COMMUNITY DEVELOPMENT AND PUBLIC INVESTMENT:
THE PROGRAMMING OF ECONOMIC DEVELOPMENT IN MALAYSIA[1]

by GAYL D. NESS

Introduction

1. The Problem

Among the new states of the world, Malaysia[2] shows two unique characteristics: it has no community development programme, and it has a very successful programme of public investment. Most new states, and most old underdeveloped states as well, appear to share a strong public commitment to programmes of community development and public investment. In policy statements and in plan documents one finds no lack of emphasis upon the importance of programmes to bring new life, new values, and new social organization especially to the rural areas, and programmes to build up the social overhead capital needed for increasing human productivity. At the same time, most new states appear to experience great difficulties in both types of programmes. Community development has generally failed to bring new life to the rural areas, and public investment programmes generally fall far short of production goals. And these are failures measured against stated aims of individual programmes themselves, not failures measured against some objective set of criteria external to the programme in question.[3]

1 This article is taken from a larger study of the Ministry of Rural Development in Malaya, a sociological study of the use of complex organizations to stimulate economic development in the new states. Data were collected in Malaya from 1961 to 1964. This study will appear soon, published by the University of Michigan Press.

2 This study will be confined to Malaya, the eleven states making up the Federation on the peninsula, an independent country from 1957 until 1963 when it was joined by Singapore and the Borneo territories of Sarawak and Sabah to form the Federation of Malaysia.

3 In regard to 'community development,' one might argue that there has been insuf-ficient time to evaluate these necessarily long-term programmes. Certain exceptions to the observation of failure, the programmes in East Pakistan and Taiwan, suggest, how-ever, that the difficulty lies in planning and execution rather than in time. Public

What accounts for Malaysia's rejection of an approach that is so popular in the new states? What accounts for Malaysia's success in public investment programmes where most other new states show great gaps between aims and achievement? Further, are these two phenomena related? I shall argue that in Malaysia they were related. The rejection of community development and the success in public investment were integral parts of the same set of forces of modernization and social change. In summary form the argument is that in the process of modernization in which the new state was deeply involved——gaining independence, forging the institutions of a modern state, and emphasizing development for the benefit of the new citizens——the political developments that gave the new leaders control over the bureaucracy, enabling those leaders to increase the output of amenities or social overhead capital, precluded the active espousal of a community development programme.

2. Malaysian Summary

It will be useful to begin with a brief chronological summary of modern political developments in Malaysia. After a short postwar military administration, and an unsuccessful attempt to impose a union type of agreement, the British Government entered into the Federation of Malaya Agreement with the Malayan states in 1948. This recognized the federal character of the territory and formed the basis upon which independence was granted in 1957. Immediately following the Agreement, gradual moves were made in the direction of increasing representation of Malayans in the government. A Legislative Council was formed with members appointed by the British High Commissioner. Council members were given quasi-ministerial responsibilities. Local elections were held beginning in 1952. In 1955 the first Federal elections were held to a Legislative Council composed of a majority of elected leaders. Independence was granted in 1957, and the first fully independent Federal elections were held in 1959. In 1963 the Federation of Malaya was joined by Singapore and the Borneo States of Sabah and Sarawak to form the Federation of Malaysia.

The development of political parties in the immediate post-Agree-

---

investment failures are more embarrassing, because they do not admit of the insufficient time excuse. These failures tend to be excused generally by lack of capital. However, the records of allocated and actual expenditures generally show that the critical factor is not a shortage of money but a shortage of the will or ability to spend——and spend effectively——the capital that is available.

ment years was as varied and fluid as might be expected. The major division in the state—between the 50% Malays and the 40% Chinese—has been reflected in party developments. Many attempts were made to build intercommunal (inter-ethnic or inter-racial) parties, but these have generally met with failure. Ethnic community was and continues to be the major base upon which political parties can be established. At the same time, the delicate demographic balance between Malays and Chinese has necessitated some joint action and mutual accommodation of interests for stable government. Or to say the same thing less teleologically, the balance provided powerful rewards for, and powerful sanctions against failures in, joint action and mutual accommodation. For the Kuala Lumpur municipal elections of 1952 the major Chinese (Malayan Chinese Association) and Malay (United Malays National Organization) parties came together in an *alliance* to contest the election. This was a somewhat random movement, but it achieved remarkable success in that election. In the following two years the Alliance became a national organization, successfully contesting other local elections. It was joined by the Malayan Indian Congress to make it a fully inter-communal party, and in the Federal election of 1955 it won full control with 51 of the 52 elected seats in the Legislative Council. Since that time, the Alliance has been in rather complete control of the central government. Parties of the left have been mildly successful in the urban areas of the west coast, and a chauvinistic Malay party, the Pan Malayan Islamic Party, has been locally successful in the Malay dominated states on the northeast coast. The PMIP won control of the state governments in Kelantan and Trengganu in 1959, lost Trengganu in vote of non-confidence in 1961, and maintained control of only Kelantan in the 1964 elections.

In 1948 the Malayan Communist Party mounted an insurgent movement against the British Government in Malaya. This Emergency, as it was called, lasted officially until 1960, though it was largely defeated by the end of 1954. For our purposes the insurgency has three important implications. 1) It made an issue of Chinese loyalty and sharpened the boundary definitions of the new emerging state. Largely because of their past exclusion from government by the British, the Chinese in Malaya had never had an official stake in the system. With the emergence of the new state, they would have an officially recognized place, but this would not necessarily have brought with it Chinese acceptance of the new state as an object of undivided loyalty. Since the Malayan Communist Party was essentially a Chinese party, and the

insurgency was in objective terms a communal war——Chinese
Communists against Malay police and British military——there was
considerable danger to the emerging state of a complete breakdown
through racial civil war. Out of this a "loyal" Chinese leadership and
national Chinese organization (the MCA) emerged as legitimate; assisted
in their formation by the British and defined by the government as
legitimate. 2) The insurgency also appears to have hastened the modern
political development and the granting of independence. The emerg-
ing Malayan leadership argued to the British that increasing self-rule
and finally independence would undercut the claim of the Communists
to be liberators from the colonial yoke. It was thus that the unprece-
dented action was taken of moving from a fully appointed legislative
council to a majority-elected council in one step in 1955. 3) Finally,
the insurgency deepened the commitment of the new state to the
institutions of liberal democracy.[1] That is, while violent means of
change were being repudiated through their lack of success, constitu-
tional means of change were being validated through their success.
Important groups in the population were finding that they could advance
their interests through constitutional reform, and were being reminded
by insurgent failures that non-constitutional means were both illegiti-
mate and ineffective.

Only one other background item need be mentioned before turning
to the issue of development programmes. The British originally
established hegemony over Malaya by means of treaties made with the
Malay sultans, rulers of the riverine states that made up the peninsula.
Traditional legitimizing formulae were left intact as the sultans were
guaranteed exclusive rights of rule in matters of religion and Malay
affairs; the British were to bring law and order and to collect taxes.
The large numbers of Chinese who migrated to the peninsula for tin
and later rubber in the late-19th and early-20th centuries were essen-
tially conceived as transient labourers. Thus from the outset the legal
relation between British and Malays was different from that between
British and Chinese. In the one case the British were indirect rulers,
administrators governing in trust for the Sultans. In the other case
the British were protectors of the peace in a transient labour camp.

[1]   The term democracy has recently been applied to so many diverse forms that some
   qualifications seem in order. By liberal democracy I imply an acceptance of legitimate
   areas of individual privacy, the rule of law, and the participation of the governed in
   the selection of their representatives in government. This is to distinguish liberal
   democracy (which Hobsbawm calls "bourgeois democracy") from its polar extreme of
   totalitarian democracy or the various intermediate forms of guided democracy.

For various reasons, throughout the course of their rule, the British actively sought to protect the Malays from the incursions of the industrious and more economically advanced Chinese. This had led to a considerable division of dominance in different centres of power. Chinese dominance has been concentrated in economic life; Malay dominance has been concentrated in politics and administration. Thus in the 1955 elections, although Malays made up only about 50% of the population, they were 85% of the voters. This discrepancy has disappeared, however, so that in the 1964 elections each ethnic group is represented in the electorate in proportions approximately equal to its proportion in the total population. Continued Malay dominance in the administration, however, is guaranteed by the rule limiting non-Malay places in the Malayan Civil Service to 20% of the total places.

I. THE DEVELOPMENT PROCESS

1. *The Changing Goals of Government*

The decade of the nineteen-fifties saw a radical change in the goals of government in Malaya. This centred around independence, the coming to power of a group of indigeneous leaders, and the passing to the centre of power from London to Kuala Lumpur. The change in its broad aspects is not unique, being generally replicated in the advent of independence to most new states. In Malaya, however, we have what is perhaps the clearest and most dramatic change. In parliamentary debates, in fiscal policy, and in the allocation of resources seen through the annual budgets and the development plans, one can see a clear change in both the public and operative goals of the government. The broad change was from *custodial* goals to *developmental* goals. More specifically, however, four changes were involved.

a. Where the British Government, through the High Commissioner and the Financial Secretaries, emphasized the importance of a balanced budget, the Malayan leaders emphasized the importance of public investment to stimulate the growth of the economy. The British Government was willing to increase the (admittedly meagre) national debt, but primarily for the purpose of prosecuting the Emergency, of maintaining order. The Malayan leaders also increased the national debt, but for the purpose of public investment.

b. The British Government gave highest priority to development in the urban and modern mining-estate sectors. Public emphasis upon

development for the *rural*, i. e., Malay-peasant, sector was generally accompanied by regrets that more funds were not available for the development of this sector. The Malayan leaders gave far greater emphasis to development of the rural areas, and increased considerably the resources available to that sector.

  c. The British Government made the classical distinction between economic and social services, arguing both for greater *investment* in the economic services and less *consumption* in social services. The Malayan leaders redefined education and wealth as investments in human capital and greatly increased the importance of and expenditure in these services.[1]

  d. The British Government gave only weak support to the value of economic development, only gradually allowed the development of specialized organizations competent to plan for development, and kept development planning subordinate to fiscal policy. Under the Malayan leaders, a specialized development organization emerged and became part of the Prime Minister's Office. That is, development planning moved from the centre of financial power to the centre of political (or voter) power. In the process, planning became an aspect of national policy rather than merely an aspect of fiscal policy.

2. Goal Selection in Development Organizations

  While the broad goals of government were undergoing this dramatic change, there were efforts to give life to the new goals by creating new development organizations. In 1950 the Rural and Industrial Development Authority was established to stimulate the development of the rural areas. In 1956 the Federal Land Development Authority was established to open new lands and assist in the settlement of farmers on those lands. Community development programmes were started both in 1953 and in 1958, carrying the well-known goals of organizing the rural peoples to participate in their own uplift. Finally in 1959 the new Ministry of Rural Development was established to co-ordinate and increase the activity of all government units concerned with stimulating the development of the rural areas.

  Initially the approach to the rural areas was conceived in broad terms. Both in the entire organizational pattern and in the individual organizations one can see a wide ranging attack on rural poverty and

---

1 For example, in their first year of power the Malayan leaders actually spent M$180 million on education, as compared with M$80 million spent by the British Government in its last year of rule.

rural backwardness. The community development programmes were the most specialized, concerning themselves primarily with the social organization and values of rural peoples: the goal was to change these. Villagers were to be organized into groups concerned with increasing human productivity and were to be brought more closely into contact with those government agencies competent to assist them in their specialized problem. The Federal Land Development Authority was somewhat less specialized. It was to be a financing organization providing the credit necessary for the settlement of new lands; to take positive action in the clearing of lands and the settlement of farmers; and it was to create a new culture of industrious farmers by selecting and assisting only those farmers who were willing to save and to work hard to help themselves.[1] That is, FLDA would be concerned with values and social organization, but it would also do some financial work of lending and physical work of land development. The broadest of the organization was the RIDA, which was to do essentially everything and anything that needed to be done to stimulate the development of the rural areas. It would provide credit, build roads and other items of social overhead, provide technical assistance, and attempt to support and enhance those values and that type of social organization that were conceived as necessary to increasing human productivity. It would build things, apply legal and financial leverage to change the rural organization of production, and educate and organize the peasants to what was essentially a new culture.

During the decade of the 1950's, this entire organizational approach to rural development underwent a marked narrowing and specialization of goals. From a wide ranging attack on the rural sector, emphasis was gradually narrowed to an almost exclusive concern with building up the physical items of social overhead capital for the rural areas. The community development programme begun in 1953 was allowed to languish. The second attempt, in 1958, met with opposition and was finally explicitly rejected by a cabinet decision in 1961.[2] The

---

1   In an early formulation of policy, the FLDA authors recognized that settler selection would be crucial and that there were no clear-cut criteria for selection. Some guidelines were available, however. "The surest sign of initiative is to have saved money for a definite project....(A)s a negative test it can be safely said that any applicant for land who has no savings but has a watch and a fountain pen will be a failure as a pioneer settler. Malaya needs people who want their own farm more than they want a watch or a fountain pen." FLDA, *No Need to be Poor, A Policy Statement,* Kuala Lumpur, 1956, p. 2.

2   Two minor qualifications are in order. In the first place, community development

FLDA became less and less concerned with selecting the right kind of "achievement oriented" farmer, and more and more concerned with the specific task of opening land, building settlers' homes, and planting rubber trees or oil palms. Where originally settlers were to work together clearing land, planting trees and building houses in a total community, and were given subsistence allowances based partly on need, now the tasks are performed by contractors, and settler labour on the scheme is paid for on the basis of actual time worked.

In the Rural and Industrial Development Authority the process of goal narrowing is the most visible. RIDA construction projects were originally designed to draw volunteer labour from the peasants, with the Authority providing some materials, technical assistance, and machinery. The labour requirements were gradually relaxed as RIDA did more and more of the work, and communities were even allowed to provide self-help in cash or kind to pay for the labour required. Projects were to be launched on the basis of felt needs in the rural community, and were also to be based on careful research of the problems and potentials of production in the rural areas. The pressure of work and the lack of trained staff, however, resulted in the rapid launching of a series of ill-conceived projects that were little more than the bright idea of a local functionary. A loan programme was begun to break the peasant loose from what was considered the usurious and exploiting grip of the local money-lender. The programme has become concerned, however, simply with providing as many *small* loans as possible. The pressure of work meant that loan officers had no time to evaluate the performance of the borrowers or to provide the technical assistance that RIDA itself considered an integral part of the programme. In all that it did RIDA became less and less concerned with change in the rural areas, and more and more concerned simply with producing some artefact—either a physical artefact of social overhead capital, or an administrative artefact in the form of a completed loan application. The Authority's specific community development part of its programme is symbolic of the entire approach. Early in its

was rejected partly because of the political rivalry between the Minister of Agriculture, proponent of community development and the Deputy Prime Minister. This was, however, more than a personal rivalry. It was also a contest between two different approaches to rural development. Community development was only a part of the broader approach of the Minister of Agriculture. In the second place, it should be noted that Malaya's Red Book does have a section devoted to community development. This is, however, couched in only the most vague and general terms and has remained largely inactive as a development directive.

development, RIDA made public statements of its commitment to goals that can be classified as classical community development goals. The first attempts to translate these goals into action resulted in the *building* of community halls. Later it was found that these halls were not being used and RIDA greatly curtailed their construction, still maintaining its public commitment to community development goals. Subsequent attempts to translate these goals into action led to the *building* of park benches and playing fields.

In 1959 the Ministry of Rural Development was formed. Under the Deputy Prime Minister, Tun Abdul Razak, the Ministry has remaind a small but very powerful organization. Aside from specialized activities in adult education, the Ministry actually does nothing itself. It was designed to be and operates as a co-ordinating body, assisting and stimulating the existing departments of government to do what they are already technically competent to do. In this, the Ministry has turned its greatest attention to the tasks of building up the physical infrastructure of the rural areas. It is not too great an exaggeration to say that modern Malaya's approach to rural development lies largely through road building. Nor is it an exaggeration to say that the Ministry of Rural Development has achieved remarkable success in its programme of infrastructure building. In Malaya's remotest rural areas, one finds new roads and bridges, new schools, new health centres, new irrigation projects, new village wells and water supplies, and new land being opened under development schemes. Rural as well as urban areas in Malaya have recently experienced a great spurt of efficient public investment.

II. POWER AND THE DEVELOPMENT PROCESS

Malaysia's success in infrastructure construction—especially, but not exclusively in the rural areas—derives largely from a programme designed to shake up the old bureaucracy and to make it increase its rate of construction. Further, this seems to have been done without any great increase in corruption. Standards of bureaucratic efficiency and honesty in Malaysia have been generally high, especially if compared with those of other new states. That all of this happened in the immediate post-independence years is in itself remarkable, for this is the period in which most new states experience a general decline in standards of operation in the bureaucracy. Analytically, there are

two bases for Malaysia's success: a great deal of power has been available to the development organization (the Ministry of Rural Development), and this power has on the whole been applied in a rational manner, given the ends of infrastructure construction. It is in the analysis of these two bases that we can see the integral relation between the rejection of community development and the success of public investment.

1. Goal Selection and Power in Development Process

The functions of Malaysia's specific goal selection in development are highly dramatic and visible. We shall argue here that the process of goal narrowing and the eventual almost exclusive concentration on production of physical items of the infrastructure produced the least strain in the society, received the greatest support from all important groups, and thus brought to the programme a high concentration of political power. This is seen more dramatically in the reverse formulation. Other types of goals in development seriously threatened the precarious balance of *ethnic* groups and interests in the new polity. Community development programmes as initially conceived were based upon an invidious distinction between Malays and Chinese and consequently embodied a chronic insult to the Malays. Programmes to change radically the organization of rural production, either through legislation or increased direct government activity in the economy, were perceived as a threat to the economic interests of the Chinese. Thus both were highly divisive in the new state. On the other hand, programmes of construction offered something for all important groups in the society. A brief summary of the implications of these types of programmes is sufficient to make this clear.

In the public statements of the first Commissioner for Community Development, G. S. Rawlings, a British officer long associated with Malaya, one can see in part the official view of community development that was rejected by the emerging indigenous leadership. In its crudest form this was the view that Malays are lazy, or at best lack an achievement orientation, and that they must overcome this to keep up with the modern world. Rawlings' presentation, as that of others espousing this view, was more sophisticated and sugar-coated, but the essence lay in the need for a new *work ethnic* and *achievement orientation among the Malays*. It was observed that the Indians and Chinese had a great deal of drive and energy; they had built for themselves in Malaya a good life out of little more than will and toil. The

Malay could do the same, Rawlings argued, but he would not, "Because he is not driven along by quite the same urge as his go-getting neighbours." Rawlings, as others, went into considerable detail in analysing the Malay character. The Malay is proud, courteous, and brave. He will toil long and willingly for his friends, but *"unlike almost everyone else in the modern world, he is not obsessed with the need to exert himself* more than will provide for his quite modest wants."[1] Community development was almost exclusively for the Malays, and its aim would be primarily to induce Malays to work harder and to seek success more actively.

When indigenous Malayan leaders spoke of community development, they accepted the first part of this formulation, but rejected the second, substituting other types of aims. The second attempt to start a community development programme, in 1958, began officially with a conference in Kuala Lumpur. At this conference the Prime Minister, Tungku Abdul Rahman, presented the view of the indigenous leaders. Throughout his speech rural is synonymous with rural Malay and community development is synonymous with *kampong* (Malay village) development.[2] The Prime Minister also suggested some agreement with the Rawlings-type of formulation when he observed that old ways of life would have to change. This would require a delicate operation requiring all the skill and training that the best government officers could muster.

After agreeing to the equation of community development and Malay development, and to the need for change, the Prime Minister went on to place major emphasis on the role of government in leading the people. (At this point the indigenous leaders differed strongly with the British in the view of rural development.) He argued that the rural people needed a new deal. There could be no national unity alongside of rural poverty. The gap between rural and urban standards of living had to be narrowed. Government was going to stop the drift to the towns by providing the rural areas with the amenities that the towns had in abundance. More co-ordination of specialized agencies was required. A national programme was needed. At the local level co-ordination should be organized along the lines of the

1   G. S. Rawlings, "First Steps in Community Development in Malaya," Paper prepared for a seminar on Home Economics and Other Programmes Related to the Needs of Malayan Families, Kuala Lumpur, June, 1958.

2   Only at the end of his speech, and somewhat parenthetically, did he observe that community development would also be for the hundreds of New Villages (Chinese) and the new communities on land development schemes (Malay, Chinese and Indian).

state and district war committees that were so successful in prosecut-
ing the Emergency. At the national level the programme should be
directed by the most powerful of leaders: the Deputy Prime Minister
himself was suggested. Thus in a speech proclaiming the value of
community development, at a national conference on community
development, the Prime Minister laid down the broad principles of
organization and the goals that were crystallized the following year in
the formation of the Ministry of Rural Development. And it was this
Ministry of Rural Development that set aside the community develop-
ment approach for the high powered construction activities to which
it gave higher priority.

From a purely pragmatic political point of view this redirection is
easy to understand. The British Government had been a colonial
government, paternalistically ruling a subordinate people who had no
voice in the government. There was little strain and little disservice
done in telling the governed that they were lazy and had to change.
Such a programme could not be accepted, however, when the governed
had a voice in their government. One could scarcely hope to woo
voters by insulting them, especially when the insult was double-
barrelled. Not only were the Malays told they were lazy, they were
also told they had to emulate the Chinese if they were to get ahead.
It is difficult to conceive of any statements better designed to lose
friends and alienate voters. Malay reactions to such suggestions, in
parliamentry debates and in public statements by intellectual élites,
left little doubt that the ideology of Community Development was not
acceptable at least to the articulate members of the electorate.

Programmes designed to change the organization of production
and distribution in the rural areas ran into conflict with the vested
economic interests of the Chinese. This is most easily seen in the
conflict between the Deputy Prime Minister, Tun Abdul Razak, and
the Minister of Agriculture, Abdul Aziz bin Ishak. Aziz had promised
the rice farmers of Perak and Province Wellesley that he would trans-
form all rice mills into co-operatives. When he induced the states to
withdraw rice mill licences (primarily from the Chinese) he ran into
considerable conflict in the cabinet. The Prime Minister reversed his
action, and Aziz was shortly thereafter forced out of the cabinet. Aziz'
downfall was actually for a variety of reasons, including his conflict
with foreign economic interests, his conflict with the Chinese rice
millers, and his conflict with Tun Razak over who was to be the next
Prime Minister. The latter is the most enlightening both because it

was undoubtedly the most basic cause of Aziz' expulsion and because it represents a struggle between conflicting fundamental orientations to the problem of poverty and to government's role in eradicating poverty. Aziz was the proponent of programmes designed to change the rural organization of production. Razak was the proponent of programmes of infrastructure construction. Both men are strong personalities and it is not too much to suggest that the cabinet was simply too small for such powerful persons. It is more pertinent to our analysis, however, to observe that the cabinet as an *alliance* of diverse ethnic-interest groups was too small for the complete and active espousal of the two approaches. The triumph of Tun Razak and the expulsion of Aziz thus represent an effective organizational decision on the goals to be adopted in stimulating development. This is more obvious since one of the supporting issues of the conflict was an ethnic issue, in which the position of Aziz induced severe strains into the emerging national plural society, while the position of Tun Razak offered no such strains.

Not only did Tun Razak's programme of infrastructure construction offer no strains, it also provided maximum support for government and its development programme by providing something of value for all important groups in the polity. For the rural Malays Razak's construction-oriented programme offered roads and schools and other amenities. These were both tangible evidence of government concern for the Malays, and (especially in education) instruments by which Malays could advance themselves in the new state. The Chinese benefited because the construction offered jobs for contractors and labourers. Even the electorally-impotent but still influential foreign business houses gained because they—and they alone—were in a position to import the capital equipment and some of the technical skills required by the progamme. In addition, the construction programme offered all these advantages quickly. It essentially focused upon providing more of what the established and efficient bureaucracy was already competent to provide. Since the output of the amenities provided by this bureaucracy was largely a function of financial inputs, the output could be speeded up immediately and the results could flow out immediately through the simple increase of funds, a resource that Malaya has had in greater abundance than almost any other new state.

Finally, the construction programme precluded frustration in the ruling élite by providing an easy outlet for impatient energies. Having taken control of an established and effective bureaucracy, the new leaders were impatient to use their power. Especially in the period

following the first election in 1955 there was an air of new euphoria, a delight with the status and power the new leaders acquired with their control over the government. This sense of excitement is as difficult to document systematically as it is to overlook in the public discussions of the period. Malayan leaders wanted to get on with the job of ruling and developing, and the existence of both organizational and financial resources to produce physical amenities meant that an espousal of construction goals would give them the greatest and most direct opportunity to do just that—to get on with the job and to see some results.

The delicate balance of political forces in this new state ruled through democratic institutions thus both precluded the espousal of certain goals in development, and provided great support for government that would be concerned with the rapid construction of the physical infrastructure the country lacked. The rejection of community development and the espousal of construction programmes provided the central government with great (potential) power to carry out a development programme.[1].

Power is, however, in some sense charismatic: sustaining itself and even increasing through its successful utilization. Thus in more than one sense we have to this point been talking about only half of the Malayan paradox. The process of goal selection in development, *of rejecting community development*, considerably enhanced *potential* power of the central government to achieve success in its development programme. We must now turn to a consideration of how that power was applied. This will explain the success of public investment in Malaya and the very dramatic nature of the paradox: the firm rejection of community development, and the firm achievements in public investment.

2. The Application of Power in Development

Given the somewhat restricted goals of the Ministry of Rural Development, its problem of applying power to the task did not require a radical reorientation of the existing bureaucracy. With the exception

1   The structure of power in Malaya also worked to increase the potential power of the central government. Since there is no residence requirement for election to office in the constituencies of the national legislature, the party has considerable power over its members, who can be detailed to safe or precarious constituencies. In addition, wealth appears to be highly concentrated in the party. Few members finance their own campaigns. It is more than a crude half-truth to observe that the Chinese wing of the party has contributed very heavily to the election of Malay nominees. This again tends to centralize power in the hands of the party leadership.

of land development, the Ministry's programme required simply that the bureaucracy produce more of what it was already capable of producing.[1] Even in land development, the subject of a new organization, many of the difficult legal tasks were also those that were long familiar to the land offices. Thus the main task of the Ministry was to increase the speed of work in the existing bureaucracy. It was spared the immensely difficult tasks of creating and co-ordinating new organizations of state enterprise.

This is not to argue that the Ministry's task was a simple one. On the contrary, the experience of almost every other new state suggests that increasing the speed of public investment with a bureaucracy built under colonial rule is extremely difficult. Their specialization, their great technical capacities, and their concern for public accountability all make the colonial bureaucracies—or perhaps any bureaucracy—more than a little conservative. Increasing the rate of the bureaucracy's output requires the introduction of new criteria for the evaluation of performance and new forms of standards of internal communication. That is, if the power of the Ministry were to be applied rationally, the functionaries had to be given a clear idea of what the Ministry wanted and how this was to be accomplished. For its part the Ministry had to open the bureaucracy to close scrutiny, ensuring that rewards could be given for successful action and punishments could be given for unsuccessful action, in both cases success being measured by the degree of accomplishment of the Ministry's goals. That is, the Ministry had to establish its *power* over the bureaucracy.[2]

The mechanisms by which the Ministry established its power over the bureaucracy evolved gradually over the end of 1959 and through 1960. They emerged partly as a result of conscious advance design and partly as a pragmatic adjustment to resistances to central control encountered in the bureaucracy. The first move in this direction was the creation of a *Red Book*, a district level[3] plan for amenity construc-

1   Adult education is another exception, for which the Ministry established its own specialized organization. Unfortunately space does not allow a discussion of this interesting attempt of the Ministry to broaden its goals.

2   It is important to note that this required a *rational* application of powers. Power applied without effective means of evaluating performance becomes arbitrary and demoralizing and therefore disfunctional to goal achievement.

3   The Federation of Malaya was made up of eleven states, each of which, with the exception of Perlis, was further divided into districts. These were key elements of administration in the country, the point at which the government came most directly into contact with the governed.

tion. In the application of the Red Book procedure, the Ministry evolved an effective evaluating mechanism in the *briefing* and inspection tour. A brief description of these mechanisms will show how they worked to establish ministerial control over the bureaucracy.

Early in 1960 the Ministry directed each district to form a District Rural Development Committee. The general task of the committees was to stimulate the development at the district level. The first task of the committees was to draw up a master plan of all existing and required amenities—or items of physical infrastructure—in the district. The format of the plan and the specific instructions for committee functioning were laid down by the Ministry. The plan contained twelve separate sections—for land development, roads, water supplies, irrigation, schools, etc.—each with a map overlay on which all existing amenities could be located. The committees were directed to go to the people to obtain their requests for additional amenities. Where the committee considered these practical, they were to be included in the Red Book. Where they were not considered practical, the committee was to explain its decision to the people. In addition the plan was to include amenity suggestions from all technical officers in the district. In the case of each project a brief justification was to be given along with a rough estimate of costs. The committee, including all district level technical officers plus state and federal elected representatives in the district, was to work together drawing up the plan, with the District Officer as chairman of the committee directing the work. The entire plan was prepared in three copies. One was kept at the district operations room, a central office for development planning and imple- mentation. A second went to the State Rural Development Committee, and a third went to the National Operations Room, seat of the national development committee (and also meeting place for the cabinet and the powerful new National Development Planning Committee). The states collated the district plans, excluding some projects and including new ones and sent a state plan on to the national government. All plans were collated at the national level, again with new inclusions and exclusions, and were put together into the Second Five-Year Development Plan (1961–1965).

Red Book instructions also included directions for a new pattern of communication within the bureaucracy. The district committees were directed to meet weekly. Technical officers were to work together as a team, communicating orally and making decisions together. Strong injunctions were issued against the normal bureaucratic paper shuffling

form of communications. The telephone was to be used freely. Delays and problems that could not be solved at the district level were to be communicated for rapid action by telephone to the state offices or, if necessary, to the Ministry itself. The instructions also carried in bold-face type the observation that *results* were what was wanted.

During the first few months following the issuance of the Red Book instructions, the Minister personally visited most of the District Offices explaining to the new committees exactly what was wanted. This was the first opportunity the Ministry had for evaluating per-formance and applying its power. The process was dramatic and effective. Where officers had taken the instructions seriously and worked hard and effectively at their implementation, the Minister was free with praise, giving the implicit promise of promotions and other rewards to follow. Where officers were dilatory, reacting to the in-structions in the casual manner that was not an uncommon pattern for the old bureaucracy, the Minister was publicly and forcefully critical. In one dramatic case of an officer who had done nothing to implement the instructions, the Minister relieved him publicly of the responsibility for the Red Book and gave the task to the Assistant District Officer. News of this action spread quickly through the bureaucracy, and the Minister was also believed to have blocked the recalcitrant officer's pending promotion to the state secretariat.

After the completion of the Red Books the Minister kept up his inspection tours, standardizing a *briefing* procedure. In a meeting with the entire development committee, either at district, state, or national level, all members of the development committee would be present. After a brief introduction of general accomplishments and problems by the "district officer (or the state development officer, or the respective ministers at state and national level), each technical officer would present a résumé of activities and problems. The most dramatic effect of the briefing was to make visible the specific cause of any bureaucratic delay. With all members present there could be no "buck-passing," no excuses based on the failure of another agency to perform its part of the complex pattern of specialized actions required to move any project towards its completion. Where delays resulted from dilatory behaviour, punishments could be and were meted out. Where the delays resulted from personnel, financial, or equipment shortages, the Minister could directly order their allocation to the scene of the problem.

The highly critical problems solved by the Red Book and the

briefing were those of stimulating lower level functionaries to work harder and more effectively. The formal structure of the development committees provided the instruments to break down the compartmentalization of the specialized agencies of government and to increase the flow of communication, a process especially critical in any public investment programme. This formal structure also opened the bureaucracy to close scrutiny, it made the operations more visible so that the Minister's power could be applied rationally to achieving his ends. That is, the structure facilitated the mobilization of human resources to the ends of public investment.

In addition, the structure facilitated the mobilization of financial resources for development at all levels. At cabinet level the existence of the Red Books and State plans provided the formal mechanism required to commit government resources to specific activities. It also allowed blocks of money to be given to both the states and the districts without violating the canons of public accountability. States and districts could be given funds for projects that were already included in a unit of a master plan. The process was the same at the state level. Projects in the Red Book or decided upon by the State and District Committees could receive financial commitments directly. Depending on the resources available, blocks of money could be given directly to the District Committees for expenditure on plan items, and the District Committees always had considerable discretion in matters of priority and programming. In one direction this procedure increased the flow of financial resources by standardizing the request and allocation procedure. In another direction, the procedure increased the rate of public investment by getting more spenders into the system. The District Committees had complete control over their funds for minor development projects—village wells, small roads and bridges, markets, etc. They called for tenders, reviewed and awarded contracts, and followed the process of construction. The State Committees did the same, using both state funds and grants from the central government. At all levels the existence of a battery of specialized and technically trained officers gave the committees the competence to plan for and to direct public investment.

The following table gives some indication of the impact of the Ministry of Rural Development and the entire new development programme on public investment in Malaya. Development expenditures were not shown separately in the financial statements and budgets until 1958. It is therefore not possible to show allocations for the

years 1956–1957. The figures of actual expenditure are given here to aid in the interpretation of the high percentage shown in 1958. This results largely from a cut-back in budget commitments following upon the recession of 1957. The more important figures of the table, those from 1960 onwards, show both a great increase in financial alloca-tions and an increase in the proportion of available financial resources actually spent. Our argument here is that the development programme, spearheaded by the Ministry of Rural Development gained greater and greater commitments of the nation's financial resources; and largely as a result of the effective control the Ministry exercised over the bureaucracy, the administrative and technical capacity to use available resources was greatly increased. We do not argue that the Ministry alone was responsible for this great spurt in public investment. Other changes operated in the same direction, notably the mobilization of financial resources made possible through the development of a power-ful National Development Planning Committee. However, for the most part, the NDPC provided only enabling power, it was the Ministry that activated that power and produced the real increase of output in the bureaucracy.

DEVELOPMENT EXPENDITURES IN THE FEDERATION OF MALAYA 1956–1963

	1956	1957	1958	1959	1960	1961	1962	1963a
Allocated (M$ million)	—	—	173	203	282	430	569	548
Actual (")	147	168	140	142	141	264	415	460
Actual as % of Allocated	—	—	81%	70%	50%	59%	73%	84%

Source: "Interim Review of Development in Malaya under the Second Five-Year Plan," Kuala Lumpur, 1963, p. 24.
Note: a. Estimated.

Conclusion

We have argued that the development programme of independent Malaya shows certain unique aspects. The first is a rejection of com-munity development programmes, which appear to be part of the standard development package of all new states. The second is con-siderable success in a programme of public investment, in which most states show great gaps between aims and achievements. We have argued further that these two unique aspects in Malaya are closely related. The pattern of decisions that led to a rejection of community development and to a rather narrow focus upon public investment as

the dominant orientation in the development programme gave the new leaders the power needed to establish their control over the existing bureaucracy. In exercising this power the new leaders created a new form of bureaucracy, one with greatly increased capacities to produce the physical artefacts of a public investment programme.

To be most useful this analysis should do more than provide an explanation for the somewhat paradoxical and unique pattern of Malayan development. It also presents a broad research orientation that can be applied to the analysis of development programmes in other new states. The two basic issues raised by the Malayan analysis are: a) what is the relation between goals of development organizations and the changes experienced by the total social system, and b) to what extent has the new leadership managed to take effective control of the existing (colonial) bureaucracy? For the former a broad analysis of the goals of government, making the distinction between public and operative goals, is clearly the first step. Beyond this, an analysis of the emerging political alignments and the strength of different centres of power can help to make clear both the specific aims in development, and the general commitment in the polity to those aims. It is important to analyse both the content and the power of these real or operative goals in development, for there tends to be very little difference between the new states in the public development goals. All desire economic development, stated in the broadest terms, for the uplift of the new citizens, the indigenous people. In most cases the new leadership has a broad world view or intellectual orientation from which are derived the specific means to be used to achieve the broad aims of economic development. This orientation is seldom made explicit in policy statements, though it is of considerable importance in determining the content of the development programme. The orientation generally must be inferred from a wide range of data on what is said and done about such things as the allocation of national resources.

For example, in Malaya, both the outgoing British Government and the incoming indigenous government claimed that the development of the country was a major goal of government. The British Government carried what can be called a classical *laissez-faire* theory of development. This defined Malaya as an underdeveloped country, meaning that it had a shortage of both capital and entrepreneurial skills. Thus the means to achieve development would be for government to maintain order and keep taxes low, that is, to provide a

suitable climate for external investment so that the scarce inputs would flow into the country from abroad. The new Malayan leaders carried a totally different world view, or theory of development. They saw both capital and entrepreneurial skills available but unused in the country. To mobilize these resources, a climate of optimism and expanded activity must be generated. By engaging in a heavy programme of public investment, the government would call forth the latent entrepreneurial skills and the indigenous capital that was currently being invested abroad or hoarded at home. Thus the two world views, or general theories of development, of the two sets of leadership produced different *means* to the achievement of a single set of goals, and consequently produced different goals in the new development organizations.

The problem of establishing indigenous control over an existing bureaucracy is one that has received too little attention in the analysis of modern problems of economic development in the underdeveloped areas. It cannot be assumed that the mere coming to power of a new set of leaders will establish new effective control over an existing bureaucracy. The problem is acute in the process of development, because we are generally dealing with colonial bureaucracies, constructed primarily for the maintenance of order and the collection of taxes in a society with a highly unbalanced, export, economy. In addition, the technical competence of the bureaucracy tends to make it quite resistant to change. At the same time, the success of most development programmes depends to a large extent on the degree to which the bureaucracy has been transformed into an instrument of service and administration for a total society attempting to achieve growth in all sectors. One common view of the bureaucracy, derived largely from the failure of reform programmes in Western countries, is that the organizational tools by which men seek to change their environment are recalcitrant, sometimes even absolutely impervious to change. The experience of Malaya helps to demonstrate that an established complex organization can be changed, though perhaps only within definite limits. We saw that the Malayan success was based upon new patterns of control and communication that opened the organization to scrutiny, set realistic standards for performance, and then rationally applied the power of the leaders above the bureaucracy to achieve the desired types of performance. The rational application of power is here seen to require both power and the ability to evaluate performances. Evaluation without power is impotent, and power without effective evaluation is arbitrary and demoralizing.