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NATIONS OF THE MODERN WORLD

MALAYSIA

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By

J. M. GULLICK

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BOOKS THAT MATTER

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Preface

The modern visitor is likely to enter by one of the finest airport buildings in Asia and then proceed to his air-conditioned hotel in Kuala Lumpur by way of a broad dual track highway. At first impression it may seem that modern technology has bulldozed its way through to build the superstructure of this prosperous country. Yet this is only half the truth. For the significance of the complex federal constitution one must look back to that ancient political institution, the Malay Sultanate, with its traditions stemming from the greatness of fifteenth-century Malacca, the dominant kingdom of South-East Asia in its day. One cannot understand the subtle complexity of Malaysian multi-racial society, whose comparative tolerance and amity is the pride of its leaders, without some insight into the social and economic structure of the major communities. The Malays, much augmented by immigration from Indonesia in modern times, are the indigenous people of the country (of Malaya) by comparison with the Malaysian Chinese and Indian peoples who have transplanted themselves over the past century, finding fresh vitality in Malaysian soil for the languages, culture, and institutions of their native China and India. This immense wave of immigration was both the product of the rapid development of the rubber and tin industries and has established a position of economic strength within them. The whole process by which Malaysia became prosperous and became multi-racial was induced by the stability of a long period of British colonial rule. The impact of the colonial period thus endures in many spheres of independent Malaysia.

For an understanding of the modern Malaysia an historical approach is almost inevitable—though in the context of a modern study history should be kept in its place, as a source of knowledge of the origins of the present-day situation. Within the covers of one book it is not possible to pursue some of the basic themes as far as one would wish. The bibliography at the end indicates some further reading for those who wish to extend their grasp of the historical and cultural factors which are here at work.

The special circumstances of Malaysia make it particularly difficult to give an integrated account of events prior to its formation as recently as 1963. The essential difficulty is that the constituent parts of Malaysia do not share a common past experience. Until 1963 when the Borneo territories joined Malaya and Singapore to

form Malaysia the links between them were tenuous indeed. Still more difficult is how to treat Singapore. How does one deal with a territory which until 1945 was as much part of Malaya as any other; was then set on a path of separate evolution for almost twenty years; then brought into the new Malaysia in 1963 only to be expelled for unruly behaviour in 1965? Even on the sidelines Singapore continues to cast its shadow—and it cannot be ignored. As one considers the restless regime of Lew Kuan Yew and his contemporaries one is reminded of the verdict of Thucydides upon another talented republic, Athens of the fifth century B.C.—men, said the historian, born neither to have peace themselves nor to suffer their neighbours to enjoy it.

The general plan of the book is to trace a convergence (in 1963) from separate courses of Malaya, Singapore and the Borneo territories, and then to study some current problems of contemporary Malaysia. Where it seemed sensible to consider Singapore in the Malaysian context, e.g. in the fields of urban housing or education, I have done so.

This book is a successor to an earlier work on 'Malaya' in the same series. In the introductory section on Malaya (Part II of this book) I have substantially reproduced the corresponding passage of the earlier book. The remainder, even where it covers the same ground, has been largely rewritten in most chapters. I am grateful for the helpful comments made by reviewers of the earlier book and have borne these in mind in writing this one.

It only remains to acknowledge with thanks the permission given to quote or make other use of published material by the editors of the *Straits Times*, *Malaysia*, the *Journal of Southeast Asian History*, the *Malayan Economic Review*, the *Far Eastern Economic Review*, the publishers of *The Economic Development of Malaya* (the 'World Bank Report' of 1954), Her Majesty's Stationery Office, and the publishers of Owen Rutter's *British North Borneo* and *The Pagans of North Borneo*.

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J. M. GULLICK

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Map

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PART ONE

Introduction

Chapter 1

Introduction

MALAYSIA was born in 1963, a child of expediency. Eighteen years before when the Malay States and the Straits Settlements[1] came together to form for the first time a united Malaya under British rule it was thought wiser to exclude from the new union the great port of Singapore. By 1961 the governments of independent Malaya and of self-governing Singapore, confronted with the problems which resulted from their separation, decided that the better solution was to merge Malaya and Singapore in a larger federation. But to counterbalance Singapore, the greatest concentration of economic power and of Chinese urban population in South-East Asia, they proposed to bring into the Federation the territories of northern Borneo, whose peoples were predominantly indigenous and agricultural. At the birth of Malaysia President Sukarno of Indonesia showed himself more of a good fairy than he intended by bringing to bear on this new conglomerate of peoples and cultures the external pressure of 'confrontation'.[2] But it was not enough. Within two years Malaya found Singapore too boisterous a partner and expelled her from Malaysia. Meanwhile the 'natural affinity'[3] between the peninsular Malays and the peoples of northern Borneo upon which the merger plan of 1961 had been founded was proving extremely fragile.

To all this we shall return in later chapters and in greater detail. Its brief mention here may serve to introduce two themes of contrast and occasional conflict which will recur more than once. The first of these is the multi-racial character of Malaysia and, in particular, the existence of two major communities, the Malays and the Chinese, whose interests and influence must remain roughly in balance if stability and harmony is to be preserved. The second theme is the contrast between the cities and large towns with their westernised middle class and sophisticated economy on the one hand and the

[1] *v.* Appendix. 1

[2] *v.i.* pp. 190–91

[3] The phrase was used by Tunku Abdul Rahman, Prime Minister of Malaya, in the parliamentary debate on the proposed merger on 16 October 1961.

millions of peasants who live a simpler and more traditional life in the villages of the countryside. This second theme overlaps with the first in that the Malays are predominantly villagers and the Chinese townsmen. It has also a regional significance within Malaysia because the great concentration of urban population and of economic development is found on the west-coast side of Malaya whereas the east-coast side of Malaya and the Borneo territories are entirely agricultural and conscious of their backwardness.

Yet there is here a danger of over-simplification which can put the picture out of perspective. To be a Malay or a Chinese or a Dayak is of much importance to the individual. It identifies the group to which he belongs and marks out the others as different. But within each community there are also differences of status, education and economic interest which by subdividing it diminishes its solidarity. Since the upheaval of 1945–48[1] the major communities of Malaya have accepted the inevitability of accepting each other. It is not the existence of a multi-racial society which is in question at any time but only the terms of the inter-communal bargain. In the spheres of education and of rural development deliberate policies of assimilation and of evening-up work slowly like a leaven through the system. Above all, Malaysia until now has had good government and prosperity. A régime which delivers the goods is thereby assured of a fair degree of acquiescence if not support. But the struggle for stability, tolerance and a better standard of living is unending. The outlook for the future of Malaysia is clouded by uncertainties.

On the future of Malaysia there are two views. The one is that by the talents of its people and a measure of good fortune it has found the path to success. Therefore the process of inter-communal adjustment, buttressed by economic and social evolution, will in a decade or two beget a stable and united nation. This is to extrapolate the success of the past two decades into an uncertain future. The other and more pessimistic view is that the transitional euphoria of travelling the road to independence must soon fade away, especially when the long and genial régime of Tunku Abdul Rahman as national father-figure draws to its close. Then the basic and unresolved conflicts must emerge from beneath the surface. The author inclines – with some reservations – to the first view but there are many possible adversities which could destroy the future of Malaysia.

The story of a nation is a study of people working out their destiny in the physical environment of their territory. The land and the people are therefore the themes of the remainder of this chapter.

In the course of world history Malaya was first a land-bridge by

[1] *v.i.* pp. 103–10

which migrant peoples of the prehistoric period moved southwards from the Asian land-mass to Indonesia and Australasia. In the depths of Malaya's central jungles or along the fringe there are still some 40,000 aborigines many of whom are descended from those earliest migrants. They live a primitive existence, remote from modern life – as they wish to be. Next came the Malays who reached Malaya and Sumatra about 2000 B.C. using the same overland route from the north.

Thereafter the Malay Peninsula became an obstacle to be crossed or circumnavigated by voyagers who approached from the east or west in ships. There were in antiquity two main roads between Europe and the Far East. The overland route across central Asia is relevant here only to the extent that many travellers avoided it because of the incessant wars which made it dangerous. The sea-route began at the Red Sea or in the Persian Gulf and went by way of western India to the region of Malaya. Here the earliest travellers crossed the narrow neck of land (the Kra Isthmus) at the northern end of the Malay Peninsula and took ship again in the Gulf of Siam. Later voyagers (from about A.D. 1000 onwards) braved the dangers of piracy in narrow seas and sailed on round Malaya, using either the Straits of Malacca between Sumatra and Malaya or, less often, passing west of Sumatra to enter the Straits of Sunda between Sumatra and Java. Once past the barrier of these land masses they sailed on to China or to the Spice Islands of eastern Indonesia.

Until steam replaced sail as the motive power of ships the prevailing wind was the all-important factor along this route. This is the region of the half-yearly monsoon winds. With the north-eastern monsoon ships could sail westward from China or Indonesia as far as Malaya and also from Malaya to India. The south-western monsoon carried them in the reverse direction. Few traders made the complete journey from India to China or vice versa. Instead they made a crossing to Malaya where they could exchange cargoes with merchants coming in the opposite direction. In this way various ports in the region of the Straits of Malacca became trade centres for the transhipment of cargoes from distant places and also for the collection of local produce and the distribution of imported goods within the Straits region. This entrepôt pattern of regional trade radiating from the major seaports persists to this day.

The flow of merchant vessels to and around the coast of Malaya brought many foreigners to Malayan ports and it yielded much wealth to the local rulers who strove to attract or compel traders to use their ports rather than their neighbours'. Until a hundred years ago, however, few people penetrated into the interior of Malaya

which was difficult of access and almost uninhabited. Mangrove swamps along the west coast were the first barrier. Then came the tangled thorns, the hungry leeches, the steamy heat and the mud of the lowland jungle belt. Beyond lay the blue mountains of the central range of the peninsula. The prudent traveller, especially if laden with goods, preferred to pole a boat along the winding reaches of the rivers rather than hack his floundering way overland.

So the rivers were the earliest lines of communication between the coast and the interior while the central mountain range[1] formed a barrier or line of division, not because it was difficult to climb but because as a central watershed it stood between the river lines. The Malay Peninsula was thus divided into an 'east-coast' zone and a 'west-coast' zone, each approached from one sea coast or the other by travelling along the rivers inland as far as a boat could go.

These geographical factors determined both the political divisions and the economic development of Malaya. Malay villages were sited along the banks of rivers because these were the only communications. A Malay ruler who established a stockade with a few brass cannon at the mouth of a river could control – and tax – all people and goods moving in and out of the inland river basin. The river mouth commanded the river basin. Hence many Malay States bear the name of their principal river and have their boundaries at the watershed.

Until the beginning of the nineteenth century the Malay settlements were concentrated at the river mouths and along the coast. Villages up-river were few and sparsely populated. Then the newly arrived Chinese miners moved inland along the rivers in search of tin which they found in the valleys and especially at the foot of the central range on its western side. Mining in the west-coast zone caused the rivers to silt up. In time railway and road communications were built to provide direct and rapid transit between the inland mines and the coast. When rubber planting began in the decade 1900–10 the planters naturally selected land for their estates in the west-coast zone so as to have the use of the communications system originally developed to serve the mines.

From this sequence of development two consequences followed. The alien economy of mine and plantation filled up the empty country inland and around the older areas of Malay settlement but did not mingle with them. Later on Malays took up land for rubber smallholdings in the same zone as the plantations but still apart from them. Secondly, development was concentrated in the zone

[1] There is a series of parallel ranges which extends down the centre of the peninsula flattening out in the southern half.

between the west coast and the central range. Malaya now has two economic systems and two types of settlement. In the north-east and north-west regions are large and fairly compact areas of Malay settlement, based upon rice cultivation. Here the traditional Malay way of life sets the pattern. Much of the rest of the developed area of Malaya (three-quarters is still under virgin jungle) is a patchwork of smaller zones of Malay and non-Malay populations and economic systems.[1] The relative isolation and backwardness of the major zones of Malay settlement make them strongholds of Malay as distinct from Malayan nationalism.

Tin was the mainstay of the economy until the beginning of this century and served as a 'pump primer' for the development of rubber and other modern industries. Iron ore is the only other mineral of economic significance; low grade coal is no longer economic to work. In the future the hydro-electric potential of the central range may be fully harnessed but over the next decade or two Malaya will have to rely on imported petroleum for its industrial power. No indigenous oil has yet been located.

Agriculture is now the main prop of the Malayan economy. In the estuaries, valleys and swamps there is fertile soil which when cleared and drained will support permanent rice cultivation and also coconut and palm oil culture. However, the fertile areas of this type, other than some relatively inaccessible parts, have already been brought into use. The greater part of the cultivated land – and the area to be developed as the population grows – is undulating or hilly country. Such land in its natural state grows luxuriant rain forest from which excellent hardwood timber can be extracted. However, only a fraction of the forests is accessible and world demand for hardwood timbers is limited. This kind of land if it is completely cleared of its natural forest cover quickly deteriorates by erosion and leaching of the top-soil. For this reason it is suitable only for permanent tree crops and by good fortune the rubber tree, imported from South America, and the oil palm, imported from West Africa, have proved well suited to Malayan conditions.

Ninety to a hundred inches of rain a year fall in most parts of the country. The local variations of rainfall and climate do not greatly affect agriculture or human activity. The rain falls throughout the year, though especially heavily at the change of the monsoon in the second and fourth quarters. The shade temperature is in the daily range 70°–90° F at all seasons. This is the humid, monotonous, somewhat enervating climate of the wet tropics. Until the conquest of malaria in the twentieth century Malayan mortality from that

[1] *v.* Appendix 2, Table 2.

disease, especially on newly opened mines and plantations, was heavy.

Northern Borneo has always been more remote from the main stream of movement in South-East Asia. But because it flanks the sea-route to China the Chinese themselves and then the Malays and a succession of European colonial powers impinged upon its coasts. As in Malaya 'the land divides but the sea unites'[1] and so the two coasts of northern Borneo, north-west and north-east, are to this day areas apart and unconnected by surface transport. As in Malaya also there are three zones on each coast – first the coastal flats, next a belt of low hills and undulations rather steeper than in Malaya, and in the interior ranges of up to 8,000 feet with the majestic Kinabalu towering to 13,000 feet. Owing to the rapids and to the sand-bars at their estuaries the rivers of northern Borneo were less useful as a means of access to the interior. In the absence of tin deposits here there was no inducement to nineteenth-century pioneers to penetrate inland. Hence when the rubber boom began at the end of the century Borneo could not compete with Malaya whose communications had been developed to meet the needs of the tin industry. Borneo remained sparsely inhabited and economically backward.

The Malaysians themselves tend to think of each other (as communities) in stereotypes.[2] In fact there is much variety within each group. The idea of the 'Malay peasant' comprehends the rubber smallholder of central Malaya, the tenant rice-farmer of the north and east and the fisherman of the east coast as well as many whose mixed economy partakes of more than one of these crops. In the same village 'peasant' can denote the well-to-do owner of ten or fifteen acres of land and his landless neighbour who lives by sharecropping. The peoples of Borneo are usually thought of in association with longhuts and headhunting, both institutions on the wane or extinct. This is not a static situation. All the communities, even the Chinese who have gone furthest in adapting themselves to the modern economic system, live according to values and practices inherited from their forbears. Yet all are also in the process of change. This is a society in which roughly one adult male in three and two women in three have had no schooling at all but (in Malaya at least) universal primary education is available to their children.

Rural development programmes, the press and broadcasting, and

[1] C. A. Fisher, *South-East Asia*, p. 662.

[2] P. J. Wilson, *A Malay Village and Malaysia*, provides a detailed analysis of Malay attitudes towards and concepts of outsiders. G. D. Ness, *Bureaucracy and Rural Development in Malaysia*, p. 46, makes the same general point.

the political parties are vectors of new ideas and habits which are being absorbed – at differing speeds and depths – by Malaysians of one group and another. No one, the Malaysians included, can say what Malaysia will be like in twenty years time – and part of that future is in process of being made at the present time.

In former times *Malay*[1] society comprised two classes. The subject or peasant class (the *ra'ayat* in Malay) lived for the most part, and still does, in village communities. The old semi-subsistence economy based on rice and fruit growing has widened into smallholder production of rubber, copra and recently of palm oil, as well as production of rice for sale on vast new areas of padi land irrigated by modern engineering works, together with opportunities of employment in the police and armed services. The villager ceases to be a 'frog under a coconut shell'[2] as he is drawn into contact with a modern economic and political system, which, however, he regards with distrust as alien and perplexing. Those even of his fellow Malays who have become townsmen (*orang bandar*) are people apart, a different way of life.[3] He counts on Malay supremacy in the political sphere to preserve his rights and to deliver the material benefits in the form of 'rural development' which he feels have in the past been unfairly monopolised by the towns. The village, in spite of so much economic and social change, is still his familiar world.

The pattern of Malay village settlement varies a good deal according to economy or topography. It may be a string of houses along an irrigation canal in a padi area; elsewhere Malay houses surrounded by coconut palms and fruit trees front narrowly on to a public road with rectangular plots under rubber stretching behind them. In its most traditional and attractive form a Malay village runs along the sides of a narrow valley. Along either side of the stream in the centre of the valley is a strip of rice fields, vividly green in the early growing season. Where the ground rises on either side above the flood level the houses stand in an irregular line and surrounded by their small gardens and orchards; higher up the valley slope and behind the houses are the rubber smallholdings. Malay houses are typically wooden structures on stilts and thatched with

[1] 'Malay' is not to be confused – as it often is by foreigners – with 'Malayan'. A Malay is a person of the Malay race and invariably a Muslim. A Malayan is a person whose home is in Malaya; he may be a Malay (though the Malay prefers to be called Malay rather than Malayan), Malayan Chinese, etc. etc. Since 1963 'Malaysian' has come to denote an inhabitant of Malaysia (of any race). In the old census reports it was used differently to denote peninsular Malays *plus* the Indonesian settlers of recent origin in Malaya; but this is now obsolete.

[2] The Malay saying (*katak di-bawah tempurong*) for a parochial outlook.

[3] P. J. Wilson, op.cit., pp. 45–50.

palm leaves. The house is approached by a flight of steps and consists of three parts. The front verandah is the public place where the householder entertains his male guests; the central room contains the sleeping mats or (if the family are well-off) a double bed ornate with elaborately embroidered pillows and coverlets; the woman's domain, the kitchen, is at the back. Some undersized poultry scratch a frugal living around the house and the assorted possessions stored beneath the raised floor. A hut at the back may contain the simple implements of rubber processing. There is a wide difference between the elaborate wood-carving, the concrete approach steps and the miscellaneous knick-knacks of the house of a rich peasant and the rickety shanty of his poor neighbour. A footpath runs its winding way from house to house down to the end of the valley where a row of Chinese shops and a village police station mark the intersection with a public road. Along the path one finds the village school to which the children, neatly clad in blue and white, go to and fro; the mosque where the men gather on a Friday for prayers and afterwards a village conclave; the coffee shop to which the young bloods resort to gossip and read the newspapers.

Malays are Muslims of the Sunni sect and are tolerant in their observances. Their women, who do not wear the veil, often own the houses and the rice-land which passes from mother to daughter. The women are the repositories of the store of village rituals, many of them of pagan or Hindu origin, which are paraded forth at a wedding or a harvest home.

Each village has its headman (*ketua kampong*); a parish or sub-district (*mukim*) is in charge of a salaried Malay official, the *pengkulu*, who is the mainstay of rural administration. The schoolteachers, the policemen, the more prosperous landowners, the mosque officials (usually Hajis who have made the pilgrimage to Mecca), a retired civil servant or two living on their pensions are the local worthies and men of influence. But the village is not by any means a united or homogeneous community. Except in villages which have been recently established on a uniform basis of land allotment there are considerable inequalities of wealth. Men of wealth allow their neighbours and kinsmen to use or work their land on a share-cropping basis. The Muslim law of inheritance has produced excessive fragmentation of holdings so that few villagers have their land in a single contiguous plot. With the increase of population there is unemployment or under-employment among the landless peasants. Hence the vigorous government campaign to open up more land for settlement. But not everyone is prepared to uproot himself to become a pioneer in a remote area far away. The unemployed

and feckless young man idling away the day in the coffee shop is a growing social problem.[1]

Malays are also divided by local ties of origin and residence. Many of the Malay villages have been settled within the last two generations by groups of migrants. Settlers from different parts of Indonesia or even from different Malay States preserve a sense of local solidarity and of antipathy towards others for one generation at least. The older established villages and the local bigwigs regard these newcomers as difficult people to handle.

The second of the two classes of Malay society was aristocratic in origin, comprising the ruling dynasty of each Malay State and the non-royal district chiefs.[2] They were in former times the governors and warleaders of the Malay community. By a process of adaptation to be described later[3] the Malay upper class has come to provide the politicians, the diplomats and civil servants (other than in the technical services) who govern the modern Malaysia. The Malays have specialised in government as the Chinese have in commerce. With the spread of education it has become possible for the son of a peasant to rise in the world and become absorbed in the upper class. Although this class is now more democratic in composition it preserves its ideology and values. The object of the parvenu is to absorb and reproduce the gentlemanly outlook of his mentors. This situation is, however, gradually altering. As the work of government becomes more complex the ambitious Malay civil servant, be he an aristocrat or a commoner, has to master more sophisticated techniques of government than the old-fashioned district officer ever dreamed of. Thus the modern technocrat provides a leaven of more radical thinking among the still conservative Malay leadership.

As among the peasantry the Malay upper class is not homogeneous or united. For historical reasons[4] certain Malay States retained administrative autonomy and a separate civil service even after the fusion of Malaya in 1945. Here local separatism and traditional attitudes are still strongly entrenched – and conflict with the more cosmopolitan world of the federal capital of Kuala Lumpur. These feelings are strongest in the predominantly rural States of the east coast of Malaya.

The traditional relationship between the Malay peasant and the

[1] *First Malaysian Development Plan, 1966–70*, para. 183, estimates that 30 per cent of young men are unemployed for at least a year after leaving school and that juvenile unemployment may be as much as 16 per cent.

[2] *v.* J. M. Gullick, *Indigenous Political Systems of Western Malaya*, *passim*, on the traditional structure of Malay aristocratic rule.

[3] *v.i.* p. 57.

[4] *v.i.* p. 64.

upper class was a total submission and dependence of one on the other. The absorption of the Malay upper class into a colonial dyarchy has left the peasantry without accessible leadership. Hence the politicians of independent Malaya have tried to bridge the gap by carrying the government and its works to the people in rural development. Both classes are united in their distrust of Chinese economic power. Another factor of unity is that the Malay Sultans, who are the apex of the aristocratic system, symbolise Malay primacy over the other communities as sovereign rulers. This combination of modern and traditional forces has so far held the Malay community together and enabled the Alliance government to command a solid parliamentary majority by its hold on the Malay electorate.

It is even more difficult to present a representative picture of the *Malaysian Chinese* among whom internal contrasts and conflicts are more marked than among the Malays. The Chinese have a strong cultural tradition but as immigrants they have had to improvise institutions in a new environment rather than adapt a continuous heritage. Most of the salient features of Chinese society in Malaysia go back to their immigrant origin.

Chinese contact with South-East Asia is many centuries old. The modern descendants of the earliest wave of Chinese immigration several centuries ago are the 'Straits Chinese'[1] whose forbears intermarried with local women and in more recent times absorbed many European elements into their mixed culture. In the colonial period the Straits Chinese were the commercial plutocracy of the great sea-ports through which the later waves of Chinese immigrants entered Malaya. They organised and financed the tin-mines and other ventures for which their compatriots provided the labour. In the twentieth century the economic class conflict between employer and worker alienated the mass of the China-born labourers from the Straits Chinese bourgeoisie. Over the past generation the line of division has shifted to a cleavage between the English-educated Chinese (which includes both the Straits Chinese and many who came to Malaya more recently) and those educated through the Chinese education system.[2] This double cleavage, economic and educational, is one of the dominant features of modern Malaysian Chinese society.

The majority of Malaysian Chinese are descendants of immigrants

[1] So called because in the formative period of the late nineteenth century the established Chinese families of local birth were found in the ports of the Straits Settlements (Singapore, Penang and Malacca) whereas the flood of China-born immigrants went on to the Malay States.

[2] *v.i.* pp. 142 and 262

who arrived over the century 1830–1930. They came almost entirely from the south-eastern provinces of China, notably Kwangtung and Fukien, and they are subdivided by the local dialects of Chinese (Cantonese, Hokkien, etc. etc.) which they speak. However, the universal teaching in Chinese schools of the national Kuo-Yu dialect should in time provide a *lingua franca*. The first immigrants came as labourers with the intention of returning to China with their savings – as most of them in fact did. However, some prospered, building up mines, plantations, trading houses, factories and shops. Out of their immense stake in Malaya came their first attachment to it and a resultant inclination to settle permanently.

The Chinese came as individuals and so could not transplant the lineage and local groupings of their native China. But partly as a matter of tradition and partly to find safety in mutual help they rebuilt a system of associations and societies – as trade associations, boards of school and hospital governors, funeral and benefit societies – which is a characteristic feature of Chinese society in Malaysia. The Chinese in northern Borneo have followed a very similar sequence of evolution to those in Malaya.

Although they were of peasant stock the Chinese came to Malaysia to make money for which they showed a remarkable aptitude.[1] Accordingly they have specialised in and acquired almost total control of local wholesale and retail trade, a large section of the tin-mining industry, together with a substantial stake in banking and the rubber industry. The pattern of Chinese commerce is pyramidal. At the apex are the import and export houses, the financiers and general dealers of the main centres, Singapore, Kuala Lumpur, Penang and Ipoh. These large firms do business with the smaller firms of the State capital towns and district towns; these in turn trade with village shopkeepers and produce dealers. At each level a network of local clan and commercial associations creates a lateral solidarity to complement the vertical links already described (which are based in some measure on the supply of credit from the large concern to its smaller partners down the line). This is the solid framework upon which the structure of Malaysian Chinese society is built.

Perhaps the most typical Chinese commercial institution is the town or village shophouse. Nineteenth-century town-planning has imposed on Malayan towns a universal pattern of a covered pavement or 'five-foot way' to which the shops stand open. Above the

[1] *v.* M. Freedman, *The Handling of Money; A Note on the Background of the Economic Sophistication of Overseas Chinese* (reprinted in T. H. Silcock (ed.), *Readings in Malayan Economics*) for an interesting discussion of this topic.

shop a signboard in Chinese characters announces its business in auspicious terms. A general dealer in Chinese foodstuffs will have an amazing array of articles such as dried or salted fish and preserves of all kinds, or if he is a rice-dealer he will have sacks of rice of different grades open for use. At the back of the shop is a counter behind which the shopkeeper (colloquially 'the towkay') and his assistants operate the accounts system with the aid of an abacus and a paint brush (for writing Chinese characters). Behind the shop, or if it has a first storey above it, are the living quarters of the towkay and his family and of his residential assistants. After the close of business at the end of the day the towkay and his male staff may often be seen sitting at the back of the shop at a round table chopstick in hand sharing a common meal. In the typical Malayan Chinese success story[1] the shop assistant makes his first step towards a fortune by setting up in business, perhaps in an outlying village, with the aid of initial stock in trade on credit from his former employer. The towkay on his side recruits his staff from among his kinsmen or fellow clansmen. Thus social solidarity has an economic base.

However, all is not benevolent harmony between employers and workers. Only a minority of employees can live *en famille* with their employers. The majority of Chinese wage-earners live in tenements in conditions of squalor and overcrowding.[2] The typical Chinese business employs so few workers[3] that face to face relations are the norm, but the small Chinese employer is often averse to recognising trade unions and drives a hard bargain over such things as piece-work rates. (The Chinese working man is nature's Stakhanovite and much prefers piece-work rates to time rates.) Out of urban over-crowding and troubled labour relations has come the unrest in the large towns which the communists have been able to exploit.

Two other features of Chinese life deserve brief mention. Chinese cookery (seen in its full range only on special occasions or in eating houses) is extraordinarily sophisticated. The Chinese are hearty eaters with subtle palates; there is a cultural focus on elaboration in the preparation of food. Chinese religion is a blend of many elements of which Buddhism and ancestor 'worship' are perhaps the main elements. Every dwelling however humble has its domestic shrine; the proper conduct of funerals and other rites is a major preoccupa-

[1] 'Progress is ultimately thought of in terms of economic success', M. Freedman, *Chinese Family and Marriage in Singapore*. See also p. 87 on what Freedman calls 'the personalisation of economic relations' among the Chinese – two most interesting passages.

[2] *v.i.* p. 257.

[3] *First Malaysia Development Plan, 1966–70*, para. 358, records that 82 per cent of factories employ less than 10 workers each.

tion; the placing of ancestral tablets in clan association halls is a means of achieving status. The Chinese whose approach to religion is eminently practical – the gods are expected to render services for consideration received – have elaborate systems of determining the auspicious time for a marriage or a commercial venture.

In their relations with the Malays the Chinese have shown themselves realistic in seeking a compromise. They are not greatly interested in politics as such but are not prepared to sink to the status of permanent second-class citizens. They can recognise the case for building a nation in Malaysia but are determined to preserve their identity of culture and language in any such nation. Therein lies much of the difficulty.

The majority of the *Indians* who form the third largest community are from the Tamil, Telugu and Malayalee linguistic areas of south India.[1] Like the Chinese the Indian immigration began as a source of labour for Malaya's expanding economy. It was associated particularly with the development of the rubber industry from 1900 onwards. There is also a considerable Indian labour force in the government public works and railway organisations.

On a modern rubber estate the traditional 'labour lines' (long wooden huts divided into family cubicles) have been replaced by rows of neat if rather monotonous two-room cottages painted in a variety of pastel shades. A football field at the foot of the slope below the houses is the forum of athletic contest between estate teams; an open-sided cinema hall is the main centre of evening recreation. There may be a shop for the restricted sale of 'toddy' (palm wine), though this is frowned on by Indian reformers and the labourer may prefer a bottle or two of stout on his night out. There will be a school for the children; a hospital for the sick; and – most important of all – there is a temple which houses the images (strange to the European eye) of Hindu deities which emerge in gay procession at the annual festivals of Deepavali and Thaipusam. Around this, the residential part of the rubber estate, extend some thousands of acres of land planted with rubber. Some may still be old-seedling rubber through whose scanty foliage the sun makes dappled patterns on the soil beneath; most is now younger, high-yielding rubber whose dense green canopy makes a vista of shadow running to infinity between each straight line of trees and the next.[2]

On the estate the working day begins just before dawn with the

[1] In this book 'Indian' includes Pakistani and Indo-Ceylonese. In round figures four-fifths of the Malayan Indians are Tamil-speakers, one-tenth are of other south Indian origin, and one-tenth are from the north of India, mainly Sikhs and Punjabis.

[2] v.i. p. 227 on high-yielding rubber.

muster and roll call. If the worker is one of the aristocracy of rubber 'tappers' he or she (women make excellent tappers) goes off to work on the allotted 'task' of four or five acres until noon; or he may be a 'weeder' plying his hoe in a gang of ancients, women and boys. Throughout his daily working routine and his leisure the estate labourer lives in a 'company town' in a house which he occupies as a perquisite of his job, at all times dependent on the paternal responsibility of his employer.[1] He is by temperament a docile employee who takes life as he finds it.

In addition to the south Indian labourer there is a white-collar class employed in clerical work, in shopkeeping and in the professions. The Chettiar bankers are an important element in the credit system of Malaya and a channel through which money from India has flowed into investment in land and other property in Malaya. The smaller number of north Indians includes Sikhs, whose traditional occupation is as night-watchmen with moneylending as a side-line, Bengali traders, Punjabi cattle drovers, etc. One may say that the basis of class differentiation for the Malays is aristocratic birth, for the Chinese is wealth and for the Indians is superior education.

The peoples of northern Borneo can for the purpose of a brief general description be divided into two groups. There are the tribes of the coastal fringe who are mainly Muslim and who live as fishermen or seafarers of one kind or another. The other main group are the more numerous peoples of the river valleys and the interior, notably the Dusuns and Muruts of Sabah[2] and the Land and Sea Dayaks of Sarawak, who are mainly agriculturalists. As among the Malays rice cultivation is the traditional basis of subsistence but much of the rice of Borneo is 'hill rice' grown without irrigation by a system of shifting cultivation.

In these more peaceful times the Borneo peoples are tending to give up the communal protection of the longhouse and moving into family dwellings. However, it is worth quoting a description of a Murut longhouse as it was a generation ago and, in some places, still is:

> 'The great narrow house, often as much as three hundred feet long, perched on some hill-top and set high above the ground on great timber posts, gives shelter to the whole community. . . . Its members form a small republic, each with his appointed duty, under the

[1] Estate labourers have a powerful and effective trade union and the protection of an elaborate code of employment practice imposed by law and enforced by a Labour Inspectorate.

[2] Formerly called 'British North Borneo'; in this book usually referred to by its modern name of Sabah, which is the Malay term for northern Borneo.

presidency of the headman. The space beneath the house enclosed by wooden barricades, provides shelter for cattle, pigs and fowls and a barrier against an attacking force. The hillsides which slope steeply from the ridge along which the house runs, form the fields in which the crops are planted.'[1]

Within this main structure runs a corridor along the length of the longhouse with family cubicles fronting on to it. In the centre of the longhouse is an open space for communal dancing and the entertainment of guests. When the fertility of the surrounding fields is exhausted by shifting cultivation the entire community must move and rebuild its elaborate dwelling on a new site. The disadvantages of such a system are obvious enough and this may explain why it is being abandoned.

In such conditions, even to a greater degree than in Malay village life, the boundaries of the local community are for many individual members the extreme limit of their contact with and outlook on the world which they view with distrust. Their isolation was much more marked than in Malaya because until the last decade there were only a few hundred miles of roads of any kind in the entire area. Many years must elapse before the typical Borneo rural community achieves links with the towns comparable to those of a Malay village at the present time.

These brief notes on the different communities and their way of life may serve to indicate the range of contrast and lack of contact between them. The quiet and courteous Malay, the energetic Chinese absorbed in the conduct of his business, the Indian labourer at work on his task on a rubber estate, the simple tribesman of the Borneo interior, hardly know each other or understand each other's point of view. Yet they are committed to live together in Malaysia and to finding a means of reconciling their different attitudes and interests.

Here several cultures and two economic systems, elements of tradition and of social change, meet and intermingle – a mixture but not yet a blending.

[1] Owen Rutter, *The Pagans of North Borneo*, p. 62.

PART TWO

Malaya

Chapter 2

History—from the Malacca Sultanate to the Straits Settlements (1400-1825)

THE MALACCA Sultanate (*c.* A.D. 1400–1511) is the golden or heroic age of Malay national tradition and, like the Homeric period in ancient Greece, makes its impact on later generations through the powerful medium of a literary classic. The Malay Annals (*Sejarah Melayu*) are the earliest extant written history of Malaya[1] for it is believed that the first version was composed only some twenty years after the capture of Malacca by the Portuguese when memories of former reigns were still fresh. The Annals are a most vivid and readable account of the greatness of Malacca. In addition we also have as sources the works of sixteenth-century Portuguese historians and some passing references in Chinese archives.

The significance of the Malacca Sultanate in Malay national tradition is many-sided. This was the first great kingdom of the Malay Peninsula and it was also the last until Malaya achieved its independence in 1957. When the Prime Minister of the Federation returned from London in 1956 with a definite promise of independence for his country, he chose to make his report to his people at a public meeting convened at Malacca so that the coming end of European rule should be proclaimed where it had begun.

The Malacca Sultanate was also progenitor to the successor States of later and modern times. Not all the present royal houses of Malaya claim descent from the Malacca rulers but the thrones which they occupy, i.e. the Sultanate as a political institution, stems from Malacca. The structure of the Malay aristocratic system – its titles, graduations of rank, and niceties of court etiquette – is mainly of Malacca origin.

Thirdly, it was during the period of the Malacca Sultanate that the Malays were converted to Islam.

[1] *v.* C. C. Brown, *Sejarah Melayu or 'Malay Annals'* (JMBRAS 1952), an annotated English translation. The date of composition is reckoned to be not later than A.D. 1535 (R. O. Winstedt. *The Malay Annals or Sejarah Melayu*, pp. 27–34).

For several centuries before the foundation of Malacca there had been a series of South-East Asian empires which waxed and waned. In broad terms there were three continuing centres of power – the Straits of Malacca, the river valleys which now make up Siam[1] and Indo-China, and the island of Java. The previous kingdoms of the Straits of Malacca had probably been on the Sumatran side of the water.[2] The tradition is that there was an outpost of a Sumatran kingdom at Tumasik (the modern Singapore) which fell to enemy attack from Siam or Java (the Malay and Portuguese versions are at variance). Refugees from the sack of Tumasik fled northwards and eventually settled at a place which they named Malacca. This was about A.D. 1400. The leader of this band became the first ruler of Malacca and founder of its royal house. He bore the title *Paramesvara* (Prince Consort) which had Hindu associations. He and his followers were probably Hindus at this time.

The population of Malacca grew by the addition of settlers who had been displaced in recent wars. The ruler of Malacca, although he was still a very minor power, began to compel passing vessels to put into his port. In doing so he ran the risk of reprisals from Siam or from the Javanese kingdom of Majapahit, since these powers laid claim to control of Malaya and of the Straits. However, he found a powerful ally and patron in the Emperor of China who was at this time seeking to regain lost ground in South-East Asia. China recognised Paramesvara as ruler of Malacca in 1405. The Chinese admiral, Cheng Ho, visited Malacca in 1409 and the ruler of Malacca paid his first visit to the imperial court of China in 1411. The connection was maintained by embassies and personal visits for a time but eventually lapsed owing to changes of Chinese external policy.

Malacca's westward trade link was with the port of Cambay on the west coast of India. Muslim Indian merchants from this port, and also the Persian and Arab traders who visited the Straits, combined proselytisation with commerce carrying Islam to north Sumatra and Malacca. Paramesvara is said to have been converted on his marriage to a daughter of the ruler of Pasai in Sumatra, himself a recent convert to Islam.

For years the hold of Islam on Malacca was somewhat insecure. Paramesvara changed his title to the Islamic *Megat Iskander Shah*, but he was succeeded by a son and then by a grandson whose titles were less explicitly Islamic. The matter was settled in 1446 when

[1] The modern Thailand bore the name Siam until 1939.

[2] There is some literary evidence for placing an earlier kingdom in the Kinta valley of Malaya. If so, it left no trace.

Indian Muslim merchants at Malacca organised a *coup d'état* and put on the throne a prince of the royal house whose mother was an Indian Muslim. Faction fights of this kind were to be the curse of Malacca and its successor States. The accession of the half-Indian prince was followed by the appointment of his maternal uncle to the office of *Bendahara* or Chief Minister, but later on the Sultan was obliged by a shift in the local balance of power to restore the office to the leader of the rival faction. He consoled his uncle with the gift in marriage of a lady who had been his own wife and who was also the sister of his uncle's successful rival. Intermarriage made a narrow circle around the throne.

The new *Bendahara*, Tun Perak, became the architect of Malacca's empire which was extended by war and diplomacy to take in almost the entire Malay Peninsula and most of the east coast of Sumatra. Malacca was now a major trade centre in South-East Asia and the centre of Islamic missionary activities. The conversion of Java, long a stronghold of Hinduism, to Islam was its major achievement.

Both the author of the Malay Annals and the Portuguese historians bear witness to the splendour and prosperity of Malacca. Ships from China brought cargoes of silk, sugar, porcelain, fine cloth, spices and perfumes. Tin came from Malaya itself; pepper, spices and gold from various parts of Indonesia. The main import from the west was Indian cloth but the flow of trade goods eastward did not equate in value with Asia's exports to the west. The balance had often to be made up with bullion. The harbour of Malacca was crowded with four-masted ships and the merchants of Malacca, a cosmopolitan community from India, Arabia, Persia, Java, China and elsewhere, were so wealthy that they could handle the turnover of cargoes of three or four ships at one time, using bars of gold as their unit of account.

The port and town seethed with the movement of this polyglot commercial world. To the foreign merchants were added a crowd of Islamic divines since Malacca was a seat of learning and theological disputation. There were also the hangers-on, the touts, the bravoes, the seamen ashore after long voyages and the rag-tag and bobtail of a busy seaport.

The control and government of this beehive of activity and of its outposts along the Malayan coast were in the hands of the Sultan and his officers of state. Over all other subjects of the Sultan was the *Bendahara*, holder of an almost hereditary office shared and disputed on occasion by branches of a family which was eminent enough to provide wives for the Sultan. The maintenance of law and order fell to the *Temenggong*, commander of the army and of the police (the

two were not distinct). Command of the navy rested with the *Laksamana* (an office long held by Hang Tuah, a legendary paladin of Malay martial prowess). Control of the port, supervision of the merchants and collection of customs duties were divided among four harbour-masters, called *Shahbandars*, who each looked after the traders of one region (the all-important Gujerati merchants from western India were one group, those of eastern India, Burma and Sumatra a second; the Malaysian archipelago and China the other two).

The revenues of the officers of state enabled them to live in style in fine houses outside the crowded city, attended by numerous slaves. Above the city on the hill stood the Sultan's palace, with its roofs of many tiers and decorations of coloured glass, gilding and paintwork. Foreign ambassadors were escorted to the Sultan's audience hall with much ceremony, mounted on elephants and followed by retainers carrying umbrellas and other insignia.

The base of all this pomp and power was trade. So long as the Sultan and his officers kept a firm and united control of the foreign merchant community and did not exact more than the accepted level of taxes and other imposts, the régime was secure. It was Malacca's misfortune that a new and more serious threat than it had so far encountered – the Portuguese – arrived at a time when its merchants had been antagonised by misrule and its ruling caste was divided by intrigue and assassination.

Vasco da Gama reached India in 1498 in the course of a sustained effort by the Portuguese to open up a sea route to the Far East for purposes of trade. Alfonso d'Albuquerque, greatest of the Portuguese captains, established a main base in the Indian Ocean with the capture of Goa in 1510. His next move was to push on eastwards and gain control of the Straits of Malacca. A convenient affront had been offered by the Malays who had imprisoned some Portuguese seamen from the first Portuguese vessel to reach Malacca in 1509. D'Albuquerque arrived at Malacca in 1511 with an expeditionary force of only 1,100 men. He was outnumbered by twenty to one but his ships' guns could outrange the defenders' cannon. After a desperate and evenly poised struggle lasting two months Malacca eventually fell to the Portuguese who thereupon built a massive fortress, named 'A Famosa', as a base for their control of the Straits.

The ensuing three centuries are a confused period in domestic Malayan history. The Malay survivors of the fall of Malacca fled southwards and after some years of wandering established a new capital as rulers of Johore on the upper reaches of the Johore river at the southern end of the Malay Peninsula. In this area, though

never for long in the same place, they survived somewhat precariously under intermittent attack from the Portuguese, who sought to root out this remaining centre of Malay resistance, and alternately harassed by or allied with the rulers of Acheh in northern Sumatra who for a century up to 1636 were the greatest native power in the Straits and leaders of the resistance to the Portuguese. The essentially personal character of Malay rule at this period is well illustrated by the vicissitudes of these Sultans of Johore. In that thinly-populated world a ruler of illustrious pedigree could lose his kingdom but not his throne. Driven from one capital he moved with his court to some other and preferably less accessible stronghold from which to plan revenge and the restoration of his fortunes, living meanwhile on the sparse revenues to be gained by taxing passing merchant vessels. This in the sixteenth century was the hard fate of the bedraggled heirs of proud Malacca.

By the beginning of the seventeenth century the power of the Portuguese had waned. The bitterness of their incessant wars with Acheh and Johore was a product of the hatred which they had aroused against themselves by the cruelty and rapacity of their régime and their exactions on local maritime trade. Moreover, the Portuguese, as a result of their long wars at home against 'the Moors', came to the east with a fanatical sense of their mission to destroy Islam wherever they might encounter it. Few conflicts are so savagely fought out as religious wars. In Malacca too they suffered from being an outpost of an over-extended empire. The fortress withstood many sieges while relieving forces were assembled from afar but only occasionally could the defenders take the offensive.

The arrival of hostile Dutch forces in 1602 was the beginning of the end of Portuguese rule. In 1594 the Dutch, already the middlemen of European trade, had been shut out of the ports of Portugal from which they had purchased eastern products. So they came east to get the trade for themselves. A first Dutch attack on Malacca in 1606 failed but they were able to oust the Portuguese from the spice islands of east Indonesia and to strangle their trade in the Straits. The long Portuguese rearguard action ended with the fall of Malacca to the Dutch in 1641 and the Portuguese withdrew their forces to India. A Portuguese Eurasian community, centred on Malacca, is the only remaining link with the period of their occupation.

In these wars the Dutch had found it expedient to make allies of the Malays of the Johore river. The first half-century of Dutch predominance coincided with a modest revival in the fortunes of the Malay dynasty in the south. However, the Dutch, as soon as they were in full control of the Straits, encountered the same problem as their

predecessors. To maintain a garrison at Malacca was costly and to raise revenues with which to support such expenditure it was necessary to compel the trade of the Straits to pass through the Malacca customs-house and pay heavy dues. This coercion was evaded by the native States as far as they dared. To enforce it required military and naval measures which dissipated the resources of the Malacca garrison, embittered local relations with the States and increased still further the scale of military expenditure. It was a vicious circle.

Nonetheless the Dutch set about such measures with characteristic thoroughness and initially with fair success. Malacca could not, however, regain its former primacy in trade. Apart from native evasion of Dutch controls much of the European shipping now used the Sunda Straits, between Java and Sumatra, in preference to the Malacca Straits. The standard Dutch method of trade control was to coerce a native ruler into making a treaty by which the Dutch were granted a monopoly of the purchase of the valuable produce of his territory and also a monoply of the return trade in textiles and other goods. The prices offered on both classes of transactions were such as to yield the Dutch a substantial profit. For that reason the native ruler and his subjects had a powerful inducement to avoid the Dutch controls. One such case was the export of tin from the State of Perak, which was the main producer of tin in Malaya and second in political importance only to Johore. Treaties, naval blockades, a control point on Pangkor Island off the Perak coast – it was a story of much effort by the Dutch and of much bad feeling on both sides.

In the eighteenth century both the Dutch and the Malays were to suffer a new scourge which in some measure reunited them. The Bugis are natives of the Celebes and they have a great reputation as sailors and as fighting men. As sailors they traded across the Indonesian archipelago on the changing monsoons. The westward limit of their voyages was the Straits of Malacca whence they returned home each year on the south-west monsoon. In the latter part of the seventeenth century, however, the Bugis began to settle permanently in larger numbers along the coasts of the Straits owing to the disruptive effect of Dutch intervention in their native land. One of the worst by-products of Dutch efforts to enforce their trade monopolies was the dislocation of native trade and the conversion of native traders, like the Bugis, into pirates or homeless adventurers.

A group of Bugis nobles took control of the effete Johore dynasty, assuming for one of themselves the title of 'Underking' (*Yam Tuan Muda*) to legalise a position in which they governed in the name of an impotent Malay ruler. A Malay usurper from Siak in Sumatra led the local Malay resistance against them. At this time (*c.* 1720)

the centre of the Johore kingdom had been moved to Rhiau, a group of islands south of the modern Singapore. Another branch of the same Bugis princely family gathered the Bugis settlements between Malacca and Perak into a new kingdom, Selangor, of which one of the Bugis nobles became Sultan about 1742.

Rhiau was an important and flourishing centre of trade – contraband trade in Dutch eyes – and Selangor too exported its tin in defiance of Dutch controls. Hence the Dutch became drawn into the Malay-Bugis wars as allies of the anti-Bugis coalition. The struggle went on from 1756 to 1787 with intervals of uneasy peace. By this time Dutch power in the Straits was in decline and British influence was increasing. In 1786 the British acquired the island of Penang by treaty with the Sultan of Kedah. They needed a base on the east side of the Indian Ocean from which their warships could operate against the French on the coast of India during the north-east monsoon. The British next occupied Malacca in 1795 in the course of the Napoleonic war but returned it to the Dutch in 1818. Singapore (an almost uninhabited island) was secured by Stamford Raffles in 1819 by rather dubious means – to the fury of the Dutch. However, by a treaty of 1824 the Dutch recognised an exclusive British sphere of influence in the Malay Peninsula (and gave up Malacca again) in return for concessions elsewhere. Britain was now firmly established as the dominant European power in the Malayan region.

Chapter 3

The Unification of Malaya (1824-1914)

OVER THE NINETY YEARS from 1824 to 1914 the whole of Malaya came by stages under British administration. It was not complete unification since the constituent territories remained as separate entities under a variety of constitutional arrangements until the reconstruction of 1946. Yet the existence of a common framework of administration, modified as it had to be to fit different local circumstances in particular regions of Malaya, was a preparatory stage to complete unity in due time.

The original base and throughout this period the dominant element of British power was the Straits Settlements formed in 1826[1] by the merger of Singapore, Penang and Malacca to form an overseas dependency of the government of India. Under the strategic and political settlement which followed the Napoleonic war the Dutch regained their possessions in Indonesia but Britain held the three ports of Penang, Malacca and Singapore (founded in 1819) along the Malayan side of the Straits of Malacca to secure her sea-route to China. To safeguard these ports from the rear there was an exclusive British sphere of influence in the hinterland of Malaya. Here, however, it was necessary to negotiate a settlement with the Siamese who had claims to suzerainty in northern Malaya. An Anglo-Siamese treaty of 1826 fixed the limit of Siamese control along the southern boundaries of Kedah, Perlis, Kelantan and Trengganu. From the British viewpoint all Malaya from Perak and Pahang southwards was part of their sphere. This settlement, which was much criticised in the Straits Settlements, sacrificed Kedah to the Siamese, although Kedah had ceded Penang to the British a generation earlier in the hope of securing protection. For twenty years (1821–42) the Sultan of Kedah was a refugee from his kingdom which suffered Siamese military occupation but thereafter there was an accommodation by which the Sultan made a formal submission to Siam and his territory maintained close economic relations with Penang. On the east coast the capital of Trengganu suffered a British

[1] Singapore and Malacca were at first dependencies of Penang; the Straits Settlements, with Singapore as its capital, dates from 1832.

naval bombardment in 1862 for giving asylum to the leaders of one faction in the civil war then in progress in neighbouring Pahang. Apart from these events the 1826 settlement with Siam endured satisfactorily enough to the end of the century.

British interest in the Malay States within its sphere of influence was essentially negative; the aim was to prevent wars between the States and to exclude foreign powers from interfering in them. Indian interest in the Straits route waned after the end of the East India Company's monopoly of the China trade in 1833 and the Straits Settlements were left very much to their own devices. Under the free-trade régime initiated by Stamford Raffles they flourished as trade centres of the South-East Asia region but they failed to yield enough in taxes to support the cost of their own local government. Accordingly the policy enjoined by Calcutta on the Straits government was – strict economy and no expensive entanglements.

This remote and restrictive control from India was bound to prove irksome but so long as trade flourished local opinion was prepared to acquiesce. By the mid-nineteenth century a commercial oligarchy was well entrenched in the Straits for this was the great period of British predominance in world trade and the merchants in the Straits were an outpost of British export trade. After the fashion of the period they copied as nearly as they could the style of living of their London and Calcutta contemporaries. They and their wives wore much the same clothes as in England – and how uncomfortable they must have been! They ate enormous meals mainly of imported food and drank much alcohol which they believed to be good for their health. They lived in country villas outside the town and their recreations were the afternoon carriage promenade, the public band concerts, the dinner parties, the billiards and the smoking concerts. The lawyers, doctors and newspaper editors who made up the professional class had business interests which allied them with the merchants. The civil servants of the period up to 1867 were for the most part unassuming men who lived in unpretentious style, mixing with the merchant community and not seeking to stand apart from them in pomp and circumstance. (That was one of the most unpopular features of the Colonial Office régime introduced in 1867.)

It was a very narrow world. The opening of the Suez Canal in 1869 led to better steamer services and the extension of the submarine telegraph cable (in 1870) brought them into direct communication with London, but they were very much out of touch with the world and preoccupied with the gossip and malice of a small society. Although they traded extensively with the Chinese merchants and traders of the Straits ports they had little social contact with them.

The Chinese were an enigma to Europeans, none of whom could speak Chinese dialects, and the commercial potentates of the Chinese community were content to manage the teeming mass of immigrant labourers of their own race in their own fashion, to which we shall come at a later stage. From time to time the working population of the ports, already crowded into the tenements of Chinatown, would erupt in rioting but until the investigation which followed the Penang riots of 1867 the underlying causes were not generally understood. Convicts were preferred as servants in the homes of the quality and, since India used the Straits as a penal settlement, the supply was adequate.

In the countryside of Malacca and Province Wellesley there were small sugar plantations worked by European planters with Indian labour and Malay villages similar to those of the Malay States.

By the 1860s the merchant community of the Straits Settlements was suffering a crisis of confidence.[1] Some of the original Singapore entrepôt trade had been lost to Hong Kong, established in 1842. The Dutch, in spite of undertakings given in the Anglo-Dutch treaty of 1824, discriminated against British traders in Indonesia over which they were widening their hold year by year. In Indo-China and the Philippines the French and Spaniards were likewise working to exclude British commerce. German trade competition and colonial aspirations were becoming a serious threat. An economic recession in Britain itself had its effect on eastern trade.[2]

In the early days of the Straits Settlements there had been little trade with the Malay States but the Straits merchants now hoped that within this exclusive British sphere of influence they might develop new interests to offset their setbacks further afield. Some, especially the Chinese, were already investing large sums in opening new tin-mines in central Malaya. However, the incessant disorders and intermittent civil wars in those States endangered existing investments and impeded an expansion of trade. There was therefore growing commercial pressure on the Straits government to intervene in the Malay States. Before pursuing that topic we must give a general picture of the condition of the Malay States in the late 1860s.

It is difficult now to visualise the sheer emptiness of much of Malaya at that time.[3] Selangor, which now has a population of over

[1] *v.* C. D. Cowan, *Nineteenth Century Malaya*, pp. 24–6, 130–38 and elsewhere, for the economic background to these discontents.

[2] *v.* C. D. Cowan, op. cit., p. 32.

[3] 'The first essential in these States is Population, the second Population and the third Population' (*Annual Report of British Resident, Negri Sembilan, 1899*) – note that this was over a quarter of a century later during which there had already been large-scale immigration. The reports of this period teem with references to the problem.

a million people, then had perhaps 20,000.[1] As a result land was almost valueless and manpower at a premium. Economic development, such as tin-mining, required imported labour. Among the Malay rulers power depended on having a retinue of armed men at one's back and a populous district to yield tax revenues for the support of that retinue.[2]

The Malay villages scattered along the banks of the rivers were clusters or straggling lines of simple, palm-thatched, wooden houses on stilts standing on the river bank or at the edge of a padi swamp.[3] Except in Negri Sembilan, where the political and social system was (and is) based on matrilineal clans, the Malays had no elaborate kinship structure. The villagers were groups of families, often related through the women since it was the custom for the men to join their wife's people on marriage. As Muslims, however, they derived political office and personal property through the male line. They grew a little rice and planted coconuts and fruit trees around their houses. From the jungle nearby they collected gutta percha, rattans and other produce to sell and so to earn the small amount of cash which they required. These commodities moved by river, paying customs duties at the toll-stations along the way.

The acknowledged head of the village community was the *penghulu* or headman, a member of one of the leading families and confirmed in office by the Sultan or by the district chief. The *imam* (leader in prayer) and other mosque officials made up the group of village leaders.

Above and quite distinct from the peasantry was the upper or ruling class of Malay society. Each State had a royal house from which the Sultan was chosen and there were a number of other aristocratic families which provided the office-holders at the royal court. As such they bore the splendid titles of the old Malacca court but it was a different world. In Perak, for example, where the system was particularly complex, there was a *Temenggong* but no national army for him to command; a *Laksamana* but no ships to put to sea. The national government of the Sultan had withered away and power was dispersed among the aristocratic office-holders who were essentially territorial magnates among whom the State was divided up. Each governed and taxed his district with little regard for an impotent Sultan. The centre of local power was the chief's stockade at the downstream end of the river valley through his district. This stronghold was garrisoned by his armed followers who collected

[1] Estimate by Swettenham on tour in Selangor in 1878 (CO 809/19).
[2] *v.* J. M. Gullick, *Indigenous Political Systems of Western Malaya, passim.*
[3] 'Padi' is the term for unhusked rice and is used to denote the rice plant.

customs dues on passing boats and repelled any hostile raiding party which might seek to enter the district on a foray.

There was in effect a 'spoils system' under which a fortunate minority in each State held office and could live on the revenues of their districts while a larger number of younger sons, dispossessed heirs and roaming adventurers obtained a precarious living as hangers-on or as free-lance Ishmaels whose hands were against every man. It was an unstable system since there were no absolute rules to determine the succession to a vacant office and there was every inducement to intrigue both within the same family and between rival families. The prizes were few, the competitors many, and the rules of the game (elaborately formulated) were often broken.

Nonetheless in the first half of the nineteenth century there had been a rough-and-ready political equilibrium between robber barons. If disorder or oppression became more than ordinarily bad the peasantry moved away to a more peaceful area. This put a premium on military strength and good government. The aristocracy relied on the peasants not merely as a source of tax revenue but also as free labour, for which they could be conscripted under a system called *kerah*, and as bondsmen or permanent retainers.

In these circumstances the discovery of rich tin deposits in some districts of western Malaya in the mid-nineteenth century had the same disruptive effect as striking oil in modern Texas or Arabia. The fortunate Malay chiefs arranged with financiers, mainly Chinese, in the Straits Settlements to send in parties of Chinese labourers to open mines. The resultant tax revenues were so large as to multiply many-fold the rewards of governing such a district. The chief's enemies or unsuccessful rivals borrowed money, also in the Straits Settlements, to finance their attempts to take control of the mines by force – after which they would repay their backers. The scale of fighting was thus inflated from the traditional 'hit and run' raid to serious campaigning.

The Chinese mining camps were themselves centres of turbulence. In each tin-field there were a considerable number of small mines and each working gang of miners lived a communal existence in a single large hut called a 'kongsi'.[1] It was a grim monastic existence of hard work and strict discipline relieved by wild jags in the drink-shops, opium-dens, brothels and gambling halls. Prospects of survival and success were most uncertain as the mine might fail, death by malaria or other disease was common and there were murderous

[1] In its primary sense 'kongsi' denotes a Chinese association or secret society. The members of a mining camp all belonged to the same society; hence their dwelling was an outpost of the society.

feuds between the gangs of miners. A quarrel between two drunken miners or a dispute between neighbouring mines over their boundaries or water-rights could spread like wildfire since all the mining gangs were members of one or other of the rival 'secret societies' and could call in other members to their aid. In this uncertain and dangerous environment the miner clung with fanatical loyalty to this the only association which would help him in his need. If he failed to help his brethren when the rallying cry was raised, it went ill with him.

In time Malay and Chinese factions made common cause against their enemies so that each State had opposed Sino-Malay coalitions, financed from the Straits Settlements. The rich mining districts of Perak and Selangor were devastated by prolonged fighting in which those who furnished the sinews of war were the heaviest losers.

This then was the situation of the late 1860s when the Straits merchants began to clamour for British intervention in these States. There had of course always been some exercise of British diplomacy and influence designed to keep the peace between the States and even to reconcile the warring factions. However, this was intermittent not continuous activity; diplomacy not administrative control; local licence and not a change of policy recognised in London. It blurred the sharp outline of non-intervention but was inadequate in the graver situation which was then developing.

This deterioration in the States of central Malaya was already serious in 1867 when the Straits Settlements was transferred from the government of India to become a Crown Colony directly under the control of the Colonial Office in London. This change was in part prompted by local complaints of Indian neglect. The Straits merchants may have hoped that they could better make known their views through the new legislative council in Singapore in which they were given representation. However, the outcome was not to their satisfaction. The first Governor of the new régime, Sir Harry Ord, was a brusque regular soldier whose previous service in the colonies had been only in West Africa and the West Indies. He was joined in 1870 by a second-in-command, J. W. W. Birch, whose previous service had been entirely in Ceylon. In London the Colonial Office officials were likewise at a loss for a time in dealing with unfamiliar Malayan questions.

The period of Ord's governorship (1867–73) saw the situation in the Malay States worsen while Ord argued with the Colonial Office and quarrelled with the 'old hands', official and mercantile, of the Straits Settlements. The Colonial Office stuck doggedly to what it believed

was the long-established policy of non-intervention. Ord made a number of abortive efforts to settle the troubles by diplomacy. Then in September 1873 a new Governor, Sir Andrew Clarke, on his departure from London for the east was given authority to investigate and report on the advisability of measures for restoring peace in the Malay States. It seems clear that the deciding factor in this sudden *volte face* was not the protests of the Straits merchants but fear of intervention in Malaya by Germany or one of the other European powers.[1]

Clarke, a man of action, stationed British advisers in the States of Perak, Selangor and Sungei Ujong (part of Negri Sembilan) before he reported back to the Colonial Office. This was the beginning of the 'Residential system' of British administration in the Malay States, to which we shall come in the next chapter. Malay resistance to the new régime flared up in brief disorders in 1875 and this setback together with doubts in London on the policy itself imposed a pause until 1883. In this period the new system found its feet and doubts were allayed. In the second phase of expansion British rule was extended to the rest of Negri Sembilan and to Pahang (in 1888). The four States of Perak, Selangor, Negri Sembilan and Pahang were next brought together as the Federated Malay States in 1896.

At the end of the second phase of expansion the maritime colony of the Straits Settlements under direct British rule and sovereignty served as a base for political authority, commercial hegemony and imperial defence in the Malayan region and the four protected States of the F.M.S. formed a solid block of territory in central Malaya in which valuable mining and plantation industries were expanding rapidly. There remained two zones of Malaya outside the sphere of British rule. The sparsely-inhabited State of Johore between the F.M.S. and Singapore was already an economic appendage of Singapore and the four States of Kedah, Perlis, Kelantan and Trengganu in the north were within the Siamese sphere of influence as recognised by the treaty of 1826.

In the northern states Malay padi cultivation and fisheries were the base of a traditional and relatively backward economy. These States had little or no tin and were therefore untroubled by the political consequences of rapid mining development. Except for the occupation of Kedah in the years 1821–42 the Siamese government left them to their own devices and was content with the occasional formal tribute of the 'golden flower'. The Malay rulers, especially in Kedah, tended to live beyond their means and run into financial

[1] C. D. Cowan, op. cit., p. 169.

difficulties. In general, however, the northern States lived the quiet life of those who have no stirring history.

British administrators in the F.M.S., confident now of the merits of their régime, were anxious to extend it northwards to carry their boundary up to the natural Malayan frontier of the narrow Kra Isthmus. Yet Anglo-French rivalry in and around Siam made Britain hesitant to ask for the northern States lest the French should demand the cession of Siamese territory along the frontier with Indo-China. However, by 1909 these difficulties had been resolved and the four northern States were transferred by Siam to the British sphere. The Sultan of Kedah is reported to have complained that 'my country has been bought and sold like a buffalo' but the general Malay reaction was acquiescent if not favourable. The States accepted British advisers but did not enter the centralised administration of the F.M.S., i.e. they became Unfederated Malay States (U.M.S.).

The nineteenth-century rulers of Johore were aristocrats of the old Johore Sultanate whose local fief was the southern end of the Malay Peninsula and Singapore island with the title of *Temenggong*. They prospered by accommodating themselves to British policy. Meanwhile the branch of the old royal family with which Raffles had found it convenient to negotiate for the acquisition of Singapore[1] sank into obscurity. In 1885 the *de facto* ruler of Johore (previously known as the Maharaja) was recognised by Britain as Sultan. The economic development of Johore had been largely in the hands of Chinese who took up land for planting pepper and other crops. With the coming of rubber in the early twentieth century the pace of development quickened and the completion of the railway link between Singapore and the F.M.S. in 1908 made western Johore more accessible. The economic reasons for strengthening British control thus became more compelling.

The Sultan had for long avoided a formal protectorate over his State by his co-operative attitude and his use of British staff seconded informally to Johore on various occasions. A formal protectorate would regularise the position without greatly altering it. However, in 1914 some defects in local administration resulted in the acceptance of a permanent British Adviser (and other staff) in Johore.

The unification of Malaya in the sense defined at the start of this chapter was thus complete. There are additional Malay speaking areas in southern Siam, especially the district or state of Patani

[1] The recognised Sultan of Johore lived at Rhiau within the Dutch sphere. Raffles purported to recognise the claims to the throne of his elder brother who continued to reside in Singapore thereafter. In 1855 the new rulers of Johore formally ousted the old except in respect of a small enclave of territory in the north.

north of Kelantan, but neither British administrators nor their successors, the present Malayan government, lay claim to this territory as part of Malaya.

The interplay of British imperial and colonial policy with mercantile expansionism in the Straits Settlements and the stresses induced by large-scale tin-mining in central Malaya is a fascinating episode and a favourite hunting ground of historians. Geography, politics and economics combined to dictate that in the modern age Malaya must be united. It was a necessary preliminary to its rise to the status of an independent nation. The individual Malay States were too small to stand alone but it is doubtful if they could have federated without the cement of a period of British administration. As the events of 1946–47 were to show the essential indignity of colonial rule was more tolerable in the form of a protectorate than an extension of the Crown Colony from the Straits Settlements to the rest of Malaya. Unity was desirable if not inevitable and it may be doubted if it could have been brought about with less friction and conflict in any other way.

Yet the sheer heterogeneity of the regions thus combined needs emphasis. Singapore and the other Straits Settlements ports were essentially centres of Anglo-Chinese commercial strength. The Malay villages of the north and east were at the other extreme of a traditional peasant economy and social system. Foreign and indigenous systems met and mingled in the tin (and later rubber) zone of central and southern Malaya. British rule could provide a common framework for them all but it could not assimilate them to a single model – nor did it try. The diversity thus continues, providing both the variety and some of the tensions of modern Malaya.

Chapter 4

Political Evolution under British Rule (to 1942)

THE BASIS of British administration in the Malay States was to be found in the key passage (Clause VI) of the Treaty of Pangkor by which Perak capitulated to Sir Andrew Clarke[1]:

> 'That the Sultan receive and provide a suitable residence for a British Officer, to be called Resident, who shall be accredited to his Court, and whose advice must be asked and acted upon in all questions other than those touching Malay religion and custom.'

The new arrangements were further explained in Clause X of the treaty where it was stipulated that the collection and control of all revenues and the general administration of the State should 'be regulated under the advice' of the Resident.

The Treaty of Pangkor affected Perak only but all other Malay States on becoming British protectorates entered into a treaty or less formal understanding on similar lines.[2]

In the circumstances of the Malay States in 1874 the clause quoted above was quite unworkable if it were fairly interpreted in its context. There were two main difficulties. First, the Sultan had no administrative machinery through which he could 'act upon' the advice which the British Resident was likely to tender, neither had he a system of collection and control of revenue, nor a general administration which could be regulated under the Resident's advice. Hugh Low, who during his long tenure (1877–89) as Resident of Perak found a solution to the problem, observed 'we must first create the Government to be advised.'[3]

[1] Maxwell and Gibson, *Treaties and Engagements affecting the Malay States and Borneo*, pp. 28–30. The treaty was made on 20 January 1874 between the Governor, Straits Settlements, and the Sultan and certain chiefs of Perak. Strictly it was not a treaty but described itself as 'Articles of arrangement.'

[2] *v.* E. Sadka, *The State Councils in Perak & Selangor, 1877–95*, pp. 90–91 (in K. G. Tregonning (ed), *Papers on Malayan History*, cited hereafter as 'PMH') and C. D. Cowan, op. cit., p. 260.

[3] Letter dated 28 May 1878 from Hugh Low to Sir William Robinson, Governor, Straits Settlements (CO 809/18).

The second difficulty was the inherent ambiguity concerning 'Malay custom'.[1] The Malay States until 1874 were governed or misgoverned under a system which *was* Malay custom. In particular the chiefs in their districts exercised extensive powers of administration and they collected and retained most local revenues. These were customary prerogatives and the very basis of the chiefs' position. If in future these matters were to be 'regulated' by the Sultan, on the advice of a Resident, there must be a degree of centralisation which would drive a British coach and four horses through Malay custom, the very subject saved by treaty from British interference.

In Perak these difficulties were exacerbated by a clash of personalities. Sultan Abdullah had the obstinacy and evasiveness of a weak man. The first Resident, J. W. W. Birch, pursued his reforms with much high-minded zeal, and a total lack of understanding and respect for the rights and feelings of those who opposed him. Just when the conflict between Birch and the Malays was becoming bitter, there was a change in the post of Governor. Sir William Jervois, who assumed office in May 1875, saw – as did Birch – that if the Resident's advice was to be 'acted upon', the reins of government must be taken into the hands of British administrators as executives. Their combined efforts to bring about this change led to a Malay revolt in November 1875 in which Birch was assassinated. Rather different factors, stemming none the less from Malay resentment against British rule, led to disturbances in Selangor and in Negri Sembilan at the same time.

The ill-organised Malay revolt was soon suppressed by a clumsy and expensive military operation known as the 'Perak War'. Sultan Abdullah and some other Malay notables were exiled. In the ensuing post-mortem Jervois sought to justify himself by arguing that in allowing Birch to take executive powers in Perak he had merely found the means to carry out the intention of the Pangkor Treaty but that he had not altered the policy in any way. The Colonial Office demolished Jervois's defence[2] but it still refused to face up to

[1] The parties to the Treaty of Pangkor signed copies in both English and Malay but no signed text of the Malay version has survived (C. N. Parkinson, *British Intervention in Malaya*, p. 137). However, the standard and universally used term for 'custom' is '*adat* in Malay. R. J. Wilkinson, *Malay–English Dictionary* (1932 edn.) defines '*adat* as 'custom in the widest sense' and goes on to give instances including the variety of constitutional law known as '*adat Temenggong* which was the recognised common law of Perak. In its narrower and quasi–English sense of 'custom', '*adat* can often denote private or family law. This may have been the sense understood by those who negotiated the treaty – but we do not know.

[2] Despatch dated 10 February 1876 from Jervois and Colonial Office reply dated 20 May 1876. Both were first published as Parliamentary Papers (C. 1503); the full text is reproduced in C. N. Parkinson, op. cit., pp. 327–70. It is marked by extreme acerbity of tone on both sides.

the underlying problem. Advice is useless if the means to act on it do not exist. This inconvenient truth was ignored. The Residents in the Malay States were told in 1878 that 'the Residents have been placed in the Native States as advisers, not rulers, and if they take upon themselves to disregard this principle, they will most assuredly be held responsible *if trouble springs out of their neglect of it*'.[1] The harassed man on the spot drew the inference from the passage in italics that if he avoided 'trouble', questions might not be pressed about the observance of principles. In personal correspondence the Governor conceded to the Resident of Perak that the principle might be a 'fiction' and that 'there is just where the adroitness and ability of the officer are so important'.[2]

The Residents of this early formative period included two forceful but shrewd men, Hugh Low and Frank Swettenham,[3] who with the requisite adroitness and ability evolved the 'Residential system' upon which British administration in the Malay States was based for the next sixty years. They took control into their own hands and built up a nexus of government departments, in the charge of European staff, as the instrument of their rule. They reconciled the Malay rulers and chiefs to the new régime by two means. Fixed 'political allowances' from the government treasury were paid monthly as compensation for lost customary revenues. The increasing wealth of the country made it possible to pay allowances on a scale which would satisfy the recipients. Secondly 'State Councils' were established in which the Malay rulers and selected chiefs could be consulted on matters of administration before a decision was taken. The British adviser ruled and the Malay ruler advised, it was said.

The abolition of Malay 'debt slavery', for example, was postponed for several years despite pressure from Whitehall and Westminster until Malay aristocratic opinion had been won over. The sheer tact of the British Residents played its part; so did the continuing moral effect upon Malay aristocrats of the military operations of 1875 and the ensuing banishments. The Malay rulers of Perak, Selangor and Negri Sembilan at this period (1890–1930) included

[1] Colonial Secretary, Straits Settlements, to Residents, Circular dated 17 May 1878 (CO 809/18). Our italics.

[2] Sir William Robinson to Hugh Low, letter dated 7 June 1878 (CO 809/18). During his brief tenure Robinson never set foot in any Malay State (F. A. Swettenham, *British Malaya*, p. 245) – a case of Nelsonic blind eye?

[3] F. A. (Sir Frank) Swettenham served in the Straits Settlements Civil Service from 1870; was Resident of Selangor (1882–9) and of Perak (1889–96); Resident-General, F.M.S. (1896–1901) and Governor (1901–4). Sir Hugh Low, after long service in Borneo, was Resident of Perak for twelve years (1877–89) and the creative brain of the system.

men of strong character and political acumen who made their mark on the new style of government.

Yet all was not well. 'The feeling of loss of real power, possibly of national dignity, of constraint and forced obedience to law, compensated for only by a moderate salary or pension, will not at once die out in the breasts of many Rajas and of their immediate followers.'[1] The solution to the problem was found in converting the unemployed and frustrated aristocrat into a civil servant. The first attempt, however, was a failure. In the 1880s Malay chiefs were often appointed to the honorific sinecure of 'Malay Magistrate' in the districts which they had once governed so that they might advise the British district officer who had displaced them. However, lack of education combined with traditional attitudes to the obligations of kinship and the customary perquisites of authority (misdescribed by the British as 'nepotism' and 'bribery') rendered the old-style Malay aristocrat unsuitable as a partner to the new régime. The second attempt consisted in educating the next generation of Malay aristocrats in the English fashion. After some ineffectual experiments in particular States a training centre organised on the lines of an English public school was established in 1905 as the Malay College, Kuala Kangsar (in Perak), to serve all States. This 'Malay Eton', as it was sometimes called, at first took only pupils of royal or aristocratic birth. About 1920 a quota (later 50 per cent) was allocated to sons of Malay commoners selected on merit.[2] The main function of the college was to train its pupils for appointment to the administrative branch of the civil service. Aristocratic prestige even now attaches to this system and has made a career in the administrative service the first choice not merely of the Malay aristocracy but also of the ablest Malays of any class. This trend towards specialisation in the government service has had profound effects upon the structure of leadership in the Malay community.

Another factor which helped to reconcile the Malay ruling class to the Residential system was the scrupulous insistence of the British advisers themselves in distinguishing between executive control and the constitutional basis of power. The Residential system meant government in the *name* of the Sultan of the State. In addition to the consultative machinery of the State Councils the early British Residents took great pains to confer with the Malay rulers, to keep them informed and to treat them with due deference as royalty.

[1] Despatch dated 21 October 1880 from Governor, Straits Settlements, to Colonial Office (CO 273).

[2] Sir Richard Winstedt, *The Malays – A Cultural History*, p. 43, mentions that the first admission of a descendant of a slave caused a ripple. *v.* also J. M. Gullick, *The Malay Administrator*, where the evolution of the system is described.

It was also necessary to devise inexpensive means of governing the Malay peasant class since the military operations of 1875 had left a heavy legacy of debt and money was short. It had been laid down that British troops must be withdrawn from the Malay States and that local police forces should be raised to keep order. The original conception of the police as a para-military 'Residency guard' to protect the British officers and to support their authority was in the event modified. A large part of the police force in each State came to be deployed as a village constabulary dispersed in small numbers at rural police stations. In this latter role the police rank and file were recruited almost entirely from the Malay peasantry.[1] Service in the police (and later in the armed forces) became the recognised career for the village youth who wished to see a little of the world.

The local headman (*Penghulu*) became, with the village constable, the main instrument of rural government, and suffered a considerable change from his traditional role of village leadership.[2] Under the British régime the headman was given a written warrant of authority and a fixed salary and a host of minor administrative chores were delegated to him. In this way the headman became essentially a 'government servant' first and only incidentally a leader and spokesman of his village; in some cases he was a stranger to the community which he was sent to administer.

It will be seen that the Anglo-Malay adjustment in the early period of the Residential system entailed a number of significant social changes which persist in modern times. The personnel of the machinery of government, especially in rural areas, is largely Malay. The Malay of aristocratic birth or, in modern times, of exceptional ability becomes a civil servant; the energetic villager is a police constable or a government headman. This Malay dominance and specialisation in the government services is one of the salient features of the present Malaya.

The Chinese community in Malaya, already numerous, comprised three groups. At the apex of the system were the relatively small number of wealthy Chinese merchants in the major ports who put up the money to finance tin-mining in the Malay States and who imported droves of their fellow-countrymen from China to work in

[1] Indian, especially Sikh, police were also employed to keep order in the towns and as a reserve striking force. The Malay police were at first recruited from among the disbanded private armies of the recent civil wars but this material proved unsuitable. The villagers of the Malay States showed some reluctance to join the police which had therefore to be recruited mainly from the Malay population of the Straits Settlements, especially from Malacca. In modern times service in the police has become popular with Malays in all parts of Malaya.

[2] *v.s.* p. 47.

the mines. Between the financier and the working miner there was a third or intermediate group of managers, subordinates, professional fighting-men and bodyguards, hangers-on, etc. In this way the pioneer mining camps of the hinterland were integrated with the commercial hegemony of the ports.

The institutional framework which embraced these three classes was the 'secret society', at this time the dominant form of association among the Malayan Chinese.[1] The secret society had its historical origin in China where it served the needs of national resistance to the foreign Manchu dynasty. Transplanted to Malaya it had been adapted to the circumstances of the immigrant Chinese and so took on a different character. Yet it still preserved much of the high-sounding nomenclature, the ideology and above all the awe-inspiring ritual of its origin.

The bewildered newcomer on his first arrival was admitted to membership of one or other society. The tradition of his native China had made him accustomed to associations for trade or mutual welfare. Here in Malaya he found an organisation which promised him protection and help wherever he might go. At the induction ceremony he swore, with drawn swords poised above his bowed neck, to obey the orders of the society, to keep its proceedings secret, to rally to the aid of fellow-members when the cry was raised, not to cheat his fellows nor seduce their women. The oath was sealed with a sip from a cup of mixed blood. On arrival at a tin-mine far away in one of the Malay States he would find a local lodge of the same society as the centre of authority in the mining camp, for the head-men of the mines were also the leaders of the local lodge. If there was a clash with miners from another camp – and this was common enough in the troubled times up to 1874 – the local headmen, aided by the professional fighting men who served as bodyguards, called out their own miners to fight.[2] Economic management, local government and military leadership were concentrated in the same hands. The discipline of the secret society served to reinforce this multi-purpose authority.

The usefulness of the secret society system was undeniable. The Chinese immigrated as individuals; they had to find some system of association for their mutual benefit. The evils of the secret society must also be recognised. It enabled the employer, the professional tough, the 'old hand'[3] to dominate, intimidate and exploit the help-

[1] The Malayan Chinese secret society is a technical subject on which there is an extensive literature. *v.* Bibliography for sources used in this brief account.

[2] *v.s.* p. 49.

[3] The Chinese themselves drew an essential distinction between the old hand (*Laukheh*) and the proverbially gormless newcomer (*Sinkheh*).

less new arrival. Moreover, they were a constant source of serious disorder owing to clashes between rival societies. The two main societies or groups of societies were the Ghi Hin ('Virtuous Prosperity') and the Hai San ('Sea and Land') or Toh Peh Kong. The former were predominantly Cantonese in membership and the latter mainly Hakka so that the hostility between different local dialect or 'tribal' groups among the Chinese contributed to secret society enmities. The two major groups just mentioned fought bloody wars in Perak and Selangor in the early 1870s over possession of the most valuable mine sites. They provoked serious riots in the towns of the Straits Settlements and on occasion they resorted to violence to rescue members arrested by the police. In sum, the societies, whatever their usefulness, placed too much power in ruthless and criminal hands. They have been well named 'The Pirates' and Robbers' Co-operative Association'.[1]

The British administrators had been coping ineffectually for half a century with the problems presented by the secret societies in the Straits Settlements before taking on the graver situation in the Malay States in 1874. The government was unable to investigate the activities of the societies because, apart from their members' oath of secrecy and inbred distaste for government interference, no responsible official in the Straits Settlements understood the Chinese language and customs. One resourceful Governor, well aware that certain portly Chinese merchants in Singapore were secret society headmen, enrolled them as special constables and sent them to patrol the streets in the hot sun. The riot then came to a rapid conclusion. A more permanent and effective device was the establishment in 1877 of the Chinese Protectorate,[2] a special government agency staffed by officers who could speak Chinese.

The decisive move was made in 1889 by the enactment of a Societies Ordinance under which societies became illegal unless admitted to registration. By strict enforcement of this law the secret societies were outlawed and their political power was broken but remnants persisted as undercover criminal associations specialising in extortion.

For the next half-century the British authorities were able gradually to tighten their administrative control of Chinese activities and interests in Malaya. Chinese nationalism in the form of the Kuomintang replaced the secret society as the would-be *imperium in imperio* of the Malayan Chinese community. These topics are discussed in later chapters.

In the constitutional sphere the main contact between the Chinese

[1] L. A. Mills, *British Malaya, 1824–67*, p. 203. [2] *v.i.* p. 75

and the Anglo-Malay régime was in the State Councils which we have already mentioned as a means of consultation between British administrators and Malay rulers. These councils, first established in 1877, were originally called '*mixed* Councils' to emphasise their Sino-Malay composition.[1] The Chinese were included because taxation and legislation affecting them were to be discussed in the councils. The purpose of such discussions was to secure co-operation. 'The Council is established,' it was said of one of them, 'with a view to connecting with the Government of the country influential natives and others . . . who will afford support to the Government in carrying into effect any measures that may be agreed upon after such consultation'.[2] They conducted their proceedings in Malay in which all members were proficient; in the early and formative years after 1877 their proceedings were of the utmost value as a forum of Sino-British-Malay discussion. The councils may be regarded as a first step, unobserved at the time but significant in retrospect, in the evolution of the Malay Sultans, and their British advisers, towards a régime of constitutional monarchy, representative government and the acceptance of non-Malay Malayans as their subjects equally with the Malays. It was, however, a first step on a long road.

On the basis of this political accommodation and by well-judged measures of economic development the Residents achieved remarkable results. Within fifteen years the government revenues of the States which came under British protection in 1874 had multiplied tenfold; their populations had trebled. The rapidly expanding revenues were spent on construction of road and rail communications, on land administration, public health, education, etc. Yet it was found that a single Malay State was too small a unit for the efficient management of services of this kind and in 1895 the rulers of the four States then under British protection agreed to form the 'Federated Malay States' comprising Perak, Selangor, Negri Sembilan and Pahang with a federal executive headed by a Resident-General.

In terms of efficiency and prosperity the Federation was a great success. In its political aspect, however, it accelerated the decay of the Residential system as originally envisaged. The essence of that system was to keep the Malay ruling class in close association with the administrative machine which governed in their name. As the government machine grew larger its sheer size and complexity detached it

[1] The members of the first Perak State Council were the Malay Regent, Heir Apparent and two Malay chiefs, the British Resident and his Assistant and two Chinese Capitan China or headmen from the rival secret society groups of the tin-mining district of Larut.

[2] Memorandum issued to members of Selangor State Council on first appointment.

from the Malay Sultans and it lost its Anglo-Malay quality as it responded to the needs of an expanding economy. The new departments tended to employ Indian and Chinese rather than Malay staff. The story was told of a letter sent by a British Resident to the local Malay ruler which was returned by the Indian postmaster marked 'Addressee unknown'.[1] The transfer of power from the States to the new federal executive of the F.M.S. deprived the State Councils of their usefulness and vitality. After 1895 they had merely to rubber-stamp proposals handed down to them from a federal secretariat, remote and unapproachable.

The establishment of a Federal Council[2] for the F.M.S. in 1909 (and the change of the Resident-General's title to 'Chief Secretary') was a first attempt to restore the balance. The idea behind the change was to assemble the four Malay rulers (supported by their Residents and with the Governor from Singapore in the chair to see fair play) so that they might consult with if not control the formidable federal machine and the commercial interests which it served so effectively. In this respect the scheme was a failure. The Sultans were not fitted by temperament, status, experience or linguistic proficiency to play an active part in a Federal Council. It was the technical nature of the central government not its mere centralisation which defeated them. An incidental consequence was a further decline in the influence of the State Councils.

The Federal Council did, however, make a decisive change of a different kind. It was the first representative public body drawn from as many as four Malay States. The growing sense of central Malayan solidarity to which it gave birth at first found expression in a running fight with the Straits Settlements, more especially with the influence of big business in Singapore, over Malayan policy as a whole. When the Council was enlarged in the 1920s to take in Malay unofficial members it became a more political body in which the force of public opinion could be mobilised on local issues to influence the pachydermatous federal bureaucracy.

None of this activity satisfied Malay opinion which was by now seriously alarmed at the declining influence of its rulers. Behind the scenes the Sultan of Perak, no less, was pressing for the total dismantling of the Federation. This demand from within the F.M.S.

[1] R. J. Wilkinson, a former British Resident, Negri Sembilan, in the preface to the 1932 edition of his Malay Dictionary.

[2] The members were the Governor, Straits Settlements (as High Commissioner to the Malay States), the Chief Secretary and the four Residents, the four Malay rulers and four nominated unofficial members representative of commercial interests. The language of the Federal Council debates was English – the State Councils had originally conducted their proceedings in Malay.

could be resisted but it was impossible to prevail on the rulers of the unfederated States of northern and southern Malaya to enter the Federation. They could see that their brethren within the fold were impotent. The aim of British policy was to enlarge the Federation to take in all Malay States but this would be frustrated unless the existing Federation became more acceptable to Malay opinion.

In 1925 the Governor of the Straits Settlements[1], Sir Lawrence Guillemard, proposed various measures of decentralisation designed to restore to the State governments of the F.M.S. some of the powers and functions which they had lost to the Federation. European and Chinese commercial interests opposed these changes because they found it more convenient to deal with a strong central government than with several different local authorities and they feared that a weaker federal government would be dominated by the Straits Settlements government. The main result was that the Malay rulers ceased to be members of the Federal Council and were replaced by nominated Malay unofficial members, also of aristocratic status. The actual decentralisation measures were modest indeed.

In 1931 a more vigorous attack on the problem was made by the then Governor, Sir Cecil Clementi, whose aim was to bring all the nine Malay States into a federation, whose structure should be decentralised to suit Malay opinion but also buttressed by a customs union. It was also part of Clementi's policy to take a firm line with the Chinese nationalism of the Kuomintang. It appears that he hoped to interpose revitalised Malay Sultanates between Chinese demands for political advancement and the British central administration. The Chinese would have to come to terms with the Malay rulers as a prelude to any advance towards representative government. It was a strategy in advance of its time.

In the event Clementi achieved a considerable measure of administrative decentralisation from the federal to the State governments of the F.M.S. but his concepts of an enlarged federation and a customs union proved unattainable. This was still the position in 1941.

In this chapter the course of events in the F.M.S. has been taken as the main theme since it was the F.M.S. which afforded a model, and a fund of relevant experience, when a constitution for all Malaya (less Singapore) had to be framed after the Second World War. The

[1] From the beginning of British protection of Malay States in 1874 the Governor, Straits Settlements, supervised British Residents in the States and co-ordinated their work with the Straits Settlements administration. He resided in Singapore and it was felt 'up-country' that the Singapore mercantile community had his ear.

parallel course of events in the Straits Settlements and in the unfederated Malay States may be more briefly recounted.

The Straits Settlements was governed under a straightforward 'Crown Colony' system. Although there was a large Malay population in some parts of its territory there were no Malay rulers and therefore no Anglo-Malay dyarchy. The problems which arose between the government and the Chinese community were essentially similar to those of the F.M.S.

Education had begun earlier and made larger strides in the S.S. than in the Malay States. Between the World Wars the increasing number of well-educated young men of the Chinese and Eurasian communities began to demand admission to the administrative service of the Straits Settlements just as Malays were recruited to the administrative services in the Malay States. This issue was resolved, none too happily, by the creation of a separate service on inferior terms for local men; the senior service remained a British monopoly in the Settlements.

It was also something of a grievance that in the local legislature of the Straits Settlements the unofficial members were outnumbered by the officials and they were nominated by the Governor and not elected. Demands for such changes were met by the argument that the majority of the local population were transient aliens who showed no interest in their government and who would be an utterly unpredictable electorate. There was little local support for such demands. The leading newspaper dismissed them as 'crass folly'.[1]

Of the unfederated Malay States, Johore, sandwiched between the F.M.S. and Singapore, was in a category by itself. Although it had little in the way of tin or other mineral resources it participated fully in the rubber boom of 1910 and after and it was traversed by the main north-south railway line. However, in Sultan Ibrahim, who reigned for over sixty years from his accession in 1895, it had a strong and autocratic ruler. This personal factor more than anything else preserved Johore as an essentially Malay State in the political sense. It was a Malay régime tempered, as elsewhere in the U.M.S., by British influence rather than control.

The four northern States of the U.M.S. (Kedah, Perlis, Kelantan and Trengganu) were essentially Malay in character throughout. Padi cultivation was their major industry and so their Chinese population was extremely small. At the time when British Advisers[2]

[1] *Straits Times*, 14 November 1930, quoted in L. A. Mills, *British Rule in Eastern Asia*, p. 32.

[2] In the U.M.S., other than Johore, the British Adviser was called 'British *Adviser*' not Resident (as in the F.M.S.). In Johore his title was 'General Adviser'.

were first stationed in these States in 1909[1] their government system was coping to its own satisfaction with the problems, other than finance perhaps, which confronted them. There was no breakdown of authority such as preceded the arrival of the British Residents in the F.M.S. in 1874.[2] Accordingly the British Advisers had no opportunity or occasion to assume all-pervasive executive control and the very slow tempo of economic progress precluded the development of a new and alien bureaucratic machine.

In the U.M.S. the British Adviser advised the State government, whose senior executives were Malay officials, on the questions with which the Malay administration continued to deal, but by mutual arrangement he took control of such tiresome matters as were novel or uncongenial to his Malay colleagues. In the district administration a few key posts were filled by British officers but the majority were held by Malay administrators. Above all there was no federal machine to draw the power into its hands. The British Adviser corresponded with the Governor in Singapore, who kept only a single administrative secretary for this work.

As has been said, it was the Federated Malay States which afforded the main model and the essential nucleus of the wider Federation of 1948. However, the Straits Settlements' practice of administering all communities on the same footing and the Unfederated Malay States' régime of Malay autonomy in State administration offered precedents which were to be woven into the pattern of the new and wider federation. The ultimate association of all these diverse régimes in a single Federation owed much to the fact that, during the period with which this chapter is concerned, they had drawn on a common pool of British staff who were available for service in any part of Malaya as required. Beneath the diversity of constitutional practice there was much uniformity of routine administration and legislative enactments.

[1] Trengganu had a British 'Agent' of consular status until 1919. The post was then assimilated in title and functions to that of British Adviser elsewhere.

[2] *Annual Report of the British Adviser, Kedah, 1909*, by Sir George Maxwell is an excellent account of a pre-British Malay régime of this kind.

Chapter 5

Economic Development (to 1942)

IN MALAYA'S economic development after 1874 three phases may be distinguished. Up to 1900 tin-mining was the mainstay of a rapidly expanding economy and the capital employed in this industry was almost entirely Chinese. The main British economic contribution was the construction of roads and railways to link the mines with the seaports. Then from 1900 onwards there was a massive investment of British and other overseas capital both in tin-mining and in rubber planting which soon became the largest Malayan industry. The period of headlong economic expansion based on foreign capital and labour faltered in the 1920s and ended with the world slump of 1932. In the third period covering the 1930s both current output and further expansion of the rubber and tin industries were restricted under international arrangements designed to keep world supply and demand in balance. The flow of foreign capital and labour into Malaya dwindled to a trickle. The period of rapid growth was over but the economy of Malaya benefited from successful efforts to achieve greater efficiency within its existing industries and to diversify the range of its agriculture.

Tin. In Malaya tin ore is generally found mixed with gravel or sand in alluvial deposits at depths down to a hundred feet or more below the surface.[1] To extract this ore it is necessary to remove the soil above the ore-bearing stratum and secondly to control the water which accumulates in the mine workings as these are generally in low-lying and swampy ground. The history of Malayan tin-mining is a story of how machines have replaced manual labour in those tasks.

Up to the first quarter of the nineteenth century Malay miners worked surface deposits only and their output was small. Then came the immigrant Chinese miners in parties equipped and supplied for several months' digging and they were able to carry their open-cast mines down to depths of up to forty feet. To keep their mines dry they used an ingenious 'chain pump' (working on the same principle as an escalator) driven by a water-wheel. This was the only

[1] There is one large lode mine at Sungei Lembing in east Pahang.

mechanisation. The miners dug out the soil with hoes and it was carried up out of the mine by an endless procession of labourers, with baskets slung across their shoulders, trotting up improvised ladders of notched tree-trunks like a stream of ants.

Small steam engines and centrifugal pumps of European manufacture were introduced just before 1880. A few years later railway construction afforded cheaper transport to mines in the interior. The opening of the Kinta tin-field, the largest in the world, dates from this period. Towards the end of the nineteenth century the miners began to use a powerful jet of water to break down the soil at the working face of the mine (after which the resultant slurry is pumped up and the tin ore in it is separated out). This is the essential principle of the 'gravel pump' which from that time has been the most common technique of Chinese mining.

Up to this point the Chinese were the dominant element in Malayan tin-mining. European mining had indeed begun as far back as the 1880s though with indifferent success in most cases. The Chinese quickly adopted European mechanical innovations and by skilful prospecting and economical management they made a success where the European companies failed. Malaya's annual output which had been about 6,000 tons in the 'chain pump' period of the 1860s rose to almost 50,000 tons after 1900.[1]

However, to maintain and increase this level of output it was becoming necessary to work deeper and less productive deposits. Such operations were uneconomic unless vast quantities of swampy soil could be worked at low cost. The solution to the problem was found in dredging. The first dredge arrived in Malaya in 1912 though owing to the 1914-18 war the main expansion of dredging came from 1920 onwards. The tin-dredge floats on a mining pool, which it excavates ahead and fills up behind in the course of dredging. Its working mechanism is an endless bucket chain scooping up soil through the water. Hence no problem of pumping out the mine to keep it dry arises.

Tin-dredges are expensive machines costing (in the period between the two World Wars) several hundred thousand pounds each. This was a larger concentration of capital than Chinese miners were accustomed to risk in a single venture. Hence dredging was financed by European joint-stock companies. For technical reasons dredging and Chinese methods of mining can often be used to advantage in working the same tin-field though some deposits are only suitable for Chinese mines. However, dredging is the main technique and the Chinese share of Malayan tin output fell from three-quarters in 1913

[1] *v.* Appendix 2, Table 5.

to only one-third (of an increased total of about 70,000 tons) in 1937.

There were considerable improvements in the ancillary technique of recovering the tin ore from the soil with which it is excavated. Large smelters were constructed at Singapore and Penang for the processing and export of Malayan and other tin production.

For ten years from 1931 Malaya participated in the international scheme for regulation of world tin production.

No other form of mineral production attained real importance. Low-grade coal was mined for local use and iron ore for export to Japan.

Rubber. Rubber was by no means the earliest of Malaya's plantation crops. In the course of the nineteenth century there had been ventures in growing sugar, pepper and gambier, and finally tapioca and coffee. Some of these enterprises were European, some Chinese; none was very successful.

A number of rubber seeds brought from Brazil via Kew Gardens reached Malaya in 1877 and were planted experimentally. Ridley, the energetic curator of the Botanic Gardens at Singapore, did his best in the 1890s to persuade the planters to take up rubber but he met with no success – and even with some reproof from his official superiors – until the coffee estates, mainly in Selangor and Negri Sembilan, failed in the late 1890s. The European coffee planters had come to Malaya in the 1880s from Ceylon where disease had ravaged their estates. In Malaya they selected sites for new coffee estates alongside the rail and road communications established to serve the tin mines. For a time they prospered and by 1895 there were in Selangor alone thirty-eight coffee estates with 7,000 acres under coffee. Then in two years the price of coffee fell by half and the planters faced ruin.

In desperation they began to interplant rubber between the rows of coffee bushes. At about the same time the Chinese tapioca planters were compelled by government regulation to interplant some permanent crop, be it rubber or coconuts as they preferred, among their tapioca so that when the soil was exhausted by tapioca it would not become abandoned waste land, for tapioca had reduced the coastal zone of Negri Sembilan before the rubber boom to a 'sea of lallang'.[1]

These first ventures in rubber planting would have been limited to the same small acreages as previous crops if it had not been for a sharp upward trend in world demand for rubber in the decade 1900–10.

[1] Lallang is the Malay name for *Imperata cyclindrica*, a coarse grass which grows freely on untended land in Malaya.

Until about 1900 the small quantities of rubber then required had been obtained from rubber trees growing wild in Brazilian forests but the advent of the motor-car and the invention of the pneumatic tyre revolutionised the situation. World consumption of rubber doubled between 1900 and 1910 and it trebled again between 1910 and 1920. The first effects were sharp but erratic increases in the price of rubber which reached peaks of 6*s.* 3*d.* per lb. in 1906 and 12*s.* 9*d.* per lb. in 1910 as compared with 3*s.* in 1897.[1]

Rubber in the form of a milky fluid (latex) is obtained from the trunk of the rubber tree by making a cut in the bark ('tapping'). Nowadays the latex collected from many trees is coagulated with acid in the estate factory and cured in wood smoke to convert it to the standard 'ribbed smoked sheet' (RSS) which is exported and sold for industrial use in the manufacture of tyres and other rubber goods. The rubber tree must grow for seven years before it is large enough to yield rubber in this way. Those fortunate planters who had sowed rubber before 1900 reaped a rich reward in 1905 which encouraged others to plant rubber wherever suitable land was available. The same frenzied development was repeated in 1909–10. 'Suitable' land meant land served by good communications. The tin-producing States of Malaya with their well-developed road and rail system thus attracted the largest share of foreign investment in the new industry (the rest went to Ceylon, the Netherlands East Indies and North Borneo).

The early rubber estates, like the coffee and tapioca estates before them, were areas of a few hundred acres each, developed and owned by individual planters (hence called 'proprietary estates'). The expansion after 1900 was so rapid, however, that it was beyond the resources of individuals to put up the capital required and new capital was found by floating public joint-stock companies in London. The established British merchant firms in Singapore played a prominent part in such schemes. These firms found blocks of land in Malaya which in many cases had been cleared and newly planted with rubber by enterprising Chinese who preferred to sell out rather than wait seven years for their profit. A British company was floated to acquire the new estate on the understanding that the merchant firm who sponsored it would act as commercial and financial managers of the new enterprise, thus offering some assurance of local knowledge and reputable conduct in an untried venture at a great distance from London. In other cases individual estate proprietors resorted to merchant houses for advances against their rubber as it reached Malayan ports. These arrangements were the beginning of

[1] *v.* Appendix 2, Table 5.

a system of 'agency house groups' which has continued down to the present time. Under this system groups of plantation companies, originally promoted by or otherwise associated with a merchant firm, share the services of that firm as 'managing Agents' and by their association together use common services such as a pool of plantation staff, joint processing, marketing and research services, etc. What began as a large number of small ventures tended to aggregate (and to a lesser extent to merge) in groups of companies owning between them from 30,000 to over 100,000 acres each. The total of Malayan rubber estate acreage reached two million acres but a quarter of this total was in Asian, mainly Chinese, ownership and was made up of much smaller estates than those of the European companies.

The success of the new rubber plantations encouraged the Malay peasants to plant rubber on their smallholdings. This planting began about 1910 and by the 1920s had reached a total of about one and a half million acres.

World demand for rubber grew with the expansion of the motor industry – though not always at an even pace. A spurt in demand caused an immediate scarcity and a rise in price, as in 1910; a high price stimulated producers to rapid expansion by new planting of rubber trees; when seven years later the latest planting began to yield rubber there was often a glut and the price of rubber fell, if only temporarily, to an unprofitable level. The unavoidable time-lag while new rubber trees were planted and brought into bearing made it impossible to keep supply smoothly adjusted to demand by the natural forces of the market. During the 1920s and again in the 1930s there were severe slumps in which Malaya and other producing countries combined to regulate their output of rubber in order – not entirely successfully – to establish a stable and remunerative price.[1]

One effect of the post-war slump of 1920–22 was a government ban on the grant of new land for additional rubber planting and this remained in force until 1947. A consequence of the international schemes for regulation of production of rubber was restriction by quota on the output of individual producers. This system, as it was administered in Malaya, bore more hardly on smallholders than on

[1] The 'Stevenson Scheme' of 1922–28 restricted production and new planting in Malaya and in Ceylon but not in the Netherlands East Indies where rubber acreage increased rapidly. The International Rubber Regulation Scheme of 1934–41 covered all important producing territories and worked more satisfactorily both in its effects on price and supply and in its incidence between the participating territories.

estate producers who were better equipped to press their own interests with the authorities.

The low prices and hard times of 1920–22 and of 1932–44 compelled plantation companies to economise on overhead costs and to improve their methods of production. In the 1920s an estate might employ enough European staff to field a football team and be happy to produce rubber at a cost of 1*s*. per lb. but in the 1930s it was being run by a manager and one assistant or perhaps two who were grimly paring costs down to 3*d*. per lb.

There was ample scope for improved agricultural technique. The early rubber planters had begun in coffee or tobacco and they applied to rubber unsuitable techniques which would have killed anything less hardy than *hevea braziliensis*. After the initial mistakes of technique had been remedied systematic research was directed to reducing the cost of production by raising the output per acre. The major break-through came with the breeding of selected strains of the rubber tree which would yield 1,000 lbs. per acre per annum as compared with the 3–400 lbs. which had been the norm. Since new planting of virgin land was not permitted under the international regulation scheme, improved stock of this kind could be introduced only by felling old rubber and then replanting with new trees. The estates made some progress with replanting with high-yielding rubber but the smallholder, with a total holding of perhaps only 5 acres, was at a disadvantage.

At the outbreak of the Second World War Malaya's capacity to produce rubber had reached about 600,000 tons per annum. Overseas capital invested in rubber estates alone was worth over £50 million.[1]

Rice. Although rubber became a smallholders' crop on a large scale the traditional basis of the Malay peasant economy was, and still is, wet rice (padi) cultivation.

Malayan rainfall suffices to make padi cultivation possible without controlled irrigation but it is an uncertain business. The crop may easily be ruined by an unseasonable drought or even by flooding. For optimum yield padi requires a certain depth of water for a certain period only of its growth and for this reason control by irrigation works is most beneficial. The first major irrigation canals were built in Kedah in the 1880s by enterprising Malays without proper survey or engineering services. European technology was first brought to the aid of Malayan irrigation in the development of 40,000 acres of padi land at Krian in Perak during the period 1896–1906. Thereafter the rubber boom considerably distracted

[1] L. A. Mills, *British Rule in Eastern Asia*, p. 213.

both government and peasantry from the less remunerative cultivation of padi. The great slump of 1932, however, gave rise to a renewed drive for more home-grown food.

To open up and settle new land is a slow and expensive process and priority was given to improving the yield obtained from existing padi land by constructing irrigation works and by the use of selected strains of high-yielding padi. The genetic work had hardly begun to give results when it was halted and much of its scientific data was lost in the course of the Japanese occupation of 1942–45. The acreage under padi rose slowly from 707,740 acres in 1930 to 742,600 ten years later. Even so Malaya produced in 1940 only one-third of its total rice requirements. The Malay population was almost self-sufficient but was unable to produce a surplus to feed the Chinese and Indian population.

Coconuts. Two-thirds of Malaya's 600,000 acres of coconut palms were smallholdings and the rest estates; the main centres of coconut cultivation are along the west coast. Copra was a much less remunerative crop than rubber and like padi it gave rise to a number of processing and marketing problems which are described later.[1]

Diversification. Each recurrent crisis of the rubber and tin industries was a reminder both of Malaya's dependence on those two products for some four-fifths of its export income and of its utter dependence on exports to pay for the greater part of its food supply imported from abroad.[2]

In the search for alternative crops the most successful proved to be oil palms and pineapples. Large-scale planting of oil palms began in the 1920s and since the efficient processing of palm fruit requires expensive machinery, it has been in Malaya a plantation crop only until very recently.[3]

Pineapples are a valuable adjunct to Malayan agriculture since they will grow on peat soils unsuitable for other crops. They began nonetheless as a catch crop interplanted between young rubber. With the cessation of new rubber planting about 1930 the development of pineapple cultivation on its own account began on a considerable scale; the growers were Chinese, mainly smallholders. By 1937 Malaya had 50,000 acres under pineapples and was supplying the United Kingdom with 90 per cent of its requirements in tinned pineapple. In the world trade in tinned pineapples quality is all-important and so the key element of the industry was the canneries at which the fruit was processed, graded and tinned for

[1] *v.* Chapter 19.
[2] *v.* Appendix 2, Table 4 for statistical background to this passage.
[3] *v.* pp. 246, for discussion of current plans to establish oil palm smallholdings.

export. The government imposed various controls to maintain quality standards.

Tea estates were developed both in the highlands of the central range and in the western lowlands but the acreage was small (about 5,000 acres).

Land Tenure. The expansion of Malayan agriculture was based upon an excellent system of land tenure. The Malay States (in contrast here to the Straits Settlements) eschewed the complexities of English law of 'real property' and adopted the Torrens system of registered title imported from South Australia to Malaya in the 1880s. The system is based on two principles. All rights in and over land (including minerals, timber, water, gravel, etc.) vest in the Sultan of the State until granted in his name to a landholder. Secondly the titles so granted are entered in registers maintained in government Land Offices and any dealing in the land must be evidenced by having the appropriate entry made in the government register. Each landholder, however, has a copy of his registered title issued to him as immediate evidence of it. The principle is the same as that of shareholdings in a company register evidenced by share certificates.

Land for mining was leased for periods of fairly short duration. Water rights – the bone of contention among early Chinese tin-miners – were reserved to the State in the first instance. To attract capital for investment in plantations under permanent tree crops, such as rubber, it was found necessary to issue titles in perpetuity.[1] Smallholders and owners of building plots in towns and villages also held their land in perpetuity. These titles nonetheless carried an obligation to make an annual payment called 'quit rent' to the government and might be subject to conditions requiring the landholder to develop a specified proportion of his land within a period of years.

In granting titles to agricultural land the government usually withheld future disposal rights to growing timber and to any minerals found beneath. It was also the practice to set aside certain land altogether, e.g. as forest reserves or for a public purpose. In this way mountain sides were saved from clearing and erosion. Reservation of a rather different kind was introduced by the Malay Reservations Enactment of 1913. The purpose of this law was to preserve large areas of land to the present and future use of the Malays and to prevent them from selling their existing holdings to rubber estates during the early boom.

The charge of the district Land Office and the overall supervision

[1] *v.* Swettenham, *British Malaya*, p. 237.

of land administration was one of the major assignments of the district officer. The accuracy of the records was made possible by a first-rate survey service which surveyed and demarcated all land before the title to it was issued.

Commercial and Economic System. In some degree there were two economic systems side by side – the peasant economy of the Malay villages and the 'export economy'[1] of the rubber, tin and other major industries. However, the Malay peasant was drawn into the export or cash economy inasmuch as he became accustomed to earn a money income with which to purchase some of his requirements and for this purpose sold his rubber, surplus rice, copra, etc. as the case might be. To a remarkable extent the whole economy was geared to the production of agricultural and mineral raw materials for export and the import from abroad of foodstuffs and other consumer goods, building materials, machinery and other requirements of the major industries.

This two-way system comprised major merchant firms, predominantly European, at the seaports; wholesalers, predominantly Chinese, at the ports and large inland towns; and shopkeepers and local produce dealers, again mainly Chinese, in the villages. The same channels, in many cases the same firms, worked in two directions, i.e. they imported and distributed food and goods from overseas and they collected up, graded, packed and exported the produce of the country. There was a formidable concentration of economic power in the higher echelons of the system. At village level the smallholder or peasant found himself obliged to sell his produce to the rubber or copra dealer, the rice miller, in a word to the middleman, who was in a strong bargaining position – the stronger if, as was common enough, the Malay peasant bought goods from him on credit to tide him over until the harvest or just to meet some special expense. This is a situation of which more will be said later on.[2]

[1] *v.* J. V. Levin, *The Export Economies*, for a general analysis, not with reference to Malaya, of the system.
[2] *v.* Chapters 18 and 19.

Chapter 6

Population Growth and Social Change

BETWEEN 1880 AND 1957 Malaya's population (including Singapore) multiplied fivefold from less than a million and a half to 7¾ millions.[1] This rapid and massive increase had social consequences which are the subject of this chapter.

There were two main causes of the growth of population. During the earlier part of the period there was large-scale immigration of Chinese and Indians as temporary labour.[2] This flow was checked by unemployment and restricted during the slump of the early 1930s and was never resumed again on the same scale. Throughout the same period there was a smaller influx of Malaysians[3] from various parts of Indonesia who came to settle in Malaya. A proportion of the Chinese and Indian labourers settled down in Malaya though this had not been their original motive for coming. With a more settled population and better health services the natural increase by surplus of births over deaths became a significant cause of population growth from about 1920 onwards; by 1940 natural increase amounted to 100,000 per annum.

The plural society of modern Malaya is the most obvious legacy of the period of immigration. In 1800 the Malays had made up some 90 per cent of the population of Malaya and in 1880 still two-thirds. By 1911, when the first census covering all Malaya was held, they were 51 per cent only. In 1957 the Malay proportion had fallen to 43 per cent and was outnumbered by the Chinese (44 per cent) alone. The Malay population itself was substantially augmented by the Malaysian immigration referred to above. In Selangor, for example, one-quarter of the 'Malay' population of 1931 had been born outside Malaya. It must also be emphasised that in certain localities – the seaports and large towns, and the tin-fields of western Malaya – the Chinese were already the most numerous community at the beginning of the present century.

[1] v. Appendix 2, Table 1.

[2] K. Singh Sandhu, *Some Preliminary Observations of the Origins and Characteristics of Indian Migration to Malaya, 1786–1957* (PMH) gives an estimated total of 16 million Indian and Chinese immigrants to Malaya over the period 1900–40. The majority of course returned sooner or later to India or China.

[3] 'Malaysian' is here used in its earlier sense. v.s. p. 25, note 1.

The Malaysian immigrants took up land in Malay areas and worked it as peasants, following the same way of life and intermarrying with their Malay neighbours. Although they often settled in separate villages on first arrival their children grew up as 'Peninsular' Malays and were absorbed without difficulty into the Malay community.

By contrast the Chinese and later the Indians came to work as labourers on mines and plantations in forms of economic and social organisation which kept them apart from the Malays. Those who settled in Malaya often became shopkeepers or produce dealers trading with and living among Malays but even in these cases of maximum contact differences of language, culture and religion kept them apart and there was little intermarriage or co-operation between them.

It was necessary to establish special government agencies, such as the Chinese Protectorate, the Labour Department (mainly concerned with Indian labour) and the Indian Immigration Fund to meet the needs of these immigrants. For the immigrant labourer was a stranger in a foreign land, exposed to an unfamiliar climate and economic system and vulnerable to the rapacity of those who employed him, even if they were of his own race. His problems were different from those of the Malay villager.

In the second half of the nineteenth century Chinese immigrants in their thousands were arriving by steamer at the ports of the Straits Settlements. Some travelled at their own expense but the majority had been recruited and shipped by labour-recruiters who expected to recoup their expenditure by selling them at a profit to a Malayan Chinese employer. The employer in his turn was entitled to retain them for a minimum of a year and in that time to deduct his initial outlay from their wages. There were grave abuses at every stage. The overcrowding on the steamers, and still worse on slow sailing vessels, was appalling. On arrival the labourers were detained as virtual prisoners and marched off under armed guard to private centres of detention (labour depots) pending disposal to employers. On the mine or plantation they were supplied with food and other necessaries by the employer who habitually overcharged them so that, if they were not positively in debt, the net sum due in wages was small. As has already been explained they enjoyed the dubious benefits of 'secret society' membership for their general protection but their employer was very likely an office-holder in the local lodge and thus had the whip hand.

The establishment of the Chinese Protectorate in 1877 to deal with these problems greatly improved the situation of the Chinese

labourer. Conditions on immigrant ships, in labour transit depots and at the place of employment were improved by specifying minimum standards which were enforced by well-informed and assiduous inspection. The Chinese-speaking officers of the Protectorate also acted as conciliators in domestic and labour disputes among Chinese and acted as government rapporteurs on Chinese public opinion and political sentiment. When the power of the secret societies had been broken in 1890 it became easier to deal direct with the Chinese working man as an individual and to protect him against his employer. The success and influence of the Protectorate stemmed from the confidence which the Chinese came to place in it. It was the first of the bridges across the divide between the Chinese working population and the government.

A major problem of the early period of Chinese immigration was the fearful toll of disease. 'Hospitals terribly overcrowded,' said an official report from Selangor in 1888, '40,000 Chinese immigrants introduced to a most trying climate and hard work where only the fittest survive; hospital buildings and staff unable to meet the demand on their resources; the government labouring to improve sanitation in the dwellings of an apathetic people who do not yet understand the value of simple precautions, and regard death and disease with the views of fatalists, making for the hospitals only when they are beyond the reach of medical skill.'[1] The 'simple precautions' of the government medical officers, even if adopted, were not always efficacious. At this period the causes of beriberi and malaria, two of the worst scourges, were unknown to medical science. One in five of the beriberi cases admitted to government hospitals died of undiagnosed malnutrition. Clearing jungle land for a new mine or plantation can create more favourable conditions for the mosquito (whose role as a vector of malaria was not known until 1898). In consequence it was not uncommon for a quarter of the labour force to die of malaria within the first year.[2] Dysentery, cholera, smallpox and venereal disease were epidemic.

The outcome of this grim struggle was equally remarkable. In a single decade (1910–20) the death rate among estate labourers was reduced by over two-thirds and in the second quarter of the twentieth century Malaya had the best medical and health services in Asia and a low mortality rate. Medical research in Malaya on malaria and other tropical diseases has been of benefit to humanity.

[1] *Annual Report of British Resident, Selangor, 1888*, written by F. A. (later Sir Frank) Swettenham.

[2] L. A. Mills, *British Rule in Eastern Asia*, p. 300, cites a death rate of one in five as the annual average of 21 estates in 1908.

Epidemic disease was only part of the social price of rapid economic progress achieved with imported labour. The immigrants were mostly adult males living in harsh conditions. For their recreation they resorted to drink, gambling, opium smoking and prostitutes. In Kuala Lumpur in 1880 one side of the main market square was filled by a huge gambling booth in which wildly excited miners gambled away their earnings throughout the twenty-four hours of the day and night. One or two blocks away prostitutes plied a brisk trade in squalid windowless cubicles six feet by four. These recreations were supplied at a profit by the Chinese employers. They were tolerated – and taxed – by the government.

It was only gradually that these evils were brought under control. Progressively tighter government restriction, the advent of more normal social conditions, and an awakening of public opinion all contributed to it. Licensed gambling houses lasted until 1912; licensed brothels until 1930; permitted sale of opium to registered addicts until the Japanese occupation of 1942–45. The effect of withdrawing toleration in such cases is to drive the remaining trade underground. It is always a nice question of judgement as to when the stage is reached at which outright prohibition is the most effectual remedy.

The Indian immigrant labourer was a simpler problem than the Chinese. Indian immigration reached its peak later than Chinese and profited from the lessons learnt therefrom.[1] The Indian came from a British administered territory where the circumstances of his engagement were strictly supervised; he went to work on a plantation under European management or in the public works or railway services of the government itself. There was no all-powerful organisation such as the secret society to stand between the individual labourer and the government of the country. On the other hand, the Indian was less able to look after himself than the Chinese labourer and stricter measures were needed to regulate his relations with his employer.

The first wave of Indian labourers, like the Chinese, were recruited under the 'indenture' system, i.e. they were bound by contract to work for a specified period in the service of the employer who had paid the cost of their passages to Malaya. This system, however, came to an end in 1914. Meanwhile in 1907 the government had established an Indian Immigration Committee whose essential function was to pool the cost of importing Indian labour so that the individual

[1] Ginsberg and Roberts, *Malaya*, p. 318, estimate Indian immigration at 20,000 per annum in the period 1880–1900; at 48,000 for 1901–10 and at 90,000 in the ensuing decade.

labourer was free to choose and change his employment as he wished. A levy on all employers of Indian labour provided funds to meet the cost of importing labour from India.

For a time it was still necessary to stimulate recruitment by sending Indian recruiters from Malayan plantations to find recruits in their native villages in India (the cost being recouped from the central fund) but this expedient (the *kangany* system) later fell into disuse as plantations built up a connection in South India and could rely on their 'goodwill' in those parts to produce a flow of unsolicited volunteers.

The keystone of the arch of labour supervision in Malaya was the Labour Code of the Federated Malay States, enacted in 1912.[1] The Code was enforced by the Labour Department as regards Indian and by the Chinese Protectorate for Chinese labour. It dealt not only with basic questions of employment but also prescribed the housing, health, medical and education services which the employer had to provide for his labourers, and their wives and children.

In this way the labourer enjoyed three major safeguards. He was protected against malpractices by his employer; he was assured of freedom to enter and leave employment; he was entitled to various 'fringe' benefits which in effect gave him decent living conditions at his employer's expense. There remained nonetheless certain basic problems arising from the status of labourers as temporary immigrants.

The first of these problems, i.e. the social effects of sex imbalance, has already been mentioned. It was more acute among Chinese than Indians because the Indians stayed for shorter periods in Malaya and could, if they wished, more easily bring their wives with them.[2] The second problem was that the immigrant formed part of a pool of *transient* labour imported to meet certain requirements so long as they persisted. As far as possible any impending scarcity of labour was relieved by increasing the flow of labour from abroad. If there was a slump and unemployment, labourers were offered assisted passages back to their own countries. A floating population of this kind, expanding and contracting with the local demand for labour, could not easily be organised to bargain with the employers over wages.

A more normal sex ratio and greater stability came gradually as

[1] This Code replaced and consolidated earlier laws; it was revised and amplified by amendment from time to time. In this as in other important legislation each part of Malaya had separate but broadly similar laws. The basic Straits Settlements labour law, for example, was enacted in 1920 on similar lines.

[2] There were plenty of jobs for women on estates to which the Indians gravitated and the employer provided family accommodation.

the Chinese and Indians began to settle in Malaya. Let the figures[1] illustrate the trend:

Sex Ratio and Local Birth of Chinese and Indians in Malaya

Year	*Chinese*		*Indians*	
	Females per 1,000 males	Per cent (both sexes) born in Malaya	Females per 1,000 males	Per cent (both sexes) born in Malaya
1911	247	n.a.	308	n.a.
1921	384	22	405	12
1931	436	31	482	21
1947	833	62	637	50
1957	937	75	692	62

The remarkable change in the Chinese sex ratio after 1931 reflects the fact that the immigration of Chinese males was, as a matter of policy, restricted from 1930 onwards, whereas the influx of Chinese females (which averaged a net surplus of about 190,000 per annum between 1934 and 1938)[2] was not restricted until 1938. Most of the women came as workers but they married and remained in Malaya.

Local birth is not an infallible index of intention to settle in Malaya. For example many of the Indian children born to estate labourers returned to India in due course. However, it is among the local born that one finds the second or later generation of those who have settled permanently.

Among the Chinese the inducement to settle in Malaya was primarily economic. They immigrated as labourers intending to return to China with their savings but their flair for business led some of them to invest their cash in shopkeeping, trade, mining or property. Men with such ties, the achievement of their own effort, were tempted to remain in Malaya rather than sell out and return to China. Their children would naturally follow in their footsteps with the result that 'the majority of adult Malaya-born Chinese are

[1] The figures are taken from the Census Reports of the years in question. They are totals for Malaya as a whole.

[2] M. V. del Tufo, *Census Report, 1947*, para. 157, mentions that the shipping companies sold 'quota tickets' for Chinese males on condition that the buyer also took three or four more 'non-quota' tickets for women. The Indian Immigration Committee at this time insisted on an immigration ratio of 2 women for 3 men.

traders or shopkeepers and not labourers or agriculturalists and they are proportionately more numerous in towns.'[1] In spite of such ties of property and local birth the Chinese, unless settled in Malaya for many generations, still regarded themselves as nationals of China.[2]

The Indians spent shorter periods in Malaya than the Chinese. They were slower to settle and the inducement was of a different kind. There were of course some among them who settled as men of property like their Chinese counterparts. The majority who continued as plantation labourers found life more comfortable and hygienic on a Malayan estate than back in a poverty-stricken village of India. It is not uncommon nowadays to find elderly labourers who have spent the greater part of the past thirty to fifty years on the same estate, with occasional short trips back to India in years gone by.[3] There are also young workers whose parents and grandparents lived and worked on the same estate. The familiar estate becomes home.

The gradual stabilisation of the Chinese and Indian population in Malaya solved some social problems but also gave rise to new ones. The man who had settled in Malaya could not be so easily persuaded to return to China or India to escape unemployment. Among Malayans the post-war slump of 1921 is remembered as the occasion of the most drastic of all programmes of repatriation of unemployed labourers. Although no less than 400,000 were again repatriated during the slump of 1932–34[4] the proportion who stayed behind was larger than before. Malaya had begun to carry its own pool of reserve labour and relations between employer and employee took on a more modern aspect.

Since the Indian labourers were not at this stage able to negotiate for themselves the government of India, prodded by its own domestic critics, assumed this function for them. A resident Agent of the government of India with powers of inspection was stationed in Malaya from 1922 and the Labour Code of the F.M.S. was revised in the following year. In 1928 the Indian Immigration Committee began to fix minimum wages for Indian labour in selected 'key' districts. In 1937 Mr Srinivasa Sastri made a comprehensive inspection of the conditions of Indian labour in Malaya and reported favourably except on estate schools and toddy (drink) shops.[5] The

[1] C. A. Vlieland, *Census Report, 1931*, para. 246.

[2] It was a basic principle of Sun Yat Sen, founder of the Kuomintang, that overseas Chinese were Chinese nationals.

[3] Srinivasa Sastri, *Report on the Conditions of Indian Labour in Malaya*, p. 7, 'the longer a labourer and his family have been in employment in Malaya, the more attached they become to particular estates or areas.'

[4] M. V. Del Tufo, *Census Report, 1947*, para. 155.

[5] Srinivasa Sastri, op. cit.

main bone of contention was the fixing of wages in 'key' districts only. However, in 1938 the government of India banned further emigration of Indian labour.

Among the Chinese the partial suppression of the secret societies in 1890 removed a potent instrument from the hands of the employers. In some old-established urban trades, such as shoemaking and tailoring, there persisted an innocuous form of 'guild' in which masters and men could negotiate wage rates. The course of events in China influenced later developments in Malaya. The Kuomintang (KMT), following the teaching of Dr Sun Yat Sen, included a 'Labour Movement' on western lines among the social reforms in its programme. Since the communists were allowed to infiltrate the KMT until the great schism of 1927 they were thus able to get their first hold on the Chinese labourer in Malaya. After a setback in the early 1930s the communists further extended their influence through the proliferation among Chinese workers of patriotic societies (known as 'The National Salvation Movement') formed to raise money to help China in its war against Japan from 1937 onwards. These societies did not perform the usual functions of trade unions and yet, under inexperienced or extremist leadership, they were capable of fomenting unrest and strikes, of which there were a good deal in the 1930s. To bring this activity to the surface, where it could be regulated and supervised, basic trade union legislation was enacted in 1940 but it had not been brought into effect at the time of the Japanese invasion.

The growing restiveness of Chinese labour may also have reflected the changing relationship between employer and labour. In the pioneering days of early tin-mining the workers and their immediate 'bosses' were struggling for survival together. The employer housed and fed his labour and supplied its other requirements, such as drink, opium and women, recouping his outlay from their wages or the share of the profits due to them (profit-sharing was a common arrangement on tin-mines). There was exploitation in all this but the sense of common interest was also a bond. Later the Chinese community tended to stratify into two classes – the Malayan-born entrepreneur/manager and the China-born working man – and with stratification came class antipathies. As an example, a Chinese employer tells the story how in 1936 he obtained a hearing from angry strikers by explaining that although a Malayan-born 'boss' he had spent his youth in China. It made him *almost* one of them.[1]

[1] Unpublished autobiography of Mr Choo Kia Peng, a former Federal Councillor.

In times of unemployment the Chinese who had made their homes in Malaya reverted to the traditional peasant economy of China by growing their own food. With characteristic self-reliance they took themselves off to remote areas on the edge of the Malayan jungle and made clearings which in the eyes of the Land Office staff were unauthorised occupation. It was the first beginning of the 'squatter' problem which, as we shall see, became a major problem after the 1939-45 war. The squatters were in an unenviable position of insecurity since the only title to their land which they could hope for was a temporary occupation licence renewable from year to year, if so approved, for it was government policy not to alienate land for smallholdings to peasants other than Malays.

In the towns there was a growing problem of overcrowding. Urban population was increasing fast – in 1911 one-tenth of 2½ million people in Malaya (excluding Singapore) lived in towns or villages of 10,000 people or more; by 1931 the proportion was one-seventh of a total of almost 4 million; by 1957 one-quarter of over 6 million.[1]

In the centre of the larger towns there were tall tenement buildings whose upper floors were divided into airless cubicles, with a floor area of not more than 100 square feet each. A family was lucky to have a cubicle in which to live, eat and sleep and it shared the joint use with twenty other families of a single cooking-hearth and latrine. On the outskirts of the towns there were flimsy shanties in which there was equally acute overcrowding. Only in Singapore was there a substantial programme of construction of working-class housing.

To pass from urban slums to the Malay villages, set between vivid green rice-fields and the darker shade of the rubber, was to move into a different world. Here the tempo of economic progress and social change was slower but stresses and strains were beginning to appear none the less. There had been an almost unobserved revolution from near-self-sufficiency to a cash economy. A hundred years ago the Malay peasant lived a precarious but simple life and in the 1890s it was still remembered thus: 'In former days there was nothing to eat, there being a dearth of buffaloes, the planting of padi was difficult, and *no one could be certain that he would not have to fly on the morrow.*'[2] In a world of such impermanent settlement due to civil war and marauding raiders it was folly to dig irrigation channels, to plant fruit trees or to build a fine house which the owner might

[1] Singapore is here excluded because its heavy urban preponderance (some 80 per cent of the population of Singapore Island live within the municipal boundaries) makes it an extreme case.

[2] *Annual Report of British Resident, Negri Sembilan, 1892*, quoting Malay informants. Present author's italics.

not live to enjoy. The advent of the *pax Britannica*, however, removed these disincentives to fixed investment. The planting of rubber made peasant holdings valuable beyond their proprietors' previous dreams and gave them a much larger cash income than before. Copra, padi, fish and occasional wage labour added to their incomes. The sale of such produce and the spending of their money created opportunities of retail trade which the enterprising Chinese rather than the Malays themselves were quick to take.

There was a lack of commercial skill among the Malays which stemmed in part from a lack of economic organisation. In former times the Malay district chief, if he ruled wisely, had been the co-ordinator of a simpler system of rural development. Each village had its headman who mobilised labour when the chief required it and who in return obtained money or other aid from the chief for his villagers. This system of reciprocal aid and service had withered away as the chief and the headman were transmuted into civil servants engaged in administrative routine.[1]

The Malay peasant, left to his own devices, proved feckless both in marketing his produce and in obtaining credit.[2] His expenditure grew with his income and the old social mechanisms of accumulating capital and granting credit were no longer available. He ran into debt with the retailer/middleman, was exploited and resented it. In time the government devised two safeguards for his protection. The first was the Malay Reservations Enactment of 1913 which prohibited the transfer of land in specified areas from Malay to non-Malay ownership. Although tightened up in the light of experience this law was never entirely effective in preventing Malays from pledging their land to their creditors. The second safeguard was the encouragement of rural co-operative societies as centres of collective thrift and credit. The co-operative movement, however, made slow progress among the Malay peasantry for whom its self-discipline was a too exacting test.

The development of education in Malaya is the subject of a later chapter and is given only brief mention here. At the outset of British rule education was only a minor social need. Political factors made it necessary to educate the sons of Malay aristocrats; schools were also needed for the education of recruits to the government clerical and other services. The immigrant communities at first had few children to educate but in time the Chinese developed a system of schools staffed mainly by schoolmasters imported from their native China. The rubber estates too were required to provide schools for the

[1] *v.i.* p. 57.
[2] *v.* Chapter 19 where the problem is more fully explained.

children of their Indian labourers. In the towns the missions provided excellent secondary education in English.

By 1920 this patchwork of education was in need of systemisation and supervision. Malay vernacular schools, now in demand among the peasants, were multiplied and improved. The misuse of Chinese schools as centres of nationalist propaganda was checked and better professional standards encouraged.

Education, however, was merely one of the several problems which began to appear as the ebb and flow of migrant labour gave way to an inchoate multi-racial society in Malaya.

Chapter 7

The Growth of Nationalism in Malaya

THE EXISTENCE OF THREE communities with conflicting interests and different viewpoints prevented the emergence of a united nationalist movement in the period up to 1942. To the Malays the colonial régime was a bulwark against the economic strength and sheer numbers of the immigrant communities. The Chinese and Indians, even those who had settled in Malaya, were preoccupied with their own material interests. The struggle against European domination in the country of their origin meant more to them than the course of events in Malaya. The Malay and Chinese communities were each a house divided against itself. The Malay aristocracy, which still commanded the loyalty of the mass of the peasantry, was distrustful of the minority of religious and social reformers who carried the banner of change among them. At one time the Chinese middle class gave its support to the Kuomintang, an effective if externally orientated nationalist movement, but the KMT was ground between the upper millstone of British restrictions on its activities and the nether millstone of communist penetration of the Chinese working class.

For a time the unquestioned authority of British rule and the euphoria of material prosperity served to hide from the Malayans themselves the slow-acting process of political and social change which was at work. Then the Japanese occupation put an end to these two tranquillisers and in three short years made of Malaya a different country. The distant origins of that sudden change merit examination.

One incidental consequence of the Residential system inaugurated in 1874[1] was a more intensive Malay preoccupation with Islamic affairs, a subject still reserved to the unfettered control of the Sultans. A new establishment of religious officials appeared both in the royal entourage and in the villages. Steamer services carried a more prosperous peasantry in greater numbers to make the pilgrimage to Mecca.[2] A few tarried in Mecca or Cairo to prolong their religious

[1] *v.s.* pp. 55–7.

[2] *v.* J. M. Gullick, *The Negri Sembilan Economy of the 1890's* (JMBRAS 1951), p. 48; in the Jelebu district 1 per cent of the Malay population then made the pilgrimage each year.

studies and on their return to Malaya brought back the ideas prevalent in the Middle East of reinvigoration of the Islamic peoples through religious reform. The resultant doctrinal controversies among the faithful in Malaya covered a wide field as the reformers were the first of the Malay journalists and their homilies extended to social as well as religious questions.[1] The Malay upper class and the new religious 'establishment' opposed such ideas as dangerous. Even the aristocracy, however, affected a pan-Islamic loyalty to the Caliph of Turkey, as temporal head of the orthodox (Sunni) world community of Islam. In 1892 a minor Malay chief in Negri Sembilan petitioned a Turkish admiral, then visiting Singapore, to rid Malaya of the infidel British but during the 1914–18 war the Malay rulers, with the general approval of their subjects, contributed generously to the British war-chest in spite of the fact that Britain and Turkey were ranged on opposite sides. Thereafter interest in Turkey waned with the abolition of the Caliphate by Ataturk.

In the period between the two World Wars incipient Malay nationalism took on a secular form and lost its pan-Islamic flavour. The presence of some of the Indonesian nationalist leaders who took refuge in Malaya after the failure of their first attempt in 1926 to overthrow the Dutch régime gave a slight stimulus to the rather tepid Malay interest in the project for uniting Malaya and Indonesia in a pan-Malaysian state liberated from colonial rule. At this period the Sultan Idris Training College was the main forum of Malay intellectual discussion. The college had been founded in 1922 for the training of Malay vernacular schoolteachers and it was for many years the only place in Malaya which gave professional training in the medium of Malay. It produced a more proficient and politically conscious generation of village schoolmasters together with a minority of left-wing political activists.

A small but increasing number[2] of Malay boys of all classes was also passing through the English-medium secondary schools to become civil servants or, in rare cases, professional men. This group formed a new urban Malay middle class but on their retirement

[1] In this passage on the origins of Malay nationalism the main sources are W. Roff, *Kaum Muda-Kaum Tua; Innovation and Reaction among the Malays, 1900–1941* (PMH), and Radin Soenarno, *Malay Nationalism, 1900–1945* (JSEAH 1960). Mr Roff has recently published a full length study, *The Origins of Malay Nationalism.*

[2] In the F.M.S. the number of Malay pupils at secondary schools increased from 890 in 1920 to 2,726 in 1930 (*Annual Report of F.M.S., 1920 and 1930*). Owing to the general cutback in social services in the early 1930s it declined slightly thereafter. The Malay College at Kuala Kangsar dedicated more 'to developing a sense of duty and responsibility than to mere scholastic achievement' (*Annual Report of British Resident, Perak, 1935*) followed much the same curriculum as the other secondary schools. It had about 140 pupils at this time.

most of them returned to their native villages where they enjoyed much influence. Malay society was thus acquiring a new middle stratum which included the village headman, the Islamic clergy, the more prosperous small landholders, the schoolmaster and the retired civil servants. In the villages it was still a conservative society in which there was little apparent change and new ideas permeated only slowly. It retained much of the old feudal outlook even though the political institutions of the old pre-1874 feudal rule had been modified almost out of recognition. In vain did Islamic reformers and pan-Malaysian zealots advocate their nostrums in vigorous journalism and in political novels. The mass of the Malay community, including the new middle class, waited respectfully for a lead from their aristocratic betters.

The old-fashioned Malay aristocrat made his world[1] within his own particular Malay State and did not look beyond its parochial limits though the rising younger generation now had wider horizons. In 1897 the British architects of the F.M.S., with much trepidation lest 'unpleasant incidents'[2] should result from competing royal claims to precedence, brought together for the first time at a 'Durbar' the Malay rulers of four States. There were other such gatherings in later years and from 1909 the rulers met frequently at the periodic meetings of the F.M.S. Federal Council. The common problems of bureaucratic encroachment which confronted them all induced a new sense of common interest transcending State boundaries. The younger aristocrats mingled as boys at the Malay College and then in their civil service careers served in States other than their own. Although the rulers of the Unfederated Malay States remained aloof, until the Malayan Union controversy of 1946 brought all nine States into a common front, the Malays of the Peninsula were becoming familiar with the idea of themselves as a single community which was larger than any single State but confined within the territorial boundaries of Malaya rather than forming part of the wider entity of the Islamic or pan-Malaysian community.

Although the Malay aristocracy found its common interest in resisting bureaucratic encroachment on the rights of State governments, the issue which united Malays of all classes was fear of Chinese domination. To Chinese economic strength was now added the first strident voice of Chinese political aspirations. When prominent

[1] It is an illustration of the traditional outlook that the same Malay word *'alam* is used both for 'world' and, in some traditional sayings, for 'realm' or 'kingdom'. Thus *'alam beraja* – a kingdom has a king.

[2] Mr (later Sir) Hugh Clifford in *Annual Report of British Resident, Pahang, 1897*, refers to this problem and adds that the consummate tact of Sultan Idris of Perak, who was host on this occasion, ensured that all passed off well.

Chinese leaders began to say, 'This is ours, our country,'[1] Malays set their minds to making sure that it remained a Malay country.

The elements of a Malay nationalist movement were now taking shape. There was a sense of common interest, potential national leadership and (in the middle class) the material for local party cadres. What was still lacking was overt and effective political organisation. The first Malay communal body of a semi-political character was the Singapore Malay Union formed in 1926 to lend popular support to the Malay member appointed (in 1924) to the Straits Settlements Legislative Council.[2] In the Straits Settlements the Malays were a small minority without the protection of being subjects of a Malay ruler but they were better educated and more sophisticated on average than their 'up-country' brethren. Understandably they played an active part in the campaign for 'Malay rights' in all stages of Malayan political development.

In the F.M.S. also there were Malay unofficial members who championed the interests of their community but they did not enjoy the support of representative Malay associations until the period 1937–39 when local bodies sprang up throughout the S.S./F.M.S. region under the leadership of Malay public figures and senior civil servants of aristocratic status. A first pan-Malayan conference of local Malay associations was held in 1939. As yet these bodies were not politically very effective. After all there were no electoral contests in which they could flex their muscles. In the different circumstances of early 1946, however, they were at once revived and amalgamated to form a Malay national party.

In parallel with these developments among the moderates the pan-Malaysian left-wing groups formed their own Union of Young Malays (KMM). The anti-British tone of KMM activity made it suspect to the British authorities. Consequently the KMM leaders were arrested under defence regulations in 1940, but they emerged from detention in 1942 to enjoy a brief period of ambiguous association with the Japanese authorities during their occupation of Malaya.

Like the Malays the Chinese community awakened only gradually to political consciousness in the twentieth century. The Straits Chinese, to whom we shall return later, were a class apart and well conditioned to British rule. The more numerous immigrant Chinese were at first administered through their own leaders who often bore

[1] A Chinese legislative councillor speaking to a Chinese association in 1931, quoted in Radin Soenarno, op. cit., p. 13.

[2] Radin Soenarno, op. cit., p. 11.

the title 'Capitan China'[1] until the office lapsed early in the present century. These Chinese notables were appointed to the State Councils and other consultative bodies and as 'tax farmers' they contracted with the government to collect the taxes from their own people, paying a fixed and pre-agreed sum to the government treasury. The unacknowledged basis of their authority was the 'secret society' system.

Gradually, however, the British tightened their grip and effected 'a transition from indirect to direct rule'.[2] The power of the secret societies was broken in the 1890s and through the Chinese Protectorate the government began to regulate many aspects of the Chinese way of life. Conditions of employment, marriage law, education, immigration, the sale of opium and drink, prostitution and the minor problem of the Mui Tsai (a category of adopted daughter-cum-maidservant) were firmly but tactfully brought under control. The Chinese, consulted formally through Chinese Advisory Boards and informally in many other ways, submitted to the change with good grace.

A head-on collision came in the 1920s as a result of the growing Kuomintang influence among the Malayan Chinese. Dr Sun Yat Sen, the founder of KMT, had spent some time in Singapore before his advent to power. It was one of the three fundamental principles of his teaching that the Chinese wherever they might be were Chinese nationals.[3] The KMT government of China was active in extending its influence among the 'Overseas Chinese' of South-East Asia because they were relatively wealthy and could contribute to party funds. In their drive for members and contributions among the Malayan Chinese the local KMT leaders enlisted the support of the criminal remnants of the old secret societies and until 1927 they admitted communists to the party. Young teachers trained in China were recruited in large numbers for Chinese schools in Malaya since reform of education was part of the KMT programme. Many of these teachers were extremists who introduced anti-western propaganda into their lessons. Apart from their influence on their pupils these young fire-brands were

[1] This title was conferred in the mid-nineteenth century on the headmen of large Chinese mining communities. The heads of the two warring factions at Larut in Perak and also the famous Yap Ah Loy of Kuala Lumpur were so honoured. It was a gift of the Sultan and amounted to recognition as district governor. In Selangor at least it continued under British rule as an honorific title until 1902.

[2] V. Purcell, *The Chinese in Malaya*, p. 143.

[3] The other two principles entailed a limited degree of democratic government and a kind of economic collectivism designed to reconcile the interests of labour and capital in a particularly Chinese fashion. The Three Principles of Sun Yat Sen were widely revered among the Chinese.

held in respect by the parents since the educated man enjoys much prestige in Chinese society.

The effect of these KMT activities was to spread among the middle-class immigrant Chinese a sense of national solidarity in opposition to European rule. This sentiment had little or nothing to do with aspirations for self-government in Malaya. It was rather an extension into Malaya of the struggle in China to throw back European penetration and to recreate an independent Chinese nation at home. Nonetheless the KMT threatened to become in Malaya the same sort of *imperium in imperio* based on intimidation as the secret societies had been in their heyday. The British then resorted to the same remedy by banning the formation of KMT branches in Malaya.[1]

Other controversial measures taken during the governorship of Sir Cecil Clementi (1930–35) brought home to the Chinese in Malaya their involvement in purely local issues. Drastic restrictions were placed on the further immigration into Malaya of male Chinese. Attempts, not altogether successful, were made to orientate the teaching in the Chinese schools away from China and towards Malaya. The constitutional proposals for decentralisation in the F.M.S. like the government policy on alienation of land for smallholdings were designed to strengthen the Malay community against the Chinese.

The Malayan Chinese were thus governed by a régime which regarded them as temporary sojourners in Malaya – many of them of course took the same view of themselves. It was a liberal régime which accorded them fair treatment under the law and ample opportunity in the economic sphere. Yet as immigrants they were prohibited from the organised expression of their support for their metropolitan government and also denied any recognised place in the local polity.

The Chinese working class, largely apathetic, was susceptible to communist influence. After the split of 1927 within the KMT in China the communists broke away to form (in 1930) their own Malayan Communist Party (MCP). The MCP suffered early setbacks since many of its leaders were rounded up by the police and deported.[2] However, the trend of the period was in their favour

[1] This was the ultimate outcome of acrimonious exchanges between the British and Chinese governments. Under its terms the KMT was a legal body to which the Malayan Chinese as individuals might belong but they were not permitted to organise KMT branches in Malaya.

[2] The Malayan governments had 'Banishment' legislation under which aliens of bad character could be deported to the country of their origin. It was a sanction greatly feared because the authorities in China were reputed to deal drastically with returning banishees from Malaya.

as the hard times of the early 1930s sharpened the economic conflict of interest between wage-earner and employer (often Chinese).

The third element in the spectrum of the Malayan Chinese community was the small but still influential group of Straits Chinese, often described as 'Baba Chinese' or 'Babas', who were descended from families long-settled in Malaya. To the Babas Malaya, especially the Straits Settlements, was their home and they were generally indifferent to the China-based nationalism of the KMT. As a predominantly middle-class community they were equally out of sympathy with the communist activities among the working class. They took pride in their status of British subjects (by reason of their birth in the Straits Settlements) and through their Straits Chinese British Association (SCBA) they sought greater recognition of their position as a Malayan-domiciled community. They had western education and relative sophistication in the consultative procedures which, under colonial government, serve to keep the government in touch with the governed. They might have provided a conservative political leadership for the Chinese of all classes in Malaya. What was lacking was a sense of common interest which would unite the Chinese community behind these or any other leaders.

The idea of making common cause as a single community seems to have been first put forward in public by Mr Tan Cheng Lock,[1] a prominent and active Straits Chinese leader who served as a legislative councillor (in the Straits Settlements Council) from 1923 to 1934. A man of wide learning and philosophical outlook, Tan was more effective in the realm of ideas and public speaking than in political organisation. He advocated the development of Malaya as a 'united, self-governing Malayan nation' in which all who had their homes in Malaya would be equal. He therefore opposed the 'pro-Malay' policies of the Clementi régime. In 1940 he and other Straits Chinese leaders were discussing privately the possibility of establishing a Malayan Chinese association such as did emerge in 1949. In the 1930s Tan was ahead of his time and had little influence with the majority of China-born Chinese. He may perhaps be regarded nonetheless as the spiritual father of the Malayan Union of 1946–48 for it embodied many of his ideas.[2]

Events external to Malaya in the period 1937–41 had a significant effect on the outlook of the various elements of the Malayan

[1] After being knighted he finally became Tun Tan Cheng Lock (Tun is a high Malayan title). *v.* Soh Eng Lim, *Tan Cheng Lock, His Leadership of the Malayan Chinese* (JSEAH 1960), *passim.*

[2] *v.i.* p. 104 Tan Cheng Lock spent the years 1942–45 in India and again put his views before the British government at the time when the new policy was taking shape.

Chinese community. The renewed Japanese attack on China in 1937 evoked strong patriotic feelings which the MCP was able to exploit and also brought about something of a *rapprochement* between the KMT supporters and the government. When Britain itself became involved in war in 1939 there was general support from the Malayan Chinese with the exception of the communist leaders. The latter had been a proscribed underground organisation for a decade and, responsive as ever to the latest directive from Moscow, they continued to foment labour unrest to embarrass the British 'war effort'. Later the Moscow line changed as Russia became afraid of German aggression and looked for new allies. By 1940–41 the MCP had swung round to support for the British. It was thus aligned with the rest of the Malayan Chinese leaders – and was incomparably better organised for resistance – when the Japanese occupation of Malaya united the Malayan Chinese in their struggle against a local oppressor who was also the arch-foe of their mother country.

Indian nationalism in Malaya is a simpler theme since it was essentially an echo of events in India. A sense of national pride was part of the driving force behind Indian nationalism and the educated Indian in Malaya found it an affront that his fellow-countrymen should be imported to work as unskilled labourers. It depreciated the Indians as a nation, he felt. Reports flowed home to India about working conditions on Malayan plantations with the result that the Indian government, as we have seen, was goaded by its domestic opposition into making enquiries and exerting pressure on the authorities in Malaya for the betterment of the lot of the Indian labourer. The object of the campaign, a total ban on the emigration of Indian unskilled labour to Malaya, was achieved in 1938.

As this chapter may have served to show the growth of nationalism can hardly be understood apart from its context of social change. In all societies there is an opposition between the forces of conservatism and those of change; nationalism is one particular element of change in a colonial society and it gains much of its popular appeal from its association with more general aspirations for improvement. As a simple illustration when Malaya at length arrived in 1957 at the eve of independence, Malay villagers, as courteous as ever, approached the managers of certain rubber estates with a request that a choice part of the estates should be reserved for them. It was assumed that independence would bring a redistribution of wealth. *Merdeka*[1] would be the millennium.

[1] *v.i.* p. 132. *Merdeka* is the Malay word for independence and became a popular slogan with all communities in the 1950s.

Up to 1942 the forces of tradition in Malaya were rather stronger than in many other Asian countries then under colonial rule. The British régime, unquestioned in its authority and success, had reached a satisfactory accommodation both with the aristocratic leaders of the Malay community and with the still influential Chinese merchant class. The events of the inter-war period had not seriously damaged this understanding. There was no educated middle class in revolt against these forces. With the important exception of the MCP no radical or left-wing group had achieved significant influence with the mass of the people though stresses and strains were beginning to arise from economic and social causes. The preponderance of conservative and traditional forces regulated the pace of change to a walk rather than a run and the influential spokesmen of incipient nationalism were the well-to-do rather than the revolutionaries.

The significance of the short period of Japanese rule consisted in its being a violent upset of the *status quo* which altered the balance between conservatism and change. The Malayans were thrown in on themselves, deprived of their familiar protecting power and of their confidence in such protection. They were isolated from the world and obliged to think of their own salvation rather than of the fortunes of distant countries. If they were to manage their own affairs in Malaya in future the Malayan communities must achieve a minimum of accommodation between themselves. It was a novel idea and one which found general acceptance only after a decade (1942–52) of much struggle and bitterness. Yet it was the key which unlocked the door to the making of a new nation.

Chapter 8

End of an Era—The Japanese Occupation (1942-45)

THE JAPANESE INVASION of Malaya began on 8 December 1941, and ended only ten weeks later with the surrender of the British forces at Singapore on 15 February 1942. The Japanese achieved a brilliant military success by superior tactics, training and equipment. For the British it was a total and humiliating débâcle.

Britain had undertaken to defend Malaya. For that purpose it had sent British and Commonwealth forces there requiring of Malaya that it should constitute itself a friendly base, that it should contribute to the expenses of the war and that it should maintain and increase its output of rubber and tin for the allied war effort. These requirements were most fully and generously met. When Britain, hard-pressed in other theatres of the war, failed in its defence of Malaya, the people of the country were not drawn into the military operations. It was a war 'fought over their heads'.[1] The 1st. Bn. Malay Regiment served with credit in the last stages of the campaign but few other local units were engaged in major operations. The civil population, bewildered by the speed of the Japanese advance, remained apathetic though deeply disturbed by the collapse of the British régime.

The Japanese occupied Malaya for three and a half years (February 1942 – September 1945). Their object was to govern the country as successors to the British (whose civilian nationals were interned) and to utilise Malaya's resources in support of their war effort. As a matter of expediency they encouraged local nationalism in occupied territory where it was strong and disregarded it where it was weak.[2] The people of Malaya were manipulated and maltreated without regard to their own interests.

The Malay left-wing leaders of KMM,[3] released from their

[1] S. W. Jones, *Public Administration in Malaya*, p. 132.

[2] Y. Itagaki, *Some Aspects of the Japanese Policy for Malaya under the Occupation, with special reference to Nationalism* (PMH), p. 264.

[3] *v.s.* p. 88.

imprisonment, were allowed to raise a local military force (PETA) but their relations with the Japanese were equivocal and they reinsured their risks of collaboration by secret contacts with the communist resistance movement (an alliance which was to persist into the post-war period). They also formed a new political body with the significant title of 'People's Association of Peninsular Indonesia' (KRIS). The Japanese in the last days of their rule when the end was in sight did promise to hand over Indonesia and Malaya to a puppet government but the promise as regards Malaya was not kept and the whole PETA/KRIS movement collapsed in disorder at the time of the Japanese surrender.[1] It had never commanded wide support among the Malays themselves and it was detested by others.

The Japanese also attempted to exploit Indian nationalism by raising an Indian National Army (INA) for service in the liberation of India.[2] Against the Malayan Chinese they showed resentment and brutality as reprisal for the support which the Chinese had given to the National government of China in its resistance to Japanese invasion.[3] The small but important Eurasian element in the Malayan middle class, very loyal to the British, was also marked down for maltreatment.

The northern Malay States of the U.M.S. were returned to Thai control as a sop to Thai nationalism. The rest of Malaya was ruled as a Japanese colony under senior officers as military governors. The Japanese made themselves so hated that for a decade after the war it was deemed unsafe for individual Japanese to visit Malaya. There was no lack of local contact or information since the Japanese administration included a number of businessmen and others with long experience of Malaya, but it was a harsh and unresponsive régime, brutal in dealing with those who disobeyed it and incompetent in its management of the economy. The failure of the Japanese in their government of the country was in part due to the increasing difficulties of their own war economy. In the course of the short campaign of 1941–42 Malaya suffered destruction of machinery, bridges, etc. in the course of the British withdrawal. Destruction of tin-mining equipment put much of the dredging capacity of the industry out of action for the duration of the war. The rubber

[1] Radin Soenarno, op. cit., pp. 23–6.

[2] The INA was the military arm of the *Jai Hind* (Free India) movement through which the former Indian Congress leader, Subhas Chandra Bose, attempted to rally the overseas Indians of South-East Asia. A small INA contingent from Malaya reached Burma but took no part in the fighting there. In general the Malayan Indian community was suspicious of the real intentions of the Japanese towards India and lukewarm towards *Jai Hind* and the INA.

[3] V. Purcell, *The Chinese in Malaya*, pp. 248–56, gives an account of these atrocities.

industry was by its nature less susceptible to 'scorched earth' treatment and emerged comparatively unscathed. However, both the tin and rubber industries soon came to an almost complete standstill since Japan's industry could not use Malaya's full output of these materials. From 1943 the erosion of the Japanese mercantile marine by allied submarine attack made it impossible to export such cargoes if they had been produced. An oppressive stagnation settled on the formerly dynamic Malayan economy.

The immediate effect was massive unemployment. There was also acute shortage of food since there were no ships to bring rice from Burma and Thailand. The urban unemployed had either to subsist on the hated tapioca – rice rationing was a farce – or drift off into the countryside. The Japanese encouraged this trend by rounding up town-dwellers and removing them to plant food-crops in remote places where, as in the nineteenth century, malaria was a scourge to settlers on newly cleared land. The Japanese also attempted to requisition the local rice crop with the result that the Malay farmers neglected their fields or let them go out of cultivation altogether. Local rice production in Malaya fell by one-third.[1] The Indian estate labourers suffered worst of all. Some 60,000 of them were taken off to work on the construction of the railway from Bangkok to Moulmein by which the Japanese hoped to supply their forces in Burma and relieve their hard-pressed merchant marine. Of the Indians sent to the 'Death Railway' only one in three returned to Malaya after the war.[2] The excellent Malayan medical and health services went to pieces for lack of staff and of drugs (requisitioned for Japanese use). Mortality so increased (and the birth-rate declined) that Malaya's normal pre-war net increase in population of 100,000 per annum disappeared; for 1945 there was a net *decline* of over 10,000.[3]

The printing presses churned out 'Banana Dollars'[4] in unceasing flow but there were fewer and fewer goods on which to spend them. It was galloping inflation towards the end. The social services were disrupted. Many school buildings were put to other use. Chinese education was brought to a halt. Other schools if not closed were required to alter their curriculum so as to afford priority to the teaching of Japanese.

[1] The Malayan crop was estimated at 221 million gantangs in 1940 and at 149 million in 1945. *Annual Report on the Malayan Union for 1946*, para. 150 (cited hereafter as *Malayan Union Annual Report, 1946*).

[2] ibid. paras. 4 and 470. Over 40,000 died; 20,000 returned.

[3] ibid. para. 163. Increases of 111,627 and 106,443 in 1940 and 1941 respectively. Decrease of 12,899 in 1945. These figures do not include Singapore.

[4] The currency introduced by the Japanese bore a picture of a banana tree.

The teachers, however, played a leading part in maintaining the underground resistance in the towns despite torture and other reprisals by the Japanese Security Police (the Kempeitai) supported by a demoralised Malay police force. The most memorable testimony of these very brave men and women is found in a letter left by P. G. Mahadasa, a Malacca schoolmaster:

> 'I am writing this in my cell with manacled hands on the eve of my execution. I am no felon but a compatriot condemned to death for listening to the BBC news and telling it to pro-British friends. I did this for two years until I was betrayed. The Japanese Military Police tortured and finally sentenced me to be hanged. . . .
>
> I helped to keep up the morale of our people and there are many to say so. Had I lived I should have been rewarded. I have no regrets . . . I die gladly for freedom. My enemies fail to conquer my soul. I forgive them for what they did to my poor frail body. . . . To my dear old boys, tell them that their teacher died with a smile on his lips.'[1]

In the countryside both the methods and the ideology of the resistance were different. In the period of brief co-operation with the British in 1941–42 some MCP leaders had been given training in guerrilla tactics by British officers and they withdrew into the jungle and formed the nucleus of the Malayan People's Anti-Japanese Army (MPAJA). Their numbers were augmented by other Chinese who, taking refuge with them in flight from Japanese oppression, were soon indoctrinated as communists. British officers arrived by submarine or parachute to assist them in a campaign of sabotage directed mainly against Japanese communications.[2] By 1945 the MPAJA were about 7,000 strong and had been given the role of harassing the Japanese from the rear when the British invasion forces attacked over the beaches – as was planned for the autumn of 1945.

The Japanese surrender in August 1945 spared Malaya the carnage and damage of a major campaign. There was then a troubled interregnum of about a month between the collapse of the Japanese régime in Malaya in August and the establishment of effective British administration in early September. During this period inter-communal tension between Malays and Chinese flared up into serious, though fortunately sporadic, bloodshed.

[1] *Malayan Union Annual Report, 1946*, para. 221.
[2] F. Spencer Chapman, *The Jungle is Neutral*, gives a masterly account of these operations.

There was general rejoicing that the ordeal was over. The welcome accorded to the returning British was genuine, spontaneous and yet beneath the surface somewhat constrained. There were crowds and triumphal arches in the streets. There were tea-parties and loyal addresses – the Malayan conjunction to celebrate a public event. There was evidence that throughout the years of discouragement the local staff of government departments had striven to maintain the standards to which they had been trained – an eloquent tribute to the men who had trained them. A celebrated story is told of a British official emerging from the internment camp to be met at the gate with the change of clothes, washed and neatly ironed, which he had worn and discarded on his last day of liberty in 1942 – this in a country which (in 1945) suffered a severe shortage of textiles.

The constraint of the Malayans was due to uncertainty as to what was going to happen next and to a feeling that there could be no simple going back to the old scheme of things. It was perhaps most significant of all that the British referred to the 'liberation' of Malaya but the Malayans quietly persisted in calling it the 'reoccupation'.

Chapter 9

Post-war Reconstruction (1945-48)

THE JAPANESE SURRENDER came unexpectedly just when British and Indian troops were embarking themselves and their equipment at Indian ports for an assault upon the Japanese forces in Malaya. Despite the outbreak of peace the movement of ships and men went forward in accordance with the operational plan. It was part of that plan that the Supreme Allied Commander (Admiral Mountbatten) should govern Malaya through a British Military Administration (BMA) until civil government could be restored. Accordingly the BMA administered Malaya from early September 1945 until 31 March 1946. Meanwhile the pre-war staff of British civil servants who had been internees or prisoners of war in Japanese hands were sent home to recuperate. The BMA interregnum also gave the British government time in which to prepare the new constitutional arrangements which it proposed to introduce in Malaya.

Although Malaya escaped the damage and disorganisation which befalls a country fought over by modern armies, it was in 1945 near to breakdown. There was crime and disorder, an acute shortage of food made worse by the collapse of the Japanese rationing system, a worthless currency, a stagnant economy and widespread unemployment, and malnutrition and disease among a debilitated population. Communications, buildings and equipment damaged by war or neglect had to be rehabilitated before a sound economy could be restored.

By mid-September 1945 the BMA had deployed its staff throughout Malaya and was able to keep order in the towns, large and small, despite the inevitable and transitory wave of looting and burglary. In the countryside, however, the situation was precarious. The police force, predominantly Malay, had been used by the Japanese to enforce their orders and to support their operations against the communist (MPAJA) guerrillas and their suspected supporters. With the Japanese surrender there was a collapse in police morale so that the force had to be withdrawn from duty for investigation of the conduct of individuals and for general retraining. For a month

or two very little was seen of the police and the British troops who were stationed in country districts as a substitute were handicapped by lack of local knowledge. Meanwhile MPAJA detachments, by no means fully responsive to the British liaison officers attached to their higher commanders, roamed the countryside paying off old scores against those people (mainly Malays) who had been suspected informers. To enquiries regarding a missing villager the answer was too often returned – 'The subject of an MPAJA operation'. These reprisals were marked by an arrogant contumely which added to Malay resentment. The acting Malay chief of Jelebu in Negri Sembilan, for example, was paraded through the main street of the district town with his hands tied behind his back. To his indignant Malay subjects this act was – and was intended to appear – an expression of Chinese contempt for Malay political rights embodied in the arrested man. The subsequent conviction of the arrested man before a British judge on a serious charge came too late to erase the effect.

The Malays suffer affronts or wrongs with patience up to a point and then their self-control breaks and they 'run amuck'.[1] So there were reprisals. In west Johore there was almost a Sino-Malay civil war in miniature. In the interior of Negri Sembilan Malays fell on Chinese villagers, mainly women and children, and slaughtered forty of them. In Perak the Chinese set upon the Malays. Each act of vengeance was like a pebble dropped in a pond. The widening ripples of fear and hate spread rancour and panic for miles around. For example, in the town of Seremban in Negri Sembilan, the massacre referred to above caused a wave of hysterical panic to seize several thousand Chinese during a most untimely failure of the town electric light supply.

The reorganised police under British officers gradually resumed control. The MPAJA were disarmed and disbanded and confidence seeped slowly back. To the more thoughtful moderates among the future political leaders of the two major communities these unprecedented episodes of Sino-Malay conflict were a warning of what might happen again in the course of progress towards self-government unless these inter-communal tensions could be relieved. In a sense the feuds of late 1945 sowed the seeds of the Alliance government of the mid-1950s.

Measures were taken to control the available stocks of food and to distribute them fairly but in the short run the acute shortage could

[1] This is a Malay term which R. J. Wilkinson, *Malay-English Dictionary* (1932 edn.), defines as 'indiscriminate murder by a desperate man who neither expects nor desires mercy'. In modern times cases of *amok* are extremely rare.

not be relieved. Owing to the fall in both local production and imports of rice since 1942 the available supplies in 1946 were only 40 per cent of normal requirements. This was a catastrophe. In Malaya, as in most Asian countries, rice is the main dish to which a little fish, meat or vegetables is added as a relish. In Malay, for example, the expression 'to eat rice' also means 'to have a meal'. In normal times the labourer engaged on heavy work consumed 1–1½ lb. (dry weight) of rice each day. He had now to make do with an official ration of 4½ oz. (which was raised by stages to 8 oz. in 1948) plus what he could get in the black market at ten times the pre-war price. Traditional diet preferences were so strong that neither maize, millet, wheat flour nor even American rice were an acceptable substitute. Wages soon trebled as compared with the pre-war level but for a year or two after 1945 the labourer and his family suffered real hardship. This fact contributed to the wave of strikes and unrest.

By 1948 the supply position had materially improved as the following figures show:

Malayan Rice Supplies[1]
('000 tons)

Year	*Local Production*	*Net Imports*	*Total Supplies*
1940	335	635	970
1946	225	136	361
1947	257	237	494
1948	343	450	793

In consequence free market rice prices fell to a less exorbitant level.

Although local production was restored to a normal level by 1948 there was a deficiency, which continued into the 1950s, in Malaya's imports from the pool of surplus rice available for export from the granaries of South-East Asia – Thailand, Burma and Indo-China. The reasons lie outside the scope of a book concerned with Malaya alone. For a decade Malaya was obliged to purchase the greater part of its imports under 'government to government' contracts and as a result the consumer was confronted at his daily mealtimes with 'government rice' of variable quality which had been overlong in store. It is not too fanciful to attribute to these experiences the marked Malayan distaste for state trading in any commodity.

There was also a serious shortage of textiles since Malaya produces

[1] *The Federation of Malaya Annual Report, 1948*, pp. 51–2 (cited hereafter as *Federation Annual Report, 1948*).

only a limited quantity from its small handloom industry. In 1945 many of the poor were literally half-naked. The shortage of clothing was a serious disincentive to regular attendance at work, especially dirty jobs such as padi-planting. Accordingly the first limited supplies of imported cloth in 1946 were reserved to estate workers, padi-planters, etc. but soon the looms of Japan and India were able to meet Malaya's needs again in full.

Over the period 1942–45 there had been growing malnutrition, deterioration in anti-malarial measures, and the medical services went to pieces. It was feared in the autumn of 1945 that epidemic disease might sweep through the country. There was indeed a minor smallpox outbreak and a considerable increase in deaths by malaria, but a firm grip was taken on medical and health problems before the threatened catastrophe occurred.

The physical war damage suffered by the rubber industry was the least of its post-war problems. Only 2½ per cent of the rubber acreage had been cleared or otherwise damaged. The remainder although somewhat overgrown was found to have benefited from the enforced rest so that for a year or two it yielded at an exceptional rate. It took time of course to rebuild the staff and labour force of the estates and to re-equip them with new plant and machinery. The gravest damage was the loss of four years, during which there had been no further replanting with high-yielding rubber, and the war-time development in America of a synthetic rubber industry to replace the lost supplies of natural rubber in the Far East. The effect of these changes on the competitive strength of the industry was to be felt long after the war damage proper had been made good.[1]

The tin industry, especially the dredging section, took longer to recover because its complicated machines had suffered more serious damage and were more difficult to replace in the general shortage of engineering supplies of the immediate post-war years.

Here again let the figures speak for themselves:

Malayan Production of Rubber and Tin[2]
('000 tons)

Year	*Rubber*	*Tin*
1940	547	81
1946	403	8
1947	645	27
1948	697	45

[1] *v.i.* p. 227.

[2] *Federation Annual Report, 1948*, pp. 50 and 67.

However, the term of trade had moved against Malaya in the post-war world. In the 1930s the proceeds of exporting a pound of rubber had generally sufficed to pay for at least five pounds of imported rice. In the late 1940s the ratio was about one for one (or less in the black market for rice). This factor as much as the physical shortages explains the hard times of the immediate post-war years. The rise in commodity prices which came with the Korean boom of 1950–51 and the fall in world rice prices as the worst of the scarcity passed brought the ratio back to about one to two or three (rubber for rice) but the days of really cheap food were gone for ever.

The task of post-war rehabilitation included the settlement of innumerable complicated financial and legal problems which were a legacy from the war and the Japanese occupation. We may heave a sigh of relief that shortage of space prevents us from entering on such technical questions as retrospective debtor and creditor legislation, war damage compensation and the like.

The sudden British defeat in Malaya in 1942 had been followed by a flood of criticism in Britain and allied countries. Apart from military questions it was alleged that the multiplicity of governments in pre-war Malaya and the discrimination in favour of Malays at the expense of Chinese and Indians had caused administrative inefficiency and popular apathy, both detrimental to the British defence of Malaya. As explanations of the 1942 débâcle these criticisms were of only marginal significance but they spurred the British Colonial Office to renewed efforts at achieving a unification of Malaya, which had been the key concept of the largely abortive Clementi proposals of the early 1930s. In the post-war world Malaya's independence could not be indefinitely postponed and unity was an essential pre-condition of independence.

The Malay rulers were expected on the basis of past form to fight a successful rearguard action against any scheme of unification if they were given time to regain their confidence after the sudden changes of the period 1942–45. It was therefore decided to rush the new arrangements through during the short period of British military government so that civil government could be restored on the new basis without ever reverting to the pre-war régime with its built-in strong-points of Malay conservatism.

The main points of the new policy were announced in October 1945.[1] The nine Malay States and the two Settlements of Penang

[1] Cmnd. Paper 6724 of 1946, *Malayan Union and Singapore*. J. V. Allen, *The Malayan Union*, gives an excellent and scholarly account of the birth and demise of the Malayan Union.

and Malacca were to be merged in a unitary Malayan Union but Singapore was to remain a separate colony under its own governor. The Malay States had always feared the dominance of Singapore and would certainly oppose the inclusion of Singapore's million Chinese, if, as was now envisaged, there was to be a system of elections to legislative councils. The Malayan Union without Singapore would have a large Malay majority but if Singapore were included the balance would just tilt in favour of the Chinese. A second consideration was that the Malayan Union, like the Malay States previously, would raise a substantial part of its revenues from customs duties. By contrast Singapore since its foundation in 1819 had built up its trade as a free port and would not willingly enter a Malayan customs union.[1] Thirdly, there were important naval and military bases in Singapore which Britain hoped to retain after the rest of Malaya became independent.

Within the Malayan Union the government was to be carried on in the name of the British Crown to which the Malay rulers of the nine States were to cede their sovereignty. Malays, Chinese, Indians and others if linked with Malaya by local birth or a prescribed period of residence were to be eligible for Malayan Union citizenship. Citizens could enjoy full political rights but still, if they wished, retain their status as British, Chinese or Indian nationals. The whole conception of the Malay rulers as the embodiment of sovereignty and the Malays as a privileged indigenous community was to be replaced by a system of equal rights for all under a colonial régime heading for democratic self-government. To justify the abrogation of Malay rights it was argued that the Malays were now a minority community in Malaya.

Sir Harold MacMichael[2] was sent to Malaya in the autumn of 1945 as the special representative of the British government. He visited each of the Malay rulers[3] and laid before them the treaty which they were individually invited to sign. No amendments could be discussed because the treaty must be uniform for all States. No time was allowed for consultation between the rulers of different States. If, as was generally the case, their State Council had fallen

[1] Penang, with an equally long history of free-port status and entrepôt trade, was included in the Malayan Union customs area but its merchants protested strongly. It reverted to being a free port (still administratively part of Malaya) in 1949.

[2] Sir Harold was a newcomer to Malaya but had served with distinction in the Sudan and Palestine (both with Islamic populations) and also in Tanganyika.

[3] In Negri Sembilan sovereignty and the power to make treaties are shared by six rulers, of whom the *Yang di-Pertuan Besar* is *primus inter pares*. This is a reflection of the unique constitutional structure based on a confederation of matrilineal tribes.

into desuetude during the Japanese occupation, no time was allowed in which to reconstitute and reconvene it, as custom if not law required, before taking so momentous a step as the new treaty involved. Sir Harold also informed the rulers that he was authorised to review their relations with the Japanese and, if the facts warranted it, to recommend their supersession. Two Sultans appointed in admittedly irregular circumstances during the Japanese occupation had in fact been deposed and replaced before Sir Harold's arrival. It is hardly surprising that the rulers of all nine States executed the treaty. It was all very legal though hardly very creditable. The merits of the Malayan Union concept were unhappily obliterated by the manner of its introduction.

Malay popular reaction was the more rapid because of the encouragement afforded by letters to *The Times* and other protests from former British administrators who had held high office in Malaya before the war. Within a matter of weeks the Malays had formed a political organisation, unprecedented in Malaya, and found themselves a leader. The United Malay Nationalist Organisation (UMNO) was constituted early in 1946 by a fusion of a number of local Malay associations[1] which had found common cause in protesting against the new constitution. The first President of UMNO was Dato' Onn bin Ja'afar who was for the next four or five years the most powerful and influential political leader in Malaya. A member of the Malay aristocracy of Johore with Middle Eastern blood on his mother's side Dato' Onn had been educated in England. During the thirty years following his return to Malaya in 1910 he had alternated between a career in the Johore civil service and (when at loggerheads with the Establishment) periods of Malay journalism. By 1946 he had risen to be Chief Minister of Johore, like his father and grandfather before him. Many other UMNO leaders at this time were, like Dato' Onn, civil servants still employed by the government which they criticised and opposed.[2] Since almost every well-educated Malay of character and ability was a civil servant, this anomalous situation had to be accepted if the Malay community was to have effective political leadership.

Backed by UMNO the Malay rulers made their protest. They refused to attend the installation of the first Governor of the Malayan Union, Sir Edward Gent, who assumed office on 1 April 1946. Malays of all classes are by disposition courteous and in matters of ceremonial and protocol most punctilious. Coming from Malay

[1] v.s. p. 88.
[2] An official government circular authorised the grant of leave to attend UMNO meetings as required.

Sultans this boycott resounded with the éclat of an anarchist's bomb. It was even heard in Downing Street.

The Colonial Office heeded the warning and invited the Malay rulers and UMNO to join in discussions to work out a more acceptable constitution. To negotiate with the Malays alone was to jettison the principle of the Malayan Union and revert to the pre-war constitutional theory and practice. The Malays on their side, however, accepted British stipulations that any new constitution to replace the Malayan Union must (a) provide a strong central government for the entire territory and (b) offer citizenship to all who had made their home in Malaya.

From these discussions emerged the plan for the Federation of Malaya. In terms of precedent the new Federation was the old F.M.S. of central Malaya extended to take in the whole Peninsula (and Penang Island). The federal government, to be headed by a British High Commissioner (in place of the Governor of the Malayan Union) was given particularly strong powers in the field of finance by virtue of which it could co-ordinate almost everything since there are few government activities which have no financial aspect. This feature of the working of the new constitution, when it was later realised by the State governments, caused some heart-burning. There was also to be a federal legislative council of seventy-six official and nominated unofficial members which became in practice the dominant legislative body and forum of political discussion throughout the Federation of Malaya.

The constitutions of the nine States were an extension of the old U.M.S. system to the F.M.S. States. Each of the States was to have a chief executive (*Mentri Besar*) and a deputy (State Secretary) both of whom must be Malays. There was also a British Adviser (no longer a 'Resident') but the Malay chief executives, drawn from among the most experienced members of the civil service, kept a vigilant eye to ensure that the Advisers did not reassume the executive powers of the pre-war British Residents of the F.M.S. In one State of the former F.M.S. the British Adviser was allowed to see only one file (the minutes of the Social Welfare Committee) during his first month in office in 1948; after that the ice thawed a little.

The rules governing federal citizenship were frequently altered during the period from 1948 onwards.[1] The general effect of the first rules which came into force in 1948 was that almost every Malay

[1] The details of these changes are summarised in Appendix 1 to the author's earlier book in this series entitled *Malaya* (see Preface to this book). With the passage of time they have become less important as an ever-increasing proportion of the population qualified for citizenship by local birth.

became a federal citizen. Non-Malays were automatically eligible (taking the most common case) if they were born of parents both of whom had been born and resident for fifteen years in the Federation. (This would incidentally exclude the numerous Chinese of Singapore origin.) It was also possible to apply for citizenship on the basis of the applicant's own local birth or residence.[1]

There were special provisions to safeguard Malay rights. The federal government was to be carried on by the High Commissioner in the names of the Malay rulers jointly with the British Crown. They shared in the act of legislation and resumed the sovereignty of their respective States. There was also to be a Conference of Rulers which the High Commissioner had to consult on matters of importance including immigration policy.

At the end of 1946 when the Anglo-Malay discussions had been concluded the resultant proposals were referred to the Chinese and other non-Malay associations for comment. Their reactions were hostile but ineffectual. They objected particularly to the exclusion of Singapore even though this feature was merely taken over from the Malayan Union. The whole procedure of exclusive Anglo-Malay constitutional discussions and the general bias of the Federation in favour of the Malays were understandably unwelcome to the other communities.

Protests against the proposed Federation brought together the middle-class moderates of the Chinese and Indian communities and the Malayan Communist Party and other extreme left-wing movements. Before describing this coalition further we must trace the MCP's activities from the time of the Japanese surrender.

The MCP emerged from the end of the war in a position of great strength. Its military arm, the MPAJA, was the only Malayan armed body in being. As a result of its anti-Japanese activities the MCP had captured from the KMT (now a mere shadow of its pre-war self) the leadership of Chinese nationalism in Malaya. The middle-class Chinese had for the time being lost all influence. Yet the communists lacked a clear-cut policy for exploiting their strength and their leaders were divided in their views on what should be done. Some wished to turn immediately against the British before they could re-establish their rule. Others, who prevailed in the first instance, advocated a policy of rebuilding their hold over 'the masses' before the coming struggle. They were persuaded to disband

[1] At the end of 1950 when the system had been in operation for almost three years it was estimated that there were in total 2½ million Malay, half a million Chinese, and 275,000 other federal citizens (*Federation of Malaya Annual Report, 1950*, p. 24).

the MPAJA in December 1945, on payment of a sum of $350 from British funds to each man who handed in his carbine. Yet they also kept back a large quantity of hidden arms and organised the disbanded men in an Old Comrades' Association to facilitate re-mobilisation. By early 1946 the school of MCP leaders which advocated a trial of strength with the British was in the ascendant. Following police arrests of thirty ex-guerrillas on criminal charges, the MCP called a general strike throughout Malaya for 29 January 1946, and by well-organised intimidation brought working life to a standstill for one day. An attempt to repeat this success on 15 February (the anniversary of the British surrender in 1942) was foiled by effective preventive measures taken by the British authorities.

Meanwhile there had been a reversion to the basic communist strategy of infiltrating political bodies and trade unions so as to build up a mass of popular movement under communist leadership. The serious unrest among workers owing to the scarcity and high prices of rice and other necessaries made it easy for the MCP to establish very rapidly a network of communist-dominated unions. The ensuing wave of strikes was directed by headquarters 'Federations' into which the new unions were regimented. Two visiting British trade unionists reported[1] that the Federations 'call strikes, but pay no strike pay or similar benefits; frame demands but carry out no negotiations, preferring to remain in the background and to act as "the power behind the throne", while pushing forward union leaders whom they interfere with and often intimidate'.

The British were slow to react against these abuses. It was their policy to give the 'labour movement' its head in the hope that in time soberer counsels would prevail. Without the local intelligence network of a separate Chinese Protectorate[2] (now merged with the Labour Department) the government's understanding of what was afoot was defective. However, in time the imperative necessity of action could no longer be disputed. In May 1948 trade union legislation was amended to prohibit federations of unions from extending over several different industries and to require trade union officers, other than paid secretaries, to be persons with at least three years' previous employment in the industry whose workers they claimed to represent.[3] It was an effective stroke but by this

[1] S. S. Awbery and F. W. Dalley, *Labour and Trade Union Organisation in the Federation of Malaya and Singapore*, p. 27.

[2] The original title of 'Chinese Protectorate' adopted in 1877 when the department was first established (*v.s.* pp. 59 and 75) was later changed to 'Secretariat for Chinese Affairs'.

[3] Moreover, persons convicted of extortion or intimidation were thereby disqualified from office.

time the infiltration of trade unions had ceased to be the centrepiece of communist strategy.

During the same period (1946–48) the MCP was seeking allies among the political movements opposed to the restored Anglo-Malay coalition. Among the Malays themselves there was a left-wing Malay Nationalist Party (MNP) with strong Indonesian and communist connections which had been formed as a successor to the defunct PETA/KRIS organisation.[1] In Singapore there emerged a Malayan Democratic Union (MDU) led by Chinese, Indian and Eurasian intellectuals. Neither of these bodies at first commanded wide support.[2] However, late in 1946 the MDU became the centre of a political alliance, called the Pan-Malayan Council of Joint Action (PMCJA), which brought together such strange bedfellows as the Straits Chinese (still led by Tan Cheng Lock),[3] other middle-class Chinese nationalists of KMT persuasion and a group of communist organisations headed by the MCP. The PMCJA front was formed to campaign against the proposed Federation of Malaya constitution. The Malay opposition led by the MNP at first formed its own front called PUTERA but by mid-1947 there was a PMCJA-PUTERA coalition. The MCP was thus well-placed to control a widely based movement in which nationalists, radicals and intelligentsia were united in opposition to the alleged feudal and colonial features of a new constitution negotiated between the British government, the Sultans and the Malay upper class, supported by most of the essentially conservative Malay peasantry.

The weakness of the PMCJA-PUTERA coalition was its inherently negative character. Its own programme was an uneasy set of compromises between irreconcilable points of view which carried little conviction or popular appeal. Even so it might have fought a long rearguard action under skilful leadership. But the communists were soon back on the familiar tack of closing down the business of the country for a day (the so-called 'hartal') by mass intimidation. An attempt at a demonstration of this kind throughout Malaya in October 1947 failed because the moderates in this coalition were not prepared metaphorically to man the barricades. When it became clear that the British government and the Malay rulers intended to proceed with their plan for a Federation of Malaya (which duly replaced the Malayan Union on 1 February 1948) the middle-class supporters of PMCJA bowed to the inevitable. The coalition crumbled away and with it the MDU.

[1] *v.s.* p. 95.
[2] Dato' Onn, an opponent, estimated MNP membership at 6,000 (Radin Soenarno, op. cit., p. 32).
[3] *v.s.* p. 91.

The eclipse for the time being of the Singapore intellectuals who led the MDU was one sign among many of the political apathy which prevailed among the general body of the Singapore Chinese just after the war. A conventional colonial government had been instituted there in April 1946. In due course a system of elections to fill certain seats on the legislative council was instituted in 1948. Only 22,400 people, perhaps a tenth of the qualified electorate, registered to vote and the majority of those who registered were Indians. The communists had fomented strikes in Singapore as elsewhere in Malaya but it was not their practice to put their influence to the test of properly conducted elections. The successful candidates were relatively moderate progressive reformers.

The outcome of the confused political struggle of the period 1946–48 may be summarised as follows: (1) a federal constitution for the Malay Peninsula and Penang based on the continued primacy of Malay rights; (2) a strong Malay political party (UMNO) with wide support among all classes of the Malay community; (3) a discreditable failure by the MCP in its efforts to build up a mass labour movement and a united non-Malay political front; and (4) limited progress towards representative government in Singapore.

Chapter 10

The Communist Revolt

COMMUNISM FIRST BECAME a significant force in Malaya in the middle 1920s when under the cloak of its association with the Chinese nationalism of the KMT it took hold on the emergent labour movement. After a set-back in the early 1930s it succeeded in widening its influence among Malayan Chinese labour by exploiting the wave of patriotic support for China when its struggle with Japan was renewed in 1937. During the period of Japanese occupation of Malaya the communists had led the Chinese resistance movement and built up a guerrilla force (the MPAJA) aided by a civilian underground organisation. Then in the immediate post-war years uncertain and divided leadership lost the communists much of the ground which they had gained. An account of these reverses has been given in the preceding chapter which carries the story down to the beginning of 1948.

At this point the MCP received new instructions from Moscow through contacts at the Communist Youth Conference held in Calcutta in February 1948[1]. Russia had broken with her war-time allies and her global strategy now required that trouble should be fomented in the Far Eastern colonial dependencies of Britain and other European powers so as to divert their military resources and also weaken their economic strength. The MCP, like other communist parties in South-East Asia, was summoned to revolt.

The call was welcomed. Many former members of the MPAJA had been disappointed by their disbandment in 1945 and were eager to renew the fray. Weapons sent into the MPAJA by the British during the war had been cached in the jungle against the day of revolt. In the jungle they had a familiar and convenient base of operations with dense cover against superior forces. Along the fringe of jungle edge there were many thousands of Chinese squatters among whom the war-time civilian support organisation (later called the 'Min Yuen') could easily be revived. The Malayan police made

[1] This is the generally accepted version (J. H. Brimmell, *Communism in South East Asia*, p. 210). Some authorities consider that the connection between the Calcutta Conference and subsequent events in Malaya is not proven (G. Z. Hanrahan, *The Communist Struggle in Malaya*, p. 63).

reports on communist preparations for mobilisation but higher authority was not disposed to believe them. The majority of the former MPAJA and communist political leaders escaped into the jungle or went underground before orders for their arrest had been given.

The communist strategy was: (1) to dislocate the Malayan economy by attacks on plantations and mines, many of which bordered the jungle; (2) to establish 'liberated areas' under their control; and (3) to lead a popular revolt in the form of a 'liberation army' which would link the liberated areas and complete the conquest of Malaya. This strategy, modelled on the successful communist campaigns in China, was over-ambitious in Malayan conditions and doomed to failure. The communists did a great deal of damage but they did not achieve the total economic dislocation planned for Phase 1; Phases 2 and 3 remained a dream.

The first major blow of the campaign was the murder of three European managers of rubber plantations at Sungei Siput in Perak in June 1948. The federal government proclaimed a State of Emergency[1] to augment its legal powers. A prolonged war of attrition had begun. The disparity in the strength of the opposed forces is striking. The number of armed terrorists in 1948 was 4,000–5,000 rising to about 8,000 in the early 1950s. Losses were made good by new recruits so that terrorist strength was undiminished until about 1954, when the tide had long since turned against them. At the height of the campaign the forces deployed against them comprised some 40,000 regular soldiers (including several battalions of the Malay Regiment) supported on occasion by aircraft, artillery and naval vessels, some 70,000 police and a quarter of a million village 'Home Guards' plus any administrative or technical services of the local government which were required. The cost of these operations to the Federation government alone was of the order of £20,000 per day for several years.

It was a grim game of 'hide and seek' in which numerically superior pursuers hunted down terrorist bands whose refuge was the jungle. However, for several years the terrorists retained the local initiative in areas of their own choice and did great damage. The tasks of the security forces were to protect life and property against terrorist attacks and then to eliminate the terrorist forces themselves. The first task called for an elaborate and costly defensive system of

[1] The State of Emergency remained in force until ceremonially ended on 31 July 1960. The long struggle is usually referred to in Malaya as 'the Emergency'. The armed communists were called 'Communist terrorists' (CT's in official parlance) and the forces deployed against them were collectively called the 'security forces'.

barbed wire fences, floodlighting, wireless communications, armoured vehicles and other equipment manned by armed and trained men. There were innumerable possible targets of communist attack and some of them were human beings who had to go about their essential duties. Hence the defensive system could never completely guarantee the safety of anyone or anything. The all-pervasive nature of the risk was exemplified in the death of the British High Commissioner, Sir Henry Gurney, in a roadside terrorist ambush in October 1951. The most exposed members of the community were the managers of plantations and mines and their staffs. They had been singled out for assassination as part of Phase 1 of the terrorist strategy and the nature of their work obliged them to live in siege conditions threatened continuously by terrorist attack. Their bungalows, surrounded by barbed wire, lit at night by floodlights, patrolled by armed sentries, were small and by no means impregnable fortresses. In their daily rounds they travelled in vehicles protected with armour plate, escorted by bodyguards, moving unannounced to their destinations and returning always by a different route. Like front-line troops they had to be brought out at intervals for a period of rest in the security of a large town. The strain was appalling.

During the first few years casualties were fairly heavy. About one in ten of the planters were murdered. The Malayan subordinate staff and estate labourers also suffered. They were not usually singled out for attack in the first instance but it happened not infrequently that an individual was murdered in atrocious fashion as a warning to others that they should not refuse to supply food or information to the terrorists on demand. Great damage was done to property. Buildings and vehicles were burnt, rubber trees were slashed. The theft of rubber on a large scale served to provide the terrorists with funds for their campaign.

Direct military action against the terrorists was immensely laborious in relation to the results achieved. The terrorists did not stand and fight. They had no strongpoints or territory to defend. Their tactics were to use their own mobility and the cover afforded by the jungle to escape contact with their pursuers and then reappear elsewhere to take the local initiative against undefended or weakly held targets. British, Malay and other Commonwealth troops spent many weary hours on patrol, 'jungle-bashing' as they called it, with the object of contacting terrorists. The jungle is so thick that a man may pass within two or three feet of another in hiding and miss him. The terrorists always stationed sentries around their camps so that surprise was difficult to achieve and contacts were

fleeting. A soldier would often spend a thousand hours plodding through the jungle for each contact with terrorists. Dayaks from Borneo and other native guides were used as trackers but it was difficult to find and kill terrorists in such conditions. The most effective tactics were often to wait in ambush for terrorists emerging from the jungle to obtain supplies. For this purpose it was essential to have accurate information and considerable efforts were made to build up an effective system of intelligence.

The terrorists' supply system proved to be the weak link in the chain. Their losses by supply parties falling into ambush were not severe. The mortal blow was the government decision to remove and resettle the Chinese squatters from whom the armed terrorists obtained foodstuffs. This operation, planned and executed as a method of starving out the elusive terrorists, was a major effort of social and economic reconstruction. The 'New Villages' were the most significant legacy of the whole campaign.

The squatter problem was the product of periods of unemployment during the slump of 1932–34 and later in the time of the Japanese occupation of 1942–45. Unemployed Chinese took up land for food cultivation to support themselves and their families. Because they had no permanent title to the land (usually no title at all) they chose to settle in remote and inaccessible areas at the jungle edge. By 1948 their numbers were reckoned at 300,000. In the difficult period after the war the Government Land Offices failed to re-establish control. It was said of the squatters in an official report[1] that they adopted 'an attitude of denial of authority which they flout with impunity'. Despite their irregular occupation of the land they were an economic asset since they fed themselves and produced a surplus for sale in nearby towns. In southern Johore, adjacent to the huge urban market of Singapore, squatters had 40,000 acres under vegetables. They usually reared pigs for meat and used the manure as fertiliser. It was skilful and intensive farming.[2] The squatters also furnished a reservoir of labour for estates, mines and urban industries. It was found that the permanent inhabitants of many squatter areas, especially those within a twenty-mile radius of large towns, were mainly old men, women and children. Some of the absent able-bodied men may have been terrorists in the jungle but others had gone off to work in the towns where there was great

[1] *Report of Newboult Committee*, February 1949 (usually referred to as the 'Squatter Committee Report' in later reports).

[2] Some squatters, however, merely exhausted the fertility of the soil by shifting cultivation of tapioca or bananas on newly cleared jungle land.

overcrowding in working-class tenements.[1] So the working man left his dependants to fend for themselves as squatters and returned to visit them when he could.

In addition to squatter settlements there were remote Malay villages and also groups of estate labourers living on outlying divisions of plantations who were equally exposed to threats or persuasion by the terrorists in the jungle. In this way the civilian support organisation of the terrorists, the Min Yuen, ramified over a total rural population of about half a million. It was not difficult to extract from these people the foodstuffs required to maintain perhaps 5,000 terrorists who lived and moved in small parties. Anyone who refused to comply with the demands of the Min Yuen thereafter lived in continual fear of the knock on his door at night which heralded the arrival of a terrorist 'military work party'. Such victims were killed, usually with great brutality, before an enforced assembly of relatives and neighbours – *pour encourager les autres*. Some of the squatters were undoubtedly in active sympathy with the communists. The apathetic majority, however, could hardly be expected to set loyalty to a remote government which did not protect them above the immediate threat of being murdered. An official report commented 'the average squatter family ..... is industrious, close-fisted, lacking in civic sense, and, just now, deeply bewildered'.[2]

In the early stages of the campaign against the terrorists whole squatter villages were rounded up and consigned to internment camps from which the majority were eventually repatriated to China. In the first ten months of 1949 over 6,000 people were thus interned and 700 of them had already been repatriated by April 1950.[3] However, it was not possible, nor humane nor even sound economic policy to deal with half a million people in this way. The eventual solution, known as the Briggs Plan,[4] was to move the squatters and others to new settlements or sometimes to gather them together (called 'regrouping') in the same locality. In either case the old scattered settlements were replaced by compact new villages fortified with a barbed wire perimeter fence and protected by a

[1] *Malayan Union Annual Report, 1946*, para. 461, estimated the deficiency in working-class housing at 50,000 dwellings. The problem became worse as the economy revived (*v.i.* p. 257).

[2] *Federal Council Paper 14 of 1950.*

[3] ibid. The Chinese communist government was in control of the South China ports by late 1949. It turned a blind eye on repatriation of Malayan Chinese communist sympathisers provided that it was unobtrusively done under the guise of voluntary repatriation.

[4] Lt. Gen. Sir Harold Briggs was 'Director of Operations' against the terrorists at the time.

police station. The squatters were thus safeguarded against intimidation, brought under government control and administration for the first time, and cut off from contact with the terrorists in the jungle whom, willingly or otherwise, they had until then supplied with food and information.

The resettlement of about half a million people in the space of three years (1951–53) was carried through in haste as a military necessity. The sites of the new villages were sometimes chosen with more regard to their defensibility than to agricultural and economic considerations. These mistakes were remedied in time.[1] In general, the new villages were a success and their inhabitants benefited from the move. The squatters were given leases to their land and thus afforded improved security of tenure, a major consideration to the land-hungry Chinese peasant. Some of the villages were provided with piped water supply, electric light, schools, community centres, etc. Talks and demonstrations helped to educate the villagers and increase their sense of identity with their Malayan environment. They were allowed to manage their own affairs through village councils (though by all accounts these were not a great success) and to share in their own defence by raising home guard detachments. In effect, the Chinese squatter was for the first time integrated into the Malayan political and social system which demanded his loyalty. An immediate and unqualified response was not to be expected but this constructive approach was undoubtedly worth-while. In the short-term it tipped the tactical balance in the struggle with communist terrorism without alienating (as other harsher measures tended to) the sympathies of the general body of Malayan Chinese. In the long-term the new villages help to turn the Chinese squatter into a Malayan citizen.

In addition to the resettlement of squatters a variety of measures, some liberal and some repressive, were devised to build up the pressure of blockade on the terrorists and to isolate them psychologically as much as spatially from the general body of the Malayan people. There was an elaborate administrative apparatus of food rationing, restriction on movement of food and other essential supplies. The population were all issued with identity cards, a system which has since served to provide the illiterate Malayan with invaluable evidence of his identity and recent residence in Malaya. Villages with a bad record of support for the terrorists were subjected to collective fines, long daily curfews, etc., as a punishment. Captured

[1] Ten years later in 1962 400 new villages with a population of 300,000 were still in being as permanent settlements and were integrated into the rural development programme (*Sari Berita*, 31 May 1962).

terrorists, if deemed likely material for reformation, were sent to a special centre for rehabilitation and for instruction in a trade. The success rate was fairly high. More hardened characters, if no specific crime could be brought home to them, were shipped off to China.

The prolonged and apparently endless struggle became in the early 1950s a test of morale. Public concern at the continued success of the terrorists came to a head over the assassination of the High Commissioner, Sir Henry Gurney. His successor, General Sir Gerald Templer, combined in the same hand for the first time direction of military operations and of the civil administration in support of them. The General was probably the most forceful British proconsul who served in Malaya during the long period of British rule. He most effectively rallied failing morale and concerted military and civil efforts until the turning of the tide became obvious to all.

The communists themselves had realised within a few months of the opening of their terrorist campaign that they were not likely to achieve the decisive success on which they had counted. With a rigidity of thought which marks the communist mind they continued nonetheless to hammer away, doing a great deal of harm to Malaya and also to themselves, and achieving very little. The ruthless brutality of their destructive terrorism alienated such sympathy as they might otherwise have won from Chinese nationalists and left-wing intellectuals in Malaya. The communist victory in China in 1949 was a considerable stimulus to Chinese nationalism in Malaya but it did not enhance the standing of the MCP which had become a squalid nuisance, feared and disliked by all but its own immediate supporters. To the Malay and Indian communities the MCP was simply a manifestation of Chinese communal aggression.

In 1951 a change of world communist strategy gave priority to attracting and making use of nationalist sentiment in Asian countries so as to build up a communist-neutralist bloc against the western powers. The MCP maintained its terrorist campaign so that it could extricate itself without admitting error or defeat but it was glad to reduce the scale of effort required of its battered forces. Some of the terrorist detachments were withdrawn into the depths of the Malayan jungle out of contact with the security forces searching for them. Here they grew their own food in jungle clearings and bided their time. Terrorist attacks, reduced in scale, were now aimed more at the security forces and less at the local population in order to avoid antagonising the latter any further. Nonetheless the MCP was quite unable to find a wider basis of popular appeal.

The association of Malayan leaders in the government of the

country[1] and the improving, if still uncertain, prospect of self-government for Malaya in the near future were the means of isolating the MCP from the moderate nationalists whose support the communists so much hoped to win. Meanwhile the military effort against communist terrorism went on year after year with steady rather than dramatic success. It had become a war of attrition. It was found that the best results were obtained by concentrating military and police forces, intelligence work, food control, psychological warfare, etc. in certain selected areas throughout Malaya. Intensive pressure was maintained within each locality for months on end in order to wear down the terrorist band – sometimes a mere twenty or thirty men – still active there. At the outset few results were expected or achieved but months of relentless pressure exhausted the terrorists' food reserves and weakened their morale. Artillery bombarded the stretch of jungle in which they were known to be hiding. 'Voice aircraft' circling overhead emanated propaganda by loudspeaker, often the voice of a captured comrade calling on the others to follow his example and surrender. Casualties mounted; nerves cracked. So it went grimly on until the last man surrendered or was killed. One can feel sympathy for desperate men in such a trap.

Once an area had been permanently cleared of communists it was declared 'white', i.e. the innumerable and irksome restrictions of the anti-terrorist campaign could at last be relaxed – with consequent improvement in public morale. The focus of intensive pressure was then switched to some other area and the whole laborious operation repeated. Parachute detachments, or ground patrols supplied from the air, were sent to harass the terrorists deep in the jungle. Incendiary bombs were dropped to set fire to their crops. In time their numbers were reduced to a mere 500 or so and they were driven back to north Malaya from which they could not be dislodged since they could there obtain supplies and take refuge in Thai territory.

In the later years of the campaign, from the mid-1950s onwards, the political problems outgrew the purely military aspects in importance. The first of the political issues arose from the ambivalent attitude of the general body of the Malayan Chinese community which was in a difficult position. The Chinese resented the manner as much as the substance of the British government's switch from its Malayan Union policy (equality for all Malayan communities) to the Federation of Malaya constitution with its entrenched safeguards and preferences for the Malays. They were concerned at the hardships suffered by their fellow-countrymen of the squatter

[1] *v.i.* p. 129 et seq.

areas who were rounded up and interned in the first phase of the government drive to get control of the squatters. As Chinese they felt some pride in the national resurgence of China, marked by the partial victory of the Korean war, and yet these events demolished what remained of the prestige of the KMT, their old political organisation. They had no sympathy at all with the objects and methods of the MCP although it was a predominantly Chinese organisation locked in battle with British and Malay forces. Yet they feared that Chinese communism, local or metropolitan as it might be, would come out the winner in Malaya. So they sat on the fence hoping to avoid offending either of the opposed forces until it became clear which would be the victor. This attitude greatly exacerbated Sino-Malay relations for a time.

The Malays levelled two main reproaches against the Malayan Chinese. First, although the Malays (with whom service in the police is a national tradition) had flocked to serve in the enlarged security forces, the Chinese (who have a traditional prejudice against service of this kind) did not do so. In 1951, for example, when the government was preparing to conscript young men of all communities for national service 6,000 young Chinese left Malaya in three months and returned to China to avoid the call-up. The other reproach was that wealthy Chinese, so it was believed, contributed to MCP funds under the threat (a very real one) that if they failed to pay up they or their relatives would be killed.

The situation of the Malayan Chinese was the more difficult because at first they had no representative body through which they could consult together and negotiate with other interests. The KMT, even if it could be rehabilitated, was inappropriate since its focus of interest was China and not Malaya. Late in 1948 Tan Cheng Lock, the former PMCJA president and a much respected Straits Chinese with a long record of fighting his community's battles in the pre-war legislative council of the Straits Settlements,[1] took the lead in forming the Malayan Chinese Association (MCA). Like so many earlier Chinese representative bodies the MCA was active in raising money for the welfare of fellow-countrymen in need, in this case the resettled squatters. However, it was the wish of both the MCA leaders and of the Federal High Commissioner, Sir Henry Gurney, that the MCA should evolve as a political organisation. The Chinese of course hoped that the MCA would further their interests as UMNO had done for the Malays. The High Commissioner reckoned that a moderate but active Chinese political organisation would attract the support of the Malayan Chinese

[1] *v.s.* p. 91.

away from any lingering sympathy with the nationalistic aspect of the communist revolt. The subsequent activities of the MCA in the political field are related in the next chapter.

The second political issue which arose from the terrorist campaign was the communist attempt to return to legitimate political activity. In their terrorist campaign they were not winning and must ultimately lose. So long as there was a predominantly British régime in Malaya they could claim to lead a colonial freedom movement. However, after the elected Alliance government had taken office in 1955 the MCP was undeniably in conflict with Malayan nationalism. These local factors and the latest directive of international communism both impelled the MCP to seek peace. On the other hand, the MCP as a party was a proscribed organisation. Those individual communists who fell into government hands were either tried on criminal charges or were detained under Emergency regulations as a danger to public order. There was little advantage in laying down their arms unless they could first get these policies rescinded.

The British authorities, having learnt their lesson from the catastrophe of 1948, were in no mood to relax their grip again. At the other extreme were a few left-wing Malayan political leaders, with little following, who advocated a negotiated settlement which would permit the MCP to secure its minimum terms. In between were the Malay and Chinese leaders of UMNO and the MCA, uncertain as to the course to adopt. They too did not wish to allow the MCP to resume its subversive activities as a legitimate political party. On the other hand, the continuing campaign against the terrorists cost money which would be better spent on the economic and social improvements which as community leaders they earnestly wished to secure. Moreover, it seemed that terrorism barred the way to complete independence. A British Colonial Secretary arriving in Malaya at the end of 1951 declared that 'law and order must be restored before there is further political progress'.[1] This declaration was met with protests and was retracted almost immediately. Yet it was clear to all that under any régime the appalling burden of the Emergency campaign would weigh Malaya down.

When the elected Alliance government came to power in 1955 both the Ministers and the MCP were therefore ready to parley. An amnesty was announced to induce communists to surrender. The Chief Ministers of the Federation and of Singapore met Ch'in P'eng, Secretary-General of the MCP, under flag of truce in north Malaya in December 1955. The deadlock remained unbroken, however. Ch'in P'eng demanded that the MCP be legalised and its

[1] *The Times*, 1 December 1951.

members be allowed to resume normal political life without restraint or regard to their past breaches of the law. The Chief Ministers were not prepared to concede so much. Ch'in P'eng, anxious to represent the MCP as leaders of the battle against colonialism, said that his forces would come out of the jungle and lay down their arms when Malaya became independent.

So the MCP opted to go on fighting although there was no hope of victory nor any apparent possibility of getting better terms than it had chosen to refuse. The MCP leaders were out of harm's way in the deep jungle or over the Thai border. They were apparently indifferent to the deteriorating position of their rank and file harassed by the security forces. Followers were expendable so long as they prolonged the struggle and thereby kept up the pressure on the other side to negotiate again. This, however, was a miscalculation.[1]

In the sustained drive against the terrorists which continued after the abortive talks of 1955 the Malayan political leaders who were now Ministers made their own personal contribution. In many parts of Malaya there were rallies and processions in which the general body of the electorate were invited to join. The purpose of these demonstrations was to make it clear to the fence-sitters and to the MCP where the ordinary people and their elected leaders stood in the long struggle.

This long campaign was fought to the bitter end outside the towns. The original conception of the communist strategy, based on the victories of Mao Tse Tung, was of an uprising at the periphery and in the last phase a converging drive on the towns. Even in 1948 the towns were oases of relative calm and security. The communist-dominated trade unions had collapsed and the reformed unions which replaced them were mainly under Indian leadership and anti-communist, but close watch was kept on the unions and also on the Chinese schools as possible centres of subversion. The course of events in the largest Malayan town of all, Singapore, is related in a subsequent chapter. There was no question of a communist rising in Singapore but a State of Emergency was declared there in 1948 as a precautionary measure to prevent the spread of terrorism from the mainland.

[1] The Alliance government did in fact issue a second invitation to the MCP to lay down its arms in 1957 when independence had been won and also offered an amnesty of which the despondent rank and file took some advantage. The MCP high command disputed the reality of Malayan independence on account of the Anglo-Malayan Defence Treaty (*v.i.* p. 198) as evidence of 'neo-colonialism' and tried to confuse the issues with a new political programme of unconvincing fair words to all and sundry.

There was no definite end to the communist revolt in the Federation but the threat had so far dwindled away that the 'Emergency' was formally ended on 31 July 1960. The communists had lost this round but they are not out of the fight altogether. The struggle now goes on in the form of subversion rather than terrorism.

One of the most significant weaknesses of the MCP has been the calibre of its leadership. Throughout this chapter only one leader has been mentioned by name – Ch'in P'eng, the MCP Secretary-General from 1947 down to the present time (when he is believed to be in southern Thailand). He had made his reputation as a guerrilla leader against the Japanese. Now and again – in the Victory Parade in London in 1946 and at the unsuccessful peace talks in 1955 – he comes into the limelight for a moment. Yet he remains, and still more do his lieutenants, mere shadowy figures. They seem to be men of some education but none of them theoreticians or strategists capable like Lenin or Mao of re-interpreting the current 'party line' in terms of the Malayan situation so as to win an absolute victory. They are faceless men, assiduous party workers, resolute no doubt, indifferent to human suffering even among their own followers, essentially mediocre. Their troops (including the junior commanders) had courage and discipline but showed little initiative. They were prone to open fire too soon and were notoriously bad marksmen.[1]

Even if the MCP leaders had been men of more original and percipient views it is unlikely that they could have broken out of the double ring-fence in which communist strategy and policy in Malaya were confined. First, the MCP was hemmed in within the Chinese community from which it drew almost all its support, basing its appeal upon Chinese nationalism rather than communist ideology. Its essentially communal nature and the violence and abuses of its post-war heyday of 1946–48 made it anathema to the Malays and unacceptable to the Indians in Malaya.[2] Secondly, the MCP was a prisoner of external direction, subservient to the basic rule of colonial communism, 'Thou shalt obey the Cominform'. The directives which percolated through by devious routes from Moscow were designed to serve the ends of Russian international policy rather than of Malayan communism. On receipt they were interpreted in terms of the successful campaigns of Mao Tse Tung in

[1] G. Z. Hanrahan, op. cit., p. 37.

[2] 'Communism to Malays is something Chinese, Chinese in origin (as far as Malaya is concerned), Chinese in inspiration and Chinese in following', J. J. Puthucheary, himself a communist until 1951 and later of the Barisan Socialis Party in Singapore (reported in *Straits Budget*, 31 January 1962).

China rather than the local strategic and political situation. The result was rigidity and irrelevance.

The communist revolt was a digression up a blind alley which took the MCP still further out of the main stream of Malayan political development at a critical time. At the end of a decade of armed struggle the communists found themselves discredited and without either allies or influence. Malaya had achieved its independence and they had had no part in it. Only in Singapore, where significantly there was no major essay in terrorism, is communism at present a major force in political life with some possibility of attaining to power on the backs of workers' political parties.

Chapter 11

Independence for the Federation of Malaya (1948-57)

THE FEDERAL legislative council appointed under the new constitution in 1948 consisted entirely of officials and appointed (not elected) unofficial members. In addition to the High Commissioner (president of the council) fourteen members were civil servants holding office in the federal government. The nine Malay States were each represented by their Malay Chief Minister, who was in almost every case a member of the civil service, and the two Settlements had a representative member each. The fifty unofficial members had been selected to represent labour (6), plantation interests (6), mining (4), commerce (6), other agriculture (8), professions (4), and States, Settlements and communities (16). There were 31 Malay members, 14 Chinese, 5 Indians, 7 European unofficials (plus 15 British civil servants), one Ceylonese and one Eurasian.[1]

The federal executive council performed the policy-making functions of a cabinet though its members were in form merely advisers to the High Commissioner with whom the final decision rested. It comprised the High Commissioner, seven civil servants and up to seven unofficial members, some of whom were in fact Malay Chief Ministers of State governments.

Thus described it was in form a conventional colonial executive and legislature in which officialdom and commercial interests of conservative complexion allow a minority of radicals to have their say – and then vote them down. Yet this would be to confuse form with substance. Many of the council members had come to power and influence as leaders of political organisations. They had been nominated to the council after private consultation with political interests and other representative bodies so that there was in fact an informal system of indirect election to the legislative council which

[1] This makes a total of 74. The two members representing the Settlements are not included in this analysis of communal strength as they were less likely to be drawn from one and the same community at all times.

was intended to be a first step towards popular election by secret ballot at a later stage. Accordingly the council was a lively body in which government policy had often to be shaped or recast to placate its critics.

There is a convention that a colonial Governor or High Commissioner does not use his reserve powers to overrule his legislature or even the unofficial members of his executive council except on the express instructions of the British Colonial Secretary. He is expected to govern 'by consent' and thus avoid a damaging head-on collision with local opinion. This convention had been well understood in Malaya since long before the war and the imposition of income tax in 1947 in the teeth of local opposition was criticised because such use of reserve powers was extremely rare. The significant change in 1948 was that the executive had now to govern with the consent of a legislature which had a more 'political' composition than ever before.

There were other unseen regulators which made a régime such as this more responsive to local opinion than may appear on the surface. Although the executive branch of government was not responsible to the legislature it had to secure legislative authority for raising and spending public money. For this purpose a committee of the legislature was constituted under the chairmanship of the Financial Secretary but otherwise comprising unofficial members only. This Standing Committee on Finance scrutinised the annual estimates of expenditure and the innumerable requests for supplementary votes and could call on civil servants to appear before it and justify their proposals. A politician who had a flair for administration – and there were such in the federal council of 1948 – could in this way master the intricacies of government business and learn how to control the civil servant – both lessons which were valuable to a future Minister.

There were if anything rather too many checks and balances on the working of the constitution. They impeded the direction of the campaign against the terrorists so that new *ad hoc* command channels had to be devised for 'Emergency' work. The High Commissioner, for example, had to refer all draft legislation to the rulers of the nine States before it was introduced into the federal council and he had also to consult them on changes in the organisation of the civil service and on immigration questions. The division of powers between the federal and the State and Settlement governments gave the former the decisive voice in finance but left the latter with the task of administrative action in many spheres. This was a split down the middle of most types of government business which generally cost money *and* require something to be done; accordingly each

party could not act without the co-operation of the other. At best months of correspondence preceded concerted action on any question admitting of divergent views though various 'short cuts' were devised. For example, when the Malay Chief Ministers of the States came to Kuala Lumpur to attend a meeting of the legislative council they devoted half a day under the chairmanship of the Federal Chief Secretary to discussing problems of joint concern.[1]

The transition to independence over the years 1948–57 was marked by two basic changes. Democratic election replaced official nomination as the method of selecting members of the legislative councils.[2] Secondly, a cabinet of Ministers answerable to the legislature took the place of the executive council which merely advised the High Commissioner. Both were vital changes but neither was a complete revolution. Many of the Malayans prominent in the 1948 régime were still in the van nine years later. Their power and responsibilities had increased but their views on policy had not greatly changed.

Apart from these constitutional changes, to the details of which we shall come in due course, there was a significant evolution of party politics. Almost all the Malay members of the 1948 federal council were also members of, or at least in declared sympathy with, UMNO. Relations between UMNO and the Malay rulers were ambivalent. The preservation of the rulers' constitutional position had been the main plank in UMNO's platform during its struggle against the Malayan Union since the rulers embodied the Malay claim to priority over other communities. Yet the president of UMNO could say in a speech – 'The Rulers are become subjects and the subjects Rulers'. There was no great regard for the rulers except as symbols. Right at the start of the new régime in 1948 there was a discreet trial of strength in which UMNO demanded that each ruler should consult the UMNO leaders in his State before appointing a Chief Minister (*Mentri Besar*) and deputy (State Secretary). Such appointments were by convention a royal and personal prerogative of the rulers but the UMNO demand was huffily conceded. There was to be more friction later on.

The UMNO hold over the general body of the Malay community was based on its famous victory of 1946 in reclaiming Malay rights temporarily abrogated by the Malayan Union. Like many another

[1] This Conference of Federation Executives was never given any place in the constitution although it was of great practical importance.

[2] Limited space prevents discussion of the working of the less important State executive and legislative councils and the corresponding arrangements in the two Settlements where the High Commissioner governed in the name of the British Crown through two Resident Commissioners who were British civil servants.

political party it suffered from the completeness of its victory and the process of hammering out policies for the future was to prove fissiparous. At this period the strength of UMNO lay not in its policies but in its leadership, for the aristocratic administrator class which provided the national UMNO leaders commanded the unquestioning loyalty of the peasant class. At the middle level educated men drawn from the peasant class supported UMNO because they were conscious of the threat to Malay interests which it served to repel. These Malay schoolmasters and government clerks and the like were the liveliest personalities and the best organisers in their village communities and they served as branch and district secretaries and committee men of UMNO. No other political party had local officials of this calibre.

The MCA was equally devoted to the cause of defending Malayan Chinese communal interests but its leaders were men of a very different type.[1] For the most part they were successful businessmen without any proven flair for politics. Their influence did not generally extend to their own working class except insofar as guilds of employers and artisans, or district associations of the traditional type among the Malayan Chinese, brought the tycoon into contact with the working man. There were rather stronger ties between the big business and the small business strata of Chinese commerce. The MCA national leaders were prominent and wealthy tin-miners, plantation owners and merchants and in this latter capacity they could exercise much influence on the shopkeepers, small traders and lesser men in their own line of business. They were inevitably the presidents and chairmen of trade associations and local chambers of commerce. There was also a credit nexus since the small Chinese trader looks to his supplier for working capital in the form of goods on credit. It is only in recent years that recourse to the banks for advances to finance stocks has become more usual among the Malayan Chinese.

The Chinese community leaders in each of the major trade centres of the Federation did comparatively little business with each other since Singapore was the common apex of their trading system. Accordingly the MCA was little more than a loose coalition of local organisations. The Chinese capitalists in Singapore would not submit to leadership from compatriots in the Federation since they ranked below them in the Malayan Chinese commercial oligarchy.

[1] Tan Cheng Lock was by now an elder statesman in semi-retirement at his home in Malacca. For several years president of the MCA he was formally associated in its political activities but did not play a leading part in them. His immense prestige with the Malayan Chinese gave him great potential influence but an uncertain touch in practical politics diminished its effect on the course of events.

Moreover, there was no pressure of conflict with a major Malay community in Singapore. For these reasons the MCA did not extend to Singapore until some years later.

The Indian and Indo-Ceylonese middle-class spokesmen in the Federation were almost all lawyers whose personal rivalries prevented the emergence of any effective Malayan Indian community organisation. There was however a Malayan Indian Congress (MIC) and this was for good form admitted to the 'Alliance' of community parties in time for the elections of 1955.

The want of Indian communal leadership was to some extent made good by the emergence of a group, mainly but not entirely Indian, of non-communist trade union leaders and socialists. After the collapse of the communist trade unions in 1948 the labour movement made a fresh start under the skilful tutelage of British trade union advisers. The new unions found their widest support among the Indian labourers and white collar workers in the plantation industry and in the government service. Naturally the leaders of the unions were mainly Indian too. Although granted political recognition by appointment to the federal legislative council the trade unionists were preoccupied with industrial rather than political issues.

These different groups and political parties, representative of the more active elements among their own communities, were agreed in regarding Malaya (less Singapore for the time being) as an entity which they wished to make independent of British rule. This attitude was a great advance on the views of even ten years before. Yet the inherent difficulty remained, i.e. how to reconcile the conflicting claims of the different communities when the British umpire had withdrawn.

Under the influence of Mr Malcolm MacDonald who, as Commissioner-General, had a kind of supervisory role in relation to British dependencies and embassies in South-East Asia, the leaders of the Malayan political parties formed a Communities Liaison Committee in 1948 as a forum in which to discuss intercommunal friction and possible remedies for it. The Committee recommended a programme of political concessions to the Chinese and economic aid to the Malays as a mutual accommodation to remove the major grievances of each community. This programme, in the form in which it was put forward, found little support among those who would have to make the sacrifices. Nonetheless the work of the Committee had a considerable effect upon the personal fortunes of Dato' Onn, president of UMNO, and on UMNO itself.

Throughout his stormy career Dato' Onn remained at heart a

Malay nationalist. By temperament generous, vain, impetuous, autocratic and rather muddle-headed he was unable to pursue a consistent political strategy. The UMNO campaign against the Malayan Union had called for eloquence, determination but no great subtlety and thus it had carried Dato' Onn to the summit of his career. He was now anxious to lead Malaya and the Malays to independence. In the Communities Liaison Committee he was persuaded that the Malays must gain the acquiescence or support of the Malayan Chinese and Indians, which was incontrovertible, and that the best way to achieve this accommodation was to open the membership of UMNO to non-Malays – which was highly contentious. Dato' Onn did in 1949 succeed in persuading UMNO to accept non-Malays as associate members but it was a Pyrrhic victory since UMNO remained a communal party in which Onn was now at loggerheads with most of the other leaders. He had also quarrelled with the Malay rulers who were too conservative for him. He challenged the Sultan of Johore by publicly tendering his resignation from the office of Chief Minister of that State. To his discomfiture his resignation was immediately and publicly accepted.[1]

It was partly to prevent Dato' Onn from going into demagogic opposition to the Malay 'establishment' that the High Commissioner adopted one of the recommendations of the Communities Liaison Committee and set up an official agency, the Rural and Industrial Development Authority (RIDA), to promote the economic and general welfare of the Malays. Dato' Onn became Chairman of RIDA in mid-1950. It was not a successful arrangement but the affairs of RIDA are more conveniently discussed in a later chapter.[2]

The next development was the 'member system' under which Malayan members of the federal executive council were given charge of groups of government departments. Apart from its political implications this change was a necessary measure of decentralisation to relieve the hopelessly overburdened Chief Secretary, for each 'member' was to be directly responsible to the High Commissioner for his departments. The former Malayan advisers in the executive council thus assumed the executive responsibilities of Ministers. In theory there was no collective responsibility and each member answered for his own charge only. In practice decisions continued to

[1] Onn had quarrelled with the Malay rulers because they declined to support his demand for the appointment of a Malay (inevitably himself) as deputy to the federal High Commissioner. The Sultan of Johore put a curb on his political activities by insisting that he attend to his duties as Chief Minister of Johore. He then resigned.

[2] *v.i.* p. 245.

be taken in executive council on a more collective basis than was yet formally recognised. Spokesmen of European commercial interests in the federal legislative council opposed the new system as premature until victory had been won over communist terrorism. They were soundly berated in debate by Dato' Onn and others. This marked the end of the pretensions of European commerce to influence major political issues.

Dato' Onn held a senior portfolio as Member for Home Affairs; there were two other Malay members, and one European, Chinese and Ceylonese (as well as a number of British official members). The new system was inaugurated in April 1951. Dato' Onn next attempted to establish a representative non-communal party, the Independence of Malaya Party (IMP) which was launched in September 1951. Characteristically he plunged into his new venture without first making sure of his existing base in UMNO. He was then disowned by his UMNO lieutenants and resigned from the presidency of that party.

The new president of UMNO was a relatively unknown Malay barrister, Tunku Abdul Rahman, brother of the Sultan of Kedah. UMNO closed its ranks with a resolution for the expulsion of any member who joined IMP. This move effectually frustrated Dato' Onn's plans which assumed that Malays would belong to UMNO and IMP, Chinese to MCA and IMP and so on. IMP was to be a multi-racial coalition of individuals, 'a political movement organised on a non-communal basis',[1] with membership open to any person of eighteen years of age or more who had resided in Malaya for ten years. Its object was to achieve the independence of Malaya within ten years. The Chinese leaders of the MCA were lukewarm towards IMP.[2] Only the Indian leaders, including the labour group, gave the new party their whole-hearted support. In IMP they might hope to exercise an influence out of proportion to the numbers of their own supporters.

Nonetheless it was not immediately apparent that IMP would be a failure. Independence was a good rallying cry and it might yet achieve that momentum which carries a nationalist movement forward to triumph. The decisive trial of strength came early in 1952 at the first elections held to choose members of the municipal council of Kuala Lumpur, the federal capital. It was obvious to the UMNO president, Tunku Abdul Rahman, and to Colonel H. S. Lee, leader of the MCA in Selangor, that Dato' Onn must be decisively defeated

[1] From the IMP constitution adopted at an inaugural meeting held in Kuala Lumpur on 16 September 1951.

[2] For a time it had the hesitant blessing of Tan Cheng Lock.

or there might be defections from their own organisations. So for the purpose originally of fighting a single municipal election campaign they negotiated an electoral 'Alliance' of UMNO and MCA. The Alliance won nine seats and IMP only two. It was the beginning of the end for IMP.

The explanation of the success of the Alliance is to be found in its structure, i.e. a coalition of communal parties which have agreed upon a limited common programme. Neither Malays nor Chinese were prepared to commit themselves at this stage to a body such as IMP. They felt the need to bargain from the collective strength of their respective communal organisations. Once the Alliance expedient had scored its first success it was soon extended to all local council elections throughout the Federation.

A number of constitutional and administrative changes now ensued before the rising strength of the Alliance was put to the test of elections to State and federal councils. A system of elections to local councils had been introduced in 1952 by General Templer, then High Commissioner, on the principle that the elective principle should become familiar at the lowest level before moving upwards. With the beginning of voting it was all the more urgent to review the qualifications for citizenship. The 1948 rules bore the traces of the bitter Malay reaction to the Malayan Union constitution. By 1952 it was possible to persuade the rulers and UMNO that some widening of the franchise for non-Malays was the price which must be paid to win stronger Chinese support in the campaign against the terrorists. The new citizenship rules were as complicated as the old ones. In the most common case a local-born Chinese could now qualify automatically if one (instead of both) of his parents had been locally born. The effect of the changes was to make it possible for about half the Malayan Chinese in the Federation to become citizens. The Chinese were not entirely satisfied but this was as far as Malay opinion would go at that time. The number of Malay federal citizens would still be more than double that of the combined total of Chinese and Indians.

In 1952 many observers doubted – wrongly as it turned out – whether the UMNO–MCA Alliance could hold together for long since the fundamental causes of Sino-Malay tension seemed as potent as ever. The Malays, fearful of Chinese economic exploitation, were not reassured by the modest activities of RIDA. The Chinese demanded citizenship and the franchise as the birthright of all born in Malaya (the principle of *ius soli* was commonly invoked). Yet in spite of these disputes the shrewd, pragmatic, capable leaders of the Alliance held their respective communal parties together, toned

down the rancour of their vernacular newspapers and strengthened their electoral organisation.

The strategy of the Alliance was to press for elections to State and federal councils as a step to early independence for the Federation. Just as a learner cyclist finds it easier to keep his balance if he goes fast, it seemed best to speed towards independence (for which the Malay word *Merdeka* became the slogan). A second consideration was that an early demonstration of Alliance strength in national elections might vanquish its critics and opponents. The more conservative Malay leaders and some of the Chinese also had fallen out of sympathy with the Alliance under its new and dynamic leadership. Their strategy was to play for time in the hope that the Alliance would crumble. Dato' Onn, despairing of the non-communal programme as the road to independence, had now swung back with characteristic volatility to simple Malay nationalism. He joined forces with the conservatives in attacking the Alliance as a Malay surrender to Chinese money. The British were in a difficult position. It was long-established practice to move towards independence in a colonial territory by stages – first a minority of elected members of the legislature, then a majority, then a dyarchy of elected Ministers and officials in key Ministries, etc. They doubted the permanence of the Alliance and they wished to complete the victory over the communists before transferring power to less experienced hands. Yet it was obviously dangerous to impose unpopular delays on Malayan progress towards independence.

After some preliminary manoeuvres by the political parties the government appointed a committee to report on progress in introducing elections to councils. The conservative opponents of the Alliance produced a majority report[1] recommending that the federal council should have a minority of forty-four elected members out of a total of ninety-two. The Alliance minority report recommended an immediate majority of sixty elected members out of one hundred although at the time there were no elected members at all in the federal council. The majority wished to defer fixing the date of the elections until a later stage; the Alliance to have them in 1954. Another bone of contention was the majority recommendation that government officials should be ineligible. This rule would compel many UMNO leaders to choose between their pensionable civil service status and the hazards of a political career. In the event many of them chose the latter.

In April 1954 General Templer announced that the British

[1] *Report of the Committee appointed to examine the question of Elections to the Federal Legislative Council, 1954.*

government with the concurrence of the Malay rulers had decided that there should be a majority of fifty-two elected members in a federal council of ninety-eight. The elections were to be held in 1955 as soon as the administrative arrangements could be made. The Alliance feared that if the elected seats were shared among rival parties, as seemed probable, a minority of elected members might make common cause with nominated members to outvote the party with the largest number of elected members, and so there were loud complaints of the small margin of elected over nominated members and of the delay of a year before the elections were to be held. Yet the Alliance had won on the decisive points, i.e. an elected majority and an early election.

Some of the elections to State councils preceded the all-important federal council elections. These regional contests afforded the Alliance an opportunity to tone up its local organisation by a series of victories over Party Negara, the new organisation which Dato' Onn had formed to succeed the defunct IMP. Party Negara had a good deal of talent but lacked the popular appeal of the Alliance. In the federal council elections in July 1955 the Alliance won fifty-one of the fifty-two elected seats; the only other elected member came from the Pan-Malayan Islamic Party (PMIP), a Malay Islamic group. The Alliance polled almost 80 per cent of the votes cast, Party Negara, which did not win a single seat, polled less than 8 per cent. Dato' Onn himself suffered defeat and so was out of the new federal council which was to see independence attained. It was a bitter blow.

At least three factors can be identified among the causes of the remarkable Alliance victory. The simple appeal for early self-government and independence made a tremendous impact. The Alliance for all its limitations seemed likely to achieve independence but the hesitation of the other parties made them an uncertain quantity. Secondly, Chinese money and Malay political enthusiasm in the lower ranks of UMNO created a more effective political organisation than any of its rivals could achieve. Thirdly, only the Malay community with its solid allegiance to UMNO took full advantage of its electoral rights. Of the one and a quarter million persons who registered as electors over 80 per cent were Malays and only 11 per cent Chinese.[1] It was reckoned that three-quarters of the 600,000 eligible Chinese were too apathetic to get themselves put on the roll. Nonetheless the predominantly Malay electorate loyally voted for non-Malay Alliance candidates even in constituencies where Malay candidates from other parties were standing

[1] L. A. Mills, *Malaya – A Political and Economic Appraisal*, p. 94.

against them. The 51 successful Alliance candidates included 34 Malays, 15 Chinese, one Indian and one Ceylonese.

Thereupon an Alliance government took office with Tunku Abdul Rahman as Chief Minister and Colonel H. S. Lee, the senior MCA council member, as Minister for Transport. The other eight Malayan Ministers comprised 5 Malays, 2 Chinese and one Indian. Some of the nominated members representing special interests in the new council were in sympathy with the Alliance which could thus count on the support of about 70 per cent of the council members altogether.

There was still a dyarchy under which British officials sat in the executive council with responsibility for key subjects such as defence, economic affairs, public finance and the civil service. In theory, the Alliance Ministers were still responsible as individuals to the High Commissioner for their portfolios. In practice, however, the elected Ministers worked as a group, meeting for example before each week's executive council session to settle their collective attitude to each item on the agenda. It was then hardly feasible for the High Commissioner and the official members to overrule or oppose their elected colleagues. The High Commissioner was constantly in consultation with the Chief Minister, and the Chief Secretary maintained liaison with individual Ministers so as to resolve differences before they became collisions. By these means the dyarchy worked without serious differences or disputes – much more smoothly than the corresponding system in Singapore.

The Alliance Ministers were not of course radicals like their opposite numbers in Singapore. The Malays among them were mostly of aristocratic birth and the Chinese were well-to-do if not extremely rich. Some of them had been nominated members of the federal council in the era before elections and so they were well acquainted with the work in hand. But even if they had no major changes of policy to introduce, they showed a very different attitude to the public relations aspect of government duties. They were assiduous in touring the countryside to see and be seen. The press was regularly supplied with material on their speeches and public appearances. All this activity was designed to bridge the gap between the government, no longer expatriate officials right to the apex, and the governed.

The Chief Minister's effort to settle the communist revolt by negotiation has been mentioned in the preceding chapter[1] and we shall come to education policy and the 'Malayanisation' of the public service later on. These were moves in aid of the basic Alliance

[1] *v.s.* p. 110.

objective of carrying the Federation forward to complete independence. In compliance with UMNO pressure Tunku Abdul Rahman decided to demand full independence within two years of the assumption of office by the Alliance Ministers.[1] The Tunku and other Ministers went to London in January 1956 expecting some hard bargaining on this issue. To their surprise and gratification their demand was immediately met and August 1957 fixed as the date of independence. As part of the immediate transitional measures in 1956 Alliance Ministers took over the two portfolios of finance and of internal security and defence from British officials.

A commission of distinguished constitutional experts from various Commonwealth countries, headed by Lord Reid, was appointed to make recommendations for the constitution of the independent Federation. The commission whose report[2] appeared early in 1957 was much concerned with guarantees for the rights of the individual which it felt were especially necessary in the circumstances of a multiracial community. It was also disposed to set time limits and other limitations on the special rights of the Malays. These aspects of the commission's report were not entirely acceptable to the Alliance leaders. Whatever the arguments of principle it was political dynamite to consider modifying at this hour the delicate compromises on which the Sino-Malay Alliance had been founded. However, the commission's recommendations, with some modifications, determined the structure of the new constitution, the main features of which were:

(1) The rulers of the Malay States would choose one of themselves to be Paramount Ruler (*Yang di-pertuan Agong*) and sovereign of the Federation of Malaya for a period of five years; thereafter another of the college of rulers would fill this office.

(2) The Paramount Ruler of the Federation and each ruler within his State would be a constitutional ruler acting on the advice of his Ministers chosen from the majority party in the fully elected federal or State council.

(3) The federal parliament would comprise a Senate (partly nominated) with limited powers and a House of Representatives all of whose members would be elected for a term not exceeding five years.

(4) Legislative and executive powers would, as heretofore, be

[1] The Alliance election manifesto, *The Road to Independence*, did not set a precise timetable but the Tunku in election speeches undertook to work for full internal self-government within two years and independence in four (i.e. before the next elections). In the elation of victory his supporters demanded a single stage advance to independence.

[2] *Report of the Federation of Malaya Constitutional Commission, 1957.*

divided between federal and State governments. The federal government would be headed by a cabinet of Ministers, under a Prime Minister, chosen from the majority party in the House of Representatives. The State governments would be headed by Chief Ministers (*mentri besar*) who would be chosen from, and supported by, the majority group in each elected State council.

(5) The Settlements of Penang and Malacca would cease to be British territory and would become constituent 'States' of the Federation. Their constitutional structure was to be assimilated as far as possible to that of Malay States by the appointment of a Governor as Crown representative in each State.[1]

(6) The citizenship rules were to be modified again to admit more Chinese and Indians to the franchise. All children born in the Federation after independence would be citizens (i.e. *ius soli* was conceded but not retrospectively). The concept of Malayan nationality was developed and defined.

(7) Malay would be the national language but English would be a second official language for ten years. Islam would be the state religion but freedom of worship was guaranteed to all creeds. Special Malay rights in land tenure, entry to the civil service, award of government scholarships, etc., were to continue without time limit but the Paramount Ruler, who was charged with responsibility for preserving these rights, was also enjoined to review them from time to time.[2]

All this was hammered out and passed into law. It was agreed that the legislative council elected in 1955 would remain in being until 1959 when the first elections under the new constitution would be held. On 31 August 1957 the independence of the Federation of Malaya was proclaimed amid general rejoicing.

This was a remarkable achievement for the Alliance Ministers who had come to power only two years before. Tunku Abdul Rahman, president of UMNO since 1951, has been Prime Minister (with a short break in 1959) for over thirteen years and his influence and prestige stand higher than ever. Although born of royal blood the Tunku was in 1951 almost unknown – he then occupied a modest office in the Attorney-General's chambers as a government legal officer and lived in an equally modest 'government quarter'. One of those natural leaders who have matured and developed personal authority in the exercise of responsibility, he has the relaxed, humane and yet very un-

[1] The two Governors are appointed by the Paramount Ruler. They must of course be federal citizens but need not be Malays.

[2] *v.i.* p. 215 note 1 for additional details.

assuming self-confidence of a man born to high estate. To the poise and charm of the aristocrat he adds a remarkable political sense of what his electorate, especially the Malay element in it, is feeling. A gift for compromise and conciliation does not detract from a capacity to be forthright and uncompromising in moments of stress. He is not a brilliant thinker nor a dynamic administrator. His influence is a matter of personality. It is a measure of the man's calibre as a national leader that he is greatly liked and respected among Malayan Chinese and Indians as well as among the Malays.

PART THREE

Singapore

Chapter 12

Singapore

SINGAPORE SEES its future as a regional centre of commerce and industry offering modern and efficient services to its neighbours, as a model of a successful multi-racial society which others may copy, as a cosmopolitan link between South-East Asia and the world, as a storehouse of ideas for minds as well as of spare parts for machines. To make a reality of this ideal three things are necessary. First, a commercial community in which the traditional attitudes and methods of China are still strongly entrenched must achieve 'a restlessness of mind and ferment to strike out in new forms of economic activity to build up a broader economic base.'[1] Secondly, the near anarchy of labour relations of recent years must be replaced by discipline and stability in order to attract foreign capital for investment. Third, Singapore must work out a more satisfactory *modus vivendi* with its two larger neighbours and trade partners, Malaysia and Indonesia. For these powers see Singapore in a very different light as a stronghold of Chinese nationalism which, for Malaysia especially, is a threat to domestic inter-communal harmony. Singapore's pretensions to commercial leadership of South-East Asia they see as a relic of nineteenth-century entrepôt trade running counter to their own aspirations for commercial and industrial expansion within their own borders.

These trends and problems have become more acute since Singapore was forced out of Malaysia in 1965. But they are not new. A short account of the history of Singapore since it was hived off from Malaya in the reorganisation of 1946[2] may serve to explain how these problems arose.

The turbulent course of Singapore politics since 1945 reflects the interplay of various forces in the body politic some of which operate beneath the surface. Until 1945 the business community of Singapore of all races had almost monopolised local representation in the wholly nominated legislative council of the Straits Settlements. For

[1] Lee Kuan Yew, Prime Minister of Singapore, in a speech to the Singapore Employers' Federation on 31 May 1967, quoted in *Malaysia* (June 1967).
[2] s.r. p. 104.

a few more years the three principal Chambers of Commerce enjoyed the right to fill one-third of the elective seats in the new post-war legislature. When this privilege was terminated in 1955 Chinese commercial interests made an ill-judged attempt to establish their own political party which served merely to split the conservative vote and to demonstrate their own inexpertise. This reverse was the twilight of the plutocracy. Big business ceased to be an overt political force. But it remains influential both in purely commercial matters of policy and because unless the government of the day can assure a minimum of order and stability businessmen begin to switch their operations away from Singapore (as happened in the first years of the PAP government after 1959).

For the past twenty years political leadership in Singapore has been in the hands of what may broadly be called the intelligentsia, i.e. the minority who have had a secondary or university education and have then become university lecturers, lawyers, teachers, doctors or trade union officials. It is, however, a heterogeneous group both in its educational background and in its political ideology. The more moderate among them, organised as the Progressive Party, had their brief heyday in the period 1948–55. These were well-meaning social reformers who lacked political talents and the support of organised political groups. With the advent of a fully elected legislature they followed big business into the shadows.

The more radical of the young Singapore intelligentsia, Chinese, Indian and Eurasian, can be divided into those who had been educated through the medium of English in Singapore schools and overseas universities and those who had been educated in the Chinese middle (secondary) schools of Singapore. They should also be divided into those who became communists and those who did not. For the English-educated there were already many opportunities in the professions, commerce and the civil service although they felt a bitter sense of grievance over the discrimination against them and in favour of the European staff in the civil service. Much of the bitterness of the Chinese-educated arose from their sense of frustration that their education opened no doors for them thereafter.[1] However, the trade unions which the communists were then organising among the Chinese working class were in need of officials. The politically active among the young men from the Chinese schools seized upon this opportunity. Here they were much closer to the grass-roots than their English-educated contemporaries, some of whom were even unable to speak any dialect of Chinese.[2]

[1] *v.i.* p. 262 where Chinese education is discussed at more length.
[2] Lee Kuan Yew himself learnt to speak Chinese as an adult.

In the years just after the Second World War the distinction between communists and others was not the great divide it was to become later. Communism, with its hold on the Chinese working class, its long association with Chinese nationalism especially in the schools and its ideology of a direct exercise of power by a minority of party officials, made a powerful appeal both to the English and to the Chinese-educated. It seemed a more efficient method of government than the balanced opposition of political parties in a parliamentary democracy.[1] As long as the immediate objective of all was the end of colonial rule they could all unite under the banner of independence. There were some who were unwilling to commit themselves to the discipline of communism and who foresaw the difficulty of obtaining Malay support for anything so essentially Chinese as Malayan communism. But for the moment the non-communists bided their time and meanwhile treated their communist associates as friends and allies.[2] Each hoped to convert the others.

In the first decade after the war (1945–55) the new left-wing political leadership had hardly found its feet or established a firm basis of political organisation. As we have seen the first wave, the Malayan Democratic Union, made a false start in 1948.[3] Certain of its leaders who were suspected of communist associations were arrested or left the country to escape arrest in 1950–51. The change of communist strategy in Malaya in 1948[4] left the Singapore communists in a difficult position. The strategy of armed struggle in Malaya, based upon Mao Tse Tung's successes in China, required that outlying rural areas should be seized first and the urban centres only in the later stages. Singapore, where the police acted in 1948

[1] There is a fascinating discussion of social democracy versus communism as an instrument of reform in J. J. Puthucheary's *Statement of Political Belief*, published as an appendix to Lee Kuan Yew's book mentioned in the next following note. Puthucheary was successively a member of the Malayan Communist Party, of the People's Action Party and of the Barisan Socialis. After two periods of preventive detention he has apparently retired from politics.

[2] The classic account of this long war of manoeuvre is Lee Kuan Yew's *The Battle for Merger*, which is the text of a series of broadcasts made in the autumn of 1961 when Lee was fighting for the survival of his government then opposed by his former communist associates. He gives a very frank account of his rise to power and of his dealings with his communist allies of that time.

The reference to Malay support in the text above refers to Malaya rather than Singapore. The Malay minority in Singapore looks to the leadership in Malaya for protection and guidance. For this reason no Singapore government which wishes to preserve good relations with Malaya can ignore its Malay electorate. On the contrary, the Singapore Malays are treated somewhat generously over education and other sensitive matters.

[3] *v.s.* p. 109.

[4] *v.s.* p. 111.

more swiftly and effectively than their colleagues in Malaya, remained uneasily quiescent awaiting the outcome of the struggle in the north.

Meanwhile the politically active minority set to work to build up its influence among the apathetic mass of the Singapore population. It has been said that 'in 1947 Singapore was unsure and with a rootless population, uncertain and undecided about its destiny, confused and disillusioned by the armed communist insurrection which led to the Emergency.'[1] Moreover, only a quarter of the Chinese population was at this time eligible to vote; the rest were either under the age of twenty-one or disqualified as foreign-born aliens. The first task was to build up an interest in local politics, a sense of identity as a Singapore rather than a Chinese community, by speeches and rallies and by breaking a lance or two in battles for the unions against the employers or for the local man in the civil service against a British colonial régime.

By 1954 the situation was judged ripe for the foundation of the People's Action Party (PAP) under the leadership of Lee Kuan Yew. Lee had returned to practise law in Singapore in the early 1950s after a brilliant academic career at Cambridge. At this stage he was recognised as one of the ablest of the left-wing English-educated intelligentsia but he had not yet established himself as a political leader.

There was a major constitutional advance towards self-government in 1955.[2] The legislative assembly was enlarged to thirty-two members of whom twenty-five (instead of a minority as before) were to be elected by popular suffrage. There was also to be a Council of Ministers in which the elected Ministers would control all government services except defence, internal security, finance and external relations which were reserved to British control. It was a familiar transitional dyarchy system. Demands for a widening of the franchise to include the large number of China-born Singapore Chinese had, however, been rejected.

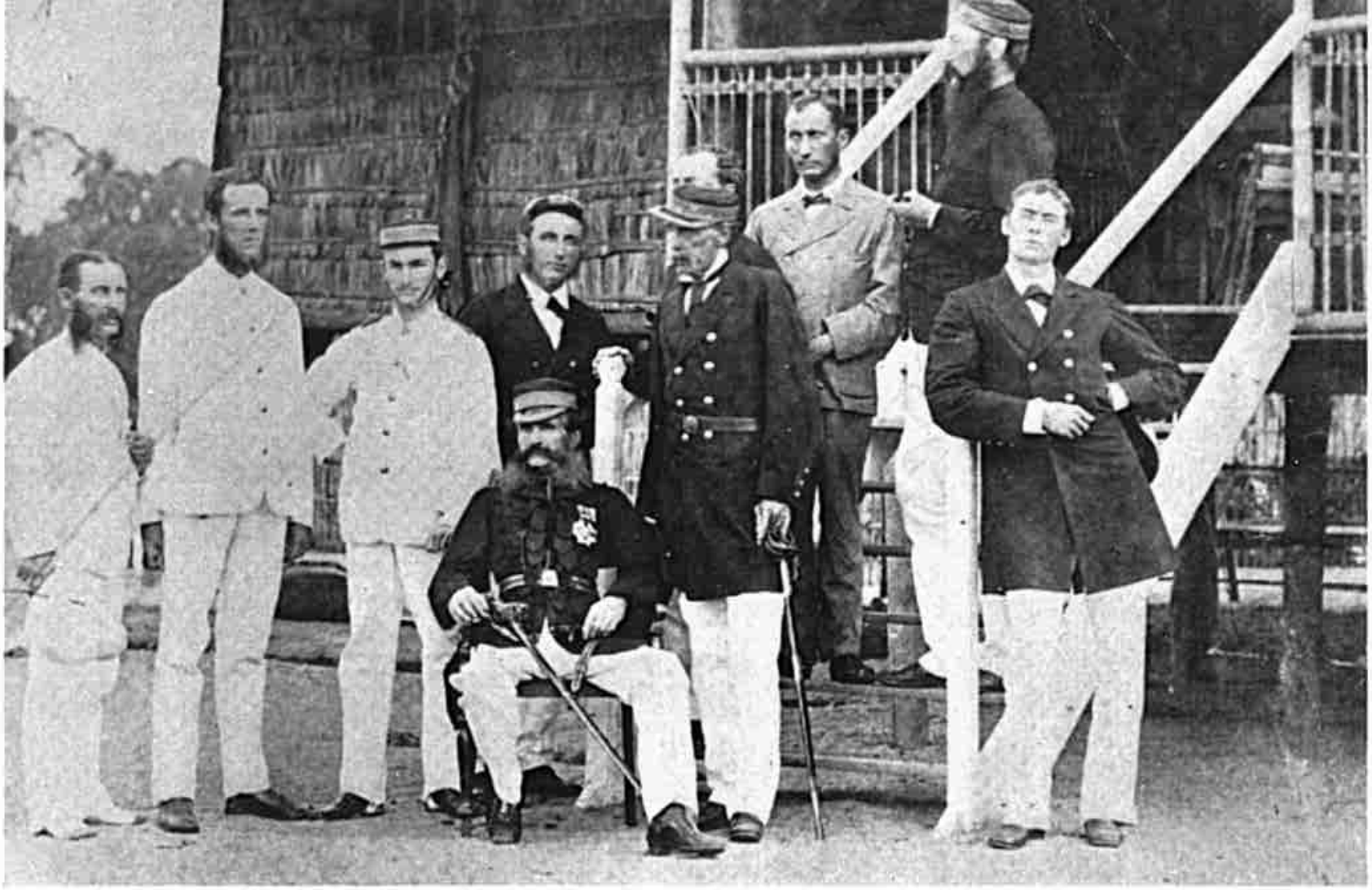
The ensuing elections of 1955 took place in something of a vacuum. As we have said neither big business (in the form of a new 'Democratic Party') nor the moderate social reformers who had hitherto worked closely with the colonial régime could command any wide popular support. The communists were a proscribed underground movement who saw their best hope of success in cap-

[1] Dr Toh Chin Chye, Deputy Prime Minister of Singapore, in a talk to the Singapore Rotary Club on 4 January 1967 (*Malaysia*, March 1967).

[2] These changes followed the recommendations of the *Rendel Report*. The commission which produced the report was headed by Sir George Rendel, a British diplomat.

1. Tunku Abdul Rahman receives a blowpipe from a settler in the new kampong of Orang Asli, Negri Sembilan

2. Tun Abdul Razak and his wife



3. A photograph taken after the signing of the Treaty of Pankgor, January 1874: J. W. W. Birch (2nd left), Sir Andrew Clarke (seated), F. A. Swettenham (far right)

4. Field Marshal Sir Gerald Templer with Lt.-Gen. Sir Geoffrey Bourne, G.O.C. Malaya

5. Lee Kwan Yew addressing a Party meeting in October 1963

6. A typical Malayan kampong house

7. A Chinese shop in Kuala Lumpur

8. An urban squatter slum in Selangor

9. A Chinese New Village during the Emergency period, showing barbed-wire perimeter fence

10. A modern block of flats in Singapore

11. The Khoo Kongsi Chinese temple in George Town, Penang

12. The national mosque in Kuala Lumpur

13. Malay women in a typical kampong queue to vote at a general election

14. A Koran teacher in a Malay school

15. Tunku Abdul Rahman leads an Alliance procession – one of many organised to publicise amnesties for communists at the end of the Emergency

16. Gen. Nasution reviews Indonesian army units during confrontation

17. A Chinese-owned gravel-pump tin-mine. The tin-bearing earth is pounded by powerful water-jets. Note the 'palong', the raised wooden trough for washing down the tin-ore

18. Collecting the harvest on an oil-palm estate

19. A rubber tree is tapped. The latex begins to flow

20. Padi workers transplanting rice

21. Ringlet Falls Dam in the Cameron Highlands, one of many new sources of Malaysia's expanding electric and hydro-electric power

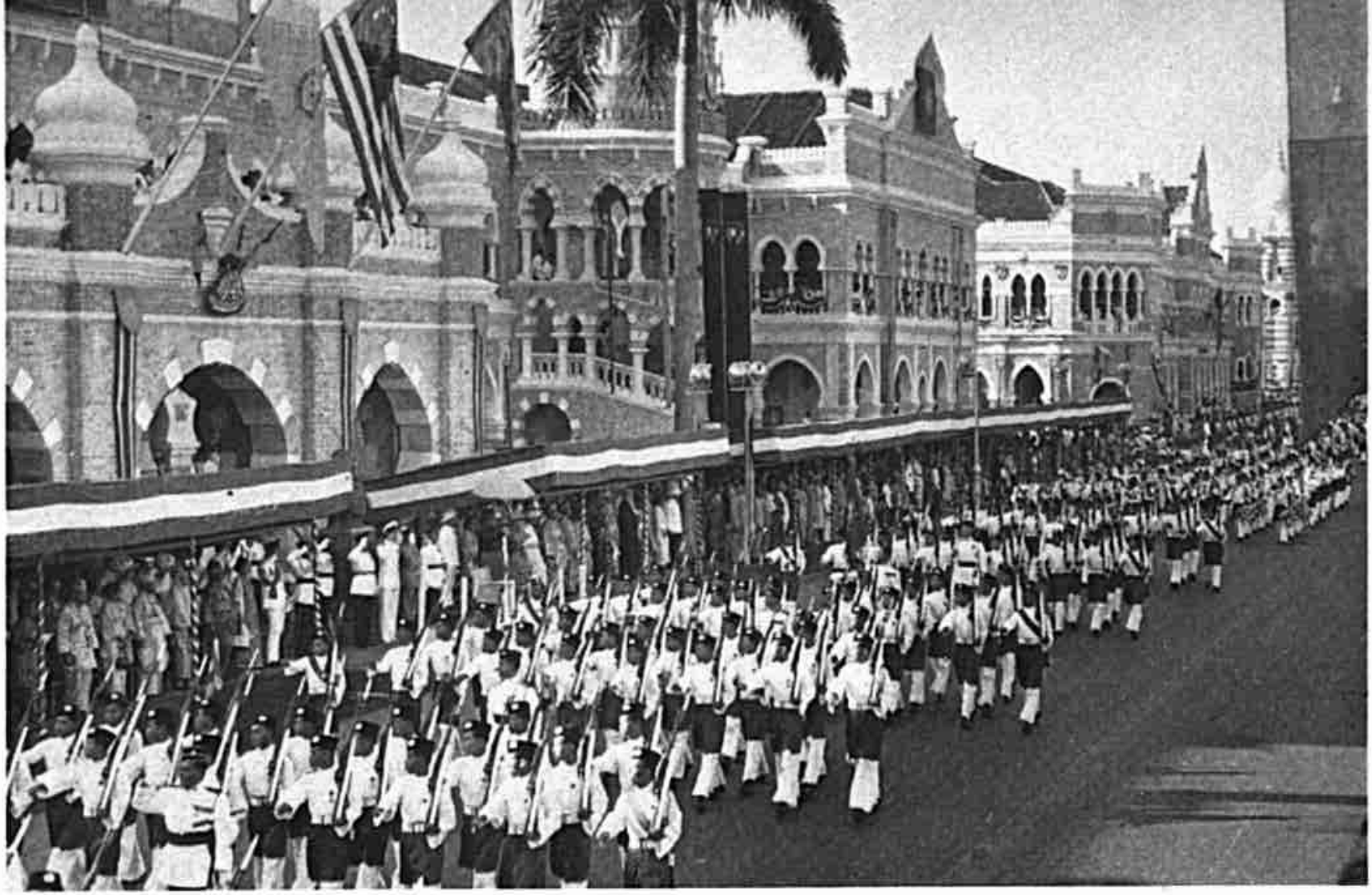
22. The port of Singapore

23. Japanese troops used special pilot-engines and specially constructed rail-tracks during their occupation

24. The Emergency. British troops on patrol in the jungle

25. Malaysians of Chinese, Malayan and Indian stock boarding a bus to a new trading estate near Kuala Lumpur

26. The new industrial complex of Petaling Jaya alongside the dual carriageway main road from Kuala Lumpur



27. The Paramount Ruler takes the salute at the Independence Day parade, 1 September 1957, outside the Federal Secretariat in Kuala Lumpur

turing control of the PAP. The PAP itself was newly established and had not yet become the well-organised party machine which it showed itself to be in 1959. In these circumstances a loosely organised group of socialists and trade unionists, known as the Labour Front, astonished themselves and everyone else by winning ten seats which entitled them as the largest group to form the first ministerial government under the new constitution. The PAP had three members, of whom one was Lee Kuan Yew, and the remaining seats were shared by various groups including the Malay party, UMNO.

The leader of the new Labour Front was the mercurial lawyer, David Marshall, an eloquent if rather emotional advocate of Iraq Jewish extraction. The trade union wing was led by Lim Yew Hock, who succeeded Marshall as Chief Minister in 1956. The period 1955–59 was marked by extreme turbulence and eventually by a further constitutional advance towards complete internal self-government. The Labour Front leaders had no coherent strategy except to give expression to the urge of nationalism in Singapore by much rhetoric and by repeated conflict with that indispensable whipping-boy, British colonial rule. Meanwhile the growing anarchy in the Chinese schools[1] called for drastic and unpopular police action for which the Labour Front was unsuited both by temperament and by policy. Lim Yew Hock, a staider personality than Marshall, in his tenure as Chief Minister took the necessary action but coming after so much licence it served to discredit the Labour Front with the left wing without restoring the confidence of the conservatives.

It became obvious that the dyarchy with its division of powers was unworkable and that further advance towards self-government offered the best remedy. The negotiations with the British government were concerned with four issues. It was readily agreed that the legislative assembly should become fully elected in membership and that the elected Ministers should assume responsibility for all subjects except defence and external relations (other than foreign trade and cultural relations). Next, the 300,000 aliens (mainly China-born Chinese) were to have the opportunity to register as citizens – and to vote – if they had lived in Singapore for ten years, as most of them had done. The responsibility for internal security in Singapore was a more difficult issue. It was agreed that the British base in Singapore should remain and that British troops stationed in the base would in the last resort support the police in restoring order since Singapore unlike Malaya had at this time no significant armed forces of its own. It is never easy to decide whether to bring in troops to deal with rioters. A show of force may well increase the fury of the mob which

[1] *v.i.* p. 266.

might otherwise grow weary and disperse, but if drastic action has to be taken to restore order and it is left too late, the ensuing bloodshed is all the greater. The Singapore leaders felt that it was an essential part of responsible government that the elected Ministers should take the decision. The British view was that if British troops had to risk casualties and perhaps opprobrium Britain must have the power to intervene when it felt that its base was threatened or that the critical point in riot control had arrived. Moreover, Britain feared that an unfriendly government with communist sympathies might come to power in Singapore. After Marshall had reached deadlock on this issue in earlier negotiations Lim Yew Hock accepted a proposal for a joint Internal Security Council on which the British and Singapore governments would each have three members and a seventh member would be nominated by the government of Malaya. The seventh member would be a non-British and elected Malayan but he would be drawn from a government committed to the suppression of communist subversion and disorder in its own territory. In this way the Federation of Malaya became more closely associated with the maintenance of stability in Singapore – with significant consequences for the future.

The decline of the Labour Front was matched by the rise of the PAP. In the legislative assembly Lee Kuan Yew had been a sharp critic of government failings but realistic in the negotiations for constitutional advance. No one could yet foresee the decisive PAP victory of 1959 (which was due in part to maladroit tactics by its opponents) but it was already clear both to the non-communist leaders of the PAP and to its communist supporters and associates that it had good prospects of success at the next elections (to be conducted on the basis of the widened franchise). As an augury the PAP emerged as the largest party in the important City Council as a result of the municipal elections held in 1958. The subterranean struggle for control of the PAP became sharper. Some of its more extreme leaders had become involved in the riots of 1956 and had been arrested and interned on security grounds.[1] The other PAP leaders pledged themselves to secure the release of their comrades – perhaps with some sense of relief at their absence from the party conclaves meanwhile. In 1957 the communists attempted to seize control of the PAP by packing the annual party general meeting with non-

[1] The detained PAP leaders included Lim Chin Siong, the leading Chinese-educated trade unionist and a prominent communist 'open front' spokesman, and J. J. Puthucheary, already referred to (*v.s.* p. 143) as the author of the *Statement of Political Belief*. He also wrote during his period of detention his book *Ownership and Control in the Malayan Economy* – perhaps the two best Malayan politico-economic studies produced in this decade.

members (making improper use of membership admission cards) and securing the election of six of their nominees to the central executive of twelve. Lee Kuan Yew and other moderates refused to stay in office in these circumstances. However, a few weeks later five of the six pro-communist members of the new PAP party executive were arrested and detained by the Lim Yew Hock government in the course of a general round-up of subversives.[1] Lee Kuan Yew and his colleagues then resumed party office and secured an alteration in the mode of election to prevent a repetition of this episode.

Even after this struggle it did not suit either side to force an open rupture. Each looked forward to success in the forthcoming general election of 1959 and wished to avoid prejudicing their chances by a split. After the PAP had won the election there would be a struggle for control of the new PAP government. Lee and his associates intended to hold communism in check by purely political means – 'it is a battle of ideals and ideas – and the side that recruits more ability and talent will be the side that wins.'[2] At all costs they would, so long as they could, avoid Lim Yew Hock's mistake of using the legal machinery of counter-subversion against the communists since this would alienate many of the Chinese-educated activists for whom Chinese nationalism and communism were barely distinguishable.

In the 1959 election the PAP obtained forty-three out of fifty-one seats in the fully elected assembly due to the solid support both of the Chinese-educated and of the underground communist organisation. Lee Kuan Yew became the first Prime Minister of Singapore. The new government impressed observers by its calibre. 'They have ability,' it was said, 'they have confidence and courage; they have a clear programme well-debated among themselves.'[3] Their programme was summed up in the election slogan 'an independent, democratic, non-communist, socialist Malaya.' The slogan, it should be noted, refers to Malaya as a whole and not merely to Singapore. The key Ministries went to the moderates. The extremists in detention since 1956 were released with the maximum of éclat and then assigned to junior ministerial posts of a semi-civil service character.[4]

Yet this talented Ministry, supported by a large parliamentary majority and a strong party organisation, was the prisoner of external

[1] The allegation has been made that the arrests were the outcome of a collusive arrangement between Lee Kuan Yew and Lim Yew Hock (*Legislative Assembly Debates*, Vol. III, Cols. 2166–7) but it seems unlikely.

[2] Lee Kuan Yew in an election speech made on 26 May 1959 and quoted in *The Battle for Merger*, p. 30.

[3] *Malaya* (September 1959, p. 17).

[4] Lim Chin Siong (*v.s.* p. 146) for example became 'political secretary' to the Ministry of Finance.

circumstances beyond its control. The two external factors in question were foreign capital and the Alliance government in the Federation. In the economic sphere it was essential to promote industrial development in Singapore in order to provide more jobs, for 10 per cent of the labour force was already unemployed and it was growing by 20–30,000 workers each year. Yet foreign capital and 'know-how' for new industries could not be attracted unless there was political stability and a wider market for the products than Singapore itself could provide. The solution lay in economic if not political merger with the Federation of Malaya so as to create a single Malayan market of ten million consumers. However, negotiations in 1960 for a purely economic association with the Federation through a 'common market' in manufactured goods were unsuccessful. The advantages to Singapore were more than the Federation would concede.

In the political sphere also Singapore was too small to resolve its problems in isolation. A stable and prosperous independence was attainable only by merger with the Federation. Yet the Federation government, already drawn into Singapore's politics through its representative in the Internal Security Council, disliked what it saw of the licence granted to communist activity in Singapore. For this and other reasons the larger partner refused until 1961 to enter into a merger with Singapore.

Thus constricted in its field of manoeuvre the PAP government concentrated its attention on cleaning up the unruly labour situation by legislation which prohibited 'splinter unions' and provided for compulsory arbitration in industrial disputes. As an educational sprat to catch the Federation mackerel Malay was given recognition as the national language though parents were still to have a free choice of the language of instruction for their children.

The Prime Minister defined the task of his government as 'to satisfy the revolutionary urge of the mass of the people for a fundamental change in the relationship between social classes, and this in spite of the fact that there can be no fundamental change in the immediate future in the economic base of society.'[1] The very modest progress made in the first year (1960–61) exposed the PAP government to its critics. A renegade PAP Minister, Mr Ong Eng Guan,[2]

[1] Speech to Singapore Rotary Club on 24 February 1960 (*Malaya*, March 1960, p. 22).

[2] Mr Ong had come to prominence as leader of the PAP in the City Council in 1958 when he was also a very controversial Mayor of Singapore. His ministerial career in 1959–60 had confirmed that his ambition outran his administrative ability and discretion. In particular he failed to keep the vital housing programme (*v.i.* p. 258) moving at a satisfactory pace.

sought to restore his declining personal fortunes by exploiting this discontent. The issue came to a head at the Hong Lim by-election of May 1961 in which Mr Ong emerged as victor with a 3:1 majority over his PAP opponent.

The Hong Lim by-election brought to a crisis the growing differences within the PAP. Lee Kuan Yew and the moderates were prepared to accept the limitations imposed on them by the responsibilities of office. They enjoyed the exercise of power and wished to retain it. On the other hand, there were others in the party, not all communists, who considered that as a matter both of principle and of advantage the party should make a more thorough-going attempt to implement the socialist policies of its manifesto.

The Hong Lim result was also observed with anxiety in Kuala Lumpur. It seemed to presage the assumption of power in Singapore at the next general election (due in 1963) by an extremist government based on the support of communism and of ultra-Chinese nationalism. Moreover, by 1963 Singapore was likely to be fully independent; the joint Internal Security Council in which the Malayan member held the balance would be at an end. This situation would be disastrous for the Federation of Malaya, both as an external threat to its security and as an irritant of its domestic inter-communal relations. Tunku Abdul Rahman therefore made his famous volte-face on the question of merger in his speech of 27 May 1961.[1] He would now rather have Singapore inside an enlarged Federation than troubling his peace from outside it.

This speech completely altered the basic conditions of Singapore political life. To Lee Kuan Yew and the moderates the opportunity of merger with Malaya was a means of political and economic salvation. They were prepared to concede to the federal government control of internal security in Singapore (as a 'federal subject') and to accept a scaled-down representation in the central legislature in exchange for autonomy in respect of sensitive subjects such as Singapore education and Labour policy and the retention of the wider Singapore franchise for elections to the central legislature from Singapore constituencies.[2] To the left wing of the PAP, however, the subjection of Singapore to partial control by a right-wing 'feudal Malay' government in Kuala Lumpur meant a further retreat from the party's original programme and more disenchantment among their Chinese-educated supporters. To the communists the indefinite extension of control of internal security by external anti-communist authority was the denial of their long-matured plan for taking

[1] *v.i.* p. 173.
[2] *v.i.* p. 175 for fuller details of the bargain.

control of Singapore through the PAP or, if that failed, through some more extreme successor to it in the seat of power.

Merger was a bolt out of the blue.[1] Yet the idea was part of the PAP manifesto of 1959. Moreover, the advantages of it were evident to the Singapore public. The opposition had therefore to oppose by devious means. The first move by the left wing was to press for the immediate implementation of the more drastic parts of the party programme in the hope that this demonstration of 'Malayan Socialism' would cause the Tunku to retract. This ploy was to some extent the underlying issue of the Anson by-election held in Singapore in July 1961 (to fill a seat falling vacant by death). The PAP government candidate was in effect opposed mainly by left-wing elements of his own party. He lost by a narrow margin and on a split vote. The PAP government remained unmoved.

Thirteen members of the PAP parliamentary party then broke away to form a new party, the Barisan Socialis.[2] Of the defectors a PAP colleague said, 'Some were opportunists, others were weaklings, but all knew that ultimately they depended on the support which the Malayan Communist Party could muster for them. Many, in fact most of them, were not communists but they knew they would lend themselves to communist manipulation and this they were prepared to do.'[3] In fairness it must be recorded that this judgement is strenuously denied by those to whom it is applied. At all events by July 1961 the moderate wing of the PAP was reduced to twenty-six out of the fifty-one members of the legislative assembly; it could survive only if it secured greater support in future from the more conservative elements in the electorate which had voted against the PAP in 1959. It had also to avoid a head-on collision with the forces of Chinese nationalism such as had brought down its predecessor, the Labour Front. This last factor may underlie Lee Kuan Yew's apparent misjudgement in his dealings with the federal government in 1964–65.

The ensuing two years (1962–63) were in fact a triumph for the rump of the PAP. The proposed merger was still the key issue of Singapore politics although it was also the symptom of a deeper domestic struggle for the destiny of Singapore. Since the left-wing opposition could not advantageously urge outright rejection they criticised the terms on which Singapore would join the enlarged

[1] 'Merger, we have hitherto come to understand, was a thing of the distant future.' Lim Chin Siong in a letter published in the *Straits Times* of 24 June 1961.

[2] In doing so the dissidents broke their written undertaking to resign their parliamentary seats if they ceased to be members of the PAP.

[3] Dr Goh Keng Swee, Minister of Finance, quoted in *Malaya* (September 1961, p. 17).

Federation and, in particular, the scaling down of Singapore representation[1] in the central legislature as 'second class citizenship'. Instead they demanded merger on terms which they knew neither Tunku Abdul Rahman nor the Singapore electorate (when the true implications were realised) was likely to approve. Lee Kuan Yew, a master of derisive sarcasm in debate, had no difficulty in demonstrating the insincerity of this manoeuvre.[2] The demand that Singapore should wait until it had attained full independence from colonial rule was met by the answer that the present opportunity would not recur. Lee Kuan Yew's final triumph was the referendum held in September 1962 on the merger question.[3] The Barisan Socialis disintegrated into impotence after its election defeat in 1963, withdrew from parliament and waged ineffective war against the government by street demonstrations.[4]

The negotiations with the Malayan government on the outstanding points in the proposed merger terms were, however, less successful. In particular discussions on financial matters brought Lee Kuan Yew into conflict with the Malayan Minister of Finance, Tan Siew Sin, who is also president of the MCA and the senior Chinese Minister in the Malayan cabinet. Much of the trouble which ensued in 1964–65 had its origin in this personal feud. Lee's good personal relations with Tunku Abdul Rahman also began to deteriorate. When the Tunku in the course of his negotiations at Manila with Sukarno and Macapagal[5] conceded a short postponement of the

[1] *v.i.* p. 175.

[2] J. M. Gullick, *Malaysia and its Neighbours*, documents 4, 5 and 6, gives a fuller exposition of the arguments on either side.

[3] The referendum invited the Singapore voter to make a choice between three alternatives: (a) merger with the Federation on the terms agreed between the two governments; (b) merger on parity with Penang and Malacca which the Barisan Socialis Party had advocated; and (c) merger on the same terms as were offered to the Borneo territories (*v.i.* p. 176), a suggestion of the right-wing Singapore People's Alliance Party. Voting was compulsory and 90 per cent of the registered electorate voted. There was thus no opportunity of voting against merger altogether but the left-wing opposition advised its supporters to leave their ballot papers blank to show their disapproval. 71 per cent of the votes cast favoured alternative (a) and 26 per cent of the papers were blank. Alternatives (b) and (c) attracted less than 2 per cent each of the votes.

[4] As the Malaysia issue moved to its crisis in 1962–63 there was a series of moves which resulted in putting an end to the political activities of the SATU group of Singapore trade unions which had supported the Barisan Socialis campaign and in the detention for a time of some hundred members of the Barisan Socialis itself. The general election held in Singapore in September 1963 immediately after Singapore had entered Malaysia gave the PAP 47 per cent of the votes cast and 37 out of 51 seats in the legislative assembly. Left-wing opposition parties got some 40 per cent of the votes cast and the right-wing parties only 8 per cent. In effect the PAP which came to power in 1959 as a left-wing party retained office in 1963 by attracting the support of most of the right-wing elements in the electorate.

[5] *v.i.* p. 189.

inaugural date for Malaysia, Lee Kuan Yew, driven on perhaps by the momentum of his own campaign at home, made the ineffectual gesture of declaring Singapore independent on the original date (31 August 1963) – a declaration which neither Britain nor Malaya would recognise.

The unhappy story of Singapore's brief two years as part of Malaysia belongs to the history of Malaysia and is related elsewhere.[1] Singapore emerged from the débâcle in August 1965 as an independent state which was too small to preserve its independence unless it could come to terms with its neighbours. The main problems are those of foreign policy and economic co-operation.

Malaya had originally agreed in 1961 to accept Singapore as a partner because the alternative of allowing Singapore to pursue its own destiny as an outpost of Chinese nationalism and communism on her doorstep was even more unwelcome. The separation of 1965 leaves that problem unresolved except that in the short-run Singapore is more stable and moderate than seemed likely in 1961. In the course of manoeuvres to end confrontation Indonesia showed signs of wishing to accord recognition to Singapore before it did so to Malaysia itself – and Singapore indicated its willingness to accept this position. This development caused much irritation in Kuala Lumpur which was ended only when Malaysia itself came to terms with Indonesia.[2] This has forced Singapore's leaders to declare that 'If what we intend to do in the field of foreign relations affects the security of Malaysia, we must discuss it with them.'[3] This principle may apply to any future arrangements between Singapore and, for example, Australia and New Zealand over defence or any kind of deal with China.

The uneasy tripartite relations between Malaysia, Singapore and Indonesia result from the unsettled question of regional organisation in South-East Asia.[4] Malaysia is prepared to co-operate with Indonesia in a number of fields and accepts that Singapore should be free to resume its profitable entrepôt trade relationship with Indonesia. But the wider issue of a regional organisation is more open to argument. There is the possibility of an association open to all countries of South-East Asia which wish to join. Obviously such an association would admit Singapore. There is also the alternative,

[1] *v.i.* p. 178 et seq.

[2] A Malaysian–Indonesian Treaty was signed at Jakarat on 11 August 1966. *v.i.* p. 191.

[3] Dr Toh Chin Chye, Deputy Prime Minister, speaking on 1 May 1966, reported in *Malaysia* (June 1966, p. 26). Dr Toh went on to assert that this principle was of limited application and 'we must have our own foreign and trade policies'.

[4] *v.i.* p. 192 for further discussion of these problems.

dear to the hearts of Malay nationalists, of an association of the three 'Malay powers' – Malaysia, Indonesia and the Philippines – exemplified in Sukarno's 'Maphilindo' concept.[1] Of Maphilindo the Tunku has since said 'It was a false belief that the organisation was formed as a get together of the Malay race. Maphilindo has not worked and it will never work. I have no faith in it.'[2] This would be more reassuring to Singapore if the Tunku were not obviously near the end of his political career. Lee Kuan Yew has said to the Tunku, 'We are all convinced that as long as you are in charge in Malaysia nothing very important can go very wrong, and whatever difficulties we have can always be sorted out. The problem is . . . that we cannot have you there for ever. . . . We must reach a relationship of some confidence and trust with a number of your important colleagues, like Razak.'[3] Meanwhile it is a source of some reassurance that the foundations of a widely-based regional grouping have been laid with the establishment of the Association of South-East Asian Nations (ASEAN) in which Singapore is a founder member with Malaysia, Indonesia, Thailand and the Philippines.[4] But it remains to be seen whether the new body achieves an active role.

Relations between Malaysia and Singapore depend upon each government keeping out of the other's communal problems. For a time after the break-up of August 1965 Singapore professed to concern itself with the position of the Chinese in Malaya. The Malaysian government objected to this attitude and also to the continuation of a branch of the PAP in Malaya itself. Singapore retorted by pressing the Singapore branch of UMNO to change its name (to PEKEMPAS) in token of its independence of the parent party in Malaya. The position of the Singapore Malay minority is a delicate one. In the early days of Malaysia some of the UMNO hotheads from Malaya were allowed to make mischief in Singapore which resulted in a riot. Since then both governments have recognised the need to avoid trouble of this kind. The Singapore government is zealous for the welfare of its Malays and the Malaysian government advises them to seek their salvation as Singapore citizens.

If unemployment becomes a serious problem in Singapore the

[1] *v.i.* p. 188.

[2] Statement at a press conference in Kuala Lumpur on 8 June 1966 following a meeting between the Malaysian and Singapore Ministers (reported in *Malaysia* (July 1966, p. 29)).

[3] *Malaysia* (May 1966, p. 31) – extract from a letter to the Tunku dated 25 March 1966.

[4] *v.i.* p. 192.

government is likely to press the 160,000 Malaysian citizens (not all Malays) who have migrated to Singapore as part of the general drift to the towns in search of jobs and higher wages to return to their homes in Malaysia. This drift is even more extensive than these figures might suggest; it is reckoned that in addition the present generation of Singapore citizens includes half a million people born in Malaya. Hence any acute economic set-back in Singapore will have its repercussions on Malaysia. A particular case is the impending run-down of the British base in Singapore. It is reckoned that of the 15,000 workers at the base who are likely to become redundant in the near future no less than 9,000 are Malaysian citizens.

It might be expected that the two governments would recognise their economic interdependence. When Singapore left Malaysia in 1965 both parties protested their intention of finding ways to retain and improve the economic co-operation between them. Actual results have been sadly disappointing. An unanswerable case had been presented by World Bank experts for a 'common market' in manufactured goods to expand the factory industries of the whole of Malaysia (including Singapore at that time).[1] This, however, remains a dead letter mainly because Malaysia fears that a disproportionate part of the new industries would be located in Singapore. Malaysia has also imposed discriminatory railway freight charges so as to divert the exports of southern Malaya away from Singapore to her own ports and export duties on timber intended to favour its own sawmills at the expense of Singapore. Arguments of narrow self-interest prevail over the less easily demonstrated advantages of economic specialisation on the basis of comparative costs. The most extreme example of economic separatism, for which it seems that Singapore is mainly responsible, is the decision to abandon the use of a common currency in favour of separate but informally interchangeable currencies.[2]

[1] *v. Report on the Economic Aspects of Malaysia*, by a Mission of the International Bank for Reconstruction and Development. The Mission which made its investigation in 1963 was headed by the eminent French economist, M. Jacques Rueff. In a key passage (para. 87) the Report says that 'the total demand within the Malaysian market will be about 52 per cent higher than that now existing in the Federation of Malaya, about four times that of the present Singapore market and eleven times that of the Borneo Free Trade Area.' It also concluded that even the Federation of Malaya was by itself too small a market to support adequate industrialisation.

[2] On attaining its independence in 1957 Malaya inherited a long-established system by which it participated (with Singapore, North Borneo, Sarawak and Brunei) in a Board of Currency Commissioners who issued a common dollar currency ($1 = 2/4d sterling) backed by a 100 per cent reserve held in sterling. This system was retained even after Malaya established its own central bank (*v.i.* p. 222). But this joint system based on a rigid reserve formula precluded the management of credit and the capital market on more advanced economic principles. Hence it was

The expulsion of Singapore from Malaysia has left its leaders determined to spread their risks in future. 'By becoming dependent on as many countries as we can for our prosperity, the less likely we are to be pushed around by any single country.'[1] Hence there has been a drive to establish trade relations with the communist countries of eastern Europe and to find new markets for Singapore's industrial products in distant countries such as the United States. Adventitious advantages such as American military spending in connection with the Vietnam war and the movement of capital from Hong Kong seeking a more stable area for investment have so far helped Singapore to progress and expand.

But the Singapore politicians are realists who can see that Singapore will stand or fall as a *regional* economic centre. How to persuade reluctant partners such as Malaysia and Indonesia to trade freely with Singapore? To this question the confident answer is made that Singapore must by its superior efficiency make itself such a vital trade partner 'that it is worth their while – and more it is vital to their prosperity – that we should survive.'[2] Hence extra resources are found for technical education and for new port equipment to serve containerised vessels. It is a powerful argument which extrapolates forward the past successes of Singapore as a regional trade centre. But it assumes that the minds of Singapore's neighbours will be open to rational arguments of comparative costs. It may not prove to be so. Much will also depend on whether foreign business can be induced to keep or make its regional headquarters in Singapore. 'This is your base camp in South-East Asia.'[3]

These are the bold hopes of some talented minds confronted with almost insoluble problems. Slowly excluded from their traditional markets in Malaysia and Indonesia, faced with the serious loss of

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proposed that the Malayan central bank should, after the formation of Malaysia, take over the issue of the currency for the entire territory. These negotiations dragged on after Singapore had withdrawn from Malaysia in 1965. They broke down in 1966 apparently because Singapore insisted that it must retain separate ownership and control of its share of the joint currency reserve fund. Malaysia now issues its own dollars through its central bank. Singapore retains a separate currency board on the old model. Both governments (and Brunei) decided to retain the existing parity with gold when sterling was devalued in November 1967 but took a very questionable decision to devalue the old currency, still in circulation, issued by the old currency board and backed by sterling reserves. This decision precipitated serious riots in Penang.

[1] S. Rajaratnam, Singapore Foreign Minister, on 16 April 1967, *Malaysia* (May 1967, p. 24).

[2] Lee Kuan Yew, speaking at the University of Singapore on 1 July 1966. *Malaysia* (August 1966, p. 24).

[3] Lee Kuan Yew speaking to the Singapore Employers' Federation on 31 May 1967. *Malaysia* (July 1967, p. 27).

employment which will follow the closing of the British base, what can they do but make plans and exert themselves to fulfil them? The key statistic is that domestic exports must be increased at the rate of 30 per cent per annum over the years to 1972.

But more is required than an immense effort in economic efficiency and discipline. Singapore is one hundred and fifty years old, a mixture of old and new. The old is mainly Chinese; the new is the commercial bustle of a great sea-port. Over the past twenty years a million or more overseas Chinese have moved a long way towards stability but they are not yet a community in the full sense. 'This community has no built-in reflexes; loyalty, patriotism, history, tradition. We do not have those because this society was never designed – and education was never designed – to produce a people capable of cohesive action; to identify their collective interests and with the ability to act in furtherance of them.'[1] Another Minister has spoken of the need to 'discard the levantine value and acquire the Roman virtues.'[2] This is rather high-flown rhetoric. The more pedestrian political reality is that since 1959 Singapore has been governed by a group drawn from its English-educated intelligentsia with the support at first of the forces of Chinese nationalism and communism and more recently of business conservatism. It professes to be a socialist government but of necessity it has become rather more of an egalitarian social democrat party. With its gradual shift to the right the PAP government has tended to become alienated from the younger generation of its own kind, the rising generation of students now at the University of Singapore and other institutions of higher learning. If Singapore goes under in economic decline it may well throw up a near revolutionary régime which will pose severe problems for Malaysia to the north (and possibly provoke military intervention such as the more extreme Malay nationalists advocated in 1965). If on the other hand the policies of the PAP government – and one must admire the clarity with which they are expressed – attain success the torch must be handed down to a new generation of politicians who will more probably oppose than join the present PAP régime. Such a transition, although a milder test of Singapore democracy, will be searching enough. All this lies in the remoter future. The most immediate question is whether Singapore as a regional centre of commerce for South-East Asia can prosper and survive. The answer is as yet uncertain.

[1] Lee Kuan Yew speaking on 30 October 1966. *Malaysia* (December 1966, p. 26).

[2] Goh Keng Swee, then Minister of Defence, speaking to a passing out parade of military cadets of the new Singapore armed forces (trained by an Israeli military mission).

PART FOUR

The Borneo Territories

Chapter 13

Sabah and Sarawak

NORTHERN BORNEO unlike Malaya has no dominant institutions or patterns of organisation to serve as a foundation upon which a superstructure of detailed description can be built. It is true of course that both Sabah and Sarawak were carved out of the Malay Sultanate of Brunei. But Brunei, which excluded itself from Malaysia in 1963, is a mere shadow of its ancient glory and has failed, much as its Malays desire it, to form a focus for a political grouping of the Borneo territories. Both Sabah and Sarawak have large Chinese communities which occupy the same central place in their commercial system as their compatriots do in Malaya itself. But there is no communal and cultural balance in Borneo between indigenous peoples and the Borneo Chinese comparable with the Malayan situation. Northern Borneo is remote, backward, inchoate and undetermined in its pattern and its trend.

The physical structure of the land has something in common with Malaya. Here too there is a central watershed which divides the rivers and therefore the original communications and zones of settlement. Sabah is thus divided into east- and west-coast zones which even now have no road or rail link. Sarawak lies on the western side of the watershed which divides it from Indonesian Borneo (Kalimantan). Over all the density of population averages only 16 to the square mile (as compared with 320 in the west-coast zone of Malaya) and much of the mountainous interior is even more sparsely inhabited or totally uninhabited. The main centres of settlement are along the coastal flats, with the highest concentration in the rubber belt south of Jesselton[1] on the west coast and in the First and Second Divisions of Sarawak at the south-western end of the territory.

Except where man has made his minute incisions the green canopy of the jungle stretches between the mangrove swamps of the coast

[1] The west-coast capital town named after a former colonial governor (Jessel) has recently been Malaysianised to become 'Kota Kinabalu'. Kinabalu is the highest mountain in Borneo and 'Kota' is a Malay word indicating a fort or large town.

and the mountain peaks which above the forest line are covered in moss forest. The rivers descending from the mountains are interrupted by rapids and in some cases obstructed at their mouths by sand bars. Hence they are of limited value as lines of communication with the interior. Most of the human activity in Borneo is concentrated in the narrow fringe of flat alluvial land, 20 to 40 miles wide on the west coast but rather wider on the east coast of Sabah and in the lower valleys of the rivers. Historically this is the zone of contact between outside influences and the indigenous peoples of the interior. The ascent of a river in Sabah has been thus described:

> 'So every river is found winding mazily through the swamps to its mouth; above the mangrove it flows between alluvial stretches of *nipah*,[1] threading its way like a great snake; as one ascends this gives place to jungle or open grassy plains with grazing water buffaloes and to great clumps of bamboo which spread so thickly across the stream that one can scarcely see the sun; sometimes one passes little gardens where bedraggled leaves of banana-trees flap to and fro upon the bank and clusters of coconut palms stand up slim and graceful; sometimes a native village from which come unkempt brown individuals to stare at the passer-by while across the water steals the mellow note of deep-toned gongs.'[2]

It has been said by a leading authority that the classification of the Borneo peoples leads to 'a sort of cultural haze'.[3] Their divisions can only be understood in terms of tribal and cultural origins. The accidents of history, 'the tormented geography of the interior',[4] the use of inaccurate names imposed by outsiders all confuse the picture. The main line of division is between the Muslim peoples of the coast and the river estuaries, many of whom are sailors, fishermen, etc., who live in boats and the agricultural pagan or Christian peoples who extend from the coast to the interior.

Many of the Muslims, especially in Sarawak, are or call themselves 'Malays' but for the most part they are descendants of converts from the pagan peoples with whom they still have much in common. Of the pagan peoples the Dusuns and the more primitive Muruts are the largest indigenous groups in Sabah and the Sea Dayaks or Iban (who are not in fact a maritime people) and the Land Dayaks

[1] *Nipah* is a type of palm whose fronds are plaited for use as thatch.
[2] O. Rutter, *British North Borneo*, p. 5. Gongs are a valuable and important possession in the culture of the Borneo peoples.
[3] T. Harrisson, *The Peoples of North and West Borneo* (in *Malaysia*, ed. Wang Gangwu).
[4] ibid.

in Sarawak. Both territories have large immigrant Chinese communities.

Among the pagan peoples groups of families live in hamlets, often under the single roof of a longhouse,[1] cultivating rice, tapioca, maize, yams, sugar-cane, sweet potatoes and other food crops on family plots forming part of an area which the hamlet as a group has cleared by common effort. The hamlets of a neighbourhood acknowledge a traditional leader or chief chosen both for his personal qualities and as a member of a family of high standing. Indigenous political organisation, now overlaid by the structure of representative democracy, extends no higher than that.

The first in time of the dominant external influences was imperial China which had trade links with northern Borneo as far back as the eighth century A.D. One of the many theories concerning the races of Borneo is that the modern Dusuns have a significant admixture of Chinese blood from intermarriage centuries ago. Next in time of the external influences were the Malays during the fifteenth century when the Malacca Sultanate was at the height of its power.[2] When the Portuguese captured Malacca in 1511 the religious undertone of that Christian triumph over 'the Moors' drove many Muslim traders to shift their centre of operations to Brunei whose Malay rulers had been converted to Islam. The sixteenth century was the heyday of the Brunei Sultanate which extended its sway north and south along the west coast of Borneo. Magellan's flotilla visited Brunei in 1521 and Pigafetta, the historian of the expedition, has left a vivid account of Brunei at that time. However, the Spaniards, then established in the Philippines, fell out with the Brunei Malays over what they regarded as piracy; Brunei was sacked by the Spaniards twice and went into a decline. Thus began the third external influence, the European colonial powers. For several centuries contact was only intermittent. The Dutch were now building their empire in the East Indies but they were not interested in Borneo. Away to the north the Sultans of Sulu in the archipelago between Borneo and the main islands of the Philippines extended their rule southwards to take in most of what is now Sabah. The Muslim rulers of Brunei and Sulu allocated the 'rivers' of Borneo, i.e. the settlements grouped around each river estuary, to their nobles whose oppression of their pagan subjects has left 'Malay rule' in ill odour to this day.

Minor British activity in Borneo in the eighteenth and early nineteenth centuries made no permanent mark. The Anglo-Dutch

[1] *v.s.* p. 32.
[2] *v.s.* p. 39.

settlement of 1824 was somewhat imprecise as to Borneo but the outcome of the ensuing dispute was that the Dutch held southern Borneo (Kalimantan) and later on as a result of the activities of James Brooke, northern Borneo fell within the British sphere.[1]

The foundation of the Brooke régime in Sarawak and of Chartered Company rule in British North Borneo (now Sabah) are two of the more bizarre episodes in the history of British colonial expansion during the nineteenth century. Although they differ in detail both stories have certain common features. In both cases a territory was carved out of the outlying domains of Malay rulers. Neither in consequence has any sense of traditional entity and identity. Both were acquired by European adventurers or speculators as a form of colonial private enterprise. Although both became British protectorates they remained until 1945 outside the control of the Colonial Office. Accordingly they offered their European rulers some scope for idiosyncrasy and in fact the first two Brookes and also Cowie (in North Borneo) rode a number of hobby horses in various directions. Finally both remained outside the main stream of economic development in South-East Asia. These factors have contributed to that sense of being different and being backward which makes the two territories awkward partners in Malaysia. Their common history as outlying territories of the Malay Sultanate of Brunei has left a certain ambivalence of attitude. The possibility of salvation through a local federation in northern Borneo (Sabah, Sarawak and Brunei) is the only alternative to Malaysia; the memory of ancient Malay misrule, however, divides them from Malay Brunei and does not help their relations with Malaya itself.

James Brooke, a former officer of the army of the East India Company, arrived in Singapore in 1839 in his own schooner. A taste for adventure and a great admiration for Stamford Raffles had brought him here after the publication (in 1838) of his 'prospectus' for British expansion in northern Borneo. He soon became involved in the anarchy of Sarawak, then a southern province of Brunei whose Malay rulers made him 'Raja and Governor' of that trouble-spot in November 1841. From then on James Brooke and his successor expanded this kingdom at the expense of Brunei by stages from the original 7,000 square miles to the present 47,000.[2]

Brooke's empire-building combined with his vigorous and some-

[1] *v.* G. Irwin, *Nineteenth-Century Borneo, A Study in Diplomatic Rivalry, passim.*

[2] C. A. Fisher, *South East Asia*, p. 668, points out that the First Division (administrative province) of Sarawak corresponds more or less with the boundaries of the original territory of 1841; the Second, Third, and Fourth and Fifth Divisions represent the acquisitions of 1861, 1882 and 1883–1904. For an uncritical account of Brooke rule see S. Runciman, *The White Rajahs.*

times bloody campaigns against piracy along the Borneo coast and his quarrels with some of his former associates made him a very controversial figure in mid-Victorian England. He succeeded in restoring to Sarawak a greater degree of peace and order than it had known for many years past. He had high hopes of developing the supposed wealth of Sarawak but was reluctant to offer attractive terms to foreign investors. He encouraged the immigration of Chinese whose revolt in 1857 was one of the most dramatic episodes in the history of the régime. The result of all this was an inadequate public revenue and a system of administration marked by its conservative simplicity and accessibility. Charles Brooke, the second of the line, succeeded his uncle in 1868 and held the reins until 1916. He continued the Brooke policy unkindly called making Sarawak 'a national park for Dayaks';[1] last in the line came Charles Vyner Brooke. By now the old untroubled confidence in the rightness of the system had begun to ebb and the Brooke family were at odds with each other over their patrimony. Sarawak was formally ceded to the British Crown as a colony in the post-war reconstruction of 1945.

European intervention in Sabah began in 1865 when the American consul in Brunei, a former naval rating, obtained a concession from the Sultan which he peddled in Hong Kong to American and Chinese merchants who formed the American Trading Company of Borneo and established a short-lived (1865–66) settlement on Kimanis Bay.[2] After further manoeuvres an Austrian, Overbeck, who had joined forces with a London merchant, Alfred Dent, obtained new concessions from the Sultans both of Brunei and of Sulu. In the teeth of protest by Holland, Spain, the United States and – not least – Charles Brooke, who aspired to gobble up the whole of northern Borneo as part of Sarawak, the new régime began its occupation of a few points in Sabah in 1878. In 1881, however, the British government, then led by Gladstone who was no imperial expansionist, astonished all concerned by granting a royal charter to the British North Borneo Company established by Dent and Overbeck. 'The Chartered Company' had arrived.

Thereafter the ineluctable constrictions of a difficult terrain, considerable disorder in the early years, shortage of money and very limited opportunities of economic expansion forced the Chartered Company into a situation of stagnation and conservatism very

[1] K. G. Tregonning, *A History of Modern Sabah, 1881–1963*, p. 31. This book is the leading authority on the history of Sabah.

[2] The only relic of this settlement is the grave of the American 'Chief Secretary' which stands on a hill forming part of the modern Kimanis rubber estate.

similar to that in Sarawak. The Company, in contrast to the Brookes, was prepared to open its doors to foreign capital and it did succeed in attracting the only significant investment in rubber estates in either territory (the rubber in Sarawak is almost entirely smallholdings). This was the somewhat fortuitous result of an ambitious scheme to build a railway to link the west coast to the east which, after many changes of plan, eventually produced a railway running parallel with the west coast! It was then providentially discovered that the land on the inland side of the railway was suitable for rubber planting in the first boom of 1905–10. This episode serves to illustrate what better communications, if they could have been provided, might have done for Borneo in the golden age of foreign investment in South-East Asian plantations. The railway belongs to the period when the Company was being mismanaged in London by a retired Borneo 'old hand', Cowie. With the death of Cowie (in 1910) retrenchment was necessary and North Borneo continued its staid and unremarkable progress until it too became a British colony in 1945.

Northern Borneo like Malaya suffered Japanese invasion and occupation between 1941 and 1945 with similar atrocities and disruption of the economy and administration. Post-war recovery here was slower than in Malaya. The new colonial régimes in both territories aspired not only to rebuild but also to expand and improve. This was an era in which grants under the British Colonial Development and Welfare Acts could resolve some of the immediate financial problems. But until a certain minimum infrastructure of roads and education has been made it is simply not possible to advance. It all moved slowly though in the direction of progress. In Sarawak the abdication of the Brooke dynasty left a legacy of bitterness among the Sarawak Malay community, which identified the old régime with a position of privilege for themselves. This feeling erupted (and thereafter apparently faded out) with the assassination of the British Governor of Sarawak in 1949.

The sheer impossibility of forcing the pace of progress made the future of the Borneo territories most uncertain. After the war the tide of European colonial rule began to ebb fast. An enclave of British rule in northern Borneo could not continue until these territories were ready for independence. In particular Indonesia, which had insisted on taking over the even more backward Dutch New Guinea (West Irian) in 1961, would assuredly lay claim to northern Borneo next unless it could meanwhile find its independence under some other auspices. It also happened that the launching of the Malaysia project in 1961 touched off a renewed claim to North

Borneo by the Philippines, claiming as successor to the Sultans of Sulu. It was these threats which forced the Borneo territories reluctantly into Malaysia in 1963.[1]

At this point neither Sabah nor Sarawak had a developed political party system. Each had had their first and limited experience of elections only in 1963. The course of the negotiations by which the Borneo territories agreed to enter Malaysia and the ensuing political problems of their relations with Malaya are best dealt with as part of the formation of Malaysia.[2] The basic political alignments upon which the party system has evolved in both territories almost defy analysis. The political parties have fine-sounding names but they are mainly tribal groups whose number reflects the splintered structure of Borneo racial demography. It follows that there are no issues of policy still less of ideology which divide or unite them. The making and breaking of coalitions in Borneo since 1963 is kaleidoscopic. The function of each political group is to secure ministerial offices for itself and a large share of development funds for improving the lot of its supporters. Those who are dissatisfied go into opposition until a new and better opportunity of coalition occurs or a general election alters the balance of the parties. To these propositions one should make one exception. The Sarawak United People's Party (SUPP) which is largely Chinese has opposed Malaysia consistently and has therefore always been in opposition. Of this party it has been said that 'although the origin and leadership of the party are in no way communist, there has recently been a high degree of communist infiltration and influence in the party . . . the main components of the party [are] those Chinese who are fearful that Malaysia would reduce their status in Sarawak in comparison with other races, and the younger Chinese who are educated, nationalistic, and suffer from a sense of frustration.'[3] These younger Chinese include a number of Malayan origin who left Malaya to pursue their studies in communist China in the 1950s and then drifted back to Sarawak when the Malayan government refused to re-admit them to its own territory. There is also a strong underground communist movement

[1] The state of Borneo opinion on the Malaysia project was investigated first by a Commission appointed by the British government and then by a United Nations Mission (*v.i.* pp. 176–7). The British Commission ('the Cobbold Commission') reported that about one-third of the population 'strongly favours early realisation of Malaysia' and the remainder were spread over a spectrum of opinion from conditional acquiescence to hard-core opposition (*Report of the Commission of Enquiry, North Borneo and Sarawak, 1962* (Cmnd. 1794, para. 144)). The United Nations Secretary General, reporting 18 months later, concluded that 'a sizeable majority' wished to join Malaysia (*U.N. Special Release SPL/84* of 16 Sept. 1963).

[2] *v.i.* p. 176.

[3] *Cobbold Commission Report* (*v.s.* note 1), para. 82.

in Sarawak known as the Clandestine Communist Organisation (CCO). Finally the Indonesian government added to this witch's brew by training a number of dissidents who crossed the border during the period of 'confrontation' (1963–65) in the work of subversion. Accordingly the threat of communism in Sarawak is serious. At present it can make no mischief in the game of musical chairs played by the other parties but it can profit from the futility of that sport.

The essential statistics of education in northern Borneo are set out in an appendix.[1] It will be seen that in 1951 neither of the two territories had even one half of one per cent of its population at secondary schools (the corresponding Malayan figure at that time was of the order of 3 per cent). There has been immense expansion of the system since then but several decades must elapse before Borneo will have the educated middle class upon which Malaya relies for its progress in every field. Another vital statistic is that in 1960 the two territories with an aggregate area of 77,000 square miles had less than 1,400 miles of road. Here too there are arrears to be overtaken – and this will take time.

Lack of communications and other factors already mentioned kept the planting of rubber in Borneo at a mere fraction of the Malayan figure; at the present time Borneo contributes about 6 per cent to the total of Malaysian rubber exports. Yet, leaving aside the re-export of petroleum imported from Brunei for refining and the possibly short-lived prodigies of the timber export trade in Sabah, rubber is the mainstay of the export trade of both territories. The outlook here is not reassuring. From its early days the small and struggling rubber industry of northern Borneo was held back by two impediments. Because it was small and remote it could not support an adequate agricultural research programme of its own and, in the pre-war period when there were no regular air services, it received few visits from Malayan experts. Yet it had its own problems as climate, soil and other environmental factors in Borneo are not identical with those of Malaya. In particular the heavier rainfall and steeper slopes of Borneo made erosion such a serious problem that in the late 1920s a substantial part of the rubber estate acreage in Sabah was abandoned; it had ceased to be productive. Later on in the post-war period when replanting with high-yielding rubber was found to be the salvation of the Malayan rubber industry[2] there was no corresponding effort of technique and organisation for replanting in Borneo. In part this stagnation resulted from the second major

[1] *v.i.* Appendix 2, Table 10.
[2] *v.* pp. 70 and 228.

impediment of the Borneo rubber industry – the chronic shortage of labour. Attempts to train Murut and Dusun villagers as estate workers were generally unsuccessful. The men could be persuaded to leave their villages and come down to the plantations on the coast for a few months but they would not bring their families with them nor desert them for long. Accordingly much rubber went 'out of tapping' for the period of the rice harvest. At different times Indian, Javanese, Chinese and Philippino labour was imported but the supply was always inadequate and the quality often inferior. In recent years growing unemployment in Malaya has led to a moderate influx of rubber tappers from there to Borneo. But it is still impossible to assure the regular tapping of such high-yielding rubber as exists and this is a disincentive to the acceleration of the replanting programme.

As in Malaya oil palms are an alternative to rubber of growing importance. The introduction of the oil palm from Malaya to Borneo in the 1950s was due to the initiative of the Commonwealth Development Corporation. Sabah now has some 40,000 acres under oil palms (as compared with 150,000 under rubber) and hopes to double this figure in the next few years. Sarawak has only just begun to plant oil palms. Most of the Sabah oil palm industry is situated in the broader valleys of the east coast (in contrast to its rubber which is concentrated along the west-coast railway). In this case the shortage of labour has been relieved by allowing the entry of Indonesian workers, attracted by the relatively high wages and good conditions. But, as the confrontation of 1963–65 showed, there are security risks in permitting an unrestricted movement into Malaysian Borneo of Indonesian workers. In other respects Borneo shares the same problems as Malaya in respect of oil palm cultivation. In particular if it is to become a smallholder crop satisfactory arrangements for factory processing will have to be made – which will not be easy.

Other essays in plantation agriculture, notably tobacco and abaca (hemp), have been less successful. Pepper and copra are established smallholder crops but production is unlikely to expand.

The mainstay of smallholder agriculture in Borneo as in Malaya is rice cultivation. However, in northern Borneo both tradition and terrain have encouraged the cultivation of dry or hill padi rather than irrigated rice in the valley bottoms. In dry rice cultivation jungle land is cleared of its cover of trees and the felled trees are burnt to ashes. The fertility of the virgin soil plus the wood ash will suffice to yield good crops for a year or two after which the process must be repeated on fresh ground. The evil of this system is that in addition

to exhausting the fertility of the soil it also leads to erosion of steep slopes and consequent silting of the streams in the valleys below. After a long period of years the soil, if left fallow, may regain something of its former fertility but if clearing and cultivation is repeated too soon a steady degradation will result. Hence villages move away to a new site from time to time rather than work a rotation system. This entails unproductive labour in building a new longhouse or other dwellings on the occasion of each such move. It impedes the development of communications and rural amenities, which are obviously difficult to provide to a semi-migrant village community. Even if the Borneo villager could be persuaded to change over from dry to wet rice cultivation (on a permanent basis) there is insufficient conveniently situated irrigable land. The more difficult alternative is to improve the techniques of dry rice cultivation so as to eliminate the ills which follow from its primitive practice. In this as in so many other spheres of rural improvement it is necessary to find improved techniques which conservative and traditional communities will accept as compatible with their methods of organisation and their values and all the other elements in their culture which inter-mesh with rice cultivation.

The impetus of economic expansion in Sabah has for the past fifteen years come mainly from the rapid growth of exports of hardwood timber to Japan and other countries. For many years up to 1952 a single concessionaire had a virtual monopoly of the export of timber. In that year, however, concessions for up to thirty years were granted to a dozen major enterprises and shorter licences to a number of smaller concerns. The resultant twenty-five-fold increase in the export of timber has made a number of private fortunes for Sabah Chinese and has carried Sabah along at a very satisfactory pace. In recent years the national product has risen at an average annual rate of 7 per cent.[1] It may be that Sabah timber, like Malayan tin a century ago, will serve as a pump primer for a general economic expansion. But the supply of timber is not inexhaustible and some concern is felt at the pace at which timber reserves are now being consumed. Sabah would also prefer to export sawn timber rather than round logs in order to develop her own sawmilling industry on a larger scale. But moves in this direction have been a failure; Japan and other foreign markets prefer to import logs.

As we shall see,[2] the peoples of Sabah and Sarawak are 'conscious of being rushed into some adventure, of whose outcome they are uncertain.' They need time – time to achieve economic expansion,

[1] *First Malaysia Development Plan, 1966–70*, paras. 93–7.
[2] *v.i.* p. 177.

better communications, political stability, time to educate and train a new generation of leaders and technicians, time in which to regain their confidence. Unfortunately Indonesian 'confrontation' and the expulsion of Singapore from Malaysia together with some friction between the federal government in Kuala Lumpur and these remote provinces of Malaysia have induced a sense of crisis at a time when an uneventful settling down period would have been more helpful. It may yet appear in historical retrospect that on balance it was better to catapult the Borneo territories into Borneo rather than leave them to teeter on the brink with Sukarno, like the big bad wolf, snapping at their heels. But they have been rushed into a complex and uncertain partnership with Malaya. The time which was denied them before this decision was taken must be given back now if the adjustment is to be made.

PART FIVE

Malaysia

Chapter 14

The Making of Malaysia

'MALAYA TODAY as a nation realises that she cannot stand alone and in isolation. Outside of international politics the national one must be broad-based. Sooner or later she should have an understanding with Britain and the peoples of Singapore, Borneo, Brunei and Sarawak. It is premature for me to say now how this closer understanding can be brought about but it is inevitable that we should look ahead to this objective and think of a plan whereby these territories can be brought closer together in a political and economic cooperation.' With these words the Malaysia project was born. They came in the middle of a long and otherwise unremarkable speech on domestic and foreign policy made by the Tunku on 27 May 1961.[1]

There were immediate repercussions in all the territories concerned. 'Merger'[2] became the question of the hour. Negotiations to translate the basic idea into detailed proposals began within a few weeks and were completed with remarkable speed. First, let us consider Malaya itself.

The Federation of Malaya, and especially its Malay community, feared that if they were reunited,[3] Singapore would again dominate

[1] The Tunku was the guest of honour at a lunch given in Singapore by the Foreign Correspondents' Association of South-East Asia. When the politicians have written their memoirs and the state papers are opened to historians we may know what discussions preceded this piece of kite-flying. It is said that the Tunku had not consulted his cabinet before making the statement. The alacrity with which Lee Kuan Yew and others seized on it suggests that it was not an entire surprise. J. M. Gullick, *Malaysia and its Neighbours*, contains long extracts from the documents referred to in this and the next chapter as select documents on the formation of Malaysia.

[2] In the public discussion of this proposal in Malaya and Borneo the convenient term 'merger' was commonly used for the creation of Malaysia. It is used here for that reason.

[3] There had always been *administrative* co-operation between Singapore and the Federation since the split in 1945. Certain departments, e.g. postal services and broadcasting, were 'Pan-Malayan', i.e. there was a single department for both territories and its head was answerable to two governments. The separate departments concerned with trade and economic policy in the two territories also maintained close liaison. Yet all these and other similar arrangements were merely expedients (whose efficacy could be wrecked by intransigence in high places) to minimise the consequences of having two governments instead of one. However

them as they felt it had done when it was the administrative capital of Malaya before the war. Singapore's 625,000 voters, mainly Chinese, would tip the balance of combined electoral strength against the Malays in the Federation and undo all that had been achieved in 1948 to re-establish Malay supremacy. Moreover, Singapore was a centre of left-wing turbulence where communists were allowed a degree of latitude which the Federation, with its memories of the long-drawn Emergency of 1948–60, regarded as dangerous folly. Finally Singapore was still the greatest centre of commerce in Malaya and might well regain its pre-eminence as the acknowledged business capital of Malaya – to the detriment of Kuala Lumpur's newly-won equality with it – if the two territories came together.

These Malay fears were widespread and the Malay nationalist PMIP might be expected to gain ground at the expense of the Alliance if the latter proposed a simple merger with Singapore. In the event the PMIP flatly opposed the merger proposal and for good measure offered a scheme for a wider association embracing Indonesia and the Philippines which was quite impracticable. Yet the fact that even the PMIP had thus to offer a merger of some kind is a significant indication of the popular appeal of any scheme for a larger union of states.

For several years the Alliance Ministers publicly poured cold water on Singapore's overtures for an association of any kind. By 1961, however, the Alliance realised that if Singapore were left to its own devices for another year or two, the resultant situation might become dangerous for the Federation itself. Under the system of internal self-government introduced into Singapore in 1959 the Federation held the balance in the seven-man Internal Security Council and could prevent communism in Singapore from getting out of hand. Federation police had been called in to help suppress the disorders in Singapore's Chinese schools in 1956. But it had also been stipulated in 1959 that there must be a further advance towards independence for Singapore in 1963. On the evidence of the by-elections held in Singapore in 1961[1] the PAP government would probably fall at the next general election and be replaced by parties dedicated to the abolition of the Internal Security Council and the establishment of an independent Singapore.

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ramshackle the pre-1945 constitutional structure it had given one man (the Governor, Straits Settlements, who was also High Commissioner, Malay States) a measure of responsibility for and control of Malaya as a whole. This was the main casualty of the post-war reorganisation.

[1] *v.s.* p. 149.

An independent Singapore under such a régime would be likely to seek allies in communist China, unstable Indonesia and other countries hostile to the Federation. Even if these foreign entanglements were avoided Singapore would become a bastion of Chinese nationalism opposed to the predominantly Malay Federation. This communal polarisation would create an explosive situation both within the multi-communal Federation and externally between the two states. The Federation's Prime Minister was quite clear that merger was preferable to 'a situation in which an independent Singapore would go one way and the Federation another.'[1]

In Singapore[2] the Tunku's proposal for merger acted as a catalyst bringing about a violent reaction and realignment of political forces. Although merger did not cause the split within the ruling PAP it triggered off the explosion which had been brewing for some time. Lee Kuan Yew was too good a strategist to lose the initiative. He was able by August 1961 to put before his own legislature and electorate a skilful bargain negotiated with the Tunku. Singapore on joining the enlarged Federation would have considerable autonomy including control of her own distinctive labour and education policies and retention for local services of about three-quarters of the local revenue collected in Singapore. But it was not possible at this stage to work out all the financial arrangements in detail – and the source of much subsequent bickering was thereby postponed for negotiation in a less favourable atmosphere.[3] Secondly, there would be no change in the equality of the Singapore communities in such matters as recruitment to the civil service, i.e. there would be no 'special rights' for Malays in Singapore. Thirdly, Singapore, like Penang, would be a free port outside the federal customs barrier for purposes of entrepôt trade with neighbouring territories. Fourthly, internal security in Singapore would be under federal control. Last, in consideration of her wide local autonomy Singapore would return only fifteen members to the federal parliament as compared with the twenty-four to which a simple population ratio would entitle her. This scaling down was also justified on the grounds that less than two-thirds of Singapore's electorate would qualify for the franchise if the stricter rules in force in Malaya were applied in Singapore. It was not practicable or just to disenfranchise voters in Singapore because they would have been unable to vote in Malaya itself. Instead they were to continue to elect their own Singapore

[1] Tunku Abdul Rahman speaking in the federal parliament on 16 October 1961 (*Parliamentary Report*, Col. 1595).

[2] *v.s.* p. 149.

[3] *v.s.* p. 151.

assembly and a reduced number of members of the federal parliament. This expedient also served to reassure the Malays in the Peninsula that they would not be swamped by the inclusion of the Singapore electorate in the federal parliamentary system.[1]

As we have seen, Lee Kuan Yew was able to rout his opponents in Singapore and eventually to win the referendum which (to the dismay of his friends in Kuala Lumpur) he instituted as a trial of strength.[2]

The Borneo territories being less politically sophisticated required a different approach. Borneo leaders were invited over to view the Malayan achievement in rural development as an illustration of what association with Malaya could do for their own people. The process of hammering out acceptable terms for bringing the Borneo territories into the Federation was remitted to a committee (the Malaysia Solidarity Consultative Committee) in which leaders of all five territories (Malaya, Singapore, Brunei, Sabah and Sarawak) were members.[3] The leaders of the Borneo territories, at first hesitant over the proposed merger, were gradually converted to acceptance of the terms agreed.

However, the British government, somewhat to Malayan chagrin, insisted on making its own assessment of the state of opinion in Borneo. A mixed commission of British officials and Malayan representatives, with a former Governor of the Bank of England as chairman, reported that about one-third of the population of the Borneo territories were clearly in favour of merger; the remainder ranged from qualified acceptance to die-hard opposition.[4] The commission was unanimous on all points except one. The British members argued that in view of the admitted unpreparedness of the people of the Borneo territories their accession to the new Federation should be postponed for some years. The Malayan members con-

[1] The terms of Singapore's entry are set out in Singapore Command Paper No. 33 of 1961 which was debated and approved in the Legislative Assembly in the latter part of 1961.

[2] *v.s.* p. 151.

[3] The committee produced a memorandum which was submitted to the Cobbold Commission (*v.i.*) and is printed as Appendix F to *Report of the Commission of Enquiry, North Borneo and Sarawak, 1962* (HMSO, Cmnd. 1794). In its 44 paragraphs the memorandum suggests safeguards for the Borneo territories on freedom of religion (Islam was to be the state religion), representation in the federal parliament, English as a medium of instruction in schools, Malay as the national and official language (after ten years), immigration of Malayan labour, citizenship and franchise rules, special rights for the indigenous peoples of Borneo, and recruitment to the civil service and the armed forces. The recommendations, agreed between spokesmen of Borneo and Malaya in the Malaysia etc. Committee, were duly adopted.

[4] *v.s.* note 3. *Report of the Commission of Enquiry*, etc. ('the Cobbold Report'), para. 144.

sidered that the opportunity of merger should be taken while it existed and was generally acceptable; with delay opposition might harden. In the event it was agreed that there should be merger without delay but also a transitional period after merger during which certain administrative powers of the federal government should be delegated back to the governments of the Borneo territories so that the working association would for a time be rather loose.[1]

The Malayan members of the commission in their minority report made some very percipient comments on the attitude of the rural population: 'they feel that they are being rushed into some adventure, of whose outcome they are uncertain. Fear is the dominating factor among them – fear of Malay domination, fear of Muslim subjugation because of the proposal that Islam should be the official religion of the Federation of Malaysia, fear of being swamped by people from Malaya and Singapore who would deprive them of the land and opportunities in government and other enterprises and fear of the threat to their language and cultures and so on. . . .'[2] It was then argued that these fears could be dispelled by a firm lead from the British colonial administration. The other factor in Borneo opinion was reported as 'great expectations have been engendered among the rural populations . . . Malaysia will be judged by whether or not it delivers the goods in the form of rural improvements, schools, and medical and social services. . . .'[3]

It was probably 'the sense of being rushed into some adventure . . .', the sheer pressure of propaganda and persuasion, which led to the brief and quickly suppressed revolt in Brunei in December 1962. In the event the Sultan of Brunei found the terms offered to his State unacceptable and decided that it should not enter Malaysia.[4]

The state of Borneo opinion was again assessed in August and September 1963 by a team of investigators sent by the Secretary-General of the United Nations.[5] U Thant's verdict was that 'a sizeable majority of the peoples of those territories wishes to join in the Federation of Malaysia.'[6]

It is unnecessary to recount the detail of the further negotiations

[1] op. cit., paras. 151 and 188.
[2] op. cit., para. 178.
[3] ibid. para. 221.
[4] The Sultan's reasons for his decision have not been made known in public but they are understood to include unresolved differences about the long-term control of the oil revenues which are Brunei's major asset and about the Sultan's personal precedence as a member of the Malaysian Conference of Rulers.
[5] and [6] *v.s.* p. 165 and *United Nations Special Release SPL/84* of 16 September 1963.

which led up to the foundation of a new state of Malaysia on 16 September 1963.[1]

The regional repercussions are considered in the next chapter. Undoubtedly much of this friction stemmed from the agreement that Britain should retain its base at Singapore for (among other purposes) 'the preservation of peace in South-East Asia.'[2] The difficult financial negotiations in 1963 between Singapore and Malaya brought into the open the hostility between Lee Kuan Yew and the Malaysian Minister of Finance, Tan Siew Sin, to which we shall refer again shortly.

The first reaction to the formation of Malaysia was a sense of achievement and of patriotic fervour in face of foreign threats and attacks.[3] As we have seen, the PAP government in Singapore was able to convert its precarious hold into an overwhelming majority at the elections held in Singapore very shortly after Malaysia was formed.[4] Lee Kuan Yew was less successful in finding an acceptable role in the federal parliament to which he and a number of other Singapore members were now admitted. The new Malaysia had been built on the understanding between the Alliance government in Kuala Lumpur and the PAP government in Singapore. In retrospect it seems maladroit that this association was not cemented by bringing the PAP leaders into the federal government. But here Tunku Abdul Rahman and his Malay colleagues were in a difficulty. Apart from real differences of political ideology if they admitted Lee Kuan Yew into their government they would have an awkward bedfellow who by reason of his brains and his brashness would not readily submit to their rather staid and gentlemanly approach to the problems of the day.[5] Moreover, the difficulties which had arisen

[1] A joint committee under the chairmanship of Lord Lansdowne made recommendations on matters of detail (*Malaysia, Report of the Inter-Governmental Committee, 1962* (HMSO, Cmnd. 1954). The Agreement between the territories (*Malaysia, Agreement concluded between the United Kingdom of Great Britain and Northern Ireland, the Federation of Malaya, North Borneo, Sarawak and Singapore* (HMSO, Cmnd. 2094)) dated 9 July 1963 contains the new constitutions as schedules. In effect the old Federation of Malaya was enlarged by the accession of Singapore, Sabah and Sarawak on special terms but without disturbing the existing relationship between the federal government and the eleven constituent states of Malaya. The new entity is officially styled 'Malaysia' and not 'Federation of Malaysia'. Malaya is 'West Malaysia' and Borneo 'East Malaysia.'

[2] Agreement of 9 July 1963 cited above (Cmnd. 2094, Article VI).

[3] *v.i.* p. 190.

[4] *v.s.* p. 151.

[5] The correspondent of the London *Times* (30 September 1963) compared the Tunku to a pianist with an instinctive gift for improvisation and Lee Kuan Yew to a virtuoso violinist who expects the orchestra to follow his lead. He concluded: 'The future of Malaysia may depend on whether piano and violin can harmonise on a common theme.'

in the last months before Malaysia was formed had lost Lee Kuan Yew the previously existing goodwill of Tunku Abdul Rahman and his Malay Ministers and made him something of a bogeyman to the Malay electorate. To bring in another Chinese group would outrage the loyal MCA Ministers, led by Tan Siew Sin, who had been their partners for over a decade. Here a personal feud was associated with a real rivalry for the role of Chinese partner to the Malay element in the Alliance.[1] So it was decided to leave Lee Kuan Yew and his small group of Singapore supporters to their own devices in the federal parliament. This is an example of the continuing and fundamental problem of the Alliance,[2] i.e. how does a conservative coalition of this kind admit new and more radical elements? Yet if it does not do so, the range of its electoral support must tend to narrow over the years and potential allies become opponents.

The first trial of strength came in the federal elections held in Malaya in 1964.[3] The PAP put up a number of candidates against the MCA and was resoundingly defeated. Only one PAP candidate was elected whereas the MCA increased its representation. This election held when 'confrontation' by Indonesia had raised patriotic feeling in favour of the Alliance (and against the opposition parties which were reproached with having ties of one sort or another with Indonesia or the Indonesian Communist Party) was a triumph for the Alliance which polled 57 per cent of the votes cast and won 89 out of the 104 Malayan seats. Both the PMIP and the Chinese opposition parties lost ground. The Socialist Front, an uneasy ideological coalition of left-wing Malay and Chinese parties, yielded to the ineluctable forces of communal feeling and broke up in the following year.

However, this was not the end of the struggle. Lee Kuan Yew, with characteristic energy, set about raising a new coalition of the opposition parties (other than the extreme Malay PMIP) under the style of 'the Malaysia Solidarity Consultative Convention' with the slogan of 'a Malaysian Malaysia'. Here he fell into the trap which yawns before all politicians who oppose the Alliance government.

[1] Lee Kuan Yew's public stance was 'We are not members of the Alliance and we seek no posts in the Alliance cabinet' (*Straits Budget*, 22 August 1962, p. 11), but this attitude is usual in advance of receiving an invitation. [2] *v.i.* p. 219.

[3] Whatever may be achieved as the years go by it was not possible to hold general elections throughout Malaysia as soon as it had been established. Singapore held its elections in September 1963, Malaya in April 1964. The first direct elections to the federal parliament in Sabah and Sarawak will probably not take place until 1969, although an election to the Sabah state legislature was held in 1967 and Sarawak is likely to hold corresponding elections (to satisfy undertakings given in reaching an end of confrontation with Indonesia) in 1968. *v.* K. J. Ratnam and R. S. Milne, *The Malayan Parliamentary Election of 1964*, *passim*.

The Alliance is and professes to be a coalition representing all the major communities and as such non-communal. But Malay Ministers lead the Alliance which is kept in power by the support of the Malay electorate and which has launched programmes such as 'rural development' for the benefit of that electorate. Any opposition party can therefore only find a widespread electoral base by appealing to those Chinese and other non-Malay voters who feel that the Alliance is too much of a Malay-dominated party with too great a bias in its policies towards the Malays. Hence the manifesto of Lee's new coalition began 'A Malaysian Malaysia means that the nation and the state is not identified with the supremacy, well-being and interests of any one community or race.'[1] To the Malay electorate this declaration meant that Lee Kuan Yew was intending sooner or later to weaken or to remove altogether the Malay grip on the government of the country and all that goes to make up 'Malay special rights.'[2]

Unfortunately the crisis of mid-1965 occurred at a time when Tunku Abdul Rahman, the respected father-figure of the nation, was abroad for a long period.[3] On his return in August he decided that he no longer had 'complete control'[4] and that the only means of avoiding more serious trouble was to enforce the withdrawal of Singapore from Malaysia. The whole operation of Singapore's enforced secession was planned and effected within the short space of three days. The Singapore leaders had hoped to find a better solution in some looser form of association between Malaya and Singapore. When the Tunku rejected this alternative they accepted, though with great distress, his decision that Singapore must leave Malaysia. The further evolution of Malaysian relations with Singapore as an external problem is discussed elsewhere.[5]

The decision that Singapore must leave Malaysia was taken without consultation with the leaders of the Borneo territories although some of them even had the status of Ministers in the federal government whose decision it was. There was a sharp reaction to this apparent slight and the Tunku found it necessary to visit Sabah

[1] *Straits Times*, 10 May 1965.

[2] *v.s.* p. 136.

[3] He had gone to London to attend a Commonwealth Prime Ministers' Conference and his return was delayed by illness.

[4] This was admitted in a personal letter to the Deputy Prime Minister of Singapore which the Tunku wrote *in confidence* though in the stress of the moment he forgot to say so (or even to put a date on the letter). Its immediate publication caused much embarrassment (*v.* J. M. Gullick, *Malaysia and its Neighbours*, pp. 168–71, where the exchange of letters and the Tunku's subsequent statement after they had been published are reprinted).

[5] *v.s.* pp. 152–4.

to suppress incipient demands for Sabah's withdrawal from Malaysia. Dato' Donald Stephens, the Sabah journalist and political leader who had played a leading part in bringing Sabah into Malaysia, resigned his ministerial office.

This episode (in the autumn of 1965) marked the beginning of a steady deterioration in relations between West and East Malaysia.[1] Until that time the pressure of Indonesian confrontation[2] and of the Philippine claim to Sabah had made the Borneo communities too well aware of their vulnerability for indulgence in quarrels with their Malayan partners. Except in moments of stress few of their leaders advocate outright withdrawal from Malaysia and there is no sign of popular support for it. It reflects the hyper-sensitivity of Borneo to any apparent disposition of the more powerful Malaya to treat it as inferior or of no account. It is unfortunate that politicians and civil servants from Malaya, preoccupied with other pressing problems and resentful of the pettiness of some of these squabbles, more often condemn or ignore Bornean susceptibilities than humour them. The acute percipience of the Malayan members of the Cobbold Commission is all too rare.[3]

The original concept of Malaysia including Singapore was a better balance than its authors then realised. They thought of Borneo as a counterweight to urban Singapore. In the event it was more important to find a balance between the solid weight of Malaya under its Malay leadership and the rest of Malaysia. Hence the withdrawal of Singapore left the Borneo territories feeling that they no longer had any allies in withstanding Malay pressure. Such pressure may be unintentional, the result of the disparity of strength of the partners, but it is very real. The politicians in Kuala Lumpur like to regard themselves as expert in the operation of a federal system but in fact they had, until Malaysia was born, little experience of the problems of dealing with State governments in opposition to themselves.[4] Hence they have been somewhat less than flexible in their relations with the Borneo governments. Opposition from that

[1] These are the official terms, i.e. 'West Malaysia' is Malaya (without Singapore) and 'East Malaysia' is Sabah and Sarawak. Another term, used when West Malaysia still included Singapore, was 'the States of Malaya' for the old Federation of Malaya, but this seems now to have been abandoned.

[2] *v.i.* pp. 190.

[3] *v.i.* p. 177.

[4] The 1959 elections in Malaya (*v.i.* p. 136) brought Malay nationalist groups (PMIP) to power in the east-coast States of Kelantan and Trengganu. At various times left-wing parties achieved a hold on the municipal councils of Penang, Ipoh and Malacca. In general these opposition administrations discredited themselves by financial incompetence before a real trial of strength with the federal government could ensue – but federal strategy also has been clumsy. The system of local government in Malaya generally gives cause for concern.

quarter is too often regarded as disloyalty or ingratitude; the federal reaction is then to use its considerable influence as dispenser of development funds etc. to support those who are its friends and to break the power of those who stand out against it. The unstable coalitions of Borneo political parties break and re-group as the 'Ins' (inevitably called the Sabah or Sarawak 'Alliance' like its federal patrons) and the 'Outs' who have quarrelled (whether justifiably or otherwise is immaterial here) with Kuala Lumpur and who are too readily reproached with allowing themselves to be manipulated by 'communists'. Left to themselves the Borneo communities might in time find their own political balance of ideology or even racial grouping. As it is the federal hand shakes the local kaleidoscope too often for any consistent pattern to emerge.

It is unnecessary to trace here the making and breaking of local coalitions in Borneo but more should be said of Sarawak which with its more complex communal and political situation seems likely to be the problem child of Malaysia in the next decade. In addition to an unstable system of political parties based on tribal groupings Sarawak has a real problem of local subversion.[1] Concern over this risk was the only real justification for the action of the federal government in 1966 in suspending the Sarawak constitution in order to remove from office a Chief Minister with whom it was at odds over various questions.[2]

It may be that the working association between Kuala Lumpur and the Borneo territories will in time create a better understanding and forbearance. The disparity of wealth and education between Malaya and Borneo will tend to narrow – though slowly. Much will depend on whether Malaya can find the money with which to carry out the programme of development in Borneo which was one of the main inducements in bringing the Borneo territories into Malaysia. But there is a risk that if present frictions are exacerbated Kuala Lumpur may have to live with one or even two hostile administrations in Sabah and Sarawak or with a block of up to forty opposition members (say a quarter of the whole) returned to the federal

[1] *v.s.* p. 165.

[2] As a result of defections among his own supporters in the State Council the Chief Minister no longer had a majority but he was able to avoid losing a vote of confidence by postponing the next meeting of the Council perhaps until he could recover his majority. The manoeuvre was not in keeping with the spirit of the constitution but, when the federal government intervened, it had not offended against the letter of it. The effect of the exercise of the emergency powers was to enforce Dato' Ningkan's removal from office. It is believed that his main dispute with the federal government was over the retention of British civil servants in Sarawak for longer than the federal government approved.

parliament by Borneo constituencies. Such a situation could only weaken the central government.

Apart from the benefits of economic and social development in Borneo the most hopeful trend for the internal evolution of Malaysia is the possibility of Malaysia entering some wider regional association of South-East Asian states in which Borneo would feel less isolated and vulnerable to Malayan domination.

Chapter 15

Malaysia and South-East Asia

IN ITS SEARCH for an acceptable basis of regional co-operation South-East Asia moves with the times. This is the pattern of the mid-twentieth century. The older mode of supra-national organisation, the empire in which one strong power conquered or at least dominated a group of allied or subject powers, foundered on the rock of modern nationalism. Even the super-powers of the modern world must not outrage world opinion by any outward show of imperialism. Yet more than ever they bestride the world like colossi. In their shadow the lesser nations seek the assurance, perhaps illusory, of alliance with their neighbours and their equals. Be they Arabs, or South Americans, or western Europeans, or the peoples of South-East Asia, they begin to feel that by combining as a region they will find a status and a strength which eludes them in isolation.

But these aspirations cannot be translated into actuality without bases of common action and interest upon which to build. Unlike India and China South-East Asia has no powerful inherited tradition of being an entity. Before European colonial rule began in 1511,[1] there had indeed been a sequence of native kingdoms which in their heyday were almost regional empires. The Straits of Malacca had seen Scrivijaya and then Malacca rise and fall; Majapahit in eastern Java had extended its sway as far as Malaya and Sumatra; to the north Vietnam, Cambodia and Thailand had been centres of transitory power. But none of these historical events provides that sense of carrying on a proud national tradition which modern Asia seeks for its self-respect in the modern post-colonial age.

Ethnic and cultural links both unite and divide the region. The Malays, the Indonesians and the Philippinos may find a basis of association in their common descent but any move of this kind alienates the Thais and causes alarm among the South-East Asian Chinese.[2] All the nations of the region except the Thais have experienced a long period of European colonial rule and so they share a determination to avoid any recurrence of western domination.

[1] *v.s.* p. 40.
[2] *v.i.* on 'Maphilindo' at p. 188 and the Singapore Chinese reaction to it at p. 153.

But each country has had different experiences of European rule and parted from its former masters in its own particular way. 'Neo-colonialism' is an emotive word which means different things to different people. The possibilities and limitations of co-operation in defence and economic association are discussed later in this chapter.

Until Malaya attained independence and with it control of its own external relations in 1957 the question of regional association with neighbouring countries hardly arose. Britain as the metropolitan power dealt with these matters – in London or the Hague, Paris or Washington. Ties of trade, finance and defence held Malaya to Britain and separated her from South-East Asia. However, even before independence contact arose from the sheer necessity of the case. Malayan delegations went to Bangkok, Rangoon and Saigon to buy rice[1]; there were meetings of ECAFE[2] and Colombo Plan committees at which Malayan officials met their opposite numbers.

On attaining independence in 1957 Malaya was faced with two pressing questions of regional relations. The problem of Malayan relations with Singapore has been discussed elsewhere.[3] The other problem was Indonesia, to which the Malayan attitude was tentative and uncertain. The peninsular Malays indeed regard the Indonesians as kindred, united by common elements of language, religion and culture. During the period of the Japanese occupation (1942–45) the leaders of the nascent Malay nationalist movement developed close links with Indonesian nationalism. But the UMNO leaders who came to power in 1955 were very much more conservative in their outlook. They knew little or nothing of Indonesia at first hand and distrusted what they heard of it by report.[4]

The revolt in northern Sumatra and the Celebes in 1958 widened the gap between Indonesia and Malaya. Sumatra which produces some two-thirds of Indonesian export revenue is vital to Indonesia as a whole and especially to the densely populated Java which

[1] As a matter of form they advised the British Ambassador in each capital in his negotiations on their behalf. These visits were during the period of acute shortage of rice between 1945 and 1954. The delegates were mainly British officials.

[2] Economic Commission for Asia and the Far East with its headquarters in Bangkok, an outpost of the United Nations. Even in the colonial period the Malayan colonial government sent Malayan rather than British officials if possible.

[3] *v.s.* p. 152. et seq.

[4] Even the relatively radical Dato' Onn bin Ja'afar privately spoke often (to the author in 1950–51 among others) of the chaos in Indonesia with which Malaya should not become involved.

During the confrontation period the Malaysian government produced an official account of *Malaya/Indonesia Relations* (1957–63) (Government Press, Kuala Lumpur, 1963) which contains the text of the principal documents and a narrative summary in some detail.

absorbs some four-fifths of Indonesian imports. The nightmare of the Javanese who rule Indonesia is that Sumatra might break away and join Malaya, with which it has close links of race and trade. The Sumatran revolt was a typical 'colonels' rebellion' in which the military commanders of outlying satrapies tried to assert their independence. After some months the revolt was crushed. Meanwhile, however, the rebels had continued to consign local produce to Singapore and Penang. Some part of the proceeds of sale were probably used in the illicit purchase of smuggled arms. The government of independent Malaya and also the British régime in Singapore declared a policy of non-intervention in Sumatra and did not officially permit the export of arms. However, it had long been settled policy to lend no active assistance to the Indonesian authorities in the enforcement of their local customs regulations. Out of all this came a legacy of resentment in Jakarta and the belief that Malaya, with British support, aimed to break up the precarious unity of Indonesia when a favourable opportunity offered.[1]

The Treaty of Friendship between Malaya and Indonesia signed in 1959 remained a perfunctory gesture to public opinion. In reality there was still a distinct coolness. Soon afterwards Malaya made its first move towards regional organisation by proposing to the Philippines, Thailand and Indonesia the establishment of an Association of South-East Asia (ASA). Indonesia rejected the scheme out of hand, arguing that a system of bilateral treaties would serve the purpose better. The real reason was probably that it did not suit Indonesia to join an association sponsored by Malaya and not by itself. Ever since the Japanese-sponsored scheme for 'Greater Indonesia' (including Malaya) had made its brief appearance in 1945[2] Sukarno, then (in 1960) at the height of his career as a leader of the Afro-Asian bloc, which had held its first major assembly at Bandung in Java in 1955, was not prepared to play second fiddle to a tyro in international affairs like Tunku Abdul Rahman. ASA nonetheless came into being in August 1961 as an association of Malaya, Thailand and the Philippines with the declared purpose of promoting closer economic ties, improved communications, etc. However, ASA failed to find a useful role in the period 1961–62 and then foundered in the quarrel with the Philippines over North Borneo.

[1] When Malaysia complained to the United Nations Security Council of the threat to peace presented by Indonesian confrontation the Indonesian delegate in his reply to the charge gave a lengthy account of alleged British and Malayan aid to rebels in Indonesia (*Minutes of 1,144th Meeting of the U.N. Security Council* held on 9 September 1964, especially from paragraph 74 onwards).

[2] *v.s.* p. 95.

When the Malaysia project, including the proposed absorption of the Borneo territories into Malaysia, was first put forward in 1961 Indonesia gave it a tepid welcome. 'We do not show any objection toward the Malayan policy of merger. On the contrary we wish the Malayan Government well if it can succeed with this plan.'[1] At this time Indonesia was still preoccupied with her claim for the transfer of West Irian. However, by the end of 1961 the Indonesian Communist Party (PKI), alarmed at the prospect of increasing influence for the firmly anti-communist Malayan government, had declared that the Malaysia project was a manifestation of that abomination – neo-colonialism. The Sukarno government swung over to this line with the effortless ease of those who like Tweedle Dum can make a word mean what you want it to mean. Apart from regard for the views of the PKI Sukarno needed a new external target for the large Indonesian armed forces, the other main pillar of his régime. Foreign adventures would also distract attention from the rapidly deteriorating economic situation in Indonesia. Finally in November 1961 it was announced that Singapore, as part of Malaysia, would be a base available to Britain 'for the preservation of peace in South-East Asia',[2] i.e. in Indonesian eyes for subversion in Indonesia.

In its growing opposition to the Malaysia project Indonesia found an ally in the Philippine Republic. The ostensible grounds of the Philippine dispute with Malaya was a claim to North Borneo (now 'Sabah') as part of the former territories of the Sultans of Sulu.[3] Other factors, however, entered into the Philippine claim which are worth mention here because they continue to beget distrust in the region. The territorial boundaries of South-East Asia are a legacy of colonial rule. As such they are artificial. The proposal to include northern Borneo in Malaysia was the first attempt at frontier

[1] Dr Subandrio, Foreign Minister of Indonesia, in a statement to the *New York Times* dated 13 November 1961. He made a similar statement to the United Nations General Assembly on 20 November 1961; it is significant that the main subject of his speech on that occasion was West Irian, then the main concern of Indonesian foreign policy.

[2] *Joint Statement of the Governments of the United Kingdom and of the Federation of Malaysia*, November 1961 (HMSO, Cmnd. 1563). The phrase quoted in the text above was subsequently reproduced in Article VI of the Agreement of July 1963 under which Malaysia was established (HMSO, Cmnd. 2094).

[3] *v.s.* p. 161. Overbeck obtained grants from the Sultans of both Brunei and of Sulu. The latter granted and ceded for ever and in perpetuity the territory in question. However, the Philippines government as successors to the Sultans of Sulu argue that the grant was a mere lease or alternatively that it was beyond the power of the Sultan permanently to alienate national territory to a foreigner. Both Spain (in 1885) and the United States (in 1930) as rulers of the Philippines had recognised the validity of the grant which was not challenged until 1962. To some extent the claim was a personal interest, not to say obsession, of President Macapagal. In 1968 the quarrel has flared up again resulting in a rupture of diplomatic relations.

adjustment in the post-colonial era and this aspect was the cause of anxiety to both the Philippines and Indonesia.[1] Secondly, both governments regarded with some concern the relatively tolerant treatment by the Malayan government of its large Chinese community. The Philippine government feared that Sabah might become a centre of Chinese communist disaffection (and also of non-political smuggling) on its southern frontier. Indonesia did not fear communism but dealt much more harshly with its sizeable Chinese population.[2] Finally the Philippines is conscious that centuries of Spanish and American rule have broken down the traditional forms of organisation and authority. By joining in an Asian crusade against neo-colonialism, and regaining the lost territories of the Sultans of Sulu, the stigma of being a coca-cola society might be shed and Asian identity regained.

From the start the Philippines was a half-hearted ally and Indonesia made the running. After the conflict had become undeclared war the Philippine government moved into the middle as a kind of honest broker. However, from early 1962 until September 1963 the strategy of the two powers was (1) to criticise the proposal to dispose of the peoples of northern Borneo allegedly without their consent; (2) to recast the Malaysia scheme as a pan-Malay association of Indonesia, the Philippines and Malaya in which Indonesia by its size must be the dominant partner.[3]

Opposition came into the open with the short-lived Brunei revolt of December 1962.[4] The leader of the revolt was permitted to broadcast from Manila; he had the public blessing of the Indonesian government. With the collapse of the Brunei revolt there was a switch to the second and more constructive strategy. The 'Maphilindo'[5] scheme was formulated and discussed at two confer-

[1] 'Not only an important change for the territories concerned but undoubtedly would affect the status quo of the whole region of South-East Asia . . .' (*The Problem of Malaysia*, dated 12 February 1964, and published in London by the Indonesian Embassy as a statement of its case on Malaysia.)

[2] There are almost as many Chinese in Indonesia as in Malaya but they are a mere 2 per cent or so of the 100 million total population. They had a strong hold on village trade as in Malaya but have been largely ousted and expropriated by administrative action in recent years.

[3] 'Would it not be better that Malaysia be formed not primarily as a British-Malayan project but rather as a South-East Asian project, that is to say founded on the co-operative will for freedom of the peoples of South-East Asia rather than on the power or protection of Britain?' (Speech of the Indonesian delegate to the Security Council (*Minutes of 1,144th Meeting* cited above, at paragraph 77)).

[4] *v.s.* p. 177. There is now no reason to think that either Indonesia or the Philippines aided or encouraged the preparations of the rebels, but this was not realised in Malaya at the time.

[5] 'Maphilindo' is made up of the first syllables of Malaya, the Philippines and Indonesia.

ences held in Manila in June and August 1963 at which the Foreign Ministers and then the heads of government of Malaya, Indonesia and the Philippines conferred. It is true that the terms then agreed had been wrecked by disagreement about their implementation almost before the ink of the signatures was dry. But they were nonetheless the major ideological confrontation or dialogue of South-East Asian leadership during the period of Sukarno's ascendancy. Hence they merit analysis.[1]

The key proposition is that 'the three countries share a primary responsibility for the maintenance and security of the area from subversion in any form or manifestation in order to preserve their respective national identities and to ensure the peaceful development of their respective countries and of their region in accordance with the ideals and aspirations of their peoples.'[2] This Monroe doctrine for South-East Asia goes a step further with the second proposition that 'foreign bases – temporary in nature – should not be allowed to be used directly or indirectly to subvert the national independence of any of the three countries . . . the three countries will abstain from the use of arrangements of collective defence to serve the particular interests of any of the big powers.'[3] The Indonesians regarded this passage as an undertaking that Malaya would immediately terminate the arrangement with Britain permitting the use of the Singapore base 'for the preservation of peace in South-East Asia.'[4] But Tunku Abdul Rahman, reporting to his parliament on his return from Manila, regarded any such change as postponed 'until the day comes when we are assured that we can sleep in peace and sleep in our beds without any disturbance.'[5]

The three heads of government also agreed to establish administrative machinery for consultation in future and to invite the U.N. Secretary-General to ascertain the wishes of the peoples of Sabah and Sarawak prior to the inclusion of those territories in the new Federation of Malaysia. Clearly the other two leaders expected that Tunku Abdul Rahman would be held up for several months while this investigation took its course. In fact the U.N. official mission had completed its task within a month and the Tunku was so confident

[1] There are three Manila documents. The Foreign Ministers' conference in June 1963 produced 'the Manila Accord'. The meeting of heads of governments in August produced 'the Manila Declaration' and 'the Joint Statement'. All have been reproduced by the Malaysian government (in 'Malaya/Indonesia Relations') and by the Indonesian government (in 'The Problem of Malaysia') and are reprinted in J. M. Gullick, *Malaysia and its Neighbours*.

[2] *Manila Accord*, para. 3.

[3] *Joint Statement*, para. 12.

[4] *v.s.* p. 187.

[5] *Malayan Parliamentary Report*, 14 August 1963, Col. 867.

of a favourable verdict[1] that he fixed a date for the establishment of Malaysia at 16 September 1963 even before the U.N. Secretary-General had announced his finding.

The result was a rupture of diplomatic relations between Malaysia and both Indonesia and the Philippines, since neither would accord Malaysia formal recognition. Thereafter Indonesia waged a war in the form of confrontation including the embargoing of trade with Malaya and Singapore, a severe blow to the entrepôt ports of Singapore and Penang. More serious were the attempts at sabotage and subversion in Malaya and the raids by armed bands into Malaysian territory or territorial waters. However, the Malaysian population, including the large number of Indonesian origin, remained loyal or at least acquiescent. The small number of local subversives were soon rounded up (together with certain political leaders who had been intriguing with the Indonesians).

In Borneo, where Malaysia and Indonesia have a common land frontier, a minor undeclared war ensued. Parties of Indonesian 'volunteers' drawn from the Indonesian armed forces crossed the frontier as armed raiding parties. In some places the raiders found supporters among the local Chinese, Dayak or Indonesian villagers but the majority refused to be drawn into these activities. British (including Gurkha) and Malayan units had the advantage of air support and cover (including great mobility from the use of helicopters) and were able to hold the raiders in check and inflict losses on them. The long apprenticeship of the Emergency campaign[2] together with a new advantage in the air made the Borneo operations unexpectedly decisive in their outcome. In August and September 1964 Indonesia sent raiding parties into Malaya itself but without any greater success than in Borneo.

Meanwhile there was intense diplomatic activity. The Philippine, Thai, Japanese and even the American governments tried by various means to bring the Malaysian and Indonesian governments to the negotiating table. The most hopeful proposal was that confrontation should cease while a conciliation commission drawn from the Afro-

[1] Before the second Manila conference, 31 August 1963 had been fixed as the date for the establishment of Malaysia. The Tunku was under severe pressure both at home and in Singapore (*v.s.* p. 152) to keep to this date. The U.N. Secretary-General, through ECAFE, had made it his business to investigate the state of Borneo opinion for his own information long before he was invited to do so by the three heads of government at Manila. The Secretary-General, however, strongly criticised the Malayan government for embarrassing him by anticipating his verdict before he had given it (*Final Conclusions of the Secretary-General on United Nations Malaysia Mission Report* (*U.N. Special Release SPL/84* dated 16 September 1963)).

[2] *v.s.* p. 112 et seq.

Asian bloc endeavoured to work out a permanent settlement. However, a meeting to discuss this formula held in Tokyo in June 1964 and attended by Presidents Sukarno and Macapagal and Tunku Abdul Rahman quickly ended in fiasco when it became apparent that Sukarno was contemptuous of the search for compromise.

The position of Malaysia was uncertain and uneasy. In the military sphere she could hold her own with British aid against her more powerful neighbour.[1] But this posture tended to discredit Malaysia as a 'neo-colonial' creation in the eyes of the Afro-Asian bloc among whom the Indonesian and Malaysian propagandists (notably Lee Kuan Yew of Singapore) waged unceasing war. When Indonesia sent raiders into Malaya itself Malaysia took her complaint to the Security Council, but Russia vetoed a relatively innocuous resolution requesting both parties to refrain from the use of force. When Malaysia was elected to the Security Council in 1965 Indonesia withdrew from the United Nations.

The gradual *détente* between Indonesia and Malaysia in 1965–66 was the result of a complex of factors on both sides. The Indonesian generals who began to supplant Sukarno after the abortive communist *coup* (the Gestapu rising) in the autumn of 1965 had lost their enthusiasm for a fruitless and unsuccessful campaign. The Indonesian Communist Party, once the main advocate of confrontation, was now crushed and in eclipse. On the Malaysian side Singapore had been compelled to withdraw[2] and there was anxiety lest Singapore should outflank Malaysia by reaching a settlement with Indonesia (in order to restore the entrepôt trade).[3] The Indonesia-Malaysia Agreement of 11 August 1966 contains only three short substantive clauses – public opinion in Sabah and Sarawak[4] on Malaysia to be tested by elections; diplomatic relations to be restored; hostile acts to cease.

It is too early yet to judge whether a new era of good relations has begun or indeed whether the Suharto régime can achieve stability and prosperity for Indonesia. There are already reports that the PKI is recovering from the defeat and massacre of 1965. There would seem to be two central problems of regional relations for Malaysia in the years ahead. The first is whether after the fiasco of 1963–65 the predominantly Malay government of Malaysia can

[1] Indonesia had 350,000 armed men including an élite of 30,000 paratroopers, a cruiser, some destroyers and submarines, and Russian fighters and light bombers. Malaysia had an army of strength about equal to an infantry division plus some minesweepers and light aircraft.

[2] *v.s.* p. 180.

[3] *v.s.* p. 152.

[4] There have been rumours that there are additional secret clauses detrimental to Singapore but these are probably a mere expression of the fear of Singapore as to what her two larger neighbours may have settled in her absence.

achieve a *modus vivendi* with Singapore. It remains as true now as when the Tunku said it in 1961 that 'we must prevent a situation in which an independent Singapore would go one way and the Federation another.'[1] Any such accommodation requires a recognition and acceptance of Singapore's potentialities both as a traditional centre of trade for the region and as a new centre of modern industry. There is little sign of any such acceptance as yet.[2] If Malaysia comes to terms with Singapore in its economic role it is probable that Indonesia in her new mood would also do so. Relations with Indonesia are of course the second major problem (and have been since 1957) of Malaysian regional relations.

In its attempts to establish a system of regional association South-East Asia so far has been more fruitful in concepts of structure than of function. Apart from the continuing United Nations presence in the form of ECAFE[3] there have been the Indonesian-Malayan Treaty of Friendship of 1959, ASA in 1961, Maphilindo in 1963 as well as organisations with extra-regional ties such as SEATO and the shadowy ASPAC.[4] The latest development was the creation in August 1967 of the Association of South-East Asian Nations (ASEAN), which is an enlarged version of ASA including Indonesia and Singapore as well as the original ASA trio of Malaysia, the Philippines and Thailand. ASEAN seems to have been formed on the initiative of the new Indonesian government anxious to retrieve the mistakes of the Sukarno régime. The declared aim of ASEAN is economic co-operation. Unlike ASA it comprises the five main powers of the southern part of the region (but not Vietnam, Laos or Cambodia to the north). It avoids the 'greater Malay' nationalist overtones of Maphilindo. Its sponsors have tended to play down its potentialities as a defence pact and thereby they avoid the problems of existing alliances and foreign bases which caused so much difficulty between Malaysia and Indonesia in the past. However, with the end of the British bases in Malaya and Singapore now scheduled for 1971 that particular issue should no longer bedevil South-East Asian *musjawarah*.[5]

[1] Tunku Abdul Rahman in the debate on the Malaysia scheme in the federal parliament (*Parliamentary Reports*, 16 October 1961, Col. 1595).

[2] *v.s.* p. 154. [3] *v.s.* p. 185.

[4] SEATO is the organisation established by treaty in 1955. It has always suffered from the stigma of being regarded as an American attempt to mobilise South-East Asia against China. Malaysia is not a member. The Asian and Pacific Council (ASPAC) includes powers outside South-East Asia but not Indonesia or Singapore. It has been said to be 'still in search of an identity' (*Straits Times*, 11 July 1967).

[5] *Musjawarah* is an Indonesian word denoting the deliberations of village elders to settle a local problem. It was one of the favourite expressions of President Sukarno who introduced it into the Manila *Joint Declaration*. The resurgence of the quarrel over Sabah (*v.s.* p. 187) has halted ASEAN almost before it began to move.

In view of the ineffectiveness of ASA there is a healthy attitude of caution to the growth of ASEAN.[1] It is significant that its predecessors have all been founded mainly for military or for economic co-operation. It is likely that ASEAN will find its function in these fields if at all.

The defence aspects of Malaysian external relations are discussed elsewhere.[2] From the point of view of South-East Asia as a whole it seems evident that the best and most welcome contribution which the great powers of the world can make to peace in the region is to keep out of it. Britain is already committed to closing down her bases. Russia which supplied arms on a large scale to Sukarno's Indonesia has lost interest in the region since the colonial powers withdrew themselves – and with them the opportunity for Russian encouragement of communist-led colonial liberation movements. If America can extricate herself from Vietnam without bringing down the whole set of dominoes[3] she would be glad to do so.

There remains the enigma of China. All the governments of South-East Asia have some fear of Chinese aggression or at least domination. Some, like Cambodia, re-insure by a policy of 'neutrality' towards the western powers; others, like the Philippines and Thailand, seek safety in the American camp – though with some disquiet of mind. Malaysia has kept out of SEATO because membership of an anti-Chinese alliance would have embarrassing domestic repercussions among the local Chinese. Lee Kuan Yew of Singapore has been known to express the view to American audiences that the American stand in Vietnam shields South-East Asia, but is rather more restrained at home.[4]

The fear of China is greatest in the countries which have the largest proportion of 'Overseas Chinese' in their midst. Yet, on its record since 1949, there are few grounds for supposing that the communist government of China has any intention of claiming its lost dominions in South-East Asia over which the imperial régime of China centuries ago had no more than the vaguest suzerainty and no real power. There is equally little solid ground for the theory that China aims to use the South-East Asian Chinese as a fifth

[1] Mr Rajaratnam, Singapore's Foreign Minister, said 'ASEAN is a skeleton . . . now we must give it flesh and blood' (*Far Eastern Economic Review*, 24 August 1967, p. 380).

[2] *v.i.* p. 196.

[3] The so-called 'domino theory' of some American strategists is that South-East Asia is like a row of dominoes; if the end one (i.e. Vietnam) falls, it will topple the rest. The swift advance of Japan into South-East Asia in 1941–42 lends this view some credibility but to this author the two cases do not seem at all alike.

[4] 'In short, he is sitting pretty on his bamboo fence' (*Far Eastern Economic Review*, 16 November 1967, p. 303).

column.[1] The fear of China in South-East Asia cannot be ignored; whether reasonable or not it exists and is a factor in local policy. The settlement in Vietnam when it comes may in time show whether the fear is real.

If left to their own devices the countries of South-East Asia have little to quarrel about among themselves. The disproportionate size of Indonesia (its population is three times larger than that of any other country in the region) and its instability make it a difficult neighbour; few wish to pitch their tents in the shadow of a tottering building. The Indonesians in their turn fear that their neighbours may seek to break up their ill-united territories.[2] It should not be beyond the capacity of South-East Asian statesmanship to build into their regional organisation some recognition of existing frontiers, however artificial, and an undertaking not to encourage subversion in each other's territories. Even in the tense and hostile atmosphere of the Manila conferences which preceded Malaysia this much was common ground.[3]

In the economic field South-East Asia suffers from the essential similarity of its problems. The traditional base of each national economy is peasant agriculture supplemented by a varying amount of plantation agriculture and mining. Malaysia as the world's largest producer of natural rubber has on occasion taken the lead in convening regional conferences to discuss the problems presented by the falling prices of rubber. Although these countries may view such problems from a common standpoint, they cannot help each other; their economies are not complementary. The trade in primary products – and also the return trade in manufactured goods imported into the region – does lend itself to a regional system of entrepôt trade through great ports such as Singapore. One of the most immediate advantages which could be realised by a genuine effort at regional economic co-operation is an unrestricted flow of trade through its natural channels to and from Singapore. It would materially assist Singapore in its economic struggle for survival and

[1] The late Dr V. Purcell (see *China*, London, 1962) was a vigorous opponent of the theory that China has expansionist designs on South-East Asia. He argued that except for its purely moral encouragement of the communist rising (the Emergency, *v.s.* p. 111) in Malaya, China had never interfered in South-East Asia since 1949; moreover, it had shown great restraint when the Indonesian government took drastic measures of economic discrimination against its local Chinese in the last days of the Sukarno régime (op. cit., p. 315 et seq.). He also argued that the South-East Asian Chinese by their economic and social organisation were quite unsuited to the role of a subversive 'fifth column' and, except for the communist underground in Singapore, there was no sign of any such activity (unpublished seminar paper). [2] *v.s.* p. 186.

[3] *v.s.* p. 189. Philippine claims to Sabah reflect domestic political stresses rather than genuine irredentism.

it would be an efficient form of specialisation. But such a tendency runs counter to the prejudice and local self-interest of Malaysia and of Indonesia.[1]

In the newer field of industrialisation the advantages of production for a large regional market of 200 million people could be achieved if there were a regional 'common market' for local manufactures such as Singapore hoped to form with Malaysia. Instead of this regional pattern, however, each of the major territories is promoting its own industry within its own domestic market behind a protective tariff wall. Here too prejudice against Singapore inhibits the natural evolution of a regional system; Singapore would be the industrial capital of South-East Asia – if its neighbours would permit this.

It may be, however, that the advent of Japan as the major provider of capital and technical 'know-how' for new industries in the region will do something to break down the rigidity of the national pattern of industrialisation.

[1] *s.i.* p. 235 and *s.s.* p. 141.

Chapter 16

Defence and Foreign Policy

CENTURIES OF INTERMITTENT MISRULE have given to the Malay peasant a legacy of cynicism expressed in his innumerable proverbs. In particular it does not pay to become involved in a hopeless struggle against odds or to be drawn into quarrels between powerful adversaries. The sparrow should not fight the eagle; the mousedeer should keep clear of the wrestling elephants lest it be crushed.[1] In a similar spirit Tunku Abdul Rahman has made it plain that he would surrender rather than expose his country to widespread damage in a war between the major powers.[2] Like many another small nation Malaysia must concentrate its diplomacy and its military resources on achieving what is attainable and in keeping out of trouble if possible.

Much of the Malaysian outlook on the world is a reflection of domestic problems and experiences. The long struggle to suppress communism at home between 1948 and 1960 has implanted a determined anti-communism in the minds of Malaysian leaders except on the extreme left. But in dealing with the communist powers this attitude has been qualified by the growing importance of trade with Russia, eastern Europe and even China. The existence of a large Malaysian Chinese community holds Malaysia aloof from all overt moves against China. On the other hand, the same factor creates a fear of being swamped in their own country which inclines the Malays to seek friends among their kindred in Indonesia and the Philippines. This attitude is one of the constants of Malaysian external relations. But it is qualified by the record of Indonesian hostility, especially during the period (1963–66) of confrontation. Hence Malaysia also looks for allies who will support her, as Britain

[1] *Pipit berperang dengan geroda; gajah sama gajah berjuang, pelandok mati di-tengah2.* C. C. Brown, *Malay Sayings*, pp. 95 and 97.

[2] 'If an overwhelming force was launched against Malaysia, against which no reasonable defence could be offered, even with Britain's help, he would not expect Britain to intervene. In such circumstances, he would rather surrender than involve his whole country in widespread destruction.' (Tunku Abdul Rahman in an interview reported in *Far Eastern Economic Review*, 15 February 1968, at p. 266).

did during the confrontation period, if her Malay neighbours again become aggressive. But the impending withdrawal of British forces from South-East Asia leads to a reappraisal of defence policy. The other main determinant of Malaysian foreign policy is economic. It is necessary to sell rubber and tin at satisfactory prices and also to secure both capital and technical aid for industrialisation if the Malaysian economy is to expand and diversify. This factor affects Malaysian relations with Britain, the United States, Russia and also Japan.

Malaysian resources allocated to the conduct of defence and foreign policy are not large. The nucleus of a diplomatic staff was trained with the aid of the British Foreign Office during the years just before Malaya attained its independence. The original intake included some men of exceptional ability but with expansion the standard has fallen somewhat. On occasion Malaysia, like many another country, has found a prestigious niche for a failed politician in one of its embassies abroad. The only major test of Malaysian diplomacy so far was the struggle with Indonesia for the sympathy of the Afro-Asian bloc during confrontation from which the Malaysian diplomats (mainly Malays) emerged with fair credit.

The Malaysian armed forces also were trained under British auspices. Almost every senior officer has attended a course at Sandhurst or Camberley, or at both. In former years a proportion of the officers were seconded from the British army. The present generation of Malaysian (mainly Malay) officers have absorbed the British tradition of loyalty to the government of whatever complexion and of non-involvement in politics. But the real test of this loyalty will come when either the Malay political leadership becomes discredited and appears to be losing its grip or when a government of non-Malay character takes office.

The Malaysian army is not much stronger than a single infantry division with supporting services. The role of the air force is to provide communications and support rather than to fight air battles. The possibility of acquiring the more sophisticated missile defence systems will obviously have to be considered as British forces withdraw but the cost will be prohibitive unless foreign defence aid is forthcoming. The navy has a frigate or two with minesweepers and launches to perform its role of coastal defence and patrolling. It is the maintenance of internal law and order and keeping out raiders or subversives for which these forces are equipped. They would be no match for the more powerful Indonesian forces without foreign support. Malaysia allots about 2½ per cent of her gross

national product to defence expenditure and this is unlikely to increase.[1]

With these limited forces at its disposal (and they were considerably smaller at the time of Malayan independence in 1957) Malaysia has felt obliged to compromise its status in the eyes of observers such as Sukarno by entering into a military alliance with Britain. When the Anglo-Malayan Defence and Mutual Assistance Treaty[2] was negotiated in 1957 the communist revolt in Malaya still continued and it was necessary to retain British forces if the momentum and pressure of the successful campaign against the communists was to be kept up. The main points of the treaty were: (1) Britain was to assist Malaya to expand its armed forces; (2) British forces (including a Commonwealth Strategic Reserve) and bases would be maintained in Malaya; (3) in the event of armed attack (or a threat of such attack) against Malayan or British territory in South-East Asia the parties would consult and take action together; (4) Britain would not use forces stationed in Malaya in operations outside Malayan or British territory without the prior agreement of the Malayan government. The arrangement for a Commonwealth Strategic Reserve to be stationed in Malaya made it possible for Australia and New Zealand to join in these defence arrangements without the necessity of special agreements with those countries.

The significance of point (4) above was that Britain could not commit her forces in Malaya to operations under the South-East Asia Treaty Organisation (SEATO), unless of course Malayan or British territory was threatened, without Malayan consent. SEATO had been formed in 1955, when Malaya had not yet become independent, to contain the threat of Chinese aggression in South-East Asia following the collapse of French rule in Indo-China. Although SEATO included Thailand and the Philippines among its members it was very much a creation of American policy, supported by Britain. Malaya declined to join a defence organisation which might involve her in war with China. Malaya might nonetheless be drawn into such a war if British troops were moved direct from Malaya to join SEATO forces. In 1962 such a situation seemed likely to develop. The United States had begun to augment its forces in Thailand to stave off communist penetration from neighbouring Laos. The Malayan government found it necessary to declare publicly that it would not agree 'to the Commonwealth Forces stationed in Malaya being sent to Thailand in fulfilment of the obligations of the three Commonwealth countries (United Kingdom, New Zealand and Australia) to SEATO. No request has

[1] *Far Eastern Economic Review*, 15 February 1968, p. 266.
[2] HMSO, Cmnd. 263 (1957).

been made by Thailand for assistance from Malaya.'[1] The last sentence of this quotation may be significant. Thailand is a substantial barrier between Malaya and the area of communist penetration. If the barrier were breached the Malayan attitude might well be different.

The Anglo-Malayan Treaty did not apply to Singapore which was then still a British colony. Accordingly it did not prevent the use in SEATO operations of troops stationed at the Singapore base. With the creation of Malaysia this loophole might have been closed since the Anglo-Malayan Treaty was extended to the whole of Malaysia. However, a bargain was struck to preserve the existing situation; Britain might still use the Singapore base 'for the preservation of peace in South-East Asia.'[2] As we have seen, President Sukarno interpreted this phrase as a threat to Indonesia and it contributed materially to the Indonesian attempt to crush Malaysia by confrontation.[3] The withdrawal of Singapore from Malaysia in 1965 left an untidy situation since it did not suit Malaysia to allow Singapore to enter into a separate defence treaty with the United Kingdom to regulate the further use of the British base.[4]

The British decision to complete the withdrawal of their troops from Malaysia by 1971 opens up a yawning gap in the whole security system. Malaysia has made known its wish to concert some new group of a Commonwealth character to replace the old Anglo-Malayan system. The elements do already exist. Malaysia and Singapore apparently recognise that in the vital and expensive sphere of defence they cannot afford to go their own ways. Britain, even after her troops have gone, remains bound by the 1957 treaty. What is in doubt is not the obligation but the capacity to perform it.[5] Australia and New Zealand already have contingents in Malaya under the 1957 treaty. Some looser system of Commonwealth defence in South-East Asia seems likely to persist. Britain cannot afford to leave its very valuable investments in Malaysia quite unprotected;[6] to Australia and New Zealand the Far East of Europe is the Near North.

[1] *Sari Berita* (Malayan official news sheet), 24 May 1962.

[2] *v.s.* p. 172. This formula first appeared in a joint statement of the British and Malayan governments in November 1961 (HMSO, Cmnd. 1563). It was later reproduced in Article 6 of the Agreement of July 1963 by which Malaysia was established (HMSO, Cmnd. 2094).

[3] *v.s.* p. 187.

[4] *v.s.* p. 152.

[5] 'To abandon the bases is to abandon the commitment to Singapore and Malaysia' (*Straits Times* leading article, 25 June 1967).

[6] British investments are estimated to be worth £650 million (£200 million in plantations, £150 million in mines, and £300 million in commerce and industry). *Malaysia*, February 1968, p. 12.

Malaysia will also attempt to build a separate regional defence system with her neighbours. Here, however, both the will and the capacity to co-operate are more uncertain. There is already some limited co-operation between Malaysian and Thai forces in holding in check the remnants of the communist insurgents of the Emergency lurking in the hills along their common frontier. After the end of confrontation Malaysian and Indonesian forces began to work together to round up the communists along the southern border of Sarawak. It would be possible to develop ASEAN into a military alliance[1] but it is doubtful whether Indonesia, which has the largest armed forces of any nation in the region, wishes to commit them to a multi-lateral defence arrangement.

The uncertain outcome of the conflict in Vietnam looms over all arrangements for the future security of South-East Asia. The wish to be left alone by the great powers struggles with anxiety lest the Americans should grow weary and withdraw from Vietnam in some fashion which would open the way for a southwards drive of the communist forces now contained in Vietnam.

Malaysia has no serious quarrel with any individual member of the South-East Asian community. Enough has been said elsewhere of relations with Indonesia.[2] Thailand is a Buddhist country with its political focus of interest far away in Bangkok. As such it has never roused any strong feeling of solidarity in Malaysian hearts. Tunku Abdul Rahman, born of a Thai mother and educated in Bangkok, is an unusual case. The Japanese after their victory in 1942 returned the four northern Malay States to Thai suzerainty (from which they had of course been transferred to Malaya in 1909) but this decision was reversed in 1945 without rancour. There is a Malay-speaking area around Patani on the Thai side of the north-eastern boundary of Malaya but old claims to this *Malaya irredenta* have died away. The Thai-Malaya border is not in dispute.

The Philippinos, brothers of Malay stock, are divided from the peninsular Malays by their very different history and tradition. The Malays feel an instinctive brotherhood with the Indonesians even if it fades in the face of conflicts of view and interest between them. They have to persuade themselves of their fraternal feelings towards the Philippinos. Friction over the Philippine claim to Sabah is intermittent; no one except President Macapagal ever seemed to take it seriously until his successor, President Marcos, revived it in

[1] *v.s.* p. 192.
[2] *v.s.* p. 185 et seq.

1968. Nothing more forceful than a rupture of diplomatic relations is expected.

Islam is a tie with Pakistan and the Middle East. Malay pilgrims travel to Mecca; religious students go to finish their studies at the Al Azhar university in Cairo. However, the very universality of Islam comprehends a variety of religious attitudes. The Islam of South-East Asia is still blended, among the peasantry at least, with earlier elements of Hindu and pagan culture. It is a relaxed and tolerant creed which takes its character from the green lushness of the wet tropics and finds itself ill at ease amid the scorching heat and sandy wastes of the Middle East. Malaysian friendship with India has tended to create an estrangement with Pakistan. This came to a head during the Indo-Pakistan war of 1965 when Pakistan broke off diplomatic relations for a time.

The friendship with India is genuine but of no great importance. Nehru used his great influence to persuade the Malayan Indian community that they should regard themselves as citizens of Malaya not of India. There are links of sentiment, trade and education which keep the two countries in close touch. Relations with Ceylon have become closer since the balance of power in Ceylonese politics moved to the right again. Some earlier governments in Ceylon were not to the Malayan taste. The Ceylon Tamil community provides many of the clerks and junior technical staff of the Malayan government departments; they accommodate themselves to the dual ties of blood and citizenship with characteristic suppleness. As a substantial producer of natural rubber Ceylon has economic interests in common with Malaysia.

When the Afro-Asian bloc was more cohesive, Sukarno as one of its leaders used his influence to induce a boycott of Malaysia as an example of 'neo-colonialism'. He never quite succeeded. With the eclipse of the Afro-Asian bloc and of Sukarno himself the issue has ceased to exist.

The other main determinant of Malaysian external relations is her economic partnership with the industrialised countries which import rubber and tin and more recently have begun to supply capital and 'know-how' for the development of Malaysian manufacturing industries. In the past the United Kingdom and the United States have been the most important trade partners; more recently trade relations with Japan and with Russia and her satellites in eastern Europe have become increasingly important.

The atrocities and misgovernment of the Japanese occupation of South-East Asia during the years 1942–45 left a legacy of bitterness which lasted some fifteen years. During this period individual

Japanese were not usually allowed to enter Malaya lest there should be a demonstration or attack against them. The Japanese ships which began to re-visit the east-coast iron-mining centre of Dungun to load ore anchored a mile or two offshore; the Malay crews of the lighters which came out to them did not go aboard and the Japanese crews of the ships remained in their vessels. However, the passing of time and the growth of close and important trade ties between the two countries have softened the old resentment. Japanese investments in Malayan plantations and iron mines had been confiscated as 'enemy assets' in 1941 and have since been sold to provide compensation.[1] Japan is still an important market for certain Malaysian raw materials, notably iron ore (for which Japan is the sole buyer) and timber. But Japan has found a new and potentially vital role as the principal partner in the development of new industries in Malaysia. The Japanese more than any other foreign industrialists have entered into joint ventures with Chinese business interests. Mindful of the damage done by the commercial aggressiveness of the 1930s as well as by the occupation period they have been unobtrusive and tactful in their return to the Malaysian scene. Japan plays a leading part in the Asian Development Bank though this institution has yet to establish its usefulness as a channel for foreign capital into South-East Asia. If some wider trading system evolves in eastern Asia along the Pacific seaboard Japan, as the strongest industrial nation of the region, seems likely to become the economic focus of the system.

For a time Russia as a communist power was anathema but the compulsion of economic interest has in this case also brought the parties closer together. Russia has become one of the largest importers of natural rubber.[2] When Singapore left Malaysia in 1965 she began to look for new trade partners throughout the world. This drive led to trade agreements with Russia and certain east European countries. Gradually the ice was broken until by 1967 diplomatic

[1] After many years of wrangling a reparations treaty was signed in 1967 by which Japan provided two cargo vessels, worth $25 million, in settlement of intergovernmental claims. The Malaysian government professed itself unable to give a remission of the private claims of her citizens, mainly Chinese, for 'blood money' arising out of the atrocities of 1942–45. However, the Associated Chinese Chambers of Commerce, which have put forward collective claims totalling $130 million, are unlikely to press them (*Straits Budget*, 27 September 1967).

[2] Apart from its sheer size Russia consumes more natural rubber as a proportion of total rubber consumption because lorries and other heavy vehicles form a larger part of her transport system. Natural rubber is more extensively used in heavy duty tyres than in the smaller tyres used on cars (for which synthetic rubber is very suitable). At one time Russia lagged behind America and western Europe in the technology of synthetic rubber and so made more extensive use of natural rubber.

as well as trade relations had been established. This change of attitude has been rationalised on the grounds that 'the Chinese communists are our dangerous enemies. On the other hand, western communism is not belligerent.'[1] Even with China there is a substantial volume of trade through Hong Kong but Malaysia does not have diplomatic relations either with communist China or with Formosa since either must have unsettling effects on her Chinese community. For a time there was a clash between the governments of Malaysia and Singapore over the wisdom of permitting the Bank of China to maintain a branch in each capital. The Malaysian government considered that the Bank of China (controlled by the Chinese government) might use its financial resources to influence the Malaysian Chinese business community.

For the first ten years after Malaya attained its independence in 1957 Anglo-Malayan relations were generally very amicable. The transition to independence was made with the utmost goodwill. There was a recognition of common interest both in defence and in economic matters. Many of the politicians, senior civil servants and officers of the armed forces of independent Malaya had spent periods of education or professional training in the United Kingdom (or in Australia or New Zealand with whom there were close ties for much the same reasons). This relationship persisted down to the end of confrontation, in which British military aid did much to enable Malaysia to fend off the Indonesian attack. By the mid-1960s, however, it was plain that this era was drawing to its close. The United Kingdom was unable to give economic aid for the First Malaysia Development Plan (1966–70) on the scale requested; Malaysian resentment at this disappointment was reflected in the ending of Commonwealth preference in import duties (which had existed since the Ottawa conference of 1932). At about the same time Malaysia issued its new currency which for exchange purposes was valued in gold and not in sterling. Finally the manner and timing of the British decision in 1968 to withdraw her forces from Malaysia and Singapore by 1971 added to the impression that Britain lacked the will as well as the resources to continue her traditional role of a friend in need. It would be an exaggeration to dismiss the Anglo-Malaysian relationship from the content of Malaysian foreign policy. Britain still has a larger stake in the rubber and tin industries, and in banking and foreign commerce, shipping and insurance, than any other western country. She is still committed under the Anglo-Malayan Defence Treaty of 1957 to assist Malaysia

[1] Tunku Abdul Rahman reported in *Malaysian Digest* (published by the Malayan High Commission in London), No. 4 of 1968 dated 23 February 1968.

even though her ability to do so after 1971 is suspect. The British connection will still be important to Malaysia, but ever less important as the years pass.

Links with the Commonwealth may strengthen somewhat as the exclusively British tie weakens. Australia and New Zealand have given help in many ways – by stationing contingents of their armed forces in Malaya, by economic and technical aid, by facilities for education of Malaysian students at their universities. Geography throws these countries into a nexus of common interest with South-East Asia. Canada is too remote to be a major partner but her liberal policy on world problems makes her a sympathetic Commonwealth partner. Whether the Commonwealth as such will continue to mean a great deal to Malaysia depends on whether the Commonwealth can hold together in the future. In the past Tunku Abdul Rahman has obviously enjoyed the opportunity to play a part in Commonwealth Prime Ministers' Conferences; in particular he had a prominent role in the withdrawal of South Africa from the Commonwealth in 1960 over the *apartheid* issue.

Malaysian relations with the United States are more uncertain. Neither Malaysia nor Singapore wishes the United States to assume the mantle of protecting power which Britain is now dropping. South-East Asia wishes to be left to its own destiny. As we have seen, the shadow of Vietnam and of China looms over the region. In time of need the Americans will no doubt be welcome allies – if indeed they are willing to involve themselves, which seems unlikely. American economic aid and the presence of volunteers from the Peace Corps have both been made welcome.

But there is a more fundamental problem. Malaysia is increasingly disturbed and resentful of what it regards as 'economic aggression'[1] by the United States (and to a lesser extent by Britain and other industrial countries). The terms of trade with the western world have steadily deteriorated since the end of the Korean boom in 1951. Western manufactures imported to Malaysia have risen in price and the world price of rubber and tin exported by Malaysia has tended to fall. Among other factors western technology, for example in the improvement of synthetic rubbers, and American running down of surplus stocks of rubber and tin (accumulated as 'strategic reserves' at the time of the Korean war) have contributed to the downward trend in commodity prices. Malaysian resentment is much exacerbated by the public and sometimes sensational proceedings of committees of the U.S. Congress, which are fully reported in the

[1] *Sari Berita*, 18 August 1962, p. 24, quoting the leading Malay language newspaper, *Utusan Melayu*.

Malayan press whenever rubber or tin is under discussion. 'So far the Americans have done nothing but talk', said one Malayan politician bitterly, 'but every time they do the price of tin goes down.'[1] The issue of American sales of surplus stocks of rubber and tin is rarely out of the Malayan press for long. Each meeting of the International Tin Council or of some international conference on rubber, each visit of a Malaysian leader to Washington, brings the subject up again. The American government has from time to time given certain undertakings to the effect that it will not allow its sales to continue if they are likely to depress the price of rubber or tin, but it is a matter of elementary economic theory that such sales add to the supply of the commodity available on the market and this must affect the balance of supply and demand and so the prevailing price.

Conscious of her own weakness in isolation Malaysia has tried to assemble alliances of rubber producing countries to concert measures for supporting the price of natural rubber. Malaysia is one of the 'Group of Seventy-Four' developing countries which presented a collective front to the industrialised nations at the Second Conference of the United Nations Commission on Trade and Development (UNCTAD). In spite of her relative economic strength and prosperity Malaysia is inevitably drawn into the camp of the developing countries in this major confrontation of the two halves of the world. The outcome, whatever it may be, must affect Malaysian relations with the United States and other advanced industrial countries.

[1] *Financial Times*, 3 August 1962, reporting a speech by Mr Too Joon Hing, a former Alliance Minister and Secretary-General of the MCA.

Chapter 17

Politics in Malaysia

IN MALAYSIA as in so many other countries of Asia and Africa the political system is an amalgam of modern institutions and practices mixed with traditional loyalties and antagonisms. To change the metaphor, a superstructure of western parliamentary democracy has been erected on the foundations of a social structure to which it is still largely alien. In Malaysia these disparate elements are better accommodated to each other and the resultant whole has – or at least appears to have – a greater stability than in some other developing countries. But the underlying tensions and difficulties are real and insistent.

The constitutional structure under which Malaysia rules itself is complex. This complexity is the product of repeated adjustment to the conflicts of communal and local interest. The result is a written constitution of exceptional length.[1] A brief recapitulation may be helpful here.

At the time of its establishment in September 1963 Malaysia consisted of fourteen States – the eleven which had until then formed the Federation of Malaya and three new members, Singapore, Sabah (formerly North Borneo) and Sarawak.[2] Singapore, however, withdrew from Malaysia in August 1965.[3] In each of the nine Malay States there is a royal ruler who is a member of the ruling Malay dynasty of the State. In the other States there is a Governor who is a prominent citizen (not always of that State) appointed by the *Yang di-Pertuan Agong* or Paramount Ruler of Malaysia. The Paramount Ruler is one of the royal rulers of the nine Malay States elected by his peers to hold office for a term of five years. The rulers and the Governors confer together in the Conference of Rulers; all are required to discharge their constitutional functions in accordance with the advice of their Ministers.

[1] *v.* H. E. Groves, *The Constitution of Malaysia*.

[2] The Agreement of 9 July 1963 (HMSO, Cmnd. 2094) under which Malaysia was formed has attached to it 200 pages of constitutional texts to which the reader is referred.

[3] *v.s.* p. 180.

The parliament of Malaysia is bi-cameral. The Senate which consists of representatives of the States and of commercial interests and minority communities is not in practice of much significance. The lower chamber (the House of Representatives) consists of 144 members elected from constituencies in Malaya (104), Sabah (16) and Sarawak (24). The conduct of elections, the compilation of registers and the delimitation of constituency boundaries are the responsibility of an independent non-party Election Commission. The central government consists of a cabinet appointed by the Paramount Ruler on the advice of the leader of the majority party in the lower house. Each State also has its own legislative council and executive.

This system of parliamentary democracy is based on the model of the United Kingdom and other Commonwealth countries.[1] The question of the franchise is no longer the controversial issue it once was because almost everyone who was born or has long resided in Malaysia is now qualified to vote (when of age). The rules were designed to admit all Malays but still place some restrictions on the diminishing proportion of Malaysian Chinese and Indians who were born in India or China. In time the franchise will become universal for adults of both sexes. More significant is the deliberate electoral weighting of the rural, mainly Malay constituencies which need have no more than half the number of electors on the roll in urban constituencies. All voters of whatever community are registered and vote on a common roll. As we have seen, however, there are a number of provisions in the constitution, known as 'special rights', which discriminate in favour of the Malays in Malaya and the indigenous peoples of the Borneo territories.[2]

The first election to the federal parliament in Malaya was held in 1955; there have been subsequent elections in 1959 and in 1964. When Malaysia was formed in 1963 the Borneo territories returned members to the federal parliament by indirect election from the State councils. The first full general election throughout Malaysia will be held in 1969.

This elaborate system has been operated with constitutional propriety and reasonable harmony since 1955 because the Alliance coalition which has ruled Malaya and (since 1963) Malaysia has enjoyed the overwhelming support both at elections and in the general trend of public opinion at all times. The Alliance has gained in prestige by the achievement of independence in 1957, the establishment of Malaysia in 1963 and the successful resistance to Indo-

[1] *v.s.* p. 135.
[2] *v.s.* pp. 136 and 176.

nesian confrontation in 1963–66. It has been shaken by the events leading to the expulsion of Singapore in 1965 and by its difficulties with the Borneo territories since the external threat of confrontation faded. These were minor setbacks in the long perspective of years but the sheer length of the Alliance tenure of office has made it somewhat stale and too prone to lapse into shrill displeasure in face of criticism. It is nonetheless a remarkable achievement for which Malaysia is indebted to the Alliance and, in particular, to Tunku Abdul Rahman who has been Prime Minister, with only minor breaks for recuperation, since 1955.

The party system reflects the group pressures and conflicts of the society which it governs. In any analysis of these underlying factors the sharpness of the communal line of division can hardly be overstressed. Some sociologists even take the view that this is not a single society but only a group of separate communities, symbiotic but separate. However, racial divisions should not be allowed to distract attention from some other lines of cleavage which are less obvious but very important.

About one Malaysian in ten (the proportion is higher in Malaya than in Borneo) comes from the middle or upper class which has had a secondary education, speaks English as a *lingua franca* (and probably as a working language), and resides in reasonable material comfort in the towns. This class includes the leading political figures, the middle as well as the senior ranks of the civil service and the armed forces, the professions and a much larger number of white-collar workers, small employers and bourgeoisie. To a greater or less extent members of this élite have become familiar with modern techniques of organisation and management. It is still much divided by communal differences but it shares – and to that extent has a common interest in – the management of the political, social and economic system of the country. Since most of its members were educated through the medium of English they share, whether they like it or not, a common intellectual heritage and ambience. They believe in progress and are receptive to the forces of change. As an intellectual proposition, if not yet as an emotional tie, they recognise the desirability of some sort of Malaysian nationality – though they may differ sharply as to the proper basis of it.

By contrast tradition is king among the much larger group of manual workers, peasants, street traders or artisans of every community. It is true that many things in the daily life of this class are quite different from the environment of their grandparents. They cultivate rubber, earn wages, travel in buses, buy the rice which they eat, and some of them live in towns or cities. Yet their minds are

still to a large extent imbued with traditional attitudes and values. Their education, if they had any, is likely to have been at a primary school at which they were taught through the medium of their own vernacular tongue. If Chinese they may have gone on to a secondary school where the teaching was in Chinese and (ten years or more ago) the syllabus was a product of Chinese national tradition.

Although the peasant or the worker of all communities has a good deal in common with the circumstances of others of his class of a different race he does not usually recognise this as a bond. His traditional world is that of Malay or Chinese society and nothing in his education or experience has really opened his mind to alien influences.[1] Owing to the residential and occupational apartheid of Malayan communities he is unlikely to have sustained or regular contacts with men of other races. He sees that they eat different foods and worship different gods; he does not share with them the same annual feasts or domestic ritual of weddings and funerals. He distrusts them in the mass; in such contacts as he has with individuals in his daily life he is polite but does not unbend. The wives do not exchange gossip; the children go to different schools.

By contrast the Malay peasant or Chinese urban worker does feel a tie of common interest with the upper class of his own community to whom he looks for leadership. In these days there is of course some social mobility. The clever son of a Malay peasant can rise through the educational system to the upper class. Chinese society, through its schools and the opportunities it offers to those with an aptitude for business, has its channels of social advancement. But the individuals who rise out of their class are lost to it. The very means of their upward climb is the absorption of values and skills which are alien to the circle from which they began. So for the mass who remain in the walk of life to which they were born there remains a gulf which divides them from their betters and yet an instinct to give them support in the communal conflict. It is a paradox that tradition impels the peasant or the urban worker to support leaders who have become alien to that tradition. He will even go to the length of voting for a candidate of another race in preference to

[1] P. J. Wilson, op. cit., p. 63, says of the Malay village school which he observed that 'it has surprisingly small influence on the knowledge and understanding of the outside world insofar as children and adults of the village are concerned.' One of the main contacts with people outside the village is 'going visiting' (*jalanjalan*) but such visits are made to relations and friends living elsewhere but in the same walk of life. M. Freedman, op. cit., in his study of Chinese working-class society in Singapore records (p. 14) that knowledge of the Malay language is minimal in this class and makes no reference to contacts with Singapore Malays.

one of his own if his leaders have endorsed that candidate on behalf of their coalition.[1]

Yet there are symptoms of discontent too. The Malay villager divides his own community into 'village people' and 'modern people', a subspecies of Malay culture.[2] In spite of the apparent success of the parliamentary democratic system it has been said that 'Malaysia lacks a sufficient degree of popular response'[3] and there is a danger of the remote and alien system becoming to the electors 'a game of musical chairs for the bourgeoisie.'[4]

The interplay of these loyalties and antagonisms within racial communities and between them appears in the structure of political parties in Malaysia to which we now come. The centre-piece of the political system is – and has been for more than fifteen years – the Alliance coalition of three communal parties – the United Malay National Organisation (UMNO), the Malayan Chinese Association (MCA) and the Malayan Indian Congress (MIC). UMNO began in 1946[5] as a fusion of Malay associations existing in the different States to represent the interests of the local Malay community. In accordance with the traditional pattern of Malay leadership these bodies were led by members of the State aristocracy who were also in most cases members of the local civil service. In their middle and lower ranks in the role of district and branch chairmen and secretaries were to be found the Malay village leaders – the schoolmaster, the *petit fonctionnaire*, the prominent landowner or village headman.[6] The strength of UMNO then and now lies in the administrative ability of its national leaders and the support given to it by the more progressive elements in Malay village life. Its weakness is the poor quality of the Malay leaders in the State administrations

[1] *v.s.* p. 133.

[2] P. J. Wilson, op. cit., p. 45.

[3] *Straits Budget*, 28 June 1967.

[4] J. J. Puthucheary, op. cit., *v.s.* p. 143. The problem is found elsewhere in South-East Asia. A *Times* correspondent (*The Times*, 19 May 1967) reports a Vietnamese villager as saying, 'In every underdeveloped country like ours there are two classes of people, the poor peasants and the educated people – and they are the enemies, they are the foreigners, they are the city people, they are the mandarins, they want to sit at desks in air-conditioned offices. They are clever enough to get plans from Australia, Malaya, Israel, anywhere, but they cannot transfer them into action because they don't want to come into the mud and work with the poor peasants.'

[5] *v.s.* p. 105.

[6] The sociology of UMNO at village level would repay further study. P. J. Wilson (op. cit., p. 138) noted that Jenderam Hilir was politically inactive. M. G. Swift (*Malay Peasant Society in Jelebu*, p. 161) notes that the general body of UMNO supporters play no active part in branch activities which are carried on 'by a few activists, among whom schoolteachers were an important element'. The Malay press likes to refer to local 'strong men' (*orang kuat*) as the centre of influence.

and the apathy of the mass of its members.[1] After a decade and a half the basic pattern of UMNO has not changed a great deal. Each of the most prominent national leaders of UMNO continues to be identified with the particular Malay State from which he comes[2] and it is there that his local influence is greatest. UMNO is more of a national movement than a combination of local satrapies but it bears some marks of its origin. Since 1954 it has no longer been possible to be a civil servant (except in the lowest grades) and also a politician but many have been first one and then the other. At the middle level among the UMNO backbenchers in the federal parliament and in the State and municipal councils the rewards of a career in politics are not such as to offer an attractive alternative to a civil service career. As a result there is a larger proportion of professional men, such as doctors and lawyers, of government pensioners (retired civil servants) and Malay businessmen. The calibre of this element in both ability and integrity does not inspire confidence for the future. The long-term threat to UMNO comes from the Malay communalism of PMIP to which we will come in due course. Its main hope is that it will in time draw into politics more of the new generation of Malay professional men and technocrats whose approach to the task of government is likely to be more forceful and radical than that of the present leaders.

The MCA is also historically an amalgamation of local associations but of a different character from UMNO.[3] The local Chinese associations which joined in forming the MCA were typically commercial bodies of employers and businessmen. The pyramidal structure of Chinese commerce[4] is such that big business controls small business. Since Malaya (without Singapore) has no single commercial apex, authority within the MCA tends to be dispersed; national leaders are identified with and derive their political standing from a personal connection with one particular State.[5] As a non-

[1] M. G. Swift (op. cit., p. 161) says of the UMNO local branch officials that 'many of these people are in close touch with the peasantry, coming from them and living amongst them; yet they are no longer peasants, and differ from them in attitudes and interests in important respects. This is one reason why dissatisfaction with UMNO has become vocal in the villages.'

[2] Tunku Abdul Rahman (Prime Minister) and Enche Khir Johari (Education) are from Kedah, Tun Abdul Razak (Deputy Prime Minister, Foreign Affairs and Defence) is from Pahang, the late Dato' Onn and some present Malay Ministers are from Johore. UMNO has no leaders of the first rank from Kelantan and Trengganu and has always been weakest in those (north-eastern) States of Malaya.

[3] *v.s.* p. 127. [4] *v.s.* p. 29.

[5] Colonel H. S. (now Sir Henry) Lee, who had joined with Tunku Abdul Rahman in founding the Alliance in 1952 and who became its first Minister of Finance, retired from politics in 1959. One reason, among several, for this decision was a palace revolution which had unseated him from leadership of the important Selangor State branch of the MCA.

political party the MCA suffers from some obvious disadvantages – the inexpertise of businessmen in politics and a lack of popular appeal. At one time it seemed that the MCA might be displaced by a new political party or parties under more professional leadership. But the Chinese businessmen who form the main body of MCA supporters have no great regard for leaders who are not like themselves men of wealth and commercial success. Hence the leadership has passed to the minority who manage to combine wealth with something of the professionalism of the true politician. They have managed to reinvigorate the MCA for the time being. If the MCA has a long-term future it rests upon its ability to attract and bring to the top men of this type. The Republican Party of the United States offers a broad parallel here.

The other main weakness of the MCA is that although it can – and does – mobilise a surprisingly large Chinese working-class vote it is not in its nature a really proletarian party. It is a bourgeois party in a community in which the *patronat* is still immensely influential. Unlike UMNO the leaders of the MCA have no strong base of traditional loyalty upon which to build their party. The MCA argument to its own community is that Malay predominance in politics has to be accepted and we, the MCA, are the best safeguard of Chinese rights because, unlike the opposition parties, we are in the Alliance and have influence with the Malay leadership. This puts the MCA leaders in the dilemma that they cannot afford to break up the Alliance but must always press the Chinese case to near breaking-point in order to retain the support of their own community. Moreover, in the field of economic and social policy an employers' party is likely to be too far to the right for its working-class supporters.

The Indian electorate is not large enough to be a major factor in the national political scene. Moreover, it has no broad-based communal party comparable with the other two. The MIC, which is the Indian element in the Alliance coalition, is a comparatively small group of businessmen and lawyers who have opponents in their own class (Indian politics are more fissiparous than most). In its appeal to the Indian worker the MIC is competing with the trade union leaders most of whom, like the majority of trade union members, are Indian. The trade union leaders concentrate their energies on industrial rather than political questions but they are of course supporters of the socialist opposition parties.

The Borneo political parties which support the Alliance resemble their Malayan partners in their general character but are distinctly weaker and less stable.[1]

[1] *s.v.* p. 165.

The opposition parties fall into two groups – the Malay nationalist PMIP to the right of UMNO and the left-wing, mainly Chinese, parties to the left of the MCA. This basic division in the opposition, which keeps the two wings further apart from each other than either is from the Alliance, is dictated by the fact that the Alliance occupies the middle ground and includes the men of each major community who value compromise above conflict. The opposition is made up of people who will not enter into the broad compromises without which a multi-racial society is ungovernable. These people are not an alternative government in being like the major opposition parties in England or America. They are more like the extremists who were always excluded from office by the changing centre coalitions of France before de Gaulle. This situation raises problems for the working of Malaysian democracy to which we shall come later in this chapter.

The Pan-Malayan Islamic Party (PMIP) is the voice of protest of the Malay peasantry. Some causes of Malay rural malaise are discussed in other chapters on education and on rural development.[1] The preoccupation of the Malay peasant with his grievances against the Chinese has tended to maintain his loyalty to the UMNO leaders as his champions against them. The exploitation of Malay tenant farmers by Malay landlords in the padi-growing areas and also the considerable inequalities of wealth within Malay village communities have so far produced surprisingly little open friction within the community. There is a tradition that all in the village are equal, a tradition of economic co-operation even if it takes the form of share-cropping in which one party provides capital (rubber land) and the other labour to work it. There are opportunities of employment for young men in the police and the armed services and opportunities of acquiring new land on the FLDA settlement schemes.[2] Above all until the mid-1960s the price of rubber has been high enough to maintain an acceptable standard of living in the villages and the government has had money to spend on rural development.[3] It may be that the economic conflicts within the Malay community will become sharper.[4] Until now they have not become a political issue. Instead the PMIP bases its appeal upon xenophobia and religious prejudice, both directed externally against the communal enemy, the Chinese. The PMIP national leadership are intellectuals with close ties of sympathy and connection with Sukarno's Indonesia. They

[1] *v.i.* p. 242 and p. 269.
[2] *v.i.* p. 246.
[3] *v.i.* p. 245.
[4] M. G. Swift, op. cit., p. 151, records a three-class scale of wealth and adds that 'the strength of bitterness and jealousy is striking'.

find their main support in the backward east-coast States of Kelantan and Trengganu where rural poverty is sharpest and the Islamic mosque officials and teachers have great influence among the unsophisticated Malay villagers. The principal tenet of the PMIP is that only Muslims should hold public office as Ministers in an Islamic State and that there should be greater discrimination in favour of Islam and Malay education. The strength of the PMIP lies in its simple appeal to communal and religious feeling. Its weakness is the poor quality of its local branch officials and its narrow and constricted ideology. It obviously cannot seek allies among other opposition groups who are not Malays. Within the Malay community it has little hold on the better educated middle and upper class. During Indonesian confrontation its sympathies with Indonesia lost it much of its support. Nonetheless it is a threat to UMNO because if UMNO itself were to split, as Tunku Abdul Rahman evidently feared in the crisis over Singapore in 1965, the outcome might be a re-grouping in which the more extreme elements in UMNO would join forces with PMIP to attempt to form an exclusively Malay government.[1]

At the other end of the political spectrum the situation is more confused. Among the Chinese and Indian middle class there is a substantial and respectable body of opinion which fears that by stages the Malays are establishing a position of permanent political hegemony with the result that the other communities will become second-class citizens. In addition to these communal fears, which have their working-class appeal, there is a demand for more radical social and economic policies than the Alliance has or is likely to produce. Trade unionism, as we have seen, is largely Indian in character and is not a major political force.

Out of these trends three or four weak political parties of the left have emerged. The People's Progressive Party (PPP) has a narrow regional area of support around Ipoh, the State capital of Perak. Led by Indian lawyers it has nonetheless tapped the reservoir of anti-Malay feeling in a largely Chinese area. Its programme includes the proposed nationalisation of the rubber and tin industries. It has survived for a decade partly because unlike some of its rivals it did not make the mistake of running against patriotic feeling over Indonesian confrontation. But it seems destined eventually to merge with some other party of wider territorial appeal.

[1] The PMIP reached its high-tide mark so far in the general elections of 1959 when it gained control of the State legislatures of Kelantan and Trengganu as well as seats in the federal parliament. But it became discredited by its mismanagement and eventually lost control in Trengganu. It has not been able to extend from its east-coast 'back-blocks' base to western Malaya.

The other major group of the left was the Socialist Front (SF), an uneasy coalition of a small left-wing Malay party (*Party Rakyat*) and a socialist Labour Party, whose leaders were mainly Chinese. The SF coalition broke up in 1966 when it at last became evident to the ailing Malay element that it would never attract support in its own community so long as it was allied with a Chinese-led party whose main appeal was to the Chinese sense of grievance o er Malay 'special rights'.[1] The Labour Party has had some success in the larger towns of western Malaya where there is a concentration of Chinese and Indian urban voters and a situation which resembles that of Singapore though on a much smaller scale.

In the period 1964–65 it seemed likely that the Singapore PAP now admitted to federal politics and driven into opposition to the Alliance[2] might galvanise the parties of the left into an effective opposition under the banner of 'a Malaysian Malaysia', but this merely provoked the expulsion of Singapore from Malaysia. Since 1965 the left-wing opposition has lost ground and become demoralised. Its prospects of gaining power by constitutional means are poor. It cannot hope to overcome the solid block of the Malay vote; if UMNO should ever split its lost votes will probably go over to PMIP. Any attempt to launch a coalition on the model of Malaysian Malaysia will end, as in 1965, with Malay countermeasures in defence of their special rights. The alternative therefore of seeking power by less constitutional means is tempting; an alliance with the proscribed Communist Party, such as carried Lee Kuan Yew to power in Singapore in 1959, may seem the only solution. At all events, there have been signs that the Labour Party is being

[1] Article 153 of the Federation constitution places upon the Paramount Ruler the responsibility for 'safeguarding the special position of the Malays and the legitimate interests of other communities.' The article formulates certain principles and powers in relation to: (1) recruitment to the public service; (2) award of scholarships; and (3) grant of permits and licences to engage in various forms of business activity. The Reid Report (*v.s.* p. 135) at para. 164 adds to these three items (4) Malay land reservations (*v.s.* p. 72). While the Malays enjoy certain special advantages in these respects due regard is also given to 'the legitimate interests of other communities'. No existing rights of individuals may be forfeited in order to assist Malays; any new Malay reservation area must be matched by the allocation of an equal area of land for alienation without restriction. The system is defended as a necessary expedient to protect the Malay community against the consequences of its recognised economic weakness; the left-wing parties attack it on the rather specious grounds that it enures to the benefit of the well-to-do Malay and is of no benefit to 'the masses of Malay fishermen, farmers, and labourers' (*Straits Budget*, 23 May 1962, p. 6; ibid. 6 June 1962, p. 6 for the defence). The Reid Report (para. 167) recommended a time limit of 15 years and, although this was not included in Article 153 as a formal stipulation, it is likely to bring the whole system up for review (by the Paramount Ruler) in 1972 if not before.

[2] *v.s.* p. 178.

penetrated by communists presumably with the tacit acquiescence at least of party officials. This reproach was laid at the door of the Labour Party in the aftermath of the Penang riots of November 1967. In the ensuing security round-up a considerable number of local branches of the Labour Party in Malaya were closed down. The existence of the Alliance as a coalition under predominantly Malay leadership, and dedicated to the principle that the Malay community is entitled to 'special rights' in the political sphere, is thus a severe impediment to the emergence of an effective opposition. Any opposition to the Alliance must make its electoral appeal to those who feel that Malay political predominance has gone too far or has lasted too long. Such an appeal raises the temperature of communal feeling, as in 1965, and is more likely to bring on a Malay seizure of power for the Malays alone (the PMIP platform) than a switch to what Lee Kuan Yew means by 'Malaysian Malaysia'. If on the other hand the opposition looks further left for allies among the communists it is likely to be manipulated by them and be subjected to measures of repression justified as necessary to avert a communist *coup*.

Communism of itself is a long-range rather than an immediate threat. The remnants of the communist forces which fought the prolonged 'Emergency' campaign of 1948–60, now only a few hundred strong, remain across the northern border of Malaya in Thailand. The Chinese underground movement in Singapore is under control but a latent threat if ever Singapore loses its political stability or its economic prosperity. Across the water in Borneo communism has a third outpost in southern Sarawak.[1] It could come back. In its heyday communism came close to gaining power by skilful exploitation of mass grievances, Chinese nationalism in the schools, working-class resentment at inequalities of wealth. A percipient observer, himself once a member of the MCP, has written: 'One of the difficulties with social democracy is that unlike communism its objectives are not clear-cut. . . . there is always a temptation to treat it as a trick of politicians to get the votes of workers, a brand name which has no guarantee of quality. . . . The only kind of social democracy that can outbid the communists is one that can postulate economic changes that can fundamentally transform society and plot the general lines of this transformation in advance. . . .'[2]

Hence one is thrown back on to the tried expedient of the Alliance coalition which has governed successfully for fifteen years. The only

[1] *v.s.* p. 165.
[2] J. J. Puthucheary, *Statement of Political Belief*.

visible alternatives to it are: (1) an exclusively Malay government as advocated by the PMIP; (2) a left-wing government under predominantly Chinese leadership and with communist support; and (3) a communist dictatorship. Any such alternative would lead to such an upheaval as would end in bloodshed and economic ruin. For the next few years at least if Malaysia is to survive as a democracy the Alliance must survive as an effective government. What are the prospects?

The essential principle of the Alliance coalition is that the component communal parties preserve their separate identity. From time to time spokesmen suggest that there should be a move to some fusion of the parties to form a non-communal organisation but it evidently does not yet command general acceptance. With separate communal parties the individual Malay can feel that he has entrusted the interests of his community to Malay leadership; the Chinese and the Indian voter is in the same position. That they should feel the need to have such an assurance indicates the imperfect degree of communal accommodation. At the top the leaders of the communal parties in their capacity of federal Ministers can look at the common problems of the country and try to arrive at an agreed compromise when issues arise which affect the communities in different ways. They have then to justify the compromise to their own supporters as the best terms which can be obtained if the inter-communal Alliance system is to be preserved. So far the influence of the leaders, notably the deeply respected Tunku Abdul Rahman, combined with the essential moderation of men of all communities has sufficed to make the system work.

But the system is fragile. If passions and fears begin to run high the makers of compromises are in danger of losing their hold over those whom they represent. In the early days the opponents of the Alliance expected that it must soon break up. In this they were disappointed. The first major conflict did not arise until 1959 in the final stages of the preparations for the general election of that year. There was a dispute within the Alliance over the combined election manifesto and the allocation of constituencies between Malay and Chinese candidates of the Alliance parties. The president of the MCA, under considerable pressure from his own party, wrote in confidence to Tunku Abdul Rahman, as president of UMNO, indicating that if his party's demands could not be met the MCA might even withdraw from the Alliance. Someone, presumably one of the diehards in one party or the other, disclosed the letter to the press. Tunku Abdul Rahman, recognising that if he was seen by his own supporters to entertain an ultimatum from the Chinese they

would revolt, demanded – and obtained – the retraction of the offending letter. As a result of this episode the then president of the MCA and certain of its younger leaders left the party which in turn was considerably weakened by the split. As a postscript to that story and an indication of how Tunku Abdul Rahman runs his team it may be recorded that as soon as the furore had died down substantial concessions were quietly made to the MCA on the points at issue. It is the public appearance, the open clamour, which counts; most issues are negotiable if they are kept behind closed doors.

The second major crisis in the Alliance came in 1965 as the climax of the difficulties with Singapore.[1] Here again it was necessary to enforce the submission of the Singapore rebels as the price of placating Malay feelings.

It is not always the Chinese who give way to the Malays. A Malay Minister of Agriculture committed himself to measures in the sensitive field of padi marketing[2] which would have been a severe blow to the Chinese commercial interests affected. At the cost of a major cabinet row the Minister was overruled by his colleagues.

There are also difficult regional adjustments to be made. The Alliance Ministers like to regard themselves as experts in the conduct of a federal system of government but in fact they have only occasionally been put to the test – and not always with success. The existence of as many as thirteen constituent units in Malaysia tends to distract attention from the significant regional contrasts. Western Malaya with 40 per cent of the total land area of Malaysia has 86 per cent of the population with almost all the rubber, tin and factory industries; eastern Malaya is backward but still near at hand and Malay in character; the Borneo territories are a thousand miles away and unfamiliar indeed.[3] It is significant that the major problems of federal relations which have so far confronted the Alliance government have arisen in the east-coast States and in Borneo.[4]

The general point which one here seeks to make is that beneath the surface there are major stresses, both communal and territorial, which can get out of hand with frightening speed. The most recent and dramatic example has been provided by the Penang riots of November 1967. The Malaysian government, confronted with an immediate problem of currency policy following the devaluation of

[1] *v.s.* p. 180.
[2] *v.s.* p. 249.
[3] *First Malaysia Development Plan, 1966–70*, Table 1–1. See also Table 2 at p. 281.
[4] *v.s.* p. 214 and p. 182.

the pound sterling, took a decision[1] which it must have foreseen would be unpopular in some quarters. Yet several days of serious disorder ensued before the government was able to restore order. The violence of the reaction was evidently not expected even by a government with much experience of such situations.

There are other and less obvious difficulties in the Alliance coalition system. It brings together leaders of a conservative disposition and dedicated to the search for compromise. In some fields, e.g. rural development, where there is a large problem uncomplicated by inter-communal disputes, there has been surprisingly effective and dynamic planning and execution of a programme. In some other spheres, e.g. education, a compromise is probably the only possible approach. Yet clearly such a régime, especially if it remains in power for a long period of years, is likely to become unenterprising and over-addicted to compromise. Where there is a conflict as to what should be done the retention of the existing situation or something near to it is the likely outcome. Even in a relatively conservative society there will be occasions when new and perhaps radical solutions are required. In particular Malaya has enjoyed a considerable prosperity in the first decade since independence in 1957. Her economic problems, discussed in a later chapter, have not put the politicians to the test of drastic changes of policy. It is at least open to doubt whether a coalition such as the Alliance with a decade or more of office behind it is well equipped for the next ten years. Yet there is no alternative.

It is not even as mobile as a game of musical chairs.[2] Since 1955 there has been no change of government and no change of parties within the government. One or two younger men have reached cabinet rank – but not many. Apart from staleness, corruption becomes a more serious problem in such circumstances. This is a difficult problem to discuss. All governments are from time to time confronted with the dishonesty or disloyalty of politicians or civil servants. Corruption will often escape detection and therefore no one can know how serious it is. If it is not checked when it is found it becomes so rank and so open that it begins to rot the decision-

[1] There were two currencies in circulation. The newly issued Malaysian dollar was not devalued but the old 'Straits' dollar which had not yet been withdrawn was backed by sterling reserves which decreased in value by reason of the sterling devaluation. The Malaysian government (acting jointly with Singapore and Brunei who were also concerned) decided that the Straits dollar would no longer be redeemed at par with the Malaysian dollar but would suffer a 15 per cent discount. It was known that large quantities of the Straits dollars were held by the public, rich and poor. Political subversion contributed to the serious riots which followed.

[2] *v.s.* p. 210.

making of a government. Corruption in Malaysia has not come to that point (as it did in, for example, Sukarno's Indonesia) but it is serious enough to cause the Alliance government to establish a special agency to check it.[1]

Communism, communalism and corruption, 'the three C's', have been defined[2] as the major threats to the welfare of Malaysia. Slogans such as this serve their purpose if they communicate the essentials of some complicated problems. Few would quarrel with the diagnosis.

[1] Anti-Corruption Agency established (in place of a special police department set up previously) in September 1967 (*Straits Times*, 30 September 1967). The Agency is answerable to the federal cabinet.

[2] The slogan was coined, or at least published, by the Deputy Prime Minister, Tun Abdul Razak, the key administrator in the Alliance government (*Straits Times*, 19 September 1967).

Chapter 18

Economic Questions

MALAYSIA is now entering upon a new chapter of its economic history with a remarkable record of success behind her and with greater uncertainty about the future than at any time during the past half-century.

As we have seen, modern Malaysia is built upon the foundation of rubber and tin production. But specialisation has exacted its price. First, it made Malaya subject to the economic and financial policies of foreign countries. It was said of Malaya up to 1941 that it was merely 'a geographical region where capital and labour belonging to other economies found it convenient to carry on certain specialised operations, within the British monetary as well as political framework.'[1] Secondly, dependence on rubber and tin whose price was subject to violent fluctuations caused equally sudden upsets in the supply of money and the general prosperity of Malaya. Sabah and Sarawak were less successful in economic expansion but were subject to the same difficulties.

These problems have not entirely disappeared but they have shrunk to more manageable proportions. The Malaysian economy has diversified by expansion into new forms of primary production such as palm oil and iron ore and by the development of new factory and service industries on a substantial scale. Although it is still exceptionally dependent on foreign trade and investment it has become autonomous. The days are past when the Rubber Growers' Association in London could settle major questions of Malayan policy with the Colonial Office. An apparatus of national economic management has been established in Kuala Lumpur. In the post-colonial period since 1957 budgetary policy has evolved from Gladstonian balancing of the books towards Keynesian balancing

[1] *The Economic Development of Malaya: Report of a Mission organised by the International Bank for Reconstruction and Development*, p. 645. We refer to the IRDB hereafter by its colloquial title of 'the World Bank' and to the report as 'World Bank Report 1955'. The Mission was invited to Malaya in 1953 to advise on development planning, then an unknown science in Malaya; its lengthy report is an excellent survey of Malayan economic problems at that period.

of the economy.[1] Since the first and tentative essay in development planning for the period 1951–55 there has been a sequence of five-year development plans of increasing sophistication leading to the First Malaysia Development Plan 1966–70, to which we shall come shortly. During the 1950s the economists debated at some length whether it was possible for a central bank in Malaya to perform the essential role of regulating the economy so as to avoid the violent fluctuations of the past.[2] In the event the Bank Negara Tanah Melayu opened its doors in 1959 though it did not take over the issue of currency until 1966.[3] Its task of economic management has become somewhat easier because both rubber and tin no longer experience the extreme price fluctuations of the past.[4] The central bank has also made some progress towards assimilating the very varied elements of the Malaysian banking system into a more coherent whole. At one extreme are the branches in Malaysia of the London 'Eastern banks' which developed during the nineteenth century with the expansion of trade and investment in Malaysia as a link between Britain and Malaysia controlled, as regards policy and financial reserves, from London.[5] At the other extreme are the local banks which originally operated on a small scale to serve the needs of Chinese and Indian merchants.[6] In the last twenty years or so two or three Malaysian Chinese banks have expanded to carry on business in Malaysia and abroad on a much larger scale and with greater financial strength.

[1] G. D. Ness, *Bureaucracy and Rural Development in Malaysia*, makes a well-documented analysis of this trend.

[2] See *World Bank Report, 1955*, pp. 228–31 and 645–8; *Report on the Establishment of a Central Bank in Malaya* (1956) by G. M. Watson and Sir Sydney Caine; various articles in the *Malayan Economic Review* (1957–59); *The Federation Central Bank* by Siew Nim Chee; and *Merdeka in the Money Market* (both reprinted in *Readings in Malayan Economics*, ed. T. H. Silcock). The central bank itself publishes informative annual reports.

[3] The bank was established with the aid of senior staff, including the first Governor, from Australia. The first Malayan Governor appointed in 1962 is a Malay economist who had previously served as an executive director of the World Bank. The issue of currency was until 1966 the task of the Commissioners of Currency, Malaya and British Borneo, an official body appointed by the governments concerned. This currency was backed by a reserve in sterling securities equal to 110 per cent of the currency in circulation. From 1966 the governments of Malaysia, Singapore and Brunei began to issue their own currency which circulated side by side with the old currency board notes. When sterling was devalued in November 1967 the old currency, but not the new (which as regards Malaysia is a fiduciary issue), was devalued with serious repercussions (*v.s.* p. 219). The failure of Malaysia and Singapore to maintain a common currency was much criticised on its merits and as a sign of the lack of economic co-operation between them (*v.s.* p. 153).

[4] *v.i.* p. 283.

[5] For the history of one of the largest, The Chartered Bank, *v. Realms of Silver, One Hundred Years of Banking in the East*, by Compton Mackenzie.

[6] *v. The Chinese Banks incorporated in Singapore and the Federation of Malaya*, by Tan Ee-Leong (JMBRAS 1953 and reprinted in T. H. Silcock, op. cit.).

To assist in the mobilisation of capital a Malaysian Stock Exchange has been established with branches in Singapore and Kuala Lumpur. Both the old-established rubber and tin companies and the newer industrial companies have sought a quotation for their shares but it is still unusual for purely local, i.e. Chinese, enterprises, to do so. 'When shall we get a new industry whose whole capital is floated on the market and controlled by Malayans?' is a fair question.[1] Traditional attitudes change slowly. The habit of the middle class is still to invest their savings in land or in loans to close associates and kinsmen. The businessman prefers to use his capital in trading transactions with a rapid turnover rather than invest it in industrial concerns which will only recoup their initial outlay on fixed assets over a long period of years.[2] To invest in – or to promote – large public companies in which impersonal professional management uses capital subscribed by a large body of shareholders is a bold innovation – but it is beginning.

In addition to the Stock Exchange there is a powerful international rubber market in Singapore and a rather less influential one in Kuala Lumpur. Much of the smallholders' rubber (and imported Indonesian rubber) is exported by Chinese export houses.

The particular importance of creating an effective capital market is that Malaysia relies more than ever for her future growth on the effective mobilisation of local savings for investment. Until about 1960 the territories of Malaysia surged forward upon the impetus of its old-established industries – rubber, tin and (in Borneo) timber. During the 1960s there has been – and must continue to be – a good deal of expansion in the public sector both in developing the economic infrastructure in the form of improved ports and inland communications (especially in Borneo) and in investment in education and technical assistance to smallholder agriculture. This has been financed by drawing on the balances accumulated in earlier years and by some current borrowing both at home and abroad.

[1] *Straits Budget* (Market Report), 30 May 1962.

[2] *v.* M. Freedman, *Chinese Family and Marriage in Singapore*, pp. 87–8, on personal ties in the Chinese commercial system and *World Bank Report 1955*, p. 647, on the Chinese preference for quick turnover in trade rather than long-term industrial investment. *First Malaysia Development Plan, 1966–70*, para. 358, mentions that four-fifths of all Malaysian industrial enterprises employ less than 10 workers each, i.e. the small-scale family business is still predominant. On the attitude to money and saving generally *v.* C. Gamba, *Poverty and some Socio-Economic Aspects of Hoarding, Saving and Borrowing in Malaya* (*Malayan Economic Review*, 1958); M. Freedman, *The Handling of Money, a Note on the background of the economic sophistication of Overseas Chinese* (*Man*, 1959, and reprinted in T. H. Silcock, op. cit.); R. W. Firth, *Malay Fishermen, their Peasant Economy* (a classic on the subject); and M. G. Swift, op. cit.

The modernisation of the rubber and tin industries has been financed mainly from retained profits ploughed back. No rubber or tin company has raised new capital on the market for many years.

The major problem of Malaysian economic policy is that these sources of capital are drying up. As we shall see, the price of rubber has fallen to a level at which the profit margin, for plantation company or smallholder, is narrow indeed. The tin industry is likely to contract rather than expand. Britain, traditionally the major source of new capital, is withdrawing from South-East Asia and is discouraging overseas investment. With the possible exception of Japan there is no other major foreign source of new capital in sight. Yet Malaysian requirements are larger than ever. It has been estimated that over the twenty years 1965–85 Malaysia will require to invest the enormous sum of Malayan $64,000 million (say £9,000 million). If this can be achieved it will suffice to raise average annual income per head only to the modest level of $1,500 (say £200) if meanwhile a birth control campaign can reduce the rate of population increase from the present 3 per cent per annum to 2 per cent.[1] For the first time lack of money becomes a real limitation on the rate of Malaysian expansion. The bold figures of the *First Malaysia Development Plan, 1966–70*, have been criticised as unattainable.[2] This may prove to be so. But the need is nonetheless pressing. In a country of 10 million people it is necessary to create 460,000 new jobs in five years merely to keep abreast of the increase in population (among which there is already serious unemployment especially among the younger generation).[3] It is necessary to find money to expand the modern, technologically progressive part of the economy since this offers the best hope of expansion. It is also necessary for political reasons to pour money into improving the traditional peasant economy of the mass of the Malay population and into developing the backward Borneo territories. Only if these sectors of Malaysian society feel that the government is striving to narrow the gap between them and the modern, urban sector will multi-racial, federal Malaysia hold together. The allocation of resources between these pressing needs

[1] *First Malaysia Development Plan, 1966–70*, para. 45. The figures used in this passage come from the Plan unless otherwise stated.

[2] Total investment for the five years 1966–70 is planned at $10,500 million (as compared with $7,243 million in 1961–65). It is hoped to obtain $1,900 million in foreign loans and grants, $1,000 million in foreign private investment (in fact mostly from retained profits of existing enterprises) and $2,025 from borrowing in Malaysia and running down government balances.

[3] Overall unemployment in 1965 was estimated at 6 per cent (*Plan*, para. 126), but this includes an estimated 16 per cent rate in the 15–19 age group and 27 per cent in that group for urban areas only. It is estimated that 30 per cent of school-leavers are unemployed for at least a year (ibid. para. 183).

with its racial undertones is likely to become the major economic dilemma of the next decade.

In the current economic strategy priority is given to new industries which will save imports since there is little prospect of increasing export earnings over-all. In the search for greater productivity the contribution of education, especially technical training of all kinds, is well understood. As regards Borneo it is seen that until the country is opened up by roads there can be no rapid progress in any other field. Partly because it is a political imperative Malaysia has avoided the mistake made by so many other developing countries, such as India, of putting too large a share of its resources into industry rather than agriculture.

Although the more extreme political parties of the left call for nationalisation of foreign property the Alliance government is of a conservative disposition. 'Without political stability you cannot have economic development and without economic development you cannot have political stability. The two are synonymous and inseparable.'[1] Another ministerial statement was: 'Under the free enterprise system obtaining in Malaya, the government would prefer to suggest what it considers best for the nation and leave the people in the private sector of commerce and industry to map out some definite scheme of their own.'[2] In part this attitude is a legacy from the *laissez-faire* economic philosophy of the British colonial régime. In part it reflects the existence of an able and active local entrepreneur class among the Chinese[3] and the lack of confidence among the Malay bureaucracy in its own expertise in business affairs.

Nonetheless it is a mixed economy in which the role of the state is increasing under the sheer compulsion of determining priorities and results. From its colonial predecessor the present régime inherited state enterprises such as the railway, port, telecommunications and electricity supply systems, the internal air services, medical and educational services financed or controlled as government departments, and a tradition of active intervention in the rubber and tin industries (on the principle that war is too important a matter to leave to the generals). Since Malaya became independent the government has created or expanded public agencies for land settlement and advisory and technical services to industry, and marketing and credit as well as technical advice to smallholder agriculture. The

[1] Tun Abdul Razak quoted in *Far Eastern Economic Review*, 29 June 1967, p. 696.

[2] Minister for Commerce and Industry reported in the official Information Department publication, *Sari Berita*, 7 June 1962.

[3] There is an interesting discussion of this factor in *Entrepreneurship in a Plural Economy* (*Malayan Economic Review*, 1958) by Dr Goh Keng Swee, Singapore Minister of Finance in the PAP government.

latest development is a plan for government shareholdings in offshore tin-mining companies.

It will be seen that several of these examples of intervention affect the politically sensitive field of Malay peasant agriculture. It is also government policy to remedy the imbalance between Malays and Chinese by establishing Malays in commerce. In the sphere of local, small-scale business this campaign (something of an obsession to Malay nationalists) has made little headway. For whatever reason the Malay is no match for the Chinese in ordinary commerce.[1] Too often when given some special business opening a Malay has lent himself to what is known as the 'Ali Baba' device by which a Chinese is allowed to trade in the name of a Malay.[2] There are basic difficulties. As we have seen, the Chinese are disposed to go into business with their kinsmen in preference to strangers of any race. In a Chinese business the working language, in which the accounts are kept, is a dialect of Chinese (few Malays speak Chinese and fewer still can read or write it). In a small shop the assistants will often live and feed with the shopkeeper; pork, which is unclean to a Muslim Malay, will be an important item in their diet. Such a world is impenetrable to a Malay even if the Chinese were willing to help, which, in most cases, they are not.

European commerce has offered wider opportunities to the better-educated Malays. A policy of restricting the entry of foreign staff (which is progressively to be made stricter during the decade 1970–80) makes it obligatory for British and other foreign employers to retain Malayan (not necessarily Malay) staff in executive and managerial posts in increasing numbers.

The remainder of this chapter is a review of the major industries of Malaysia and their future prospects.

Agriculture. Certain crops which are grown almost entirely by smallholders, such as rice and coconuts, are left for discussion in the next chapter. The commercial agriculture of rubber and other plantation crops account for about a third of total gross national product (in 1965); even in 1985 their share is expected to be one-fifth of the whole.

The rubber industry has doubled its output per acre and may yet double it again; it has produced rubber in new and improved forms

[1] One reason is possibly that by Malay standards hard bargaining (*tawar-menawar*) is bad form.

[2] Ali (a Muslim name) for the Malay 'front man' and Baba (the nickname of the Straits Chinese) for the Chinese in the background. This device has been used where licences have been given for, e.g., running a bus service from Malay rural areas to a town. The Malays, who sometimes work as transport drivers, have done better in public transport (buses and taxis) than in shopkeeping.

to meet the needs of its customers. Yet it earns less in export income than it did and this trend may well continue. Productivity and quality fight a losing battle with competition and a falling price curve.

The major achievement of the period since 1945 has been the replacement of old rubber trees by new and much more productive stock by a sustained programme of replanting and new planting. This had begun before the Second World War but had been interrupted by the Japanese occupation and by the impact of communist terrorism.[1] The valuable time thus lost could not be recovered. The replacement of a slow-growing tree crop is of necessity a slow process. Taking the conventional period of seven years from planting to productive maturity and an annual replacement rate of 3 per cent, it follows that no less than one-fifth of the entire acreage will be non-productive at all times and the replacement cycle will extend over thirty years.[2] For the large plantation this is a problem of organisation and financial planning. The smallholder who has no financial resources must forgo part of his income when he fells his old trees. For technical reasons the minimum area for replanting is about one acre so that, say, one-fifth of a five-acre smallholding must be put out of production for seven years by even a single annual instalment of replanting. The solution here, where the land is available, is to allot plots of virgin land to smallholders for new planting of rubber in the hope that the old holdings will be replanted when the new ones are productive.

In spite of these difficulties replanting has surged ahead since the mid-1950s with the result that both total output and yield per acre have begun to rise rapidly.[3] Since the costs of rubber production

[1] *v.s.* pp. 102 and 113.

[2] As a result of the latest developments in agricultural technique it may be possible to shorten the period of immaturity to six or even five years. The basic problem remains; a rubber tree begins as a seed and it is not large enough to sustain the tapping of its rubber on an economic basis until the trunk is about 20 inches in circumference at a height of 5 feet from the ground. This process of growth cannot be shortened very much. If tapping begins too soon the tree will not grow to an economic size.

Replanting is a costly operation involving the removal of the old trees, improvement of the soil fertility by the use of fertilisers and leguminous cover crops, and control of weeds to prevent them choking the young rubber. When the sapling is about a year old the stock is budgrafted with a selected strain (clone) of high-yielding rubber and the original stem is cut back to the junction – which sets back growth by a year. The cost of these operations over 7 years is of the order of £100–150 per acre plus loss of profits during that period.

[3] A report in 1955 (*Report of the Mission of Enquiry into the Rubber Industry of Malaya* – 'the Mudie Report') warned that 'this is probably the last chance that a large part of the natural rubber industry will have of setting its house in order before the storm breaks'. To induce the more backward sections of the industry to replant the government introduced a scheme by which funds for replanting were

relate to the area to be maintained and worked unit costs fall as output per acre rises. But for this great improvement in the competitive position of the Malayan natural rubber industry it could hardly have survived the fall in price due to the increased volume and quality of synthetic rubber production and the disposal of surplus American strategic stocks. Since 1960 the world price has fallen steadily so that increasing output no longer suffices even to maintain export earnings at their previous level.[1] There have also been a number of improvements in the technique of processing rubber for sale to the industrial consumer but the proportion of natural rubber in total world consumption of natural and synthetic rubber together has also fallen steadily.

The Malayan rubber industry remains nonetheless doggedly optimistic that it can survive. Certainly it has better prospects of doing so than its largest competitor, Indonesia, which under Sukarno made little headway in replanting. The industry comprises three contrasted groups of producers whose problems differ considerably. As we have seen, in the early part of this century rubber estates were small units. Since 1945 the estate section of the rubber industry has tended to reorganise on a larger scale. Small estates have been sold off for fragmentation into smallholdings or merged with larger neighbours. Small plantation companies have gone under or been saved by mergers. This trend which has by no means completed its course yields a small number of holding companies or interlocked groups of companies under common management. Such enterprises are vulnerable by reason of their large overhead costs but they are able to apply both money and technique to achieving high output by intensive methods. They have been the leaders both in replanting with high-yielding rubber and in improved methods of processing; they have also pioneered the way in the use of fertilisers, herbicides (for weed control), hormone yield-stimulants, agricultural research and mechanisation of all kinds. As a technological spearhead they are invaluable and almost irreplaceable. By these methods they can survive the low level of rubber prices but the return on their capital is now low in relation to the risks involved.[2] Accordingly most of

raised by increased export duty on current output and these funds were passed back as acreage subsidies for annual instalments (at the 3 per cent rate) of replanting. Having served its purpose for the plantation part of the industry the scheme is coming to an end as regards estates but subsidies for smallholders (together with an elaborate technical advisory service) continue. *v.* Appendix 2, Table 6, on high-yielding rubber.

[1] *v.* Appendix 2, Tables 5 and 9.

[2] At replacement cost plantations represent an investment of, say, £200–300 per acre. With output at 1,000 lbs. per acre per annum a penny of profit is a return of £4; few producers can now expect to achieve a profit margin of more than, say,

these companies have taken the opportunity of replanting to change over part of their land to oil palm cultivation which, as we shall see, is a rapidly expanding section of Malayan agriculture. The plantation companies are vulnerable on political as well as economic grounds. Although they employ an increasing number of Malayan managers and scientific staff and have their shares quoted on the Malaysian Stock Exchange, ownership and control is still mainly in London or other European capitals. The estate staff and labour force is housed in dwellings provided by the employer on its land so as to form small 'company towns' which must tend to aggravate the element of ultimate foreign control.[1] They are outposts of foreign investment which fit somewhat uneasily into the new Malaysia.

At the other extreme is the smallholder who owns and works 3–10 acres of rubber land with his own labour and that of his family and kinsmen. He may also employ village labour to work the holding on the basis of crop-sharing. He has benefited from the replanting schemes as much as the estates. A special advisory service gives him technical aid and supervision. To improve the quality of his output and his marketing organisation central processing plants have been established in some areas. In the large-scale opening up of additional land for peasant agriculture[2] rubber in spite of its vulnerability and uncertain future is still the mainstay of development. It is a familiar and well-tried crop. However, the next decade may well see a considerable switch to oil palm cultivation on new land; to the smallholder as to the estate it offers the prospect of a better financial return.

The economics of peasant rubber cultivation are different from those of the estate. The cost of production is the smallholder's own family labour. If he has high-yielding rubber he can survive at a level of profit which is ruinous for the capital-intensive estate producer. But the proportion of smallholder acreage under high-yielding

3d. per lb. and so the return on investment is well below 10 per cent. The London Stock Exchange values the shares of these companies on the basis of a yield of 10–15 per cent. To put the matter another way their assets are now worth much less than their current replacement cost because they can no longer earn sufficient profits.

[1] The dwindling number of European senior staff have usually spent many years in the country and become well assimilated to local society in which typically they are much respected, if rather autocratic, figures. But the extent of company control over the daily lives of the labour force is all pervasive. The hours at which electricity supply is provided to labourers' houses; the choice of films for exhibition at the weekly show; whether strangers may come in and, e.g., hold political meetings are all more or less within the prerogative of the estate manager. There are of course estate committees and trade union branches to provide a measure of organisation for the employees.

[2] *v.s.* p. 246 and Appendix 2, Table 6.

rubber is far smaller than that of estates. If the price of rubber falls to a really unremunerative level the smallholder tends to abandon his holding and switch to some other crop or occupation. He will not accept a reduction of income below a certain point.[1] Above all, rubber production is becoming increasingly demanding in technique. The smallholder is not well-equipped to compete with the technologically advanced synthetic rubber industry.

The third element in the Malayan rubber industry is the small estate of up to 1,000 acres (but usually much smaller than this) owned by individuals or partnerships (mainly Malayan Chinese or Indian). Unlike the smallholding the small estate is worked by wage labour but the standard of management and technique is far below that of the large plantation. In many cases the owner is an absentee town-dweller such as a shopkeeper, who has invested his surplus capital in rubber land as the conventional safe investment of his kind. He leaves his property in the charge of a resident foreman and is content if it continues to produce some income. He does not wish to reduce current income or to add to his investment by replanting.

In Borneo, as we have seen, the smaller rubber industry has Malaya's problems and some of its own. In Sabah the replanting of estates has been crippled by lack of skilled labour to tap existing high-yielding rubber. In Sarawak the smallholder industry is even more backward than in Malaya.[2]

The bias of economic forces and of government policy is towards the survival of the smallholder at the expense of other elements in the rubber industry. But the industry has survived its difficulties until now by technical innovation in which plantation managements have always been the pioneers. Admittedly the basic research has been done – as it will continue to be – in a central research institute. But the all-important commercial application of the newest techniques has been a function of the plantations. The question for the future is whether with the smallholder as its centre of gravity the Malayan rubber industry can maintain a sufficient momentum of technical progress to keep abreast of the competition of synthetic rubber. It is early to be pessimistic but a solution is not yet in sight.

It has always been expected that as the Malaysian economy matures and diversifies it will rely less upon its rubber industry. But

[1] In the mid-1960s it was reckoned that a holding of 8 acres (which is the planned size on new settlement areas) would under high-yielding rubber yield an annual family income in cash of $4,000 (say £550 in post-devaluation sterling) which is above the national average. But with the recent fall in price since 1965 the figure has probably fallen by a fifth or a quarter. Few smallholders are fortunate enough to have 8 acres of land under mature high-yielding rubber.

[2] v.s. p. 166.

at the present time rubber is by far the largest single element of the economy, producing three-fifths of the export income of a country which is exceptionally dependent on foreign trade. Investment in the rubber industry by replanting and the development of new land for peasant agriculture has preserved a balance between agricultural and urban development which is unusual in economies of this type.[1] For at least another decade output will continue to expand as rubber trees planted in the recent past come into production. But if the industry should lapse into stagnation it will be a most serious setback for the national economy.

It has not been easy to find a more profitable alternative crop than rubber. Climatic conditions dictate that it must be a tree crop which provides permanent cover and protection for the top-soil. Coffee preceded rubber in the latter part of the last century. Coconuts, the 'consols of the East', have failed to deserve their reputation. More recently both cocoa and tea have been tried without lasting or substantial success. The one great achievement has been the creation of a Malaysian oil palm industry. The oil palm (*elaeis guineensis*) was imported from West Africa as an ornamental tree in the late nineteenth century and has been grown commercially as a plantation crop since 1917. It made slow progress until the 1950s when the obvious uncertainty about the future price of rubber induced the general body of rubber companies to follow the example of the pioneers among them who had grown oil palms, though on a restricted scale, since the 1920s. The pioneers built up a very useful knowledge of how to grow the oil palm on Malayan soils which has provided a sound basis of technique for the recent rapid expansion. Acreage under oil palms in Malaya increased from 78,000 in 1947 to 135,000 in 1960 and then accelerated to 303,000 in 1966. The total may well reach 500,000 acres by the 1970s, i.e. fully one-third of all land held by plantation companies will have been converted from rubber to oil palms. There are also ambitious plans for developing large areas of virgin land (notably the 50,000 acre 'Jengka triangle' in central Malaya) as smallholdings under oil palms. In the Borneo territories the oil palm arrived more recently but expansion promises to be equally rapid.[2]

The oil palm is less adaptable to all Malaysian soils than rubber but skilful use of fertilisers can make it profitable even on marginal soils. Some coastal areas of flat and swampy land are better suited

[1] *v. Development Planning, The Essentials of Economic Policy*, by the West Indian economist, Professor W. A. Lewis, for a full analysis of this aspect (in general terms – not with special reference to Malaysia).

[2] *v.s.* p. 167.

to oil palms than to rubber (which likes to 'keep its feet dry'). The other limiting factor is that powerful, complex and expensive machinery is required to extract the palm oil under high pressure from the fruit. Hand presses can be used, as in West Africa, but the oil is inferior. The fruit must be harvested when it is in the optimum condition. Hence the centre of an oil palm estate is its factory which must be fed with the fruit gathered under a controlled programme from a very large area.[1]

The attraction of palm oil production is that this edible oil finds a ready market (interchangeably with various other vegetable oils) as a constituent of margarine. There is no present sign that the alternatives to palm oil will displace it. Political difficulties in West Africa, the traditional region of palm oil production, have helped the South-East Asian producers. As with rubber there are the inherent risks of monoculture, i.e. if very large areas are kept permanently under the same crop diseases will build up to serious proportions and are difficult to control. The world price of palm oil fluctuates but for the past decade it has generally offered a higher profit to producers than rubber. The prospects of extending oil palms as a smallholders' crop depend upon finding acceptable methods of imposing on Malay peasants a stricter régime of agricultural work and technique than rubber, even in its latest phase, has yet required of them. It seems likely that oil palms will become the major *plantation* crop at least of Malaysia and a most valuable replacement for rubber.

Mining. Malaya's known reserves of tin ore are gradually being worked out but greater efficiency in methods of mining and recovery have made it economic to work or re-work progressively poorer ground. For example in the 1880s when the rich Kinta tin-field in Perak was first opened, the miners there expected to recover 6 *katis* (8 lbs.) of tin ore from each cubic yard of soil.[2] It is possible to make a profit nowadays, if the price of tin keeps up, from a recovery rate of no more than one-quarter of a *kati* per cubic yard. No major new deposits of tin ore have been found in Malaya since the Second World War but new techniques now make it possible to extend the area of mining by dredging in the sea at the river estuaries. For half

[1] Say 3,000 acres is the smallest economic unit for servicing by a factory but economies of scale make it advantageous to work a much larger area of 10,000 acres or more to a large factory. The producing area need not be a contiguous block of land – and frequently it is not. But as an acre of oil palms may produce 8–12 tons of fruit per annum transport (sometimes by light railway) is a major element in the system. A new processing technique still in the experimental stage may, however, reduce the 'economic unit' to a much smaller size.

[2] *Straits Budget*, 25 April 1962, quoting the government Mines Department.

a century Malayan production in normal years has rarely fallen below 50,000 tons of tin and it has recently been at a higher level than this.[1] It is unlikely to expand much more unless the world price of tin is established firmly at a much higher level. After a decade or two a sharp decline in Malayan output of tin seems inevitable.

In assessing the profitability of tin-mining there are a number of variables. The efficiency of mining techniques has probably been pushed to near its practicable limit. Since the gravel pump and the dredge made their appearance more than half a century ago[2] there has been no major change in technique. Methods of recovery, i.e. of separating the tin ore from the gravel or clay with which it is mixed, have improved to the point at which an efficient 'tin shed' will extract more than 99 per cent of the tin delivered to it (but a much larger quantity may have been lost in the earlier stage of primary separation on the dredge itself). Except in the sea there is little hope of finding richer deposits as the familiar ones are worked out. The final variable is the price of tin since at any given price there is always marginal land which would be mined if the price were higher. Here, however, a distinction is to be drawn between mining methods. A dredge, and all which goes with it, may cost £1 million or even more. To take the dredge to pieces and rebuild it on a different site, incorporating further improvements, is also very costly. Capital outlays of this order are recovered over twenty years or more of mining until the deposit is worked out. Suitable locations for dredges, whether new or transferred, are becoming steadily more difficult to find. Gravel-pump mines, on the other hand, are much less costly in initial outlay though they are more expensive to work in unit costs and are generally less well equipped to recover the maximum amount of ore from what they bring up. For these reasons gravel pumps are more flexible. When the price of tin rises sharply (as in 1964–65) many more small gravel-pump mines are established with a life of three or four years. If at the end of that time the tin price has fallen the owners simply close down the mine at the end of its life (if not before) and do not seek a new site.

The number of tin dredges in Malaya has been falling over the years (although individual dredges tend to be bigger). It is likely that most of the remaining dredges will close when they have worked out their present sites. In its final phase Malayan tin-mining will revert to smaller-scale, mainly Chinese methods.[3] But mining is full of surprises; the unexpected may still happen.

[1] *v.i.* p. 283.
[2] *v.s.* p. 66.
[3] *v.* Appendix 2, Table 7.

The main concern of the Malayan government has been to promote a stable and relatively high price of tin. In 1953 it played a leading part in promoting the new International Tin Agreement designed to stabilise prices by the combined use of a buffer stock and restrictions on output. In the period 1957–59 it was necessary to restrict output considerably.[1] Since 1961 tin producers have also had to contend with the effect on prices of the American programme of disposal of surplus tin from strategic stockpiles. That programme is unlikely to be completed before the 1970s. Malaya is relatively a low-cost producer and it can be argued that she does not gain by international price support operations. However, the dominant school of thought is that these support schemes help stability and confidence upon which so much depends in the long-term investment decisions of the mining industry. In South-East Asia Thailand has been expanding her tin-mining industry; Indonesia may well be able to attract major mining groups back into her territory in the saner post-Sukarno era. All in all there is little which Malaysia can do by international action to arrest the slow decline of her tin-mining industry. The Borneo territories have no tin deposits.

For a decade in the period just after the Second World War it seemed that iron ore mining might provide that alternative to tin which oil palms offered for rubber. The only large pre-war mine, at Dungun in Trengganu, was brought back into production and other new mines were opened. The market for this output of iron ore was in Japan. But iron ore production is economic only if the deposits are very large. Those of economic size in Malaysia are likely to have been worked out by the 1970s.

As we have seen, there is petroleum only in Borneo and almost all of it is found in Brunei which is not part of Malaysia (although linked with the refinery over the border in Sarawak).

There are deposits of inferior coal in central Malaya and in Labuan off the coast of Borneo. Neither is now worked. For its energy Malaysia must rely on imported petroleum; for this purpose refineries have been built to serve local needs in Singapore and in Malaysia. With its abundant water Malaya has been able to develop a hydro-electric power supply in the central range (the Cameron Highlands scheme) and may yet be able to harness the latent power of the great rivers. There is as yet no thought of nuclear power nor the technology which it would require.

Patterns of Trade. The patterns of Malaysian trade reveal how one system has been super-imposed upon another at different stages in

[1] Restriction was reimposed in late 1968.

the history of the region. Until the advent of the steamship the pattern of trade in sailing ships was shaped by the half-yearly change of the prevailing monsoon.[1] Singapore became the last and greatest of the series of regional ports to which entrepôt trade flowed from the outlying parts of South-East Asia. In modern times this system has consisted mainly of a large volume of trade between the Malayan ports of Singapore and Penang and the adjacent territories of the Malay Peninsula and Indonesia. Labuan, the free port of northern Borneo, failed to flourish with the result that this part of Malaysia is linked with both Singapore and Hong Kong in the nexus of regional trade. Penang is the major seaport for southern Thailand and, to a lesser extent, Burma; there is also a significant volume of trade with the Philippines and Indo-China.

Large tonnages of rubber, especially Indonesian smallholders' rubber, and other agricultural produce and raw materials, flowed into Singapore and Penang where it was graded and re-exported to distant industrial countries. There was a valuable return trade in foodstuffs, textiles and consumer goods of all kinds. Within the South-East Asia region the entrepôt ports were channels of re-distribution of rice exported from surplus areas such as Thailand and Burma for import into deficit areas such as Malaya and Borneo. This trade with its cargo-handling, shipping, insurance, grading and processing, and financial services provided much employment in Singapore and Penang. Penang's share, however, was of the order of one-tenth only of Singapore's entrepôt trade. Visiting economic experts have generally agreed that these services were valuable to the neighbouring countries since it was cheaper and more efficient to perform them in major ports than by dispersion throughout the region. The experts have also agreed that the future of the system depends on the acquiescence of the countries concerned.[2]

As we have seen,[3] the prospects of unimpeded regional trade are not encouraging. Even during the period of Dutch colonial rule there were attempts to divert Indonesian trade away from Malayan ports towards local centres. The post-war Indonesian Republic has intensified this policy in the hope of thereby checking smuggling and of increasing its share of the foreign currency earned by the ultimate export of produce to countries outside South-East Asia. During the period of confrontation (1963–66) trade between Indonesia and Malaysia (including Singapore) was interrupted by

[1] *v.s.* p. 21.
[2] *v. World Bank Report, 1955*, pp. 128–34, and *Report on the Economic Aspects of Malaysia, 1963* ('the Rueff Report'), also a World Bank survey, at paras. 183–91.
[3] *v.s.* p. 194.

economic sanctions.[1] There has been some recovery since confrontation ended but Indonesia is unlikely ever to permit an unrestricted flow of trade with Singapore and Penang.

With the steady decline of trade with Indonesia the domestic trade between Singapore and Penang and the hinterland of the Malay Peninsula became more important. Rubber and tin flowed out and a vast range of foodstuffs and manufactured goods came in. As the Malaysian economy became more diverse it required more machinery and other sophisticated manufactures. With the growth of road transport and the use of oil as industrial fuel imports of petroleum products also expanded.[2]

The entrepôt trade system has adapted itself well enough to these changes. There are two main types of commercial enterprise in the system. A widespread network of small Chinese firms extends through trade links of one kind and another to many of the neighbouring countries. The rice importers of Singapore for example used to receive cargoes on consignment from the rice millers of Bangkok, Rangoon or Saigon, so that they in effect relied for finance on Chinese in other countries. Traders in Penang would receive rubber from Acheh in northern Sumatra and pay for it by a return cargo of manufactures so that no money passed between them. Of Singapore it was noted that 'the entrepôt trade is not concentrated in a small area . . . the goods imported for re-export are stored throughout the commercial quarters of the city, in godowns or shops; the import and export trade is not in the hands of specialised firms but . . . [is] conducted by semi-wholesalers or even retailers who are also active in the local market.[3] The busy ant-hill of eastern commerce has little in common with the ordered hum of Antwerp or Hamburg.

The other element of the original entrepôt system is the 'agency house'. The founders of many of these houses came to South-East Asia in the mid-nineteenth century as selling agents for the exports which Britain after her industrial revolution began to send to all parts of the world. It was found to be more profitable to remit the proceeds of selling British goods by reinvesting them in 'Straits produce' for shipment home as a return cargo than by merely sending back the cash. In their purchases of local produce the agency houses established a symbiotic relationship with Chinese commerce which persists to this day.[4] From the purchase of local

[1] *v.s.* p. 190.
[2] *v.* Appendix 2, Table 9.
[3] *Rueff Report*, para. 187.
[4] This is the main theme of J. J. Puthucheary's *Ownership and Control in the Malayan Economy*.

produce the British merchants moved on at the end of the nineteenth century to financing the production of commodities such as rubber by making loans to the proprietors of the small plantations of that period to be repaid by the consignment of the rubber to them for export. Finally, as we have seen,[1] the agency houses undertook to manage and promote the new companies which entered the field of rubber production as it became necessary to raise more capital on the London market to expand output in the first decade of the twentieth century.

The agency houses with their European managers and Chinese 'compradors' had offices in the great ports and in some of the larger inland towns. Between them and the ultimate producer or consumer was the teeming and resourceful nexus of Chinese commerce. In up-country towns Chinese merchants acted as collecting and distributing agents, trading on their own account but often relying heavily on short-term credit from the agency house with whom they dealt. If they bought sugar or wheat flour from an incoming ship they might take delivery into a lorry at the quayside but they bought from the agency house as importer. At the end of the chain were the local shopkeepers and rubber dealers in every Chinese village who bought and sold in dealings with the Malay peasant producer. To the Malay in his village the alien power of the entire system was embodied in those face-to-face contacts across the shop-counter. *Hinc illae lacrimae.*

In their heyday up to the Second World War the European agency houses and their Chinese associates in the great sea-ports such as Singapore spanned the whole range of South-East Asian trade with the rest of the world. They dealt in everything; the branded goods which they distributed were familiar names in every village shop. The essential strength of the agency house was that it provided a general purpose link between the South-East Asian economy and more distant countries. It was cheaper and safer for a new enterprise to use the local knowledge and contacts of an agency house for the management or development of its business than branch out on its own. But in recent years the agency houses have lost ground. Specialised and complex imports such as machinery require a great deal of expertise in services to the user both before and after sale. This growing trade is better suited to specialist distributors. Moreover, the agency house had begun as a link between *British* manufacturers and the local trade. As Japanese, west European and American manufacturers secured a larger share of the Malaysian market they appointed their own local distributors or

[1] *v.s.* p. 68.

opened their own local branches.[1] In contrast with the parallel situation in India the agency houses in Malaysia also failed to establish themselves in the management of new factory industries, when these made their appearance after the Second World War. The surviving plantation companies have formed large enough groups to take the management of their affairs into their own hands. The days when it could be said that 'In Malaya's economy the agency houses control the dominating heights and much of the valley,'[2] are ending.

Industrialisation. Malaysia, and Malaya in particular, made remarkable economic progress by specialising in the production of rubber and tin. The need to broaden the base of the economy by diversification into manufacturing is evident enough. For Singapore industrialisation is the only means of salvation in face of shrinking earnings from regional trade and British defence expenditure. Hence much thought and effort have been given to promoting new industries – but with very modest results so far.

As we have seen, Malaysia lacks most of the natural resources required by heavy industry. The relative prosperity of rubber and tin have established wage rates at a level which makes Malaysian labour expensive by Asian standards. On the other hand, these same primary industries have induced the development of a group of ancillary processing industries such as tin smelting and the milling of rice, timber and rubber and also of a group of light engineering and other local industries to provide what they need in products which are bulky but relatively unsophisticated in technique. Because Malaysia has been prosperous there is a sizeable consumer market for beer, soft drinks and various foodstuffs which can be manufactured locally. Finally there is the vital factor of import substitution, i.e. with the unstable but generally declining trend of world rubber and tin prices it becomes a positive advantage to manufacture locally some of the things which would otherwise have to be paid for as imports by the use of export revenues of uncertain amount.

In this field as in so many others of the Malaysian economy there is a sharp contrast between the very small Chinese concern using only the simplest techniques and equipment and the branch factory

[1] Over the past twenty years the United Kingdom has lost ground in the Malaysian market for imported manufactures. Apart from any question of British efficiency in the export markets of the world Britain has lost two particular advantages. First, for ten years or so after the war Malaya as a member of the Sterling Area restricted her imports from countries outside the area. Secondly, Malaysia has now largely abandoned Commonwealth preference in her import duties.

[2] J. J. Puthucheary, op. cit., p. 59.

of an overseas manufacturer assembling semi-finished materials or components imported from abroad. The latter is a phenomenon of the last decade resulting from various fiscal and other inducements of government policy. As yet there are few major industrial plants in which there has been a heavy capital investment. A steel plant at Prai (on the mainland and opposite Penang), petroleum refineries and factories for the manufacture of vehicle tyres and cement are some of the best-known examples. The host of light industries is expanding much more rapidly. The future would still seem to lie in a 'pattern of individually small advances over a wide range of industries'[1] rather than in some dramatic major venture. The results in terms of employment have been meagre because in these industries the ratio of capital to labour is relatively high. It has been reckoned that all the industrialisation in Malaya over a decade (1957–67) created no more than 20,000 new jobs.[2]

The main instrument of industrialisation has been the 'pioneer industries' legislation (recently supplemented by fiscal rewards for industries which can break into export markets). Apart from tax remission the pioneer industry may be offered the protection of a tariff. The foreign manufacturer who has developed a valuable market in Malaysia for his products manufactured elsewhere is thus offered an inducement to establish a local factory whose output will be protected against his competitors. To reduce the initial capital outlay industrial estates have been established on which a factory provided with utilities can be rented. The general strategy in both Malaysia and Singapore is to tempt the foreign manufacturer to bring in his capital and expertise to be linked in partnership with local capital (subscribed through the Malaysian Stock Exchange) and local human ability (in the form of Malaysians to be recruited and trained in the business and technique). No one proposes that new factories should be owned and managed by the state though the government may put up some of the capital in a combined venture with private enterprise.

To raise the level of technical and management skills of Chinese family concerns is one of the functions of the Federal Industrial Development Authority (FIDA) by offering research and advisory services. Such changes will flow only if there are deeper changes of traditional attitudes. Workers of all types have also to be trained in new skills – not only on the factory floor but also in the management techniques of the executive suite – control and analysis of costs,

[1] *World Bank Report, 1955*, p. 121, where the nature of the problem is fully discussed.

[2] *Straits Budget*, 21 June 1967, p. 4.

stocks, marketing, etc. Singapore has established a Polytechnic for commercial and technical courses. Both territories have expanded the previously neglected area of technical and trade education.

The key question for the expansion of industry is to develop large enough markets. In Asian countries where the standard of living is lower than in the west it takes a huge population to provide sufficient effective demand for the products of sophisticated manufacturing techniques. A survey made at the time (in 1963) when Malaysia was being planned[1] concluded that there was little hope of developing export markets for Malaysian manufactures since the other countries of the region had parallel schemes of development. Because Singapore is an urban community with a higher standard of living its demand for manufactured goods is almost equal to that of the whole of Malaysia with its large rural population. The combined domestic markets of Malaysia and Singapore would be 'only just adequate to support efficient production'.[2] However, there were reasonable prospects of trebling the output of local products which could replace imports.[3] The formation of Malaysia was a golden opportunity for industrial expansion.[4] It was lost. In the acrimony which followed the expulsion of Singapore from Malaysia in 1965 there was lip service to the principle of continued economic co-operation but little has come of it.

One of the bones of contention is of course the location of new industries which offer well-paid jobs to the local worker. Singapore with the advantages of being a large city and seaport could use imported materials for its factories to greater advantage than any industrial centre inland. To the rulers of Malaysia it was unacceptable that Singapore should become the industrial as well as the commercial capital of the country. The recent troubles in Hong Kong have given Singapore some help by causing a flow of industrial capital southwards in search of a safer home.

The further economic expansion of Malaysia will depend on the progress of the modern element in it. Whether in the older industries such as rubber or in the new factories it is the technology and management systems imported from the west which are raising standards. Although these skills are alien in origin they are becoming assimilated

[1] *Rueff Report*. The leader of the mission sent by the World Bank was the distinguished French economist, M. Jacques Rueff, best known as the architect of French economic reconstruction in the de Gaulle period.

[2] *Rueff Report*, para. 95.

[3] The Report (para. 88) compares existing local production of $1,100 million p.a. with possibilities of further import substitution of say $2,000 million (1961 statistics).

[4] ibid. para. 121.

to the urban way of life in Malaysia. There remains the problem of the gap between town and country. For in the rural society of the Malay villages the pace of change, the rate of material advance, is still slow. That is the particular question with which the next chapter is concerned.

Chapter 19

Rural Development

IN MALAYSIA, as in many other developing countries, there are two worlds, two ways of life. Millions of peasants still live in small village communities and practise a small-scale peasant agriculture. They have been drawn into the nexus of a commercial economy in which they sell surplus produce and buy consumer goods but they are not part of it. They stand apart, alienated and resentful, looking at the amenities of urban life and at the higher standard of living of the wage-earner employed in modern industry. They want the material advantages of that other way of life made available to them. Successive régimes in the various territories of the present Malaysia have tried to meet this demand. Apart from the economic gain of drawing the countryside along in the wake of the economic dynamism of the towns, mines and plantations it is a political imperative. There can be no long-term political stability if the predominantly Malay peasantry feels that its government is failing to secure an economic and social 'fair deal' for the sons of the soil.[1] When the Borneo territories were anxiously debating in 1961 whether to enter the new Malaysia the magnet which drew them in was the prospect that they might share in the benefits of Malaya's successful rural development programme. 'Malaysia will be judged by whether or not it delivers the goods in the form of rural improvements, schools, and medical and social services. . . .'[2] The current programme dates from 1959 when the Alliance government emerged from the first general election held after independence with a reduced majority. In the north-east of Malaya it had lost control of two States to the Malay 'protest vote'. Ahead of them was the threat that this revolt might spread to other parts of Malaya unless something much more effective was done to relieve rural discontent. Behind them was the example of effective co-ordination of government activity in beating the communist insurrection of the Emergency. Out of this came a

[1] This is the literal meaning of the Malay word, *bumiputera*, much used to distinguish Malay (and indigenous Borneo) citizens from others.

[2] *v.s.* p. 177.

new Ministry of Rural Development, headed by the energetic Deputy Prime Minister, to carry out a new programme by new methods borrowed from another sphere.

This programme is designed to meet the needs of the rural population of all communities but it is in the main directed to the welfare of the Malay villager. The political and communal undertones of Malay resentment over past neglect and exploitation, as they see it, require explanation. The changes introduced under British rule in the Malay States had the unintended effect of cutting off the Malay villager from his traditional leaders.[1] This was a serious deprivation. 'The people had no initiative whatever,' said Swettenham, 'they were there to do what their chiefs told them – no more, no less.'[2] Before they had time to develop new patterns of social organisation in their villages, they were drawn into land transactions, loans, sale of produce, all part of the cash economy of the new Malaya for which their traditional values left them ill-prepared. The wealth of the new Malaya was invested in schools, roads, water supplies, hospitals, etc., but a disproportionate share of these amenities went to the towns because the urban population, predominantly non-Malay, paid more taxes and could by reason of its density be given public services at a lower cost per head.

For a generation or two the Malay peasant was or seemed to be content with his lot which was undeniably much better than it had been. His apathy was due in part to ill-health and malnutrition which in turn were the result of ignorance and traditional prejudice over such matters as diet and the upbringing of children.[3] Ignorant conservatism reflected lack of educational facilities. Where those facilities existed it was difficult for a hard-pressed peasantry to keep even the most intelligent of their children at school for long enough. Thus each generation made only slow progress ahead of its parents. To break out of a vicious circle of this kind calls for an exceptional effort.

The awakening began in the period between the two World Wars in the form of a Malay sense of exploitation and deprivation directed against the Chinese middleman and to a lesser extent against a remote government which stood in the place of the old Rajas but had failed to help him effectively.

In bargaining with the shopkeeper-dealer the peasant producer is at a disadvantage. His rubber, copra, padi or fish is of uneven

[1] *v.s.* pp. 57 and 83.
[2] F. A. Swettenham, *British Malaya*, p. 141.
[3] *v. Report No. 13 of the Institute of Medical Research* (the Burgess/Laidin Report of 1950); *Report of the Committee on Malay Education, 1951* (the Barnes Report).

quality and he cannot know what it is worth at today's price in a distant regional market. He can hawk it round the several buyers in his village but he suspects (not without reason) that they will not bid against each other. He may also be cheated over quantity by an excessive deduction for moisture. Bad communications make it difficult for him to go direct to the regional market in which the dealers re-sell. Moreover, they own all the lorries which ply for hire. Above all there is the problem of debt. The padi cultivator is likely to need seasonal credit to tide him over until the harvest; the fisherman too must live until the season of storms is over. In any case the smallholder or fisherman rarely accumulates cash reserves against the abnormal expenditures which his own needs or social customs oblige him to incur from time to time. So he borrows improvidently and pledges his future produce to the shopkeeper-buyer (the two roles are commonly combined) as security. Later on when he is delivering his produce to his creditor in settlement of debts he cannot bargain over prices.

One should not damn the middleman, usually a Chinese village dealer, as a mere exploiter. He has to carry on business on a small scale since the credit risks require his personal supervision and the capital to expand his operations is expensive to borrow. There are too many small shopkeepers making a moderate living by taking excessive margins on too small an individual turnover. The system itself is inefficient. Within its limits the Chinese trader operates more skilfully than his Malay customers. Yet for most of them he is the only resort in time of need and – at a price – he will usually help. Their attitude to him is ambivalent, a mixture of dependence and resentment.

Improved marketing and credit systems may indeed secure to the peasant producer a larger share of the value of his output. Yet this contentious question too often distracts attention from the greater benefits to be obtained by assisting him to *increase* his output through relieving land-hunger, raising crop-yields, and introducing better methods of processing and grading his produce. All these improvements require an infrastructure of better standards of education and health in the village community. The central issue is how to improve morale, confidence and organisation to make a sound fabric of social life. 'Our intention is to build a self-reliant people who should be responsible for their own welfare. The rural projects offered to them are merely to assist them to stand on their own feet.'[1]

[1] Tun Razak, Minister of Rural Development, addressing a conference of district officers. *Sari Berita*, 22 February 1962.

The rural development programme launched in 1959 benefited from the lessons learnt in earlier and less comprehensive efforts.[1] The first of these was the establishment in the 1920s of a government department to organise and foster co-operative societies.[2] Regarded merely as a credit mechanism the village co-operative society should possess a great advantage in its intimate contact with the borrower. His neighbours, as shareholder members, know what the debtor can prudently be allowed to borrow and when he is in a position to repay his loan. They can exert social pressures to secure repayment before he has dissipated the money on something else. But such attitudes presuppose a sense of common interest and loyalty and effective leadership. The co-operative movement is in fact considerably more than a mere credit mechanism. It is a 'movement', a way of living, which is not easily learnt. Accordingly the policy of the department was to make progress slowly, to accept the inevitability of setbacks and above all to insist on the principle that co-operative societies must build up their own resources without recourse to government loans. Progress was in fact painfully slow despite the efforts of the dedicated handful of departmental staff. The main effort was directed to promoting 'thrift and loan' societies of a simple type. Ventures in co-operative marketing of produce and in retail shopkeeping were failures because they required a good deal of expertise which was rarely available. There were also a few 'general purpose' and 'better living' co-operatives intended to stimulate common effort on community development lines but these did not attract much support in the inter-war years.

Malay opinion became impatient and called for more rapid progress with government aid. Accordingly in 1950 the Rural and Industrial Development Authority (RIDA) was established as a general purpose agency for rural improvement.[3] RIDA suffered from a lack of defined functions and priority tasks. Like the proverbial jack of all trades it proved master of none. In time it came to concentrate its efforts on such tasks as government aid to producer marketing schemes, small loans to assist rural industries and various forms of vocational training including village handicrafts. In this role it is a useful ancillary agency but not an instrument of comprehensive reform such as, with wiser leadership at the start, it might have been.

[1] For the sake of brevity no account is given here of the general expansion of health, education and other services in rural areas. *v.* S. W. Jones, *Public Administration in Malaya, passim.* Since this Chapter was first written, *Bureaucracy and Rural Development in Malaysia*, by G. D. Ness, has appeared to offer a most comprehensive study both of the programme begun in 1959 and of the earlier efforts.

[2] Islamic prejudice against 'usury' had delayed the start for a decade.

[3] *v.s.* p. 129.

In 1956 came the third attempt, the Federal Land Development Authority (FLDA). The FLDA, profiting from the lesson of RIDA, was confined to a single but very important task, i.e. the development of new settlements to relieve the land-hunger of a rapidly increasing population. The long-established land office system was geared to deal with applications for land from individuals. It was a retail system now confronted with a wholesale demand. By 1959 some 200,000 applications for land were outstanding and the land offices were literally years in arrears in their work.[1] The rumbling of rural discontent became louder and louder.

The FLDA method is to select blocks of 4,000 acres or more of virgin land and to develop them as units for subdivision into ten-acre holdings, of which eight acres is planted with rubber or some other cash crop and the rest is under padi, fruit trees, etc. The major operations of clearing the land of jungle, constructing roads and buildings, preparing the land for planting are generally done by contractors using tractors and other heavy machinery. The new settlers co-operate in the work and are given assistance in money and in kind. When their holdings are productive they are expected to repay by instalments the cost of the help which they have received. Priority is given to peasants living on small incomes in areas where the demand for land exceeds the supply. Much depends on the future price of rubber. Subject to that they have excellent prospects of attaining a much higher standard of living.

The significance of the FLDA lies not only in the substantial acreage it has opened to agriculture.[2] It was the first successful application of the methods and technology of the modern element in the economy of Malaya to solving the problems of the traditional peasant element. As such it provided a most valuable example and encouragement to the new rural development programme of 1959. On the other hand, some of the earlier assumptions of FLDA policy are now open to question. It was assumed until the early 1960s that rubber would continue to be the main cash crop of the peasantry. With the decline in the price of rubber oil palm is now to be planted wherever the land is suitable. The expectation that the settlers would in time repay the cost of opening up their land has not yet been really put to the test. Here FLDA has no advantage over its pre-

[1] During the Emergency (*v.s.* Chapter 10), district officers, who were also the land officers of their districts, were required to give priority to support of anti-terrorist operations and to postpone other less urgent duties.

[2] The target for the five-year period 1960–65 was 250,000 acres and in fact 145,000 acres was achieved (*First Malaysia Development Plan, 1966–70*, para. 85). For the next period (1966–70) a more realistic target might have been set but the actual figure is 400,000–450,000 acres (ibid. para. 333).

decessors among government agencies most of whom have failed to recover more than a small fraction of loans made to peasants. Apart from the low price of rubber there is a feeling abroad that the remote government *owes* what it has done for its people. Finally the FLDA method of organising the peasants to co-operate with large-scale operations entails a measure of compulsion. The project managers on each new area are men of some education, often supported by the disciplined authority of ex-army N.C.O.'s chosen from among the settlers for their qualities of leadership. This is the necessary price of co-ordinated effort but it is some way from the free and easy life of the traditional village.

The FLDA more than any other part of the programme is the show-piece. If it materialises, the enormous Jengka Triangle area of 200,000 acres to be settled in central Pahang will in the years ahead be the greatest achievement of the FLDA.

This massive addition to the landholdings of the peasantry must greatly increase its collective wealth and its average income per head – despite the rising total of population. It is equally important to raise the productivity of the 3½ million acres of existing smallholdings under rubber, coconuts, rice, vegetables and other crops.

Only one half of the two million acres of rubber smallholdings has yet been replanted with high-yielding rubber. The task cannot be completed until well after 1970. Meanwhile there is a danger that, if the price of rubber falls any further, the owners of unreplanted smallholdings will abandon their land so that it becomes derelict. In the past smallholders have given up tapping their trees during slump periods and have sought other employment or gone over to food cultivation. The social and political as much as the economic consequences of such a setback would be serious. The present energetic drive for the replanting of smallholdings may well have to be supported by measures of compulsion.

The uneven quality of smallholders' rubber can be improved by the use of village processing plants. The output of a large acreage is thus processed in a single centre to give a much higher proportion of first-grade rubber. Co-operative marketing societies enable the smallholders to bargain more effectively both with the buyers and with the lorry-owners. So far only a few progressive communities enjoy the full benefit of such schemes. A great deal depends on the degree of intelligent self-help forthcoming from the smallholders themselves. Much of the existing area under padi is made up of small patches of a few acres at the bottom of valleys.[1] Such land augments

[1] *v.* Appendix 2, Table 8 for statistical background to this passage.

the food supply and permits its owners to practise the cherished rituals of the padi season but it does not yield well. The main granaries of Malaya in the north and west are extensive and properly irrigated expanses of many thousands of acres. But there are only limited possibilities of extending them by opening comparable new areas of virgin land. At most an additional 200,000 acres, or perhaps a little more, may be developed in the course of years to augment national output of rice and to relieve some of the existing land-hunger in the overpopulated padi areas of northern Malaya.[1]

In the main padi areas a large Malay population lives by the cultivation of padi as the mainstay of their livelihood. Their standard of living is much lower than that of rubber smallholders.[2] The work is intermittent but laborious. Each individual padi seedling is separately planted in the field on transfer from the nursery. At harvest each ear of grain is separately cut by hand with a small knife. It is not surprising that a family cannot cultivate more than five acres by these methods though the work of cultivation takes only sixty days in the year. There is little opportunity of alternative employment within the radius of the padi cultivator's home though he may augment his income by rearing poultry and other minor subsidiary pursuits. There is already acute land-hunger. In these circumstances there is no advantage in substituting machines for human labour which cannot be usefully employed anywhere else.[3]

The first and obvious means of improving the lot of the padi cultivator is to enable him to raise his yield per acre – and thus his income – by such methods as the use of improved strains of seed, fertilisers and control of pests and diseases. The Japanese during their occupation of Malaya introduced the practice of taking two quick-maturing crops in succession during the same year. It was found that in Malayan conditions this intensive method requires exact control of growing conditions which is attainable only where irrigation is

[1] 200,000 acres is the estimate given in *Final Report of the Rice Committee, 1956*, para. 104 (cited hereafter as *Rice Report, 1956*). There is a further 750,000 acres of swamp land overlaid with peat (ibid. para. 105) but this would require prolonged treatment to make it suitable for padi cultivation. The purpose of irrigation works in Malaya is to control the flow of water in valley and swamp land, not to irrigate dry uplands (ibid. para. 116). *v. World Bank Report, 1954*, pp. 297–300, on the high cost of developing new padi land.

[2] There is a considerable disparity in wealth and income among padi cultivators. The size of holdings, the fertility of the land, the market price of padi all vary. The cultivator may or may not own all or part of his land. *Rice Report, 1956*, para. 216, estimated the cash income of a family of tenant cultivators at $30–50 p.m. without allowing for the cost of seasonal credit. Cf. data at p. 230 on income from rubber smallholdings.

[3] *Rice Report, 1956*, Appendix VII, describes the technical problems of mechanised rice cultivation.

provided by means of major engineering schemes. Yield per acre also rises when water supply can be properly regulated. New strains of padi, the use of fertilisers and experiments in mechanised cultivation and harvesting, also play their part. Ministers continue to make confident pronouncements that by the early 1970s, when the very large Muda River irrigation scheme (financed by a World Bank loan) will be completed, Malaya should be self-sufficient in rice for the first time in this century.[1] Apart from the benefit to Malay peasant agriculture of higher output and self-sufficiency Malaya will then have less to fear from the shrinking surplus of rice exports from her traditional sources of supply in South-East Asia.

A large part of the value of the padi cultivator's crop is lost to him in repaying his seasonal loans for land-rent, fertilisers, buffaloes hired for ploughing, and for family subsistence till the harvest. He borrows from a shopkeeper who is also a padi buyer, taking his credit partly in cash and partly in provisions (at high prices). He undertakes to pay off the debt at the harvest by delivering an agreed number of *kuncha*[2] of padi. The terms of this notorious system of *padi kuncha* are such as to mulct the farmer of at least a quarter of the market value of the padi which he is to deliver – this is the price of a loan for a period of six to eight months.

The method chosen for breaking this system is the expansion of co-operative credit and marketing societies. 'The economic prosperity of the rural people depends largely on the co-operative pattern of economy and economic uplift of the people on a group basis.'[3] The government co-operative department has been greatly expanded to provide close supervision and aid to the increasing number of societies. The former policy of denying government loans to co-operative societies has been abandoned in favour of an injection of credit through a co-operative central bank which re-lends to groups of societies. The primary responsibility for recovering the money from individual borrowers is thus retained within a co-operative superstructure.[4]

The egalitarian philosophy of the co-operative movement ignores the disparity in wealth between the well-to-do small landowner and

[1] *Straits Budget*, 1 February 1967, 'I am confident Malaysia will be self-sufficient in rice by then' (Minister of Agriculture). On rice production in the Borneo territories *v.* p. 167.

[2] A *kuncha* is approximately 800 lb. In Perak the system is called *padi ratus*.

[3] Minister for Agriculture and Co-operatives reported in *Sari Berita*, 31 May 1962.

[4] *First Malaysia Development Plan, 1966–70*, budgets for an additional $16½ million in loans to the co-operative movement and $5 million to the Agricultural Bank (*Bank Bumiputera*) (paras. 343–4). *Rice Report, 1956*, para. 45, estimated that $30–40 million was required for seasonal credit in western and northern Malaya alone.

the tenant farmer. As a result of the growing pressure of population on the land half the padi cultivators[1] are tenant farmers and their condition is deteriorating. The traditional tenancy provided for payment of rent in the form of one-third of the crop so that the landlord shared the risk of a bad harvest. Over the past twenty years, however, rents have risen and landlords have begun to demand a fixed cash sum by way of rent or initial premium. This demand involves the tenant in still greater indebtedness to the padi-buyer. The World Bank Mission predicted that 'the extreme insecurity of the tenant cultivator will have serious social and economic repercussions if it is not checked'.[2] It is doubtful whether the measures since taken to control rents and give security of tenure are effective as the illiterate cultivator is often unaware of or unable to enforce his rights. This is a conflict of economic interest within the Malay community which has not been given the attention which it merits.

Another deleterious consequence of pressure of population on the land, combined with the Islamic law of inheritance, is the fragmentation of landholdings into parcels of uneconomic size. The long-term solution of such problems lies in the transfer of a considerable part of the Malay population of the padi areas to other occupations.

The relative failure of earlier attacks on the evils of the padi marketing system seems to be pushing the government in the direction of increased government intervention. A Federal Agricultural Marketing Authority (FAMA) has now been established with the main role of acting as an alternative buyer whose presence would break the commercial price-ring. Previous essays on these lines have failed; the problem is much more complex than the familiar bogy of the Chinese middleman. The ultimate solution of a state marketing monopoly is probably to be expected.

Of coconuts little is now expected. There are still more than 500,000 acres under coconuts in Malaya (in spite of the conversion of much coconut land to oil palms) but copra production is declining. Rehabilitation of coconut areas is possible but apparently it is not profitable.

Malayan fisheries are another struggling smallholder industry. The substitution of powered fishing boats for the traditional sailing boats, and refrigerated storage at fishing ports, are useful improvements which have made some headway. The introduction of trawlers

[1] *Rice Report, 1956*, para. 30; J. J. Puthucheary, op. cit., p. 6.

[2] *World Bank Report, 1954*, p. 318. The latest attempt at regulation is the Padi Cultivators' Act of 1967 which fixes maximum rents payable in kind at about one-third of the crop and also gives greater security of tenure. But the problem of seasonal credit remains (*Straits Times*, 24 July 1967).

would undoubtedly raise output considerably; it would also put many of the inshore fishermen using traditional methods out of business. Efforts to persuade fishermen to go over to trawling through co-operative societies have encountered obstruction and even luddite burning of the offending trawlers.[1]

The crops so far mentioned are mainly produced by Malays. Vegetables for the market and pineapples, however, are Chinese crops. The Chinese produce dealer or pineapple canner tends to work in closer partnership with the small producer because in this case there is no barrier of communal conflict and there are traditional patterns of organisation familiar to both parties. There are sometimes the same abuses as befall the Malay peasant but the Chinese smallholder is a tough character who fends for himself and makes little complaint.

Many of these Chinese peasant producers have been resettled in new villages in the course of the campaign against communist terrorism ten years ago. In general these villages have prospered but some have declined into rural slums which are in need of improved amenities and cleanliness.[2]

It is now time to return to the 1959 rural development programme with which this chapter began. The aim was not so much to introduce new measures as to co-ordinate and impart new impetus to the existing programme. 'Our national development plan is a second Emergency . . . a war against rural poverty, a fight for progress,' said the Minister.[3] In Kuala Lumpur there is a 'national operations room' to keep check on the progress of rural development throughout the Federation. Each State and district is required to establish co-ordinating committees on the model of those which directed the campaign against the communists. In each district there is a 'Red Book' in which the needs and progress of rural development in the district are systematically and comprehensively recorded. Annual programmes are laid down and progress in them kept under scrutiny. The Minister of Rural Development himself toured the country incessantly to harangue the peasantry and to dispense praise or rebukes to local officials according to their deserts.[4] All this follows

[1] *Straits Times*, 12 October 1967.

[2] In 1962 the MCA announced that it was preparing a five-year plan of improvements for the new villages. The plan is to include schools, playgrounds, social centres, markets and sanitation, but not apparently projects of economic significance. The 'most crying demand' of the new villages is for more land and this will be satisfied where possible (*Sari Berita*, 25 October 1962).

[3] *Sari Berita*, 31 May 1962.

[4] In 1961 the Minister travelled 23,000 miles and spoke to 50,000 people in 200 villages (*Sari Berita*, 11 January 1962). The compilation and publication of these figures in the official news summary (which devotes several pages of each week's issue to news of rural development work) is part of the public relations aspect of the campaign.

the model of the methods used by the Alliance government when it took over responsibility for the Emergency campaign in 1955.

The success of the rural development programme derives from its shrewd combination of the technical resources of its engineering and other public services with a devastating attack upon the delays of local bureaucracy.[1] It has been less sure in its philosophy of rural improvement. Earlier and less successful attempts, notably that of RIDA in the early 1950s,[2] had placed much emphasis on 'self-help'. It was argued that apart from material improvement of village conditions it was essential to restore the morale of each community, to build up a confidence that the village could cope with its own problems by its own efforts. This approach was in part a legacy of the still earlier work of the co-operative department. Reaction was disappointing. Many of the things which had to be done were so difficult or so technical that the villager relapsed into apathy with some scathing comment on his government; 'self-help' became a dirty word in the Malay vernacular press. In response to this mood the 1959 programme of the new Ministry of Rural Development aimed to get results by the quickest and most direct means. If it meant sending a Public Works Department tractor to do work which could have been done by the manual effort of the village, very well – send the tractor. Get it done.

However, with the passage of time the makers of the new policy of direct external action to effect rural improvements were brought back to face the same problem as their predecessors in this field, 'making the old society an active, involved, productive national society'.[3] The fundamental problem was political, i.e. how to bridge the gap which separated the two worlds of Malaya, the town and the isolated village community. The same problem confronted the education system.[4] Insofar as it is a question of attitudes and feelings it can only be solved by a process of education and communication. Hence followed a new emphasis on adult education programmes, previously rather neglected, and on consultation through village 'rural development committees'.[5] There is here some risk that education and consultation will degenerate into campaigns to sustain political support for the government. The Alliance govern-

[1] *v.* G. D. Ness, op. cit., *passim*, on the methods and objectives of the rural development campaign, albeit expressed in some very sociological verbiage.

[2] As part of the reorganisation which followed the launching of the 1959 programme RIDA took a new Malay name, abbreviated to MARA, and was given limited functions the most useful of which is its vocational adult education and training work for villagers of both sexes.

[3] G. D. Ness, op. cit., p. 201.

[4] *v.i.* p. 268.

[5] G. D. Ness, op. cit., p. 202–14.

ment has always found it difficult to draw a clear distinction between its public acts as a government and as a political party. However, to this criticism the reply would be made that the distinction is not valid in the context of a country in which there are two worlds thus far apart. The function of a government in such a case is to offer a focus of common purpose, 'to give the people a sense of possession, a sense of belonging, an awareness that they have a vested interest in the country which they are prepared to guard with their lives.'[1]

[1] Tunku Abdul Rahman reported in *Sari Berita*, 4 October 1962.

Chapter 20

The Urban Worker

THE POPULATION of the towns is increasing even faster than total population. Here are the educated minority who manage the government and economy of the country. Here too is a growing mass of urban wage-earners and small traders – shopkeepers, labourers, artisans, street hawkers and others, earning a living, sometimes rather precarious, and living in conditions of overcrowding. In spite of the much higher rate of unemployment in towns[1] they are a magnet which draws in part of the surplus population from the countryside. At present the towns are still predominantly Chinese in character but the proportion of Malays in the urban proletariat is probably increasing. This is the element of Malaysian life which shows the greatest dynamism and adaptability to change. It is also much less stable than the conservative world of the peasant villager. It is no accident that Singapore (and to a lesser extent Penang and Kuala Lumpur) from time to time suffers riots such as the countryside hardly ever experiences.

The zeal of the Federation government for social reform is largely concentrated on its rural development programme and the peasant voter. Yet it is aware that the minimum needs of the wage-earner, who makes up half Malaya's working population, must be assured if he is not to drift into the communist fold. In Singapore this is the most urgent problem of all and there is a sense of frustration that Singapore's circumstances have prevented her from making much headway in 'our real problems of social change, of building a more just and equal society'.[2] The immediate problems which arise in both territories are of two kinds – keeping the peace between organised labour and the employers, and improved social security for those in need.

[1] *First Malaysia Development Plan, 1966–70*, para. 183, estimates that among young men in the 20–24 age group the percentage of unemployment is 10 per cent in towns and 6 per cent in rural areas. It is of course always difficult to be precise about unemployment among villagers; seasonal under-employment is more usual.

[2] Lee Kuan Yew, Prime Minister of Singapore, reported in *Malaya*, February 1962, p. 19.

Communism attacked the nascent trade union movement of 1946–48 like a hormone weed-killer so that it overgrew its strength and collapsed.[1] Since then it has been rebuilt on a sounder basis. In the Federation the trade unions are well established among Indian labourers in the plantation industry and in the government departments (the two largest employers of such labour) and among white collar workers in the civil service and in European firms. Their central organisation, the Malayan Trade Union Council (MTUC), has so far resisted the overtures both of the left-wing political parties in the Federation and of the Singapore trade unions. Except in Indian communal politics it is not a major political force. Relations with the Alliance government are cool but relatively untroubled.[2]

The Singapore trade unions, whose membership is mainly among Chinese industrial workers, are divided among themselves. The moderate wing supports the PAP government. The extreme wing which supports the Barisan Socialis opposition, is under communist influence. Many of its leaders were detained on security grounds between 1956 and 1959 and again in 1963–64; they include former leaders of the Chinese secondary school rebels and others who passed straight from the University of Malaya into the career of a trade union organiser.

The policy of the two governments on labour relations differs appreciably with the result that labour policy was one of the subjects which Singapore was to keep under its own local control on entering Malaysia. In the Federation the government insists that there shall be no communist infiltration of the unions, but apart from that it does not seek to interfere. Its policy is 'to encourage the development of free, strong, democratic and responsible trade unions and to encourage management and workers to settle by mutual discussion all issues arising from their relationship.'[3] The emphasis is on 'the voluntary system of industrial relations' in which workers may organise themselves in unions as they wish (subject to the legal requirements of trade union registration) and the government aims merely to hold the ring while unions and employers negotiate on wages and other matters. This doctrine is considerably qualified in practice. Conciliation officers intervene in case of deadlock and in the last resort there is an opportunity of voluntary resort to arbitration by the Industrial Court. It is a system which works successfully between the unions and the large employers who regard collective

[1] *v.s.* p. 108.
[2] There was, however, a major railway strike early in 1963.
[3] Federation Minister of Labour reported in *Monthly Report of the Ministry of Labour, June 1962.*

bargaining over wages and conditions of employment as in their own interest. It is less successful with the small firm or individual employer who distrusts trade unions and takes a paternal, if not autocratic, line with his employees. Wages councils to fix minimum wages on the British model are one possible remedy currently under consideration; another is legislation under which the government may extend to all firms in an industry collective agreements negotiated by a majority of the larger firms. The government is itself a very large employer of manual labour and takes a close and sometimes apprehensive interest in wage negotiations in major industries.

When the PAP government came to power in Singapore in 1959 the restoration of some degree of order in the chaos of labour relations was a priority item in its programme. Legislation was enacted to make arbitration compulsory if negotiations and conciliation failed. Trade union structure was also regulated in such a way that established unions would not be threatened by 'splinter' unions. Unfortunately Singapore's labour relations are inseparably intertwined with its political troubles. In 1961 half the parliamentary strength of the PAP broke away in opposition to the proposed Malaysia merger. The unions which supported the new opposition likewise formed their own breakaway group, the Singapore Association of Trade Unions (SATU) distinct from the pro-government Singapore Trade Union Council (STUC). The SATU unions were then responsible for calling sixty-nine strikes in five months.[1] This campaign designed to embarrass the government had the incidental consequence of wrecking the immediate prospects of the industrialisation programme.

In both territories the working man is safeguarded to some extent against the risk of penury when old age or industrial injury prevent him from working any more. In 1932 a system of workman's compensation administered by the Labour Department imposed on employers a liability to pay a lump sum to a workman injured in the course of his employment. The Employees Provident Fund established in 1953 required both employer and employee (in the case of lower-paid workers) to make regular contributions to a statutory fund from which the worker would at the end of his working life receive the accumulated capital plus interest to support him in his old age. However, a capital sum is all too easily dissipated in the unsophisticated hands of an elderly labourer. Experts have recom-

[1] *Straits Budget*, 28 March 1962. The number of strikes in 1961 was four times the annual average of 1957–60. Since the power of the SATU unions was broken by government action there has been comparative calm on the industrial front in Singapore.

mended that these schemes be converted to contributory insurance funds which would pay pensions to disabled or over-age workers.

It seems unlikely that this method of financing social security benefits by contributory insurance can be further extended. An unemployment insurance scheme would be prohibitively expensive even though the bill would be apportioned between government, employers and employees. Moreover, on political grounds it is hardly practicable to build up a more comprehensive system of social security in which the peasant could still have no part. As a self-employed worker the peasant has no regular cash income from which he could pay his own contributions and the government would blench at bearing on its own shoulders the cost of the missing employers' contributions on behalf of a million or more peasants.

For the relief of absolute destitution the Social Welfare Departments have funds from which to pay public assistance on proof of need but this is a very selective and limited form of aid.

More and more of Malaya's workers live in large towns[1] whose stock of houses is quite inadequate for their rapidly growing population. Singapore, five times the size of the next largest Malayan town (Kuala Lumpur), faced in 1947 a frightful housing problem which has been thus described:

> 'Here are rows and rows of back-to-back houses crammed to the physical limit. Conditions are indescribably bad. Rooms contain several separate families. Densities of from 300 to 500 per acre are common, and in some blocks the density rises to 1,000. Those who cannot share rooms live underneath stairways or in cubicles which are in complete darkness at all hours of the day and without direct contact with the air. Many houses have but one water-tap for the whole house and all the inmates share one bucket-type latrine. The dirt and stench are appalling.'[2]

At the time when this passage was written it was estimated that a quarter of a million people living in such conditions were in urgent need of rehousing. The problem has grown no less since 1947. The alternative to tenement life, as just described, was to settle in one of the squatter areas on vacant land around the fringe of the city in shanties made of old planks and boxes, corrugated iron or flattened petrol tins, with roofs of attap palm. Here there was (and is) usually no light, water or sanitary convenience. The squatter has slightly more room and fresh air than the tenement-inmate but the

[1] *v.s.* p. 82.
[2] *Singapore Annual Report, 1947*, p. 79.

risk of infectious disease is probably greater. Moreover, the squatter occupies land which is often required for rehousing slum-dwellers from the centre of the city and so he impedes slum clearance.

In Singapore, where land is particularly scarce, the solution to the problem was found in the construction of tall blocks of flats of one, two or three rooms each, for letting to lower-paid workers – hygienic, durable and economical, but not perhaps very private.[1] The PAP government, frustrated in so many other fields, applied itself to this building programme with demonic energy. In 1959 when it took office it inherited some 20,000 dwellings, the product of thirteen years construction; it went on to build another 54,000 in five years (1960–65) so that about one-quarter of Singapore's population now has the state for its landlord.[2] The plan for the current five-year period (1966–70) provides for a further 60,000 dwellings including a complete new satellite town, urban renewal in the decayed centre of Singapore's Chinatown and the reclamation from the sea of one and a half acres for additional building land.

In and around the towns of Malaya where land is less precious there are more squatters living in shanties than tenement slum-dwellers. Here and there a towering block of flats breaks the sky-line to provide a show-piece for the Ministry of Housing. But there has been no comparable effort to that of Singapore. There is much official talk of large programmes of low-cost housing but actual construction fails to keep pace with the growth of squatter population swollen by the influx into the towns.[3] A modern flat offers a much improved standard of housing but at much higher cost in rent. In Singapore where the average income per head is higher and a very large construction programme has made possible considerable economies in costs the new dwellings do not lack tenants. In Malaya on the other hand it is sometimes difficult to persuade squatters living rent-free in squalor to move to the expensive hygiene of the new block of flats.

The Malayans who move into the towns are no longer in close touch with that familiar circle of relatives and neighbours who in village life lend aid in time of need and by their collective disapproval enforce on the less responsible members of the community an accepted code of behaviour. The urban working-class community is made up of relatively isolated households thrown back on their

[1] Apart from ts social consequences the concentration of the working class in blocks of flats facilitates political canvassing, legitimate or otherwise.

[2] *Singapore Year Book, 1965.*

[3] Over the five years 1961–65, the public housing programme in Malaya achieved the construction of a total of 8,400 dwellings (*First Malaysia Development Plan, 1966–70*, para. 560).

own resources.[1] Bad and overcrowded housing has its usual effect of increasing the inherent social problems of urban life. Crime and juvenile delinquency are serious evils contained rather than remedied by efficient police forces. The Social Welfare Departments established in 1945 (as successors in their own sphere to the Chinese Protectorate and the Labour Department) have been handicapped by lack of trained staff and shortage of funds. The various categories of the handicapped and vulnerable members of society – the blind, the helpless old and the neglected young, women and young girls deprived of family protection – all are in need of specialised social services on an adequate scale. In Malaya the urban working class, rapidly growing in numbers, stands at the end of the queue. One may sympathise with the harassed governments without accepting their order of priorities.

[1] *v.* M. Freedman, *Chinese Family and Marriage in Singapore*, and J. Djamour, *Malay Kinship and Marriage in Singapore* for an excellent and extensive account of working-class life in Singapore.

Chapter 21

Education in Malaysia

THIS IS a sprawling subject – but immensely important to the future of Malaysia.[1] Historical evolution and traditional culture split the education of Malaysia's children among many different types of school in which several different languages are used as the medium of instruction. There are also wide differences of standards between Malaya which now reckons to provide universal primary and lower secondary education and the Borneo territories which are at least a generation behind. For years the aim has been to unify, to level up, to assimilate. In these objectives progress has been made but at the price of some friction and discontent.

The governments established in Malaya under British rule gave priority to providing public education for the Malays as the indigenous people of the country. It was done by expanding and reorganising the traditional system of Koran schools in which Malay children learn a little Arabic by reading and reciting the Koran as a form of religious instruction. First Malay reactions to western lay education were a disappointment. In establishing the Malay College at Kuala Kangsar,[2] for example, much emphasis was placed on the character-forming virtues of the English public school model. To the Malay aristocracy it appeared 'a sort of reformatory for idle and refractory boys of good family.'[3] Peasant fathers complained that 'the staple industries of the district, i.e. cutting ataps, clearing jungle or working fishing stakes, do not require that their sons should read or write.'[4] For social and religious reasons they were even more strongly opposed to sending their daughters to school.

This attitude changed in time; by 1920 it was noted that 'the awakening of the Malay race to the advantages of education,

[1] *v.* Appendix 2, Table 10, for education statistics.

[2] *v.s.* p. 56.

[3] R. J. Wilkinson in *Annual Report of British Resident, Negri Sembilan, 1910.* As Inspector of Schools, F.M.S., a few years before he had championed the project in the teeth of gubernatorial scepticism.

[4] W. W. Skeat, the ethnologist, in *Annual Report of District Officer, Kuala Langat, 1896.*

vernacular or English, has been rapid and widespread. Education is the daily topic of the Malay press.'[1] By 1945 it had become a surging demand which almost trebled the number of pupils in Malay schools in less than twenty years.

Yet the old prejudice left its mark. The Malay school system was designed 'to make the son of the fisherman or the peasant a more intelligent fisherman or peasant than his father had been.'[2] Malay spokesmen (of the aristocratic class) were quick to criticise in the legislative council any supposed tendency of the Malay schools to produce white collar workers.[3]

The Malay schoolmaster received his general education in the same schools as his pupils. For his professional training he went (from 1922 onwards) for three years to a central teacher training college where he tasted the strong wine of nationalism and social reform at an impressionable age.[4] He returned, however, to the sober task of teaching in a village school. In this context he became a respected and valuable leader of his community since he had a wider outlook and a better education than his neighbours but was still one of them. The Malay school was then closely identified with its social environment.

A minority of the most intelligent Malay boys went on to the secondary schools. Here they first learnt English in a 'Special Malay Class' before being absorbed two years later in the main stream of secondary education through the medium of English. Thereafter they joined the government service as administrators or, if that were unattainable, as clerks or subordinate staff. This was also the typical career of the Malay of aristocratic or upper-class origin whose initial opportunities of getting a secondary education were rather less constricted.

Malay primary education was thus contained within a rural context and it was separated from the secondary education system and the wider horizons of a career by a language barrier which only a small number of privileged or clever boys could cross. The latter, once across the gap, were likely to pursue careers apart from or above the village life of the majority of their countrymen.

The Chinese who immigrated to Malaya were, like the Malays, of peasant stock but they came from a society which placed a high value on literary education of an archaic type as a qualification for

[1] Sir Richard Winstedt in *Annual Report F.M.S., 1920.*

[2] H. R. Cheeseman, *Education in Malaya 1900–1941*, p. 35, citing an official report (MHJ Vol. 2, Pt. I).

[3] *v. Proceedings of F.M.S. Federal Council 1924* in which Raja Chulan opposed the opening of English (secondary) schools in rural areas in Perak.

[4] *v.s.* p. 86.

public office and leadership in rural China. The immigrants therefore established schools for their children in Malaya and supported them from their own resources since the government at first accepted no financial responsibility. These Chinese schools became one of the prominent institutions of the community.

In this case also the period around 1920 was something of a watershed. The republican revolution in China produced great changes in education which spread to Malaya. The more obsolete elements of the old education were swept away and a single dialect of Chinese (*Kuo Yu* – 'the national language') replaced the numerous regional dialects as the medium of instruction. With these changes came a strong current of Chinese nationalism expressed in anti-western presentation of such subjects as Chinese history. The Malayan governments instituted a system of inspection and control of Malayan Chinese schools to curb these tendencies. This supervision had its constructive as well as its restrictive aspects and established the first tenuous link between the Chinese schools and the general stream of Malayan education. From 1924 onwards the government made modest *per capita* grants towards the cost of running the schools.

The leading exponents of nationalism in the Malayan Chinese schools were the schoolmasters, many of them born and educated in China. They were poorly paid and had no guarantee of re-engagement by the same school management committee at the end of the school year. Lack of security led to the 'inevitable shifts and straits and lack of professional dignity and social status which attaches to poor itinerants, packing up bag and baggage for the annual mass migration to new jobs in other schools.'[1] Their textbooks imported from China were devoid of Malayan content of any kind. The school buildings and equipment were often poor. It is not surprising that standards of teaching and of discipline were low.

There was also discontent and frustration among their pupils, especially those who progressed to the Chinese secondary schools. The pupils could not achieve any recognised qualification which would equip them in the search for employment. Neither the government service nor European commerce had much use for youths whose knowledge of English was, owing to imperfect teaching, somewhat sketchy. Many Chinese middle-class parents, especially the Straits Chinese, preferred to send their children to be educated in the English secondary schools in preference to their own.

Proprietors of estates were required by law to provide primary education for the children of their labourers who were predominantly

[1] *Federation Annual Report, 1952*, p. 160.

Tamil. Hence most of the Tamil schools were situated on estates; the balance were government schools in towns, mainly for government labourers' children. The estate schools were one of the few features of labour conditions in the rubber industry which Mr Srinivasa Sastri found occasion to criticise in his 1937 tour.[1] There was no secondary education in Tamil or other south Indian dialects.

The fourth element in the system was (and is) the 'English' schools in which the teaching medium is English. Some of these schools were established and maintained by the government, initially to produce recruits for its clerical service, but a large number were founded by Christian missions aided by subventions from public funds. Until very recently such schools were found only in the towns. Both government and mission schools provide a similar course of elementary and secondary education on western lines leading to external examinations of the 'School Certificate' type (now Malayan Certificate of Education). The successful pupils entered the government service or took employment in the offices of European firms and enterprises as clerks and technicians. In recent years the schools have offered sixth-form courses leading to university entrance examinations.

Until 1949 the only opportunity of study in Malaya to honours degree standard was at the King Edward College of Medicine in Singapore whose course had been recognised as a full medical qualification since 1915. Raffles College founded in 1928 offered courses in English, geography, history and other subjects leading to a diploma. Students who wished to take degree courses had to go abroad to England or Hong Kong. The two Malayan institutions were, however, merged in 1949 to form the University of Malaya.

For vocational training there was a Technical School in Kuala Lumpur which trained technicians for the government engineering and technical departments. From 1926 onwards there was a modest number of trade schools to train craftsmen since it was felt that the English schools were too much biased towards producing white-collar workers.

In the years since 1945 the schools have been rehabilitated, expanded and modernised. Total enrolment in Malayan schools trebled between 1949 and 1966 because the child population was increasing rapidly and parents of all communities now avidly demanded education for their children to fit them for better jobs thereafter. In particular the Malay community was eager to make up the backlog in education which among other factors contributed

[1] S. S. Sastri, *Report on the Condition of Indian Labour in Malaya*, paras. 13–14, *v.s.* p. 80.

to the weakness of their position *vis-à-vis* the other major communities. By the early 1960s universal primary education in Malaya was attainable[1] and the emphasis had shifted to a 'comprehensive' system including a two-year extension for all pupils at the lower secondary stage with a measure of vocational and technical training.

In the Borneo territories there was a similar but smaller expansion. In 1951 the proportion of the population at school was about 7 per cent as compared with, say, 10 per cent in Malaya; in terms of secondary education the disparity was much wider. More recently the rate of educational expansion has been even faster in Borneo than in Malaya but, with so wide a gap to close, the Borneo territories will not overtake Malaya for a generation or two.

This immense task of expansion required unprecedented programmes of school building and teacher training. The Malayan government acquired two complete teacher-training colleges in England with their staff ferrying charter plane-loads of student teachers there and back for two-year courses until facilities in Malaya could be provided to meet the need. Many school buildings in Malaya are still used on a shift basis with separate morning and afternoon 'schools' of different pupils. Malay villages were encouraged to build and start their own schools until such time as the education department could take them over.

The more controversial and difficult task was the reconstruction of the entire educational system to integrate the disparate parts into a coherent pattern. The political settlement reached in 1948 in the Federation was a compromise by which the moderate Malay nationalists of UMNO agreed to concede equal rights of citizenship to those other Malayans who had made Malaya their home and the object of their loyalty. In furtherance of this policy the Malayan schools were to instil into the rising generation a Malayan national outlook to supersede the remaining communal loyalties to foreign countries.

The besetting sin of such policies is to drive education too hard in the cause of nation-building. However, the oft quoted terms of reference of the Razak Committee of 1955 show that the need to balance conflicting considerations was at least recognised. The terms called for:

> 'A national system of education acceptable to the people of the Federation as a whole which will satisfy their needs and promote

[1] Family poverty and other factors still prevent one child in five of school age in Malaya from attending school long enough to become literate (*Straits Times*, 21 November 1966).

their cultural, social, economic and political development as a nation, having regard to the intention to make Malay the national language of the country whilst preserving and sustaining the growth of the language and culture of other communities living in the country.'[1]

Granted the diversities of communal culture and language there were two possible lines of approach. The first was to follow the Swiss model and foster national unity without impairing the autonomy and equality of the different languages and cultures. The alternative was to follow the American model and assimilate the communities by the use of a common dominant language. The passage quoted above declares an intention to use the Malay language on the American model. However, the qualifying phrase at the end recognises reluctantly that in the Malayan context any practicable solution must have something of the Swiss model too. In Singapore and in Borneo there has always been a policy on the Swiss model though with preference for English.

The first step was to construct, as a theoretical model or long-term objective, a national and uniform system of primary and secondary schools. It was then necessary to modify the existing schools gradually to conform to the model. The primary schools presented little difficulty since it was agreed that here the medium of instruction should be the child's mother tongue (or an alternative language chosen by the parents at their option – in practice this meant English). There was also general agreement that English and/or Malay should be introduced as foreign languages to be learnt in the later years of the primary course.

There was much more difficulty over the secondary schools and especially over the adaptation of the Chinese secondary schools to the requirements of the national system. The change was made by stages. In the early 1950s the system of grants-in-aid from public funds was modified to offer much more financial aid to Chinese schools which would raise their standards. The status, pay and security of tenure of Chinese teachers were improved and training centres were opened to offer them the professional training which most of them lacked.[2] New textbooks with a Malayan content were written for use in the Chinese schools. At this stage the emphasis was on a common content of education in all schools rather than on uniformity of the language of instruction. 'The introduction of

[1] Repeated in Section 3 of the *Education Ordinance, 1957*.

[2] In 1952 79 per cent of all teachers in Chinese schools in the Federation were unqualified (*Federation Annual Report, 1952*, p. 73).

syllabuses common to all schools is the crucial requirement of educational policy in Malaya.'[1] The sanction for such changes was that schools which declined to conform eventually lost their grant-in-aid and had to charge high fees to their pupils to cover their expenditure.

A new syllabus or curriculum entailed different, and in most cases stiffer, examination standards for pupils. The teachers in order to qualify for the improved pay and conditions of employment had to satisfy a new and higher standard of qualification. This net of smaller mesh kept back some of the fish who could have swum through the old one. It was also necessary to weed out gradually the over-age pupil, for some Chinese secondary 'schoolboys' were stalwarts in their early twenties. These individual fears and grievances of teachers and pupils may explain the bitterness of the conflict. Moreover, the Malayan Chinese community as a whole was extremely jealous of external interference with its schools, lending a ready ear to the cry of 'Chinese education in danger'. Communist subversion, allowed to spread unchecked in Singapore in the mid-1950s, took firm hold among Chinese students. An observer who visited the Chinese schools in 1956 after the rioting students had been ejected with tear-gas reported:

> 'To visit the schools in these conditions was to realise both how effective had been the organisation with stores of food, the time-tables including Communist collective-study and Communist-style songs written on the blackboards; and how strong had been the communal pressures on boys and girls living in this unnatural atmosphere while fighting their "enemy", the elected government of the colony. This was no escapade of youthful exuberance in idealism; it was a carefully contrived exploitation of the stresses and strains of the two generations of Chinese-speaking Chinese which is focussed in these schools.'[2]

In Malaya there were only minor disturbances in Chinese schools because firm measures against communist subversion of all kinds had been taken earlier in the course of the Emergency campaign. It was as well that this was so for in Malaya the government went a step further than in Singapore by putting pressure on the Chinese secondary schools to induce them to change from Chinese to English or Malay as their language of instruction. In conforming to this requirement they might still allocate up to one-

[1] *Report of the Education Committee, 1956* (The 'Razak Report').
[2] *Malaya* (December 1956, p. 24).

third of their working time to the study of Chinese language and literature *as subjects*. This policy came into effect in 1962 after a two-year period of preparation. Some three-quarters of the seventy Chinese secondary schools in the Federation conformed to the new policy from the outset; the remainder preferred for the time being to forgo all financial subventions in order to retain Chinese as their medium of instruction.[1]

In Borneo, and especially in Sarawak, similar policies of pressing the Chinese secondary schools to give up Chinese as the medium of instruction (except for the teaching of Chinese itself and of Chinese literature as a subject) have yielded similar reluctant acquiescence.

The first university established in Singapore (as 'the University of Malaya') in 1949 in time bifurcated into a University of Singapore and a University of Malaya (near Kuala Lumpur) with the prospect of a university college yet to be established at Penang. These are essentially western-style universities in which the academic staff of all races are for the most part graduates of (or have done post-graduate study at) western universities.

Students from Chinese secondary schools generally lacked the qualifications for entry to these western universities. In 1956 champions of Chinese education in Singapore established the Nanyang[2] University to afford an opportunity of higher study to pupils from Chinese secondary schools. The sponsors probably had in mind as their model the universities established in China with the aid of Christian missions. Nanyang had a rather unhappy history in its early years by reason of uncertain academic standards, mediocre staff and an inward-looking concentration on all things Chinese. It thus perpetuated at a higher level the drawbacks of the Chinese secondary schools from which it drew its students. The two governments of Malaya and Singapore declined to recognise its degrees as qualifications for entry to the civil service and they were reluctant to grant it the subsidies which were essential for its proper development. However, the PAP government in Singapore and the academic authorities of the other universities were alike anxious to come to terms with Nanyang rather than allow it to degenerate into a reactionary stronghold of Chinese nationalism in education. Gradually, though as yet imperfectly, Nanyang has edged towards accommodation with the requirements of those who wished to help

[1] Even those which conformed were allowed to maintain classes in which Chinese was the medium of instruction. These classes ranked as separate 'schools' in the same building and the pupils in them paid fees to cover the full cost of their education, including their share of the overhead expenses.

[2] *Nanyang* is a Chinese term for 'South Seas', i.e. the South-East Asia region. In effect it was designed as a university for the Chinese of South-East Asia.

it and in 1962 the Singapore government agreed to institute grants-in aid to Nanyang.

It would be premature to conclude that the worst of the conflict is over, for Chinese education remains an explosive subject. However, the main concern of the moderate majority of Malayan Chinese parents is to secure for their sons and daughters 'an education that prepares them for the opportunities of the new Malaya'.[1] It is worth noting that in Singapore, where almost four-fifths of the population is Chinese, more than half the children entering the primary schools opt for English as their medium of instruction. This is the free choice of their parents, many of them Chinese.

The other major issue in Malayan education is the dissatisfaction of the Malay community over its share of secondary and higher education and over the limited use so far made of the Malay language, both in education and in the government of the country.

The Malay grievance over educational opportunities is of long standing. Distance, poverty and the language barrier impeded the progress of Malay children from village vernacular schools to English secondary schools in the town. The remedies were the 'Special Malay' classes, government scholarships and residential hostels at the secondary schools for Malay children. Malays also have priority in the award of government scholarships in the Federation. Nonetheless in 1957 only 12 per cent of the students at the University of Malaya were Malays.

Easier access for Malay students to secondary or university education in English is one solution. The other, which is demanded on nationalist as much as educational grounds, is to provide secondary education in the medium of Malay as well as English. This policy is necessarily slow in taking effect. Additional classes in existing schools and eventually separate schools must be provided in which Malay is the teaching medium. In time the process must be carried through to the university level. But even among the Malays demand for such facilities depends on how far Malay becomes the working language of the civil service, the commercial world and other avenues of employment.

It is only in Malaya that any systematic attempt is being made to establish Malay as a major teaching medium at secondary and university level. In Singapore it is the policy to provide adequate teaching facilities for Malay pupils and to teach Malay to non-Malays in schools. In the Borneo territories there was something of a retreat from Malay as a teaching medium in the years before

[1] *Straits Times* leading article, 27 December 1961.

Malaysia was established.[1] Even in the primary schools English had begun to replace Malay as the teaching medium in the upper classes. When the Borneo territories agreed to enter Malaysia they stipulated 'that the use of English as a medium of instruction in schools will in no way conflict with the acceptance of Malay as the national language of Malaysia.'[2]

The champions of Malay, without retreating on the educational front, have had to recognise that success or failure depends on the acceptance and use of Malay by other communities. Education in Malay at the higher levels will be sought after if it is useful and not otherwise. The constitution of Malaya, as adopted at the time of independence in 1957, provides that Malay is to be the national language but that Malay and English will both be an official language until 1967. When the Borneo territories agreed to join Malaysia in 1963 they obtained a similar ten-year period of adaptation until 1973.

The large majority of Malaysians do not speak English but already use a bazaar form of Malay as a *lingua franca*. Even the English-educated minority usually speak Malay fluently. On the other hand, English has long been the working language of government (except at village level and on the east coast of Malaya where Malay has always held its ground). Commercial firms, according to their circumstances, use English or a Chinese or Indian dialect. In private and family life most Malaysians use their mother tongue or English. The importance of English in the diplomatic and scientific fields is obvious enough. The Malaysian government will probably be content if it can make Malay the sole working language of government and public life and extend its use in other spheres, ensuring that every Malaysian is taught Malay during his school-days.

The decade since Malaya got its independence has seen steady pressure for the wider use of Malay wherever the writ of the government runs. On street signs, on the notice boards outside government offices, at the opening of English-language news broadcasts, in the names with which companies may be registered at the companies registry, in a thousand and one places, those concerned have been persuaded to substitute a Malay term for the English one previously in use.

[1] R. H. K. Wong, *Education and Problems of Nationhood*, in *Malaysia*, ed. Wang Gangwu, pp. 204–5.

[2] *Memorandum of the Malaysia Solidarity Consultative Committee*, dated 3 February 1962, and submitted to the Cobbold Commission, *v.s.* p. 176). Printed in *Report of the Commission of Enquiry, North Borneo and Sarawak, 1962* (HMSO, Cmnd. 1794 at paragraph 22 of Appendix F).

Malay is a compulsory subject in the curriculum of all schools and higher examinations. The answer to those who said that Malay lacked the words and the resources which would fit it for its role was the establishment of the *Dewan Bahasa dan Pustaka* (Language and Literature Agency) under the energetic direction of Tuan Syed Nasir, one of the champions of Malay. This institution invents new technical words,[1] sponsors the publication of books in Malay and advises the government on its annual 'national language month' campaigns to extend the use of Malay. The civil service is expected to attend classes to improve its knowledge of the language. Official correspondence is increasingly written in Malay. Even roadsigns along Malaya's new dual-carriage roads exhort the motorist to 'give precedence to the national language'.[2] No opportunity is lost to emphasise that Malay is the *national* language. This is an expression of Malay nationalism, of an urge to demonstrate that Malaya is primarily a Malay country. Malay primary schools are 'national schools'; other vernacular schools are 'national-type schools'.

In Malaya the campaign reached its climax as the ten-year period (1957–67) drew to its close. The Alliance leaders, not themselves rabid enthusiasts in the campaign, had to take a formal step towards demoting English from its status as an official language. This was duly accomplished by the National Language Act which still permitted the use of English in certain contexts.[3] The indignation of the Malay language extremists was politically ineffectual and soon subsided.

The non-Malay Malaysians accept all this with good grace. They recognise the advantages of their children being educated to a higher standard of Malay than their own. The country is going to be governed through the medium of Malay from now on. Meanwhile they can both learn and use English (except in dealings with government departments) almost without restriction.

Here one has examples of the type of compromise which has so far preserved inter-communal harmony in Malaysia. Let Malay be the national language – provided it does not prevent one speaking, writing and thinking something else. Let the Chinese secondary

[1] Some of these neologisms are very far-fetched. In many cases, however, it is merely a matter of giving some existing word an additional and technical meaning. The word 'sharikat' denoting a group or association is readily adapted to mean 'company' in the commercial sense. More recently since confrontation ended discussions have begun for the introduction of a common Malaysian-Indonesian variety of Malay – with a new form of spelling.

[2] *Utamakan bahasa kebangsaan.*

[3] The continued use of English in legislation is expressly authorised. Public authorities may in their discretion authorise the continued use of English in any official context where they consider it in the public interest to do so.

schools use Malay – provided they may also use Chinese in their curriculum (no doubt with the degree of emphasis on each which they find appropriate).

The language question is part of the search for 'a new culture which can provide the psychological or spiritual basis of political unity'[1] though this is still a concept of the intelligentsia rather than of the common man. The three Malayan communities are richly endowed in their literature and in their folk-culture. Differences of religion and custom keep them divided and yet, in their aesthetic aspect, offer pleasures to be enjoyed in common. There was a remarkable response in 1956 to the first large-scale presentation of a 'Malayan Festival of Culture' in a Kuala Lumpur park.[2] Tens of thousands of people mingled and moved around in apparent enjoyment of theatrical, musical, athletic and other artistic performances of the different communities. Popular film entertainment and sport also have an intercommunal appeal.

Modern literature in Malaya is represented in the main by journalism in the vernacular press and by some accomplished academic work in English on economic problems, history and other subjects. Only the Malays have so far produced a large volume of modern fiction and some verse and other literary work. It seems likely that in time there will be more work by Malayan Chinese and Indian writers composed in their own languages though Malayan in content and outlook.

Here there are some wide communal gaps to bridge. It is doubtful if many Malayan writers of the present day read the work of their contemporaries written in another tongue. With such a lack of communication there can be no common movement or tradition. The new Malayan education policy should in the next generation produce more Malayans who are literate in Malay and English, and also possibly in another vernacular (if that is the mother tongue). The opportunity to bridge the gap will then be there.

In the first contacts between Malayan writers the Malay intelligentsia has shown a characteristic urge to have it declared that only works written in Malay are to be categorised as Malay*an* literature. However, as in Malayan education, it seems more important – and more fruitful – to aim at a common Malayan content rather than at the paramountcy of a single language. The latter alternative might well impede, if not strangle, the production of a comprehensive new literature to which all could make their contribution.

[1] Sir Sydney Caine, former Vice-Chancellor of the University of Malaya, in *Malaya* (June 1958, p. 22.)

[2] *v. Federation of Malaya Annual Report, 1956*, pp. 400–1, for photographs.

As Malaysia gropes for compromises on the sensitive questions of national language and culture there are other more insistent if less controversial problems to be faced. 'A dozen years of tempestuous educational expansion . . . has transformed education from a privilege of a few into the right of the many but at the cost of an erosion of educational standards.'[1] The teaching profession, divided into innumerable categories by qualifications, language of instruction and type of school is more bitterly divided amongst itself than in its many differences with the government. The educated teacher is more than ever reluctant to spend his working life as a member of remote rural communities. If this becomes his fate he finds himself out of touch. An American scholar has recently observed (of Malay village schools) that:

'The school system is organised from outside, is conducted by teachers who are not of the village, and is based on a curriculum using methods of communication and content matter derived from Western culture. It is aimed at educating children towards a proficiency in skills and thought that will be mature and relevant to the conduct of life in schools more advanced than the primary school of the village.'[2]

Thus far has the Malay village school come from making the peasant's son a more intelligent peasant. As the results of 'tempestuous educational expansion' come to be seen the question has to be asked whether a developing country can move from minority to universal education in so short a time without endangering the whole system. The strain imposed by the latest round of expansion is immense. In 1965 universal education was extended from the primary level to two years of lower secondary education. Apart from the benefit to the pupil of extended schooling this change was designed to keep off the glutted labour market a flood of twelve-year-old school leavers. A 'bulge' of 100,000 moves through the lower secondary stages until it reaches fourteen years of age. Half must now leave and the other half stay on, entering upper secondary classes for which the supply of qualified teachers (especially graduates) is already inadequate. The aim of the extension of schooling into the lower secondary level is to provide technical or vocational training for those who have no aptitude for academic studies. But there are neither workshops nor instructors.

One of the most persistent legacies of the colonial educational system, with its emphasis on the training of clerical and ancillary

[1] Phrases selected from leading articles of the *Straits Times* of 25 April, 21 October and 12 October 1966.

[2] P. J. Wilson, *A Malay Village and Malaysia*, pp. 60–1.

staff for the civil service and commerce, is the unduly high value placed on white-collar employment and a correspondingly low value given to technical training. In 1965 only 200 Malaysian students graduated in agricultural and technical subjects; only 500 completed courses in these subjects at secondary level.[1]

The key importance of a trained élite to expand the management resources of the modern Malaysia is now well understood. The authors of the *First Malaysia Development Plan, 1966–70* estimated that there were about 80,000 graduates and professional men and women in Malaysia; say one per cent of total population. Up to 1970 net increase (i.e. recruitment less wastage) would be at the rate of 2½ per cent per annum only, i.e. less than the rate of total population increase. Thereafter the position should improve. It is here rather than in the inter-communal wrangle over the use of languages that the future of the country will be decided.

[1] *Straits Times*, 18 July 1966.


Indicated heights
4,500 feet and over
1,200 feet – 4,500 feet
MALAYSIA
Thailand
To Bangkok
Langkawi Is.
PERLIS
Alor Star
KEDAH
Sungei Patani
George Town
PENANG
Ipoh
PERAK
Kuala Kral
Kota Bahru
KELANTAN
Kuala Trengganu
TRENGGANU
MALAYA
Kuala Lipis
PAHANG
Kuantan
Pekan
Malaka Assam
SELANGOR
KUALA LUMPUR
Port Swettenham
Seremban
Port Dickson
NEGRI SEMBILAN
Malacca
MALACCA
Muar
Mersing
JOHORE
Batu Pahat
Johore Bahru
Singapore
Riouw Archipelago
Lingga Archp
Natuna I. (Indonesia)
Anambas Is (Indonesia)
Sth Natuna Is (Indonesia)
Cape Datuk
Kuching
Sibu
Rajang River
SARAWAK
Miri
Seria
Brunei
Kota Kinabalu (Jesselton)
Mt. Kinabalu 13,455 ft.
Beaufort
SABAH
Sandakan
Tawau
Kudat
Balabac Strait
Palawan (Philippine Is)
Philippine Islands
Mindanao
Sulu Sea
Sulu Archipelago
Celebes Sea
Strait of Makasar
Celebes
Borneo
Indonesia
Bangka
Belitung
Java Sea
Java
Flores Sea
Equator 0°
9°
100°
110°
120°
0 100 200 300 400 500 miles
0 100 200 300 400 500 600 700 800 kilometres
Railways
100° East of Greenwich

Appendices

Appendix 1

The Territories of Malaysia

THE LAST TWO CENTURIES have seen a sequence of changes in territorial organisation and nomenclature in what is now Malaysia. A short account may be useful.

Malaya is a geographical concept which, until Singapore was hived off in 1946 (*v.s.* p. 104), usually included the island of Singapore as well as the island of Penang. In this book it is generally used to denote the Malay Peninsula and Penang. However, in some contexts, where the distinction is not material, 'Malaya' and 'Malayan' are used to comprehend Singapore as well. Historically, and in many other ways, Singapore is an integral part of Malaya; this fact has to be recognised.

Until 1945 the territories under British rule or protection from which Malaysia has evolved were:

(1) The British colony of the *Straits Settlements* (known colloquially as the 'S.S.') which comprised the island seaports of Singapore and Penang (with the mainland territory of Province Wellesley opposite Penang island) and the mainland enclave of Malacca, also an historic port. These territories were individually called 'Settlements' and were first united in 1826. Singapore became the capital in 1832. The S.S. reflect the British preoccupation with safeguarding the sea-route to China during the first half of the nineteenth century.

(2) The *Federated Malay States* (the 'F.M.S.') of central Malaya were the Malay States of Perak, Selangor, Negri Sembilan and Pahang which came under British protection during 1874–88 in connection with the development of tin mining in west-central Malaya. They were federated in 1896 with Kuala Lumpur as the capital.

(3) The *Unfederated Malay States* (the 'U.M.S.') of Johore, Kedah, Perlis, Kelantan and Trengganu came under British protection in the period 1909–14 in the course of extending British rule to the natural boundaries of Malaya.

(4) In northern Borneo *British North Borneo* (now 'Sabah') was administered by the Chartered Company from 1881 and *Sarawak*

was a principality ruled by the Brooke family from 1841 in circumstances described in Chapter 13. Both were carved out of the Malay Sultanate of Brunei and Sabah partly out of the Malay Sultanate of Sulu). In addition the island of Labuan near Brunei was ceded to Britain in 1846 and served as a post on the route to China and a trade centre. It was administered as part of the Straits Settlements.

In the post-war reorganisation of 1945–6 the former F.M.S. and U.M.S. plus Penang and Malacca became the *Malayan Union* (reorganised in 1948 as the *Federation of Malaya*). Singapore was left as a separate colony. British North Borneo and Sarawak also became Crown Colonies (and Brunei and Labuan were absorbed into the administrative structure of British rule in northern Borneo).

When Malaysia was formed in 1963 it comprised the eleven component territories of the former Federation of Malaya plus Singapore (which, however, withdrew in 1965), Sabah (the new title of British North Borneo) and Sarawak. Brunei remained in isolation as a British protectorate.

Appendix 2

Statistical Tables

FOR EASE of reference various statistics to illustrate the text have been collected together here. For more complete statistical coverage reference should be made to the monthly and annual statistical bulletins published by the governments of the territories concerned. Malaya, Sarawak and Sabah continue to publish separate statistics which are not readily consolidated into figures for Malaysia as a whole. For this reason and because Malayan figures are more important and often more accurate several of the tables relate to Malaya only. Statistics relating to smallholder agriculture are the sums of estimates for many tens of thousands of small units and the probability of error is very high. Tables which are expressed in multiples of thousands or millions contain figures rounded to the nearest unit and accordingly there may appear to be minor errors of addition in the totals.

List of Tables

Table 1

Population ('000 persons)

Malaya and Singapore

Year/Period	*Malays and other Malaysians*	*Chinese*	*Indians (including Pakistanis)*	*Others*	*Total*
1835–40	323	29	16	8	376
1884–91	896	412	74	19	1,401
1921	1,623	1,172	472	60	3,327
1931	1,930	1,704	622	91	4,348
1947	2,544	2,615	600	91	5,849
1957	3,322	3,425	831	146	7,725
1968	4,508	4,555	1,143	246	10,542
% in 1968	43%	43%	11%	3%	100%
Malaya					
1947	2,428	1,885	531	65	4,908
1957	3,125	2,334	707	112	6,279
1968	4,221	3,076	982	186	8,465
% in 1968	51%	36%	11%	2%	100%
Singapore					
1947	116	730	69	26	941
1957	197	1,091	124	34	1,446
1968	287	1,479	161	60	1,987
% in 1968	14%	74%	9%	3%	100%
Sarawak					
	Malay	*Chinese*	*Indigenous*	*Other*	*Total*
1947	97	145	269	35	546
1957	118	198	292	40	648
1964	145	263	362	48	818
% in 1964	18%	32%	44%	6%	
Sabah					
1951	17	74	243	n.a.	334
1960	43	105	306	n.a.	454

Sources: Census Reports; Monthly Statistical Bulletins.

Table 2

Regional Distribution of the two Major Communities and Population Density

State	*Malays and Malaysians as % of total population*	*Chinese as % of total population*	*Population Density (per sq. mile)*	*Remarks*
Trengganu	92	7	55	The east-coast zone. Pahang has more mining and rubber development than the rest.
Kelantan	92	6	88	
Pahang	57	35	23	
Perlis	78	17	293	The 'Rice Bowl' of the north-west.
Kedah	68	21	192	
Johore	48	42	126	South-central region with large rubber acreage.
Malacca	49	42	455	
Negri Sembilan	42	41	142	
Perak	40	44	153	North-central region with large mining as well as rubber development and two major towns.
Selangor	29	48	320	
Penang	29	57	1,438	The two major sea-ports of Malaya.
Singapore	14	75	6,455	

Sources: Census Reports, 1957; Federation of Malaya Official Yearbook, 1961.

Table 3

Federation of Malaysia – Area and Population (in 1960)
('000 persons)

Territory	*Area (sq. miles)*	*Malays and other Indigenous Peoples*[1]	*Chinese*	*Indians*[2]	*Others*	*Total*
Federation of Malaya	50,700	3,510	2,595	786	126	7,017
Singapore	224	232	1,253	140	39	1,665
Sarawak	47,071	511	229	2	3	745
North Borneo	29,387	342	105	3	4	454
Brunei	2,226	59	22	–	3	84
Total	129,608	4,654	4,204	931	175	9,965
		47%	42%	9%	2%	100%

Sources: *v.* Table 1 for Malaya; Borneo data from 1960 census reports.

[1] Malays and Malaysians are regarded as indigenous in Malaya and Brunei, but not in North Borneo and Sarawak where they number 161,000, say 2 per cent of the Malaysian total population.

[2] 'Indians' includes Pakistanis.

Table 4

Acreage under Principal Crops – Malaya

('000 acres)

Crop	*1951*	*1955*	*1960*	*1966*
Rubber:				
Estates	1,964	2,015	1,934	1,813
Smallholdings	1,593	1,650	1,955	2,529
Oil Palm	97	111	135	304
Coconut	486	495	520	506
Rice	726	742	789	898
Tea	8	9	9	8
Miscellaneous Food Crops	67	97	118	124
Fruits	161	196	213	239
Spices	55	51	48	33
Miscellaneous	53	61	63	67

Source: Monthly Statistical Bulletins.

Table 5

Rubber and Tin – Malayan Production and World Prices

Year	Rubber Production ('000 tons)	Rubber Price (pence per lb. RSS. 1) Max.	Min.	Av.	Tin Production ('000 tons)	Tin Price (£ per ton) Max.	Min.	Av.
1901	1	50	47	n.a.	42	140	100	119
1910	6	153	67	105	45	177	143	156
1920	174	34	10	23	37	420	195	296
1930	452	9	4	6	64	181	105	142
1940	547	14	11	12	81	290	209	257
1950	694	71	15	33	58	1,295	579	745
1955	639	44	24	34	61	841	680	740
1960	708	42	25	33	52	823	781	797
1967	933	21	15	17	72	n.a.	n.a.	1,264

Prices are London spot. Max. = Highest of year Note 1
Min. = Lowest of year
Av. = Average for one year

Sources: A. McFadyean, *The History of Rubber Regulation, 1934–43*; W. H. Rickinson, *World's Rubber Position*; L. L. Fermor, *Report upon the Mining Industry of Malaya*; Metal Information Bureau, *Quin's Metal Handbook*; *Malaya Rubber Statistics Handbook, 1960.*

Borneo. In 1967 Sabah and Sarawak produced 51,000 tons of rubber (as compared with 61,000 in 1956) giving a Malaysian total (for 1966) of 985,000 tons.

Note 1. Pre-sterling devaluation.

Table 6

Rubber Production in Malaya (1966)

Category of Producer	*Acreage* ('000 acres)	*Percentage of Acreage under high-yielding rubber* %	*Average yield (lbs. per acre per annum)*
Estates:			
European (405)	1,013	88.7	1,017
Asian (1,700)	801	70.1	721
Total (2,105 estates)	1,813	81.4	898
Smallholdings	2,529	n.a. (Note 1)	

Source: *Rubber Statistics Handbook, 1966*

Note 1. As a rough estimate it is reckoned that about half the total smallholders' acreage is under high-yielding rubber. Of this assumed total of, say, 1,200,000 acres of high-yielding smallholders' rubber 700,000 acres represents new land planted with rubber for the first time in the decade 1955–65 and only 450,000 is replanted land.

Table 7

Properties of Malayan Tin Output won by various Methods of Mining

Method	*1928* per cent	*1937* per cent	*1961* per cent	*1967* per cent
Dredging	30	48	53	33
Gravel-pump mines	45	38	34	56
Lode-mining	6	4	4	3
Other methods	19	10	9	8
	100	100	100	100

Sources: Fermor, op. cit., pp. 112–13: Monthly Statistical Bulletin of Federation of Malaya.

Table 8

Rice Acreage, Output and Yield in Malaya

	Acreage	*Crop*	
Season	*Harvested* ('000 acres)	('000 tons of milled rice)	*Yield per acre* (lbs. of rice)
1950–51	715	373	1,168
1955–56	712	356	1,122
1960–61	798	523	1,468
1966–67	790	555	1,609

Source: Monthly Statistical Bulletin.

Table 9

Imports and Exports (by value) – Malaya
(million $)

Imports	*1950*	*1955*	*1960*	*1966*
Rice and other foodstuffs	404	478	558	611
Machinery	106	174	330	644
Mineral Fuels	54	126	149	195
Manufactured goods and chemicals	177	383	509	764
Other Commodities	570	382	605	419
Total Imports	1,311	1,543	2,151	2,633
Exports				
Rubber	1,810	1,584	1,829	1,396
Tin	442	434	507	792
Iron Ore	9	33	140	136
Palm Oil	32	36	60	118
Tinned Pineapples	7	18	26	44
Coconut Oil	56	51	24	20
Other Commodities	254	216	342	—
Total Exports	2,610	2,372	2,928	—

Sources: Monthly Statistical Bulletin of the Federation of Malaya; Federation of Malaya Yearbook, 1961.

Table 10

School Enrolment – Malaya
('000 pupils)

Year	*English Schools*	*Vocational and Misc. Schools*	*Malay Schools*	*Chinese Schools*	*Indian Schools*	*Total*
Malaya						
1949	91	2	239	203	39	573
1954	158	7	342	254	45	803
1959	276	15	460	416	55	1,221
1960	310	15	467	422	58	1,272
1966	552	25	674	379	77	1,707
Singapore						
1949	38	5	8	68	1	120
1954	84	8	10	82	2	186
1959	163	n.a.	16	140	2	321
1965	273	n.a.	32	168	2	475

	Primary	*Secondary*	*Total*	*Per cent of total population*
Sarawak				
1951	40	3	42	7·3
1964	112	22	134	16.4
1967	144	34	178	n.a.
Sabah				
1951	21	1	21	6.3
1965	86	11	98	n.a.
1970 (projected)	136	20	156	—

Sources: Annual Reports and Monthly Statistical Bulletins.

Bibliography

Bibliography

This is a list of modern works of general interest which are suggested for further reading on Malaysia.

General

Bibliography of Malaya, H. R. Cheeseman, London, 1959
Malaysia, ed. Wang Gangwu, London and New York, 1964
Malaysia, V. Purcell, London and New York, 1965
Malaysia, T. E. Smith and J. Bastin, London and New York, 1967

Cheeseman's bibliography, although lacking in method, includes articles and official reports as well as books. Wang Gangwu's book is a collection of background essays by University of Malaya academic staff. Purcell's study is readable and lavishly illustrated. Smith and Bastin's paperback is a good short introduction.

Historical

A History of Malaya, J. Kennedy, London and New York, 1962
Malaysia – Selected Historical Readings, ed. J. Bastin and W. Winks, Kuala Lumpur, London and New York, 1966
Nineteenth Century Malaya, C. D. Cowan, London and New York, 1961
The Story of Malaysia, H. Miller, London, 1965; issued in the United States as *A Short History of Malaysia*, New York, 1965
A History of Modern Sabah, K. G. Tregonning, Singapore, 1965

The literature on the history of the Malaysian territories is growing rapidly and new research is making some older work obsolete. The books by Kennedy and Miller are the most general of this short selection and the Bastin and Winks anthology the most comprehensive.

Malaya under British Rule

British Malaya, Sir F. Swettenham, London, revised edition, 1948
British Malaya, 1824–67, L. A. Mills, Singapore, 1925, reprinted in JMBRAS Vol. 33 (1960)
British Rule in Eastern Asia, L. A. Mills, London, 1942
Colonial Labour Policy and Administration – A History of Labour in the Rubber Plantation Industry in Malaya, 1910–1941, J. N. Parmer, New York, 1960

Historical Sketch of Chinese Labour in Malaya, W. L. Blythe, Singapore, JMBRAS, 1947
Public Administration in Malaya, S. W. Jones, London, 1953
Malaya – A Political and Economic Appraisal, L. A. Mills, London and New York, 1958
Western Enterprise in Indonesia and Malaya, G. C. Allen and A. C. Donnithorne, London, 1957
Malaysia, R. Emerson, reprinted Kuala Lumpur, 1964

Swettenham's book although old is a classic written by one of the founders of the British régime. Professor Mills' three books cover the whole period of British rule down to the mid-1950s. *Western Enterprise* is a comprehensive study of the making of the modern economy in Malaya.

Ethnographic

Population Growth in Malaya, T. E. Smith, London, 1952
Indigenous Political Systems of Western Malaya, J. M. Gullick, London, 1958
Malay Fishermen – Their Peasant Economy, R. W. Firth, London, 1946
Malay Kinship and Marriage in Singapore, J. Djamour, London, 1959
Malay Peasant Society in Jelebu, M. G. Swift, London, 1965
The Chinese in Malaya, V. Purcell, London, 1948
Chinese Secret Societies in Malaya, L. Comber, New York, 1959
Chinese Family and Marriage in Singapore, M. Freedman, London, 1957
A Malay Village and Malaysia, P. J. Wilson, New Haven, 1967
British North Borneo, O. Rutter, London, 1922
The Sea Dayaks of Borneo, E. H. Gomes, London, 1911

This is a selection of modern sociological studies based on methodical fieldwork and some rather more amateur descriptions. The titles sufficiently indicate the content.

Other Books

Communism in South East Asia, J. H. Brimmell, London, 1959
Ownership and Control in the Malayan Economy, J. J. Puthucheary, Singapore, 1960
Readings in Malayan Economics, ed. T. H. Silcock, Singapore, 1961
Bureaucracy in Transition, R. Tilman, London, 1964
Economic Development of Modern Malaya, Lim Chong-Yah, London, 1967
Government and Politics in Malaysia, R. S. Milne, Boston, 1967
Communalism and the Political Process in Malaya, K. J. Ratnam, Kuala Lumpur, 1965

The Origins of Malay Nationalism, W. R. Roff, New Haven, 1967

These are books for the specialist in political and economic affairs. Puthucheary's book has been mentioned above (p. 236).

Journals, etc.

Journal of the Royal Asiatic Society, Malayan Branch (JMBRAS)
Journal of South East Asian History (JSEAH)
Malayan Historical Journal (MHJ)
Malayan Economic Review (MER)
Malaya
Far Eastern Economic Review
Straits Times

JMBRAS (formerly the *Journal of the Straits Branch* – abbreviated as JSBRAS) was established eighty years ago and until the appearance of modern, specialised journals in Malaya, it was almost the only vehicle for the publication of historical and ethnographic work. It is still published from the Raffles Museum, Singapore. JSEAH and MER are published from the University of Malaya in Singapore. MHJ had a brief life in 1954–5 and gave way to an historical magazine, *Malaya in History*, for the schools – published from the Department of Museums, Kuala Lumpur. The reliable magazine, *Malaya*, is published by the British Association of Malaya, London. It usually contains a newsletter from correspondents in Kuala Lumpur and in Singapore on political events and other matters of interest. The *Far Eastern Economic Review*, a weekly journal published in Hong Kong, has regular articles on Malayan trade and economic questions.

The *Straits Times* has the largest circulation among English-language newspapers published in Malaya. A shortened weekly edition, the *Straits Budget*, is produced for overseas readers. The two other national English dailies are the *Malay Mail* and the recently established *Malayan Times*.

Official Records

As will be clear from sources cited in the main text of this book, much material on Malaya is to be found in published government reports. For the nineteenth century there are valuable Colonial Office archives deposited at the Public Records Office, London (and indexed mainly in the series 'CO 809' and 'CO 273').

The Malaysian government through its High Commissioner's Office in London publishes a *Malaysian Digest* at intervals to provide the press with official news and ministerial statements. The Singapore government publishes a *Malayan Mirror* in the same fashion.

Abbreviations

ASA	Association of South Asian States
ASEAN	Association of South East Asian Nations
ASPAC	Asian and Pacific Council
BMA	British Military Administration
CCO	Clandestine Communist Organisation
EPF	Employees' Provident Fund
FAMA	Federal Agricultural Marketing Authority
FIDA	Federal Industrial Development Authority
FLDA	Federal Land Development Authority
F.M.S.	Federated Malay States
IMP	Independence of Malaya Party
INA	Indian National Army
KMM	Kaum Muda Melayu
KMT	Kuomintang
KRIS	Kesatuan Ra'ayat Indonesia Semenanjong
MCA	Malayan Chinese Association
MCP	Malayan Communist Party
MDU	Malayan Democratic Union
MIC	Malayan Indian Congress
MIDFL	Malayan Industrial Development Finance Co. Ltd
MNP	Malay Nationalist Party
MPAJA	Malayan Peoples' Anti-Japanese Army
MTUC	Malayan Trade Union Congress
PAP	People's Action Party
PETA	Ikatan Pembela Tanah Ayer
PKI	Partei Kommunis Indonesia
PMCJA	Pan-Malayan Council of Joint Action
PMIP	Pan-Malayan Islamic Party
PPP	People's Progressive Party
RIDA	Rural Industrial Development Authority
SATU	Singapore Association of Trade Unions
SCBA	Straits Chinese British Association
SF	Socialist Front
SPA	Singapore People's Alliance
SS	Straits Settlements

STUC	Singapore Trade Union Congress
SUPP	Sarawak United People's Party
UDP	United Democratic Party
UMNO	United Malay National Organisation
U.M.S.	Unfederated Malay States
$	Malaysian dollar (equal to 2/8½d sterling approx. since November 1967)

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