

INSTITUTE OF CURRENT WORLD AFFAIRS

GDN-15
Rural Development - III
Politics and Organizations

12 Road 5/35
Petaling Jaya, Selangor
Malaya
1 June 1962

Mr. Richard H. Nolte
Institute of Current World Affairs
366 Madison Avenue
New York 17, New York

Dear Mr. Nolte,

Malaya's main emphasis in economic development today is on rural development, but this has not always been so. The shift to rural development came only after the war, and did not really get started until 1950.

The Ministry of Rural Development is today in the vanguard of the organized effort to transform Malaya into a modern productive economy, but this, too, has not always been the case. The Ministry was only formed in 1959, taking over broad functions that had previously been the responsibility of the Rural and Industrial Development Authority (RIDA), an organization that was itself less than ten years old at the time.

A large part of what can be called the character of Modern Malaya, still incompletely formed, is written in this new emphasis and in the new organizations formed to give life to this emphasis. Let me briefly trace some of Malaya's recent history to illustrate this.

The immediate post-war period was dominated by the need for reconstruction. Malaya's major industries, tin and rubber, had suffered considerably during the occupation and were badly in need of resuscitation. The same was true for the entire urban sector with its disrupted communications, distribution, and social services. Putting the country back on its feet, which was actually accomplished with great speed, was primarily a job of urban development that left the old rural areas untouched.

Nor was there much negative reaction to this from Malaya's indigenous leaders, who were not in any sense modern political leaders; at least not until 1947. In that year the British Government attempted to rationalize and centralize the government of Malaya under a Malayan Union. Partly because of the high-handed way this was attempted, and partly because of what they stood to lose under the Union, the Malays rose up in the first modern political movement the country had known. Out of the movement the United Malay National Organization (UMNO) was formed, still the most powerful political party in the country. And out of this movement, Malaya began to hear the first call from its political leaders for more emphasis on the rural sector.

The Malays boycotted the Malayan Union government, refusing to accept seats in the appointed legislative council. So effective was this opposition that the Union lasted only a year. The British capitulated

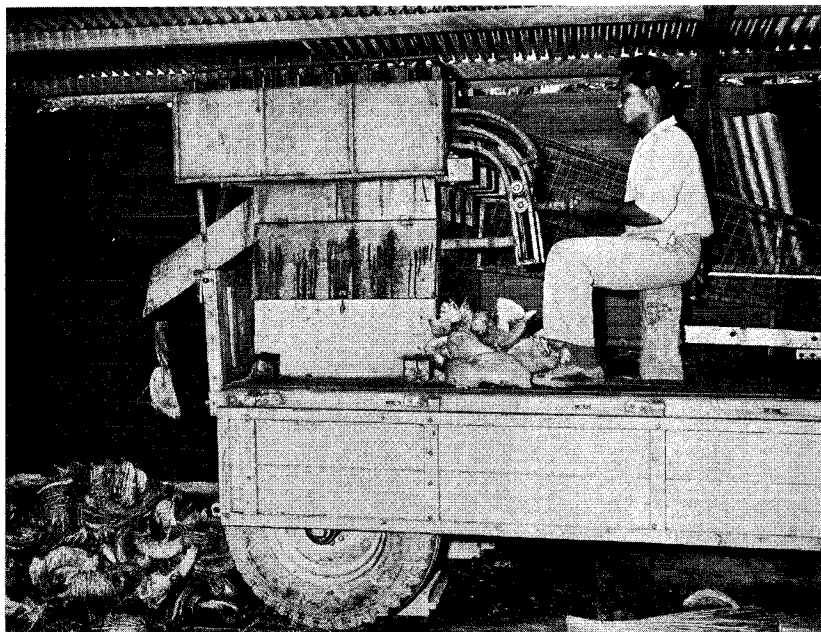
and formed a new government under the Federation of Malaya Agreement in 1948. Under this Agreement the Malays took an active part in the government and under this Agreement the country was brought to full independence in 1957.

In the years since 1948 the demand for and the rationale of rural development have become fully articulate. Political leaders argue that the old foreign government was concerned only with developing the urban areas or the rural areas of direct commercial importance. The new indigenous government must turn to the task of full national development. For the moment this must mean rural development to redress the imbalance caused by giving exclusive attention to the urban areas. The leaders also argue that most of the people are rural (in 1957 57% of the population lived in places of less than 1,000), and the task of any democratic government must be to provide for the majority of the people; this again means rural development. Finally, past developments have created a wide gap between the wealthy, urban Chinese and the poor, rural Malays. The interests of national unity demand that the gap be closed. This line of reasoning has become fully pervasive in Malaya. I have heard it, like a phonograph record, from cabinet Ministers, Chief Ministers of States, administrative officers and politicians in general. It appears to serve the function of showing that the new indigenous government is really different from the old foreign government, and of demonstrating the basic parliamentary democratic character of the new government.

A new emphasis like this does not keep itself going, however. To translate this emphasis into action, individuals and organizations must be specifically charged with performing the action. It was this understanding that led to the formation of the Rural and Industrial Development Authority in 1950.

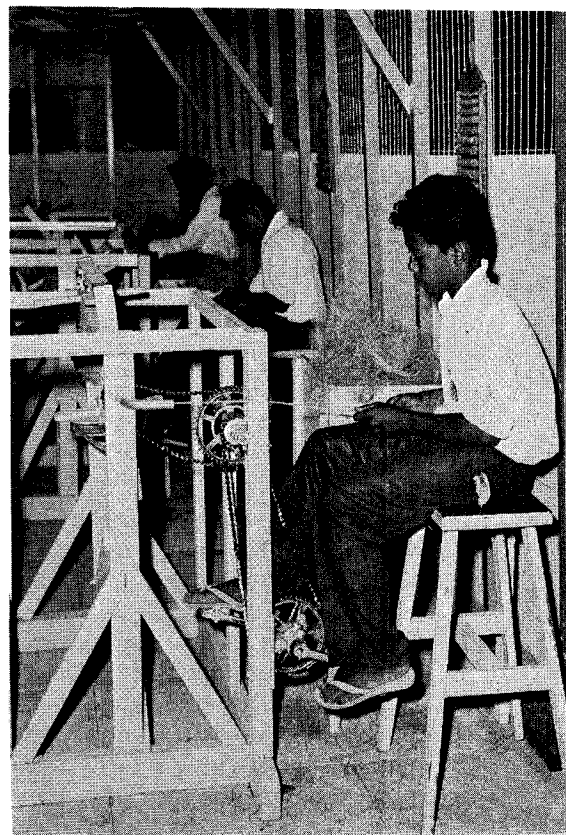
RIDA was originally formed as a semi-governmental agency, but in 1954 it attained the independent status of an Authority. This was to give it power to borrow money independently of the treasury, and power to make its own personnel policy independently of the Public Services Commission. It was also to give RIDA freedom from the day to day political pressures that were emerging as independence drew near.

Under the able direction of its founder, the late Dato Sir Onn bin Jaafar, RIDA began its attack on rural poverty with great vigor. Enlisting the rural people in self-help schemes, RIDA has built roads and bridges, bicycles paths and community halls; dug wells, installed piped water and sometimes even electricity. It has given loans and technical assistance to farmers to free them from costly indebtedness and to help them to increase their productivity. It did research and conducted trial programs in the mechanization of rice cultivation. It has given loans and technical instruction to small businessmen and producers in all kinds of activities from shopkeeping and carpentry to handloom weaving. It has fostered the development of cooperatives for fish marketing and helped fishermen to motorize their boats. It opened a boat yard to train builders and to supply small modern craft to the Malayan market. In an effort to cut out the middlemen and bring higher returns to the producer, it built a rubber factory, began the canning of Malayan fruit, and began the production of a shrimp paste commonly used in Malayan cooking.



RIDA Training in
Cair Production

1. Coconut husks are crushed



2. The fibers are pounded out by hand...

and spun into twine and rope...

for M\$3.00 a day while in training and M\$1.00 a day in the village.

In the annual reports RIDA looks like a dynamic and imaginative organization working effectively to increase the productivity and the living standards of the rural people. In fact, however, RIDA has been a dismal failure.

RIDA roads, bridges and cycle paths are still in existence providing some of the overhead capital needed in the rural areas, but that is about the best that can be said for RIDA efforts. From the beginning RIDA has had difficulty in obtaining the cooperation of the State governments and the technical agencies of the Federal government in development projects. They had interests of their own and were not always willing to listen to RIDA's suggestions. In short, RIDA has never been able to do the job of coordinating all efforts at rural development, as it was originally designed to do.

RIDA has been plagued continually with a lack of really qualified staff. For the most part it has not exercised its independence from the Public Services Commission to offer the kinds of incentives needed to attract and hold qualified people. Although RIDA has had some competent and devoted officers, it has had more than its share of men using the organization as a stepping stone to upgrade themselves in the civil service list. And as in most of the civil service here, advancement has been determined by formal qualifications and time-in-grade far more than by technical competence.

Most of RIDA's ventures into production have been based on someone's "good idea" rather than upon careful market and production analyses. As a result, goods and skills have been produced for which there is no demand. The canned fruit doesn't sell and has gone bad in other ways as well. Perhaps thousands of slightly toxic tins of fruit are still on the market. Despite the seriousness of this discovery, it appears impossible to get the kind of administrative action needed to get the tins off the market, even in RIDA's own retail shops. No one knows how much the canning operation costs, but retail prices for the fruit are now at what appears to be about half of production costs. The shrimp paste is put up in half pound packages that sell for about \$1.00. But they do not sell because shrimp paste is the kind of thing the housewife normally buys in 10¢ pinches. The rubber factory was built to accomodate twice the amount of latex it can get from the surrounding small holders and is consequently operating inefficiently and at a loss.

RIDA has a coir training center, teaching kampong men to make products from coconut fibers. The husks are crushed, pounded by hand in a backbreaking process to remove the fibers, which are then worked into rope and mats. The training course lasts six weeks, during which the trainee receives \$3.00 a day plus room and board. Back in the kampong, the graduate can pound out the fibers at the rate of about $2\frac{1}{2}$ pounds in an eight hour day. For this he can make the grand sum of \$1.00 per day, even at the subsidized price RIDA pays for the fibers. At almost any other job, and certainly many that are less arduous, a man can make between \$3.00 and \$5.00 a day. Needless to say, none of the trainees go back to coir making in the kampong. They are drawn to the training program by the \$3.00 a day allowance, and they don't spend much of the training time in pounding husks.

RIDA started a training school in farm machinery maintenance in Ipoh. This was while research on the mechanization of rice cultivation was still going on. The research has generally ended, with negative results. The training school is now closed, the machinery lies idle, and none of the trainees are now engaged in any form of mechanical work. The dockyard has had a similar history, but with a happier ending. Started in 1952, the yard went through a series of unsuccessful managers. It continued to lose money, and its scope of operations had to be greatly curtailed, not least because it was discovered that there is really no market for the kind of small modern craft the yard was designed to produce. In 1961, under the supervision of a British naval architect sent out under the Colombo Plan, the dockyard made its first profit, and appears to be getting back on its feet.

From the beginning, RIDA was, as its name implies, to be concerned with the rural areas. It was understood that this would mean mostly the Malays, but it was not understood how soon this would mean Malays exclusively. In this, the fortunes of RIDA have been closely tied to those of Dato Onn, its founder.

After the war Dato Onn bin Jaafar emerged as Malaya's most articulate and dynamic leader. Until the elections of 1955 it appeared certain that he would be the country's first Prime Minister, especially since he had the firm backing of the British. In RIDA he had an organization that would also gain for him the backing of the rural people. Unfortunately, Dato Onn was apparently somewhat ahead of his generation. He wanted a fully unified Malaya and was willing to push the Chinese and Malays together forcefully if necessary. This caused him to leave the UMNO party because of its racial exclusiveness and to found what eventually became the non-racial Party Negara. It was also this interest that led him to direct RIDA's efforts to the New Villages.

During the emergency the government found it necessary to relocate the half a million Chinese who lived as squatters on the edge of the jungle. These people were resettled in "New Villages" and RIDA did some of its best work providing amenities - water, schools, electricity - to the Chinese in these villages. This brought down on RIDA's head a storm of criticism from the Malay community. It was argued, with some justice, that the Malays were taking up the fight against the Communists terrorists (who were predominantly Chinese) and yet they were being left without any assistance from government. One poignant question asked of this aid to the New Villages, "What price loyalty?"

RIDA's assistance to the New Villages was undoubtedly a wise and useful move as far as the Chinese in their relation to the emergency were concerned, but it appears to have cost Dato Onn his political career. Out of his defection from UMNO and his aid to the New Villages, Dato Onn emerged as one who had forsaken the Malays. He tried, but did not succeed, to rebuild his image as the leader of the Malays. To this end he directed RIDA's efforts exclusively at the Malays; there it has remained.

Dato Onn's party lost heavily in the elections of 1955 and 1959 and until his recent death he remained an intelligent and articulate, but lone, critic of the indigenous government.



Dato Onn bin Jaafar



RIDA's aid to cottage industries: a mobile handicraft retail unit.

RIDA's Malay exclusiveness has not been without its problems, however. The broad effect has been to make any scheme appear acceptable if only it does something for the Malays, and to call into question any scheme that affects the Chinese or Indians. Malay businessmen can get loans from RIDA in the full private knowledge that RIDA will not repossess machinery if they cannot or do not repay the loans; hardly a procedure designed to instill a modern business sense in the Malays. Recently it was suggested that RIDA take a census of small industries, a necessary prelude to any sort of rational plan to stimulate their development. This was objected to on the grounds that it would require taking count of Chinese as well as Malay small industries.

Perhaps a greater disadvantage lies in the narrowness of the approach that follows from exclusive concern with the Malays. RIDA's administrators have a way of thinking only in terms of the cottage industries in which the Malays are already engaged. Of course, aid to these is politically safe, because it will involve the least disruption of the rural Malays, at least in the short run. However, these are also the industries that have the lowest levels of productivity and consequently the lowest incomes. By concentrating on these industries, RIDA is in fact retarding the Malays by restricting their horizons to the most unproductive industries, and leaving the whole field of modern small industries open to the Chinese. Thus the prospects are that RIDA will help to widen rather than to close the gap between the Malays and the Chinese.

The government has recognized for some time that all is not well with RIDA. By 1959 it had become painfully clear that RIDA was incapable of performing either of the two functions it had originally defined for itself. On the one hand it was unable to stimulate the administration to provide more amenities for the rural sector because of its weak position in relation to the other agencies of government. On the other hand it was



Tun Razak in one of the new earth movers representing the great new emphasis on rural development.



Tun Abdul Razak
bin Hussein

unable to stimulate the peasants to take a greater part in modern economic activities because it had come to be defined by the peasants as a soft source of capital for every inefficient and unsuccessful Malay entrepreneur in the country. However, in a country with a largely Malay electorate, an organization like RIDA could not be simply scrapped. In addition, the government has been unwilling to blow life into an organization that is still identified as the child of one of its most articulate, if deceased, critics. As a result, changes have gone on about RIDA, without really changing RIDA.

With the first fully independent elections in 1959, Malaya's cabinet was reshuffled and the new Ministry of Rural Development emerged. The Ministry took from RIDA the big job of coordinating all other government development activities, and redefined RIDA's formal functions. Henceforth RIDA would be concerned only with rural marketing, rural credit, and rural (cottage) industries. That is, it would now do officially only what it had only been doing anyway.

The most significant character of the new Ministry is its position at the center of political power in Malaya. The Minister of Rural Development, Tun Abdul Razak bin Hussein, is also Deputy Prime Minister, second in command of the UMNO party, and Minister of Defense thrown in for good measure.

This has placed the new Ministry in an excellent position to shake up the old bureaucracy and to increase its output of amenities or overhead capital. The new Ministry does little itself. It merely provides pressures and resources, in the form of long term financial commitments, for the technical agencies at Federal, State, and District levels to do their own jobs. Even to the casual observer, the Ministry has been highly successful in this aspect of its work. It is impossible to drive more than 10 miles in this country today without seeing some sign of the

new emphasis on rural development. New roads, new schools, clinics, wells, community halls, and mosques, jungle land being cleared, new piped water systems, and grand new irrigation schemes are to be seen literally everywhere, all dramatic manifestations of the development of the countryside.

In the task of stimulating the rural people to greater economic activity, the success of the new Ministry is less evident. Its methods are somewhat different from those of RIDA, though RIDA still plays a role in this work. Tun Razak insists that the peasants utilize their own resources more fully. Their land should be fully planted and their house lots should contain gardens for better diets and for supplementary income. Their spare hours should be used in adult education and in cottage industries. And their futures should be directed to full education for their children to provide them with the skills needed for a more prosperous life.

Tun Razak drives home this emphasis on self reliance and more work in his many trips about the country. To keep alive the emphasis between visits, he has directed the formation of village rural development committees, a logical extension of the development committees formed previously at District and State level. The village committees are composed of 11 men, selected by the District Officer, and appointed by the Chief Minister of the State. The official appointment gives some prestige to the position, and the selection process is designed to obtain the most "progressive" men in the village.

In addition, the Ministry has taken over the Adult Education Program, previously under the direction of a voluntary organization that received government support. A massive campaign is now under way to eliminate illiteracy in the rural areas. In the span of a few months literally thousands of classes have been started under a new and rather carefully worked out curriculum. In addition to learning basic literary skills, the adults will also be given instruction in substantive fields. For the Malays this will be primarily technical subjects: farming, animal husbandry, simple mechanics and home economics. For the non-Malays the stress will be on "civics" subjects presenting information on Malaya as a country to which one owes loyalty. This is important where large numbers of people still do not know there is a Federal government.

Success in this field is very difficult to measure, and the Ministry is careful not to set specific targets. As long as targets are general or vague, the opposition can never demonstrate that the government has failed in an area where failure means that the government does not have the people behind it.

Since the formation of RIDA, the emphasis on rural development has been infused with politics. The new Ministry of Rural Development has not altered this, it has merely made its attack on the rural voter more forceful and more systematic. RIDA is still being used to buy votes, but a great deal more is being done as well. Adult education is used to spread the right kind of information; teachers are selected from a list of political reliables supplied by local branches of the UMNO party.

The village rural development committees are also carefully staffed to keep members of the opposition parties out of positions of power and prestige.

Malaya's federal system offers some obstacles to the national politicians trying to build a solid backing in the electorate. Theoretically, all directions from the Ministry must go to the lower echelons through the State Secretariats. For the two states, Kelantan and Trengganu, controlled by the opposition Pan Malayan Islamic Party, this has meant blockage of development activities that might redound to the credit of the governing party in Kuala Lumpur. In his District Rural Development Committees, however, Tun Razak has a mechanism that allows him to undermine the opposition at State levels. While the Ministry withholds support and assistance from the State government, Tun Razak in his nationwide tours can go directly to the District Committee with offers of aid. A few hundred thousand dollars for roads in one district, and a few thousands spread judiciously about for village mosques, community halls, and wells, and the local leaders and electorate begin to understand what modern politics is all about. The process worked very well in Trengganu, where the opposition was toppled when local leaders defected to the UMNO party. Now the money pours into Trengganu in an almost frantic effort to make up for lost time and to demonstrate to the entire state that the government in power is truly the savior of the rural people.

This infusion of politics in the development effort appears somewhat sordid and does come in for a great deal of local (covert) criticism. To be sure, it does make for some irrational decisions in development. An economist reporting on the handloom industry of the East Coast Malays noted that the problem was one of inefficiency rather than exploitation. He recommended that RIDA reenforce the natural market process that would favor the efficient entrepreneurs and weed out the less efficient ones. Where this process has worked more fully, in Kelantan, the industry is more advanced and their are higher incomes for everyone. The proposals derived from this analysis cannot be accepted, however, because of the political reactions of the entrepreneurs who would be reduced to working for others. Those who are weeded out could be counted upon to make good propaganda for the opposition party. This is only a small example; critics of the government point to bigger cases where roads are built in politically rather than economically important areas, and so on.

Although there is good cause for criticism of some "political" projects, I am coming to the view that this infusion of development with politics is one of the more healthy processes at work in modern Malaya. After all, the guiding ideology of democracy is that the people know best what they want. The critic will answer, "Yes, providing the people know what is best, what their needs are, and what they really want." This, of course, is the basic faith motivating the democratic process; that the people do know best what is good for themselves, and that no Big Brother knows better, no matter how backward the people are.



A handloom weaver and her product (the shawl, not the girl) displayed by a RIDA employee. Beautiful products, but low incomes.



As long as the politicians find their rationale for ruling in the electorate rather than in a theory of history, they will have to keep in close touch with the people; and the longer this goes on the more difficult it becomes for the politicians to abrogate the power of the electorate when it does not agree with the politicians. As long as the development process is one way for the government to show that it is attentive to the needs of the people, it is both necessary and useful that the process be infused with politics.

Much of the criticism of this kind of politicking seems to me to derive from an unrealistic view of the democratic process, one that both asks too much of the process and fails to consider the alternatives. In Indonesia we have a dramatic and tragic example of what the alternative can mean. The power of the electorate has been abrogated and its place taken by a dictatorial oligarchy. The result is literally no development, but a great deal of inflation, scarcity of most goods and services, and a mobilization of the population. It is in fact a colossal waste of opportunity in what is undoubtedly the richest country in Southeast Asia. The only saving grace in the Indonesian situation is that the government is not efficient to make its totalitarian decrees effective on its population.

When RIDA was first conceived, it was given a position of independence

as an Authority. In the eyes of the British administrators who had a hand in its formation, this was to remove RIDA from the play of popular politics that was emerging as a prelude to independence, and to which the British have always been unsympathetic. (I shall get some argument on this, but I think I can fully document my view, if anyone is interested.) As it turned out this independence is precisely what RIDA did not need. It did not prevent RIDA from being used as a political tool, but it did divest the organization of the power it needed to get its job done. The new Ministry of Rural Development, in its position at the center of political power in Malaya, has been far more capable than RIDA in providing the physical facilities that will help to raise the productivity of the entire nation, not the least in the rural areas. It can also be argued that because of its strong political position, the new Ministry has far more political independence than RIDA ever had or could have had.

How successful the new Ministry is or can be in stimulating the rural people to work harder and exercise greater economic rationality is quite another question. It depends upon the kind of force the Ministry is willing and able to use, and upon the consequent image of the Ministry formed by the rural people. But that must be left for another newsletter.

Sincerely,

A handwritten signature in cursive script that reads "Gayl D. Ness".

Gayl D. Ness

Pictures are by courtesy of the Department of Information and Broadcasting, Federation of Malaya.