

# LABOUR AND TRADE UNIONISM IN COLONIAL MALAYA

A Study of the Socio-Economic  
and Political Bases of the  
Malayan Labour Movement

PERPUSTAKAAN  
TAMBAHAN

HD6820.6  
L583  
1999

30-1957

Leong Yee Fong

# LABOUR AND TRADE UNIONISM IN COLONIAL MALAYA

A Study of the Socio-Economic and Political Bases  
of the Malayan Labour Movement, 1930-1957

**LEONG YEE FONG**, Ph.D. (Malaya)

School of Humanities  
Universiti Sains Malaysia



Penerbit Universiti Sains Malaysia  
Pulau Pinang  
1999



## 9

# SUMMARY AND CONCLUSION

---

The development of organised labour and trade unionism in colonial Malaya had been very much associated with immigrant Chinese and Indian labourers that had been imported into Malaya on a large scale to meet the requirements of an expanding colonial economy. The majority of the labourers were poor, illiterate, unorganised and had to work under conditions that were dictated by labour contractors, employers and the government. Labour occupied a very low status especially when capital had the sympathetic support of the state in enforcing various coercive sanctions on labour. This study attempts to trace the genesis of an organised labour movement in the 1930s, the implications of the Japanese Occupation on postwar labour developments, the rise of labour militancy between 1945 and mid-1948, the impact of the Emergency and finally, the evolution of trade unions under colonial tutelage during the Emergency. It entails a study of the changes and developments that began with the World Depression in early 1930s and ends with the enactment of the Trade Unions Ordinance in 1959 which reduced the trade movement in Malaya into a passive force. Within this period it is evident that the causes of labour militancy from the 1930s to mid-1948 were directly related to the impact of socio-economic factors that altered the work environment of labour; the intransigent and often reactionary attitude of the employer class towards labour, and, most important of all, the role of political forces that provided the labour movement a sense of cohesion and direction.

In retrospect, the history of the Malayan labour movement and trade unionism from its genesis in the 1930s to 1957 when Malaya achieved independence, can be subdivided into three main phases. The first *phase* was the pre-1941 period when the World Depression in many ways marked an important watershed in Malayan labour history. With a more stable labour force that came with the cessation of large scale labour recruitment, the socio-economic grievances that had long been inherent in the employment system of the Chinese and Indians came into the open. Although there had been unrest in the 1920s, it was not until the post-Depression years that the grievances propelled the labourers to act in unity against the employers. The characteristic militancy of the labour strikes between 1936 and 1941 was a manifestation of labour's struggle to redress the power imbalance between

labour and capital. However, the socio-economic factor itself was not adequate enough to explain the underlying militancy of the labour unrest. The widespread militancy which affected a large number of labourers, the cohesiveness of labour unity and the fact that militancy was highly sustained from 1936 to the Japanese military occupation of Malaya in 1942 was due largely to the role of political forces that attempted to capitalise on the labour grievances. The MCP, with its organisational set up in Selangor, had succeeded in establishing a close rapport with the estate tappers, coal mining and factory labourers. The party was also behind the strike committees that formulated the strike demands and carried out the strikes. Upon the outbreak of World War II it was also evident that the militant strikes among the Harbour Board workers and the rubber factory workers in Singapore were deliberately instigated by the MCP's front organisation, the SGLU, to undermine the British war defforts.

Among the Indians, nationalist awareness and political developments in India had also become a determinant in shaping the course of Indian labour developments in Malaya. The traumatic experience of the Depression especially retrenchments from companies and the government service had made educated middle class Indians more conscious of the need for communal solidarity and the importance of identifying themselves more closely with the labour class to improve the socio-economic and political image of the Indian community in Malaya. By 1936, their political aspirations had found expression in the formation of the first Indian political association—the CIAM. The Association, although moderate in its stand, looked towards the growing power of the Indian National Congress and the Government of India for political support. For the moment, it concentrated on its immediate objective of pressing the Indian Government to ban the emigration of assisted labour to Malaya. By 1939, the Association had become more assertive, and efforts were diverted towards the expansion of Indian associations to accommodate Indian labourers in urban areas and estates. Nationalist and reformist propaganda was disseminated, the aim being to work towards the elimination of abuses associated with Indian labour employment and to advance the dignity of Indian labour.

It was also clear that the intransigent attitude of the UPAM in persistently refusing to concede to the demands for wage increases and the betterment of working conditions had not only heightened labour militancy but also labour's susceptibility to outside political leadership. On the occasion of the Chinese labour strikes in early 1937, the UPAM had always maintained the position that wages and working conditions were satisfactory and that the strikes were the work of political agitators. In the case of the Indian estate tappers' strikes in Klang, the UPAM was also very reluctant to adjust the wage levels to meet the rising cost of living. The UPAM attributed the strikes to the



subversive activities of the Klang District Indian Association. UPAM intransigence was, in fact, largely responsible for strengthening the role and influence of the Association's labour activists leading eventually to riots and clashes with the police. The government, on both these occasions, supported the aspirations of the employers and made no attempts to exert pressure on the UPAM to institute changes in the employment system. Even in the case of the trade union legislation that was initiated in 1940, it was no more than an attempt to facilitate control of labour and to contain communist political influence.

The Japanese Occupation, in effect, ushered in the *second phase* of the Malayan labour movement. Although its immediate effect was the subordination of labour to the political and military interests of the Japanese Military Administration, the Occupation years, significantly, proved to be a major factor in stimulating the political awareness of the labour class. The immediate consequence of the Japanese surrender in August 1945 was the release of the pent-up forces of radical political groups in Malaya. The MCP, in this respect, emerged as a powerful political force, but following its early confrontation with the British Military Administration, it shifted its strategy to that of constitutional politics and labour mobilisation.

The MCP, exploiting the problems of postwar inflation and low wages, succeeded in organising workers of all trades, occupations and industries into labour organisations which were linked together under the GLUs. The GLUs under the hegemony and direction of the PMGLU succeeded in diverting the grievances of labour into concerted strikes. It was significant that the MCP working from behind the scene was able to project the PMGLU as a multiracial organisation. For the first time the Malayan labour movement acquired the semblance of a multiracial movement when the two main streams of Indian and Chinese labour were brought under the common banner of the GLUs. The PMGLU was particularly concerned with harnessing Indian estate labour, and, in this respect, Indian labour unions which were organised by former members of the INA, became a component of the GLUs. It was significant that the GLUs were able to accommodate not only the socio-economic grievances of Indian labour but also the political forces of anti-colonialism, Indian nationalism and Dravidian sub-communal nationalism.

By the second quarter of 1947, the GLU-led labour movement had lost its driving force due to the countermeasures taken by the government and the employers. By then, economic rehabilitation had considerably improved the employers' position. The acute labour shortage was over and labour no longer had the bargaining power. The government, after some hesitation, enforced the restrictive provisions of the Trade Unions Ordinance, 1940. The PMFTU was refused registration. The communist-controlled unions were

closely watched and stringent laws were enforced to maintain law and order. As a final step towards the destruction of the PMFTU and its subsidiaries, the Trade Unions Ordinance, 1940 was amended in May 1948 making it virtually impossible for the PMFTU to reorganise according to the provisions of the law. It was against this background of government repression that a trial of strength took place from April to June 1948. The PMFTU fomented militant and violent strikes in the Singapore Harbour Board and in the rubber estates on the mainland. The militant strikes escalated into assassination and terrorism, and the government had no alternative but to declare a state of Emergency in June 1948.

The Emergency, which ended the militant phase of political trade unionism, marked the beginning of what was known in official circles as the "new trade unionism". During this *third phase*, the trade union movement until 1950 was in a state of oblivion. The only unions to survive were the anti-communist unions sponsored by the TUA. These were largely the public service unions and a few estate unions that had succeeded in resisting communist pressure. Dominated by moderate Indian leadership, they became the nucleus for the rebuilding of a government-sponsored trade union movement in 1950. In response to the WFTU offensive and the sharp criticisms from abroad on the government's handling of GLUs in Malaya, the formation of the MTUC was conceived and nurtured. To avoid the recurrence of PMFTU militancy, the MTUC was registered under the Societies Ordinance. It was not given any effective jurisdiction over its constituent union members or the power to intervene in any trade dispute.

For the rest of the colonial period, the colonial government was the major determinant in shaping the growth of a job-oriented labour movement that would be amenable to government dictates. Political unionism was strictly prohibited and, in this respect, the corner stone of official trade union policy was to encourage voluntary industrial relations between labour and capital. Existing unions were consolidated into larger units through amalgamation and expansion, and employers were persuaded to grant recognition to the unions. At the same time, the government also promoted joint consultative councils in public and private employment to resolve labour issues at plant and national levels with minimal government interference.

With the returning confidence in the trade union movement, there was a corresponding revival of trade unionism in the 1950s. The colonial government had introduced electoral politics at the local and national levels to win the support of the people in the war against the communists. As a result, the political tempo was quickened and the formation of non-communal political parties was encouraged. Although the MTUC and the major trade unions eschewed political affiliation, there was a tendency for trade unionists to participate individually in political developments. The government



watched with caution but at the same time was keen to nurture the political aspirations of this minority group in the interests of counteracting communal politics. It was for this reason that the government by 1955 conceded to MTUC's request to allow trade unions to establish a separate fund for political purposes.

Although none of the unions had established a separate political fund during the colonial period, the amendment of the Trade Unions Ordinance in 1955 did have the effect of stirring a small group of predominantly Chinese trade unionists to use the trade union movement for the purpose of expanding the political base of the Labour Party of Malaya. This was evident between 1955 and 1957 when trade union and political developments in Singapore set the pattern for the revival of militant trade unionism. The government, determined to resist the revival of any form of union militancy appointed a committee to suggest recommendations for a further tightening of the Trade Unions Ordinance. The recommendations which included measures preventing the formation of omnibus unions and interference by non-Malayan political activists were eventually incorporated into the Trade Unions Ordinance, 1959, two years after Malaya had attained independence. Significantly, it was this Trade Unions Ordinance that constituted the legal basis for the newly elected Alliance Government to ensure the development of a passive and restrictive union movement to this very day.

For an understanding of the dynamics of trade union growth in Malaya, it is necessary to see the relationship between labour unrest and the organisation of trade unions. Labour unrest was essentially a problem generated by socio-economic grievances that were inherent in the work environment. Its outcome was usually the emergence of a spontaneous movement in that labourers shared a common aspiration which goaded them into strike action. The movement without the bonds of organisation would have remained no more than a passing phenomenon had it not been for the organisational endeavours of outsiders. To evolve from loose groups into permanent organisations that could sustain the movement, the role of left wing political activists or the government itself could not be underestimated. The organisational shape of unions, in this respect, was determined by existing political forces. The employees' craft guilds and the mutual-aid societies of the Chinese in the 1930s reflected the rise of communal nationalism that was inspired by developments in China while the GLUs in the immediate postwar period reflected the political ascendancy of the MCP. In the case of the Emergency period, the transition from political unionism to economic unionism was largely a reaction to labour militancy that had been closely associated with the GLUs.

Through out the colonial period, there was little working class cooperation between the Chinese and the Indians. It was evident that the basis

of communal separateness that kept the labour communities apart was reinforced by inherent differences in the Chinese and Indian systems of recruitment, wage payments, labour administration and systems of employment. Political forces that stemmed from China and India further weakened any possibility of a combined Chinese-Indian labour movement. Even during the brief period of militant trade unionism when former INA members collaborated with the Chinese in the GLUs, Indian labour was still organised as a separate component from the Chinese. It was, therefore, hardly surprising that in the circumstances when Indian labourers were fighting for the equality of pay with the Chinese, the Chinese labourers were unwilling to strike in solidarity with the Indians.

Malay participation in the trade union movement was relatively insignificant. The Malays were essentially a rural population, and they were not inclined towards wage employment. Although, an increasing number of Malays after the war had turned to wage labour because of the high cost of living and the deteriorating economic conditions in the rural areas, they could not be persuaded to join the militant PMFTU-dominated trade union movement. What was more significant was that the majority were casual labourers for whom wage employment was a source of supplementary income. They did not share the same problems as the Chinese and Indians, and for them, trade unionism was of little relevance. It was only during the Emergency, particularly following the Korean War economic boom, that a minority of Malay labourers began to take an interest in trade unionism.

Without the necessary basis for a multiracial working class cooperation, the trade union movement was fragmented by communal dissensions. The problem was compounded by the relative absence of leadership that stemmed directly from the labour class itself. Union leadership was derived from political organisations which attempted to mobilise labour support for their political objectives. The colonial state was equally responsible for the fragmented structure of trade unionism. Trade union laws which allowed any seven employees of any industry, trade or occupation to form a trade union had resulted in the increasing multiplicity of unions. In addition, official policy towards the formation of trade unions was ambiguous. During the Emergency, while in principle the government stipulated that only multiracial unions could be entertained, in practice, it became evident that the unionisation of Indian labour was emphasised to counteract the communist insurgency. Chinese trade unionism was discouraged and any Chinese-dominated union was refused registration on grounds of national security. In this respect, it is interesting to note that the early years of the Emergency saw the demise of Chinese trade unionism and the rise of an Indian-dominated trade union movement.



Malayan trade unions from the very beginning operated within limits that were strictly defined by colonial trade union laws. Trade union legislation was essentially geared towards the protection of organised labour from outside political activists. This was clearly evident in the provisions of the Trade Unions Ordinance, 1940, the subsequent amendments to this Ordinance, the various administrative orders and magisterial decisions pertaining to organisational procedures and strikes, and the Trade Unions Ordinance, 1959. In addition, the wide discretionary powers of the Trade Unions Registry, the Labour Department and the TUA's Department exercised a close supervision over the executive leadership, finance and constitutions of trade unions. Labour militancy was always looked upon as the work of subversive influences and trade unions that espoused a militant strategy were immediately de-registered.

Without doubt, colonial trade union laws exerted a significant influence on the shape and nature of the post-independence trade union movement in Malaya. The Alliance Government that came into existence after independence inherited all these laws. Although committed in principle to the encouragement of democratic trade unionism, the government, in practice subordinated trade union developments to national economic considerations of attracting foreign investments and keeping wages down. In fact, in the course of the 1960s, further restrictions were introduced to curb any resurgence of labour militancy. Among these were the Essential Regulations of 1965 prohibiting government servants from taking strike action and also empowering the Minister of Labour to refer disputes in "essential services" to a labour tribunal for arbitration. In 1967, there was also the Industrial Relations Act which empowered the Minister to order compulsory arbitration or to refer any dispute to an industrial court.<sup>1</sup>

On the eve of independence, Malayan labour and trade unionism had been reduced to a weak and ineffectual force. Although labour did succeed in gaining concessions from time to time, trade unions without any political leverage had become virtually instruments of the government in rectifying and executing official labour policies. The MTUC, nurtured by the government, had always professed non-participation in party politics. In its exclusive concern with economic issues, it had caused more often than not a split in MTUC leadership over the issue of political participation. Labour participation in the trade unions remained at a low level, and employers often used this as a yardstick to resist union demands for recognition. While it could be said that the weakness of Malayan trade unionism was rooted in the pluralism of Malayan society, there was little doubt that the restrictive colonial environment was a significant basis that retarded the growth of a more unified and coherent labour movement.

## NOTES

1. See Industrial Relations Act 1967, Part VII pertaining to Industrial Court.