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This paper deals with the role of local institutions in rural development in Peninsular Malaysia (or West Malaysia). The scope of the paper has been confined to the basic question of whether or not local structures of governance play an instrumental role in raising agricultural productivity, increasing incomes and expanding welfare. To address this issue, the study focuses on the politico-administrative structures of district, parish and village governance and the economic institution called the Farmers' Association in the state of Selangor.

Although there are ecological and institutional variations from area to area the analysis of local governance and rural development in Selangor is generalizable to the rest of Peninsular Malaysia. Nevertheless, there is an important shortcoming in the microlevel mode of analysis adopted in this study: it represents a less than total picture of the dramatic progress of rural development in Malaysia. That success story, however, has been well documented elsewhere.

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*Special Series on Rural Local Government*

**LOCAL INSTITUTIONS AND RURAL  
DEVELOPMENT IN MALAYSIA**

**Stephen Chee**

**RURAL LOCAL GOVERNANCE AND RURAL DEVELOPMENT  
IN MALAYSIA**

**STEPHEN CHEE**  
Faculty of Economics and Administration  
University of Malaya  
Kuala Lumpur

**Rural Development Committee  
Center for International Studies  
Cornell University  
Ithaca, New York 14853**



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## FOREWORD

This monograph was written as part of a comparative study of Rural Local Government organized by the Rural Development Committee of Cornell University. The study aimed at clarifying the role of rural local institutions in the rural development process, with special reference to agricultural productivity, income, local participation and rural welfare. An interdisciplinary working group set up under the Rural Development Committee established a comparative framework for research and analysis of these relationships.<sup>1</sup> A series of monographs, based in most cases on original field research, has been written by members of the working group and by scholars at other institutions and has been published by the Rural Development Committee. An analysis and summary of the study's findings has been written for the working group by Norman Uphoff and Milton Esman and has been published separately.

This study of Rural Local Government is part of the overall program of teaching and research by members of the Rural Development Committee, which functions under the auspices of the Center for International Studies at Cornell and is chaired by Norman Uphoff. The main focuses of Committee concern are alternative strategies and institutions for promoting rural development, especially with respect to the situation of small farmers, rural laborers and their families. This particular study was financed in large part by a grant from the Asia Bureau of the U.S. Agency for International Development. The views expressed by participating scholars in this study are their own and do not necessarily reflect the views or policies of USAID or Cornell University.

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<sup>1</sup>The members of the working group were Ron Aqua, Douglas Ashford, John Blackton, Harry Blair, Milton Esman, Mohinder Mudahar, Norman Nicholson, David Robinson, Benedict Stavis, and Norman Uphoff.

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## PREFACE

This paper deals with the role of local institutions in rural development in Peninsular Malaysia (or West Malaysia). The scope of the paper has been confined to the basic question of whether or not local structures of governance play an instrumental role in raising agricultural productivity, increasing incomes and expanding welfare. To address this issue, the study focuses on the politico-administrative structures of district, parish and village governance and the economic institution called the Farmers' Association in the state of Selangor.

Although there are ecological and institutional variations from area to area the analysis of local governance and rural development in Selangor is generalizable to the rest of Peninsular Malaysia. Nevertheless, there is an important shortcoming in the microlevel mode of analysis adopted in this study: it presents a less than total picture of the dramatic progress of rural development in Malaysia. That success story, however, has been well documented elsewhere.

This study forms part of the comparative rural local government and rural development project sponsored by the Rural Development Committee of the Center for International Studies, Cornell University. I am grateful to that Committee for financial support. A study of this nature could not have been undertaken without the full cooperation of government officials in the field. I owe a great debt to their assistance and friendliness to me and to my student research assistants. These four final year students,

Abdul Hameed Mydin, Kenneth Luis, Zainal Abdul Ghani and Zulkifli Idris, were largely responsible for gathering data on the four individual cases which form the structural base of this study. I am deeply grateful to them.

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## I. RURAL DEVELOPMENT AND NATIONAL POLITICS IN MALAYSIA

### Introduction

Rural development in the new states involves the twin-goals of modernization of the depressed rural sector and the political integration of the periphery with the center. Elsewhere, Ashford<sup>1</sup> has defined rural mobilization as "linking farmers to new markets, new credit sources and new political and administrative authorities", in short to new institutions. However, in Malaysia, rural development has a specific relationship to national politics because of the plural nature of the society. The peculiar connotation of rural development is its identification with the upliftment of the politically important rural Malay society. An appreciation of this point will provide a better understanding of the centrality of agriculture and rural development in Malaysian development planning.

Rural development strategy is a combination of top-down planning and decision-making and bottom-up aggregation of demands. The role of the Central Government and Administration in rural mobilization is quite obvious in the Malaysian experience. The peculiarity of the Malaysian

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<sup>1</sup>Douglas E. Ashford, "The Politics of Rural Mobilization in North Africa" in Norman T. Uphoff and Warren F. Illichman (eds.), The Political Economy of Development (Berkeley: University of California Press, 1972), p. 416.

case is that rural development at the ground level is not channeled through local governmental institutions conventionally defined, but mediated through a set of traditional and metamorphosized administrative and quasipolitical structures. Paradoxically, in spite of the dominance of Malays in the rural areas they are not covered by any local government system in the Western sense. Local government as a set of local authorities for self-government exists only in administrative units which might be defined as urban or peri-urban, and these are inhabited by non-Malays. But these local authorities do not perform any rural developmental function.

The absence of elective local government in rural Malay society may be attributed to a reluctance to disrupt the local social structure as well as the infeasibility of autonomous local government in widely dispersed rural communities which are characterised by low income and poverty. Malaysia is a federal system with a constitutional separation of powers between the centre and the 13 individual states. At the centre one of the hereditary sultans is elected, by rotation, to serve as the constitutional head (Yang di-Pertuan Agong, or King); however, at the state level, the sultans or appointive governors remain as constitutional heads. Under the federal constitution, land, local government, agriculture and forestry are state matters. The absence of elective local government in the former Malay states may be due to the long history of identification of the rural population with the sultanate system. Since local government was introduced as an attempt to encourage greater political involvement of the immigrant non-Malay population in the polity, it was felt unnecessary to extend the system to the rural

communities for this reason. In spite of this absence of elective local government, however, a refurbished traditional system of local governance has been deliberately mobilised by the Central Government for rural development.

### The Patterning of the Bimodal Society

Malaysia is invariably cited as the best example of a plural society. For our purpose, however, the image of a bimodal society is a more relevant perspective for our analysis of the historical roots of contemporary national decision-making in Malaysia.

Of fundamental significance, the striking legacy of British colonialism was not the creation of a socioculturally plural society but the patterning of political and economic bimodalism.<sup>2</sup> Malays, Chinese, Indians, Pakistanis, Sri Lankans, Bangladeshis, and myriads of other cultural groupings present a picture of ethnic diversity but the salient cleavage is that of indigeneity versus nonindigeneity. Specifically, in the West Malaysian case, framed as a "Malay" and "Non-Malay" dichotomy (alternatively as a bumiputra, or "son of the soil", and non-bumiputra distinction), this vertical cleavage is reinforced by a special complication of uneven political and socio-economic mobilization of the two modes, resulting in the political pre-eminence of the indigenous mode but economic dominance of the nonindigenous section.

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<sup>2</sup>For a definition of "bimodalism" see Murray Edelman, The Symbolic Uses of Politics (Urbana, Ill.: University of Illinois Press, 1964), p. 175. I have elaborated on Malaysian bimodalism in Stephen Chae, "Sociocultural Pluralism and Political Change: The Dilemmas of the Bimodal Society in Malaya" (Unpublished Ph.D. Dissertation, University of Pittsburgh, 1971).

Colonial dual government and its policy of differential incorporation of Malays in administration and non-Malays in the economy hardened the basic cleavage. The transformation of pluri-ethnic categories into two corporate blocs took place over the two decades before World War II as Malay indigenous nationalism reacted to the threats posed by non-Malay outpost nationalism and by British attempts to foist the Malayan Union scheme on the sultanate states.

Though the issue of independence provided a unity of negation, where both communities could agree on their opposition to continued British rule, the real basis for a working post-independence governing system was inter-communal compromise in the Alliance political framework. Described as a bargain, the 1957 Constitution also institutionalized the fundamental cleavage. The basis for mutual tolerance in the new State was Malay recognition of non-Malay economic interests and non-Malay acknowledgement of Malay political dominance. The nexus for this accommodation was pragmatic national leadership and a unique style of national decision-making.

#### National Decision-Making Style

In a segmented society, it was assumed that issues and conflicts were so divisive that general consensus could never be expected. The formula was to transfer politics from the streets to the closed door of Alliance Party summit committees where differences could be accommodated.

Within that kind of structure, politics became transformed into business, and issues that excited communal sentiments became merely items on an agenda for transaction. Since the guiding principle of political bargaining at this elite level was moderation, attempts

were made to maximise the areas of agreement. Decisions were depoliticized as much as possible by turning them into distributive benefits.

Public policies as a series of quid pro quos within the Alliance Executive Council and cabinet enjoyed anonymity; however, translated into administrative acts, policies in the bimodally structured society faced the dilemma that the very attempt to correct status disequilibria often generated further strains and conflict. Conscious of the collective character of the social relationships and the inter-communal comparisons, the political leadership has adhered to a two-pronged philosophy in development planning and public policy, namely the necessity of promoting rapid economic growth and the imperative of reducing racial socio-economic imbalances. The two goals are by no means contradictory but the values and priorities of the government have to be assigned within the context of distributive scarcity; in the competition between growth maximization and distributive justice the latter would have overriding consideration. Since independence, public policy has definitely moved in the direction of corrective equity with a quickening in the pace of public investment in the past decade. Rural development has consumed a sizeable portion of plan expenditure.<sup>3</sup>

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<sup>3</sup>See Gayl D. Ness, Bureaucracy and Rural Development in Malaysia (Berkeley and Los Angeles: University of California Press, 1967), for an excellent account of the changing goals and public investment in rural development.

### The Rural Sector and Corrective Equity

In the national programme for corrective equity, the rural sector commands priority because of the Alliance government's dependence on the rural vote and, more importantly, because this sector is predominantly Malay.

The population of the whole of Malaysia according to the 1970 census was 10,439,530. Of the total about 4.89 million (or 46.8%) were Malays, 3.56 million (or 34.1%) Chinese and 943,000 (or 9%) Indians/Pakistanis. The census showed that of the Peninsular Malaysia population of 8.81 million the Malays comprised 4.69 million (or 53.2%), Chinese 3.12 million (35.4%) and Indians about 923,000 (10.6%). The rural population of Peninsular Malaysia was 6.28 million or 71% of the total. Eighty-five percent (or nearly 4 million) of the Malays lived in the rural areas in 1970, though as Table 1 reveals there has been a steady increase in the degree of their urbanization since 1947. About 925,000 (roughly 68%) of the total agricultural labour force of 1.4 million were Malays.

The participation of Malays in the colonial export sector was negligible for the Malay rural economy was tied to the traditional occupations of padi-growing, smallhold rubber cultivation, fishing and fruit cultivation. Although it was a monetized economy, techniques were poor, productivity low and capitalization extremely inadequate. While the non-Malay (Chinese and Indian) rural labourer or farmer was linked to the urban markets the Malay peasant was characterized by his isolation, subsistent production and low income. Besides the geographical and sociocultural reasons which kept the Malays in low-paying rural production, the official colonial policy of non-

TABLE I

POPULATION BY COMMUNITY GROUPS AND DEGREE OF URBANIZATION  
AT CENSUSES OF 1970, 1957, AND 1947 - PENINSULAR MALAYSIA

| Community | 1970            |                 | 1957            |                 | 1947            |                 |
|-----------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|           | Urban Areas (%) | Rural Areas (%) | Urban Areas (%) | Rural Areas (%) | Urban Areas (%) | Rural Areas (%) |
| Total     | 28.7            | 71.3            | 26.5            | 73.5            | 15.9            | 84.1            |
| Malays    | 14.9            | 85.1            | 11.2            | 88.8            | 7.3             | 92.7            |
| Chinese   | 47.4            | 52.6            | 44.7            | 55.3            | 31.1            | 68.9            |
| Indians   | 34.7            | 65.3            | 30.6            | 69.4            | 25.8            | 74.2            |
| Others    | 40.8            | 59.2            | 49.3            | 50.7            | 46.2            | 53.8            |

**Source:** Malaysia, Department of Statistics, 1970 Population and Housing Census of Malaysia; Community Groups (Kuala Lumpur: Department of Statistics, 1972), p. 33.

**Note:** In Malaysia, the term 'urban' describes all gazetted administrative areas with a population of ten thousand or over, all other areas being classified as rural.

interference with the indigenous social system reinforced the involution of the Malay economy. Between the 1947-1957 years, the Malay rural population was augmented by 368,000, yet rural production showed a general decline.

A number of writers have commented on the Malay rural vicious circle: low productivity, low income and poor health and nutrition standards tend to be self-perpetuating.<sup>4</sup> The average monthly income for Malay rural households, reported by the 1957 Household Budget Survey, was M\$120 while the Chinese urban household average was M\$275 or more than twice as high. In spite of the growing levels of per capita income in Malaysia over the past decade, inequality in income distribution among Malaysians remains wide, rural-urban imbalances are glaring, and inter-ethnic discrepancies continue to be serious. The following table summarizes all these three categories of income inequities.

While poverty observes no racial barriers, the predominantly Malay rural sector is undoubtedly most affected. Rural poverty has cultural and sociopolitical as well as economic roots. Noting that the bulk of the Malay rural poor are coconut and rubber smallholders, single-crop padi farmers, tenants and sharecroppers in padi and rubber cultivation and inshore fishermen, the authors of the mid-term Review of the Second Malaysia Plan concluded that "their low incomes are

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<sup>4</sup>Cf. Ungku A. Aziz, "Poverty and Rural Development in Malaysia", Kajian Ekonomi Malaysia (Kuala Lumpur), Vol. 1, No. 1 (1964) pp. 70-105; E.K. Fisk, Studies in the Rural Economy of Southeast Asia (Singapore: Eastern Universities Press, 1964), pp. 95-100.

TABLE 2

DISTRIBUTION OF HOUSEHOLDS BY INCOME,\* PENINSULAR  
MALAYSIA, 1970

| Income range<br>(per month)               | Urban households as<br>% of total households |         |        |         | Rural households as<br>% of total households |         |        |       | Total |         |        |       | Total |
|-------------------------------------------|----------------------------------------------|---------|--------|---------|----------------------------------------------|---------|--------|-------|-------|---------|--------|-------|-------|
|                                           | Malay                                        | Chinese | Indian | Other   | Malay                                        | Chinese | Indian | Other | Malay | Chinese | Indian | Other |       |
| \$ 1 - 99                                 | 4.4                                          | 4.3     | 1.2    | 0.1     | 80.1                                         | 5.3     | 3.7    | 0.9   | 84.5  | 9.6     | 4.9    | 1.0   | 100   |
| \$ 100 - 199                              | 7.3                                          | 12.0    | 4.4    | 0.1     | 53.5                                         | 12.9    | 9.6    | 0.2   | 60.8  | 24.9    | 14.0   | 0.3   | 100   |
| \$ 200 - 399                              | 10.2                                         | 21.8    | 4.2    | 0.1     | 30.1                                         | 24.2    | 9.3    | 0.1   | 40.6  | 46.0    | 13.5   | 0.2   | 100   |
| \$ 400 - 699                              | 11.6                                         | 30.6    | 6.6    | 0.5     | 20.0                                         | 25.1    | 5.5    | 0.1   | 31.6  | 55.7    | 12.1   | 0.6   | 100   |
| \$ 700 - 1,499                            | 11.7                                         | 42.2    | 9.2    | 2.0     | 11.5                                         | 19.1    | 3.3    | 0.9   | 23.2  | 61.4    | 12.5   | 2.9   | 100   |
| \$1,500 - 2,999                           | 8.5                                          | 48.5    | 10.7   | 6.6     | 5.5                                          | 13.6    | 2.9    | 3.7   | 14.0  | 62.1    | 13.6   | 10.3  | 100   |
| \$3,000 and above                         | 6.8                                          | 42.7    | 16.0   | 13.3    | 5.3                                          | 9.3     | 1.3    | 5.3   | 12.1  | 52.0    | 17.3   | 18.6  | 100   |
| As a % of total households                | 7.9                                          | 16.1    | 4.0    | 0.3     | 48.8                                         | 15.2    | 7.2    | 0.5   | 56.7  | 31.3    | 11.2   | 0.8   | 100   |
| Mean household income<br>(\$ per month)   | 328.1                                        | 464.3   | 441.5  | 1,401.7 | 154.5                                        | 332.6   | 237.2  | 563.4 | 178.7 | 387.4   | 310.4  | 950.5 | 268.7 |
| Median household income<br>(\$ per month) | 227.3                                        | 289.9   | 241.9  | 1,139.5 | 111.7                                        | 254.4   | 220.3  | 87.9  | 122.3 | 271.1   | 195.5  | 324.2 | 168.6 |

Source: Malaysia, Mid-Term Review of the Second Malaysia Plan (Kuala Lumpur: Government Printer, 1973), p. 4.

\* Income includes cash income, imputed income for earnings in kind plus transfer receipts.

primarily the result of uneconomic-sized holdings, agronomically poor or unsuitable plots of cultivation, traditional methods of farming and lack of access to modern agricultural inputs".<sup>5</sup>

The rural areas, too, are relatively inadequately serviced by basic amenities. On all criteria (health, education and nutrition) the rural areas are absolutely deprived. Table 3 demonstrates the extent of welfare shortfall of rural households compared to urban households.

Agriculture, forestry and fishing accounted for about 40.5% of gross domestic product at factor cost and 60% of employment in 1960. Table 4 shows that the share of overall agricultural activities to GDP had declined to 29.2% in 1970. Nevertheless it still provides employment for nearly one-half of the total working population and accounts for almost 50% of the country's foreign exchange earnings. Though productivity is high by Asian standards, Malaysian agriculture has not been a leading sector, with qualifications for the commercial production on estates of export crops like rubber, timber and palm oil and kernels. Productivity and incomes in traditional rural smallholder agriculture have lagged behind the modern foreign-owned, estate sector. Consequently one of the major objectives in postindependence development planning has been the modernization of the traditional rural sector. That the Malays outnumber the non-Malays in this sector by a factor of three-to-one only adds a political imperative to the economic objective.

Differential rates of modernization and the historical patterning of economic activities have also created imbalances between

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<sup>5</sup>Malaysia, Mid-Term Review of the Second Malaysia Plan 1971-1975 (Kuala Lumpur: Government Printer, 1973), p. 5.

TABLE 3

DISTRIBUTION OF HOUSEHOLD AMENITIES, BY STRATA,  
PENINSULAR MALAYSIA, 1970.

| Strata       | Average number of persons per dwelling | % of households with piped water | % of households with adequate toilet facilities | % of households with electricity |
|--------------|----------------------------------------|----------------------------------|-------------------------------------------------|----------------------------------|
| Metropolitan | 7.48                                   | 89.6                             | 95.1                                            | 85.6                             |
| Urban large  | 6.96                                   | 71.4                             | 84.6                                            | 79.6                             |
| Urban small  | 6.77                                   | 61.5                             | 83.4                                            | 68.1                             |
| Rural        | 5.49                                   | 32.3                             | 59.7                                            | 24.6                             |
| Total        | 6.06                                   | 47.5                             | 69.8                                            | 43.7                             |

Source: Mid-Term Review of the Second Malaysia Plan 1971-75, p. 5.

TABLE 4

GROSS DOMESTIC PRODUCT BY  
INDUSTRIAL ORIGIN FOR PENINSULAR MALAYSIA  
(In Current Prices, M\$ Million and Percentages in bracket)

|             | GDP at<br>Factor Cost | Overall<br>Agriculture | Industry         | Services         |
|-------------|-----------------------|------------------------|------------------|------------------|
| 1960        | 4,962                 | 2,013<br>(40.56)       | 875<br>(17.63)   | 2,074<br>(41.79) |
| 1965        | 6,574                 | 2,090<br>(31.79)       | 1,538<br>(23.39) | 2,946<br>(44.81) |
| 1966        | 6,879                 | 2,183<br>(31.73)       | 1,571<br>(22.83) | 2,969<br>(43.16) |
| 1967        | 7,066                 | 2,125<br>(30.07)       | 1,663<br>(23.53) | 3,278<br>(46.39) |
| 1968        | 7,270                 | 2,157<br>(29.66)       | 1,648<br>(22.66) | 3,465<br>(47.66) |
| 1969        | 8,077                 | 2,548<br>(31.54)       | 1,917<br>(23.73) | 3,612<br>(44.71) |
| 1970        | 8,352                 | 2,428<br>(29.07)       | 2,092<br>(25.04) | 3,822<br>(45.76) |
| 1971        | 8,735                 | 2,450<br>(28.04)       | 2,187<br>(25.03) | 4,098<br>(46.91) |
| 1972        | 9,450                 | 2,359<br>(24.96)       | 2,448<br>(25.90) | 4,643<br>(49.13) |
| 1973 (Est.) | 11,487                | 3,351<br>(29.17)       | 2,927<br>(25.48) | 5,209<br>(45.34) |

Source: Adapted from The Treasury, Malaysia, Economic Report 1973-74  
(Kuala Lumpur: Government Printer, 1973), pp. 86-87.

the states in Malaysia. For example, the east coast states of Peninsular Malaysia, Sarawak and the rice growing states of the north are relatively less developed than the west coast states. The regional inequality can be seen from Table 5. Thus while Selangor's per capita GDP in 1970 was about one-and-a-half times that of the average for Peninsular Malaysia, the east coast and northern Malay states of Kelantan, Trengganu, Perlis and Kedah had a per capita GDP below the national average. Although Penang and Malacca (states with a large non-Malay population) also had a per capita GDP below the national average, the pattern of regional inequalities undoubtedly coincided with the higher proportion of Malays in these states. In Peninsular Malaysia rural poverty and regional deprivation have a high correlation with Malay concentration. Rural development policy has, therefore, been directed at the reduction of regional disparities in order to achieve greater racial equity.

#### Programme of Rural Development

Before independence the colonial government could sidestep Malay political demands for rural improvement by emphasizing the need for balanced budgetting and the priority of winning the war against the guerrillas. But the newly elected Alliance leadership could not so easily ignore the rising chorus of indigenous criticism against the urban-biased allocation of budgetary resources as well as the huge expenditure incurred by the colonial administration in relocating the 500,000 "squatters", mainly Chinese, into about 500 so-called peri-urban New Villages in the early 1950's.<sup>6</sup>

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<sup>6</sup>This was the so-called Briggs Plan of isolating the 'rural' Chinese population from the predominantly Chinese communist insurgents. One effect of the massive resettlement scheme was to increase the Chinese population in the urban areas. Cf. Kernial Singh Sandhu, "The Saga of the Squatter in Malaya", Journal of Southeast Asian History, Vol. 5, No. 1 (1964), 143-177 and Ray Nyce, The New Villages of Malaya (Kuala Lumpur: Malaysian Sociological Research Institute, 1972).

TABLE 5

PER CAPITA GDP OF STATES AS PROPORTION OF  
PENINSULAR MALAYSIA MEAN GDP, 1963-70

|                | 1963 | 1964 | 1965 | 1966 | 1967 | 1968 | 1969 | 1970 |
|----------------|------|------|------|------|------|------|------|------|
| Selangor       | 1.53 | 1.56 | 1.47 | 1.48 | 1.56 | 1.52 | 1.49 | 1.49 |
| Sabah          | -    | -    | -    | -    | 1.18 | 1.22 | 1.21 | 1.25 |
| Negri Sembilan | 1.30 | 1.06 | 1.11 | 1.18 | 1.14 | 1.14 | 1.16 | 1.16 |
| Perak          | 1.03 | 1.09 | 1.12 | 1.09 | 1.09 | 1.06 | 1.08 | 1.07 |
| Pahang         | 1.10 | 1.16 | 1.11 | 1.12 | 1.06 | 1.06 | 1.05 | 1.04 |
| Johore         | 0.97 | 0.95 | 0.99 | 0.97 | 0.93 | 0.90 | 0.97 | 0.98 |
| Perlis         | 0.70 | 0.77 | 0.76 | 0.81 | 0.84 | 0.91 | 0.85 | 0.80 |
| Kedah          | 0.81 | 0.86 | 0.83 | 0.84 | 0.84 | 0.83 | 0.81 | 0.81 |
| Penang         | 0.67 | 0.71 | 0.73 | 0.75 | 0.75 | 0.77 | 0.76 | 0.78 |
| Malacca        | 0.82 | 0.75 | 0.73 | 0.79 | 0.70 | 0.69 | 0.79 | 0.69 |
| Trengganu      | 0.69 | 0.68 | 0.61 | 0.57 | 0.61 | 0.58 | 0.57 | 0.60 |
| Kelantan       | 0.58 | 0.57 | 0.52 | 0.47 | 0.47 | 0.49 | 0.51 | 0.52 |

Source: Mid-Term Review of the Second Malaysia Plan 1971-75, p. 18.

Thus at the first general election in 1955 for 52 elective seats, the Alliance party made rural development one of its main platforms - the other being Merdeka (independence). The Alliance won 51 of the 52 seats. Agricultural and rural development has since 1955 taken a large slice of public sector development expenditure.

The first Five-Year Malaya Plan 1956-1960 allocated M\$227.5 million (or 24%) of the total public expenditure of M\$964 million on agriculture, besides spending large sums on social overhead capital and infrastructure building which had direct contributions to rural improvement. Indeed if one conservatively assigns half of the public investment under transport (particularly road and bridge building), utilities and social services to rural modernization, the share of gross rural development under the 1956-60 Plan was probably more than 50% of the total investment.

Total non-security public investment under the Second Five Year Malaya Plan 1961-65 increased by more than 100% and there was a concomitant rise in spending on agriculture and rural development, particularly on land development schemes, physical infrastructure and social services. The context of the 1961-65 plan was interesting. In 1959 the Alliance government received unmistakable "feedback" that many Malays thought that the promises of Malay economic upliftment had not been delivered. In both the state and federal elections, held with a larger franchise and greater rural weightage, the Alliance was returned to power with a reduced majority vote. At the state assembly elections, the governing party received only 55.5% of the valid votes while at the parliamentary election the Alliance secured only 51.8% of the total votes (compared to the spectacular 80% it got in 1955).

Although non-Malay disenchantment with the Malaysian Chinese Association component of the Alliance had boosted the fortunes of the urban-based opposition parties, the Malay component of the Alliance (United Malays' National Organization) viewed the defection of its rural supporters to the extremist Pan-Malayan Islamic Party (PMIP) with great concern. The economically backward states of Kelantan and Trengganu, on the east coast, had brought the PMIP to power in the two state assemblies.

It was, therefore, no coincidence that a major move in the direction of increased rural development was made in 1959 with the formation of a new Ministry for Rural Development under the direct charge of the then Deputy Prime Minister, Tun Abdul Razak. There was also a heightened goal commitment reflected in the 1961-65 Plan's first objective, "to provide facilities and opportunities for the rural population to improve its level of economic and social wellbeing".<sup>7</sup> The dual emphasis of the programme of public investment was in direct support of the rural peasant sector and development of the infrastructure of the economy as a whole. However, the hard core of the plan was rural development: of the estimated development expenditure for Peninsular Malaysia of \$2,344 million, approximately 55% was allocated to modernization of the rural sector. Although this was, percentage-wise, slightly lower than the proportion in the 1956-60 Plan, the absolute amount represented a nearly two-and-a-half times increase. More important, in terms of strategy, was the reorganization and mobilization of administrative capacity to achieve rural developmental goals.

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<sup>7</sup>Malaysia, Second Five-Year Plan 1961-65 (Kuala Lumpur: Government Printer, 1961), p. 16.

Under the First Malaysia Plan 1966-70, the integration of the economies of Peninsular Malaysia, Sabah and Sarawak assumed primary importance but rural development was still a central objective. Although development funds for rural uplift had to be shared with East Malaysia's indigenous population, the amount assigned to Peninsular Malaysia's rural sector was not affected, and indeed increased. By way of comparison, the size of the allocation for the item "Agriculture and Rural Development" increased from M\$411 under the 1961-65 Plan to M\$911 under the First Malaysia Plan 1966-70. This was a rough indicator of the strategic position of UMNO and the rural Malay electorate in getting a large share of the distributive benefits of government investment expenditure. The rural development programme for 1966-70, however, went beyond provision of physical amenities by emphasizing the priorities of agricultural education, extension services, research, modernization of farming techniques, increased pace of land alienation and development, and the setting up of marketing and credit institutions.

The Second Malaysia Plan 1971-75 was prepared in the aftermath of the 1969 racial conflagration. In the search for national unity, the political leadership articulated a new economic policy (NEP) with the twin objectives of (a) eradicating poverty among all Malaysians, irrespective of race, and (b) restructuring Malaysian society in order to correct racial economic imbalance. Under the rubric of the NEP, the new development strategy was, therefore, to deemphasize all-out economic growth in favour of the priority task of correcting racial inequities.<sup>8</sup>

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<sup>8</sup>Malaysia, Second Malaysia Plan 1971-75 (Kuala Lumpur: Government Printer, 1971), Ch.1, and the Mid Term Review of the Second Malaysia Plan, Ch. 1.

Quite obviously the modernization of agriculture and the integration of the rural areas with the urban sector of commerce and industry form an important part of the new development strategy. Land development and improvement and the establishment of new agriculture-supportive institutions are important elements of the programme of rural development under the new plan. Although the "rhetoric" of the Second Malaysia Plan (SMP) is the creation of a Malay entrepreneurial community, the largest chunk of investment expenditure is still given to modernization of the rural sector.

The size of the national political commitment to rural development in general and Malay upliftment in particular can be seen from the following table.

The magnitude of the public funds channeled into rural development is a good indicator of both the national commitment to the rural peasantry and the latter's political weight. Behind the Alliance government's conception of rural retardation is an assessment of historical neglect, racial exploitation, market imperfections and innate religio-cultural conservatism. Nevertheless strategy has been hampered by elite ambivalence about rural transformation. On the one hand, the strong ameliorative concern of the Malay leadership is coupled with an unstated reluctance to disrupt the rural social system too much. The problem of control would be exceedingly complex with a radicalized peasantry. On the other hand, there are vested interests arising out of established land tenure, credit and marketing relations (intra- and inter-communal) that place restrictions on rural institutional change. Hence the emphasis on macro-planning in national economic policy with

TABLE 6

PUBLIC DEVELOPMENT EXPENDITURE FOR RURAL DEVELOPMENT  
IN PENINSULAR MALAYSIA, 1956-1975  
(M\$ million)

|                                                   | 1956-1960<br>(actual) | 1961-1965<br>(estimated) | 1966-1970<br>(estimated) | 1971-1975<br>(revised<br>allocation) |
|---------------------------------------------------|-----------------------|--------------------------|--------------------------|--------------------------------------|
| Agriculture and Rural Development                 | 227.5                 | 411.1                    | 911.2                    | 1,835.6                              |
| Transport                                         | 103.2                 | 294.3                    | 177.9                    | 518.3                                |
| Communications                                    | 25.8                  | 56.7                     | 79.8                     | 178.5                                |
| Utilities                                         | 119.3                 | 263.7                    | 323.4                    | 415.5                                |
| Social Services                                   | 69.4                  | 260.3                    | 322.4                    | 546.9                                |
| (a) Total Rural Development<br>Expenditure        | 545.2                 | 1,286.1                  | 1,814.7                  | 3,494.8                              |
| (b) Total Non-Security Development<br>Expenditure | 964.0                 | 2,344.4                  | 2,964.5                  | 6,609.0                              |
| (c) (a) as a % of (b)                             | 56.6%                 | 54.9%                    | 61.2%                    | 52.9%                                |

Source: Computed from First Malaysia Plan 1966-70, Tables 2.6 and 4.1, pp. 28-29, 69-70; Second Malaysia Plan 1971-75, Table 5.1, pp. 68-71; Mid-Term Review of the Second Malaysia Plan 1971-75, Table 5.1, pp. 98-101.

Computation Note: 50% of the plan allocations for transport, communications, utilities and social services in Peninsular Malaysia have been arbitrarily assigned to rural development.

a preference for an infrastructural approach to rural development.<sup>9</sup>  
There has been a shift in emphasis in the later plans on the instruments employed but the basic policy of Malaysian rural development has changed little over the past 20 years.

#### Top-Down Institutional Framework for Rural Development

A key to understanding the relationship between rural government, local institutions and rural development is a recognition of the top-down bias of Malaysian (in particular Malay) society and the hierarchical nature of the institutional framework.

The sultan was (and still is) the apex of the political system of each of the peninsular states. The concept of the sultanate system was Muslim, but the organizational principle was largely Hindu. Called Yang di Pertuan ("He Who is Lord"), Raja or Sultan, his role was to symbolize and preserve the unity of the state. There were a number of territorial chiefs, however, each exercising a great measure of local autonomy and power. Although the chiefs would intrigue to have one rather than another claimant succeed to the throne, the sultanate system was never threatened; by the 18th century, state and government were synonymous, conceptualized as kerajaan (i.e. the state of having a ruler). After the sultan, the ruling class embraced an expanding circle of royal kinsmen, aristocrats, chiefs and minor chiefs.

The district chief was then (and remains today) the key institution in the "rural" political system. The domain of his power

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<sup>9</sup>Cf. Gayl D. Ness, Bureaucracy and Rural Development in Malaysia (Berkeley and Los Angeles: University of California Press, 1967); Martin Rudner, "The Malayan Quandary: Rural Development Policy Under the First and Second Five-Year Plans", Contributions to Asian Studies, Vol. 1 (1971), pp. 190-204.

was his district encompassing a number of kampungs (or villages). In the largest of these he took up his residence. The kampung was the smallest sociopolitical unit for rural Malays, the territorial space of common residence, kinship and economic cooperation. The formal figure of authority in the village was the penghulu (headman). In more recent times, rural administration differentiates between the penghulu as the headman of a mukim (commonly defined as a parish and the ketua kampung, village headman).

Like the territorial chief, the penghulu and ketua kampung received his letter of appointment or instrument of office (surat tauliah, surat kuasa) from the top but his authority was derived from the fact of his being part of the village social system. His functions were of a secular nature; religious and magical functions were performed by the iman (vicar of a mosque), pawang (magician) and the bomoh (medicine man), the latter two being survivors of a tradition antedating the coming of Islam.

The traditional political system was a system of control. The exogenous changes wrought by British colonial administration did not impair this indigenous system. Instead, colonial rule froze the system in time and reinforced the basic patterns by absorbing the previous instabilities caused by succession feuds and territorial war. On this basic framework the British superimposed the institutions of the Resident or Advisor at the level of the state capital and the District Officer at the district level. It was at the level of the district that educated Malays were coopted into a Malay Administrative Service specially designed to provide personnel for rural administration. The prestigious Malayan Civil Service was completely staffed by British

recruits until the late 1930's. Besides these two services created by the British to provide central staff to the Federated Malay States, there were also in existence local civil service systems in each of the former Unfederated Malay States.

The independent Malaysian political system accommodated all these inherited complexities by superimposing a federal framework, with a dominant centre, on the collection of states, which had allocated powers and some residual prerogatives. At the centre, ministerial government and a federal bureaucracy provided cohesion to policy and implementation. Federal departments are set up at state and district level, staffed by officers of the central government. Moreover, federal officers are seconded to the states to perform functions assigned to the latter under the constitution. Thus, the dependence of the states on the central government for development funds and personnel permit an increasing "federalization" of administration and top-down coordination. In states controlled by opposition parties (e.g. Kelantan in 1959-1973) the centre might not be able to work its "will", though the control of rural development funds provides it with power to blackmail compliance. However, since independence the Alliance has been able to win control of most of the state houses.<sup>10</sup>

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<sup>10</sup> After the 1969 elections, Penang and Kelantan were "opposition states", ruled respectively, by the Gerakan Rakyat Malaysia and the Pan-Malayan Islamic Party. By early 1973 both parties had accepted the Alliance Party in coalition governments. The Alliance itself was transformed into the National Front (comprising nine component parties) which proceeded to capture the August 1974 general elections by landslide majorities in state and parliamentary constituencies.

This political control ensures that federal policy on, for example, rural development would be acceptable to or at least accepted by the states. But the organizational needs of the rural programme at the state and local level were severe. The basic problem was that the inherited state bureaucracies were oriented to order administration, to custody rather than development goals.<sup>11</sup>

The paradigm for the administrative "big push" in rural development was the British military plan for fighting the communist insurgency. Under the 1948-1960 counter-insurgency strategy, "war councils", or committees, were set up at national, state and district levels, each under a director of operations. Shortly after the 1959 elections, the Alliance government created a new Ministry of Rural Development (now called Ministry of Rural Economic Development), under the direct charge of Tun Abdul Razak (then Deputy Prime Minister). This was an ingenious move for it combined in one "super-ministry" the highest political power; influence over all the technical ministries (Public Works, Agriculture, Transport); direct access to the state party governments; and an ability to command priority budgetary allocations and administrative resources. The "war models" used during the Emergency was adopted for the planning and monitoring of rural development. (See Chart 1). A fourth level, the village development committees, was added in late 1961.

The militarization of planning was evident in the choice of name for the meeting rooms and the paraphernalia they contain. At the first three levels (national, state and district) there are Operations Rooms

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<sup>11</sup>R.O. Tilman, Bureaucratic Transition in Malaya, (Durham, N.C.: Duke University Press, 1964).

CHART 1

ORGANIZATIONAL MODELS FOR WAR AND PEACE

| Level of Operation | "War Model"                                                                          | "Peace Model"                                                                               |
|--------------------|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| National           | <p>War Council</p> <p>Chairman: Director of Operations</p>                           | <p>National Rural Development Committee</p> <p>Chairman: Minister for Rural Development</p> |
| State              | <p>State War Executive Committees</p> <p>Chairman: Chief Minister/ Menteri Besar</p> | <p>State Rural Development Committees</p> <p>Chairman: Chief Minister/ Menteri Besar</p>    |
| District           | <p>District War Executive Committees</p> <p>Chairman: District Officer</p>           | <p>District Rural Development Committees</p> <p>Chairman: District Officer</p>              |
| Village            | -                                                                                    | <p>Village Development Committees</p> <p>Chairman: Village Headman (Ketua Kampung)</p>      |

each equipped with maps and charts describing the status of projects by various departments. The Operations Rooms have another function besides executive control; they provide the forum for the national leadership to communicate with the rural people. After a briefing about the progress of various projects especially in the district operations room, a Minister would be accompanied by various elected officials, party functionaries and civil servants to tour the area in a public demonstration of the interest of the government in the welfare of the villagers. At these tours, national leaders might participate in some public ceremony (dedicating a school, opening a bridge, or officiating at a local show).

During the life of the first two five-year plans, it was obvious that the approach to rural development was largely administrative. Many of the top Malay leaders had come from the bureaucracy and this, coupled with their own social background, probably explained their paternalistic approach to rural modernization. The political feedback from the 1959 elections and the aggregation of demands through the "Red Book" system also reinforced the reliance on the administrative system. Quick results was the overriding goal. To convey the image of an effective and responsive government, the bureaucracy was mobilized to produce a "development cover crop" of roads, bridges, schools, mosques, temples, community halls, wells, clinics and piped-water stands.

Perhaps it was inevitable that in the early years there was overemphasis on the role of the central government and bureaucracy. Towards the second half of the 1961-1965 Five-Year Plan the policy-makers began to realize that the construction of physical infrastructure was only a palliative to rural neglect at best. Moreover, the top-down

development strategy threatened to generate a spiralling of demands from the periphery. There was a need to disaggregate the process for rural improvement. One feature of the disaggregative tendency in the rural development programme over the past decade is the heightened role of specialized statutory bodies and government agencies in land resettlement schemes, agricultural marketing and research, and initiative assigned to local administration and rural institutions for local rural development. It is with the role of the latter institutional structures that we are concerned in the rest of the paper.

## II. LOCAL ADMINISTRATION AND RURAL DEVELOPMENT

When the federal government decided to decentralize the strategy of national and rural development there was indecision whether to focus on the negri (state) level or the daerah (district) level. To trust rural development to the state capital would not only mean requiring a low-resource system to advance rural upliftment but create the same kind of centralizing tendencies which the federal leadership was eager to avoid. Moreover, the national leadership was not anxious to promote strong centres of state autonomy. But the crucial consideration was that the daerah or district, not the state (except in the predominantly east coast states of Kelantan, Trengganu and Pahang), was the true locus of local government and the nexus between the rural Malays and the central administration. It is the area where the administration (traditional and modern) works its will, so to speak.

To afford a closer insight into local administration, the analysis in this section will focus on one state. Like the other states in Malaysia, Selangor (where the field research was conducted) is divided into districts for the purpose of territorial administration. Each district is further subdivided into a varying number of lower administrative units called mukims. Although the mukim is technically the lowest administrative unit, it embraces between 5-8 physically or sociologically demarcated kampungs or villages.

The analysis of local administration of rural development relates to two districts in Selangor State, namely Ulu Selangor and

and Ulu Langat. As their names imply, these are inland districts. The rural economy is chiefly based on rubber cultivation by estates and smallholders. The major north-south highway cuts through the heart of the districts, and both are about equidistant from the national capital and relatively well served by modern amenities. Each district has about the same population. (See Table 7).

#### District Administration and Rural Development

Both Ulu Langat and Ulu Selangor have similar structures of local governance. The district office is the focal point of rural administration, the meeting place for the flows of policy from the federal and state governments and the agglutination of grassroots demands. In the whole of Peninsular Malaysia there are roughly 71 districts. Selangor is now divided into eight districts (not including the Federal Territory of Kuala Lumpur), each headed by a district officer (DO) who combines the roles of general administrator, collector of land revenue, magistrate, chairman of non-autonomous town boards, and chairman of various committees. The most important of the committees have to do with rural administration and development planning.

Under the DO are a number of assistant district officers (ADO's) each being assigned responsibility for subdistrict general administration or functional areas such as land administration and revenue collection, community development, and office management. One image of the district officer is that of the metamorphosized territorial chief, the apex of the sultanate subsystem. Increasingly, however, with the attenuation of his former supreme position as a result of role differentiation and specialization, the DO in Selangor, as elsewhere in the country, is becoming a man in the middle - perceived as the executive head of his

**TABLE 7**

**POPULATION OF SELANGOR STATE, BY DISTRICT AND RACE, 1970**

| Districts      | Malays         | Chinese        | Indians        | Others        | Total            |
|----------------|----------------|----------------|----------------|---------------|------------------|
| Kelang         | 72,734         | 100,524        | 59,333         | 1,079         | 233,670          |
| Kuala Langat   | 50,161         | 34,922         | 22,025         | 62            | 107,190          |
| Kuala Lumpur   | 230,246        | 492,704        | 141,754        | 11,669        | 876,373          |
| Kuala Selangor | 78,179         | 30,253         | 27,053         | 113           | 135,598          |
| Sabak Bernam   | 59,565         | 13,695         | 4,717          | 21            | 77,998           |
| Ulu Langat     | 39,628         | 39,321         | 16,993         | 215           | 96,157           |
| Ulu Selangor   | 33,516         | 42,929         | 27,001         | 295           | 103,741          |
| <b>Total</b>   | <b>564,029</b> | <b>754,348</b> | <b>298,876</b> | <b>13,454</b> | <b>1,630,707</b> |

Source: 1970 Population Census.

district, yet subject to direction from his superiors at the state and federal capitals. Although a member of the prestigious Malaysian Administrative and Diplomatic Service, the DO as a seconded-officer to the Selangor state administration finds himself in an anomalous situation: "The District Officer/Collector has a difficulty of having to play the role of multiple subordination: he is accountable to the State Director of Lands and Mines, the State Development Officer, the State Financial Officer, the State Secretary, as well as to the state political leadership in the day-to-day exercise of his broad area of responsibility".<sup>1</sup>

In spite of his reduced charisma, the district officer is still the most important agent of formal government at this level. The scope of his office in fact might even have increased despite the competition from the technical departments and the local political leaders. With the emphasis on development and security, he is assigned the major responsibility for coordination of rural development programmes and communication with the people.

The DO is exhorted (indeed instructed) by the central government to be a modernizer in his district through the Committee System using the existing administrative structure and statutory bodies as dynamo, stimulator and initiator of change in the rural society.<sup>2</sup> If the ambivalence towards social change is starkly revealed in the directive from the centre, the district officer has successfully sublimated the contradictions in his attempt to perform the dual roles

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<sup>1</sup>Kamarudin Rani, Land Administration in Peninsular Malaysia, (Kuala Lumpur: Department of Land Administration, Ministry of Land, 1973), p. 4.

<sup>2</sup>V. Selvaratnam, "Some Aspects of Rural Development and Change in West Malaysia", Kajian Ekonomi Malaysia, Vol. 12, No. 2 (1972), p. 27.

of regulator and change agent. The Committee System, founded on the organizational logic of the quasi-military command hierarchy described in the previous chapter, is the device to bridge the two roles.

(See Chart 2).

(a) District Action Committee (DAC)

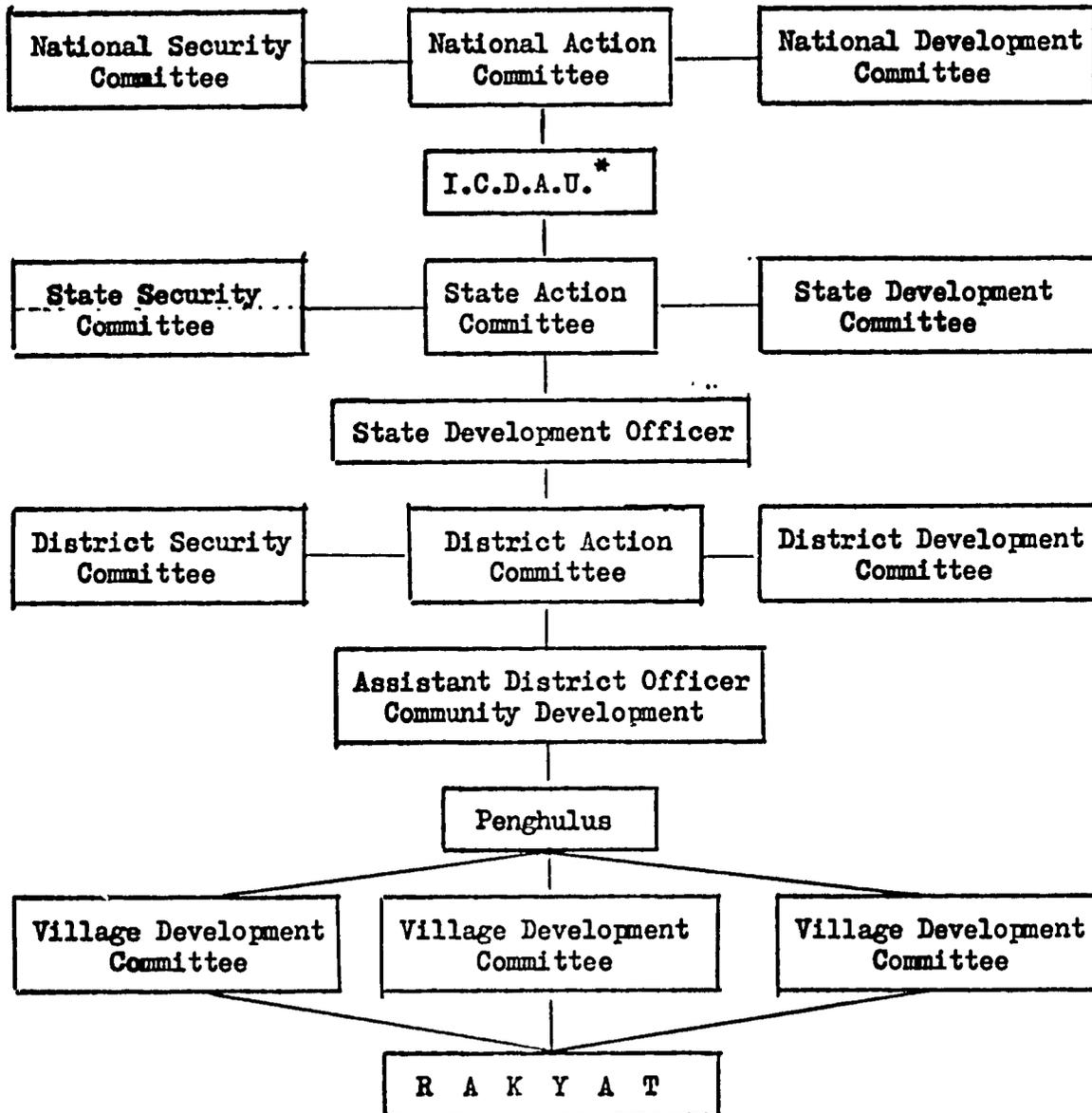
The District Action Committee is the most comprehensive of all the committees, including all the heads of district technical departments of the federal and state governments (e.g. Agriculture, Drainage and Irrigation, and Public Works), senior police and army officers, wakil rakyat (state assemblymen and members of Parliament), and the penghulus. It meets once a month under the chairmanship of the DO to discuss development policies defined by the federal or state governments, establish district priorities and programmes, discuss progress reports from the various heads of technical departments, and approve new projects. It was a technique devised to reduce red-tape between departments and to expedite the investigation of local needs and problems by the bureaucracy.

(b) District Development Committee (DDC)

Although the DAC is the final decision-making body, most of the administrative decisions take place in the District Development Committee. This Committee comprises the DO as chairman and his ADO in charge of community development as secretary and all the heads of technical departments in the district. The penghulus are also full members of the committee.

CHART 2

THE COMMITTEE SYSTEM - ITS LINKAGES



Source: Operations Room - Prime Minister's Department, Kuala Lumpur.

\*I.C.D.A.U. - Implementation Coordination Development Administration Unit - Prime Minister's Department.

It is at monthly meetings of this committee that interdepartmental or inter-agency actions are coordinated, responsibilities for project implementation assigned, and the myriad requests from the villagers that the penghulus have aggregated discussed. These grassroots requests are usually for minor works such as rural roads, bridges, drains and canals, and mosques. The ADO in charge of community development has the task of assessing these requests.

The absence of political representatives from this committee is intended to confine administrative discussion of rural development to the merits and technical feasibility of individual projects. It is doubtful that the civil servants could prevent the politicians from reinstating their pet projects in the DAC meeting unless they are grossly technically infeasible.

(c) District Security Committee (DSC)

This is a relatively small committee of senior officers of the Police, Army and Special Branch (Intelligence) departments meeting under the chairmanship of the DO to discuss the security of the district and to plan strategic actions against the remaining few communist insurgents in the jungle.

(d) District Operations Room

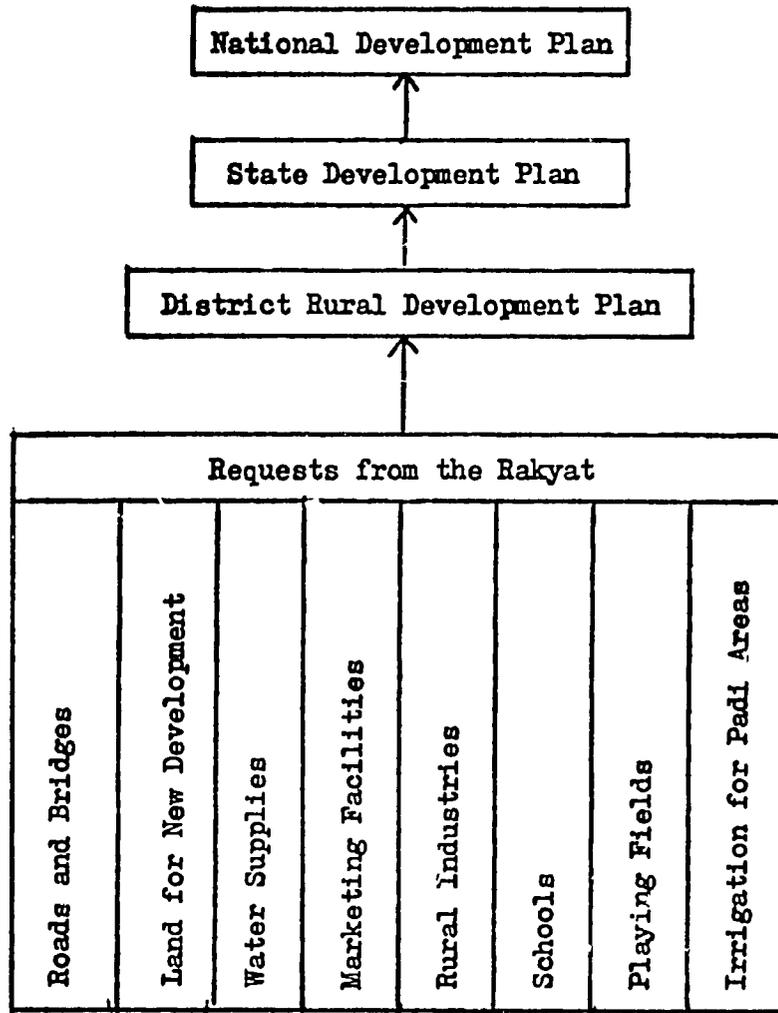
The committee meetings give the District Officer and other departmental heads a larger view of their domains and an integrated approach to rural development. An integral

part of the committee system of rural development planning is the Operations Room Technique. Committee meetings are held in the Operations Room, and the progress of development projects is monitored by means of charts, maps, diagrams and other visual aids.

The developmental role of the district officer was first highlighted in the introduction in 1960 of bottom-up planning under the so-called RED (for Rural Economic Development) book system as a device to aggregate requests for government funding of minor projects. This system followed the organizational logic of the quasi-military command hierarchy described above. Requests that were considered feasible were included in the district's rural development plan; those that were regarded as impractical were rejected by the district committee and the applicants were informed of the reasons for the rejection. All the proposals were included in a 2½ feet by 3 feet red book, three copies of which were prepared at the district office. One copy was sent to the State Development Operations Room, one to the National Operations Room, and the third was retained in the District Operations Room. The financial resources for the implementation of the short-term district projects came from the centre but there was a blanket allocation each year of \$50,000 to the district for immediate action. The Red Book projects formed an important part of the total national outlay on physical infrastructure and amenities under the 1961-65 Five-Year Plan. The diagram in the following page summarizes the relationship between the rural development and national plans.

CHART 3

THE RED BOOK PLANS



This was a somewhat idealized picture of how the system was supposed to work. Criticisms of Red Book planning method included the important point that the system tended to assume that all rural areas were homogeneous and resources were allocated without emphasis on eradication of regional imbalances. Certainly Selangor further benefitted under the system. Moreover, the preparation of the Red Books was finally becoming too time-consuming and threatened to subvert an instrumental means of development monitoring into an end itself. Under the 1966-70 and 1971-75 Five Year Plans, Red Book projects have not been incorporated. The District Operations Room now serves as the mechanism for rural development planning and requests for rural projects approved by the DAC are sent directly to the State Development Officer who determines whether they should be funded by the State or the Federal Government. The emphasis is to decentralize responsibility for small-scale rural development projects to the district level and to promote local initiative at the kampung level. The DO has been assigned the task of encouraging village participation in community development, with the help of the penghulu and ketua kampung.

#### Mukim Administration and Rural Development

Traditionally, the penghulu was regarded as a representative of the sultan of the state. Colonial and postindependence administrations coopted him as a field agent of the government. But his legitimacy as a local leader rested on the fact that he was perceived as spokesman for the people in his parish or mukim. With the decentralization of government and administration to the district level, the penghulu of the mukim is assuming a new role in development administration, as a broker between the villagers and the supra-village officials. But his new role as the lowest cog in the administrative structure has at the

same time diluted the traditional sources of his authority. This cooptation of traditional leadership into the State machinery has transformed the penghulu from being orang kita (our man, or one of us) to being orang kerajaan (the government's man).<sup>3</sup>

How has this affected the penghulu's role in local administration and rural development? The analysis which follows is focused on two mukims. Batang Kali is one of nine mukims in the district of Ulu Selangor, north of the federal capital of Kuala Lumpur. There are six villages in the mukim with a total population of 9,600 people. To the south of Kuala Lumpur, in the district of Ulu Langat, is the mukim of Dengkil (also known as Kajang II). This mukim is about the same size as Batang Kali, but comprises five villages and has a total population of 6,000. The occupation of the residents in the two mukims is mainly rubber cultivation in smallholdings. On a number of criteria, Batang Kali seems a relatively more "progressive" mukim than Dengkil.

While in Dengkil over 86% of a random sample of residents operate or own rubber holdings less than five acres (see Table 8), only 5% of respondents in Batang Kali work on under five-acre farms. This was because in Ulu Selangor the state government had been able to alienate fringe land to the people, as, for example, in Batang Kali mukim where under the Ulu Rening Land Alienation scheme eighty-four villagers were allotted  $8\frac{1}{4}$  acres each for rubber and fruit cultivation. For an average household, it is estimated that an economic lot size for rubber cultivation is about six acres. The productivity of rubber smallholdings differs

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<sup>3</sup>Syed Husin Ali, "Patterns of Rural Leadership in Malaya", Journal of the Malayan Branch of the Royal Asiatic Society, Vol. XLI, Pt. I (1968), pp. 95-145.

**TABLE 8**

**SIZE OF FARMHOLDINGS IN BATANG KALI AND DENGKIL**

| Acreage       | Batang Kali (N=50) |       | Dengkil (N=44) |       |
|---------------|--------------------|-------|----------------|-------|
|               | No. of Cases       | %     | No. of Cases   | %     |
| Below 2 acres | 12                 | 24.0  | 18             | 40.9  |
| 3 - 5         | 15                 | 30.0  | 20             | 45.5. |
| 6 - 8         | 10                 | 20.0  | 2              | 4.5 . |
| Over 8 acres  | 13                 | 26.0  | 4              | 9.1   |
|               | 50                 | 100.0 | 44             | 100.0 |

Source: Survey Data

from village to village, averaging about 8lbs. of rubber per acre in Dengkil and 10lbs. in Batang Kali. On an estimate of twenty tapping days a month, the smallholder possessing three acres of rubber land might produce about 480lbs. of rubber in Dengkil and 600lbs. in Batang Kali per month. At a price of thirty cents per lb. for ungraded rubber (which is generally the quality of smallholder production), the average monthly gross income per household from rubber is about M\$144 and M\$180 respectively. The income of the cultivator fluctuates, of course, with the market price of rubber. However, it is quite clear that many of the residents in the two mukims do not receive the computed average incomes, although the level of income is higher in Batang Kali. 64% of the sample population in Batang Kali have incomes below M\$160 per month compared to 72.6% in Dengkil; 32% of respondents in the former and 47.7% in the latter earn less than M\$90 per month. (See Table 9). Invariably low incomes were related to low acreage of land cultivated or owned. Peasants who possessed less than three acres were also unable to replant old trees with higher-yield stock, even though the government provides a subsidy under the Rubber Replanting Scheme. However, by way of comparison, 80% of rural Malay households in Peninsular Malaysia have incomes below M\$100 per month.

As a measure of relative social mobilization, although about the same percentage of respondents (74% in Batang Kali, 70% in Dengkil) possess radio or transistor sets, there is an important difference in the "messages" listened to: in Batang Kali 68% reported tuning to news-broadcasts, 56% to rural development radio programmes, and 34% to school (educational) programmes. The respective percentages for Dengkil are 35%, 27% and 6%. There is also a difference in the level of newspaper readership between the two mukims. (See Table 10).

TABLE 9

COMPARISON OF MONTHLY INCOMES BETWEEN BATANG KALI AND DENGKIL

| Income per month | Batang Kali (N=50) |       | Dengkil (N=44) |      |
|------------------|--------------------|-------|----------------|------|
|                  | No. of Cases       | %     | No. of Cases   | %    |
| Below M\$60      | 6                  | 12.0  | 10             | 22.7 |
| \$ 60 - \$ 90    | 10                 | 20.0  | 11             | 25.0 |
| \$ 91 - \$110    | 6                  | 12.0  | 3              | 6.8  |
| \$111 - \$130    | 4                  | 8.0   | 5              | 11.3 |
| \$131 - \$160    | 6                  | 12.0  | 3              | 6.8  |
| \$161 - \$190    | 2                  | 4.0   | 2              | 4.5  |
| \$191 - \$210    | 6                  | 12.0  | 4              | 9.0  |
| Over \$210       | 10                 | 20.0  | 6              | 13.6 |
|                  | 50                 | 100.0 | 44             | 99.7 |

Source: Survey Data

TABLE 10

NEWSPAPER READING AMONG RESIDENTS IN PERCENTAGE

|                    | Batang Kali<br>(%) | Dengkil<br>(%) |
|--------------------|--------------------|----------------|
| Every day          | 40                 | 28             |
| 2 - 3 times a week | 22                 | 20             |
| Once a week        | 16                 | 16             |
| Never              | 22                 | 36             |

Source: Survey data

A further indication of the higher level of social and political mobilization of the residents in Batang Kali as compared to those in Dengkil is provided in Table 11. The differential rate of membership in political parties (UMNO) and auxiliary organizations, like Wanita UMNO (Women's Section of the UMNO), Belia (an UMNO controlled youth organization) and the Jawatankuasa Kemajuan Kampung (the predominantly UMNO-dominated Village Development Committees), might account for the differential level of progressiveness of the two mukims. There is a correlation between the level of political participation and the greater responsiveness of the local administrative system in Batang Kali.

To what extent can we ascribe the relative "progressiveness" of one area over another to effective mukim administration? The penghulu assumes multiple roles - as an intermediary between the people and the district office, the chief of all the ketua kampung in his mukim, a religious leader, and a helper to the various technical departments in the implementation of approved development projects for the mukim. The penghulu performs all these functions without any budgetary allocation. Hence the resources he can get for his mukim depends on his brokerage qualities, and on his ability to convince his superior, the District Officer (or the ADO in charge of community development).

One striking feature of the Ulu Selangor district political system compared to the Ulu Langat area is more effective politico-administrative performance. The formal structuring of local "administrative" governance is roughly similar in both places but the institutional framework has been more effectively articulated to area development. The penghulu of Batang Kali (as well as all the other penghulus in the district) is treated as a full member of the District

TABLE 11

MEMBERSHIP IN LOCAL INSTITUTIONS

| Institution                   | Batang Kali (N=50) |      | Dengkil (N=44) |      |
|-------------------------------|--------------------|------|----------------|------|
|                               | Number             | %    | Number         | %    |
| Political Party (UMNO)        | 36                 | 72.0 | 23             | 50.6 |
| Wanita UMNO                   | 8                  | 16.0 | 1              | 2.3  |
| Belia (Youth Club)            | 4                  | 8.0  | 2              | 4.6  |
| Jawatankuasa Kemajuan Kampung | 19                 | 38.0 | 8              | 17.5 |
| Religious Institutions        | 9                  | 18.0 | 3              | 6.8  |
| Cooperatives                  | 5                  | 8.0  | 10             | 22.3 |
| None at all                   | 0                  | 0    | 9              | 20.4 |

Source: Survey Data

Action Committee, with equal rights of participation in its discussions, quite unlike the situation at Ulu Langat where the penghulu of Dengkil (as with all the other penghulus) sits in the DAC as an observer-consultant.

The higher level of institutionalization of district administrative structures is evidenced by the complementarity in the relationship between the DO and the heads of technical departments, between the DO (instrumental task-oriented leader) and the wakil rakyat (elected political representatives). The two state assemblymen of the district (one from UMNO and the other from MCA) are relatively senior members of the state Alliance government. Moreover, the Malay wakil rakyat is the acknowledged deputy chief minister of Selangor. Although the constituencies of the two assemblymen are contiguous there is no jealousy or competition between them. Indeed, they have endowed great power (internal and external) to the district. They are generally regarded as being always accessible and available to their constituents at their town offices. Both have sufficient influence over district and state budgetary allocations, besides being personally well-off, to ensure that the demands of constituents are met promptly. It is not surprising that 76% of the sample in Batang Kali said that they knew who their wakil rakyat were, while only 59% in Dengkil could identify their political representatives.

Ease of access to the bureaucratic decision-makers and political support from the wakil rakyat are necessary ingredients to effective penghulu administration, for more so than the DO the penghulu's power and prestige have been diluted as a result of the expansion of complex roles and bureaucratic specialization and the democratization of politics. The influence of the penghulu varies inversely with the extent of bureaucratization and democratization. As a rural leader, he is an

anachronism. But his role has become institutionalized in the administrative system because he is perceived still to be an essential link in territorial government.

The utility of the penghulu is, therefore, dependent on the quality of his relationship with the rakyat, especially with the ketua kampung. The penghulu attends the monthly meetings of the Village Development Committees, the mechanism for the aggregation of ground level inputs. Besides, the penghulu must often participate in and report on kampung community development projects. As a resident in the mukim, he meets with his "constituents" at Friday prayers or visits them at their homes. He is the main channel of formal communication between the village committees and the district office. His charismatic role now reduced, the penghulu acts as a broker, in which role he often loses out to the local politician who commands pork-barrel funds.

As a rural change agent, the penghulu lacks autonomy of action since he has no direct control over personnel, revenue, or expenditure and only partial influence on projects. He is a low-level civil servant, appointed by the state public services commission, subject to the general orders including the possibility of transfer from one mukim to another, and directly accountable to the district officer. The influence of the penghulu in rural development is partly a function of his role. As administrative chief of his mukim, the penghulu might play a role in decision-making at the DDC and DAC meetings if his expertise is recognized. This depends very much on the more powerful members of the committees, especially the DO and the politicians. The penghulu of Batang Kali, a man of six years' service in the mukim, was observed to participate actively in these meetings. On the other hand, the penghulu of Dengkil, who until a year ago was a religious teacher, attends the

DAC meetings as an observer and, strangely, is not a member of the DDC, the important technical arm of district development planning.

The effectiveness of the penghulu in the district administrative system depends on the clarity of definition of his functions and the degree of institutionalization. When functions are not clearly defined as in the case of the penghulu, the institutionalization of role in structure assumes importance. The penghulu of Dengkil declared quite happily, "I never make any plans. I only carry out policy." There are no maps, graphs or progress charts in his office. Half of the office is being used as a kindergarten class. Since he is infrequently involved in the decision-making bodies at the district level, attends village development committee meetings once in two months and does not convene the village headmen under his supervision for discussions, it is doubted that he could effectively carry out policy. A further shortcoming of district administration in Ulu Langat is the frequency of transfer of the district officer. Over the past six years, five DO's have come and gone from the administrative capital at Kajang. Not surprisingly, only 22% of the respondents knew the name of the present DO. Lacking administrative direction and unsure of his role vis a vis the villages under his charge, the penghulu is forced to make frequent trips to the district office, twenty miles away, for advice.

By contrast, the villages in the mukim of Batang Kali are more compact. Besides the DDC and DAC meetings, the penghulu of Batang Kali has to attend a monthly session of all penghulus in the district chaired by the DO to review mukim development and to discuss new projects requested by the village development committees. Once a month, too, the penghulu calls a meeting of all the village headmen in the mukim. It is here that the penghulu in his role of chief administrator and

coordinator of rural development exercises authority and influence over planning and decision making at the mukim level. This mukim meeting (or council) is a channel of lateral communication and coordination.

The penghulus of Batang Kali and Dengkil attempt to survive by being accessible to the people. Forty-eight per cent of the respondents in Batang Kali and 11% in Dengkil stated that they consulted the penghulu if they had a problem. (See Table 12).

#### Village Administration and Rural Development

The village in Malaysia, especially the Malay village, consists of a cluster of houses (huts) situated near a river or (increasingly) along the sides of a road, often obeying some well-defined geographical boundary, but at times cutting across space. But in rural administration, the village is regarded as a territorial unit of habitation of between 100 to 1,000 people. The traditional Malay village had a number of customary institutions which are still important in the ceremonial life of the community but perhaps bureaucratization has penetrated into the grassroots.

The headman (ketua kampung) is the apex of the village micro-system. Appointed by the Chief Minister of the State, on the recommendation of the District Officer and the Penghulu, the ketua kampung is nevertheless not part of the state civil service. He has no legal powers nor specified duties, though it is understood that he is supposed to be a spokesman for the village community on all secular matters. Increasingly, however, the ketua kampung is being absorbed into the rural development administrative system with the creation of village development committees (Jawatankuasa Kemaajuan Kampung, or JKK).

Conceived as a mechanism to "unite the efforts of the people with those of the government", the JKKs are composed of 10 members drawn from the village leadership with the ketua kampung as chairman. Generally

TABLE 12

## LEADERS APPROACHED TO SOLVE PROBLEMS

| Leaders Approached          | Batang Kali (N=50) |      | Dengkil (N=44) |      |
|-----------------------------|--------------------|------|----------------|------|
|                             | Number             | %    | Number         | %    |
| District Officer            | 10                 | 20.0 | 1              | 2.5  |
| Wakil Rakyat <sup>(1)</sup> | 0                  | -    | 1              | 2.5  |
| Penghulu                    | 24                 | 48.0 | 5              | 11.0 |
| Ketua Kampung               | 35                 | 70.0 | 36             | 81.5 |
| Agricultural Officer        | 9                  | 18.0 | 0              | -    |
| Iman (Religious leader)     | 1                  | 2.0  | 1              | 2.5  |

Source: Survey Data

Note: 1. The response on the Wakil Rakyat surprised me. Evidently the question, "who do you usually see when you face any problem?", was interpreted personally. Peasants usually see their state assemblyman in groups either in the community hall or at the latter's office.

each village has a JKK but in the case of Batang Kali there are only four such committees for six villages. One JKK serves the villages of Sungai Masin, Genting Malik and Kampung Kuantan because of their closer proximity. Each of the five villages in Mukim Dengkil has a JKK.

The central administration saw the JKKs as performing the following functions:<sup>4</sup>

- (1) To act as a team to consolidate and harness the energy of the villagers for their social and economic benefit.
- (2) To develop awareness and understanding of existing conditions in the village relating to land, population, agriculture, livestock, education, health and hygiene, small industries and other relevant aspects of village life.
- (3) To prepare development programmes for the village with the assistance and advice from government officials who are carrying out the tasks of community development.
- (4) To prepare and implement self-help (gotong-royong) projects in almost all fields of development in the village.
- (5) To provide effective leadership and guidance to the villagers so that they will develop initiative of their own and build up confidence and have faith in themselves in carrying out projects which will yield good income.
- (6) To change the villagers' attitudes and ways of thinking to those which are more dynamic and development-oriented.

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<sup>4</sup>Harun bin Abdul Karim, "Village Development Committee - A study of its Origin Organization and Performance", (Kuala Lumpur, University of Malaya, Faculty of Economics and Administration, 1971).

- (7) to encourage the village people to utilize to the full every amenity that has been given to them by the government and to maintain it for their own benefit.
- (8) To extend cooperation to all government departments and voluntary organizations in their efforts to provide services to the village.
- (9) To act as liaison or communication agent between the kampung people and the authority especially in matters relating to community development efforts so that every project can be implemented successfully.
- (10) To participate fully in economic development projects such as those sponsored by MARA, FAMA, Adult Education and Cooperative Movements.
- (11) To make use of the Kampung Red Book to show any progress achieved with regards to community development projects in the village.
- (12) To prepare and submit progress reports to the District Rural Development Committee from time to time.
- (13) To implement all directives and orders which are issued from time to time by the District Rural Development Committees.

The village development committees were created with the introduction of RED Book planning in 1961 quite clearly with the aim of increasing the mobilizational capacity of district administration, although the important function of the committees was to promote local initiative in community development. In an attempt to elicit greater popular participation in rural local development, Gerakan Maju (Operation Progress) was launched during the period of the 1966-70 Five-Year Plan.

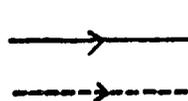
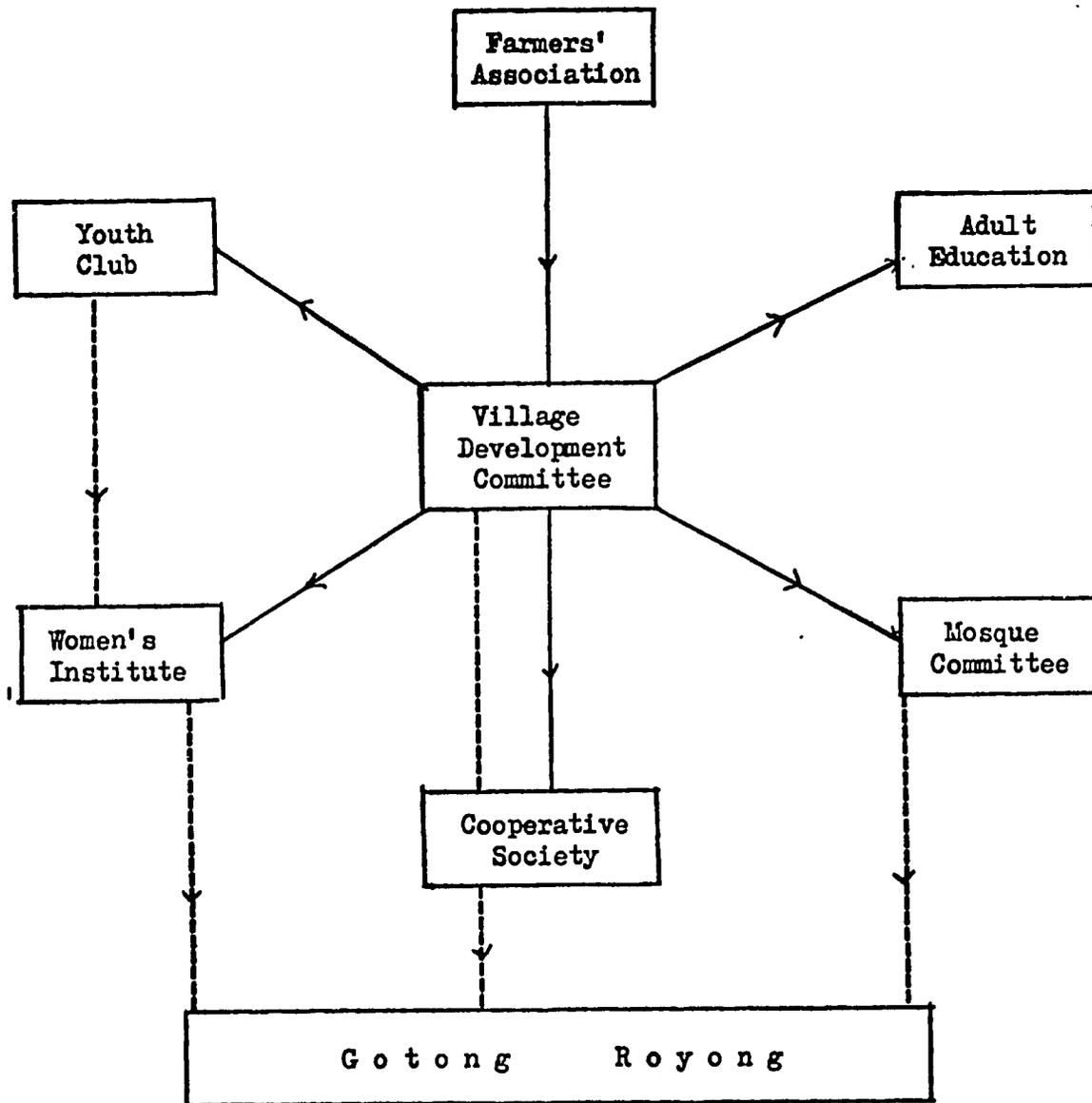
This was followed in the 1971-75 Plan by another community development campaign called Gerakan Pembaharuan (Operation Renewal).

The JKKs are expected to be the government's agents for the various community development programmes contained in the national plans. Few of the 2,500 JKKs in Malaysia have lived up to the role assigned to them as development agents. Although, theoretically, these village committees have autonomy in making decisions affecting the community, they lack the financial and administrative resources to undertake anything more than minor self-help (gotong royong) projects. (See Chart 4). Even gotong royong projects, such as building a bridge or road, depend on "external" financing because villagers expect to be paid in cash or kind for participating in the minor works. The concept of gotong royong as voluntary free service is very much a thing of the past. Any project of some scale or technical complexity has to be assumed by the district level departments although the JKKs could assist by organizing or recruiting village labour.

It is, perhaps, in recognition of the limited capacity of the JKKs that their direct economic role has been de-emphasized. Nevertheless, they perform a function in rural governance. The JKKs provide a regularized channel of contact between the people and the supra-village officials. The monthly meetings serve as a means for the articulation and aggregation of demands by the representatives of the village population. The ADO in charge of community development in the district may sometimes attend the monthly JKK meetings but the penghulu is usually present. Ideally, each of the JKK members is supposed to perform specific functions of "planning" and coordinating village activities related to agriculture, health, literacy (adult education), civics and self-help, small industries and cooperatives but this has not been

CHART 4

RELATIONSHIP OF THE JAWATANKUASA KEMAJUAN KAMPUNG  
WITH OTHER RURAL INSTITUTIONS



Line of Coordination

Organizations involved in Gotong Royong Projects

realized. JKK meetings are occasions for demand inputs, rarely development planning. The penghulu tries to moderate the demands, explain national and state policy and district priorities, and advises on procedure. It is also the duty of the penghulu to transmit the JKK's proposals to the district officer at the meeting of penghulus in the district. In this way, grassroots demands move up to the bureaucratic hierarchy and its decision-making bodies.

The JKK is an important institutional link between the bureaucracy and the rural masses, but its effectiveness depends pretty much on the kind of ketua kampung a village has. Although he is not a civil servant, the ketua kampung often could press the case of his village through the political channels even if the bureaucratic decision-makers have turned down the requests. This is because many of the ketua kampung are local political influentials who have developed patron-client ties with the wakil rakyat of the district. In most of the cases, the ketua kampung is an important member of the ruling party.

Interestingly, a high proportion of the respondents in Batang Kali and Dengkil said that they consulted the ketua kampung most often whenever they had a problem. (See Table 12 above). Although the ketua kampung has been coopted by the bureaucracy into development administration and received a nominal annual honorarium of between M\$300 and M\$600 depending on length of office, he is still very much one of the villagers. This enhances his legitimacy as a politico-administrative leader but, at the same time reduces his capacity as an economic change agent. He is a solidarity-maker rather than an instrumental task-oriented leader. Moreover, like any other villager he must earn his living though many ketua kampung possess more land and have higher incomes than most villagers.

Three of the four JKKs in Batang Kali are still functioning with meetings held every month, compared to only one out of the five in Dengkil. The only operative JKK in Dengkil has a 48-year old ketua kampung while in the four inactive committees the village headmen are over 60 years old. However, old age is not necessarily a defect in rural leadership. Successful JKKs have ketua kampung who are able to maintain a constant contact with the penghulu, close relationship with the wakil rakyat, and possess the ability to mobilize the support of villagers. Thirty-eight per cent of the Batang Kali respondents stated that they have participated in the projects organized by their JKKs and 68% of them felt that the JKKs have been functioning fairly well. By comparison, only 18% of Dengkil respondents have participated in JKK activities and about 57% felt that their JKKs had been carrying out their duties.

From the perspective of district and mukim administration, the JKKs are useful aggregators of interest and facilitators of induced change from above. But village committees lack the resources to be autonomous agents of rural change. Organizationally, JKKs seem to be representative of the diverse forces in the rural communities, namely religion, youth organization, women's institute, and other civic organizations. Apart from the ketua kampung who receives an annual allowance, none of the JKK members receives any payment for serving on the committee. Since the members are full-time workers, attendance of JKK meetings is low. In Dengkil, the committees meet only once in two months. Since JKKs cannot raise revenue through taxation, and receive no grants, they do not have operating budgets.

Consequently, many of the peasants treat the JKKs as mechanisms for formal complaints against their neighbours or neighbouring villagers. There is no discussion of long-range plans for village upliftment. Such programmes are invariably the result of extra-village planning, for example, the land development scheme at Ulu Rening village in Batang Kali. The ketua kampung and his committee can assist the district-level departments to implement the various works projects by providing relevant information about local conditions. Thus, in spite of their indifferent performance as economic instruments for community development, the JKKs are a conduit of knowledge about government policy and district rural development programmes.

Neither is it completely true that the JKKs represent only vicarious local participation or involvement in rural development decision-making. There is substantial autonomy in planning and executing small-scale gotong-royong programmes such as the following district-funded projects in Batang Kali:

PROJECTS APPROVED BY THE DISTRICT OFFICER 1972

| <u>Kampung</u>  | <u>Project</u>                                                    | <u>Allocation</u> |
|-----------------|-------------------------------------------------------------------|-------------------|
| Kampung Sekolah | (a) Maintenance of road and drain for the low cost housing scheme | \$ 300.00         |
|                 | (b) Bridges - maintenance                                         | 180.00            |
|                 | (c) Maintenance of low cost houses                                | 500.00            |
|                 | (d) Clearing the drain                                            | 250.00            |
|                 | (e) Construction of concrete palong                               | 100.00            |
| Kampung Sentosa | Clearing of drain                                                 | 120.00            |

| <u>Kampung</u>     | <u>Project</u>                                  | <u>Allocation</u>         |
|--------------------|-------------------------------------------------|---------------------------|
| Kampung Ulu Rening | (a) Bridges - construction                      | \$ 768.95                 |
| Kampung Kuantan    | (a) Construction of a hut at the Malay cemetery | 322.50                    |
| <b>Total</b>       |                                                 | <u><u>M\$2,541.45</u></u> |

PROJECTS APPROVED BY THE DISTRICT OFFICER 1974

|                       |                                                           |                            |
|-----------------------|-----------------------------------------------------------|----------------------------|
| Kampung Sentosa       | (a) Drains - repair and maintenance                       | \$3,500.00                 |
|                       | (b) Construction of hut at cemetery                       | 1,500.00                   |
|                       | (c) Construction of laterite road leading to the cemetery | 2,000.00                   |
|                       | (d) Construction of wooden bridge                         | 3,000.00                   |
|                       | (e) Construction of concrete river bank                   | 1,500.00                   |
|                       | (f) Construction of drains                                | 950.00                     |
| Kampung Kuantan       | (a) Construction of drains                                | 1,870.00                   |
|                       | (b) Drains - maintenance                                  | 500.00                     |
| Kampung Genting Malek | (a) Drains - maintenance                                  | 150.00                     |
| Kampung Ulu Rening    | (a) Construction of Wooden bridges                        | 900.00                     |
| <b>Total</b>          |                                                           | <u><u>M\$15,870.00</u></u> |

### III. FARMERS ASSOCIATIONS AND RURAL DEVELOPMENT

The JKKs are not the only arrangement at the sub-district level to bring about socioeconomic development. Indeed, in the Malaysian rural areas there are numerous governmental and quasi-government institutions operating, sometimes at cross-purposes and often overlapping. Part of the strategy of rural development in Malaysia is the creation of modern institutions. Unfortunately, the "cover-crop" of institutions in the countryside is confusing to the peasantry. Besides the local departments of federal or state portfolios and agencies such as the Federal Agricultural Marketing Authority (FAMA), Agricultural Bank (Bank Pertanian), National Padi and Rice Authority (NFRA), the Rubber Industry Smallholder Development Authority (RISDA), there are rural thrift and credit and marketing cooperatives and farmers' associations. As an example of the competition between rural institutions, cooperatives and farmers' associations were until 1974 located in the portfolios of two separate ministries (respectively, the Ministry of Rural Economic Development and, the Ministry of Agriculture and Fisheries).<sup>1</sup>

In this section I propose to look at the role of farmers' associations in rural development.

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<sup>1</sup>After the August 1974 General Elections there has been a rearrangement of portfolios. These two ministries have been amalgamated into a single Ministry of Agriculture and Rural Development.

## A. BRIEF HISTORY OF FARMERS' ASSOCIATIONS IN MALAYSIA

A Farmers' Association (FA) has been defined as an economic institutional device for promoting the farmers' material interests; improving their knowledge and skills; increasing their farm productivity and income; and raising their living standard. It is conceived as a dynamic people's movement in rural economic development.<sup>2</sup> As a vehicle to extend agricultural technology, the single-purpose farmers' associations were introduced by the Extension Service of the Department of Agriculture in 1958 and registered under the Societies Ordinance. By 1964 there were 645 such associations with a total membership of 34,180.<sup>3</sup> These single-purpose organizations, established solely for extension services, were prevented from performing other agribusiness functions and hence were inadequate as instruments for rural agricultural and economic modernization.

In the rural economy of Malaysia, the introduction of new technologies to the small farmers must be buttressed by a system of technical assistance, subsidies, credit, marketing and supplies, that is, an institutional structure to service the farming community better than the traditional symbiotic shopkeeper-middleman-farmer system. It was realized

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<sup>2</sup>Koh Theam Hee, "Agricultural Development and Farmers' Association" Report on the First Seminar on Development (Kuala Lumpur: Malaysian Centre for Development Studies, 1966).

<sup>3</sup>Mohamad Jamil and Koh Theam Hee, "The Development of Farmers' Association in Malaysia as a Unit for Extension Programme Planning and Implementation of Agricultural Projects", Report on Regional Seminar on Development, (Kuala Lumpur: Government Printer, 1968), p. 90.

that unless the FAs could service all the stages of agricultural production, the dynamic self-sustaining farming community could not be achieved.

The model chosen for the restructuring of the farmers' association into a more viable economic institutional device was the multi-purpose Farmers Associations in Taiwan. The Department of Agriculture sent 200 extension officers, farm leaders, legislators and planners to Taiwan to study the operation of FAs. As a result of the recommendations of two senior FA specialists sent to Malaysia under Asia Foundation auspices, the government agreed to establish Pilot Schemes in each of the states in Peninsular Malaysia. For each pilot project, the Department of Agriculture provided five extension workers to serve as managerial staff of the farmers' association. Thus, the district agricultural assistant became the general manager of the pilot FA and four junior agricultural assistants served as his section chiefs in charge of extension, credit, economic activities and administration. These designated staff underwent a two-week intensive course in the operations of FAs. In 1966, careful socioeconomic surveys were conducted on the eleven areas designated as Pilot FAs to determine whether they were economically and agriculturally viable communities. The passage of the Farmers' Association Act by Parliament in February 1967 enabled the setting up of autonomous FAs with the following objectives:<sup>4</sup>

- (1) To organize and harness the resources of the rural community for more effective and intergrated agricultural and rural development;

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<sup>4</sup>Abdullah Ujang, "History, Organization and Activities of Farmers' Associations in Malaysia with Special Reference to Managerial Requirements", (Kuala Lumpur: Farmers' Organization Authority, 1973), Mimeograph, pp. 9-10.

- (2) To increase farm productivity and incomes through improvement in farming skills, know-how and managerial ability of the farming community as well as introduction of new and viable farm enterprises;
- (3) To provide and organize essential farm services such as farm supply, credit, marketing, warehousing, mechanization, transportation and processing;
- (4) To harness and accumulate rural capital through the encouragement of savings and investment and to encourage capital formation;
- (5) To generate new economic activities, ancillary services and agribusiness;
- (6) To increase the capacity for employment of excess rural labour through a planning programme of agricultural-cum-business and economic operation within the FAs;
- (7) To develop rural leadership, social services and the spirit of participation, self-help, self-reliance, sustenance and community welfare through the extension programmes in the FAs.

#### Structure and Function of Farmers' Association

Although, under the Act, Farmers' Associations are organized hierarchically in a three-tier system (National, State and Area FAs), this bureaucratization has not been constrictive of local initiative. The locus of FA activity is in the area farmers' association. The State and National Farmers' Associations provide the vertical linkages to higher-level government agencies, quasi-governmental bodies (such as FAKA), and private institutions. It is expected, too, that state FAs and the state Department of Agriculture would service the area FAs by providing technical assistance, general coordination, training

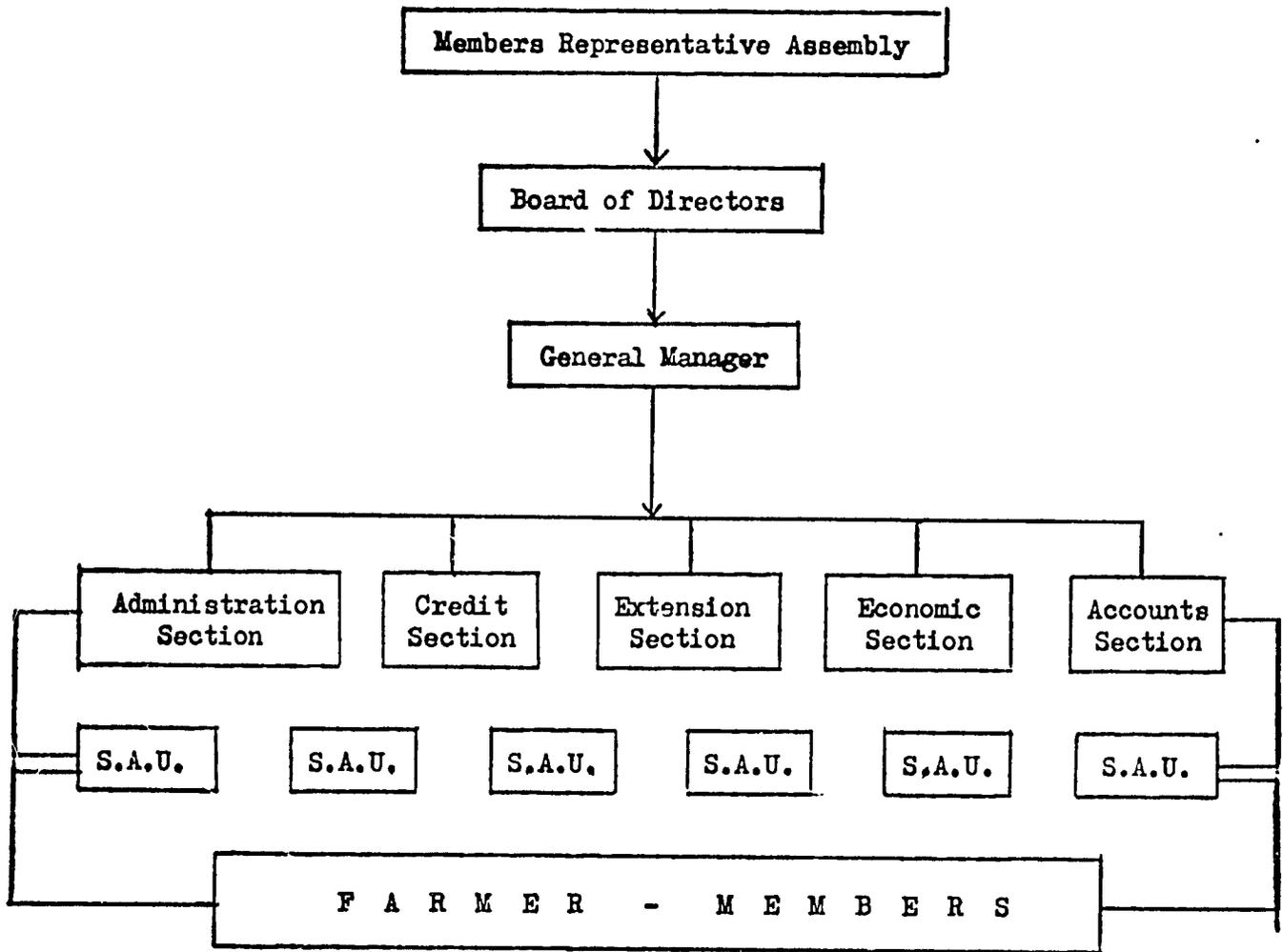
and personnel supervision. Within this framework, the area FA functions, nevertheless, as an autonomous body.

Each area FA is structured (see Chart 5) as a multi-purpose organization with several operational sections each headed by a junior agricultural assistant. The general manager (normally a college-trained agricultural assistant in the district) has direct control over the total operations of the FA. The main function of the Extension Section is to educate farmers on new techniques or innovations for greater agricultural productivity. The services rendered by the Economic Section include purchasing and supply of agricultural inputs and daily necessities, marketing of farm produce, warehousing, transportation and processing of products. Savings, loans and financing of production are the responsibilities of the Credit Section. The Administration and Accounting Sections have mainly housekeeping functions in the F.A. Although these operational personnel are paid by the Department of Agriculture and under its supervision, final authority (and, hence in theory, policy formulation) resides in a Members' Representative Assembly (MRA) whose members are elected at the annual general meetings of the Small Agricultural Units (s.a.u.'s). Since the MRA generally only meets once a year, control over the running of the FA is invested in a nine-member Board of Directors elected at the general meeting of the MRA. The Board is supposed to meet monthly to formulate policy and review the activities of the association but in practice most boards have held meetings irregularly.

Farmers' Associations are open only to bona-fide farmers, defined as those whose incomes are substantially derived from farming. These would include owner-operators, tenant farmers and farm labourers. Membership is, in practice, not direct. Farm households organize themselves into s.a.u.'s which form the basic units of the area FA. The number of s.a.u.'s

CHART 5

ORGANIZATION OF AN AREA FARMERS' ASSOCIATION



varies with the number of households and villages in the mukim or district. The total membership of any farmers' association is always less than the farming population and seldom approximates the total number of households in the area. This is because of the observation of the one-household-one-member principle.

However, farmers' associations have grown roots in the rural environment. From the original eleven Pilot Schemes, the number of multi-purpose FAs has increased to 102 by 1972 and distributed over the whole of Malaysia. (See Table 13). What has been their impact on rural development?

#### B. COMPARISON OF TWO FARMERS' ASSOCIATIONS

The structure of area Farmers' Associations is fairly similar throughout the country. Yet there is great variation in their performance as economic institutions for agricultural development. Within the same state, two FAs may operate at differential rates of success. To afford a more detailed analysis, we have chosen to look at two normal local administrative systems which have Farmers' Associations in the state of Selangor.

The mukim of Panchang Bedena with a population of 32,570, mainly Malays, is situated in the district of Sabak Bernam in the north-west coastal region of Selangor. The main town of Sungei Besar is on the main road, 85 miles from Kuala Lumpur. "Sukamaju" (literally "Willing to Progress") is the name of the FA located in Sungei Besar in the mukim of Panchang Bedena, but the FA serves the whole district of Sabak Bernam an area of 253 square miles with a total population of 78,000. The two main

TABLE 13

## FARMERS' ASSOCIATIONS IN MALAYSIA, 1972

| State       | State FA. | Area FA. | Membership | Assets (M\$) |
|-------------|-----------|----------|------------|--------------|
| Perlis      | -         | 8        | 3,387      | 308,563      |
| Kedah       | -         | 17       | 7,370      | 1,062,147    |
| Penang      | 1         | 5        | 3,998      | 428,501      |
| Perak       | 1         | 10       | 7,759      | 956,581      |
| Selangor    | 1         | 6        | 7,540      | 2,216,948    |
| N. Sembilan | 1         | 6        | 7,068      | 552,953      |
| Melaka      | 1         | 4        | 4,336      | 170,141      |
| Johor       | 1         | 10       | 10,050     | 1,455,569    |
| Pahang      | 1         | 11       | 25,864     | 1,255,539    |
| Trengganu   | 1         | 8        | 13,663     | 588,032      |
| Kelantan    | 1         | 12       | 13,663     | 1,388,117    |
| Sabah       | -         | 4        | 2,486      | 520,846      |
| Sarawak     | -         | 1        | 451        | 30,910       |
| Total       | 9         | 102      | 108,075    | 10,934,847   |

Source: Abdullah Ujang, "History, Organization and Activities of Farmers' Associations in Malaysia" (Kuala Lumpur: Farmers' Organization Authority, 1973), mimeograph.

crops are padi (20,165 acres) and coconut (41,825 acres). There are 10,000 farming families in Sabak Bernam. Double cropping of padi has increased rice yield to 600-650 gantangs per acre in some areas.

The objective is to raise yield to 1,000 gantangs per acre.

South of Panchang Bedena is the mukim of Tanjong Karang in the district of Kuala Selangor in the south-west part of the state. Tanjong Karang is the largest mukim in Selangor with 33 kampungs, only 28 of which have village headmen (called sidang in this part of the state because of the predominance of Javanese). Originally a swamp, Tanjong Karang was developed for rice cultivation in 1940. The area of agricultural land in Tanjong Karang is 34,000 acres (28,000 acres padi land, 6,000 acres planted to coconut). Up to 1960 there was only a single crop of padi; by 1964 74% of the acreage had achieved double cropping. Like Panchang Bedena, the padi yield in Tanjong Karang is quite high, averaging 600 gantangs per acre. This is because the two mukims have one of the best irrigation schemes in West Malaysia. Together they form the "rice bowl" of Selangor state. However, Tanjong Karang has a population of nearly 58,000 at the 1970 census compared to 33,000 for Panchang Bedena. There are a total of 20,000 farm households in Tanjong Karang.

#### The Sabak Bernam Farmers' Association

The Farmers' Association is one of the most important rural economic institutions in the district of Sabak Bernam. Formed in 1969,<sup>5</sup> and located in Surgei Besar the main township in the mukim of Panchang Bedena, the FA "Sukamaju" comprises 43 s.a.u.'s with a total membership

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<sup>5</sup>In point of fact, this FA had been functionally operating since 1967 as a single-purpose farmers' association.

of 2,829 farm households. The s.a.u.'s act as outposts of the area FA extension service, functioning as local centres for the distribution of seeds, fertilizers, farm equipment and other supplies. They also act as collecting centres for farm produce. More than this, the s.a.u.'s were designed to be local forums for the discussion of farming problems and avenues for the cultivation of local leadership. The leaders of the s.a.u.'s are elected by the member farmers in an assembly usually held in the mosque or surau.

The scope of activities of the FA is defined in terms of three major functional areas, namely agricultural extension, economic activities and credit. Undoubtedly the most important service, agricultural extension work requires more resources than most FAs can command. The FA organizes group discussions and demonstrations on proper land utilization, correct application of fertilizers, explaining procedures for control of pests, diseases and weeds, teaching operation of powered tillers and harvesters and establishing demonstration farms. Because of the importance of the coconut acreage in Sabak Bernam, the FA has directed attention to the rehabilitation of coconut holdings and introduction of intercropping of cocoa or banana with coconut. It also advises farmers on poultry rearing for meat and eggs and provides day-old chicks at cost.

More important than the provision of technical knowledge, the Extension Section attempts to instill into members the concepts of berdikari (independence, or standing on one's own feet), jayadiri (self-improvement) and semangat perpaduan (unity), as well as strengthening the organization and activities of the s.a.u.'s. In 1969 there were 16 units (s.a.u.'s) with 716 members; this number had increased to 43 s.a.u.'s with a total of 2,829 farm-household members by 1973. The s.a.u. in

Sabak Bernam is not merely the basic organizational unit of the FA, it is used as the mechanism for group action at the subvillage or village level. For example, the FA contracts to supply high yielding planting materials and seeds to the State Department of Agriculture, Youth Land Schemes, research institutions and other government agencies. The FA subcontracts these to individual members through the chiefs of the s.a.u.'s, in this way increasing the incomes of its members.

The major activities of the Economic Section are sales of agricultural inputs and implements to members and non-members; supply of planting materials to government agencies; sales of livestock requirements (day-old chicks, feeds and medicines) to poultry rearers; sales of consumer goods in its own cooperative shops; marketing of table birds, eggs, and other produce; and transporting of agricultural produce from collection points. The "Sukamaju" FA also operates a petrol station to generate more revenue. One of the advantages that the "Sukamaju" FA has over the Tanjong Karang FA is a rice mill. But one problem facing the "Sukamaju" FA is how to provide better marketing services. FAs do not have enough capital to accept farm produce for sale on anything more than a consignment basis; nor does it have the transport and other collecting facilities to reach the remote farmers. Small farmers need immediate payment for their produce. Consequently, a large proportion of the coconut farmers sell to middlemen (some of whom come out-of-state and offer premium prices), and the rice farmers sell their padi to the local agents of the National Padi and Rice Authority or to the local cooperative. Clearly, the FA has succeeded in only providing inputs and provided poor service at the output end.

The Credit Service of the FA supplies short term loans from its own capital as well as funds secured through bank loans. The FA is an agent for the Loans Programme of the Agricultural Bank. The Bank's interest rate of 9% per planting season of six months is relatively high. The FA receives a commission of 1.25% on loans. The value of such loans handled for the last 5 seasons amounts to nearly M\$1 million. In addition the FA gave out nearly \$240,000 as loans for padi production, land rent and business or social purposes during 1971-1972. The FA also operates a Savings Programme for members. Of the 50 farmers interviewed in Panchang Bedena, 35% get some form of credit from or through the "Sukamaju" FA. A farmer-member can borrow M\$200 from the FA and up to another M\$400 from the Agricultural Bank of Malaysia on the guarantee of the farmers' association. The low percentage of borrowers does not necessarily mean that credit is unavailable (though the interest charges are high); rather, farmers seem to be afraid to borrow money unless absolutely unavoidable for fear of inability to repay the loan after harvest. The FA also encourages its members to save by selling them additional shares and through its passbook Savings Programme. Indeed, among the many exhortative slogans and murals on the interior walls of the FA building is a Dickensian reminder: "Comfortable Living - Income \$100, Expenditure \$90!" Year-end balances in the Savings Programme showed a sevenfold increase from \$2,072 in 1971 to \$14,168 in 1972 after withdrawals.

In the space of four years the total assets of the FA rose from M\$22,713 in 1969 to M\$920,107 in 1973. Profits rose from \$2,646 to \$84,197 and net worth jumped from \$8,770 to \$197,967 over the period. In 1972, Sukamaju was awarded the "Best FA Shield". It is perhaps an unfair measure of success to use the sales or profit criterion because as a supplier or

agent for state and district development projects, the FA has a built-in insurance against loss. Moreover, there was a bit of historical good timing that when the Sukamaju FA was started, government development projects were begun in the Sabak Bernam.

Beyond this historical advantage, the successful institutionalization of the FA in Sabak Bernam was due to a responsive (at the same time independent-minded) farming community. It is also a highly politicized region. Most of the 50 respondents are UMNO members (62%), 56% of those interviewed said they were members of the FA, 32% were members of the local cooperative, and 18% were members of village development committees. Unlike other areas, where the FA is an arena for political infighting among members of UMNO or PMIP, or between political parties, there is strong support from the local politicians. This may be because the general manager being a long-time agricultural officer (14 years) has himself become a political force to be respected by the wakil rakyat. The important ingredient at Sukamaju FA is the commitment of the management to agricultural modernization and his ability to mobilize support for the FA's activities. Constantly on the move around the district, the FA general manager is better known than the district officer. Asked whether he is generally accessible, 76% of the respondents said yes. If success tends to breed success, then the choice of Sukamaju as the Showpiece FA for foreign visitors and hence the special attention showered on it by federal and state agriculture departments perhaps has the effect of conferring honour upon it and providing greater motivation to perpetual upgrading.

### The Farmers' Association at Tanjong Karang

The Tanjong Karang FA was set up in the same year as its neighbour and the organization is structured along the same lines. Its total membership is 2,500 or slightly more than 10% of the farming households. Indeed the agricultural community is no less worse off than Sabak Bernam in terms of location, access to road and transport, irrigation, productivity of the soil, and other endowments. The irrigation system is one of the best in the country. They are contiguous communities. Padi covers about 28,000 and coconut about 6,000 acres of the cultivated acreage.

Compared to FAs in other states in Peninsular Malaysia, the Tanjong Karang Farmers' Association would be regarded as successful. Yet there is no doubt that the first thing which strikes one is the relatively greater vitality of the Sabak Bernam FA compared to the Tanjong Karang FA. There are a number of indicators available. There are only 20 s.a.u.'s in Tanjong Karang compared to 43 in Sabak Bernam. The bulk of the capital resources of a farmers' association comes from the sales of shares to the membership. Like Sabak Bernam, Tanjong Karang is provided with a FA building costing about M\$50,000. To raise working capital, shares valued at \$5 each are sold to the members. The subscription of \$1 per annum would obviously be inadequate. In 1969, the Tanjong Karang FA started with \$6,000 capitalization increasing to \$28,830 by September 1973. This compares poorly with Sabak Bernam FA which started with 716 members and a capital stock of \$5,000 in 1969 and showed a membership of 2,228 and a capital stock of \$54,625 by 1973. The pressure to declare annual dividends restricts the FA's ability to plough back profits. This problem is more acute at Tanjong Karang where the Board of Directors is insistent on profit-making activities for the FA, yet the organization could not begin

to undertake such activities without a larger membership and a stronger financial position. Boards of Directors of FAs are by composition farmers, individuals who are lower in education than the staff of the association. They give direction through the monthly meetings. The Board of Tanjong Karang FA meets infrequently and has few constructive opinions to make when it does meet.

At the time of the survey, the Tanjong Karang FA was not able to provide extension services to farmers because there was no available staff to perform such tasks. These duties were undertaken by the district agricultural department. Besides the poultry farm at Parit Serong where 3,000 chicken are reared and the intermittent planting of cocoa, there are few other extension activities. Apart from providing the usual production inputs (seeds, fertilizers, pesticides, etc.), the FA rents out its 6 two-wheeled tractors but this is grossly inadequate. However there are 405 such machines owned by private individuals, farmers and non-farmers. The FA undertakes to buy padi as an agent of the National Padi and Rice Authority (Lembaga Padi National).

There is no savings programme in the Tanjong Karang FA. Partly this is due to competitive savings institutions, e.g. post office savings banks, commercial banks, pilgrims' fund, and thrift and credit cooperatives, but since such institutions are also present in Sabak Bernam, this situation must be ascribed to a less than activist policy on the part of the FA. Like the Sukamaju FA, the association in Tanjong Karang provides seasonal credit for padi production, renting or purchase of land, agribusiness and social activities from its own funds and as a guarantor-agent for the Agricultural Bank. Although it conducts a smaller-scale loan business than "Sukamaju", the repayment record appears better than the latter's.

TABLE 14

LOANS GRANTED TO FARMER-MEMBERS  
BY AGRICULTURAL BANK AND FARMERS' ASSOCIATIONS

| Year<br>(Two Seasons) | Agricultural Bank Loans |            | FA Funds   |           |
|-----------------------|-------------------------|------------|------------|-----------|
|                       | S.B. FA                 | T.K. FA    | S.B. FA    | T.K. FA   |
| 1971                  | (M₹)                    | (M₹)       | (M₹)       | (M₹)      |
| Total Loans           | 194,929.10              | 151,719.70 | 111,526.15 | 97,887.48 |
| Amount Repaid         | 194,929.10              | 130,252.41 | 35,944.00  | 88,301.51 |
| Balance               | -                       | 21,467.29  | 75,582.15  | 9,585.97  |
| 1972                  |                         |            |            |           |
| Total Loans           | 398,003.22              | 195,290.52 | 127,935.49 | 72,716.15 |
| Amount Repaid         | 322,055.43              | 110,355.19 | 57,264.79  | 61,453.15 |
| Balance               | 75,947.79               | 84,935.33  | 70,670.85  | 11,263.00 |

Source: Sabak Bernam FA and Tanjong Karang FA.

FAs are embedded in a very political rural environment.

Although the Sabak Bernam district is highly politicized, the FA could operate autonomously because of the strong personality of the general manager and his ability to fight off domination by the local political elite. The general manager of the Tanjong Karang FA is a relatively younger agricultural assistant who has little confidence about the future of the association he manages. This uncertainty about the role of the FA might have been the signal for goal subversion by the local politicians who sit on the Board. Having lost control over his Board, the general manager himself lost autonomy. In fact, there seems to exist a stronger element of conflict between the politician and the administrator in Tanjong Karang which has spilled over into all rural organizations. Besides this, the traditional enmity between the cooperative society and the FA is more sharply defined. Of the 50 respondents in a sample survey, 23 (46%) were FA members and 24 (48%) were members of the local cooperative; the figures for Sabak Bernam were 56% and 32%. Asked to state which organization plays an important role in the development of their area, in Tanjong Karang 28% named the FA, 32% the cooperative movement, 6% the village development committee. In Sabak Bernam the percentages were 74% FA, 24% Cooperatives, 16% the village development committee. 50% of the respondents in Sabak Bernam have participated in the projects undertaken by the FA, and of this number 98% were involved in the cocoa intercropping scheme. On the same question, 10% of the respondents in Tanjong Karang said they had participated in FA programmes, chiefly the cocoa scheme.

The overall picture that emerges is that the Tanjong Karang FA is less institutionalized, less sure of its destiny and ability to influence the rural environment and less able to elicit participation in

its projects in comparison to the FA in Sabak Bernam. This is a relative question. Quite a different question is whether the presence of these two FAs makes any contribution to the development of the two localities (measured in terms of productivity, income and welfare). Although the conclusion must be tentative because of the recent introduction of farmers' associations, an attempt is made in the following section to evaluate their performance in rural development.

#### Farmers' Associations and Rural Development

Although the total padi area is small, about 50,000 acres or 7% of the total cultivated land in Selangor, the two districts which serve as the site for this research exercise represent the "rice bowl" of Selangor. However, yields in Selangor have been the highest in the whole country as can be seen from Table 15. The national weighted average yield for main season wet padi during the 1962-1970 period was 404 gantangs (1.01 tons) per acre and 454 gantangs (1.13 tons) per acre for off-season wet padi. Selangor has averaged 534 gantangs (1.33 tons) and 550 gantangs (1.37 tons) of padi per acre for the two crops, respectively.<sup>6</sup>

Total padi production in Selangor has doubled over the past decade. The acreage double-cropped has risen from 5,000 to 50,000 acres over the period 1962-1972. (See Table 16). The total planted acreage has increased by 83 per cent. It is difficult to get recent productivity figures but fairly good estimates put the average yield for Tanjong Karang at 650 gantangs (1.62 tons) of padi per acre and about 600 gantangs (or 1.5 tons) for Sabak Bernam.

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<sup>6</sup>400 gantangs of padi equal 1 ton of padi; however, 615 gantangs of padi equal 1 ton of husked rice.

TABLE 15

WEIGHTED AVERAGE YIELD OF PADI PER ACRE IN  
PENINSULAR MALAYSIA, 1962-1970

| States                      | Main Season<br>(gantangs/acre) | Off Season<br>(gantangs/acre) |
|-----------------------------|--------------------------------|-------------------------------|
| Johore                      | 298                            | 366                           |
| Kedah                       | 492                            | 439                           |
| Kelantan                    | 271                            | 417                           |
| Malacca                     | 369                            | 395                           |
| Negri Sembilan              | 414                            | 435                           |
| Pahang                      | 253                            | 333                           |
| Penang & Province Wellesley | 470                            | 470                           |
| Perak                       | 387                            | 418                           |
| Perlis                      | 507                            | 421                           |
| Selangor                    | 534                            | 550                           |
| Trengganu                   | 249                            | 368                           |
| Peninsular Malaysia         | 404                            | 454                           |

Source: S. Selvadurai, Padi Farming in West Malaysia (Kuala Lumpur: Ministry of Agriculture and Fisheries, 1972), p. 13.

TABLE 16

SELANGOR: PADI ACREAGES PLANTED, ESTIMATED YIELDS  
AND PRODUCTION, 1962-1972. (ONLY WET PADI)

| Period  | Main Season                  |                                 |                                   | Off Season                   |                                 |                                | Total                        |                                   |
|---------|------------------------------|---------------------------------|-----------------------------------|------------------------------|---------------------------------|--------------------------------|------------------------------|-----------------------------------|
|         | Planted:<br>( '000<br>acres) | Yield<br>(gantangs<br>per acre) | Production<br>( '000<br>gantangs) | Planted:<br>( '000<br>acres) | Yield<br>(gantangs<br>per acre) | Production<br>( '000<br>acres) | Planted:<br>( '000<br>acres) | Production<br>( '000<br>gantangs) |
| 1962-63 | 50                           | 497                             | 24,961                            | 5                            | 433                             | 1,966                          | 55                           | 26,927                            |
| 1963-64 | 53                           | 548                             | 28,774                            | 10                           | 495                             | 4,980                          | 63                           | 33,754                            |
| 1964-65 | 51                           | 439                             | 22,569                            | 33                           | 453                             | 14,741                         | 84                           | 37,310                            |
| 1965-66 | 50                           | 536                             | 26,537                            | 32                           | 510                             | 16,320                         | 82                           | 42,857                            |
| 1966-67 | 28                           | 477                             | 13,552                            | 35                           | 467                             | 16,140                         | 63                           | 29,692                            |
| 1967-68 | 48                           | 565                             | 27,154                            | 43                           | 575                             | 24,769                         | 91                           | 51,914                            |
| 1968-69 | 50                           | 614                             | 30,860                            | 47                           | 676                             | 31,860                         | 97                           | 62,720                            |
| 1969-70 | 49                           | 533                             | 26,197                            | 33                           | 607                             | 19,821                         | 82                           | 46,018                            |
| 1970-71 | 51                           | 543                             | 27,476                            | 49                           | 605                             | 29,772                         | 100                          | 57,248                            |
| 1971-72 | 51                           | 501                             | 25,591                            | 50                           | 587                             | 29,435                         | 101                          | 55,026                            |

Source: Monthly Statistical Bulletin of West Malaysia, March 1974 (Kuala Lumpur: Department of Statistics, 1974), p. 34.

Padi productivity is a function of many factors such as irrigation, farming practices, soil fertility, timing of cultivation, quality of seeds, and so on. The farmers' association plays a direct role in the padi cycle by promoting better cultivation methods, providing credit for production needs and generally ensuring available supplies of agricultural inputs. But there may be no correlation between an "efficient" FA and productivity. The following table shows the comparative responses of the samples of farmers in our two areas about the assistance and benefits they have derived from membership in the farmers' association.

Extension, economic and credit facilities have the most direct relationship to the production cycle. On all three service areas, respondents in Sabak Bernam rated the "Sukamaju" FA positively, while interviewees in Tanjong Karang showed little response to all four items. It has been noted that the amount of credit or loans provided by the former FA was much higher. Yet there is no doubt that padi productivity is higher in Tanjong Karang. This greater productivity is due to the relatively more fertile soil, the availability of one of the best irrigation systems in the country and the higher level of specialization in padi cultivation as a crop. Sabak Bernam devotes more acreage to coconut as well as having a higher proportion of mixed farmers.

The relationship between the existence of FA facilities and agricultural productivity remains tentative, but, undoubtedly, by making available supplies of fertilizers at government subsidized prices (30% lower than market rates), FAs perform an important service. However, FAs have little control over the quantity and frequency of fertilizer usage. One of the obstacles to greater productivity is the rising cost of agricultural inputs. Fertilizers and insecticides, for instance, have increased by 100% in price.

TABLE 17

SATISFACTION WITH ASSISTANCE OR BENEFITS RECEIVED  
FROM MEMBERSHIP IN FARMERS' ASSOCIATION

| Benefits/Facilities | Sukamaju FA (N=50) |      | Tanjong Karang FA (N=50) |      |
|---------------------|--------------------|------|--------------------------|------|
|                     | Number Satisfied   | %    | Number Satisfied         | %    |
| Extension services  | 35                 | 70.0 | 3                        | 6.0  |
| Economic services   | 16                 | 32.0 | 0                        | -    |
| Credit services     | 22                 | 44.0 | 18                       | 36.0 |
| Marketing services  | 0                  | -    | 0                        | -    |

Farmers' incomes depend on many factors: productivity, size of farm, costs of production, and opportunities for nonfarm work. The average cultivated area per farm was calculated to be 5.2 acres in Tanjong Karang and 6.1 acres in Sabak Bernam,<sup>7</sup> with 4.2 acres and 5 acres respectively devoted to padi in those two localities. Most farms have a padi area of between 2 acres and 10 acres, with the bulk falling within 2 acres and 6.99 acres. (See Table 18).

Figures of farm incomes are notoriously unreliable. Officials in the field give M\$60 per month as the cash income of a household. One source has calculated the average net income per annum of farmers in different padi areas in Peninsular Malaysia as follows. (See Table 19). The incomes of padi farmers are low, ranging from M\$1,000 to M\$1,500 per annum for a farm family of five persons. Thus the per capita income of padi planters is only about M\$300 per annum compared to over M\$1000 per capita per annum for the nation as a whole. Our recent survey of the sample populations in Tanjong Karang and Sabak Bernam (Table 20) shows no improvement in the income position since 1966. Incomes of over \$2000 per annum were in both cases earned by farmers possessing over ten acres of land, but it is to be suspected that most of it comes from rent. The majority of operators worked about three acres of padi land. Indeed three acres appear to be the optimal size for a single family to farm. Larger farm acreages and more intensive cultivation might increase income but rising production costs are disincentives to greater effort. Production costs consume at least 30% of total farm yields, a reflection of the

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<sup>7</sup>Udhis Narkswasdi and S. Selvadurai, Economic Survey of Padi Production in West Malaysia (Kuala Lumpur: Ministry of Agriculture and Cooperatives, 1968), p. 55.

TABLE 18

FARMS CLASSIFIED BY SIZE OF PADI AREA  
(IN PERCENTAGES)

| Size Groups<br>(in Acres) | Tanjong Karang<br>% | Sabak Bernam<br>% |
|---------------------------|---------------------|-------------------|
| 1 - 1.99                  | 14                  | 13                |
| 2 - 2.99                  | 32                  | 10                |
| 3 - 3.99                  | 8                   | 12                |
| 4 - 4.99                  | 16                  | 21                |
| 5 - 6.99                  | 20                  | 28                |
| 7 - 9.99                  | 9                   | 11                |
| 10 - 14.99                | 1                   | 5                 |
|                           | 100                 | 100               |

Source: Narkswasdi and Selvadurai, op. cit., p. 56

TABLE 19

AVERAGE ANNUAL NET INCOME FROM FARM  
AND OTHER SOURCES

| Area                      | Total Average Annual Net Income |     | Net Farm Income |    | Off Farm Income |    | Net Padi Income <sup>1</sup> |    |
|---------------------------|---------------------------------|-----|-----------------|----|-----------------|----|------------------------------|----|
|                           | \$                              | %   | \$              | %  | \$              | %  | \$                           | %  |
| Province Wellesley (1968) | 1,314                           | 100 | 1,011           | 77 | 303             | 23 | 896                          | 68 |
| Kemubu (1968)             | 647                             | 100 | 361             | 56 | 286             | 44 | 271                          | 42 |
| Sungei Manek (1970)       | 1,149                           | 100 | 703             | 61 | 446             | 39 | 594                          | 52 |
| Changkat Jong (1970)      | 1,501                           | 100 | 1,170           | 78 | 332             | 22 | 673                          | 45 |
| Besut (1970)              | 1,081                           | 100 | 542             | 50 | 539             | 50 | 318                          | 29 |
| Tanjong Karang (1966)     | 1,640                           | 100 | 1,174           | 72 | 466             | 28 | 1,004                        | 61 |
| Krian (1971)              | 1,111                           | 100 | 750             | 68 | 361             | 32 | 691                          | 62 |

Source: S. Selvadurai, p. 22.

Note: 1. Net Padi Income forms part of Net Farm Income in Column 3.

TABLE 20

## ANNUAL INCOME OF FARMERS IN SELANGOR

| Income Range     | Tanjong Karang (N=44) |      | Sabak Bernam (N=50) |      |
|------------------|-----------------------|------|---------------------|------|
|                  | No.                   | %    | No.                 | %    |
| Less than M\$250 | 4                     | 9.1  | 4                   | 8.0  |
| \$251 - \$500    | 18                    | 40.1 | 3                   | 6.0  |
| \$501 - \$750    | 8                     | 18.1 | 2                   | 4.0  |
| \$751 - \$1000   | 6                     | 13.6 | 10                  | 20.0 |
| \$1001 - \$1250  | 2                     | 4.5  | 7                   | 14.0 |
| \$1251 - \$1500  | 2                     | 4.5  | 6                   | 12.0 |
| \$1501 - \$1750  | 1                     | 2.2  | 4                   | 8.0  |
| \$1751 - \$2000  | -                     | -    | 5                   | 10.0 |
| Above \$2000     | 4                     | 9.1  | 9                   | 18.0 |

Source: Survey Data

relatively higher cost of padi cultivation in Malaysia compared to other parts of Asia. One interesting finding of the survey was that of the large proportion of farmers who owned or operated three acres of land, incomes varied from \$251 to \$1750 in Tanjong Karang, and from \$751 to over \$2000 in Sabak Bernam. Since landholding is constant, the higher range of income in the latter place must be due to underestimation of production inputs (for example, family labour) and the higher contribution to farm income from coconut. The price of coconut has risen from four cents each in 1960 to twenty-five cents in 1973.

The monthly income of \$60 nevertheless appears too low. Home consumption takes up about \$30 per month, and off-farm work brings in about \$40 per month. It is perhaps more realistic to put the average monthly income of the farmer at between \$120 and \$130.

Padi is a seasonal crop. However, double cropping and the use of fertilizers have ensured more constant employment and more stability of income. Notwithstanding the high subsidy given, padi cultivation is not a lucrative activity. Malaysia has adopted a rice self-sufficiency policy but the price of rice is ruled by administrative price-fixing by the Lembaga Padi National, or National Padi and Rice Authority. This agency fixes a guaranteed minimum price (GMP) for different grades of padi and undertakes to purchase padi at various government rice mills and trading posts, but the price to the farmer is invariably lower because a very high rate of deduction is imposed for moisture content. For example, although the GMP for grade C padi was \$14.50 per pikul (133-1/3 lb), the average price received for this grade was only \$13.25. Over the past year, the price received by farmers has improved because of upward revision of padi prices by the government in the face of world shortages of the grain

and the cultivation of premium grades. By producing higher grades farmers now fetch as high as \$22 per pikul compared to about \$17 for grade B padi. Since FAs have no control over the CMP, they can only assist farmers to get higher prices and incomes by advising on better methods of harvesting, cleaning and drying. Where an FA has a licence to do milling, as in Sabak Bernam, this can raise the farmers' income substantially. The expression of dissatisfaction with the marketing service of FAs in our two sample populations no doubt reflects the unhappiness of padi farmers over the poor prices they receive..

There are limits to diversification of crops on padi land. One limiting factor is the strict control exercised by the District Office on land usage. Conversion of land to alternative uses often takes from six months to a year to approve. The Chinese farm family in Tanjong Karang has managed to earn more income than the other padi planters because they have more other enterprises on the farm, including vegetables, poultry and pigs. In Sabak Bernam, there is a higher percentage of Malay farmers growing two crops, padi and coconut, as well as intercropping of coconut with banana and cocoa.

Under the national rural development programme, the provision of rural social welfare infrastructure has received emphasis. Both Tanjong Karang and Sabak Bernam are within three hours' drive to the excellent health facilities in Kuala Lumpur. Besides, there is a district hospital and a number of health centres and clinics. Ante- and post-natal care is also provided by kampung midwives. Selangor has the lowest infant mortality rate (29.4 as compared to 40.8 per thousand live-births for the whole of Malaysia in 1970). The rural infant mortality rate varies: in Tanjong Karang and Sabak Bernam it is only about 35 per thousand live-births in 1972.

The average age of padi farmers is 40-45 years. Farm surveys show that the majority of padi planters have achieved only a primary level education, invariably in Malay. (See Table 21). There is a strong relationship between the level of education and farm productivity. Ability to read and comprehend technical agricultural information, operation of farm equipment and knowledge about sources of information are crucial to modern farming. Primary education is free (though not compulsory) in Malaysia: 92% of the country's population aged 6-11 years were enrolled in schools in 1972. Both the samples in our study reported 90% enrollment rates by their children. But since about 50% of the farm households have more than one child in school, the costs of education (other than fees) prevent padi planters' children from continuing up to the secondary level. The dropout rate is definitely much higher in the rural than in the urban areas.

In a survey carried out in 1966 by the Ministry of Agriculture in Selangor it was found that a farm family, on the average, spent about 406 working days on all types of work. This worked out to about 123 working days per worker for the average farm family of 3.3 workers. Underemployment is still a serious problem in the rural areas. Estimates of rural underemployment in doublecropping padi areas like Selangor range from 30% to 35%. This high rate of underemployment is due to the seasonal nature of padi farming.

Farmers in Malaysia have not been known to starve but malnutrition remains a health problem. Data for 1971 show that per head calories intake per day is 2,028 with a protein content of about 48 grams (of which 29.6% is derived from animal and 70.4% from vegetable sources).<sup>8</sup> These

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<sup>8</sup>Treasury, Malaysia, Economic Report 1973-74, p. 61.

TABLE 21

EDUCATIONAL STATUS OF PADI FARMERS  
(IN PERCENTAGE)

| Farming Localities | Educational Status |                |                  |
|--------------------|--------------------|----------------|------------------|
|                    | Illiterate         | Primary School | Secondary School |
| Krian (Perak)      | 12                 | 87             | 1                |
| Kemubu (Kelantan)  | 63                 | 36             | 1                |
| Province Wellesley | 11                 | 88             | 1                |
| Muda River         | 43                 | 57             | -                |
| Malacca            | 26                 | 72             | 2                |
| Lower Perak        | 43                 | 57             | -                |
| Selangor           | 24                 | 75             | 1                |

Source: S. Selvadurai, *op. cit.*, p. 19.

figures are below the optimum of 2,500 calories. The principal nutrients lacking in the diet of rural people, especially toddlers, are protein, vitamin A and iron.

In general, however, the state of social welfare in rural Malaysia is improving as a result of the upgrading of rural health services. Farmers' Associations do not, however, play a direct role in raising social welfare. At best they provide another linkage which the administrative system can use, if it chooses, to reach the rural population.

Since FAs are relatively more integrated into the economic life of farming areas, they are often used as an agent to implement government policy. The activities which FAs undertake under the extension service are aligned to government policy goals on agricultural productivity and higher levels of income and welfare. The cultivation of seedlings, diversification of crops and promotion of poultry and cattle rearing by FAs have direct economic returns to the farmers. Cocoa, for example, was introduced as a new crop in 1971 into Sabak Bernam under an official subsidy programme channelled by the Ministry of Agriculture to the local FA (via the State Department of Agriculture). Under the programme, a participant farmer in Sabak Bernam receives M\$125 per acre for two years. The acreage under cocoa in 1973 was 7,450 acres. To ensure that the new crop succeeds, the area FA chooses demonstration farmers from among the more enterprising of its members. Area FAs undertake to produce seedlings (rubber and oil palm) for the Department of Agriculture on behalf of the State Fa. In these projects, the actual cultivation of seedlings is performed by small working teams of farmers in the s.a.u.'s. Such off-farm work brings in additional income to farmer-members. It is because of the greater extent of government projects undertaken that the Sabak Bernam FA appears so much more dynamic compared to the Tanjong Karang FA.

The relationship between the farmers' association and other technical departments in the district (e.g. the land office, veterinary department, health, drainage and irrigation, and public works department) is not merely symbiotic. Cooperative relations promote the amount and quality of external inputs into the farm community. Besides these administrative units, the FA operates in a sea of other political and social institutions with which it must develop congenial ties. Table 22 shows some of the institutional membership ties of the sample populations in the two FA areas. There is a great deal of overlapping membership in local institutions, especially between FAs and cooperatives except in certain villages where loyalty to one or the other is so strong that members of the other organization are virtually treated as "enemies". In spite of the low membership in JKKs, good relations with these committees are important to the success of FA activities. At the s.a.u. level, it is not unusual to find that the unit chief of the small agricultural unit is also the ketua kampung, the chairman of the JKK, and the political boss of the local UMNO chawangan (branch). It requires an ingenious FA general manager to steer clear of the local political conflicts and to tap the political power of local influentials for his purpose. An excellent example of the ability of the Sabak Bernam general manager in tapping political influentials for promotion of economic projects is the case of a s.a.u. chief-ketua kampung-local UMNO leader who became a demonstration farmer of the cocoa project with 2,000 trees on a five-acre farm which at the same time cultivated fruits and reared poultry for eggs and meat. It is a mistake to assume that FAs can manipulate political leaders; it is often the other way round, for farmers' associations provide ready-made bases for ambitious politicians.

TABLE 22

## MEMBERSHIP IN LOCAL INSTITUTIONS

| Institution                    | Tanjong Karang |    | Sabak Bernam |    |
|--------------------------------|----------------|----|--------------|----|
|                                | Number         | %  | Number       | %  |
| Farmers' Association           | 23             | 46 | 28           | 56 |
| Cooperatives                   | 24             | 48 | 16           | 32 |
| Village Development Committees | 1              | 2  | 9            | 18 |
| Political Parties              | 12             | 24 | 31           | 62 |
| Mosque Committees              | 2              | 4  | -            | -  |
| Youth Organizations            | 2              | 4  | 2            | 4  |

Source: Survey Data

The Sabak Bernam FA has not succeeded so much in manipulating political power (although the general manager is, by all accounts, an astute politician himself) as in finding a happy modus operandi with the political forces. It is no coincidence that there is a high membership in the FA and in UMNO branches in Sabak Bernam. The member of parliament from the district is known to favour the FA over the cooperative movement. He was also the chairman of the State FA and, since the 1974 General Elections, Deputy Minister of Agriculture and Rural Development.

The rationale of farmers' associations as economic institutions for rural modernization is, ultimately, service to members since they are voluntary organizations. But it is doubtful that membership brings extra benefits. Certainly it is unclear that members of FAs have higher productivity or enjoy higher incomes than non-members. Although members can get credit and buy farm inputs at a discount, they also have to pay the \$5 entrance fee and \$1 annual subscription. Moreover, FAs levy 30 cents sales commission for every pikul of padi marketed. Extension services are important to agricultural productivity but these are equally accessible to non-members as the executive or technical staff of FAs are also agricultural officers in the district or mukim. In spite of their greater democratic nature, involvement by members in policy-making of FAs is minimal. Members may participate quite actively in the projects of FAs but they do not directly take part in the decision-making process except in so far as they elect the unit chiefs of s.a.u.'s and representatives to the MRA, and thus indirectly the Board of Directors of the FA.

Farmers' associations have better qualified personnel and more managerial orientation in their work style. The separation of powers between an authoritative structure comprising the MRA-Board of Directors

and an ability structure comprising the General Manager and his Section chiefs probably makes FAs more responsive systems. Their vertical linkages to the centre of government policy (through the Department of Agriculture) and to the administrative system at the state and district levels enhance their effectiveness. But, by the same token, FAs are dependent on central government funded projects. While this is true FAs have a greater degree of autonomy than the JKKs.

It is in its economic role that the farmers' association is superior to the village development committee. First, FAs operate in a larger area - at the level of the mukim or district. While having little autonomy over agricultural policy, FAs have control over budgets and programmes. The scope of economic activities is much wider than JKKs and cooperatives. Among the economic benefits to members one might note the relative success of FAs in stabilizing prices and organization of markets for farm inputs and outputs; improving farm operations by encouraging better techniques, including mechanization; and providing a package of services.<sup>9</sup>

#### Restructuring of Rural Organizations

The progress achieved by FAs has been commendable. By 1973, 120 area FAs had been set up with a total membership of 100,000. In five years, the FAs have accumulated assets of \$10 million and share capital of \$1 million. On the other hand, the agro-based cooperative societies numbering 1,536 altogether have a combined membership of 146,000, and share

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<sup>9</sup>See also F. Kuhnen, "An Area Farmers' Association-Its Structure, Activities, Accomplishments and Problems", paper delivered at the Expert Consultation on Integrated Rural Development Projects through Farmers' Organizations in Asia, Kuala Lumpur, 20 November to 4 December 1973.

capital of slightly over \$9 million.<sup>10</sup>

The continuing conflict and rivalry between agro-based cooperative societies and FAs and the confusing proliferation of rural institutions led to the appointment of a Coordinating Committee in 1971 to study the possibility of combining the activities of rural organizations. As expected the 1971 study showed a lack of effectiveness of rural institutions, deep conflict between the institutions and a wasteful duplication of activities. In particular the conflict between agro-based cooperatives and the FAs at the grassroots as well as the ministerial level made coordination a priority task. Arising from a cabinet decision to restructure rural institutions, the Farmers' Organization Authority (FOA) was established by Act of Parliament in November 1973. The FOA was located within the Ministry of Rural Economic Development.<sup>11</sup> It is charged with the function of coordinating the activities of rural institutions and government agencies at the grassroots and to formulate programmes for rural upliftment.

The agro-based cooperatives and the FAs will be amalgamated into a new body called an Area Farmers Organization (AFO). Because of the strong commitment of farmers to the institutions, the process of integration will be gradual with FAs and Cooperatives continuing as unit-members of the AFO as well as direct individual membership.

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<sup>10</sup> Ahmad Sarji bin Abdul Hamid, "Farmers' Organization - An Integrated Approach to Rural Economic Development", (Kuala Lumpur: Farmers' Organization Authority, 1973), p. 5.

<sup>11</sup> Agriculture and Fisheries and Rural Development have been combined into a single Ministry of Agriculture and Rural Development. This might decrease interdepartmental conflicts in loyalty to the two types of rural institutions.

AFOs will be restructured along the lines of the FA, except that the Board of Directors will be partly elected by the MRA and partly appointed by the Minister. All the AFOs will be vertically coordinated by the FOA, besides which the latter will coordinate the activities of government agencies like the Federal Land Development Authority, National Padi and Rice Authority, and Malaysian Agricultural Research Development Institute in the rural areas.

As an attempt to enlarge the coverage of the AFOs, agricultural development centres (ADCs) will be established to cover a whole district or 3-4 mukims. Each ADC will have about 2,500 farm families and serve as a centre for a "package of comprehensive and integrated services" by the AFO and government agencies. The sites of existing FAs have been transformed into ADCs, the home for the new AFOs. Eventually, the government hopes to create 150 ADCs by 1975.

What the FOA represents is nothing more than another superagency established at the federal capital to direct grassroots operations. It is a move towards greater central control. The problem with the FA was that its business was only part of the normal work of the Department of Agriculture. Before the formation of FAs, farm subsidies went directly to the small farmers; after that there has been an increase in the indirect costs of agricultural inputs to the rural cultivator. The original objective of FAs was agricultural extension; with the overextension of the local personnel of the department (in general administration of agriculture and FA activities), the emphasis has shifted to sales. It is an example of goal deflection.

Perhaps the AFO may overcome some of the organizational problems of the FAs, but surely the basic question is will the AFO reduce the cost

of production to the farmers, undertake extension services, provide training in modern skills and agribusiness techniques? Like the FA, the AFO will be dependent on government development projects. What is clearly indicated by the formation of the FOA is that there is a return to the top-down strategy of rural modernization.

#### IV. RURAL LOCAL INSTITUTIONS AND RURAL DEVELOPMENT

The lack of time-series data makes any definitive conclusion about the relationship between rural government and economic institutions and the process of rural development extremely hazardous. From the Malaysian experience it is difficult to say whether rural administrative government or rural economic institutions (like FAs) have a direct impact on rural development, defined as higher productivity, increasing incomes, and better wellbeing. Certainly one difficulty of identifying the contribution of rural institutions arises because of the impossibility of separating out the role (direct or indirect) of the centre in the rural developmental process. One preliminary conclusion, however, seems justified, namely, that efficient local institutions act as better mediators or brokers of development.

Rural development in Malaysia has such an importance to national politics that the central government is bound to pay continuing attention to the well-being of the peasant sector. There is, however, some ambivalence about rural developmental strategy. On one point both the Malay leadership and the rakyat seem to agree; that massive government intervention is necessary to rural development, whether to ameliorate rural conditions or to increase the factor endowments of the small farmers. The dispute is over the instrumentalities for rural modernization.

Elective local government was not seen as an effective administrative instrument for rural development for various reasons. The plural nature of the rural and quasi-rural population made it

extremely difficult for local government to be used as a single-minded instrument of Malay upliftment. Indeed, the fact that formal local governments had been primarily established in towns and cities, centres of predominantly non-Malay residence, and the fact that, over time, these local authorities had become nests for the opposition parties under non-Malay leadership were severe handicaps to their ability to win the support of the Malay rural population.<sup>1</sup> The political antagonism between the local authorities and the state and federal levels was a crucial influence on the choice of instrument for rural development. The local authorities, it should be noted, could never command the financial resources for the kind of rural modernization programme needed to improve the conditions of the rural areas. Beyond these reasons, however, there was a predilection towards administrative solutions among Malaysian national decision-makers chiefly because the administrative structure formed the most familiar and most reliable institutions for rural change and control.

The administrative system of rural local governance founded on the District Officer - penghulu - village headman linkages is, in many ways, an ingenious manipulation of traditionalism. But it is not an independent or autonomous system. It is a structure of governance that encourages upward referral of problems rather than one that promotes grassroots initiative. Rural administration from the mukim down is weak. Villages have no means to sustain any system of effective administration.

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<sup>1</sup>Since 1964 elections to local authorities have been suspended and the administration of the state capitals and other urban councils have been taken over by state government. In 1972 the federal and state governments rejected, in effect, the recommendations of the Report of the Royal Commission of Enquiry to establish elective district councils with an expanded coverage of area and functions and appear to be opting for appointive systems.

The scope of functions expected of the ketua kampung and the village development committee (jawatankuasa kemajuan kampung) is beyond the capacity and power of these village "elders", even if they had the time to devote to their largely honorary roles as development agents. An energetic headman could rally his followers to perform gotong royong obligations, such as mending a bridge or repairing the mosque, but most of the development programmes at the village level are sponsored and financed by the government or district administration. Participation by farmers is ex-post, often in the form of public demonstration of support for "show" projects. The penghulu, as the field agent of the district officer, operates a kind of "outpost administration", without decision-making powers or control over funds and lacking even the residual charismatic influence of the village headman. Recognizing his lack of autonomy, the more sophisticated villagers have been lobbying the elected political representatives for funds for relatively large development projects and referring to the penghulu on administrative matters only.

It is at the level of the district that administration enjoys some autonomous power and control over personnel, resources and development programmes. The district officer is the vital linkage upward to extra-local resources and the conduit for technical expertise in project implementation from lateral departments. Nevertheless, the effectiveness of district administration should not be exaggerated. The list of functions assigned to the district officer and his assistants is formidable but they perform indifferently on most items. At one level, the problems of district administration may be seen as overburdening of an inadequately-staffed office with too many responsibilities; at another level, the problem faced by the district office is its multiple subordination to

numerous higher-level organs. But the crucial reason is the transience of the district officer. He is a federal civil servant seconded to a state government to serve in a particular district. His ambition is not to become a local hero but to be transferred to the Federal capital or to a ministry. The district officer who had been recruited directly into the state civil service may be less mobile, but even he aspires to be placed at the state capital. This does not mean that district administration is merely dedicated to routine functions. Indeed, under the programme of rural modernization, there has been much constructional activity in the districts. But there is a great deal of difference between a programme for providing physical amenities and a programme for mass participation and change in rural attitudes and agricultural technology. The emphasis of district development administration has been on infrastructural modernization.

The system of district, mukim and village administration is a maintenance, not a developmental, structure. Refurbished and metamorphosed in some of its elements, it is nevertheless a system caught between traditionalism and modernity. The traditional elements of the system have helped to maintain the rural structure intact and assisted in ratifying the intrusion of the modern roles typified by the politician, the district officer and the technical officers. In the end, however, the system of rural administrative governance has failed to bring about the kind of development (in terms of attitudinal change, agricultural productivity or income growth) that would integrate the rural with the urban sector. It may, instead, reinforce the dependence of the rural peasantry on a highly benevolent government. Worse still, this system of governance might be open to the charge of perpetuating dual government for Malaysians at the

local level and delaying the integration of 6.28 million (or 71%) of the total population.

The formation of multi-purpose farmers' associations represented a change in rural development strategy as well as a change in goal. The farmers' associations were seen as possible modern economic institutions to transform agricultural techniques and attitudes through an integrated programme of extension services, credit facilities, and economic activities. The structuring of farmers' associations also permitted some measure of participatory democracy (e.g. election of chiefs of small agricultural units, representatives to the members' representative assembly, and directors to the Board of the Farmers' Association), while maintaining strong executive control in the hands of the seconded technical personnel of the Ministry of Agriculture. There is some evidence that FAs are becoming local forums for "politico-economic" interaction among the small farmers and the local elite, in contrast to the predominantly "socio-political" mode of interaction of the village development committees. On the technical plane, it is true there has been a goal-displacement by the management of the FAs because of the emphasis on sales and profits rather than agricultural extension work. Nevertheless, FAs might possibly emerge as autonomous rural institutions for economic change.

The attraction of the farmers' association as an instrument for rural change lies in the gearing of economic activities to individual benefit while at the same time encouraging some form of collective action by centering agricultural development programmes at the level of the small agricultural units. Its system of operation also provides for a horizontal integration among local communities under the FA federal structure. Although at the moment FAs in Malaysia have been dependent on the Department

of Agriculture for technical and managerial staff, this does not prevent them from acting as autonomous institutions. Farmers do perceive the FA as their organization rather than as an extension of bureaucratic government.

It is too early to assess the record of the FA as an agent of rural development. But it is safe to rate its potentialities in the areas of agricultural productivity, income growth and wellbeing at the level of the individual farmer more highly than the achievements of bureaucratic administration in similar settings. The farmers' association provides a nexus for economic activity with influences (direct or indirect) on production, credit, marketing and agricultural innovation unmatched by the local administrative system. It is not surprising that farmers have consistently evaluated the farmers' associations more favourably than village development committees. FAs, covering 5,000-10,000 acres and involving 1,000-2,500 farmhouseholds, are economically viable institutions, large enough to respond to agribusiness opportunities. Village development committees, being structures to keep political life within approved norms, are more suitable for self-sufficient rural economies. District civil bureaucracies are Janus-faced institutions, maintenance structures trying to be developmental agents. The modernization of rural agriculture requires organizations that will promote market-oriented production. Farmers associations are more suited to fulfill this role than any of the rural institutions in the Malaysian countryside.

But, once again, this conclusion is derived from a comparative perspective. FAs appear so much more efficient in comparison to local institutions like the JKKs that are poorly articulated to the needs of rural change. Their "success" is not autonomously defined, but largely

due to the support given them by the Department of Agriculture in the form of seconded-personnel, and fertilizer subsidies, technical expertise and contractual agricultural business like cultivation of seedlings. Although FAs have much autonomy, this freedom of action is pyrrhic: successful FAs are those that nurture the linkages with the bureaucracy. Alternatively, successful FAs are those that have developed strong reciprocal ties with the wakil rakyat. However, there is a caveat: political affiliation is not an unmixed blessing for rural institutions. Much depends on the congruency of goals between the political leaders and the rural institutions. Rural institutions are often springboards for political ambition and influential politicians can be an important conduit of development funds. The relationship between the two actors in the rural scene is transactional, not asymmetrical. This is a basis for mutually beneficial interaction between rural actors.

The rural institutions described in this paper are new structures implanted in the countryside. They have adapted themselves to the local environment, in many cases changing modes of behaviour. But they are not structures for revolutionary transformation of class relations in the villages. They are essentially agents of the central government. There is a paradox in the development of rural institutions in the new states: when they are weak and ineffective, central government steps in to resuscitate them; and when they prove to be too strong or effective, they also invite national intervention. Thus the enlargement of farmers' associations to farmers' organizations (incorporating the rural cooperatives as well) to cover greatly extended agricultural development centres may erode the focused nature of rural local structures and functions beyond their capacity. Expressed as an enigma: Tradition harnessed for development

contains seeds of its erosion; likewise, successful local institutions contain seeds of their own demise.<sup>2</sup>

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<sup>2</sup>I am grateful to Professor William Siffin, Indiana University, for this observation.

*Peasant and Bullock* by Chuah Theah Teng  
From the collection of Dr. and Mrs. Clifton R. Wharton, Jr.