

An Anguish Cession: Issues during the Shaping of the Federal Territory of Kuala Lumpur, 1974

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Abstract

Kuala Lumpur today has a special place as the capital of the Federation of Malaysia. The significant position of Kuala Lumpur began in the mid-nineteenth century when it was chosen as the capital of Selangor in 1880. Distinctively, Kuala Lumpur played a double role as the capital of Selangor and the administrative centre of the Federated Malay States (1896), the Federation of Malaya (1948), independent Federation of Malaya (1957), and capital of Malaysia (1963). After Independence, the Central Government saw the importance of it owning a capital city that it could directly run without the need to share it with any other political entity. Considering the irreplaceable nature of Kuala Lumpur, the Central Government worked to separate it from Selangor. However, this effort only saw success when the Federal Territory of Kuala Lumpur was formed on 1 February 1974. The delay in this effort shows the Central Government's inability to completely take over Kuala Lumpur, due to the need to focus on other domestic and foreign challenges in the 1960s. By the time of cession, a number of issues emerged, some of which were not fully settled even though the official transfer was concluded in 1974. Therefore, the road to transfer of Kuala Lumpur to the Central Government was fraught with difficulty in its realisation.

Keywords: Federal Territory, Kuala Lumpur, Malaysia, Cession

1. Introduction

Since 1948, Malaysia practised a federal system of government, with a central government coexisting with state governments based on the line set in the Federal Constitution. When the Federation of Malaya achieved independence on 31 August 1957, it consisted of eleven states: Perlis, Kedah, Penang, Perak, Kelantan, Terengganu, Pahang, Selangor, Negeri Sembilan, Melaka, and Johor. Membership of the federation grew when Sabah and Sarawak joined the Federation of Malaysia on 16 September 1963. In 1974, the Central Government succeeded in creating and holding the Federal Territory of Kuala Lumpur. Along with the creation of the federation, certain traditional-era institutions were maintained post-independence. Among these institutions is the royal institution. There are nine constitutional monarchs, called Sultans (or Raja in the case of Perlis and the Yang Dipertuan Besar in Negeri Sembilan) for nine states in Malaysia. In the federal level, Malaysia is headed by a Constitutional Monarch titled the Yang Dipertuan Agong. Parliament is the highest legislative body at the federal level, and each state in the Federation of Malaysia has its own State Assemblies.

Looking at the history before 1957, Malaysia was a country under British rule. British seeds of control over the Malaysian states began in 1866 when they took control of the island of Penang. British advance on Malaysia witnessed

the states fall one-by-one to colonial power, including Selangor in 1874. The Kuala Lumpur in this essay was located within the borders of this state and it became the British administrative centre in Selangor in 1880. The choice of Kuala Lumpur as the administrative centre was influenced by its strategic location, both economic- and communication-wise (Gullick, 2004, p. 155). Based on its significant position in the colonial politico-economic context, Kuala Lumpur's role grew in stature when it was chosen as administrative centre of the states of Perak, Selangor, Negeri Sembilan, and Pahang, which were united under the Federated Malay States (FMS) in 1896. From that moment, Kuala Lumpur served a double-role as capital of the state of Selangor and administrative centre of the four Federated Malay States. Kuala Lumpur's position as administrative centre grew in significance in the overall context of Malaya when it was chosen as the administrative centre of the Federation of Malaya in 1948.

Kuala Lumpur later served a similar role after the Federation of Malaya achieved independence in 1957. When the Federation of Malaysia came to be in 1963, Kuala Lumpur remained as the centre of administration. Though Kuala Lumpur's position as both the centre of administration of the federation and the capital of Selangor was never questioned throughout the colonial period, this position needed to be clearly justified after independence. This was because Malaysia, as an independent country, required an administrative centre directly run by the Central Government. Despite its special place in the Malaysian political landscape, Kuala Lumpur's function as the national capital only solidified with the creation of the Federal Territory in 1974. There are a number of factors that led to a delay in the transfer of Kuala Lumpur to the Federal Government.

2. The Issues in the Delay of the Kuala Lumpur Cession

In tracing the process of ceding Kuala Lumpur to the central government, there was a delay in realising the central government's objective of having full authority over a national capital. This delay occurred due to historical developments in the Federation of Malaya after independence in 1957. In the central government scheme after independence, a number of proposals were implemented to pave the way towards the ownership of a national capital. However, a number of issues came up that led to the delay in ceding Kuala Lumpur to the central government.

2.1 Satellite Town Development Scheme

When the Federation of Malaya was undergoing an self-governing process, the Reid Commission, an independent commission for the drafting of a constitution for an independent Federation of Malaya, suggested that Kuala Lumpur be maintained as the seat of government unless the post-independence government decide otherwise (*Report of the Federation of Malaya Constitutional Commission*, 1957, p. 49). However, after achieving independence, the Central Government had planned to develop a satellite town to substitute Kuala Lumpur as the administrative centre. This scheme came into being following the suggestion by J. E. Jackson (Kuala Lumpur Municipal Town Planner) to move the government capital and administrative centre from Kuala Lumpur in order to accommodate the population of Kuala Lumpur that was expected to increase in 15 years. Jackson opined that commerce and industry development was importance for Kuala Lumpur. For that reason government buildings should not be built on lands that could potentially serve commercial and industrial purposes (*Straits Times*, August 22, 1958). This proposal elicited various reactions from various parties. A member of the Selangor State Assembly and of the Kuala Lumpur Municipal Council, Raja Mohamed bin Raja Allang, strongly supported this idea. He was of the opinion that Kuala Lumpur serving as both national and state capital caused density in construction of government buildings, and led to the lack of space to construct new buildings.

On the other hand, Douglas K. K. Lee, another member of the Selangor State Assembly, opposed the proposal. He viewed there were more important issues that the government should attend to. S. M. Yong, a Member of the Federal Legislative Council, stated it was too early to implement the proposal (*The Malay Mail*, August 26, 1958). After considering the proposal, the federal government ultimately decided to not accept Jackson's proposal. This decision was based on financial concerns, whereby the federal government at the time found the cost of building a new satellite town as too dear when compared to the costs of upgrading and renovating government buildings in Kuala Lumpur (*The Malay Mail*, April 4, 1960). Following financial constraints and a lack of significant alternatives, the federal government saw it clear to maintain Kuala Lumpur as the administrative centre. Therefore, in order to turn Kuala Lumpur into a separate national capital, the Central Government should shift the capital of Selangor to a suitable location.

2.2 The Transferring of a New State Capital for Selangor

As the idea to create a satellite town could not be implemented, the Central Government saw the maintenance of federal administration in Kuala Lumpur as unavoidable. There was a need to shift the Selangor state capital to a new location as a step towards central government full authority over Kuala Lumpur. The separation idea was voiced by Tunku Abdul Rahman, Chief Minister of the Federation of Malaya in a Federal Executive Council meeting on 5 June 1956 (Treasury Y.266/141). An early initiative to accomplish this separation process was with the setting up of a Working Party to shift the Selangor capital to a new location. This working party consisted of federal and state representatives, and served to provide a complete proposal to the State and Federal executive councils on the implementation of this transfer and the estimated cost. Simultaneously, the federal government also agreed to bear the full cost of this transfer. Klang was the location chosen.¹

After the decision to transfer the state capital was decided, on 1 April 1958 the cabinet decided to hand over RM2 million to the Selangor state government, for the purpose of purchasing a 581-acre plot of land in Tremelbye Estate nearby Klang town to be developed as a new state administrative centre. This area was a rubber plantation owned by the Selangor Rubber Company Ltd. This land purchase was completed on 3 March 1959 (Treasury Y.266/164A). Nevertheless, efforts to transfer the seat of the Selangor state government to Klang ceased on 6 February 1960 when the Prime Minister, the Deputy Prime Minister, and the state government decided to postpone this scheme (Treasury Y.266/68). This postponement happened as both parties were unable to find a suitable location as a state capital for Selangor. The Selangor Government found the land in Klang unsuitable as a state capital as 24% of that location was reported as being on a high slope, and if the area were to be developed, the cost for building development would be quite high (Treasury Y.266/84A).

Following this development, the Selangor government considered another location in Sungai Renggam. Sungai Renggam was one of the suggestions in the Antholic Report, which was issued by Vlado Antholic, a United Nations Town Planning Advisor. Vlado Antholic was appointed by the federal government to draw up a development plan for the Klang Valley for the development of communication, new towns, industrial areas, and upgrading Port Klang. In the Antholic Report, Sungai Renggam was shortlisted as a location for the development of a new town based on its strategic location between Kuala Lumpur and Port Klang. According to this scheme, this area would be equipped with good roads such as a proposed federal highway.

However, this decision received different reactions from various groups. G. H. Franklin, former Advisor of the Colombo Plan that was involved in the process of selection of Klang as the new Selangor state capital, opposed this proposal. He opined Klang was more suitable as the capital of Selangor compared to Sungai Renggam due to it being on the higher ground. At the same time, Franklin also argued the new state capital should be outside the planned developmental area of the Klang Valley and generate its own development for its surrounding areas (*The Malay Mail*, November 13, 1963).

Meanwhile, a different view was espoused by an architect and a free town planner, Goh Hock Huan. He argued the new state capital should be close to the highway to facilitate the flow in and out of the town. Furthermore, he argued, the distance from Sungai Renggam to Kuala Lumpur of ten miles was an optimum distance for those to conduct business in the capital. A farther state capital as suggested by Franklin in Tremelbye Estate was not suitable (*The Malay Mail*, November 13, 1963). After considering the suitability, among other aspects, Sungai Renggam was finally chosen as the state capital of Selangor. The transfer of the Selangor state capital, which was time-consuming due to unavoidable problems, clearly hampered the efforts of the Central Government to immediately take over Kuala Lumpur from Selangor.

2.3 The Central Government Acquisition of the Administration of Kuala Lumpur

As efforts to transfer the capital of Selangor could not be immediately resolved, the central government progressed to take over the Kuala Lumpur administration. According to the Menteri Besar of Selangor, Dato' Abu Bakar Baginda (1959-1964), the plan to cede Kuala Lumpur was long-planned and they only waited for the decision to set the date of transfer (*The Malay Mail*, April 12, 1960). This plan was in line with the Reid Commission suggestion in 1957 that suggested the Federal Government should be the party with authority to make laws and govern Kuala Lumpur as the seat of

¹ Klang is one of the most important towns in Selangor and is located near the coast. Klang did play the role of administrative centre of Selangor before the transfer to Kuala Lumpur in 1880.

government and national administrative centre (*Report of the Federation of Malaya Constitutional Commission*, 1957, pp. 49-50). The process of acquiring the administration of Kuala Lumpur by the Central Government began in April 1960. This acquisition only covered an urban area of 36 square miles and not the entirety of the Kuala Lumpur area (*The Malay Mail*, April 12, 1960). The government also identified future problems with the growth of Kuala Lumpur after the transfer. Therefore, the Town Planning Department was directed to address these problems. Two experts from the United Nations, Grenfell Rudduck of Australia and Vlado Antholic (Yugoslavia) were called to help in the process of identifying the potential problems that might emerge from the transfer process (*Straits Times*, August 30, 1960).

To legitimise this takeover of the administration of Kuala Lumpur, a Federal Capital Bill for the administrative acquisition was presented in Parliament for the first time. This motion was opposed especially by Opposition Parliamentarians such as members of the Socialist Front (SF) and the People's Progressive Party (PPP). This opposition came from the concern that this transfer would lead to the abolition of long-practised Kuala Lumpur Municipal Elections (*The Malay Mail*, September 12, 1960). The abolition would then affect their position as elected members of the Kuala Lumpur Municipal Council.

D. R. Seenivasagam (PPP) explained this bill would deny the Kuala Lumpur residents the right to elect their representatives at the local government level. He viewed this bill as providing full power to the Commissioner that would head the Kuala Lumpur administration. The Advisory Board was allocated with no authority and the views of this body could be rejected by the Commissioner at any time (*The Malay Mail*, September 14, 1960).

The Kuala Lumpur administrative transfer plan continued forward, despite vocal opposition. On 13 September 1960, the Federal Capital Act of 1960 was passed in Parliament (*Federation of Malaya Parliamentary Debates*, September 13, 1960). From 1 April 1961, the federal government officially took over the Kuala Lumpur Municipal Council and transferred it to Federal Capital Kuala Lumpur Commissioner. Even though the Central Government succeeded in taking over the administration of Kuala Lumpur through the Federal Capital Act of 1960, land affairs was still within the purview of the Selangor state government. This meant the central government could not, in the proper sense, fully own Kuala Lumpur. However, with the Act, the Central Government took a step forward towards the transfer of Kuala Lumpur from Selangor.

Efforts to fully take over Kuala Lumpur were disrupted with the developments since 1963. The official formation of Malaysia on 16 September 1963, which was followed by the Malaysian-Indonesia Confrontation (1963-1965), diverted government from the Kuala Lumpur transfer issue (Nik Anuar Nik Mahmud, 2009, p. 75).² The issues of Malaysia's security and survival overrode the Kuala Lumpur issue for a while. The situation grew worse with the separation of Singapore in 1965 (Mohamed Noordin Sopiee, 1976, p. 219).³ The unstable inter-racial politics in Malaysia after the separation of Singapore led to the tragedy of race riots in Kuala Lumpur on 13 May 1969. This factor took caught much of government attention and interrupted the takeover of Kuala Lumpur, thus contributing to the delay in the cession of Kuala Lumpur.

3. The Kuala Lumpur Cession Issues

Towards the formation of the Federal Territory of Kuala Lumpur in 1974, there were still a number of unresolved issues between the central government and the state government. These issues cover the political, compensation, delineation, and legal aspects. These four aspects were the central questions in the Kuala Lumpur cession framework. Both the central government and the Selangor state government saw the need to find the solution to these issues in order to finalise the cession of Kuala Lumpur. Nevertheless, not all issues were effectively settled before the creation of the Federal Territory of Kuala Lumpur, and some found solution only after cession. This clearly showed the central government's enthusiasm in separating Kuala Lumpur from Selangor regardless of the hurdles.

² *The Malaysian-Indonesian Confrontation was a political and military campaign by Indonesia against the Malaysia Plan. Indonesia, led by Sukarno, considered the formation of Malaysia as a form of neo-colonialism in the Southeast Asian region. Confrontation occurred in 1963-1966 and witnessed Indonesian attempts to intrude on Malaysian sovereignty.*

³ *The separation of Singapore from Malaysia happened due to the difference in aspirations Malay-led Federal leaders and the Chinese-led leaders in Singapore. This conflict had put a strain in race relations in Malaysia, culminating in race riots in Singapore in 1964. In 1965, the Prime Minister of Malaysia, Tunku Abdul Rahman decided to expel Singapore from the Federation. With that, Singapore became an independent republic on 9 August 1965.*

3.1 Political Issue

The 1969 elections saw a decrease in support for the ruling Alliance Party with a state falling to the opposition. Penang, which was an Alliance state since independence, was seized by the Gerakan Party.⁴ The 1969 election results also witnessed a threat to the political balance in Selangor following the significant gains of the opposition parties, Gerakan and the DAP⁵ that managed to win almost half of the Selangor State Assembly seats. The Alliance only managed to win 14 out of 28 seats (*Almanac*, 2004, p. 611).⁶ This led to a political deadlock in Selangor, with no party able to form a government. The Selangor political balance was also compromised when the non-Malay-dominated opposition succeeded in threatening Malay domination in Selangor. The sense of uneasiness by the Malays and non-Malays, especially the Chinese, in Selangor was particularly felt in Kuala Lumpur when the town was controlled by the DAP and Gerakan. This tension eventually triggered the race riots on 13 May 1969. The riots then led to the suspension of the Federal Parliament and the State Assemblies until their restoration in 1971.

The Selangor political balance post-13 May 1969 was a successful justification by the Central Government to expedite and facilitate its full control over Kuala Lumpur. The Malay politicians were alarmed by the strength of the opposition in Selangor following the 1969 election. The Malays were worried of the possibility of the non-Malay or specifically Chinese-dominated opposition controlling Selangor politics in the future. To quell this unease, Kuala Lumpur, the area which housed most of the opposition seats in the Selangor State Assembly, must be separated from Selangor, thus entrenching Malay political pre-eminence in Selangor. However, this planned separation was not the best and definitive solution to the political conundrum in Selangor. In reality, the issue of Malay political survival and political balance in Selangor was just used by the Central Government to advance the creation of the Federal Territory. The problem of political balance in Selangor was, in fact, settled without considering the separation of Kuala Lumpur when in the early 1970s the Prime Minister Tun Abdul Razak attempted to attract opposition parties to join the Alliance. One of the strongest opposition parties in Selangor, the Gerakan Party, was prepared to forge political cooperation with the Alliance.

On 13 February 1972, Tun Abdul Razak and Dr Lim Chong Eu, the respective leaders of the Alliance and the Gerakan Party, reached an agreement to form a coalition government in Penang (Mauzy, 1983, p. 77).⁷ The same formula was introduced in Selangor without the need to separate Kuala Lumpur, as Gerakan won four Selangor State Assembly seats in the 1969 election. This was sufficient in ensuring the formation of a stable state government when combined with the 14 Alliance seats, allowing the Alliance-Gerakan coalition control of 18 seats in the Selangor State Assembly and overcoming the threat of opposition domination in Selangor. The Alliance-Gerakan cooperation was further cemented with the creation of the Barisan Nasional (BN) coalition in 1974 (Mauzy, 1983, p. 77).⁸ Considering the achievability of the coalition method, the separation of Kuala Lumpur appeared to be very unsatisfactory a solution to Alliance political problems in Selangor. The central government had long desired to take over Kuala Lumpur, but was unable to realise this goal. Even though the central government succeeded in taking over the administration of Kuala Lumpur administration through the Federal Capital Act, the objective of full control was hindered by the fact that land was still within the Selangor state government purview. Therefore, the cession of Kuala Lumpur to rescue the Selangor political balance was an incomplete explanation. The full explanation could be observed from government determination to control Kuala Lumpur since independence. The political circumstance in Selangor in 1969 served as an effective justification for the Alliance to persuade the Sultan of Selangor, long hesitant to cede Kuala Lumpur to the central government.

In Dato' Harun Idris (1964-1976), the Selangor Menteri Besar's audience with His Highness the Sultan of Selangor, he argued the cession of Kuala Lumpur was necessary to save the Selangor Malays from being ruled by non-Malays in

⁴ The Parti Gerakan Rakyat Malaysia (Gerakan) was founded on 24 March 1968. It was one of the most influential opposition parties in Malaysia before it joined the Barisan Nasional coalition in 1974. Even though initially Gerakan was a non-racial party, it has since then been dominated by non-Malays, especially the Chinese.

⁵ The Democratic Action Party or DAP was a non-racial party that started as a splinter party of the People's Action Party (PAP) in Singapore. It was registered on 18 March 1968. DAP champions the concept of equality of rights among the races in Malaysia. Like Gerakan, it is Chinese-dominated in composition.

⁶ In the 1969 election, DAP won nine State Assembly seats, while Gerakan won four seats.

⁷ In the 1969 elections, Gerakan won 16 out of 24 contested seats for the Penang State Assembly. With this victory, Gerakan succeeded in forming the government in Penang.

⁸ The Barisan Nasional (BN) coalition consisted of UMNO, MCA, MIC, PAS, PPP, Gerakan, SUPP, Parti Pesaka Bumiputera Bersatu (PBB), and the Sabah Alliance Party. It was approved by the Registrar of Societies on 1 June 1974.

the future. His Highness the Sultan shed a tear after listening to the argument (Raja Ahmad Niza Raja Ismail (et al.), 1996, p. 231), as he was heavily reluctant to relinquish Kuala Lumpur, which he considered as his inheritance. Nonetheless, he accepted the explanation to ensure the future well-being of the Selangor Malays (Dato' Suhaimi Kamaruddin, personal communication, November 3, 2012). Hence, it was clear the solution to Selangor politics excuse was a potent strategy to convince the Sultan of Selangor to assent to the cession of Kuala Lumpur. Regardless of the justification presented to His Highness the Sultan, the evidence was the resolution of the Selangor political problem was achieved without the need for cession.

3.2 Compensation Issue

In the effort to get Kuala Lumpur from Selangor, compensation stood out as a vital issue in the process of cession. Though the location for the new Selangor capital was already decided, in the early stage, there was no visible effort of physical development in the area. This situation was connected to the instalment issue between the central and state governments. Initially, the central government offered a RM15 million advance to the state government, but the latter rejected the offer, and requested a higher sum from the former. Both governments finally arrived at an agreement in 1972 when they settled on an advance of RM 43.25 million, paid in instalments from 1973 to 1977 (Treasury Y.266/155A).

When the Federal Territory of Kuala Lumpur was formed in 1974, the development of Shah Alam was carried out. This situation clearly showed the state government's dependence on the central government in the financial aspect to develop Shah Alam. Shah Alam was officially declared on 7 December 1978 with the completion of the Selangor State Assembly Building (Selangor State Secretary, 1978). According to the Menteri Besar of Selangor, Dato' Hormat Rafei, until 1982, part of the RM300 million compensations received was used towards the development of Shah Alam (*New Straits Times*, March 5, 1982).

In the Kuala Lumpur Agreement signed on 1 February 1974,⁹ financial arrangements between the Federal and State Governments were clearly outlined. A Finance Committee was established to make recommendations and the form of payment as compensation for the cession of Kuala Lumpur. Members of this committee were fully appointed by the Yang Dipertuan Agong and the Sultan of Selangor. The Chief Secretary of the Government was selected to the committee and served as its chairman (The Kuala Lumpur Agreement, 1 February 1974). Generally, the federal government compensated the state government in two matters, the first being the state government's loss of annual revenue, and the second being compensation for land and buildings conceded to the federal government. The first form of compensation was fixed at RM 18.3 million, paid to the state government annually and in perpetuity (*Selangor State Assembly Debates*, June 9, 1981). This value was based on the projected loss of revenue in the period from 1 January to 31 December 1974. The second form of compensation was fixed at RM 812 million. However, the state government disagreed with the value. The original demand of the state government was around RM 5.3 billion (Treasury 0.9854/25 JD.2/31). Hence, the Menteri Besar Selangor, Dato' Hormat Rafei urged the federal government to settle the compensation as quickly as possible to facilitate the state government in its development projects.

According to Dato' Hormat, after the formation of the Federal Territory, new towns in Selangor were developed such as Bangi, Selayang Baru, Salak Tinggi, Sungai Buloh, and Shah Alam. He suggested that monetary compensation be replaced with development funds for the said towns which, according to him, were a more equitable solution (*The Star*, February 22, 1981). Dato' Hormat's suggestion was supported by the Chairman of Consultation Body for Selangor State Compensation, Dato' Ahmad Razali Mohd Ali who was also the Deputy Menteri Besar of Selangor. He said the state government was not concerned with "ringgits and sens" when handing over Kuala Lumpur and that it was more important to provide the federal government its own capital.

This factor pushed the state government to, willingly and genuinely, hand over Kuala Lumpur to the federal government (*New Straits Times*, February 26, 1981). If Selangor wished to sell the 94 square mile Kuala Lumpur area, it was not possible for the state government to provide an exact estimate and it was similarly not possible for the federal government to pay too high a compensation (Raja Ahmad Niza Raja Ismail (et al.), 1996, p. 180). Hence, he felt the federal government should not be too hung up on specific property values if they wished to settle the issue as soon as possible (*New Straits Times*, February 26, 1981).

Subsequently, the Finance Minister Tengku Razaleigh Hamzah held a meeting with Dato' Hormat on 28 March

⁹ This agreement was a treaty signed between the Federation of Malaysia and the Selangor Government on the Establishment of the Federal Territory on 1 February 1974.

1981 to discuss the issue (*The Star*, March 15, 1981). Both sides reached an agreement in regards to compensation after a two-and-a-half hour meeting. According to Tengku Razaleigh, the agreement was a result of compromise between the federal and state governments on payments in the form of money and aid (*Sunday Mail*, March 29, 1981). This agreement was signed at the Sri Morib Hotel in Morib, Selangor on 23 May 1981 between Tengku Razaleigh Hamzah (Finance Minister) representing the federal government and Dato' Hormat Rafei representing the state government. Through this treaty, the value of compensation was fixed at RM 3.5 billion (*New Sunday Times*, May 24, 1981). In addition, the federal government also agreed to bear the costs of construction of an international-level sports complex and a state mosque in Selangor (*Selangor State Assembly Debates*, June 9, 1981). The compensation issue, only settled fully in 1981, seven years after the formation of the Federal Territory of Kuala Lumpur revealed the cession of Kuala Lumpur to the central government was not easily addressed by both sides. The cession of Kuala Lumpur, the most expensive area in Malaysia, by the Selangor state government to the central government necessarily meant a reasonable solution to the compensation question must be arrived at together.

3.3 The Delineation Issue

The Kuala Lumpur delineation issue was another vital matter in the Federal-Selangor governments' relationships in the framework of the Kuala Lumpur cession. The borders of Kuala Lumpur prior to the formation of the Federal Territory was only 36 square miles covering the municipality administered by the federal government through the Kuala Lumpur Federal Capital Commissioner, who later became the Mayor under the Kuala Lumpur City Council. In 1971, in the Kuala Lumpur Bill debates, Petaling Jaya was suggested to be included into the Kuala Lumpur city administration (*Straits Times*, December 21, 1971).¹⁰

The state government spokesman said the matter was discussed between the federal and state governments. He added that Dato' Harun Idris, the Menteri Besar of Selangor at the time was ready with the suggestion to cede Petaling Jaya. In addition, both sides would reach an agreement in the near future (*Straits Times*, January 2, 1972). However, Dato' Harun later denied the existence of this discussion between the federal and state governments on the matter (*Straits Times*, January 5, 1972).

Nevertheless, the suggestion to put Petaling Jaya within the borders of the Kuala Lumpur city administration was strongly opposed by its residents. The opposition arose from their concerns of the increase in assessment rates if the proposal went through, as the rates in Petaling Jaya was around eight to nine percent, while assessment rates in Kuala Lumpur was higher around 16 percent. If the proposal was implemented, the residents have to pay a higher rate that what they enjoyed at the moment. The complaints of the Petaling Jaya residents were expressed in local newspapers. For example, in the *Malay Mail* of 1 January 1972, a number of residents voiced their dissatisfaction with the proposal. C. D. Pereira and M. Murugesu who stayed in Padang Road and Section Four, Petaling Jaya respectively, thought there was no conceivable benefit to the increase in assessment rate and that they were already burdened by the current eight percent rate. Another resident, T. S. Tham wrote he was more comfortable with the existing system and felt Petaling Jaya would not benefit much from inclusion into Kuala Lumpur (*The Malay Mail*, January 1, 1972).

The Petaling Jaya issue resurfaced during the Federal territory delineation process. The Prime Minister at the time, Tun Abdul Razak called on Dato' Harun and the Selangor State Assemblyman for Dengkil, Suhaimi Kamaruddin to hasten with the drawing up of the boundaries. Dato' Harun was said to have been displeased after receiving the plans as Petaling Jaya was included in the boundaries. According to Dato' Harun, if this were to go through, Selangor would have no good areas left. In response, the plans were done without the inclusion of Petaling Jaya in the sketches (Dato' Suhaimi Kamaruddin, personal communication, November 3, 2012). During the tabling of the Federal Territories Enactment Bill (1973) in the Selangor State Assembly on 4 July 1973, Dato' Harun announced the 94 square-mile boundary of the Federal Territory. A map of the boundary was also displayed (*Straits Times*, July 5, 1973).

3.4 Legal Issue

The legal process was seen as the most important step towards the formation of the Federal Territory. In this process, there are two legislative bodies, which are Parliament at the federal level, and the Selangor State Assembly at the state level. The earliest step taken was to amend the Eighth Schedule of the Federal Constitution in Parliament to allow the

¹⁰ Petaling Jaya today is one of the most important cities of Selangor.

Selangor State Assembly to amend the definition of 'state' in the Selangor in the Selangor State Constitution by majority vote (*Malaysian Parliamentary Debates*, July 9, 1973). Parliament passed this amendment on 26 April 1973 while the State Assembly passed it on 9 May of the same year. The next step was to pass the Federal Territory Enactment Bill 1973 in the State Assembly on 4 July 1973 to change the state boundaries by removing Kuala Lumpur from Selangor. The same enactment passed in Parliament on 9 July 1973 to turn Kuala Lumpur into a Federal Territory.

However, not all Parliamentarians and State Assemblymen agreed to the creation of the Federal Territory. The opposition came from mainly members of the opposition bench, especially from the DAP and *Parti Keadilan Masyarakat Malaysia* (PEKEMAS, or Social Justice Party of Malaysia). The Federal territory formation plan was carried out in secret by the ruling Alliance government. The opposition parties only knew of the plan after it was tabled in Parliament and the Selangor State Assembly (Dato' Suhaimi Kamaruddin, personal communication, November 3, 2012). Resistance to this scheme arose as the opposition wanted a referendum held to allow the Kuala Lumpur residents to decide if they agree with the scheme or opt to say with Selangor. The opposition representatives in Parliament and the State Assembly that championed this referendum proposal were Lim Kit Siang (DAP), Lee Lam Thye (DAP), V. David (DAP), Chen Man Hin (DAP), and Dr. Tan Chee Khooon (PEKEMAS). The second issue was related to the short period of tabling the bill within only a week. This short period meant there was not enough time to study the bill. Lee Lam Thye and Dr. Tan Chee Khooon requested the postponement in the tabling of the bill for six months (*The Malay Mail*, May 10, 1973).

The protest was also made in consideration of the abolishing of the Kuala Lumpur seats in the State Assembly with the formation of the Federal Territory (*Straits Times*, July 10, 1973). The eight Kuala Lumpur seats were Ampang, Bukit Nenas, Kampung Baru, Kepong, Pantai, Penchala, Salak, and Sentul. With this abolishment, the Kuala Lumpur residents were limited to voting for their representatives to the Federal Parliament.¹¹ Despite the opposition, the bill was passed in Parliament and the State Assembly, and Kuala Lumpur was officially transferred on 1 February 1974 through the Kuala Lumpur Agreement. The agreement was signed by the Yang di-Pertuan Agong, Tuanku Abdul Halim Mu'adzam Shah representing the Federal Government, and the Sultan of Selangor, Sultan Salahuddin Abdul Aziz Shah and witnessed by the Prime Minister Tun Abdul Razak and the Menteri Besar of Selangor Dato' Harun Idris.

4. Conclusion

The Federal Government acquisition of Kuala Lumpur from the Selangor Government on 1 February 1974 witnessed the difficulty faced by the Federal Government in creating a capital directly run by the central government. Therefore, in the framework of the creation of a sovereign nation, the acquisition of Kuala Lumpur as a capital free of partnership with Selangor was an important issue that should be completed the Central Government no matter the price. However, the cession was no easy journey for the central and the Selangor state governments. The national security problem in the 1960s hampered the planned transfer.

Nevertheless, the political situation in Selangor in 1969 provided a broad opening for the central government in justifying the existence of a federal territory and thus hastening the desired transfer. By overcoming the hurdles involving the compensation, the legality, and delineation of Kuala Lumpur, the central and Selangor state governments ultimately succeeded in arriving at a win-win situation. With that, the establishment of the Federal Territory of Kuala Lumpur in 1974 witnessed the success of the central government's calculated move to turn Kuala Lumpur into Malaysia's capital under its direct jurisdiction.

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¹¹ In each general election, Malaysians could elect two representatives to Parliament and the State Assemblies. Therefore, the separation of Kuala Lumpur meant the Kuala Lumpur residents lost the right to elect representatives to the State Assembly. However, they could still elect their representatives to Parliament.

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Interview

Interview with Dato' Suhaimi Kamaruddin in Bangsar, 3 November 2012. He was a former Exco member of the Selangor government and Selangor State Assemblyman for Dengkil. In UMNO, he held the position of UMNO Youth Leader (1977-1982). He is the nephew of Dato' Harun Idris, Menteri Besar of Selangor.

