

Kuala Lumpur, Malaysia
April 15, 1967

Dear Homer:

First impressions are not always right -- nor are second.

Last evening, when our Malaysia Airlines Comet jet dropped down out of the towering cumulus clouds onto the rainswept runway, we were awed by the beauty and magnificence of the \$15,000,000 airport building, far more elaborate than that of any city of equal size (about 400,000) in the United States. Designed by an Australian, it must have been strongly influenced by Yamasaki's airport in Saudi Arabia.

After we suffered our way through Passport Control, we were greeted by a representative of Interline (of which I had never heard) who told us that our stay here, hotel and meals, were to be at their expense (apparently a courtesy of Qantas). We were driven along a fine divided highway past a large industrial estate with plants of Mercedes, Peugeot, Caterpillar, I. C. I., and several other international companies, past many handsome new buildings, the postal headquarters, the social security headquarters and others (all government buildings) into the outskirts of the city and on to our modern hotel. We were graciously received and taken to our room where there was a refrigerator full of beer and soft drinks and a quiet word that all of our laundry was free and would take only six hours.

Thus, the first impression was that this was obviously a great place.

This morning, as I looked at a too familiar, tired face in the mirror, running the water to drown the bugs before using the washbowl, all too aware that even a \$1.50 tip to the electrician had not caused the electricity to run my razor,* and thinking back over the irritation of arrival (when at Passport Control I waited for ten minutes in Line No. 1 to reach the counter, was told to go back to the end of Line No. 2, where after another ten minutes of shuffling progress I was told to go back to the end of Line No. 1, whereupon there was one instant ugly American declaring that we were going through the line then and there and they could stamp our passports or not as they wished) and now realizing that the cold beer was not a gift but a sales gimmick, the second impression was somewhat more reserved.

In the rational appraisal of a third impression, this is a most interesting city and the capital of a struggling new nation which has much to offer.

The Federation of Malaysia consists of West Malaysia (the Malaysian Peninsula south of Thailand), Sarawak and Sabah (which latter two make up most of the northern half of Borneo, now called Kalimantan).

* Apparently I am not the first to experience this problem as Mrs. Freeman has read me from the Fan American book that "Electric current may be a problem for the traveller, as both alternating and direct currents are supplied at 230 volts. Depending upon the area and the whims of the contractor there are no fewer than 18 different types of plugs in use."

Kuala Lumpur, the capital city, which we "old China hands" (we have been here twenty-three hours) call "K. L.," is about one-half way down the southwest coast of West Malaysia.

This Malay Peninsula is probably what the Greek geographer Ptolemy referred to as the "land of gold." It was engaged in trade with India, directly to the west, at least a millennium and a half ago. It has been successively dominated by Sumatra (and the Buddhists), Java (and the Hindus), and the Thais. The Portuguese took over in 1511, the Dutch in 1641, and the British in 1795, although it was almost a century later before the British really dominated the country. The separate states (Johore, Selangor, etc.) were run, and are still administered by hereditary sultans. During the British rule, many Chinese and Indians and some middle easterners immigrated. The Peninsula was conquered by the Japanese in World War II and at the war's end the communist guerillas maintained a rebellion that was not fully quieted for fifteen years. In the meantime (1957) the British granted independence ("Merdeka") within the Commonwealth. The present Federation was created in 1963 and included Singapore until the summer of 1963 when it seceded.

Malaysia has an elected king, His Majesty Tuanku Sultan Ismail Nasiruddin Shah ibni Al-Marhum Sultan Zainal Abidin (60), and a parliamentary government.

The Singaporeans say that the Malaysian government discriminates against the Chinese (who, though they constitute 75 per cent of Singapore's population, are only about 40 per cent of total Malaysians). This discrimination is a fact, for the constitution provides that three out of four government offices must be held by Malays, but, as the Malays point out, the Chinese, especially the Singaporeans, are far better educated* and, without such a constitutional preference, the government would employ a disproportionately large percentage of the Chinese minority.**

The Singaporeans claim that the Malaysian bureaucracy is incompetent and today's STRAITS TIMES headlines a statement by a former detainee that "40 per cent of Malaysia's civil servants are bright, 20 per cent are mediocre, and 40 per cent can be sacked on the spot without any loss to the Malaysian government."

The Singaporeans claim that the Malays are lazy, that they are content to eat and sleep and are not spurred by ambition to achieve more than a full belly. I cannot judge this, but I am told that those Malays who have had the benefit of an education are able and aggressive.

* Education in past generations has been largely confined to the cities, and the Chinese, who are the traders, constitute the majority of the population in the cities and thus have had the opportunity for an education, whereas the Malays, who are rural people, had no access to schools.

** In practice, the government cannot find enough adequately educated Malays to maintain the required preference so the Chinese do in fact exert a disproportionate influence.

The Singaporeans claim that the Malaysian government is corrupt. That charge is repeated here. But our Ambassador Bell says that he has investigated many such charges and can find no evidence of a single bribe ever having been asked of any American firm here.*

Mrs. Freeman has surveyed the city while I have called on the Central and Commercial Banks and reports that the market was fascinating. Situated in the Chinese area near the river, the streets and sidewalks were filled with tiny booths and teeming with people. She was a bit frightened as there were no other tourists, but was assured that no one would molest her and that, if they resented her, they would only turn their backs.

The booths contained fish of all kinds, fresh and smoked, but only one booth had ice over the fish. Meat (pork only) hung in large chunks from other booths. Fresh vegetables were in abundance -- onions, cabbage, many varieties of cucumber, sweet potatoes, spinach, and all the root vegetables. They had been cleaned and were nicely displayed. However, the most fascinating booth was the one that had fresh python meat, turtle, iguana, rabbit and wild cat. The fruits looked most appetizing. Oranges from Israel, apples from Australia and our State of Washington, and lovely looking large peaches. She asked the guide if he ever ate anything from the

* I am sure that must be so, but I was also told that the Singapore nominee on the Board of Malaysian Airlines (two-thirds of which is owned by the governments of Singapore and Malaysia), when accused of having done something improper, was immediately replaced by the Singapore government while his Malaysian counterpart was not even criticized.

market, and he looked really shocked and said "Never! I would get terrible stomach ache." (Needless to say, we are still on Entero-Vioform.)

Mrs. Freeman was impressed with the exciting and elaborate architecture of the mosques. Perhaps slightly feminine by our standards, each remains a beautiful reminder of the time when labor was cheap enough to permit an ornateness that our present life does not permit. She reports that the National Museum of Art is indeed a treasure house.

She also had a very interesting visit to a rubber plantation. The first rubber trees were brought here in 1896 from those grown in the Kew Gardens in London (to which, in turn, they had been brought from Brazil). The trees produce from about five years of age to thirty years and are tapped early each morning by a diagonal cut about two feet above the ground. The sap runs down this cut to a spigot and into a cup. These cups are collected shortly after dawn (to avoid the coagulation which would occur in the heat of the day). This juice is then mixed with water and acid and placed in shallow trays where it is allowed to harden into sheets of about the size of a hand towel. These yellow sheets are then smoked and bound into bales for export.

She also saw the tin mines which, in most instances, look like large lagoons from which the wet earth is either pumped through large tubes and the various elements separated out, or is scooped up by large (and expensive) dredges pulled slowly (about twenty feet a day) across the lagoons while the floating machinery grinds and separates the ore into a black sand-like material for subsequent refining.

Mrs. Freeman was not able to evaluate the quality of the farming but found in the newspaper references to the effect that, although Malaysia presently produces only 70 per cent of its rice requirements, some of its leaders feel that by devoting their attention to agricultural development, rather than dabbling in international politics, their country will be self-sufficient in a few years. They are also attempting to develop more modern methods of fishing to obtain the protein so badly needed to supplement their rice diet.

Are the people reasonably satisfied with their lot? The absence of any opposition party might so suggest. Are the communists likely to cause trouble again? After twenty-three hours I can hardly claim to be an authority, but I have the impression that the government is certainly determined not to let this occur. As the universities offer a particularly fertile ground for communist agitation, the government now examines every university applicant as to his "political reliability" and will not admit those as to whose loyalty it entertains any doubt.

We drove through the campus of one university of some 3,000 students, with colleges of engineering, art and education, and were much impressed with its campus and attractive buildings. The total university enrollment in Malaysia is approximately 7,500 and, of those, only 500 are Malays, the rest Chinese. Almost all graduates in engineering, the sciences and economics are Chinese. The Malays study the liberal arts and agriculture.

In the university which we visited all classes are taught in English, which language is familiar to most middle and all upper-class groups, but the Malays are now putting great emphasis on their own language. Perhaps, in part, this is intended to assert a superiority over the Chinese, the great majority of whom have never bothered to learn Malay. This question of language may become as crucial here as it is in India, and some students see in England's failure to develop the native language its greatest failure as a colonial power.*

In my one day in this country, I have been impressed by two contrary reactions: First, the Malaysians are not doing anywhere nearly as well as they should be with such great natural resources. They produce about one-third of the world's supply of both rubber and tin. They export almost 900,000 tons (\$500,000,000 U.S.) of rubber. They have produced tin for more than one thousand years and have been the world's largest producer for the past seventy-seven years, last year's exports amounting to \$280,000,000 (U.S.). They export \$150,000,000 (U.S.) of timber. They also export significant amounts of iron and some bauxite. Of course, the price of rubber declined as a result of the development of artificial rubber, but in recent years this decline in price has been offset by greater efficiency

* One recent forward step has been the adoption of the Roman alphabet in preference to Chinese and Arabic which were previously prevalent.

and increased production.* Both tin and rubber have also suffered price declines as a result of the release by the United States government of some of its surplus stockpile, but this amounts to only about 5 per cent of the world's consumption each year. The Malaysians still grouse about this, but they do not mention that from 1960 to 1962, when we first became involved in Vietnam, the price of rubber quintupled.

Just consider what the Japanese or the Koreans or the Taiwanese would do with such a God-given source of exchange -- yet Malaysia has a deficit in its balance of payments.

Second, the Malaysian government has done quite well in several respects. Although officially headed by the elected king, the government is actually run by Prime Minister Yang Teramat Mulia Tunku Abdul Rahman Putra Al-Haj (60), usually referred to as "the Tengku." A graduate of the English school in Singapore and Cambridge University, a determined anti-communist, he strongly supports our position in Vietnam. The seventh son of the Sultan of Kedah (a northern state of West Malaysia on the Thai border), he is the head of the leading political party, a confederation of Malaysian, Chinese and Indian ethnic groups. He is genuinely concerned about achieving a true unity of the various groups and, himself a Malay aristocrat, is married to an Arab girl and has adopted two Chinese children

* Last month they exported 126,683 tons of rubber at an average price of 56.675 cents (Malaysian) a pound.

(one of them the daughter of leper parents).

There is no opposition party, ^{*} and the people here that I have talked to believe that the Tengku will be in power for years to come. Apparently he deserves to be. He has pulled his country through the difficulties created by the "confrontation" by Indonesia. Sukarno inspired several commando-type raids, both on West Malaysia and North Borneo, thereby creating the necessity for substantial increases in Malaysia's military expenditures and discouraging foreign investment. The Tengku has now achieved an accord with Suharto, with full diplomatic relations to be established at the end of this month.

The Tengku and his seven-year-old central bank can claim a satisfactory accord and some quite excellent results:

1. An increase in consumer prices of only 2 or 3 per cent over a period of five years. Last year, prices rose slightly more, but only about one per cent.
2. Dollar and sterling reserves of almost \$900,000,000 (U.S.), enough for nine months' requirements.
3. A government debt of one billion (U.S.) dollars, of which only about \$150,000,000 is external.
4. A growing industrialization -- Dunlop Tyre has a plant here and a few small companies are making sneakers. B. M. C. and both a Japanese and a Swedish company have started, or are soon to start, automotive assembly plants here.

* There is none in Singapore either, which makes it harder to overcome the break between the two countries.

5. A remarkably stable currency, presently linked to sterling (the dollar equal to 2/4d). After June 12, when it is necessary to issue a new currency (because of Singapore's resignation from the joint currency board), it will have the same value, but will be linked to gold rather than sterling. Their dollar is equal to one-third of ours.
6. Malaysia, next to Singapore, has the highest per capita annual income in Southeast Asia, somewhere between \$350 and \$400.

On the other hand, Malaysia has three economic problems:

- (a) Unemployment is high, probably about 12 per cent over-all, up to 20 or 25 per cent among those below twenty years of age, and almost that high in the twenty to twenty-five-year bracket.
- (b) Wages are low by our standards, but at \$1.50 to \$2.00 per day (U. S.) plus medical, maternity, sick leave and compulsory provident fund fringes, labor is not competitive with that in Korea, Taiwan or Thailand. Thus, the country exports its valuable raw materials to be processed elsewhere.
- (c) Perhaps the most pressing economic problem at the moment is the failure to attract foreign capital. The present five-year development plan is based on the assumption of substantial and continuing foreign investment, but, despite a World Bank conference on the subject, a Japanese offer of \$50,000,000 (U. S.), smaller loans from France and other nations and such United States investments as that of Esso (some \$50,000,000), foreign investment just isn't flowing in. Indeed, last year, although Malaysia had a surplus in its trade account, it had a balance of payments deficit because of a net capital outflow. Was this due to Malaysians sending their money abroad or foreign corporations withdrawing some of their earlier investment? The Deputy Governor of the Central Bank (a very bright Chinese) did not know, but hoped it might prove to be just a temporary aberration. I hope so, too.

There are quite adequate banking facilities. Indeed, the banks are extremely liquid and are seeking good borrowers -- but only on short term.

The banks pay 3 per cent on savings, 5 per cent on six-month deposits, and 4-1/2 per cent to 5 per cent on overnight funds. Their prime rate is 7-1/2 per cent, but they average 9.6 per cent. Banks are subject to the 40 per cent corporate income tax plus an additional 5 per cent "development tax."

What probably discourages investment is the troubled past, the communist threat, the confrontation, the secession of Singapore, all of which created fears which considerably reduced the inflow of capital. Furthermore, there is not yet any substantial domestic market, so the foreign investor must either be satisfied with this limited Malaysian market or manufacture for shipment abroad in competition with lower-cost labor (of equal or better productivity) in other Pacific nations.

It might seem reasonable to use local labor to process Malaysia's raw materials, but perhaps most finished rubber products and also those of tin would be more bulky and expensive to ship to distant markets than is the raw material.

Our Ambassador expressed great hope for increased United States investment, primarily for production and local marketing of consumer goods, pointing out that bringing Malaysian-made goods back to the United States not only aggravates our balance of payments problem, but also creates resistance among both our manufacturers and labor groups (who have already joined together to cause Congress to set quotas for the importation of textiles

from other Asian countries, though not yet for Malaysia). It is the Ambassador's job to try to be helpful, but I fear that substantial foreign investment will come more slowly than the Malaysians hope.

Kuala Lumpur is located at the juncture of two narrow, muddy rivers which give the place its name. A colorful mosque has been built at the confluence of these rivers, and the city has spread out from that point. The rivers, which were the first arteries of transportation, are now supplemented by perhaps the best system of roads of any country in Southeast Asia, a benefit from England's benevolent colonial rule.

We arrived here with the Singaporean propaganda in our ears. We leave one day later certain that, despite the superiority of Singapore's government, we would, if faced with a choice, prefer to live here. The city itself has little of the squalor of Singapore. Palaces, British office buildings, many Moorish-style government buildings side by side with excellent modern buildings, most of which have decorative facades of metal or stone screening to filter the intense sunlight, make K.L. very interesting architecturally. Yet it is still Asian and, between the arcaded sidewalks and the street, there is an open (but stagnant) sewer which adds the odor of its decaying garbage to that of the overflowing cans on the street.

For those representatives of United States companies who live here, life can be quite pleasant. The city has a size adequate to provide good supplies, rents are fairly high (though perhaps only one-third of those in

Tokyo). Most European-style food is imported, much of it by air freight, at considerable cost. The weather is hot and humid. Criticism of the government, a national pastime at home, is not encouraged and, in a country where a foreigner has to renew his work permit each six months, a word of caution is not ignored.

But the surrounding country is absolutely beautiful. Forested mountains reach right down to the city and offer the opportunity for frequent excursions. The pace is leisurely and social life pleasant. There is a substantial western community (of English, Dutch and Australians*) with a small group of Americans.

Mrs. Freeman saw many middle and upper-class homes that were attractively designed and beautifully kept up. She reports that there is a magnificent country club, and I was told by a few westerners that I met that they consider this an excellent post. Some say it is the most desirable in all of Asia.

Mrs. Freeman, who three years ago visited James Thompson's house in Bangkok, has been terribly concerned about his disappearance three weeks ago (from a friend's home about 70 miles north of here in the Cameron

* The Australians exert quite an influence here. Radio Australia is on the air nineteen hours a day, and Australians have set up and, until just recently, run the central bank.

highlands). We explored that subject -- to the extent that we could. The Malaysian government had over 100 of their police* on the job for eight days without finding a trace. They do not believe that he was killed by a tiger (though tigers do roam that area) for nothing was found, and a tiger would not eat shoes, bones and everything. It does not seem likely that as experienced a man as he would have allowed himself to become lost, though it is very rough and he might have slipped off the trail into a leaf-filled canyon. There are no communists known to be in the Cameron highlands area (such as there are left are further north along the Thai border). His assistant in the Thai silk business flew over and for several days was questioned as to Mr. Thompson's personal affairs, but these gave no indication of any difficulties. If he was kidnapped, one would think that a ransom note would have been delivered. If it has, it has not been made public.

He was once lost for four weeks in the Himalayas and finally wandered out, tired but smiling. We certainly hope he will repeat, but, if he is gone, his loss is a real one, not only to his close friends, but also to Thailand where he helped so much in creating a world-famous industry, providing employment for thousands. His loss also would be a blow to our

* This is a good force. Their leaders have been well trained at both Scotland Yard and our F.B.I. school. They effectively crushed the communist guerillas in the forests several years ago.

country whose interests he served by being so much the opposite of "the ugly American."

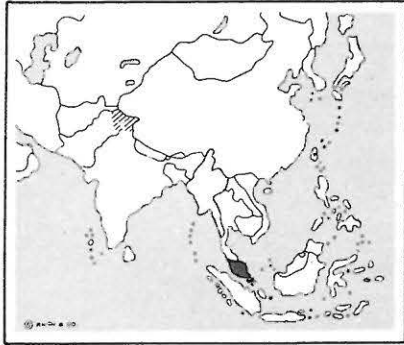
It is now 5:00 p.m. In a few minutes we leave for a long flight -- first to Singapore, then the length of Sumatra across the western Pacific, past Christmas Island into Perth, then completely across Australia to Sydney and back down to Melbourne, where we should arrive tomorrow a little after noon, unkempt and sleepy. En route, though already tired, I will write this, the fourth letter in five days, but, if even for an instant I felt over-burdened, I need only look up at the thousands of dark faces on the "waving gallery" of the K.L. airport, all staring down at us few fortunate travellers able to leave here for a richer and more modern world.

We end this Asian leg of our trip feeling, as we have so many times in prior years, reverently thankful that we are Americans.

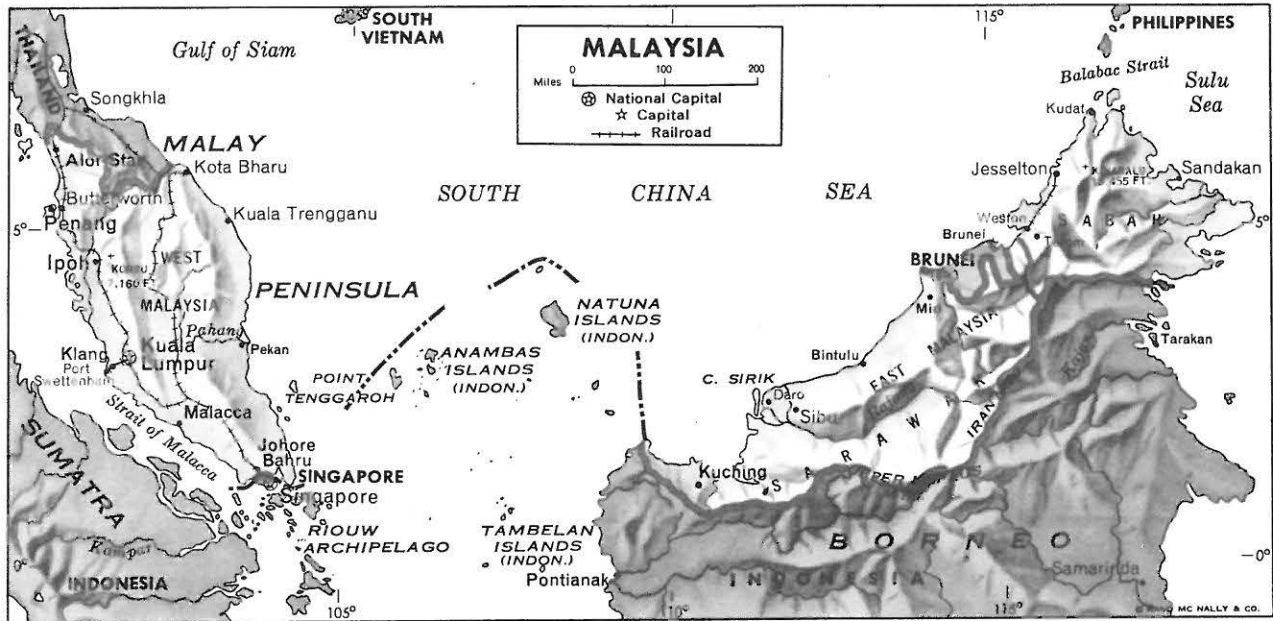
Sincerely,

A handwritten signature in cursive script, appearing to be 'Dale', written in dark ink.

MALAYSIA and SINGAPORE



MALAYSIA	SINGAPORE
Capital: Kuala Lumpur	Capital: Singapore
Area: 128,430 square miles	Area: 224 square miles
Population (1965): 9,429,000	Population: 1,840,000
Density: 74 per square mile	Density: 8,214 per square mile
Elevation: Highest Point: 13,455 feet	Elevation: Highest Point: 581 feet
Lowest Point: Sea level	Lowest Point: Sea level
Principal Language: Malay	Principal Language: Chinese, Malay & English
Principal Religion: Islam	Principal Religion: Chinese, Islam & Christianity
Political Divisions: 13 States	



Copyright by Rand McNally & Co.
and Reproduced with Their Permission