bad, since the Muslims did not support us, they will not have any Muslim Minister in the Government".

PBS was very considerate and had bent over backwards to include Muslims in the Cabinet, and we reserved special places for certain Muslim Assemblymen who decided to join PBS.

It is abundantly clear that it is not just Muslims that the opposition wanted in the PBS government hierarchy. They wanted Muslims from USNO or BERJAYA. Anybody who is not from either of these parties did not receive their stamp of ap-

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proval. This is a very selfish attitude and is not good for national integration and unity.

Your presence here today, and your decision to join PBS is a clear indication that you do not wish to be the exclusive property of these people who think that the Muslims belong to USNO and/or BERJAYA as if they are holding a joint-account in a bank.

You have shown clearly that you are your own masters, that you are independent thinkers, that you reserve the right to judge and determine whether or not PBS deserve the support of the Muslims in the state.

I am proud of you because you have shown that you want to be independent, you do not want to be caged and forced to follow blindly.

I welcome you today knowing very well in my mind that we can only win your support and allegiance as long as we serve you and the state well and faithfully. I know that we will have no claim to your allegiance the moment we cease to be of service to you or if we are judged incompetent or unfaithful to the people who have put us in power.

If I or my party have done things which displease you or proved to you that we no longer deserve your support, I do not expect you to continue to support us.

You the rakyat, are our masters and we must serve you faithfully and we must stand before you to be judged by you once every five years. We must abide by your verdict. If you think that we have performed our tasks well, you should give us a new mandate to administer the state for another five years. If, on the other hand, you can no longer support us and wish to have a change of government, we must bow to your wishes and should not try to cling to power by fraud and trickery. If the party no longer commands the respect and support of the people, it should bow out quietly and without fuss. It should not try to subvert or frustrate democracy. If they did, they are undermining the supremacy of the people.

Your decision to support the PBS shows that you are prepared to give us a try. You are willing to see for yourselves whether or not we can serve you better than the previous

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governments. I am sure, with God's help, we in PBS will not let you down. We are determined to show you that the non-Muslims and the Muslims in PBS are no less human beings than those in USNO or BERJAYA. We are determined to show you that the Muslims and non-Muslims in PBS are no less moral than those who are loud in their condemnation of PBS and their supporters. You can be absolutely sure that none of us in PBS will try to remain in power in any other ways except through the democratic process.

Those of us in PBS who are Muslims will not do things that will make their fellow Muslims feel ashamed. Similarly, those of us who are Christians will not do things that will bring shame and disrepute to the religion.

Finally, I want to remind you that there are greater things at stake in this country than just blind allegiance and group or personal loyalties.

With that, I welcome you to PBS and I hope more people in Semporna and elsewhere in Sabah will have the courage to face up to the truth and give PBS a chance to realise its ideals and aspirations which are for the good of all in Sabah.

(Datuk Pairin's message to a gathering of Muslim supporters in Semporna delivered by Y.B. Joseph Kurup on 23rd November 1985)

First Party Congress - A New Beginning

As we meet here today at the very first Parti Bersatu Sabah (PBS) delegates congress, I think we can be modestly proud of our party's accomplishments achieved during a relatively short period. Usually such a congress is an occasion for a political party to review its activities, correct its weaknesses and mistakes and consolidate itself while charting its future course. For a fledging party like PBS it would normally be enough to record modest progress in making known our objectives and policies and building up public support. But the PBS was conceived in abnormal circumstances and has undergone a veritable baptism of fire in its growth from infancy to a sturdy youngster in a short time. Indeed, it is no exaggeration to say that we have acquired a maturity and a standing far beyond our age during this last one and a half years since our party was formed. This has been a dramatic period for PBS and Sabah. Within 47 days of our registration, we were able to muster sufficient support to topple the former ruling Berjaya party with which many of us were once so closely associated, in the April 1985 general elections.

While our initial election success in the face of great odds was no mean feat, retaining power proved just as daunting a

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task. And we had to struggle hard to combat a relentless siege from foes on all sides. Yet we held fast to our principles sustained by our conviction that right is might. With the backing of the people, we battled on to emerge with a stronger mandate in the second general elections which we were compelled to call in May this year. No longer is PBS the problem child as it was viewed in some quarters. Rather, to cap off our performance and underline our newly won prestige and respectability, we have become the premier partner in the National Front in Sabah. With this kind of tough upbringing, this robust growth, the transition from a distrusted outsider to a cornerstone of the establishment, so to speak, we have in our short existence made an undeniable impact as a force for change and good in Sabah.

No other party in our country, to my knowledge, has experienced such a rapid ascent to power and at the same time overcome so many obstacles on the way. Even now, however, we are still at a youthful stage of our existence as a party although we are already battle-scarred after surviving the most turbulent stresses and strains in Sabah's history since the end of the war. We have surmounted trials which no other party has encountered. The attempted power grab by a group of irresponsible opposition leaders the day after the PBS won the April 1985 state elections will remain an act of infamy without precedent for its sheer audacity and contempt for the popular will of the people. In subsequent months we were confronted with a series of unsettling court cases and injunctions. All this goes to show that if we are not careful the very instruments and trappings of democracy can be used to frustrate the rule of law.

We have heard so much of the tyranny of the majority. What we were subjected to in Sabah was the tyranny of an aggressive minority which held the whole state to ransom by what they did. Also we experienced what it is like to be a relatively weak government faced by a strong opposition which did its best to unseat us. There was little else we could do from day to day except to try to figure out what trouble the opposition was going to stir up next and think of how best we could defend our-

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selves in order to survive as the government. All other matters, including development, had to take a back seat.

The aborted power grab and other acts of lawlessness which ensued show us that there are still elements in Sabah who are not committed to the principles of democracy, who are prepared to abuse it and even to destroy it to achieve what they want. Yet we can take heart from the judgment of the court which condemned their blatant attempt to deny the people their democratic right to decide which party should govern the state. The result showed that the rule of law is alive and well.

Perhaps the decisions of the courts are the yardstick by which one measures the extent of civilization in any country. We know that politics, like other aspects of life, can be turbulent and full of uncertainties. The political actions and utterances of political leaders can also be baffling and confusing. And when issues have to be resolved legally and beyond question, the courts have to step in. How the courts decide on such issues is ultimately judged not only by our own people but also by world opinion. In this instance, the way the case was resolved showed to the outside world that the rule of law is still a reliable bulwark against elements who are out to bring back the law of the jungle to our country. We are reminded, nevertheless, that it is the responsibility of all of us, especially those who hold high positions in the government, the party and society at large, to defend democracy within the framework of the laws of the nation.

As this is our first party congress, it is timely to briefly review political developments since the advent of political parties in Sabah so that we can perceive our role in better perspective. We all know that many parties have appeared on the local political scene since independence. In the early years of independence, they were all communal parties, comprising mainly USNO, UPKO (United Pasok Kadazan Organisation) and SCA (Sabah Chinese Association). An attempt was made to form an alliance across communal lines through Parti Perikatan Sabah. Unfortunately, the alliance became defunct under the menacing shadow of the once all-powerful Usno which ruled the state from 1967 to 1976. Under its dictatorial leadership during that

period, Usno abused its power to the extent that the other parties simply became its appendages. UPKO was disbanded and the SCA became a mere apologist for USNO's excesses.

In what we hoped would be a break with the unsavory past, Berjaya emerged with the help of Federal leaders in 1975 to restrain Usno and bring change to Sabah. With the formation of Berjaya, we had a multiracial party in the state for the first time. Multiracialism was tentatively accepted by the people when Berjaya replaced Usno as the State Government of Sabah in the 1976 general election. During its first five years in office, Berjaya proved to be a good government, a welcome change from its predecessors, and accomplished considerable development. The 1981 general election results confirmed Berjaya's popularity when the party was returned to power in a landslide victory.

Unfortunately, in Berjaya's second term, mismanagement set in and the state's economy deteriorated. Instead of continuing with projects that could directly benefit the people, the Berjaya leaders began to concentrate on "think big" projects of dubious merit. Increasingly Sabah fell into debt. In fact, we witnessed a lot of wasteful expenditure which nullified much of the good results which Berjaya had previously achieved.

After their convincing win in the 1981 elections, top Berjaya leaders became increasingly self-centred and arrogant and began to take the people's support for granted. They alienated the people by declaring that it was not the leaders who should thank the people for electing them to power but the people who should thank the leaders for deigning to hold office. They further antagonized the people by threatening to withhold development from all opposition-held areas on the grounds that Berjaya was a "political government". Berjaya's commitment to multiracialism also became suspect when certain party leaders began to follow in the footsteps of the former Usno regime with regard its religious activities. These leaders also upset some of us by tinkering with our cultural traditions and observances.

In such an increasingly oppressive environment, we founded PBS to save Sabah from a return to autocratic and dictatorial government. There was no other way to halt the slide as the top

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Berjaya leaders became impervious to the feelings and wishes of the people. They sought to subjugate rather than to serve. Like the Berjaya leaders before they deviated from their party's original objectives, we in the PBS also set out with high ideals and with a multiracial platform. The people responded well and rallied to our support. Unlike Berjaya which had the support of federal leaders, however, PBS had to struggle hard to come into existence.

In the face of so many choices of parties - Berjaya, Usno, SSCP, Pasuk, Bersepadu and others - the people backed PBS as an acceptable multiracial alternative to Berjaya. If the majority of our people were racially minded they would have supported communal parties. But their choice of PBS showed that they preferred a truly multiracial party to continue to represent them in government.

Nevertheless, the resurgence of Usno showed that communal parties still retained some pull. Because of its appeal to religious sentiment, Usno drew substantial support at the expense of Berjaya particularly in the April 1985 state elections. This gave rise to talk of racial polarisation. Yet it was nothing more than an attempt by irresponsible opposition leaders to turn federal leaders against PBS.

They not only falsely accused us of being anti-Islam, anti-federal and anti-Barisan Nasional but also of being a one-race party. This is nonsense and belied by the multiracial composition of our party and government leadership as well as our party membership. It cannot be denied that PBS derives strong support from the Kadazan community. Doubtless there are some radicals among the Kadazans as among other races who want their own people to fill all available positions in the party and the government. But the top PBS leadership will resist any such negative pressure from any quarter and be even handed to all.

Despite our strenuous denials of racial and religious bias, our opponents continued to hurl such charges against us to agitate their supporters in their attempts to topple the PBS Government. Our adversaries almost succeeded in overthrowing our government by engineering defections to boost their moves to

form communal parties as well as by illegal demonstrations and other disruptive activities. Through their sustained de-stabilizing efforts, they subjected our people to a period of great worry and tension. In the end we had no choice but to dissolve the State Legislative Assembly to prepare for the 1986 general elections.

With all the formidable obstacles we faced from the very beginning, we would not have lasted the course without the backing of our supporters of all races and creeds. The majority have accepted PBS as being multiracial in substance as in form and as being fair-minded. All the time our opponents have hammered on the theme that no single race can rule Sabah because of the composition of our population which we acknowledge as an indisputable fact. They have been patently dishonest in accusing PBS of representing one race and of being a Christian party. The voters have seen through their prevarications, otherwise they would not have renewed our mandate to govern Sabah.

In the face of all our difficulties, we would not have survived, let alone triumphed, if our struggle was meaningless. Therefore, we should take this opportunity to remind ourselves of the meaning of our struggle. I have already touched on various facets of our struggle. But I also want to stress that while we have succeeded in consolidating our political position, the real struggle to fulfill our election pledges to the people has just begun.

In summary, we in PBS have struggled:

- To replace Berjaya which had deviated from its 1976 promises which brought it to power;
- To carry on with the task from which Berjaya had deviated and to reinstate the state's development philosophy, efforts and perspectives which had become distorted;
- To restore racial and religious harmony which was threatened;
- To uphold human dignity and restore equality among the citizens of this land;

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- To put a stop to undemocratic and arbitrary actions at the whims and fancies of the government leaders; and
- To save Sabah's flagging, debt-burdened economy.

In our election manifesto and policy statements, we have promised the people a lot and our overriding commitment now is to fulfill what we have promised. Let me stress that our struggle did not end with our 1985 electoral victory, any more so with the renewal of our mandate this year. Now that we have attained political stability, reinforced by legislation outlawing crossovers in the State Assembly, we can devote our attention to revamping the social order and proceeding with much-needed development in Sabah.

What helped to sustain our just cause in the early days of our party's formation was the sympathy and support we received from many people the world over, especially fair minded people in our sister states throughout Malaysia and in Kuala Lumpur. A few newspapers championed our cause. The majority derided us and when the crunch came were positively hostile to us. They tried to create a negative public opinion against us, but were unsuccessful. World opinion was for us. So our cause is not an isolated, localized happening which can be forgotten the moment we achieved our immediate objective and became the government.

As we embark on our biggest and most difficult struggle, we must justify our struggle to date, our cause, ourselves and those who supported us and continue to do so with high expectations. We must not let our supporters down. To me, PBS' struggle and those who tried to destroy us has put right and wrong in dramatic juxtaposition. It is almost akin to a black and white contrast. Let us not, therefore, destroy PBS and ourselves by causing a hideous mutation in which the white changes to black. In the light of happenings over the past one and a half years, such an eventuality (God forbid) would make our people lose faith in the whole democratic process and cause them to treat any party leader as suspect in the future. The whole nation is watching us. The world may be watching us. We ap-

peared on the scene as the underdog fighting a just cause, like David, with a sling in hand, confronting and toppling a heavily-armed Goliath. Having achieved our quest, let us not be found wanting and be criticized for resting on our laurels and damned for incompetence and greed.

In order to attain our party objectives and fulfill our ideals, we must first of all set our house in order so that we can interact with the rakyat and the government machinery correctly and effectively. We must organise ourselves thoroughly at all levels of the party, from our branch and divisional structure to the top leadership. All systems both in the party and in the government must function properly. Those holding elected or appointed office who are assigned specific portfolios or duties must perform these tasks and must not push the work to other people.

In these difficult and challenging times we do not want to be burdened with deadwood. We cannot afford to maintain excess personnel who make little or no contribution. And those who have become a liability or an embarrassment to the party or the government should withdraw from the scene or resign. They should not cling on and be a burden to the rest of the organisation. Personal ambition should be subdued. The interests of the organisation and the larger interests of the state and nation must take precedence in whatever we do as a party and government.

All of us must keep the party objectives in the forefront of our thinking. Let not our attention be diverted by in-fighting and factional wrangles within the party. If we cannot settle our differences amicably among ourselves how can we be entrusted with the important tasks to which we are expected to address ourselves? We must, therefore, realize our full commitment to our noble cause and cooperate with one another to achieve our just goals.

In looking at ourselves, let us not pretend that PBS is immune to corrupt tendencies. It cannot be denied that there are many corrupting influences all around us in the society in which we live, compounded by the past pervasive tradition of

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political patronage. All this could lead to a real test of our integrity and strength to resist those whose intentions are not in the interests of the state government and hence our people but merely in the interests of a handful. We must not forget that PBS was voted to power to put an end to misrule where the leaders of the previous ruling party and their business associates became richer while the majority of our people, particularly the rural poor, remained impoverished. We must therefore, avoid corruption like the plague because it is a menace which can weaken and destroy our party if it takes hold.

Never should we lose sight of our objectives to strive for fairness, justice and equal opportunities for all our citizens. It is important that we keep in constant touch with the grassroots through an improved communications network. Both party and government leaders must go to the people and find out what their requirements are. Do not wait for the people to come to us with their problems. We must ensure that there is effective interaction between the party and government machinery to enable us to obtain adequate feedback from the people and take appropriate follow-up action. As the Berjaya leaders preached but never really practised, we must conduct ourselves as if fresh elections are just round the corner. Let us not repeat their mistake of appearing in the villages only at election time. The people appreciate the power of their vote. They will support us only so long as we implement our pledges on development.

In this regard, the party organisation must compile a party calendar to show our visits and activities in all localities during the year. If we cannot always assist the people with money, let us at least try to help them in kind with organisation, advice, leadership, and involvement in village self-help projects. Let us not engage in gotong royong projects just for picture taking. We must really work with the people on schemes designed for lasting benefit. When we are in the villages, we must not set ourselves apart from the residents. Let us not expect VIP treatment. Eat with the villagers, however simple the meal. Discourage receptions which are time consuming and costly. The money and effort can be more usefully expended. In the villages, and

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the towns for that matter, we are the servants, and the people are the masters. Let us not forget this in our role as the government.

Unlike our predecessors in government, PBS will face quite a strong and vocal opposition. But we accept and welcome such opposition, in the hope of course that it will be constructive. Effective opposition is something new in the history of Sabah politics despite the lip service paid by previous ruling parties to this democratic concept. We in PBS must bear in mind that our activities will be closely monitored by the opposition. Therefore, we will have to be that much more aware of the need to behave properly. Not that if we did not have a strong opposition we would not behave properly. But the existence of a vocal opposition makes it imperative that our conduct be exemplary.

Not only do we have to keep our objectives constantly in view but we need to have an acceptable yardstick by which to measure our standards of behaviour. These are inclined to be somewhat distorted by expediencies and petty personal interests so much so that what is right and proper within narrow interpretations maybe quite wrong viewed in the broader perspective of state, nation and the people's interests at large. It is important to understand and accept that a constructive opposition is beneficial to the ruling party because of the need for built-in checks against excesses, against corrupt practices, abuse of power, nepotism, arbitrary actions, injustices, or in short, all that is detrimental to the people's interests.

In the face of overt opposition and an increasingly discerning electorate, we cannot be passive or complacent like our predecessors on the government benches just because of our large majority in the State Assembly. Unlike the members of the previous government, we must not hesitate to speak out frankly and fearlessly as individuals. All of us who are Assembly members must diligently attend meetings of the legislature in order to represent the views of our constituents and report back to them.

Though we have restored the use of the title of "YB" (Yang Berhormat) outside the Assembly, this is not intended to isolate

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us or keep us aloof from our constituents. Rather, it is to underline the dignity of our office which we must uphold by serving our constituents conscientiously. Whether or not we retain the respect and confidence of our constituents will be determined by our attitude and performance in safeguarding and advancing their interests.

Also we expect those of us who have been elected to parliament to regularly participate in the proceedings of the House. We must similarly justify the faith and trust which the people have reposed in us. I hope all our parliamentarians are giving thought to preparing their maiden speeches in the Dewan Negara and thereby advancing the interests of Sabah and the nation. Likewise we expect all our party members who have been appointed to paid positions in statutory bodies and government agencies to carry out their duties responsibly and efficiently. If ever any of us should find our tasks too onerous or uninteresting we should resign and make way for others who can devote more time and energy to the work.

Now that both the state and parliamentary elections appear to be behind us for the next few years let us try to put politicking aside and concentrate on creating harmony and good-will, not just among ourselves, but among our political opponents as well. Let us build bridges, not walls or moats to isolate ourselves.

Let us not be too rigid and exclusive and classify our supporters in two categories representing original PBS supporters and latter-day supporters. Most of us were active in Berjaya or Usno before. We left these parties only when we found we were unable to reform them from within. We welcome good and capable leaders to join in our struggle. Those who did not throw in their lot with us in 1985 or subsequently but wish to join us now are welcome to, if they are sincere and want to contribute to the PBS cause for the wellbeing of our people and state. They should not be kept out because they kept their distance from us earlier. No one should be barred from membership. PBS is for everybody. It is not an exclusive club. In particular, we must seek to win over those who voted against us and assure them

that we are a fair and just government committed to development wherever it is required and is within our means to provide.

As the principal component of the National Front in Sabah, we must cooperate with other parties too, especially within the framework of the Front. Now that we are in the Front we must abide by certain precepts and considerations, even if it is against our natural inclination to do so in relation to our political opponents at state level. But we will always put Sabah's interests in the forefront of our thinking. Let us say Sabah's interests are the constant factor in our considerations - all else are variables - and this is evidenced by the resolutions which have been tabled at this congress for debate.

Having progressed this far after our earlier desperate struggle for survival and recognition, it would be quite natural for some of us to come to this congress with a feeling of euphoria. I know most of us would be happy with a respite. While we all need to relax at times, however, we must guard against resting on our laurels. Let us not make the mistake of believing that time is on our side.

While it is true that our convincing electoral victory this year and our membership in the National Front has given us five years of relative political stability in office we have to make full use of this time to achieve our objectives. I cannot stress enough that our real struggle i.e. to bring about progress and prosperity for all our people and not just a privileged few, has only just begun. Let us not bungle this golden opportunity to do something worthwhile for Sabah and Malaysia. Opportunity does not knock twice, as the saying goes. Therefore, we must seize this time and acquit ourselves honorably.

In striving towards our ideals let us set a high standard of conduct. Let us not compare ourselves and our performance with those we have struggled to replace. We must set a higher standard and not stoop to the baser level of others to justify or find excuses for any shortcomings or incompetence on our part. We have allowed democracy full rein both in the party and in

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the government. I ask you not to abuse this privilege by becoming side-tracked and preoccupied with personal pursuits.

In conclusion, let us not forget how hard we struggled against tremendous odds and what we have gone through, not for ourselves, but for a just cause. We promised the people a lot. Now is our chance to fulfill our promises. We have limited time to implement all the development projects earmarked for Sabah in the Fifth Malaysia Plan as well as to introduce other schemes or innovations. Everyday we are judged. We must realize that we have to face the people in less than five years' time and give an account of our deeds or misdeeds. We must, therefore, rely on our daily conduct and performance to maintain the support of the people and hopefully win in the next elections. We still have time to prove our worth and must, therefore, make good use of it now. I hope that our deliberations and the decisions of this congress will add impetus to our struggle towards this end.

**(Keynote address at the First Parti Bersatu
Sabah Congress, Dewan Tun Fuad Penampang,
on 23rd August 1986)**

Second Party Congress – We are on Course

On this very memorable occasion we will do well to look back over the past year and to take stock of our performance and the progress that we have made since we last met.

We have from the beginning identified certain areas in which we should carry on the struggle to bring about progress and development for the benefit of the people. We have identified these areas in our party manifesto in 1985 and again in 1986. As party members, especially party leaders, it is our duty and responsibility to go back to these two documents frequently not only in order to remind ourselves of the party's philosophy and the aims of our struggle but also to establish whether or not we are moving in the direction that we have set for ourselves in our party manifesto.

The Economy

Perhaps no other subject touches us in a more profound and personal way than the economy of the state as we are all concerned about the effects of the prolonged recession.

In Malaysia where the public sector plays such an important part in the development of the country a serious reduction in public sector spending would inevitably result in a sharp

decline in economic activities throughout the country and Sabah has not been spared the adverse effects of the recession.

Furthermore, the sharp decline in the State and Federal Government's financial capabilities coincided with the first two years of the PBS Government and this, coupled with the political turmoil in 1985 and 1986, has hampered the new State Government's efforts to bring about change and development to the state.

There are signs, however, that the economy is on the mend. The prices of our primary commodities have improved considerably in recent months, particularly the prices of timber in the overseas markets.

Before long both Parliament and the State Assembly will meet to legislate next year's budget. We will perhaps see more development allocations as a result of the anticipated increase in the financial capabilities of both the state and federal governments. It is therefore not too premature for us to look to next year with cautious optimism that public sector spending especially in infrastructure and related development will energize the economy and accelerate the momentum towards full economic recovery.

Two events of major importance occurred in recent weeks which will have a far reaching effect on the state's future development. The first was the launching of the Sabah Action Blueprint and the second, the introduction of Red Book II in Sabah. Neither of the two documents contain revolutionary ideas for economic development. What is significant is the firm commitment to the goals which they require of development planners and implementors in both the public and private sectors, and our willingness and determination to so commit ourselves.

The Sabah Action Blueprint

As I have briefly outlined in my speech when I launched the Sabah Action Blueprint, the aim of the Blueprint is to spell out the form and substance as well as the direction of the state's economic development both immediate and long term. The ultimate aim of the plan is for Sabah to break away from its tradi-

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tional status as a producer of raw materials for the industrial economies and net importer of manufactured goods. The plan envisages a future in which the state will have a broader base economy founded on an efficient and diversified range of primary commodities on the one hand and a thriving downstream manufacturing sector on the other. Such reorientation of our economy will make us better able to withstand the vicissitudes of the world economy to which we have been so vulnerable.

You will no doubt appreciate that this is the only direction for us to take if we are to achieve a measure of economic independence. What we plan to achieve may not be accomplished within the next four or five years or even the next ten years but a start has to be made now and it is our responsibility as the party in government to initiate action that will lead us toward the desired goal. A journey of a thousand miles begins with the first step. Now that we have identified our goal we should move resolutely in that direction with a firm sense of purpose and commitment, and determined to overcome all obstacles which may lie in the way.

The Red Book II

You will perhaps recall that the Red Book system which featured prominently during the Second and Third Malaysia Plans sought to involve the people at the grassroots level in the development efforts. The Red Book system achieved a modest success in providing basic infrastructure in the rural areas even though it has not brought about a notable improvement in the standard of living and quality of life of the people. The incidence of poverty in the rural areas has remained high although there has been some increase in the income level of some people.

Red Book II or MERAHDUA is the successor of the Red Book which guided our development activities during the earlier five year development periods.

Through Red Book II the Federal Government has formulated a new programme of action at the district level to spearhead rural development. Under the programme the Government departments and agencies will work hand in hand with political

and community leaders in a concerted effort to bring development and progress to their respective areas. The concerted effort involves the people at the village level, the JKKK and the district office in a bottom-up process from project identification, through planning to implementation.

The introduction of Red Book II offers a good opportunity for you as leaders at the grassroots level to take an active part in the development of your areas. I expect you to be fully involved at all stages of the development process. The system requires you to think carefully about what project you would like to see in your areas. You must travel widely to all the kampungs and hold discussions with the local people, especially in matters concerning project identification. In the past there had been a tendency to think of development in terms of roads, bridges, balai raya, houses of worship, wells, etc. These are no doubt important projects but I hope that other projects will also be considered, especially projects that will bring direct economic benefits to the people. You should identify these avenues of economic development. I know many of you tend to regard development in terms of your immediate localities, sometimes even in competition with other areas. There is this negative attitude that anything outside of your immediate area is not within your sphere of interest or concern. I must urge you to discard this narrow view. When you try to identify projects or economic activities you should consider their potentials and effects for the whole region. You should bear in mind that for any economic activity to be viable the enterprise should be on a big enough scale to cater to a larger market. You should therefore consider projects that can involve several kampungs, or the whole district or even a much larger area. And if the projects you wish to carry out include little ones like building a kampung road or bridge, or sinking a well or other community projects that the people can carry out themselves, you should encourage them to carry them out on a gotong royong basis using local materials and labour as far as possible. Of course if the job is complex and requires expensive materials you should try to obtain government help. But the point remains that you should be directly in-

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volved in organising and marshaling the people's active participation to carry out the project.

Red Book II also involves the collection of a large amount of data about the localities. Here again I expect you as local leaders to take a keen interest and play a leading role in assisting the appropriate officials to collect the data. You will appreciate that without a detailed knowledge of the area development planners will not be able to plan development programmes effectively for the area.

In line with the renewed emphasis on downstream processing of raw materials envisaged by the Sabah Action Blueprint it is the Government's serious intention to set up processing centres throughout the state close to the source of raw materials. Again, you as leaders are expected to play a leading role not only in identifying such industries, but also in seeing to their implementation and smooth operation. The private sector is expected to take an active part in these programmes and there are no better persons to provide the link between the people and these private sector enterprises than you. The success or failure of the Action Blueprint hinges on such close rapport among all the actors in the complex development process, and you are in the forefront of these cooperative efforts. Your role is no less important than the government functionaries with whom you are to work closely throughout your career as political as well as community leaders in your respective areas.

State-Federal Relations

The State's development effort also depends greatly on close co-operation and rapport between the State Government and the Federal Government which shoulders the major part of the development burden. Although theoretically, and ideally, the relationship between state leaders and federal leaders should have little or no bearing on the Federal Government's responses to the State's needs, PBS seeks to develop a close rapport with leaders of the federal government as well as leaders of all the component parties of Barisan Nasional. I urge you to do the

same at your level in your daily dealings with Government officials of federal as well as state departments and agencies.

There have been remarks on many occasions by various people, especially opposition politicians that the PBS leaders are antagonistic towards federal leaders and have accordingly attracted negative reactions to the extent that Sabah's interests are adversely affected.

Such criticisms are totally unfounded. PBS has never been antagonistic towards federal leaders. If making a stand on certain issues affecting the state's interests can be construed as being antagonistic how are State leaders supposed to articulate and protect the state's interests? PBS holds the view that every component part of a federation is a member of the large family and each should feel free to present its views on any issue especially those which affect it. To say that federal leaders would react negatively to any expression of divergent views is to impute negative attributes to the federal leaders.

We believe that federal leaders are men of integrity and would not penalise a state or abrogate their responsibilities and commitments to the people simply because certain state leaders have made a stand on issues affecting the state that are somewhat different from their own views on these matters. We also believe that it would be a lot easier for federal leaders to discharge the federal government's responsibilities and obligations to a state if the state is able to articulate its needs and interests coherently and forcefully. It is difficult for a leader to relate to anyone who does not seem to know what he wants.

We cannot deny the fact that there is a wide gap in the extent of development between East Malaysia and West Malaysia.

I have had occasions to travel by road to different states in Semenanjung Malaysia where I was particularly impressed with the four-lane highways linking the states with Kuala Lumpur. I am particularly taken by the expensive railings along almost the entire length on both sides of these highways. They appear to be an unnecessary expense considering the dire needs elsewhere. These luxurious super highways are a far cry from the conditions of our roads in Sabah. Although allocations have

been made to upgrade roads linking the major towns in the state the quality of these roads is no where comparable to even the minor roads in Semenanjung.

PBS wishes to work towards closer state-federal relations founded on mutual respect, trust and sincerity and the letter and spirit of the constitutional provisions which govern relationship between the two. However, we also believe that the nation's interests are better served through a more balanced and equitable regional development. We would like the Federal Government to carry out more infrastructure development in Sabah so that more land and industry may be opened up to realize the state's growth potentials. I would like to take this opportunity to thank the federal government for the allocations already received for the construction of roads and bridges. I hope there will be more to come.

Freedom of Expression

Perhaps no other aspects of the PBS era are more marked than the degree of freedom and, I may add, abandon with which criticisms, allegations and malicious utterances are hurled at the party and the government. Certain mass media are unashamedly hostile towards PBS and have no qualms about printing malicious allegations, however unfounded, against the PBS government.

Along with freedom of expression, the due process of law too is being abused by our opponents in a vain attempt to harass us and to divert our attention from more important matters.

Of course we do not relish such unwarranted hostility, but we realize and accept the fact that democracy presents a party in power with a great deal of inconvenience which it must tolerate.

Dissensions within The Party

There have been reports in the press about dissensions and squabbles within PBS. That such occurrences have attracted undue attention suggests that in-party differences and debates considered commonplace in the older democracies are still news

to those who have been accustomed to blind obedience and total compliance which characterized the monolithic character of some political parties in this country.

PBS leadership regards a certain degree of dissension within the party as a safety valve and as a source of valuable feedback. But we will not allow dissension to disunite and weaken the party and will resort to disciplinary measures if the integrity of the party is threatened.

The party machinery needs to be further improved. We must be alert to changes in the political dynamics within the state and within the nation.

Islam and Muslim Support

Allegations that PBS is anti-Islam have continued unabated. These allegations are made by our political opponents who continue to resort to race and religion in an effort to isolate us from our Muslim brothers and sisters, and to turn UMNO against us.

They have not succeeded because the great majority of the Muslim population have realized that PBS is sincere and will always abide by the party's multi-racial ideology that accommodates and protects the interests of all the different racial and religious groups in the state. Our ideological stand and message is coming through to everyone clearly and it is heartening to note that the Muslims are taking notice favorably. PBS has fought and won two by-elections in areas long regarded as USNO strongholds. The implications are unmistakable. PBS is steadily gaining Muslim support. This is so because those who accuse us of being anti-Islam do not speak the truth and have therefore lost all credibility. Facts speak for themselves. The State Government under PBS has maintained the State Government's annual grant of \$18 million to MUIS to finance its various religious programmes and Islamic activities. This has not been reduced at a time when few other allocations have been spared the axe.

Recently a group of Senators visited Sabah to take a close look at the situation in the state. They went away happy, and

spoke well of the PBS Government's conduct and performance. We thank them for their sincerity and honesty as we have thanked others who have similarly looked at us in the proper light, and we sincerely invite those others who are still unconvinced to come and visit Sabah and see things for themselves. I am not given to making unjustified claims but I dare say that we are not doing less for Islam than the most Islamic of the states in Semenanjung Malaysia.

The PBS-Gerakan Confederation

You have, no doubt, heard about the possibility of a loose confederation between PBS and Parti Gerakan, a Semenanjung based party. Like PBS, Parti Gerakan is a multi-racial party. The two parties share a common belief, which is that Malaysia will progress and prosper in peace, unity and harmony as one people and one nation through a political will and action shared by all the different races working together as one people and not as separate, mutually exclusive communities. We believe that it is desirable and eminently possible for political parties which adhere to these multi-racial precepts to represent and look after the interests of all the people regardless of race or religion.

PBS and Gerakan leaders often met and discussed things and we realized that our political philosophies are almost identical and that it will be in the interests of national integration and the cause of multi-racialism to place relationship between the two parties on a more formal footing. We decided that such a confederation should be open to other parties which share our common ideological stand in the context of present day Malaysia. Both parties agreed that membership of the confederation should be open to multi-racial component parties of the National Front. PBS and Gerakan officials are working on the Confederation constitution and will hold more talks before presenting the final proposal to their respective leaders for approval. The ultimate aim of such a confederation is to provide a larger platform on which the two parties can articulate multi-racialism and cooperate in matters of common interests. Contrary to unwarranted speculations the Confederation is not an

attempt to challenge the National Front in any way. On the contrary it seeks to strengthen and enhance the National Front as the only vehicle for cross-communal cooperation and rapport at this stage of the country's political development. I would like to stress that the proposed confederation is not a merger. Our aim is to foster close cooperation between our two parties but the question of merger does not arise.

At the party congress last year a number of resolutions were passed. They include, among others, the resolution to revive the Sabah Padi Board which was closed down by the BERJAYA Government, and steps to be taken to reduce the unemployment problem.

These issues have been considered and we have taken preliminary steps to tackle them as best we can.

The Sabah Padi Board

As far as the Sabah Padi Board is concerned the State Government is studying the matter to see if its revival will lead to a significant increase in the area under padi cultivation. Past experience indicates that the non-cultivation of padi land is due to many factors, including human factors which cannot be readily solved simply by the existence of a padi board.

The Government has, however, initiated plan that will increase rice output in the state, even to the extent of self-sufficiency. A large area is being earmarked for the cultivation of rice through a joint-venture arrangement with a group of Taiwanese investors. I am hopeful that the area will one day be Sabah's most productive rice growing district. The question of reviving the Padi Board, however, will be further studied in the context of the State's overall rural development strategy. At this moment we see more positive than negative points and may therefore decide in favour of reinstating the much maligned Sabah Padi Board as one of the measures to encourage rice cultivation. Such an eventuality may lead to more gainful employment for the rural people.

The Unemployment Problem

The serious unemployment situation prevailing in Sabah at this moment will take up a lot of time and attention at this congress, as it did at last year's. One report puts the unemployment figure at 11% of the state's population. The unemployed include school leavers and diploma and degree holders as well as re-trenched staff from the business sector. Relative to the state's small population this unemployment figure is quite staggering. If our information is correct the unemployment situation is intolerable and unacceptable.

A few measures are being considered to tackle the problem. They include denying job openings to outsiders, providing incentives in the form of further royalty rebates to timber processing companies to persuade them to employ local people, lower fees for local establishments (such as coffee shops and restaurants) to induce them to employ local staff, setting up a central monitoring and planning body to regulate, control and emplace labour in-takes, (this is being implemented through the Employment Service Bureau (ESB) which is being formed), introducing a policy of minimum wage to ensure that employers do not recruit cheap migrant workers, and generally creating more employment opportunities.

There is also plan to increase land related job opportunities to check the rural-urban migration of young people. This plan is anchored on the premise that land is plentiful in Sabah and that a lot of the people who leave the rural areas are land owners who are not gainfully employed for one reason or another. The problem is being carefully studied and analyzed and a comprehensive action plan is being formulated to solve the rural unemployment problem.

The measures being considered cover a broad front, which include:

- the acquisition of various skills appropriate to the rural economy;
- incentives to increase agricultural production;
- rural processing and marketing organization;

- tourism;
- cottage industry and handicraft development;
- vocation training in such occupations as woodwork-
ing, brick laying and masonry work and plumbing;
- animal husbandry;
- fish farming, etc.

In order to improve and sustain the rural economy the plan envisages widespread vocational training and an adult education network throughout the state possibly organised and funded by the Sabah Foundation.

PBS believes that half-hearted, flash-in-the-pan measures will not produce a lasting solution to the problems that we face. We must deal with them thoroughly by going to the roots of the problems. It may take us a long time to solve these problems, but we believe that such solutions will have a more lasting effect. If we bear in mind that 70% of our population reside or come from the rural areas we will realize how important it is to regard rural poverty and stagnation as the source of the state's unemployment problem.

National Integration

National integration has been the subject of considerable interest and discussion in recent times. I have expounded my own views on the subject on a number of occasions.

PBS believes firmly that national integration must be given adequate attention and priority and must be dealt with sincerely and imaginatively. PBS is working in earnest towards national integration and unity, and expect all Malaysians to play their part to achieve this important goal. PBS believes that sincerity and not lip service is the key to national integration. We extend a hand of friendship to all those who regard us as Malaysians and accept us as they find us.

The Challenges Ahead

Looking back on our struggle over the past two and a half years we thank God for what we have accomplished against so many odds. We certainly have much to be thankful for when we

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compare the relative peace and tranquility we enjoy today with the upheavals and uncertainties that our people experienced not so long ago. We have been able to get down to making progress in tackling the difficult problems confronting our people and state in keeping with our election pledges and will prepare ourselves for the challenges ahead.

As the recent Bongawan by-election again confirmed, the people are with us. They are on our side. We represent people of all races, cultures and creeds. But while we take pride in sustaining and extending the measure of support that we enjoy among our people we should not be complacent. We should forge ahead and tackle with the many problems we face more vigorously and more positively. While we all have our personal goals we should give undivided support to our party and government in our sincere struggle to overcome the difficulties besetting our state and nation.

The objectives we have set ourselves in the party are clear. They are in keeping with the Malaysian Constitution, the State Constitution and the PBS Constitution and embodied also in the Rukunegara. They reflect our own conviction as PBS leaders and members. Let us march forward together towards our goal. We cannot dawdle and meander our own separate ways or we will weaken our party and precipitate a return to the old situation of disorder and upheaval.

Now that we have achieved a certain measure of success it is too easy to relax and forget the terrible and traumatic experience we have been through. Let us not forget the ordeal of those earlier days when a small band of us set out to form our party. It is well to reflect on those harrowing days and often sleepless nights and appreciate the fact that it is only through our struggles together, by believing in the same peaceful desire and objectives and understanding and tolerating one another that we have achieved success this far.

Let us not forget that without the cooperation and support we gave one another and without increasing the understanding of our existence to attract more people we would not have become an unstoppable force and achieved what we have achieved

so far. More important, as we face up to the challenges ahead let us remind ourselves clearly and with honest dedication that **UNITED WE STAND, DIVIDED WE FALL.**

Most assuredly we have to continue to remind ourselves of this motto. To ignore it will be at our own peril. For we know that the opposing forces will continue to harass and plague us given the slightest chance at each step of the way on our path to the future. So we must be strong and strengthen our support for one another and in the full belief of the rightness of our struggle to reach our objectives.

Our party is for peace, progress and prosperity. Let us embed this desire in our innermost heart and understand it to the full. It is at the core of PBS as a multiracial party. Our struggles are for each and everyone, one and all. Let us struggle together resolutely as one united people.

While our party is Sabah-based we are Malaysians first like every other Malaysian citizen. And as Malaysians in Sabah we must always be recognized as such with all the rights and privileges accorded to us under the Federal and State constitutions, and obligations as citizens. Being a multiracial party we stand for the rights of each and everyone of our people regardless of considerations of race, culture or religion. We believe that this is the sure way to peace, progress and prosperity.

A major ingredient in our struggle to overcome our present problems and the challenges ahead is peace. Right from the beginning peace has been our foremost objective and it will continue to be so. PBS was formed as a multiracial party to foster a common identity among all the people of this country. We believe that without tolerance, understanding, unity and harmony that come with peace there can be no real progress and happiness. We must all keep to this path of peace whatever obstacles are put in our way.

Towards this end we must maintain a long term struggle. We must keep constant vigil all the time against irresponsible people who would seek to disrupt and destroy peace.

If we remain steadfast and true to the noble cause which inspired us to struggle and strive against so many odds in the ear-

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lier days, we will remain a strong political force and will be able to faithfully and effectively serve the rakyat who have put us where we are.

**(On the occasion of the Second Congress of Parti
Bersatu Sabah on 11th October 1987)**

Third Party Congress - Making Good Progress

As we again take stock of our situation, it is appropriate that we assess our progress in managing the economy, improving the administration, stepping up rural development, tackling unemployment, solving the illegal immigrants problem and dealing with other issues. We must all play our part in projecting and safeguarding our image as a clean, efficient and trustworthy government. Right from the beginning we have identified priority areas for attention. They cannot be easily resolved but I call on you all to rally round the leadership so that, together, we can continue our struggle with unrelenting zeal.

The Economy

We have got over the worst of the economic recession as the latest economic indicators seem to suggest. Sabah along with the rest of the country is well on the way to economic recovery. The nation achieved a growth rate last year of 6.5 per cent in the Gross Domestic Product (the total value of goods and services produced in the country). But Sabah substantially exceeded the national growth rate by registering a gain of 11.4 per cent.

PAIRIN'S SPEECHES

The impetus of our robust growth has come from the increase in our commodity exports, particularly of logs and processed timber, and also the addition of new export items such as methanol and hot briquetted iron. However, the inclusion of crude petroleum exports as our second major export commodity in the calculation of the GDP gives an exaggerated picture of our real economic growth as the state receives only 5 per cent of total petroleum income in royalty payment.

But the performance of the state economy for 1987 and again this year has been very encouraging. The major commodity prices are buoyant and the balance of trade remains most favourable. The manufacturing sector which for the first time added paper to our range of exports along with methanol and hot briquetted iron is performing well. The construction industry although still sluggish is showing signs of recovery. New investments are coming in.

For 1988 we do not anticipate such a high level of growth of the state economy but 6 per cent is achievable.

State government revenue rose to \$1,411.51 million in 1987 – about 40 per cent higher than the sum of \$1,099.47 million we collected the previous year. The forestry sector including processed timber as well as logs accounted for no less than \$1,000.65 million of our state revenue compared with \$552.71 million in 1986. We have earned a lot more money from timber royalties and are utilizing these funds to further increase development.

The implementation of both state and federal funded projects under the Fifth Malaysia Plan is running smoothly although it could be further improved. Delays and poor project planning and implementation have still to be reduced particularly in the provision of educational and medical facilities.

While we owe the improved commodity prices to the upturn in the world economy we can also claim credit for the improvement in the economy by restoring stability and confidence in business activities in the state. We have taken new measures to improve the administration and provide the framework to further stimulate economic growth. I believe we have managed the

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economy sensibly to help us reach the present levels of achievement.

Being a prudent government, we have exercised great caution as we are aware that the influence of outside economic forces are not within our control. The prices of logs and other commodities are uncertain and so we are pursuing our efforts to build a broader economic base by increasing the range of our exports and by processing more locally. It is unwise for us to remain over dependent on log exports for state revenue even though we are planting fast-growing trees on a massive scale to supplement production from our depleting natural forests. Meanwhile, our efforts to promote further downstream timber processing industries are producing worthwhile results as can be seen from the substantial increases in our exports of sawn timber, plywood and veneer.

I am glad to report progress in our efforts to put Sabah Gas Industries (SGI) and Sabah Forest Industries (SFI) on a sound footing. The world prices for methanol and hot briquetted iron have picked up sufficiently for us to view the future of the SGI gas utilization investments with some confidence. The management of SFI too has overcome the teething problems that beset the pulp and paper plant and has brought it into production. I thank the Federal Government for its cooperation in helping to resolve some of the problems of SGI and also SFI.

While the technical and financial start-up problems of these billion-dollar industrial undertakings have been of great concern to us we have also sorted out most of the problems faced by other ailing government-owned companies. For example, we have taken steps to restructure Permodalan Bumiputra Sabah Berhad (PBSB) with a view to privatizing some of its subsidiaries for more profitable operation.

In keeping with the objectives of the Sabah Action Blueprint to diversify the economy, we have encouraged foreign investors to come to Sabah. We have received very good response. Joint ventures are being encouraged particularly in our resource based industries and a number of companies have committed themselves to sizable investments. We welcome outside

investors to participate in joint ventures with local companies so that we can enjoy the benefits of technology transfer as well as capital infusion.

The machinery for the implementation of the Sabah Action Blueprint (SAB) has been set up but progress is somewhat slow initially. The Department of State Development is responsible for monitoring the implementation of the Blueprint with assistance from the Institute for Development Studies (IDS). The response from both the public and private sectors has been encouraging especially in the exchange of ideas and information.

Our economic growth spurred largely by the timber, agricultural and manufacturing sectors, has benefited other sectors as well. The supporting service industries such as wholesale and retail trade, transport, finance, restaurants and hotels have all registered improvements.

However, the last thing we want at this stage is complacency. The state government will do its best to attract more investments to Sabah and gear up the administrative machinery to meet the challenges ahead. I feel confident that with continued political stability and a firm commitment on our part we can accelerate growth and development of the economy.

Rural Development

With our improved financial position, we have introduced new measures to increase development particularly in our rural areas. It is estimated that 74.4 per cent of our people still live in the rural areas and they probably account for most of the 33.1 per cent or so of the population who, it is believed, live below the poverty line.

To help the rural people, we are concentrating on the provision of basic infrastructure particularly road access to remote and depressed areas. We are also upgrading the existing infrastructure in the more accessible areas. About 70 per cent of state funds set aside for road development is for the construction of rural roads. In addition, about 70 per cent of state funds allocated for water supply will be spent for the benefit of our rural people.

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Last year we provided an additional \$25 million for minor rural projects alone. The money has been allocated for local roads, balai raya and water and power supplies. All this is intended to raise the standard of living of the rural people.

The sincerity and seriousness with which we are tackling the problem of poverty alleviation can be seen through the formation by the government of the Kudat Task Force. We have set up this committee to determine in what way we can uplift the standard of living and increase the incomes of the poor and improve the people's livelihood in the Kudat region.

A pilot rural credit scheme called Projek Usahamaju is also being carried out in Kota Marudu within the Kudat area. The project which is modeled on the Grameem Bank system of Bangladesh and which provides credit exclusively to the rural poor is being jointly undertaken by the IDS and the Rural Development Corporation (KPD). As a pilot project we approach it in a cautious manner. Loans are given for cultivation of cash crops, fishing, animal husbandry, petty trading and cottage industries. Hopefully this pilot scheme will prove successful so that it can form the basis for further credit programmes in other similar depressed areas of Sabah.

The increased allocations for minor projects in all districts are also related to the introduction of Red Book II or Buku Merah Dua in Sabah as part of the new Federal Government programme of action at district level to spearhead rural development which I outlined to you last year. At least the first phase of Red Book II involving the gathering of information and data for better planning, implementation and monitoring has been implemented. The machinery has been set up and it remains for us through government departments and agencies in cooperation with local district and village committees to do our best to mobilize local manpower resources to achieve better planning and implementation of projects. Grassroots leaders among you have an important role to play in this respect.

To further assist subsistence farmers to become more productive and self-reliant we have introduced the Community Forestry Project programme. The programme is being carried

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out by the Forestry Department in conjunction with companies given logging licences so that our people who have long depended on our forests for most of their basic needs also benefit directly from the timber industry. The timber companies construct houses in centralized villages and provide basic community and economic facilities such as balai raya and fish ponds and also pay towards road development.

The Sabah Foundation is now extending the community forestry concept on a broader scale in Ulu Kinabatangan in line with the People Development Concept which we are going to implement to further tackle the problem of the rural poor as well as uplift the rural economy. I believe that the Ulu Kinabatangan scheme which I launched in Tongod earlier this month has added a new dimension to rural development. The construction of new roads linking new villages will facilitate the opening up of undeveloped areas for our people to farm.

In response to the appeals of the rural people seeking secure ownership of land the government has stepped up the issuance of native titles and field registers. From 1985 up to September this year 10,546 title deeds have been issued. But I must stress here that land owners should work harder to till all their land and not just part of it leaving the rest undeveloped.

The government will extend both financial and advisory assistance but the people must be prepared to respond. I am happy to note that a good many of our people are responding positively and this promises better results.

While we continue to increase allocations for rural development we will also look after the interests of our urban dwellers to ensure balanced development. The government is, for instance, implementing plans to extend urban water supplies to cope with the rapidly growing demand.

It should also be remembered that the uplifting of the rural economy will benefit the towns too. The rural dwellers still comprise about three quarters of our population. We want to help them to increase their incomes so that they can take advantage of the new facilities that are provided them and so reduce their dependence on the government. Given a stronger purchasing

power in the hands of the rural people it is expected that town centres will also benefit.

Unemployment

In the past year we have introduced new measures to overcome our unemployment problem. From existing data it is extremely difficult to ascertain the actual extent of unemployment in Sabah given the indeterminate nature of the occupations of our rural people and the further complications due to the presence of a large transient foreign population. It has been estimated on the basis of a recent survey that the unemployment rate is about 11 per cent which is a slight improvement on a previous estimate of 11.4 per cent. The decline in unemployment is probably due to the increased level of economic activity.

But we still face the paradox that there are many more immigrant workers in various occupations in the state than the estimated number of local workers wishing to work but not being able to obtain employment. Immigrant workers have long made up the bulk of the state labour force in plantations, in the timber industry, construction activities, quarries and factories. They also form a large proportion of workers in our retail and services industries such as coffee shops, hotels, hair dressing saloons, nightclubs, to name only a few. There is really no shortage of jobs for local people if they are prepared to accept jobs in these establishments.

Where the employment of migrant workers is concerned, we know of course that the problem is compounded by the fact that many local employers prefer to engage foreigners to reduce labour cost and circumvent labour laws. Therefore we must pursue more vigorously the policy of giving jobs to local citizens first.

The Labour Department takes a very firm stand in this respect. As from 1st January next year employers will be prosecuted if they are found to be employing migrant workers without valid travel documents or work passes. All employers will be required to give priority to local people when looking for workers. The Labour Department will approve applications to

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employ foreign workers only if local people are not available. Therefore, we must step up our efforts to motivate our own people to take over the jobs presently held by migrant workers. If we can achieve this we can solve the unemployment problem.

In this respect we have established the Manpower Resource Development Bureau as a new department in the Chief Minister's Department. This Bureau will assist in the placement and training of job seekers as well as regulate the employment of foreign workers. We encourage our people who are either jobless, under-employed or seek alternative work to register their names at District Offices or with JKKKs particularly in rural areas where there are no Labour Offices so we can assist them.

In addition, the People Development Programme is being implemented by Sabah Foundation under which training centres will be set up to provide specific skills in rural centers. The future of our economy is very much dependent on agriculture, reforestation aquaculture, mining, fisheries and tourism and we therefore need a lot more people to be trained for jobs in these and related industries.

We try to tackle unemployment at all levels, for those with very little education as well as for the educated unemployed. Many of the latter are university graduates. We have responded to requests from unemployed graduates by absorbing some of them temporarily in the civil service and helping to place them in the private sector as well as providing them land for agriculture development on a cooperative basis. The incomes of course may not be up to their expectations. But as unemployed people they have to be prepared for a period of adjustment.

There will be job vacancies to be filled in the government sector this year. The jobs will mainly be in the teaching and medical and health services and in the security forces and I hope that our young people with the necessary qualifications and aptitudes will fill these vacancies. I understand that there are still vacancies in our teacher training colleges, and that only about 30 per cent of some 200 scholarships offered by the Education Department to local graduates to train as teachers have been taken up. This lukewarm response to career in teach-

ing is most regrettable considering the serious shortage of graduate teachers in Sabah.

As leaders of party divisions and branches you can help us overcome the unemployment problem by organising job guidance seminars for young people in your areas. You should encourage them to be bold and enterprising and accept the challenges of new job opportunities even if it means moving away from families and familiar surroundings to other parts of the state. I am pleased with the improved response of our people to being settlers in FELDA land settlement schemes at Umas-Umas and Sahabat and I hope that many more who are eligible will take this golden opportunity to resettle in such well-organized schemes on the east coast.

Transient Population

As you know we are tackling the problem of illegal immigrant workers or the transient population very seriously. We have taken the necessary steps over the past year and, I believe, are making some headway towards reducing the problem or at least making it more manageable. Along with the census survey and registration drive to get a more accurate estimate of the Indonesian and Filipino presence we announced an amnesty offer in June following talks with the Indonesian Manpower Minister. The aim of the amnesty of course is to enable foreigners already in the state illegally to return to their home countries without fear of prosecution to obtain valid travel documents which are necessary to obtain work passes in Sabah. The amnesty deadline expires at the end of this year after which our labour laws will be strictly enforced.

The response to our survey has been encouraging. No doubt some illegal immigrants will avoid being counted and so we may never get a really accurate count of the transient population. The present rough estimate is as high as 300,000 people. But we are trying to get as near the true number as we can.

What we are dealing with is not just having too many illegal immigrants in our midst, but also a host of attendant problems pertaining to security, crime, health and many other

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related problems. We are very happy with the response we are getting from the Indonesian and Philippines Governments to our attempt to solve the problem. I think this is a good sign because it shows that all relevant authorities are really concerned about the wellbeing and safety of their citizens and are willing to work together with us to solve this problem.

State-Federal Relations

The relations between the State and Federal Governments have improved and a good rapport has been established. We now have a better understanding of each other and appreciate each other's role in the development of our state and nation. I believe that we have built up democracy in the state, improved understanding among the different races and achieved a level of political stability that has in itself further enhanced our relations with the Federal Government.

We must continue to pursue strong State-Federal relations and look after Sabah's interests in Malaysia. We need the full support and cooperation of the Federal Government to solve the illegal immigrants issue and reduce the high incidence of crime and other social problems related to the presence of aliens in such large numbers in Sabah. At the same time we look to the Federal Government for the necessary development allocations.

While we are rightly concerned about the high crime rate I would like to express our appreciation to the police for the good job they are doing. They have stepped up action in many areas. They have uncovered and arrested members of syndicates involved in all kinds of criminal activities including the forgery of identity cards and gambling rings. The police are increasing the number of armed personnel to be stationed in the east coast.

Corruption

The opposition have made some wild allegations against PBS leaders about corruption but their allegations have remained unsubstantiated. But we cannot pretend that corruption does not exist. Therefore we owe it to the nation to try and overcome this social disease.

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Previous governments have not been able to eliminate corruption. As part of our effort to stamp out corruption I am proposing that as from 1st January 1989 all cabinet members, assistant ministers and other Assembly members will have to declare their assets. We may also be asking civil servants to declare their assets. This is one way of combating the problem. We accept the fact that corruption is difficult to eradicate and will attempt to do whatever we can to reduce its incidence in Sabah. Towards this end we also want to reduce bureaucratic red tapes in government not only to streamline procedures in processing applications but also to reduce the opportunity for corruption.

The Opposition

Apart from repeated charges of corruption against PBS, the opposition parties have also been going round saying that there is going to be a general election soon. But I would like to say that this is not the case and that the next elections will not take place until 1991. We will do the full term. However, the opposition propaganda is good in that it keeps us alert.

I also ask you to be alert to the dirty tricks of irresponsible opposition leaders. They have accused us of not carrying out development which is quite untrue. We are in fact doing all we can to bring development to all areas regardless of party allegiance.

The opposition accused us of planning to reduce the old age assistance scheme. In fact it was the previous government that stopped assisting the aged who have children and this they did regardless of their circumstances. We are reviewing the old age scheme with a view to restoring payments to the elderly whose children cannot afford to support them.

As far as it concerns applications by other party members to join PBS our stand is that opposition party members who are so inclined are welcome to join PBS provided they are sincere and are really prepared to change their allegiance and accept the philosophy of our struggle and our objectives. I would urge all divisions to accept such applications. We welcome new members

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from any party, but at the same time the party will not tolerate anyone, old member or new member who goes against the interest of the party.

The Challenges Ahead

Let us keep in mind that our political struggle does not end now that we have come to power. We must work harder to bring more development and progress to the state and people. We must strive to strengthen the party leadership at all levels, to maintain our principles and carry out our duties and responsibilities sincerely and with dedication. There is a need to reflect on the party's manifesto so that members are continually aware of the challenges ahead.

We must reappraise ourselves and our conduct and performance in terms of our contributions to the development of the state. There may even be a need for changes in the leadership structure in order to strengthen the party. We must not be afraid of change for the good of the party and the state.

There is a need to further strengthen unity within the party so that we are able to accommodate and fulfill the various demands and needs of the different ethnic groups in the party. The strength of a multi-racial party like PBS lies in unity and this we must preserve, harness and develop. But at the same time we must be wary of the enemies within and the opportunists. Public interests must come before personal interests.

**(At the Third Delegates' Congress of Parti
Bersatu Sabah on 30th October 1988)**



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The sombre look of Datuk Pairin and other party leaders gathered together at his official residence Sri Gaya belies the triumphant moment for PBS. This photograph was taken at a press conference following the party's landslide victory in Sabah's 1990 general elections.

Fourth Party Congress – Bersatu!

I feel honoured and privileged to welcome you to the Fourth Congress of Parti Bersatu Sabah this morning. I thank God for enabling us to be together again in this important gathering, united in spirit and fused with a sense of mission in our struggle towards our ideals. The presence and inspiring address of the Prime Minister and Barisan Nasional president, Y.A.B. Datuk Seri Dr. Mahathir Mohamad yesterday at our opening added great significance to this congress. His presence was a clear demonstration of the Federal leaders' support for Parti Bersatu Sabah, and underscores our unity and solidarity within the Barisan Nasional family.

To our friends and colleagues from the Barisan Nasional component parties, we extend you a warm hand of friendship and we thank you for your show of support by coming here today.

The theme for this year's congress is to unite to serve the people (Bersatu Berkhidmat). This is indeed a fitting sequel to the theme of our congress last year which was "to unite and continue our struggle" (Bersatu Terus Berjuang). The congress theme is also very much consistent with our Silver Jubilee

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theme (Sabah Bersatu Bersama Maju) which stresses our aim to achieve unity and progress as one people.

The call to unite to serve the people could not have at a more appropriate time. Parti Bersatu Sabah is a little over four years old. We have come a long way since 1985. We have achieved substantial progress in our attempt to bring about political and socio-economic progress to our people. We have not let the people down.

The task to serve the people is a sacred one and I am grateful to God that we have stayed together and remained faithful to that mission. I must thank you all for the patience and trust you have placed in the PBS leadership to spearhead this struggle. I also salute the people for their support and cooperation and for working hand-in-hand with us in our endeavour to serve the people.

History of the PBS Struggle

History is a powerful force in man's destiny. It enables us to reflect on the past so that we can chart our future more confidently and with a greater sense of mission. Before we look briefly at our recent history we will do well to recall how our political struggle began and how it developed so that we do not lose sight of our ideals and the tasks ahead of us.

You will remember that Parti Bersatu Sabah was formed at a time when the BERJAYA government was becoming increasingly intolerant of any form of opposition or criticism, when it was apparent that there was wide spread mismanagement and wastage of resources, allegations of corruption, and acts detrimental to the interest of the people of Sabah.

Indeed during those crucial times I was thrown out into the political wilderness where I felt quite alone. Very few leaders had dared stand up with me to oppose the BERJAYA government. This was perhaps understandable because these leaders were anxious to protect their own interests.

I am sure the abrogation of Tambunan district is still fresh in our minds. This was an act of injustice that infuriated the people not only of Tambunan but of the whole of Sabah and the

rest of Malaysia. This act of tyranny was the beginning of the end of the BERJAYA administration.

Looking back, I am most grateful that during those difficult times the people of Tambunan stood solidly together in the face of great hardships. The Tambunan people were, of course, not alone. They had the full support of the people throughout Sabah. Together, we stood firm, and handed down our verdict in the 1985 elections. Parti Bersatu Sabah's decisive victories in the general elections of 1985 and again 1986, despite great odds demonstrated clearly the peoples' decisiveness and their determination to fight for a future in which their interests and human dignity will be trodden underfoot no more.

Let me say that it was these bitter beginnings that shaped the political philosophy of Party Bersatu Sabah. We had personally experienced what it meant to be down trodden, to be deprived of any say in the development process.

When we formed Parti Bersatu Sabah we offered to the people of Sabah a solemn promise that we would free them from the oppressive atmosphere and the feeling of being on the outer periphery of the government's obsession with its "think big" projects. We also promised the people that we would restore the rights of the Bumiputra of Sabah who had been classified as Pribumi, along with the illegal migrants and refugees.

I am exceedingly glad that as I look at the audience this morning I see familiar faces everywhere. Most of you are pioneer leaders of our struggle, and have worked so hard together sharing both good times and bad times to develop the party, to fulfill its goals, and bring development to the state. I thank you for being faithful to our mission, selfless in your support, and unwavering in our struggle.

Suspension of "The Gang of 10"

The reasons for the Supreme Council's decision to suspend their membership have been explained fully through the media and directly to all PBS Assemblymen, Members of Parliament and grassroots leaders and supporters of the party. I have also personally visited Ranau and explained in depth to the people

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the reasons behind the decisions of the party leadership. And so, I do not wish to dwell in detail on this matter because we have also other important business ahead of us today. Suffice it to say that we did not want this party which you and I worked so hard to build to be manipulated and taken advantage of by a handful of power hungry members who would do anything to achieve their selfish ambitions. There was clear evidence that they were actively plotting to undermine the political foundation and interests of the party. Accordingly, pending a further investigation and recommendation of the Party's Disciplinary Committee, the Supreme Council has suspended their membership in the party. But I think before the Disciplinary Committee meet on 2nd October 1989, the question of membership will have been overtaken by events.

Of course, in the last few weeks two of the leaders have resigned and found a full-time job smearing and discrediting the party that helped build their political career and placed them where they are. I urge you all to be very careful with this type of people who are out to disunite us for their own political ends. They are the kind of people we can do without in PBS. I raise again the demand of our grassroots supporters for Kalakau to vacate his Tuaran seat and seek a new mandate from the people. This is a legitimate demand because the people in the Tuaran constituency have openly voiced that Kalakau can no longer represent them and serve their interests.

Datuk Mark's Position

As far as Datuk Mark Koding is concerned, I am saddened by the fact that instead of trying to prove his innocence, he has waged war against the party instead. In the past month, he has not had any positive thing to say about the party. It seems obvious that he made up his mind long ago to leave the party and was only waiting for an opportune time to do so.

It was never my desire to drop Datuk Mark from the State Cabinet. I did my best to groom him as No. 2 in the government and I gave him every opportunity to demonstrate his capabilities, commitment and leadership. Unfortunately, on many oc-

casions, I found his performance wanting. We held several private discussions on this matter and he promised to improve.

However, there was no improvement and he continued to show indifference by regularly missing important public functions and meetings with no satisfactory explanations. These included Cabinet and board meetings and official functions. His conduct and actions and those of his close associates clearly showed that they no longer subscribed to our mission, that they were actively making plans to leave PBS and to oppose us. His public statements and events in recent weeks have clearly confirmed this fact. Happily he has now resigned from PBS.

I am glad that the Supreme Council of PBS has the political will to make hard and painful decisions for the sake of our party, its members and supporters. This is the kind of stuff that makes a political party strong and powerful. We must be ready to deal firmly with those who breach party rules and regulations and who seek to undermine and threaten our existence for selfish reasons.

Only then can the party effectively continue with the great task of serving the people and taking care of their rights and aspirations. I want to thank you for your understanding in this matter and for the expression of widespread support for the actions taken by the leadership to preserve the integrity of our party.

Despite the unfortunate events of recent weeks, I am glad that we have maintained our composure and calm. Let me assure you that there are many capable leaders in the party who will replace those who cannot work with us as team members and who betrayed us. Our struggle must go on. We must remain united and continue with the vision to serve the people and bring development to all, irrespective of race, religion, culture and political affiliation. Remember, this is the PBS mission which we must fulfill.

Economic Management

In last year's congress, I spoke at some length about our achievements since we took over the realm of government in

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1985. I emphasized then that despite great tribulations and harassments from all sides, particularly in the first two years of our term in office, we have achieved significant progress on all fronts. I spoke, for instance, on the economy which has continued to improve this year.

This year, we are expecting the State economy to achieve a growth rate of 9.3% in terms of gross domestic product (GDP), compared to 6.8% in 1988. Large government corporations which are losing concerns in 1985, such as Sabah Gas Industry (SGI), Sabah Forest Industries (SFI), Sabah Land Development Board (SLDB), Sabah Development Bank (SDB) and Yayasan Sabah (YS) began to turn around in 1987 and made further improvement in economic performance this year. These achievements have been largely due to our restoration of stability and confidence in business activities in the State.

I am also proud to say that the PBS Government has done much to tackle unemployment in the State. The unemployment figure has been reduced from about 11 per cent last year to just slightly below 10 per cent at present. The creation of the Manpower Resource Development Bureau in the Chief Minister's Department has enabled us to obtain accurate information about the unemployed. This has made it possible to place them in suitable places of employment where their skills are required. The implementation of the People Development Programme by Yayasan Sabah and Projek Usahamaju by Korporasi Pembangunan Desa have provided new jobs for young graduates and unemployed youths. In addition, the improved performance of government corporations has led to the creation of new job opportunities in the commercial sector.

Rural Development

In terms of development priorities, rural and infrastructure development continues to dominate our socio-economic programmes, without neglecting of course the development of the urban centres. In the 1989 budget, for instance, about \$331 million (or 72% of development expenditure) was devoted to rural and infrastructure development. This is consistent with the Government's

objective of effecting dynamic development of the rural sector to alleviate poverty, improve rural incomes, and reduce urban/rural imbalance that tends to promote migration of youths from the rural areas to larger towns. All government agencies involved in rural development are also required to reexamine their development strategies in order to achieve these rural development goals.

In addition, the Projek Usahamaju operated by Korporasi Pembangunan Desa (KPD) with the research support of Institute for Development Studies (Sabah) (IDS) is now being implemented on a wider scale to help poor farmers improve their incomes through better access to rural credit. We expect this programme to contribute substantially to poverty alleviation in economically depressed areas in future.

The People Development Programme (PDP) of the Yayasan Sabah has also begun to show significant results as demonstrated by the pilot project in Tambunan. Pilot projects are now being under-taken at Nabawan, Kota Belud, Beaufort, Kinabatangan and Pitas. Recently, Yayasan Sabah also recruited about 110 unemployed graduates to be trained as People Development Catalysts who will spearhead the implementation of the People Development Programmes in all districts throughout the State. These are indeed encouraging development that will go a long way towards achieving our rural development objectives.

Investment and Business Activities

The Government has stepped up efforts to attract more foreign investments into the State. We are also in the process of reviewing our existing investment incentives to make Sabah competitive as an investment centre in the region. The Government is injecting substantial funds to provide modern infrastructure in industrial estates in the hope of providing greater manufacturing activities in areas like the Lok Kawi and Inanam industrial zones. New attempts at investment promotion are also being made and we are very optimistic that by the end of the year, we shall see greater flow of foreign investment into the State, particularly in wood-based industries.

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Arising from the larger allocation for infrastructure development and minor rural projects (\$37 million) this year, economic activities in the rural sector have also increased significantly. The \$500,000 allocated for each constituency for projects costing up to \$25,000 largely implemented by JKJKs has enabled the grass-roots to participate directly in these programmes.

So overall our economic achievements have continued to surpass expectations and by the time the financial year ends, most of the smaller and medium-size government projects would have been completed. This means that the economy is expected to improve further in the coming year, thus creating wider opportunities for business improvement, employment creation and, ultimately, poverty reduction.

Let me now turn to the challenges which I foresee will continue to dominate our attention in the immediate future. The resolution of these issues will necessarily form part and parcel of our mission and struggle in the coming year as we aim to serve the people with a renewed sense of commitment and vision.

Balanced Development

First is the subject of development for the people. And this is where the theme of this congress is most relevant. The goal of the political process is to bring change and development to society. Development here must be carefully defined and understood by those who plan and effect development. For any definition that simply equates development to an increase in national income may not lead to a visible improvement in the livelihood of the masses, and so development in the true sense of the word has not yet taken place.

In the context of our situation in Sabah, the way we interpret development is therefore very critical. We must equate it with the related tasks of alleviating poverty both in the urban and rural sectors, reduction of income inequality between the rich and the poor, facilitating political participation of the masses in decision-making, effective conservation of our environmental heritage, and improving the quality of life of the

populace. This is what I call balanced development. And the development philosophy of PBS must be reoriented to capture these goals and aspirations in a more comprehensive and dynamic fashion.

If we adopt these goals as the tenets of our political mission, I am confident that our attitude and approach to serving the people will be filled with new zeal and commitment. We must remember that development is about people and not projects. And therefore, we will treat people as both targets and the dynamism of development.

Our interpretation of development will not tolerate a situation where some people permanently live in poverty while others live in lavish affluence. We will also become aware that the uneducated poor can contribute to their own self-improvement if we make them partners in development. As a result, we are injecting a built-in dynamism that will propel them to improve their lot and well-being. At the same time, we would like to foster the awareness that we are merely stewards of our natural resources. Our present generations do not own them, and have no right to exploit these resources without regard for the welfare of future generations.

These are what I believe the elements of development that we must bear in mind as we aim to bring balanced development to our people. I hope you will play your part in the coming year in making this vision a reality. It is a task that will require more than just skills and resources. It requires moral commitment and emotional involvement from each of us.

Ethnic Relations and Harmony

The second challenge that we will face is the quest for enhanced ethnic relations and harmony among our multi-cultural and multi-religious people of Sabah. In PBS, all ethnic groups are accommodated freely and treated equally. Our struggle is founded on this principle. It is for this reason that I believe strongly that our party has contributed enormously to the preservation of unity and harmony in the State, despite the existence of groups and political parties that aim to propagate

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various kinds of chauvinism. There are even those who form political parties to argue a case for the correct name of a particular community. Through these actions, they actually propagate racism which is inconsistent with the established principle of multiracial politics.

When I reflect on this matter, I feel sad that even after 25 years of independence and having achieved so much in our quest for political stability and harmony, there are still leaders who would want to throw these achievements out of the window for the sake of championing their narrow ethnic interests. In PBS, let us move forward with the times and do better than what our forefathers had achieved. Let us nurture the spirit of understanding and friendship among our diverse ethnic groups, preserve our good relations, and resist those who seek to disunite us.

National Integration

Third is the pursuit of national integration. I am glad to say here that PBS has continued to enjoy close relations with other component parties of the Barisan Nasional from the Peninsula and Sarawak. Over the years we have established close relations with one another as we continuously find better ways to work together and contribute to the development of the country. The presence of the Prime Minister and the strong contingent of leaders from the various Barisan Nasional component parties at this congress clearly demonstrate the solid support we enjoy from the Federal leaders and Barisan Nasional component parties.

As a result of these efforts, our relations with the Federal Government have never been better and we have continued to enjoy the cooperation and confidence of the Federal leadership. This is important because harmonious Federal-State relations is an essential prerequisite to achieving national integration.

Let me stress again that the PBS Government is committed to work intimately with the Federal Government in order to cultivate mutual trust and understanding. We hold regular consultations, particularly in respect of formulation and implementation

of policies. The pursuit of good relations with the Federal Government and the quest for national integration will always remain a top priority of PBS. I would like to call on you to contribute to the fulfillment of this goal.

Transient Population

The final point that I wish to raise is the problem of transient population which is perhaps the most thorny issue and the biggest challenge that we face. You will remember that last year, the Settlement Division of the Chief Minister's Department completed a census survey and registration drive to get a more accurate count of the Indonesian and Filipino presence in Sabah. This exercise was undertaken by the PBS Government in fulfillment of our manifesto to do our best to tackle the issue in a systematic and comprehensive manner, within the limits of our resources and power.

The findings of the study together with an exhaustive list of recommendations and action plans to resolve the problem were submitted to the Federal Government last December. Regrettably to date, the problem still remains unresolved, and the serious social and other threats to this State and the country as a whole persist.

I have personally conveyed to the Prime Minister the plea of the people of Sabah to resolve the problem once and for all and I am still optimistic that he will respond in due course. The Special Task Force to deal with the transient problem has already been set up. It is a matter of time before it gets into full gear.

On our side, let me reaffirm our commitment to work closely with the Federal Government so that a long-term plan for resolving the issue can be worked out effectively.

A Noble Task

I have tried to highlight the major challenges confronting the party and the role that we should play in harnessing these challenges into opportunities. To conclude, let me remind you again that the PBS mission is very noble. We have struggled hard to be where we are today. And we thank the people for

giving us the opportunity to serve them. But the task is still unfinished.

The theme of the congress calls us to unite to serve the people. I would like all of us at this congress to pause and reflect, to ask ourselves what it really means to serve the people. As I said the challenges ahead are many but together in unity we can face the future boldly, and triumph over these challenges.

But in order to fulfill our mission we must be totally committed to the party's mission and struggle. We want leaders who are prepared to persevere despite pressures from those who wish to destroy us. We need leaders whose hearts are with the people; those who are willing to go alongside the masses and help them to improve their lot. We need people who are ever ready to sacrifice their personal interests for the rakyat.

I know people say it is not easy to find leaders that have these attributes. But you see our struggle is for the people. And this is what makes it noble. We have no place in the party for leaders who are half-hearted, insincere and only concerned with their own personal gains. We do not want non-performers. We want champions. Champions for democracy, for freedom and for people development.

I am confident that I can find these people in this auditorium. We need to rise to this challenge and offer the best we can for the people. This is the PBS struggle and we are here today because it is our responsibility to fulfill this mission. I call on each and everyone of you to offer yourselves freely to the tasks ahead, so that together with the people we can work hand-in-hand and find fulfillment in the service of our country.

**(Keynote address at the 4th Annual Delegates'
Congress of Parti Bersatu Sabah (PBS)
on 30th September 1989)**



The Prime Minister Datuk Seri Dr. Mahathir Mohamad visited Sabah on 29th September, 1989 to declare open the 4th Annual Delegates' Assembly of Parti Bersatu Sabah. The Prime Minister's visit was probably the high water mark of state-federal relations during the entire period of PBS rule in Sabah. Unfortunately, less than a year later the relationship plunged to its all time low as a result of PBS' pull out from the National Front coalition on 15th October, 1990.