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SABAH
THE FIRST TEN YEARS AS A COLONY
1946—1956

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By

M. H. BAKER

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SINGAPORE STUDIES ON MALAYSIA

This monograph by Mr. Baker was originally an M.A. thesis submitted to Stanford University. Apart from its intrinsic interest, it is a compilation that should be of great use to the increasing number of people studying South-East Asia in general and the Malaysian territories in particular. Written as it was at a timber centre in North Borneo in 1958, it is an indication of the useful research that can be done in the field, and it may encourage others to work in North Borneo itself.

This paper is the first in a series of *Singapore Studies on Malaysia*, which will include work done here in the University of Singapore as well as at other centres of South-East Asian Studies.

K. G. TREGONNING,
Raffles Professor of History,
University of Singapore.

PREFACE

On July 4, 1956, the people of the Philippines celebrated the tenth anniversary of their independence from the United States of America. Eleven days later the people of the Philippines' nearest neighbour quietly celebrated the tenth anniversary of their becoming a colony of Great Britain. This striking contrast in stages of political evolution largely arises from the differing lengths of time that the two countries have been under European influence. The Philippines had had four centuries of European domination, in the last half century of which Americans had devoted their enthusiasm and the resources of their country to the education of the Filipinos and to the economic development of their land. North Borneo has been under European control for less than eighty years and for most of that time was the territory of a chartered company. The British North Borneo Company's servants may rarely have lacked devotion to the land and its peoples, but they seldom had sufficient resources at their disposal to educate the people or develop the country to the full.

The possibility of achieving political and economic advancement was greatly enhanced when North Borneo passed under the direct rule of Great Britain. This monograph will show what has been made of the opportunity. When I told a friend that I was writing about the postwar development of North Borneo he replied, "Has there been any?". It must be admitted that when one views the political and economic revolutions effected in the same ten years in other Asian countries, progress in North Borneo may seem imperceptible. But the achievement of these years must be measured in terms of North Borneo's own past: progress in Borneo is measured in small units such as a few more miles of road, a few thousand more pupils at school or another district given a nominated council. It is not a dramatic or an exciting story, but perhaps many peoples would prefer their own history in these years had been less dramatic and less exciting, if they could have enjoyed the same freedom from fear and from want that has been the good fortune of the peoples of North Borneo.

MICHAEL BAKER.

Wallace Bay,
North Borneo.
1958

Introduction to the New Edition.

This work was first written under the title "The Colony of North Borneo, The First Ten Years 1946-56". It is here reprinted substantially unaltered, except that the title has been amended to reflect the change in the country's name and status consequent upon independence as the State of Sabah within the Federation of Malaysia.

The decade covered (with a forward glance to 1958) is not so arbitrary a period as the round number might suggest. It is, in fact, the period of postwar rehabilitation which has since given way to the period of development. The ten postwar years were not confined simply to rebuilding exactly in the image of the past, but the keynote throughout was "rehabilitation", a word no longer heard.

To someone, like the writer, returning to Borneo in 1963 for the first time since 1958, two changes were immediately visible — the modernized aspect of the towns and the presence of armed forces. The amount of new building that has gone on, particularly in Jesselton, is most striking. The Signal Hill Flats, the Jesselton Airport, the Tawau Customs House and Wharf are but a few of the new landmarks. The skyline edges ever upwards — buildings of more than two storeys, once a rarety, are now common in all the main towns.

After the departure of the Liberation Armies in 1946, Sabah enjoyed such internal peace and external security that the presence of military forces within her borders was unnecessary. Troops first made their reappearance in a series of exercises in 1957 and 1958, and in 1960 the Training Area at Kota Belud was established. Subsequently, however, it became necessary to employ troops, together with naval and air units, on more serious missions, first on anti-piracy duties along the east coast and, from the end of 1962, against armed incursions from Indonesia. Since the Brunei rebellion of 1962 army, navy, and air force personnel, British and Malaysian, have been much in evidence in Tawau and Labuan, though life in other major centres continues unruffled.

Military necessities have recently given fresh urgency to the building of roads in Sabah, but considerable progress, albeit small in relation to the country's needs, had already been made in the five years since 1958, during which the total mileage increased from just over 700 to some 1,150. The 1959-64 Development Plan

proposed the extension of the only road out of Sandakan from Mile 18 to Telupid on the Labuk River, another road from there to Ranau, a new road thence to the West Coast, the replacement of the Beaufort to Weston railway by a road, and a road from Jesselton to Papar. By the end of 1963, the Sandakan - Telupid road was not far short of its goal, but little work, other than planning, had been done on the remaining links to Jesselton. The Jesselton to Papar road had reached the Papar River just short of the town. The North Road from Jesselton had, meanwhile, been extended from Kota Belud to Kudat so that the only remaining gap in a through West Coast Road was between Papar and Beaufort, the road thence to Weston having been recently completed. In consequence, the railway from Beaufort to Weston was closed in mid - 1963. Otherwise, the Sabah State Railway, as it became in September that year, has enjoyed growing prosperity and from 1960 revenue has exceeded current expenditure. But the future of the line remains in doubt. The Tenom-Melalap section is marked for closure and it is doubtful whether the main line can successfully meet the coming road competition. Travellers between Beaufort and Weston, however, have already found that greater speed is a blessing somewhat marred by higher fares, more dust, and less capacity for accompanying *barang*.

In the air, internal traffic has continued to grow, though the scale of both commercial and private flying is still tiny compared with the Philippines. Borneo Airways introduced DC-3 (Dakota) aircraft in 1962. These planes had in 1959 been replaced by Viscounts on the Malayan Airways service to Singapore. The Viscounts were in turn replaced by the smaller and less popular Fokker Friendships in 1963, but the service has since been supplemented by Comet flights. These were made possible by an extension of the runway at Jesselton, which has superseded Labuan as the main civilian airport. At the end of 1960 the weekly Cathay Pacific service from Hong Kong was diverted to Jesselton and the Manila stop reintroduced. Otherwise, the country's air communications in any direction except Singapore remain bad, and the same may be said of sea travel. The trend towards direct calls at Borneo ports by cargo vessels from Europe, noticed in 1958, has continued, but with the growing volume of import and export trade, which has more than doubled since 1958, the weekly Straits Steamship service from Singapore continues to flourish.

Economically, several of the developments of the last five years were already foreshadowed in 1958, notably the planting of cocoa and of oil palms. By the end of 1963, some 4,500 acres of cocoa had been planted, mainly near Tawau, though a large company had begun operations in the Labuk Valley, which is emerging from

its seclusion and being intensively studied under a United Nations Survey Project. Also on the Labuk, Unilever has acquired 10,000 acres for oil palms, previously concentrated in the Mostyn area, and this crop is attracting widespread interest for both estates and smallholder schemes. Despite these developments the area under rubber has been steadily extended from 149,000 acres in 1958 to 231,000 in 1963, fifty per cent of the later planted with high yielding material most of which is not being tapped. Exports of rubber were, therefore, only slightly higher in volume in 1963 than in 1958 and actually less in value. Within a few years, however, if labour to do the tapping can be obtained, there should be a great leap forward in rubber production.

It is doubtful, however, whether rubber can ever regain the primacy among the country's exports that it lost to timber in 1958. That year began with a certain amount of despondency prevalent in the timber industry and Government. Earlier hopes of great profits quickly reaped had been abandoned, and few foresaw how abundantly they were to be fulfilled in the ensuing years. Production rose from 32.2 million cubic feet in 1958 to 95.9 million cubic feet in 1963. The greater proportion continues to be exported and the value of exports rose over the same period from $36.4 million to $150 million. In 1963 timber made up nearly 55% by value of the country's exports. The boom was sparked by keen demand and higher prices from Japan, and the profitability of extraction was enhanced as operattors acquired greater expertise in mechanical logging. The boom was such that all could share in it, and the long term operators largely forgot their earlier concern that annual licencees and those clearing land for agricultural development would ruin their business. They may have cause to remember it if the recession of 1964 brought about by over-production proves to be prolonged.

The big demand has been for logs, and no progress has been made in processing timber except for the establishment of a small veneer mill in Sandakan. Indeed, saw-milling failed to share in the growing profitability of the timber industry and, after the clause in their Licence Agreements requiring the milling of a percentage of the logs produced was cancelled, two of the European long term concession holders ceased production of sawn timber, one for export and the other completely.

Other links with the early industries of Sabah were broken in 1961 with the closure of the cutch factory in Sandakan and, unexpectedly, of the Segama wrapper-leaf tobacco estate, in both cases due, *inter alia*, to competition from synthetics. In 1963 there also closed, following a pirate attack, the Japanese deep sea fishing station at Si Amil, which had existed before the war and only reopened as recently as 1960.

Fishing has, nonetheless, continued to make an increasing contribution to the country's exports following the establishment of a company, with its plant in Sandakan, to catch and deep-freeze prawns solely for export. A second plant was opened in Labuan in 1963 and another, partly locally and partly Japanese financed, commenced operations, employing Japanese technical assistance, early in 1964. Japanese capital and technical assistance are also involved in a new venture to grow cultured pearls off an island in Darvel Bay, which is on the point of fruition.

The buoyancy of the country's finances consequent upon economic prosperity has made it possible to devote adequate funds to the social services, where staffing rather than financing continues to be the main problem. The leper colony on Berhala Island, Sandakan, was closed in 1958 with the transfer of the remaining patients to Kuching, but the inadequate mental home at Buli Sim Sim remains a reproach to the country's conscience. In the fight against malaria, the control programme gave way in 1961 to one of eradication, and all the malarious areas in the country have been brought within the scope of the campaign, which is a model of its kind and has attracted attention from overseas. The incidence of malaria is falling, but it is intended to continue the campaign until eradication is accomplished. With success against malaria at last in sight, tuberculosis is left as the most serious menace to health.

There has been a great expansion in education. The number of pupils in school in 1963 (70,000) was double that in 1957, but there have been important developments other than those of scale. The Government has taken a more direct part in secondary education by establishing its own schools in most of the main centres, with the notable exception of Sandakan. There has been a greater emphasis on teacher training and standards have been much improved. To this progress the new Gaya College in Jesselton will soon make a significant contribution. Although the Government Secondary Schools emphasise science teaching, technical education has been neglected. The status of the teaching profession was enhanced by the introduction from 1962 of uniform salary scales in all non-Government schools, and the vesting in the Director of Education of power to supervise school boards' appointment and dismissal of their teachers, thus ending the former uncertainty of pay and tenure. Government teachers, however, enjoy some allowances and privileges still denied their colleagues, and this a source of grievance.

Perhaps the most remarkable educational progress has been in the teaching of English. In 1958 the Board of Education decided to make English rather than Malay the medium of instruction in all the primary classes of Government Schools. The first steps in this direction were taken in 1960 with the object, first, of increasing

the amount of English taught in these schools and, ultimately, where the people wished, converting them entirely to English medium, though with Malay as a compulsory subject. English language specialists were engaged with the help of the Australian Government, under the Colombo Plan, and The Nuffield Foundation. The object has been not only to teach the children but their teachers, so that the latter will both speak English well and be acquainted with modern techniques of language instruction. There has thus been a remarkable and widespread increase in the ability to speak English. The original decision to replace Malay by English was made largely in response to pressure by native leaders, who realised that fluency in English was the key to advancement in many fields whereas Malay, which for the majority of the population is not their first language, was of little use in either commerce or Government service. Now, however, that Malay is the National Language, though not the official language of the State, there may be pressure to reverse the 1958 decision, either from the Malay-speaking peoples in Sabah or from the Central Government, and this may become a political problem.

It is in politics, of course, that changes since 1958 have been most profound. During that year the project of Federation under consideration was one of British Borneo – Sarawak, Brunei and North Borneo as it then was – in which the United Kingdom would remain a partner. Brunei, however, was hanging back as the Sultan felt his ties were more with Malaya. Within five years Sarawak and Sabah had federated with Malaya and the Sultan of Brunei had declared his irrevocable determination not to do so! The committees that had been appointed by the legislatures of Sarawak and North Borneo in the latter part of 1958, to consider "Closer Association" between the two colonies and Brunei, never got down to work. The idea was dropped, not only because of Brunei's reluctance but through the lack of enthusiasm in the other countries and, possibly, because the British government realised that a Borneo Federation would be vulnerable to a political coup by someone, such as Sheik Azahari, who would take it into the Indonesian camp.

While Closer Association was under consideration other constitutional development had been deferred, in order not to complicate the issue. It was resumed in 1960, when the unofficials attained parity of numbers with the officials on the Executive Council and an unofficial majority was created in the Legislative Council. This was done by reducing the number of ex-officio and official members and increasing the number of unofficials from ten to twelve. Although all these unofficials were still nominated, not elected, they were chosen from panels put forward by representative bodies such as the Residency Teams and Town Boards. In December, 1961, it was announced that the number of unofficials in the Legislative Council would be increased by six to give more people

experience of government, for by then independence loomed on the horizon. Politics had burst upon the Borneo scene.

Their sudden advent sprang from the Prime Minister of Malaya's inspired suggestion, first made public in a speech in Singapore in May, 1961, of a Federation of "Malaysia", to embrace not only Malaya and Singapore but also Sarawak, Brunei, and North Borneo. This fitted in well with the changed policy of the British Government, which had decided to divest itself of its embarrassing colonial responsibilities throughout the world as rapidly as possible, even where, as in North Borneo, the people had shown no desire for the rapid attainment of independence.

The Tunku's proposal was not widely acclaimed in Sabah, but in the course of 1961, people became more reconciled to it. Of the parties that formed, largely on racial lines, only the United National Pasok Momogun Organisation, mainly rural Kadazan, opposed Malaysia. The United and Democratic Parties, which were predominantly Chinese, preferred self-government before Malaysia but the two largest native parties, the United National Kadazan Organisation, under the Honourable Donald Stephens, and the United Sabah National Organisation, largely Muslim and headed by the Honourable Datu Mustapha bin Datu Harun, were in favour of it.

Early in 1962, a Malaysia Solidarity Consultative Committee led by Mr. Stephens endorsed a Memorandum on Malaysia for consideration by a Commission, under Lord Cobbold, which had been set up by the United Kingdom and Malayan Governments to find out the views of North Borneo and Sarawak. During the spring of 1962 the Commission travelled extensively throughout the two countries, hearing people's view. Its general conclusion was that one third favoured Malaysia without much reservation, one third would favour it given reassurances and safeguards, and one third opposed it. Of the last, half preferred independence first and half the continuation of British rule for some years. The Commission itself was unanimously agreed that a Federation of Malaysia was in the best interests of North Borneo and Sarawak and that, given certain conditions, a majority of the population would accept it.

The British Government announced in the House of Commons on August 1, 1962, its own and the Malayan Government's acceptance of these findings and that, in consequence of the Report and a separate agreement between Malaya and Singapore, Malaysia should come into being on August 31, 1963, the anniversary of Malaya's own *Merdeka*.

To work out the constitutional arrangements and the safeguards for the Borneo territories, an Intergovernmental Committee was established under the Marquis of Lansdowne, Minister of State for Colonial Affairs. The British and Malayan representatives held a preparatory meeting in Jesselton on August 30, 1962.

Two weeks later, on September 12, the Legislative Council unanimously approved a motion welcoming the decision in principle to establish Malaysia, provided the special interests of North Borneo were safeguarded, and six members of the Council were appointed to the Inter-Governmental Committee. Soon afterwards Sarawak followed suit.

After the Cobbold Report had been accepted by Britain and Malaya, the two Chinese parties and the Pasok Momogun abandoned their opposition to Malaysia. Thus all five parties were able to join in presenting Lord Lansdowne with "Twenty Points" on which they sought safeguards. Later all the parties became linked in the Sabah Alliance. By this time, however, the Chinese parties had amalgamated as the Borneo United National Party, now the Sabah National Party.

The Sabah Alliance naturally won an overwhelming victory in the local government elections held in mid-December, many candidates being returned unopposed. These were the first elections held in North Borneo and were untroubled by the Brunei rebellion which had broken out on December 8, except that it was necessary to postpone the one in Sipitang, where the *Tentara National Kalimantan Utara* had an initial, very brief, success. This anti-Malaysia revolt met with no sympathy or support elsewhere in North Borneo. At a meeting of the Legislative Council on December 11 the revolt and Sheikh Azahari's claim to represent North Borneo were unanimously condemned.

The Report of the Inter-Governmental Committee, which guaranteed the safeguards incorporated in the "Twenty Points", was published in February, 1963, and approved by the Legislative Council the following month. Later in March, as a prelude to the Ministerial system which would follow independence, leading politicians in "Legco" were appointed as "Members" for Education, Health and other fields to oversee the work of the departments and legislation concerning them. Subsequently, in June and July, indirect elections to the Council were held. The scheme provided for members to be chosen in Residency Electoral Colleges composed of representatives put forward by the Local Authorities from among their elected members. In practice, the parties agreed beforehand on the distribution of seats and all those voted on to the Legislative Council were members of the pro-Malaysia Sabah Alliance.

Unfortunately, Malaysia was not so welcome to Sabah's neighbours, Indonesia and the Philippines. The latter adopted officially the claims previously mooted by the descendants of the Sultan of Sulu to sovereignty over the area granted to the predecessors of the Chartered Company. It is hard to think that the Philippine government could seriously expect Sabah to be surrendered to

them, and the claim can only be regarded as an irresponsible move to gain other political advantages. More serious was the opposition of President Sukarno, who derided Malaysia as a colonialist plot and claimed to see in the Brunei Revolt the true expression of popular opinion throughout northern Borneo or *Kalimantan Utara*.

A "summit" conference, called by President Macapagal of the Philippines, was held at Manila early in August and, in an extraordinary endeavour to obtain the goodwill of the opponents to the proposed Federation, Tunku Abdul Rahman agreed to postpone its inauguration until the United Nations Secretary-General could ascertain the opinion of the people in the Borneo territories. This meant that Malaysia could not be inaugurated by August 31, but in Jesselton the Legislative Council voted that Sabah would nonetheless become independent on that date.

In the event, the country was, on August 31, granted *de facto* internal self-government. The Governor remained as the Queen's Representative but undertook to accept the advice of the Ministers-Designate on all matters which would, after Federation, be within the competence of the State Government. There was thus a curious interregnum while the United Nations' mission completed its findings and made its report to the Secretary-General.

In anticipation of a favourable verdict a decision was made to inaugurate Malaysia on September 16. This confidence was shown to be justified when the Mission's findings were published on September 14. The Secretary-General concluded that elections had been properly conducted; they had given the electors full opportunity to express their attitude towards Malaysia, and a majority had shown themselves in favour of joining.

And so, on the morning of September 16, in all the main centres of the erstwhile Colony the Proclamation of the Federation of Malaysia was made. At least in one town it was followed by speeches remarkable, on an independence day, for their tributes to British rule, tributes which deserve to be recalled in the face of a growing tendency to blame present inadequacies on the "colonialists".

One must trust that Sabah's future will be as happy and prosperous as North Borneo's past. In concluding this monograph in 1958, I reckoned peace among the greatest assets of the country, and expressed the hope that whatever was made of the physical assets this one would not be wasted. External peace has already been lost, through no fault of the good people of Sabah. It is the more to be hoped that they will not squander the country's heritage of internal harmony. The possibilities of strife are several — strife between political parties, between employers and Trade Unions between the State and Central Governments, between Muslim and Christian, between Native and Chinese. The British no longer

hold the ring and it is for Sabahans themselves to see that fearful possibilities do not become harsh reality.

MICHAEL BAKER.

Sandakan,
Sabah.
August, 1964.

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CHAPTER I

GEOGRAPHY AND RESOURCES

1. *Physical Geography and Climate.*

The island of Borneo is third largest in the world, the first two places going to Greenland and New Guinea. Its area is variously given as 307,000 and 284,000 square miles, in either case considerably larger than Texas at 267,339 square miles. Whereas Texas has a population of about 8 million, however, Borneo's is estimated at only 3 million.

Borneo lies between longitude 109°E and 119°W and between latitudes 7°N and 4°S. The equator therefore runs through the heart of the island. Unlike the other islands of the East Indies, which are either long and narrow or highly irregular in shape, Borneo forms a fairly solid mass so that the interior is much more remote from the sea. Except in the north it is not very mountainous and there are numerous rivers to provide a route to the interior at least for small craft. It is therefore surprising that the interior has been so little opened up.[1]

On this vast island the Colony of North Borneo lies as its name indicates, but it contains only one tenth of the total area — about 29,388 square miles.[2] It is about the size of Ireland and a little smaller than the state of South Carolina. It also contains about a tenth, or a little more, of the population.

North Borneo is the most mountainous section of the island. The ranges are higher and come nearer to the sea. The main chain, known as the Crocker Range, enters the Colony in the southwest. Though generally not more than 8,000 feet high it culminates in the north in Mount Kinabalu, 13,455 feet high, the highest mountain in southeast Asia. A mountainous belt runs across the south of the Colony to the sea at Tawau. Even where the mountains are not high their slopes are often steep. The only rivers of any length all run out to the northeast coast, the Sugut, the Labuk, the Kinabatangan, and the Segama. They provide access to sparsely settled areas of the interior for small craft. The rivers on the west coast are

1. Whitaker's Almanack 1957 (London 1956), pp. 201 & 832; Charles Robequain, translated by E. D. Laborde, *Malaya, Indonesia, Borneo, and the Philippines.* (London 1954), — hereinafter cited as Robequain, *Malaya, etc.*, — p. 215.
2. *North Borneo Annual Report 1956* (Jesselton 1957). The Annual Reports are hereinafter cited by initials and year thus *N.B.A.R. 1949.*

short and unimportant for navigation. The longest, the Padas, is navigable only as far as Beaufort, but above this point it has cut the only important gap in the Crocker Range. It is through this gorge that the railway is laid and provides access to the high valley and plains of Keningau and Tambunan. This area and the narrow coastal plain between the Crocker Range and the sea are the most important agricultural areas of the Colony.

The immediate coast is often composed of alluvial flats with many creeks and mangrove swamps. There are coral reefs off shore. The main harbour on the East Coast is Labuan, but Jesselton provides a sheltered anchorage for small ships. Marudu Bay in the north is another natural harbour, though not important commercially. The finest harbour is that of Sandakan, but it is marred by a bar at the mouth. Lahad Datu and Cowie Harbour (Tawau) are also important.[3]

Considering how close the Colony lies to the equator its climate is remarkably good. On the coast day temperatures vary from 74° in the early morning to a normal maximum of 88°, but on exceptionally hot days it may reach 93° or 94°[4]. With the humidity this heat is unpleasant but not unbearable. The evenings and nights are rarely sticky and even on the coast a blanket is acceptable at night though the temperature is not below 72° or so. The climate is enervating and monotonous, however, in that it is quite unvarying and there are as yet no hill stations, such as Cameron Highlands in Malaya, where a holiday can be spent in a cooler and more bracing atmosphere.

Borneo is "The Land below the Wind". That is to say it lies south of the typhoon belt. The monsoons are weak.[5] That from the northeast blows from October or early November to March or April and this season provides the northeast coast with most of its rain. The southwest monsoon begins in May and continues to August. Under its influence the southwest of the country, Labuan and Beaufort, receives the highest rainfall in the Colony. The interior plain at Keningau and Tambunan and the southeast coast around Tawau receive the least and most evenly distributed rainfall. The range in the Colony is from 60" to 160"[6]. Droughts are not unknown.

2. *Resources.*

The mineral resources of North Borneo have been a disappointment to high hopes. Early exaggerated reports going back as far as those of Magellan's men founded the story of mineral richness.

3. Owen Rutter, *British North Borneo* (London 1922). – hereinafter cited as Rutter, *B.N.B.* – pp. 3-4, and *N.B.A.R. 1956*, pp. 146-148.
4. *N.B.A.R. 1956*, p. 148.
5. Robequain, *Malaya, etc.*, p. 219.
6. *N.B.A.R. 1956*, p. 148.

meaning in those days primarily gold. William Clarke Cowie, one of the founders of British North Borneo, had great hopes that gold would be found.

As early as 1881 the new born Mineralogical Department sent out an explorer to look for gold, but he died in 1883 without making a significant find. In 1885 the Commissioner of Lands found workable gold in the Segama and a minor gold rush began. Chinese forced out of California and Australia by discrimination came to Borneo. In 1886, further up the Segama, several sites which might be made to pay were found. Two companies were formed in London, the British Borneo Gold Mining Company and the Segama Gold Company, but neither ever found enough gold to be worth working. The Segama country was not very hospitable and produced no food to support would-be miners. In 1898 a British North Borneo Gold Syndicate sent out two experts. A special dredge was designed but it proved impossible to get it up the river and in 1904 this group gave up. The torch was passed to the British Borneo Export Company, which was given a monopoly until 1913 of all minerals. It accomplished nothing.[7] It is now considered that there are unlikely to be commercial quantities of gold.[8]

Blue clay was once discovered on the Labuk but the diamonds never were.[9]

Of the more utilitarian minerals it was at one time thought that there might be large deposits of iron ore in remote areas, but these have yet to be discovered and worked. Manganese was once, many years ago, discovered in the Marudu district. A ship was chartered for the first load but on its arrival the cargo was not ready and demurrage mounted up. The Chinese solved the problem by loading rubbish with a covering of manganese. The Export Company thus not only paid demurrage but had to pay damage for non-delivery of the goods it had contracted to supply.[10] This ended the manganese venture; the deposits have now been shown to be small and poor.[11]

In the early years of this century a British Borneo Petroleum Syndicate obtained a concession from the Export Company to prospect for oil. Oil bearing shale was first discovered near Kudat but no borings were made. In 1913 the Netherlands Colonial Petroleum Company carried out a survey. Sebattik Island and the Klias Peninsula seemed a little promising at the time,[12] but these promises have yet to be fulfilled. Since World War II the search has been

7. Rutter, *B.N.B.*, pp. 276-282.
8. *N.B.A.R. 1956*, p. 143.
9. Rutter, *B.N.B.*, pp. 282-283.
10. *Ibid.*, pp. 284-285.
11. *N.B.A.R. 1956*, p. 143.
12. Rutter, *B.N.B.*, p. 285.

carried on by the Shell Company both in the Dent Peninsula[13] and under the South China Sea.[14] The Colony is unfortunate that it has not shared the good fortune of the other territories in Borneo, Sarawak, Kalimantan, and especially Brunei, which have all derived wealth from oil.

The only mineral which has ever been worked on a considerable commercial scale is coal. It has been mined periodically in the past in Labuan, but this island was not part of the State of North Borneo as it is of the Colony. On the mainland it was first worked in the Sandakan area in the last decade of the nineteenth century, but the syndicate that was formed failed. In 1903 coal was found in the Silimpopon valley, in the southeast of the country near the then Dutch border, and in 1905 the Cowie Harbour Coal Company was formed to work these deposits. It was soon in difficulties, but the Chartered Company was anxious it should not fail and lent it assistance. It struggled on until 1920 when the share capital was increased, Messrs. Harrisons and Crosfield Ltd. and the Chartered Company itself taking up an interest. For a while it was a paying concern.[15] This happy situation did not last long and in the early nineteen thirties the mine was closed by force of difficult and uneconomic working, the depression, and the declining use of coal for ships' bunkers. Up the Silimpopon river can still be seen the remains of the rails, and even a locomotive and bogies, by which the coal was conveyed from the mines to a point on the river where it could be loaded onto barges. The coaling station was on the northwest end of Sebattik island on what is still known as Coal Mine Reach. Here too the remains of machinery and the piles of the jetty can still be seen.

After World War II the revival of the mines was mooted. A firm known as Powell Duffryn Technical Service investigated the development of the coal deposits on behalf of the British Government.[16] The North Borneo Government geologist carried out further investigation in 1953.[17] The coal is there but no one has been found willing to invest money in mining it.

At present therefore the only minerals being worked at all are clay, stone, coral and a little salt. Potentially useful materials known to exist include, beside coal, phosphate, fuller's earth, peat, limestone and clay suitable for cement manufacture. It is considered that further prospecting is justified for copper and chromium ores, magnesite, and asbestos.[18] Nevertheless, barring the discovery

13. *Shell Magazine*, Vol. 38 No. 615, March, 1958, p. 90.
14. *N.B.A.R. 1956*, p 145.
15. Rutter, *B.N.B.*, p. 286
16. *The Times* (London), Oct. 4, 1947, 8:7.
17. *N.B.A.R.* 1953, p. 133.
18. *N.B.A.R. 1956*, p. 145.

of oil, it does not seem that North Borneo will build a prosperous future on the exploitation of minerals.

It is more likely to do so on the exploitation of its forests. Malaya, Sumatra, the Philippines, and Borneo are the principal home of the diptercocarp species of timber. In these lands they occupy a prominent place in the forests.[19] In North Borneo it is estimated that they form 60.5% of the forests on the east coast. Only diptercocarps are commercially important, comprising as they do almost the whole of the Colony's timber exports. For all practical purpose the exporting forests are now confined to the east coast. Here the population is sparse and generally seafaring and so there has been little felling and clearing for agricultural purposes. On the west coast, by contrast, the population is denser and has long practised shifting cultivation and annual burning. The original forest has been replaced, therefore, by a secondary growth of non-commercial species, by which is meant those that have no export value though they may be useful for everyday use in Borneo. The felling of the forests, however, proceeds at such a rate as to make it likely that the west coast will soon have to import its timber requirements.

The composition of the east coast forests by species is estimated as red seraya (17.%), keruing (11.0%), white seraya (9.0%), selangan batu (8.5%), belian (6.0%), selangan kacha (4.0%), obat (3.6%), mengaris (3.5%), kapur (3.5%), oba suluk (3.1%), selangan kuning (2.4%), and others (28.4%).[20]

Commercially the most desirable are red and white seraya. They are the only two for which there is really a good demand. They are used for peeling to make plywood and, as sawn timber, for furniture. White seraya is also used for decks of ships. For commercial purposes oba suluk is normally included with red seraya. Yellow seraya, comprising selangan kacha and selangan kuning, is also used for peeling but is not so desirable as red and white. It tends to have more pinhole and therefore to be unsuitable as face material in plywoods.

Keruing is a constructional timber, though not durable in contact with the ground in the tropics. As it generally sinks in water it is more difficult to bring downstream from forests to storage ponds. There it often breaks loose from its supporting logs and sinks again involving the expense of raising it. The supply exceeds the normal demand abroad and Japan, a most important market, objects to the sinking variety because of the difficulty of handling it in the water.

Kapur is also a constructional timber and, as another sinking

19. Robequain, *Malaya, etc.*, p. 46.
20. H. G. Keith, *The Timbers of North Borneo* (Sandakan 1954), pp. 3-4.

species, is subject to the same objections. This timber is even more difficult to sell as it is nearly always pinholed. Although the structural strength is not affected, buyers in many markets are put off by this defect.

There are varieties within selangan batu some of which are valuable but not generally available in large quantities. Obah and mengaris are valueless commercially.

Belian is not a diptercocarp species. It is extremely hard and the only important Borneo timber which is durable in contact with the ground and with salt water. It is used extensively in Borneo for the supporting posts of houses and has been used for the piling of the new jetties constructed in the Colony since the war. Split belian is used for roofing shingles. Some is exported, mainly to Hong Kong.

Timber is only a short term resource if it is over-exploited. The North Borneo Government has attempted to ensure a continuous crop of timber by providing that most holders of concessions will only log one per cent of the area of their concession per year. With an allowance of 20% for unworkable area, at the end of eighty years it will theoretically be possible to begin to fell a concession over again. It has to be ensured, however, that the new crop is of commercial species. If left to itself it will not be, as has been seen on the west coast. Young trees are often killed in logging operations and seedlings will be strangled by the more rapid growth of weeds and bamboos. The Forest Department is attempting to ensure that the commercial species grow again by wringing and killing the competing trees. If this policy is successfully carried out there is no reason why North Borneo should not continue indefinitely to supply the timber markets of the world.

Mangrove swamp forest is found along the east coast of Borneo, its favourite home being the half consolidated mud along the shores of sheltered waters. The aerial roots form a tangled mass difficult of penetration and at low tide the trees appear to stand on stilts. Further upstream the mangrove gives place to nipa palm, whose fronds spring out from ground level so that the tree has virtually no trunk. The fronds of the nipa palm provide roofing material for native housing, but mangrove provides not only firewood and charcoal but is an important source of tannin.

There remains the soil of the Colony. Borneo has no active volcanoes, so the soil generally has not been enriched in the same way as that of Java and Celebes. In the Semporna peninsula of North Borneo, however, there are rich volcanic soils on which it is hoped there will be considerable agricultural development.

Otherwise the soils of North Borneo are rather poor, as is often the case with the soil under tropical forest. Nevertheless, it is primarily on the exploitation of this resource, 2nd timber, that the prosperity of the Colony is likely to depend for the foreseeable future as in the past.

CHAPTER II

THE PEOPLE

1. *Numbers and Occupations.*

A full census of the population was taken in the middle of our period, 1951. It was the first since 1931 as that planned for 1941 had to be abandoned because of the war. The population was shown to have risen to 334,141, up 20.4% in the 20 years from the 1931 total of 277,476.[1] By 1956 the population was estimated to have risen to 389,122. The census showed a density of 11.4 persons to the square mile though the distribution was far from even. Nearly half the population was in the West Coast Residency, with a density of 31 to the square mile. The corresponding figure for the East Coast Residency was only 5.6.[2] Between 1931 and 1951 it was shown that there had been a discernible movement from the interior to the coast. Though there are no certain statistics, it is probable that this movement was temporarily reversed during the war, when many people moved into the interior to escape close contact with the Japanese and to seek more food than could be found on the coast.[3]

All the important towns are situated on the coast. Those with over 2,000 population in 1951 were Sandakan (14,499), Jesselton (11,704), Tawau (4,282), and Victoria, Labuan (2,526). About 45,000 people were estimated to live in urban areas.[4] However the distinction between town and country is not well defined. Many a "city" office worker has his *kebun* or smallholding as a sideline.

The vast majority of the population is therefore agricultural. 42.1% or 140,629 of the population was gainfully employed in 1951 and 119,369 of these were producers of raw materials – 82,998 in agriculture and 23,331 in rubber. Next in importance was commerce with only 6,037 people, followed by the public services and professions (5,099), personal and paid domestic service (4,345), manufacturing (3,164), and transport and communications (2,345)[5].

1. *A Preliminary Report on the Census of Population 1951* (Jesselton 1952), p. 11.
2. *N.B.A.R. 1956*, p. 11.
3. *Preliminary Census Report 1951*, p. 5.
4. Ibid., p. 12.
5. *N.B.A.R. 1956*, p. 16.

2. *The Natives.*

In Borneo there are no negritoes or pygmies as there are in Malaya and the Philippines. The indigenous population is of Mongoloid stock which probably arrived in Borneo from Indo-China and the Philippines,[6] or possibly China itself.[7]

The Kedazans, also commonly known as Dusuns, are sometimes supposed to be of Chinese origin. They form the most important element in the native population in numbers and probably in the contribution they will make to the future of the country. In 1951 they numbered 117,867. This was only 6.7% above the 1931 figure of 110,483, an increase which was disappointing to the Government. It was theorised that possibly some Dusuns may not have declared themselves as such, as Dusun is not a name for a distinct tribe but one given by outsiders to a group of similar peoples. They live mainly on the west coast and on the Tambunan and Ranau plains. They are, of course, primarily agriculturists and are the Colony's chief rice producers. They are also the backbone of the police force.[8] Alone among the native peoples they intermarry freely with the Chinese.

While the Kedazans are increasing and progressing appreciably, the second most important inland people, the Muruts, are making little progress and are heading toward eventual extinction. Between 1931 and 1951 this group declined 23.4% from 24,444 to 18,724.[9] The Muruts are a hill people for the most part,[10] living in the more inaccessible parts of the country, in the upper reaches of the Padas River and the area near the Indonesian and Sarawak borders. They employ shifting cultivation on a seven year cycle. Occasionally they will seek work temporarily on the estates in the Tenom valley. They are considerable hunters, mainly with spear and blow pipe and for wild pig. Their diet consists primarily of tapioca and hill paddy and *tapai*, a rice brew.[11] Their meat is often enjoyed after being buried in the ground to rot for a while.

The various coastal native groups are by race Malay and by religion Muslim.[12] The most important people are the Bajaus. It has been speculated that they came originally from Johore as an exiled court group. They now live for the most part on the east coast and the adjacent islands and are essentially a seafaring folk, at one time pirates but now fishermen and cargo carriers.[13] One large

6. Robequain, *Malaya, etc.*, p. 220.
7. *N.B.A.R. 1955*, p. 134, & Rutter, *B.N.B.* pp. 56-58.
8. *N.B.A.R. 1956*, pp. 12 & 98.
9. *Preliminary Census Report 1951*, p. 11.
10. Rutter, *B.N.B.*, p. 65.
11. *N.B.A.R., 1956*, p. 13.
12. *Rutter*, B.N.B. p. 52.
13. *Ibid.*, pp. 73-75.

community in the Kota Belud district has, however, taken to cattle and padi farming.[14] The Bajaus increased numerically from 34,099 in 1931 to 44,728 in 1951. It is thought that some of this increase of 31.2% may be due to migration from the Philippines. There are a number of kindred tribes such as the Illanuns, Suluks, Obians, and Binadans.[15] In the Cowie Harbour area are the Tidongs, probably Islamized Muruts,[16] and on the opposite coast are Bruneis and Kedazans who have spread from Brunei.[17]

For the European or American the native people of Borneo are associated with head hunting and long houses. The former pastime has been extinct for some decades now, except for a pardonable revival during World War II when the Japanese provided legitimate sport. Long houses are also a disappearing feature of Borneo life; their justification ended with head hunting as their primary purpose was one of defence.[18] These long houses were in effect villages under one roof. Sometimes the rooms are all down one of the long sides of the house, all opening onto a gallery down the entire length of the house with a verandah in front.[19] At other times the rooms are on both sides of a central corridor, this corridor opening out in the middle of the house to a central hall the width of the house. The houses are raised off the ground on jungle poles, entrance being gained by a knotched log raised as a stairway. The floor is split nibong palm slats widely spaced so that the disposal of refuse is no problem. The walls and roof are of palm fronds, the material being known as *kajang* and *attap*. The modern Kedazan farmer lives in an individual house of similar materials or possibly wood. Some Bajaus live all the time in their boats but many live in villages on stilts just off shore.

Such arts and crafts as the natives of North Borneo may ever have practised have vanished in the face of European products and Chinese trading.[20] It is difficult to believe that they can ever have been very far developed or they would surely have survived in a country so far from the beaten track and so relatively untouched by progress. As it is, there is scarcely a native product today which would interest the most avid and uncritical tourist souvenir hunter, with the possible exception of the conical hats woven with an attractive coloured pattern in split cane, which are worn by some Kedazans.

14. *N.B.A.R. 1956*, p. 13.
15. *Ibid.*, p. 12.
16. Rutter, *B.N.B.*, p. 79.
17. N.B.A.R. *1956*, p. 13.
18. Malcolm Macdonald, *Borneo People* (London 1956), p. 103.
19. *Ibid.*, p. 105 – though here describing a longhouse in Sarawak.
20. Rutter, *B.N.B.*, pp. 320-323.

Football, badminton, and the cinema are the principal leisure occupations of the native today in the bigger centres and on estates, but such traditional pastimes as hunting and gambling, especially cock-fighting, flourish. The Muruts are known for their dancing on a "sprung" floor in their long houses.

3. *The Immigrant Peoples.*

From soon after its first foundation British North Borneo depended for its development on immigrant labour. There were at first not enough natives to supply the needs of the tobacco and later rubber estates. Though the native was not a bad worker he was reluctant to work all the year round or to do the hardest work, such as that of a tobacco field coolie. The Chartered Company was also anxious for the welfare of the native and to protect him against what might be a form of forced labour. Estates were not permitted to recruit natives from outside their district and no written contracts were permitted. It was necessary, therefore, to bring in labour and before the Second World War the principal immigrants were Javanese and Chinese.[21] The Javanese for the most part came for short periods only,[22] but the Chinese settled in large numbers.

In 1931 the Chinese population totalled 50,056; by 1951 it had increased by 48.6% to 74,374 through natural increase and immigration, estimated at 20,000 in the twenty years, and despite deaths by violence, disease, and starvation during World War II. Of the 1951 total 48,862 were North Borneo born. Most of them are Hakka but the business community on the east coast is Cantonese, with close ties with Hong Kong, and on the west coast Hokkien, looking to Singapore.[23] Most of the Chinese are engaged in agriculture, many being smallholders producing on their land rubber, rice, coconuts, fruits, vegetables, and pigs. However, most of the shops in the Colony are owned and operated by Chinese and they also provide the vast majority of the clerical and skilled technical staff of the commercial and industrial undertakings. In short, they are the most energetic and advanced section of the North Borneo population.

Since the war, however, the further immigration of Chinese has been limited by political considerations. Although it was estimated in 1949 that 15,000 men were needed to enable existing estates to achieve maximum production, the Government was not willing to allow unchecked immigration, as Chinese were regarded as not easily assimilable and liable to affect Borneo with the politics of

21. *Ibid.*, pp. 267-268.
22. *N.B.A.R. 1947*, p. 7.
23. *N.B.A.R. 1953*, pp. 17 & 19-20.

their own country. It was hoped to bring some from Sarawak and Singapore.[24] Sarawak, however, is itself an underpopulated country and immigration from Singapore has been limited by the unwillingness of employers to engage labour from that strike-ridden city, and the Singapore practice of only permitting re-entry within a period of one year.

In most of the postwar years the Government has permitted the temporary entry of skilled and semi-skilled Chinese from Hong Kong for employment with the larger construction, engineering, and timber companies as the demand in the Colony far exceeds the supply.[25] More recently the Government has decided to arrange the entry, which it is hoped will be permanent, of selected and sponsored Chinese from Hong Kong. The number admitted depends on the requests from employers but an overriding limitation is the capacity of the machinery set up to ensure that no undesirables are included. It is estimated that only several hundred persons a year can be cleared for immigration.[26] The Government's anxiety is, of course, to prevent Communists from entering the country. For this reason it is virtually impossible for a North Borneo Chinese who visits the People's Republic to be allowed to re-enter North Borneo.

In the immediate postwar years Java was regarded as the most hopeful source of fresh population or, at least, labour supplies.[27] In 1947 negotiations were carried on with the Government of the Netherlands East Indies, but in mid-1948 that Government banned the recruitment of labour from its territories so ending negotiations temporarily. They were resumed in 1949 and appeared hopeful,[28] but came the end of Dutch rule in Indonesia and it was useless to pursue the matter officially any further. Relations with the Republic of Indonesia, in so far as they exist at all, are not of the easiest and its control over its remoter provinces has proved in any case tenuous.

None the less, considerable numbers of Indonesians have entered the Co'ony to escape unemployment and troubled conditions in Indonesia and obtain the relatively high wages, especially in terms of free market rupiahs, to be had in North Borneo. They come, however, not so much from Java as from Kalimantan (Indonesian Borneo), Celebes, Timor, and Flores. Those from Kalimantan and Celebes are similar in appearance and religion to the native Malays,

24. *The Times* (London), Aug. 11, 1949, 3:3.
25. *N.B.A.R. 1955*, p. 15.
26. The Governor to the Legislative Council, Nov. 28, 1957 *Government Gazette*, XIII (1958), p. 21.
27. *The Times* (London), Aug. 11, 1949, 3:3.
28. *N.B.A.R. 1947*, p. 10; *1948*, p. 13; *1949* p. 15.

but those from Timor and Flores are negritoes, strikingly different with their fuzzy hair. Most of them are Roman Catholics. They are not very advanced and are generally found doing the simpler manual labour.

These Indonesian immigrants come by ship or boat to Tarakan by launch to Nunukan, and then by small boat round the north of Sebattik island to enter the Colony at Tawau. It was in the Tawau area that until 1956 they were found almost exclusively, working with the timber, hemp, and rubber companies. In that year they were recruited in Tawau for work on the west side of the Colony and are now found in numbers there. Although they have considerably eased the labour shortage the Government does not regard them as a permanent solution for they rarely come as settlers and sometimes departures exceed arrivals.[29]

The Philippines, by reason of their proximity and great unemployment, would appear to offer a fruitful source of immigrants. Many in the southern islands are Muslim and readily assimilable with the coastal natives of Borneo but, of course, the majority of Filipinos are Roman Catholic. They appear particularly attractive immigrants because of their relatively high level of education, one of the fruits of American rule. The attraction of the Philippines was not lost on the Government and on August 29, 1955, in Manila the British Ambassador, Mr. G. L. Chilton, and Vice-President Carlos Garcia signed an agreement providing for the employment and settlement of Filipino workers in North Borneo. The provisions for migrants included a model labour contract conforming with the requirements of the Governments of the Philippines and North Borneo and the International Labour Organization. The initial plan covered the migration of 5,000 skilled and unskilled agricultural and mining workers, who were to be given the opportunity to acquire land and become independent farmers.[30]

This agreement has been a dead letter. Little action has been taken by employers under it, owing to certain doubts as to interpretation and because they have been able to fill their needs otherwise.[31] Both before and after the agreement numbers of Filipinos have arrived on the east coast seeking employment. One timber company which has an associated company in the Philippines in particular relies on Filipino labour, but other timber companies too have found their services valuable, as the Borneo timber industry is a rising competitor with that of the Philippines. It is not easy to attract and hold the most skilled fellers and sawyers as the wage

29. Governor to the Legislative Council, Nov. 28, 1957, *Government Gazette*, XIII (1958), p. 21.
30. *The Times* (London), Aug. 30, 1955, 7:4.
31. *N.B.A.R. 1956*, p. 18.

rates in the Philippines are so much higher. The Filipino in North Borneo can buy pesos at par with the Malayan dollar, however, though the official rate is approximately M$1.50 to one peso.

One government sponsored scheme of immigration has met with success, albeit on a small scale, and that is the settlement of Cocos Islanders in the Tawau and Lahad Datu areas. The Cocos Islands, in the Indian Ocean several hundred miles south and west of Java, were suffering from over population. There is no real soil in the islands to support agriculture and there is a limit to the possible development of copra and coconuts. The population was 1,700 and it was estimated that the transfer of 800 would solve the problem. The Singapore Government offered to resettle any people willing to emigrate and the North Borneo Government offered to take them. There were complications in that few ships were available; the islanders had no resistance to disease and were naive through their long isolation. A healthy area had to be found for them, and an area rather isolated to allow a gradual introduction to the outside world. Tawau in south-west Borneo was such a place. The first batch came to Tawau in 1949 and was settled and employed on the hemp estate of Borneo Abaca Ltd. By the end of that year 160 had come, and by the end of 1950, 505. Two more groups arrived in 1951 including some, this time, for Danvel Tobacco Ltd.'s estates near Lahad Datu. The movement was completed by 1952 when a total of 1,486 Cocos Islanders had arrived in Borneo. The immigrants have adapted themselves successfully to their new environment.[32]

There are small numbers of Indians and Pakistanis in the Colony — artisans, technicians, and traders. Some are former members of the police force now engaged in farming.[33] The possibility of planned immigration was taken up by the North Borneo Government in 1952 through the Singapore representative of the Government of India, and an Indian Immigration Advisory Committee, consisting of two government officers with three private citizens under the chairmanship of the Commissioner of Immigration & Labour, was set up to study the ways and means of making a pilot settlement of one hundred families. It was planned to bring farmers and skilled workers, but the proposals put forward proved too expensive for the Colony and had, in any case, not proved popular so in 1953 the project was dropped.[34]

Most of the nationalities of southeast Asia are represented in some degree in Borneo. When ten elephants were brought by one

32. *N.B.A.R. 1949*, p. 13; *1950*, p. 10; *1951*, p. 15; *1952*, p. 23; *The Times* (London), Mar. 22, 1951, 5:7.

33. *N.B.A.R. 1956*, p. 14.

34. *N.B.A.R. 1952*, pp. 24 & 139; *1953*, p. 26.

of the timber companies to Borneo from Thailand their mahouts came with them. One of these Thais remained in Borneo after his fellows and the surviving elephants returned to Thailand. Burmese are more considerably represented. The same timber company, which has long associations with Burma, brought some Karens and a few Burmese proper as skilled and unskilled labour. A number of Anglo-Burmese are also to be found in Borneo, often in government service. Many of them were employed with government in Burma, but after independence they were squeezed out by the changeover, as the official language, from English to Burmese, in which some of them were not sufficiently literate, and by discrimination, especially against those who claimed British not Burmese nationality.

One nationality that before the war was numerous in the Tawau and adjacent districts but is no longer found is the Japanese. All were expelled at the end of the war and for a number of years thereafter even the crews of Japanese ships were not supposed to land, without a special permit from the Governor. This regulation was abolished in 1955[35] though visas are required for Japanese as for other foreign visitors. A few Japanese businessmen have visited the Colony. It may well be that as time heals the memory of the war years the Japanese will be permitted to re-establish their former fish cannery on the east coast and other enterprises.

It may be a long time before Japanese immigrants are permitted again but unless they are it is difficult to see how North Borneo's problem of underpopulation can be solved. We have noted the failure of the official schemes to bring settlers from India and the Philippines. It is now the official view that if the Colony is artificially to augment its population it should build on the foundation and tradition of the present peoples; that is to say it should look to people of Malayan and Chinese stock.[36] By its insistence, no doubt correct, on careful screening of Chinese immigrants the Government has almost cut off one source of population acceptable to it. Only if it were feasible to attract Indonesians as permanent settlers rather than migrant workers would the problem of underpopulation be solved.

A mention must be made of the Europeans in the Colony. Numerically they are insignificant. The 1951 census counted 1,213 but this included Eurasians,[37] so the number of pure Europeans, including in that category Australians and Americans, was probably less than 1,000. They head all the government departments and econo-

35. *Government Gazette*, X (1955), p. 120.
36. *Text of the Speech by his Excellency the Governor, Sir Roland Turnbull, K.C.M.G., at Jesselton Hotel on the 25th February, 1956*, printed at the Government Printing Department, Jesselton, N.B. 1956.
37. Preliminary Census Report 1951, p. 11.

mically their importance is primary. They are the managers and principal assistants on all the largest rubber and hemp estates, in the largest timber companies, the banks and the leading import-export houses. Most of them are in Borneo on approximately three years contracts to their employing firms, the majority of which are controlled from the United Kingdom. A handful have set themselves up independently and in this category falls one, and probably the only, American inhabitant of the Colony and his family.

4. *Religion.*

In the census of 1951 the religion of the inhabitants was classified as Christian, Muslim, "other", and "none". The last covered not only such pure atheists as there may be, but persons not following one of the recognized formal religions of the world. In respect of natives this classification may be taken, therefore, to mean pagans. The "other" classification covers, apart from a few Hindus, etc., the Chinese Confucian-Buddhists. As percentages of the total population the three censuses, 1921, 1931, and 1951, showed the following religious distribution: Christian, 2.7%, 3.9%, 8.7%; Muslims, 31.8%, 32.1%, 34.5%; other religions, 13.%, 15.3% 16.5%; pagans 52.5%, 48.7%, 40.3%. The increase in the proportion of "other" religions reflects the increase of the Chinese population as a proportion of the whole. The pagans appear to be turning to Christianity more than to Islam.

Even so, of 117,867 Kedazans only 8.5% were Christians; 4.3% were Muslims and 86.6% pagans. Of 18,724 Muruts 93.4% were pagans; a mere 675 professed Christianity, 523 Islam, and 35 other religions. The 44,728 Bajaus were 99.5% Muslim; only 2 claimed to be Christians, 9 to follow other religions, and 226 to be pagans. The 61,690 other indigenous people were 82.6% Muslim, 11.2% pagans, 2.2% Christians and 4.0% of other religions. 9.8% of the Chinese were of no religion and in their case many, no doubt, were genuine atheists. Christianity was professed by 20.7%, and other religions by 69.2%. There were 237 Chinese Muslims.[38]

The paganism of the Kedazans and Muruts is a vague and informal thing. Neither people has any temples, priests, idols, or sacred animals, or even makes sacrifices except to appease evil spirits. There is litle or no conception of punishment in an after life for earthly sins. The Muruts believe in a paradise in hills of the interior, and the Kedazans more particularly in a paradise on Mount Kinabalu. Some of the Muruts believe in a series of transmigrations of the soul to a sort of Nirvana. The Muruts have no parti-

38. *North Borneo Report on the Census of Population, 1951* (Jesselton 1953), pp. 75-76. Hereinafter cited as *Report on the Census 1951*.

cular deity, but some Kedazans conceive of a Supreme Being, with a wife and sometimes with a son.[39]

There is also a good deal of underlying paganism beneath the veneer of Islamic belief held by the Muslims. The ghosts of the departed and evil spirits are feared.[40] There is very little active proselytization for the faith and such conversions as occur are generally due to the influence of Muslims living among pagans and to intermarriage. It is thought that the total number of conversions to Islam in the years 1931-1951 was not more than 3,000.[41] The obligations of their religion weigh lightly with most North Borneo Muslims. Pork is generally abhorred, but few pray regularly, let alone five times a day. The fast of the month of Ramadan is slackly observed and not many attend the mosques on Fridays, though on the great holidays, particularly Hari Raya Puasa at the end of Ramadan, the mosques are crowded. The buildings themselves are humble structures of wood, and *attap* or corrugated iron, but the scene as the holiday congregations enter and leave is a brilliant one. The men – for women rarely attend – wear loose, fitting silk *baju* (jackets) and *chelana* (trousers), generally in white, set off by sarongs of the brightest colours. There must be few who have made pilgrimage to distant Mecca, a contrast with Malaya, whence several crowded ships sail each year for Jeddah. North Borneo, except for the southern islands of the Philippines and parts of Celebes, lies as the very edge of the Muslim world. There are few imams of any learning and the average understanding of their religion by its adherents is at a low level.

The religion of the non-Christian Chinese is a mixture of Confucian philosophy and Buddhist practices.[42] In most towns small temples are to be found, with the typical Chinese roof line. In the dim interiors the images are surrounded with tawdry decorations, inscribed banners, lanterns, and bowls set with joss-sticks. Their worship does not seem to attract the younger generation.

Of the Christian churches the Roman Catholic was first in the field. A Spanish priest, Father Cuarteron, who was based on Labuan, worked in a area near Jesselton in the years 1859-79 with the aim of freeing the Christian slaves of the Bruneis and Bajaus. In 1881 North Borneo was assigned to St. Joseph's Foreign Mission Society of Mill Hill, England, and that year the first station was established at Papar. In 1887 a school, and in 1889 a convent, were established in Sandakan. The work of the mission was confined to the Chinese, and to the Kedazans alone of the indigenous

39. Rutter B.N.B., pp. 290-302.
40. *Ibid.*, p. 310.
41. *Report on the Census 1951*, pp. 74-75.
42. *Ibid.*, p. 75.

peoples.[43] It was interrupted by the Japanese war, but resumed soon afterwards. By 1949 there were thirty-six Catholic schools operating, and by 1954 forty.[44] Most of the churches, schools, and convents are in the main towns on the coast, but there are also missions at Tambunan, Keningau, and Penampang.[45]

The Anglican bishop of Singapore, Labuan, and Sarawak visited Sandakan soon after the grant of the Company's charter, and as a result of his visit a Chinese catechist was sent as an evangelist. The real foundations of the Anglican church in North Borneo were laid by the Rev. W. H. Elton, who arrived in Sandakan in 1888 and was to remain for a quarter of a century. Kudat and later Jesselton became important centres of the mission. Labuan, which became a British colony in 1846, had a church by about 1860, which was visited at first from Kuching and later from Sandakan. At the beginning of the twentieth century there was a mission among the Muruts at Keningau, but after 1902 it proved impossible to staff it any longer. This failure of the Anglican church to evangelise the natives of North Borneo is in contrast to its considerable success among the Land Dayaks and Sea Dayaks of Sarawak. The work in Sarawak had begun much earlier, at Kuching in 1848, and there was never sufficient staff for large scale effort in distant North Borneo. The mission work remains confined to the main towns and consequently to the Chinese. Until 1954 the Society for the Propagation of the Gospel, a rather High Church body, provided the staff of the mission. In that year, however, the Australian Church Missionary Society, a more evangelical group, took charge of the work in Tawau and Lahad Datu.[46] In 1949 the Anglicans had eight schools and in 1954 nine.[47] The name of the diocese was changed from "Labuan and Sarawak" to "Borneo" in 1949.[48]

The Borneo-Basel Self-Established Church had its first centre in Kudat. Its work is confined to the Chinese. In 1949 it had eleven schools and in 1954 thirteen, though with rather fewer pupils than the schools of the Anglicans. The Seventh Day Adventists had two small schools in 1949 and five by 1954. An Australian group, known as the Borneo Evangelical Mission, has been active among the pagans of the interior for some years.

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43. Rutter, *B.N.B.*, pp.339-40, & Tregonning, *Chartered Company Rule*, pp. 173-175.
44. *N.B.A.R. 1949*, p. 37, & *1954*, p. 72.
45. *Report on the Census* 1951, p. 75.
46. *Fitly Framed, Diocese of Borneo 1885-1955* (Kuching 1955) pp. 31-36.
47. *N.B.A.R. 1949*, p. 37, & *1954*, p. 72.
48. A separate diocese of Jesselton was established in 1962. Missionary work has since 1958 been extended to the natives of the Labuk, Kinabatangan, and Segama Rivers.

CHAPTER III

THE HISTORICAL BACKGROUND

1. *Early History.*

The history of Borneo before the arrival of the first Europeans in the sixteenth century is almost totally unknown. It is possible that the Chinese visited the island as early as the Sung dynasty, A.D. 960-1279, and that expeditions despatched by the Mongul conquerors to Java touched Borneo. A Chinese commander, Cheng Ho, led an expedition that called at some part during the reign of Ming ruler, Yung Lo (1403-1424). There are also early traditions of a Chinese province being established in the north part of Borneo, in the Kinabatangan area. Most of North Borneo was, however, under the nominal control of the Sultan of Brunei who at one time owed allegiance to Java, but, in 1370, transferred his loyalty to China.[1]

The Sultan was a ruler of considerable wealth, according to the first detailed descriptions of his court and capital furnished by the survivors of Ferdinand Magellan's expedition with Pigafetta. They were entertained to dinner by the Governor and received by the Sultan. Elephants were provided for their conveyance. They noted that much of the town, as it is today, was built over water. There was a flourishing floating market; among the products they saw were rice, sugar cane, camphor, ginger, gums, and wax.[2] Porcelain was said to be made, but even if true it is so no longer. It was from Pigafetta's time that the name Borneo, a corruption of the name Brunei, began to be applied to the whole island.[3]

In 1526, a few years after Pigafetta's visit, Jorge de Menezes visited Brunei and was instrumental in starting a trade in pepper with Malacca, then a Portuguese possession, which went on until Malacca fell to the Dutch in 1641, when the trade was transferred to Macao. It was the Dutch who were to succeed to the Portuguese supremacy in the Indies. Batavia was founded in 1611, and by

1. *Colony of North Borneo Forest Department Annual Report 1947*, (Sandakan 1948), p. 3. This report, which contains an introductory historical chapter, was written by H. G. Keith who was a considerable authority on North Borneo history.
2. This account by Pigafetta is reproduced in Tregonning. *North Borneo* (HMSO, 1960) pp. 251-254.
3. Rutter, *B.N.B.*, pp. 86-90.

1700 the Dutch were paramount throughout the area. They were monopolists in commerce, and their insistence that all traffic should flow through their depots was injurious to the trade and prosperity of the natives. Thwarted in the pursuit of legitimate commerce, the natives of the northern coast of Borneo, among others, took to piracy.[4]

Indirectly, the Dutch policy also brought the British, rather belatedly, on the scene. Declining prosperity was one cause of a considerable rebellion in Brunei, to put down which the Sultan had to avail himself of the help of the Sultan of Sulu. For this aid the Sultan of Sulu received the cession of an area on the east coast of Borneo. Subsequently, in 1763, when the British Admiral Sir William Dampier captured Manila he released the then Sultan of Sulu, who had been a prisoner of the Spanish. In return, this Sultan ceded his Borneo territories south of Palawan to the East India Company. The flag was raised over Balembang in 1763, but it was not until 1773 that a settlement was made there. It did not prosper and in 1775 it was destroyed by pirates. No attempt was made to re-establish it until 1803; in 1804 it was finally closed, together with a factory, established in 1774 in Brunei.[5]

It was in 1839 that a young Englishman named James Brooke first came to Borneo, to Sarawak, on his yacht the "Royalist". He returned the following year, and was offered the governorship of Sarawak in return for his aid against some rebels. Though the aid was given the offer of rule was at first rejected. Subsequently, however, it was accepted, and on September 24, 1841, James Brooke was proclaimed Rajah.[6] In 1843 and 1844 Brooke, in co-operation with H.M.S. Dido, sought to subdue the pirates of Sarawak, Brunei, and North Borneo as far as Marudu Bay. Meanwhile, the Sultan of Brunei turned on those of his people who supported the English. With the return of the Royal Navy he was compelled to change his attitude or lose his throne. He chose the former course.[7]

In 1846 the British flag was hoisted on Labuan by Captain Mundy of H.M.S. Iris. The following year a treaty of friendship and commerce was concluded between Great Britain and Brunei, and Labuan was ceded in perpetuity to the British Crown.[8] The reigning house of Brunei has not, it seems, abandoned hope of regaining sovereignty over the island. In 1951, in a statement to the Press, the Sultan said that Labuan should be returned to his sultanate. It had been ceded to Britain for the suppression of piracy at a time when the island was poor, administratively inefficient, and mili-

4. *Ibid.*, pp. 90-92.
5. *Ibid.*, pp. 93-94.
6. Macdonald *Borneo People*, pp. 25-28.
7. Rutter, *B.N.B.* pp. 100-110.
8. *N.B.A.R. 1956*, p. 154.

tarily weak. Under British protection it had become financially sound and peaceful, and the Sultan saw no reason why it should not now be returned to the Sultanate of Brunei.[9] A few days later, in the Legislative Council, the Governor of North Borneo said that this notice in the press was the only intimation of the Sultan's views received by the Government. Any changes would, he said, have to be considered in the light of the best interests of the island and of the Colony, and with particular regard to the majority of the inhabitants of Labuan, who had not indicated any wish to be transferred to Brunei.[10]

Piracy was not stamped out by the expeditions of 1845 and 1846, as the pressure was not maintained and the pirate strongholds were easily rebuilt. There was a big revival of piracy about 1858 and the stronghold of Tunku thrived until H.M.S. Kestrel destroyed it in 1879. This action, and the establishment of the Chartered Company's rule shortly afterwards, put an end to piracy on a large scale.[11] It still survives in Borneo waters, and as recently as March 29, 1953, in a major affair, pirates looted the town of Semporna on the east coast. They killed six people including one European, Mr. T. R. Barnard of the Forest Department. They stayed for over five hours and took away gold, cash, cigarettes, and cloth.[12]

3. *The Origins of the Chartered Company.*

The British were almost forestalled in North Borneo by an enterprising United States Consul at Brunei, Claude Lee Moses, who in 1865 obtained from the Sultan a governing concession, to last ten years, which included much of north Borneo.[13] In Hong Kong Moses sold his rights to Joseph W. Torrey and others who formed The American Trading Company of Borneo. A settlement was established at the mouth of the Kimanis River, but it failed miserably and by the end of 1866 was abandoned. When in 1875, the concession was at the point of expiry Torrey returned to Brunei with Gustavus Baron de Overbeck, Austrian Consul-General in Hong Kong. Overbeck had conceived the idea of reselling the territory to his government and had purchased all Torrey's rights in the American Trading Company on the condition that a renewal of the leases be obtained within nine months. The Sultan, however, was adamant in refusing a renewal.

Meanwhile William Clarke Cowie, who had been running guns

9. *The Times* (London), Sept. 7, 1951, 3:3.
10. *Government Gazette*, VI, (Jesselton 1951) p. 191.
11. Rutter, *B.N.B.*, pp. 112-114.
12. *The Times* (London), April 1, 1954, 5:4.
13. The following account of the events ending in the cession by the Sultan of Sulu is based, except where otherwise noted, on Rutter, *B.N.B.*, pp. 115-122, and K. G. Tregonning, *Under Chartered Company Rule (North Borneo 1881-1946)* (Singapore, 1958), pp. 4-15.

to the Sultan of Sulu, was leased by the latter, as nominal ruler, an area in Sandakan harbour as a base for the activities of his Labuan Trading Company. When, in 1876, Cowie arrived in Hong Kong with a cargo from Sandakan he was presented with a demand for export duty by Torrey, who styled himself "Rajah of Marudu and Ambong". Cowie convinced Torrey of the worthlessness of his grants but was in turn interested in the possibility of obtaining cessions from the Sultan of Sulu. The two threw in their lots together.

Overbeck, who had been in London trying to raise capital, reached an agreement with the firm of Dent Brothers and received an advance of £10,000. In Singapore he chartered a ship and sailed with Torrey to Labuan and thence to Brunei. The dollars he now commanded proved persuasive. By three grants, all dated December, 29, 1887, Overbeck and Alfred Dent obtained from the Sultan of Brunei the cession of certain territories in North Borneo for as long as they should choose to hold them, subject to an annual payment of twelve thousand dollars, the Sultan to have the right to resume the territories if the payments lapsed for three years. The Sultan's son, the Pangeran Tumonggong, on the same day granted certain areas belonging to him, as his private property, to Overbeck and Dent for three thousand dollars annually. By a commission, also of December 29, 1877, Overbeck was appointed supreme ruler of all the territories granted, with the title of Maharajah of Sabah and Rajah of Gaya and Sandakan, and with sovereign rights.[14]

The concessions it was thought, might well be held invalid, however, on several counts. First, by the 1847 treaty with Great Britain the Sultan had no power to cede the area; secondly, it had already been ceded to the Sultan of Sulu; thirdly, Sulu was in actual possession of some parts of the territory; fourthly, the Brunei chiefs did not recognize the Sultan's right to cede the territory. Overbeck, therefore, in company with Cowie, sailed to Jolo to meet the Sultan of Sulu, who was at that time being hard pressed by the Spaniards. The British administrator in Labuan went, too, and it was through his influence that some provisions protecting British interests were included in the agreement reached by which the Sultan agreed to part with his Borneo provinces.

By a grant dated January 22. 1878, certain territories on the mainland of Borneo, as far south as Sibuku Bay, and all the islands within three marine leagues of the coast thereof, were granted to Overbeck and Dent, as representatives of a British company, for as long as they should choose to hold them; in return the Sultan

14. *The Laws of North Borneo in Force on the 30th June 1953* (London 1954), VI, pp. 3-7; hereinafter cited as *Laws of North Borneo*. Though not specifically stated, "dollars" appears to refer to the currency of the Straits Settlements, now known as Malayan dollars.

was to be paid five thousand dollars annually. The territories were not to be transferred to any other nation or company of foreign nationality without the sanction of the British Government. Any dispute between the Sultan and his successors, on the one hand, and Overbeck and his company, on the other, were to be settled by the British Consul for Borneo.[15] The annual payment was, in 1903, increased retrospectively to five thousand three hundred dollars, when the Sultan of Sulu confirmed that it had been understood by the parties to the original agreement that certain islands off the coast of Borneo were included in the cession.[16] By a commission, also dated January 22, 1878, Overbeck was appointed supreme and independent ruler with the title of Datu Bandahara and Rajah of Sandakan, and with sovereign powers.[17]

Overbeck, after depositing his representatives at several points on the Borneo coast, rejoined Dent in Singapore and together they left for England. In 1880 Overbeck sold his interest to Dent who, in 1881, acquired from Torrey such interest as The American Trading Company retained.[18] Cowie, shortly after the cession by the Sultan of Sulu, fell out with Overbeck and his associates and for a time pursued a course of active hostility to the new regime. He was effectively bought off, and transferred his activities to the Brunei area. Eventually, he retired to England with considerable wealth and became a managing director in London, and later chairman, of the Chartered Company.[19]

Once in England, late in 1878, Dent petitioned the British Government for a charter of incorporation, because it would raise the standing and the credit of the company, give prestige in dealing with the native peoples of the East, and raise the company above the level of an ordinary commercial concern. It also offered advantages to the United Kingdom in that it would give its government an element of control over the affairs of the company and its territory without incurring the obligations involved in direct colonial control and occupation. International complications and other pre-occupations prevented an immediate response from the Conservative government, and by the time Lord Salisbury had decided that a charter should be granted a change of government was imminent. It was, therefore, left to Mr. Glandstone's Liberal government to grant the charter which was dated November 1, 1881. By May, 1882, the Provincial Association to which Dent had transferred

15. *Laws of North Borneo*, VI, pp. 7-8.
16. *Ibid.*, p. 37. This annual payment of M$5,300 is still being made by the present North Borneo Government to the Sultan of Sulu's heirs.
17. *Ibid.*, pp. 8-10.
18. Tregonning, *Chartered Company Rule*, pp. 15, 17, & 25.
19. *Ibid.*, passim.

his rights had become the British North Borneo (Chartered) Company.[20]

In the charter, after the terms of the petition presented by Dent and his associates had been recited, the Queen in Council constituted them and their future associates one body politic and corporate, by the name of the British North Borneo Company. It was declared that the Company was authorised to acquire from the Provisional Association its grants, interests, and powers, and should be bound to fulfil the promises of payment made. It was further provided, *inter alia*, that the Company should always be British, that it should not have power to transfer its grants and commissions except with the consent of the Secretary of State; that any differences with the Sultans of Brunei and Sooloo (sic) were to be submitted to the decision of the Secretary of State; that the Company was to obey any directions from the Secretary of State as to its dealings with foreign powers; that it was to abolish slavery, not interfere with the religion of the inhabitants, administer justice with due regard to native law, and obey any suggestion of the Secretary of State should he object to the Company's proceedings in these matters; that the appointment of Governor should be subject to the approval of the Secretary of State. The Company was empowered to carry out the various tasks of government, though no general monopoly of trade was to be granted. In case of disputes as to the territory the Company was to defer to the Secretary of State if he thought the other party had a better claim. The charter as a whole was always to be construed in the sense most favourable to the Company.[21]

The establishment of a British State of North Borneo did not go unheeded by other powers, particularly Spain and the Netherlands. Not long after he had ceded his Borneo territories to the syndicate the Sultan of Sulu yielded to Spain, surrendering at the same time all his dominions to Spanish suzerainty. The Spanish interpreted this to include North Borneo: a Spanish gunboat actually entered Sandakan harbour, but retired to seek aid and did not return.[22] The point was settled by a protocol of 1885 in which Spain renounced all claims of sovereignty over the territories "of the continent of Borneo" which had belonged, or did belong, to the Sultan of Sulu, including the islands of Balenbangan, Banguey, and Malawali, as well as those within three maritime leagues of the coast. In return, the British government recognized the sovereignty of Spain over the archipelago of Sulu, including both the parts effectively occupied and those not. There was to be freedom of navigation both in the archipelago and in North Borneo waters.[23] The

20. Rutter, *B.N.B.*, pp. 124-128, and Tregonning, *Chartered Company Rule*, pp.21-27.
21. *Laws of North Borneo*, VI, pp. 10-23.
22. Rutter, *B.N.B.*, p. 123, and Tregonning, *Chartered Company Rule*, p. 18.
23. *Laws of North Borneo*, VI, pp. 27-30.

Dutch, who were established in southern Borneo, were also concerned; a boundary was defined by a convention between Great Britain and the Netherlands in 1891, but it was not actually delimited until 1912, when a boundary commission carried out the task, and not formally agreed until 1915.[24]

The United States Government, also, conceived a mild dislike for the new arrangements in Borneo and in February, 1880, protested to the Sultan of Brunei that it did not acknowledge his competency to cede or lease any of his dominions. The Sultan replied that he was an independent sovereign who had made no agreement with the U.S.A. not to cede his territories, and in any case the United States had not objected to previous cessions. The point was not pursued.[25]

Probably no one was more annoyed by the cessions to Overbeck and the establishment of the Chartered Company than Rajah Brooke of Sarawak, who had regarded the area as his own eventual sphere of interest and government.[26] An intense rivalry developed in the acquisition of territory from the disintegrating state of Brunei. The conflict and intrigue eventually convinced the British Government of the necessity for establishing a protectorate over all three territories, as a means of regulating their relations with each other.[27]

On May 12, 1888, the formal Protectorate Agreement was made between the State of North Borneo and Great Britain. Under its terms the State was to continue to be governed by the Company as an independent state, but under the protection of Great Britain. This protection was not to confer any right on the British Government to interfere with the internal administration of the State further than provided in the Protectorate Agreement and the Charter. The relations between the State and all foreign states, including Brunei and Sarawak, were to be conducted by the British Government. No cession of the territory of the State was to be made to any foreign state or individual without the British Government's consent, this not to apply to ordinary grants or leases to individuals for residential or business purposes.[28]

3. *The Era of the Chartered Company.*

Meanwhile, in North Borneo itself time had not been wasted. Immediately after the conclusion of the cession agreement with the Sultan of Sulu, Overbeck landed William Pryer in Sandakan Bay and, on his way to Singapore, put two more representatives ashore on the west coast, at Tempasuk (Kota Belud) and Papar respec-

24. *Rutter, B.N.B.*, p. 2, and Tregonning, *Chartered Company Rule*, p. 23.
25. Tregonning, *Chartered Company Rule*, pp. 23-24.
26. *Ibid.*, p. 16.
27. *Ibid.*, pp. 31-36.
28. *Laws of North Borneo*, VI, pp. 30-32.

tively.[29] These men had no force at their disposal and depended largely on their diplomacy and fairness in establishing themselves. The influence of the Sultan of Sulu, until his surrender to Spain, was helpful in securing acceptance of their new rulers by the inhabitants.[30] The post in Sandakan Bay was an immediate success and Pryer steadily extended his influence. The first posts on the west coast maintained themselves, but failed to develop.[31]

The territory taken at the time was not the whole area to be acquired by the Company. There were various acquisitions, generally by purchase but not always without some friction, until, by 1905, the State had reached the boundaries on the mainland which it was to retain until 1941. Labuan passed temporarily under the Company's rule in 1889. Since its occupation by Great Britain in 1846 it had stagnated and its financial situation was critical. Its administration was therefore offered to the Company, which accepted the honour. Labuan reverted to direct rule by the Crown in 1906, a change ostensibly made on grounds of imperial policy, but really a reprimand for Cowie's high handed dismissal of a Governor of North Borneo loaned by the Colonial Office.[32]

Certain of the outlying Philippine Islands are very close to the northeast coast of Borneo, and under an Anglo-United States convention of January 2, 1920, the islands of Taganak, Baguan, and the Turtle and Mangsee groups were placed, for administrative convenience, under the administration of the Chartered Company. They were transferred to the independent government of the Philippines, on October 10, 1947[33]

The rule of the Company was readily accepted in most areas, and the main dissidents were those who had profited from the previous disorders. The chief troublemaker was Mat Salleh, who plagued the government from 1894 until his death in 1900. His actual followers never numbered more than a few hundred but he was able at times to hold large districts under his sway. The last serious rising was the Rumdum rebellion, in 1915, deep in the interior near the Dutch border. It was only a few years previously that the government had begun an attempt to control the area, and its interference with slavery and head hunting annoyed the Muruts. Finally, the storm broke and a thousand warriors attacked the government post at Rumdum, but the revolt collapsed with the death of its principal leader. No reprisals were taken but some of the ring-

29. Tregonning, *Chartered Company Rule*, p. 15.
30. Rutter, *B.N.B.*, p. 123.
31. Tregonning, *Chartered Company Rule*, p. 15.
32. *Ibid.*, pp. 32-44 & 48.
33. *F. D. Annual Report 1947*, p. 4. For an account of the ceremonial transfer see Agnes Newton Keith, *White Man Returns* (London 1952), pp. 252-265.

leaders were exiled to another part of Borneo, whence they returned some ten years later as loyal supporters of the government.[34]

The early years of the Company were not easy. It was decided early on that it would confine itself to administration and not participate directly in commerce. This decision was modified in 1920, when the Company began to invest in local enterprises, notably the Cowie Harbour Coal Company and British Borneo Timbers – both in association with the firm of Harrisons and Crosfield.[35] Until 1920, therefore, the Company relied for its income on rents, duties, fines, timber and mineral royalties, and land sales, on the last of which great hopes were placed. As there was a shortage of labour, various schemes were promoted for bringing in Chinese coolies or peasants. The schemes were not always adjusted to reality; many Chinese died and many returned home, but a number of permanent communities were established.[36]

The Company was saved in its early years by the tobacco boom and, in 1890, the profits from tobacco land sales even enabled a first dividend of 2½ per cent. Lean years followed, however, and the next dividend was not paid until 1899. Two per cent was then paid for some years rising gradually to 5 per cent for the years 1909-1914. These figures reflected the boost given to the territory by the rubber boom of the early twentieth century. Scarcity of capital, shipping, and staff during the Great War and the subsequent depressions arrested the growing prosperity of the country and the Company which, however, continued to pay dividends out of capital. By 1924 the Company was heavily in debt and a policy of the strictest financial stringency was adopted. The only dividends paid from them until World War II were 1¼ per cent in 1928, 2 per cent in 1937, and 4 per cent in 1938.[37]

The political and economic development of the State of North Borneo is touched on in subsequent chapters by way of introduction to the development of the Colony. In general it may be said that by the time World War II broke out steady but unspectacular progress had been made. While, in comparison with Singapore, Malaya, and Hong Kong, the country was economically undeveloped,[38] it is hardly fair to blame the Chartered Company as Labuan, under the direct rule of the Colonial Office, had stagnated, and Dutch Borneo was not markedly different. Investors at that time had more attractive places in which to invest. A stable, just system of ordered government was established. The inhabitants had shown no discontent with the Company's rule, which is the more

34. Rutter, *B.N.B.*, chapter VII, and Tregonning *Chartered Company Rule*, chapter XI.
35. Rutter, *B.N.B.*, p. 145.
36. *Ibid.*, pp. 131-32. See also Tregonning, *Chartered Company Rule*, Chapter VII.
37. Tregonning, *Chartered Company Rule*, pp. 67-75.
38. *N.B.A.R. 1956*, p. 158.

remarkable in that from its limited revenue the Company had to satisfy both the needs of the country and the legitimate demands of its shareholders.[39]

4. *World War II.*

Immediately after the bombing of Pearl Harbour on December 7, 1941, the North Borneo Volunteer Force was mobilised.[40] The Japanese in the country were interned, many of them on Berhala Island at the entrance to Sandakan harbour.[41] Their captivity was destined to be brief, for on the first day 1942 Japanese forces landed at points on the west coast near Labuan, Mempakul, and Beaufort.[42] They occupied Jesselton on January 9 and Sandakan, then the capital, ten days later. The State was surrendered without fighting. Plans for defence had been proposed, but they were dependent on naval help and after H.M.S. Prince of Wales and H.M.S. Repulse were sunk it was decided that resistance was pointless.

It was now the turn of the Europeans to go into captivity. Those at Labuan were interned immediately, but in general on the west coast they were permitted to continue in the administration of the country until May 12, 1942. At Sandakan most were interned in January except for a few, such as medical men and magistrates, who were allowed at liberty for a short time longer. The Europeans at Sandakan were at first interned on Berhala, but later the European civilian prisoners in Borneo were concentrated at Kuching.[43] Many Allied military prisoners held in Borneo were to die on "Death Marches" from Sandakan to Ranau. The Asian civil servants continued at their posts and some were promoted to fill offices formerly held by Europeans, but as time went on a number resigned.

Japanese names were given to parts of the country, Labuan becoming Maedashima, the west coast and interior Seikai Shiu, and the east coast Tokai Shiu. Jesselton was called Api and Sandakan Elopura, though these names are not Japanese.[44] Seikai Shiu was ruled by a military governor and divided into six provinces with headquarters at Keningau, Weston, Beaufort, Jesselton, Kota Belud, and Marudu (Kudat). Tokai Shiu, with a naval governor,

39. For an American tribute to the Chartered Company see Keith, *White Man Returns*, pp. 84-85.
40. *N.B.A.R. 1948*, p. 6. After the war the members were given an *ex-gratia* payment of three months pay and allowances.
41. Keith, *White Man otherwise Returns*, p. 140.
42. Except where otherwise noted, this account of North Borneo under the Japanese to the time of the Allied ladings at Labuan is based on an article by J. Maxwell Hall, *The Japanese Occupation*, forming Appendix G pp. 235-7 of *North Borneo: A Report on the Census of Population held on 4th June, 1951.*
43. For an account of life in the prison camps see Agnes Newton Keith, *Three Came Home* (London 1948).
44. Elopura had been an early name for what became Sandakan. It means the "Beautiful City". *Keith, White Man Returns*, p. 81.

had four provinces with headquarters at Beluran, Sandakan, Lahad Datu, and Tawau. Borneo as a whole was under the administration of a military Governor-General in Kuching.[45]

The law remained substantially unchanged except, of course, for the repeal of British wartime legislation directed against the Japanese. Headmen were appointed as magistrates, but the number of cases dealt, with, appeared fewer than normal. Offenders caught red-handed were often dealt with summarily on the spot and prisoners were mainly political. The Japanese police set up the Hoko system, making the group responsible for the good behaviour of each member.

There was a poll tax of six dollars, local currency, on every male person, and a fine of a million dollars was imposed for the destruction of machinery and materials when the Japanese were invading, and for having supported China's war against Japan by subscription. Despite taxation, however, government services declined, schools closed for lack of paper and other materials, and hospitals were desperately short of all medical supplies.

The economic life of the country collapsed. All manufactured imports from the West ceased, and the Japanese were unable to fill the vacuum with their own goods. Such as did arrive were sometimes of such poor quality as to be useless. Almost the only local manufacture that sprang up was that of rubber shoes. Exports were controlled by Japanese dealers, but when the Japanese lost command of the sea they virtually ceased and even the coastal trade came to a standstill.

The food situation was critical. Before the war the country had not grown sufficient rice to feed itself and communications with the rice-producing countries of Asia were now cut. The Japanese attempted to fix the quantity of crops to be grown by each village and paid the headmen wages to organise the scheme, but generally farmers only grew enough for their own needs. It was the townspeople who were hardest hit, but although there were very severe shortages and malnutrition there was never real famine. There was sago to be had from the swamps and tapioca from the hills. On the east coast, with its heavy forests and the depredations of wild animals, it was more difficult to cultivate food crops, but game could be hunted.

For the first two years North Borneo did not suffer grievously through the war and occupation. The conquest, as noted, was bloodless and the sufferings of the people were by no means extraordinary. The Japanese did not interfere with them or ill treat them to any great extent. Freedom of religion remained except for Christianity; at Sandakan the mission books were publicly burned

45. *Also Allied Geographical Section South-West Pacific Area Terrain Study No. 90 North Borneo* (1944) p. 176; hereinafter cited as *Allied Terrain Study No. 90.*

and at Jesselton the mission buildings seized. The population were expected to show greater obeisance to their Asiatic masters than their white ones had ever dreamed of exacting. All had to stand, salute, and bow to Japanese in the streets. Failure to do so could lead to slapping across the face or being stood in the sun for hours.

Discontent grew, however, and at the end of 1943 rebellion brought vicious retribution. In October of that year the Kwok rebellion, named for its leader, broke out on the west coast. The Japanese bombed towns and villages from Papar to Kota Belud. There were mass executions, notably that on January 21, 1944, at Petagas, near Jesselton. The next year, on May 26, the Americans shelled Sandakan and the Japanese took to the jungle. The Americans landed and were received with great rejoicing. That night, however, they pulled out and next day the Japanese returned. They asked who had helped the Americans and some people in fear told. Some of those named escaped to the jungle in time, but the Japanese arrested sixty-seven persons, Indians, Chinese, natives, and one European, an elderly German Jewess. After some days detention and questioning at the police headquarters they were taken to the outskirts of Sandakan and executed.[46]

From early in 1945 Allied forces bombarded North Borneo and Sarawak, where there were some 25,000 troops and 4,000 other Japanese. Some towns, like Kudat, were utterly destroyed. Then on June 10, 1945, the Allies landed at Labuan and liberation began. There was some fighting in Labuan and on the west coast but serious opposition ceased on August 15 when Japan surrendered unconditionally. On September 28 Jesselton was re-entered and on October 19, Sandakan.[47]

5. *The Aftermath of War.*

Though later relieved by Indian troops,[48] the initial re-occupation forces were Australian, of the Ninth Division. Their chief task, other than mopping up the Japanese, was the rehabilitation of the natives. The government of the country was undertaken by the British Borneo Civil Administration Unit with its headquarters at Labuan, under Brigadier S. E. McCasker a former Chief Justice,[49] and later by the British Military Administration.[50]

The general situation was at first chaotic and one of the essential needs was the restoration of law and order. Buffalo theft was rife at Kota Belud, several alleged collaborators were murdered in Sandakan, and gangs of robbers infested Tawau. These areas were not

46. Keith, *White Man Returns*, pp. 127-128.
47. *F. D. Ann. Rep. 1947*, p. 4, & *N.B. A.R. 1956*, p. 161.
48. *The Times* (London), June 3, 1946, 5:3.
49. *Ibid.*, Aug. 18, 1945, 3:4.
50. *F. D. Ann. Rep. 1947*, p. 4.

liberated until September, 1945, and little could be done until some twelve thousand Japanese soldiers had been rounded up. From September, however, the incidence of crime lessened.[51] The military government commenced the reforming of the constabulary,[52] and re-established British judicial procedures and the authority of the native chiefs.[53]

As has been noted, while the Colony had not been reduced to a state of famine by the war food was scarce. This scarcity could not be remedied as completely, or as quickly, as was desired, due to the world-wide shortage both of food stuff and shipping to carry it. There were few fishing boats left and new ones could not be rapidly built because of the lack of sawn timber. To meet the situation the government had to assume control of food supplies. Essential commodities were obtained and imported for distribution to the public until normal peacetime trading could be renewed. Local cattle and pigs were moved to particularly distressed areas. The most important need was for cereal foods, particularly rice. Planting of rice was required and rationing was enforced. Prior to December 1, 1947, the basic daily ration was two ounces of rice and four of flour, which was rather less welcome. On that date the amount was increased by fifty per cent.[54] It was not until the end of 1954 that all rationing and price control of rice ceased.[55]

Materially, North Borneo was more heavily damaged in the war than any other British Colony. Sandakan and Labuan towns had been completely destroyed and others, including Jesselton, heavily damaged. Of 890 prewar government buildings in North Borneo and Labuan 614 were completely destroyed and 266 badly damaged.[56] The housing situation in the towns was critical, and people were living in whatever they could find to shelter them. In Sandakan the strong room of the former Secretariat building was occupied and so was the base of the town clock. Fortunately, temporary housing of *kajang* and *attap* (palm leaf) can be swiftly erected, and this method was adopted for houses and offices until the mills could be put in order and recommence production of sawn timber.[57] It was only in 1949 that permanent houses and offices could be built to any appreciable extent.[58]

The general health of the population had suffered from mulnutrition and lack of drugs during the war, and for some time after

51. *Council Paper No. 1 of 1946*, para. 16, *vide N.B.A.R., 1947* p. 55. This Paper is published in *N.B.A.R. 1947*, pp. 52-58.
52. *Ibid.*, para 20, *N.B.A.R. 1947*, p. 56.
53. *The Times* (London), Aug. 18, 1945, 3:4.
54. *Council Paper No. 1 of 1946*, para. 24, *N.B.A.R. 1947*, p. 57, and Keith, *White Man Returns*, pp. 43-44.
55. *N.B.A.R. 1954*, p. 5.
56. *N.B.A.R. 1947*, p. 3.
57. Keith, *White Man Returns*, pp. 43-44.
58. *N.B.A.R. 1949*, p. 5.

malaria and dysentery took easier toll of the weakened population.[59] The civil hospitals at Sandakan, Kudat, Lahad Datu, and Labuan had been completely destroyed, but temporary buildings were erected. Hundred of tons of medical supplies were brought in and distributed free.[60]

Communications, never good, were now almost non-existent. Such roads as had existed had been damaged by Japanese heavy and tracked vehicles and, as the end of the war approached, bridges had been blown up Temporary measures only could be put in hand at first. The railway was in a parlous state; no track maintenance had been carried out by the Japanese, the bridges had been blown up, and most of the rolling stock destroyed. For two months after the liberation the railway was run by the armed forces as an essential part of military communications. New equipment was not available from overseas and the best had to be done with what could be rendered serviceable. Jeeps were a principle means of locomotive power. Temporary bridges were erected, but through traffic between Jesselton and Beaufort was not re-established until March 6, 1947, when the bridge over the Papar River, constructed by an Indian Bridging Company was opened by the Governor. The wharves of the principal ports had been totally or partially destroyed; immediately after the liberation temporary repairs were effected at all the main ports and, in addition, at Labuan a new Liberty wharf was constructed by the Australians. The shortage of berths at wharfs was no help to the shipping situation, which was acute. There was not even a regular service to Singapore. Surface mails were, therefore, unreliable and airmails depended on a weekly service of Sunderland flying boats which was operated by the RAF between Singapore, Kuching, Labuan, and Jesselton. There was no internal air service. All the wireless stations and telephone exchanges were at first out of action, but ten wireless stations were soon repaired and communication between Labuan and Singapore established.[61]

The work of the months immediately following the liberation is well summarised in the second paragraph of Council Paper No. 1 of 1946

> The British Military Administration gradually got matters under control, and by 15th July, 1946, when it handed over to the Civil Government, it had in the main restored law and order, carried out first-aid repairs to communications, cleared away a large amount of the debris of war, brought in sufficient food and other essential supplies to prevent hunger and halt

59. Keith, *White Man Returns*, p. 44.
60. *Council Paper No. 1 of 1946*, para. 19, *N.B.A.R. 1947*, p. 55.
61. *N.B.A.R. 1947*, pp. 38-42, & *Council Paper No. 1 of 1946*, paras 21, 23, & 25, *N.B.A.R. 1947*, pp. 56-58.

disease. It had also made a start to repair damaged works and buildings and to provide temporary accommodation for the local staff.[62]

It was, therefore, amid hopeful circumstances that the new Colony of North Borneo was formally proclaimed at a ceremony in Jesselton on July 15, attended by Mr. Malcolm MacDonald, Governor-General of the British Territories in South-East Asia. Messages were received from the Secretary of State for the Colonies, who expressed his awareness of the privations the people of North Borneo had suffered, and from his Majesty the King, who paid tribute to the wise and just rule of the Chartered Company and promised that the new government would build on the foundations laid so well.[63]

6. *The Twilight of the Chartered Company.*

Sir Neill Malcolm, the President, and the Court of Directors of the Chartered Company realised by the end of the war that their resources would be inadequate for the immense task of reconstruction to be faced in North Borneo. Informal approaches to the British Government led to formal propositions and negotiations, though the Government at no time rejected the fundamental proposition that is should assume the administration of the territory.[64] Finally, in June, 1946, the Secretary of State for the Colonies announced in the House of Commons that an agreement had been reached between the Government and the Chartered Company for the transfer of the latter's territory to the Crown. Compensation was to be determined by arbitration on the basis of the net maintainable revenue and the number of years purchase which, in the opinion of the arbitrator, should be applied thereto.[65]

The Government paid £860,000 in advance to enable the Company to redeem the outstanding 5% debenture stock.[66] It was not until 1949 that the Colonial Office was able to announce that the arbitrator, Lord Uthwatt, had awarded £1,400,000 to the Company The Court of Directors estimated that this would give ten shillings per share of issued share capital in voluntary liquidation.[67] Not all were satisfied with this, and the Directors were pressed to seek additional compensation, particularly for war damage.[68] The process of distribution of the assets, however, was soon to commence.[69] Despite the meagre or non-existent dividends in so many years there were no doubt some shareholders, the more romantically inclined,

62. *N.B.A.R. 1947*, p. 52.
63. *The Times* (London), July 16, 1946, 3:4.
64. Tregonning, *Chartered Company Rule*, p. 222.
65. *The Times* (London), June 20, 1946, 2:2.
66. *Ibid.*, June 18, 1946, 7:2.
67. *Ibid.*, March 1, 1949, 3:3.
68. *Ibid.*, March 9, 1949, 8:2; July 14, 1949, 9:3; August 9, 1949, 9:3.
69. *Ibid.*, Oct. 12, 1949, 8:7.

as well as many servants of the Chartered Company, who mourned the abdication of its sovereignty and final liquidation. In the sale of North Borneo to the Crown was achieved, however, the original ambition of the men who purchased a wild and unknown territory, and the earnest desire of successive Courts of Directors in the many trying years during which the country was painfully developed.[70]

70. See, for example, Tregonning, *Chartered Company Rule*, p. 69.

CHAPTER IV

CONSTITUTION AND ADMINISTRATION

In 1945 the constitutional and administrative structure of North Borneo lay in ruins. The body nominally sovereign was unable to exercise its powers; government offices were disorganized, their records lost, their buildings destroyed, and their staff dead or dispersed. In such circumstances it would have been possible to build an entirely new system. This chapter will show, however, how closely the new constitutional arrangements, and even more so the organization of central and local administration, were modelled on those of the Chartered Company, and that such changes as were made in the ensuing years were, for the most part, natural development rather than radical alterations.

1. *Constitution.*

The Colony of North Borneo was constituted by the North Borneo Cession Order in Council of July 10, 1946. This stated that whereas an agreement had been made between the Secretary of State for the Colonies, on behalf of His Majesty, and the British North Borneo Company, whereby the Company had transferred and ceded all its rights, powers, and interest in the territory with effect from July 15, 1946, it was, therefore, ordered that the State of North Borneo be annexed to and form part of His Majesty's Dominions, and should be called, together with the Settlement of Labuan, the Colony of North Borneo. All persons who on July 15 were citizens of the State of North Borneo by virtue of the North Borneo Naturalisation Ordinance of 1931 should, on that day, become British subjects. By the Labuan Order in Council of the same date it was declared that it was expedient that Labuan should be governed in conjunction with North Borneo, and ordered that with effect from July 15, 1946 it should be a part of the new Colony of North Borneo.[1]

It remained to provide the constitutional framework. During the regime of the Chartered Company the country was ruled by the Governor, but the latter was much more under the control of the Court of Directors than most colonial governors were under that of the Colonial Office. At times, depending on the relative strengths of character and ability of the Court and of the Governor, the latter

1. *Laws of North Borneo*, pp. 49-52.

was reduced almost to a cypher and the most trivial decisions had to be referred to London.[2] Very early on, in 1883, an Advisory Council was formed consisting of five officials, that is holders of government office, and one unofficial. The Court wished to see Chinese and native members and a Chinese member did appear at the second meeting. The Chinese, however, preferred a council of their own, and thereafter the one unofficial was generally a member of the Sandakan European business community. The Advisory Council did not thrive and ceased to meet after 1905. In 1912 a new Legislative Council was formed with seven official and four unofficial members, the latter being a Chinese, a planter from the west coast, one from the east coast, and a member of the business community. Later there were two Chinese; there were no native members. This body continued in existence, meeting once or twice a year, until 1941, but criticism of the government was more likely to be made through such bodies as the Planter's Association and the chambers of commerce.[3]

The first postwar constitution was the Letters Patent, also dated July 10, 1946, under the Great Seal of the Realm constituting the office of Governor and Commander-in-Chief of the Colony of North Borneo and providing for the government thereof. It was declared that it was necessary to provide this government, but with the intent that such provision should be temporary only, until the most appropriate method of associating the people of the Colony with its government could be determined.[4]

Meanwhile, there was to be a Governor and Commander-in-Chief. He was to be assisted by an Advisory Council to consist of the Chief Secretary, the Attorney General, and the Financial Secretary, as *ex officio* members, and such other persons, to be styled appointed members, as the Governor might appoint. They were to hold their places at the Governor's pleasure. The Advisory Council was only to be summoned by the Governor, who was to preside as far as possible. Only he was to be entitled to submit questions for advice and he could act in opposition to the advice given. The Governor was to make the laws for the Colony, but, in doing so, should consult the Advisory Council. Any such laws were disallowable by His Majesty through a Secretary of State. The Crown reserved full powers of legislation.[5]

The first meeting of the Advisory Council was held on July 15, 1946, in the bullet-scarred, upper room of the old district office in Jesselton, using a strange medley of tables, incongruous chairs, and

2. See, for example, Tregonning, *Chartered Company Rule*, p. 64.
3. *Ibid.*, pp. 51 & 65-66.
4. *Laws of North Borneo*, VI, pp. 53-54.
5. *Ibid.*, pp. 55-59.

notepaper headed "Australian Comforts Fund".[6] At the end of 1947 there were, in addition to the three *ex-officio* members, nineteen who had been appointed by the Governor. The officials were the three Residents, the Commissioner of Immigration and Labour, and the Conservator of Forests. The unofficials were six natives, four Europeans, and four Chinese.[7]

Shortly after his arrival in the Colony in February, 1947, the first Governor, Mr. (later Sir) Edward Francis Twining, indicated to the Advisory Council that he had been charged by the Secretary of State to ascertain as soon as possible, and make recommendations, how the people could be more closely associated with the government of the Colony. In consequence, in June 1947, the Council passed a resolution on the future constitutional development of the Colony, and the proposals were approved in principle by the Secretary of State. It was then necessary to study the proposals and to put forward recommendations in greater detail for the consideration of the Secretary of State. To this end the Governor appointed a committee of Mr. T. D. Wallace, in his personal and not his official capacity of Attorney General, as chairman, the three Residents, and all the native and unofficial members of the Advisory Council, to prepare detailed proposals for the constitution of Executive and Legislative Councils.

At the meeting of the Advisory Council in March, 1948, the committee produced an unanimous report which was forwarded to the Secretary of State. Both a partly elected representation and a majority of unofficial members in the proposed Legislative Council were considered by the committee and rejected as premature. A suggestion that unofficial representation be on racial, geographical, or syndicalist lines was thought to be inadvisable; the members considered the Governor should be able to use his discretion, and were satisfied with the assurance that all sections of the community would receive fair representation. One unusual proposal was adopted; in spite of an almost invariable rule in colonial constitutions that an unofficial member of a council should not hold any office of emolument under the Crown as a government officer or pensioner, it was decided that, since in North Borneo most of the natives suitable for nomination to the Council were either government officers or pensioners, this rule should not be applied to them.

A long correspondence ensued with the Colonial Office about various clauses, mainly on questions of drafting and law. Addressing the Advisory Council on June 12, 1950, the Governor explained that pressure of work in the Colonial Office had prevented more

6. The Chief Secretary reminiscing in Legislative Council Sept. 25, 1952, *Government Gazette*, VII (1952), p. 248.
7. *N.B.A.R. 1947*, p. 48.

expeditious handling of the matter, and only recently had a revised draft, which would take some time to consider, been sent to London.[8]

In view of the delay, and to form a nucleus for the Executive Council envisaged in the new constitution, the Governor in 1948 appointed an Executive Committee which consisted of the Chief Secretary, the Attorney General, the Financial Secretary, the Resident of the West Coast, and the Commissioner of Immigration and Labour, together with one leading native, one European and two Chinese. This committee examined legislation to be introduced and advised on matters of policy.[9]

The new constitution eventually appeared in The North Borneo (Amendment) Letters Patent dated August 9, 1950. The Crown was now minded that there should be established Executive and Legislative Councils in place of the Advisory Council, this change to take place on a day to be appointed by the Governor. The Executive Council was to consist of such persons as should be directed by instructions to be issued. The members should hold seats at His Majesty's pleasure and, subject thereto, for such periods and on such conditions as were to be specified in the instructions. The Legislative Council was to be established by an order in the Privy Council with such functions as might be prescribed by the order.[10]

The instructions were issued on October 9, 1950. Under them the Executive Council consists of the same three *ex-officio* members, two official members, and four nominated members. A nominated member, unless a native, must be a person who does not hold an office in the public service. The official and nominated members are appointed by the Governor, in pursuance of instructions from the Secretary of State, for a three year term. The Governor can suspend any official or nominated member but has to report his action to the Secretary of State.[11]

The Governor can invite anyone he chooses to attend and give advice at the Executive Council. He is required to preside at its meetings, as far as possible, and to consult with the Council in the exercise of the powers and authorities vested in him, except in cases first, where the King's service would be materially prejudiced by his so doing; secondly, where the matter is too unimportant to require the Council's advice; thirdly, where it is too urgent to admit the members, advice being given in time, though in such cases he has to communicate to the Executive Council as soon as possible the measures taken and the reasons. The Governor alone

8. *Government Gazette*, III (1948), pp. 56 & 68-69; V, p. 214; VI, p. 105.
9. *N.B.A.R. 1947*, p. 48, and *1948*, p. 4.
10. *Law of North Borneo*, VI, pp. 67-68.
11. *Ibid.*, pp. 75-77.

is entitled to submit questions to the Executive Council. He can act in opposition to the advice given, but, if he does, he must report the fact to the Secretary of State, giving his reasons.[12]

The North Borneo (Legislative Council) Order in Council was made on October 9, 1950. Under its terms, the Legislative Council consists of the Governor as president, the usual three ex-*officio* members, nine official members, and ten nominated members. The official members must be British subjects, or British protected persons, holding office in the public service. The nominated members must similarly be British, be 21 years of age or more and, unless they are natives, they cannot be holders of public offices. The official or nominated members normally are appointed for a term of three years. The Governor can suspend them, but he must notify the Secretary of State. The right of a person to be or remain a member of the (Legislative) Council has to be referred to and decided by the Governor in Council. (That is "the Governor acting after consultation with the Executive Council but not necessarily in accordance with the advice of such Council nor necessarily in such Council assembled".). The Governor can invite any one he wishes to a session of the Legislative Council, but such a person has no vote.[13]

The official language of the Council is English. There has to be a session at least once per year, not more than twelve months intervening between the last sitting in one session and the first in the next. The Governor may at any time prorogue the Council. Subject to the limitations imposed by the Order in (the Privy) Council and the standing orders of the Legislative Council, drawn up in the first instance by the Governor, any member of the Legislative Council may introduce any bill, or propose any motion for debate, or present any petition. Except with the Governor's consent, however, the Council may not proceed with any bill which, in the opinion of the Governor, would dispose of, or place a charge on, any public revenue or fund, or which would suspend the standing orders of the Council.[14]

Subject to the provisions of the order in (the Privy) Council it is lawful for the Governor with the advice and consent of the Legislative Council to make laws for the peace, order, and good government of the Colony. The Governor has a casting vote only. A bill becomes law when the Governor, assenting in the name of the Crown, signs it or, for certain classes of bills, when the Crown has assented through the Secretary of State and a proclamation of this has been made in the Government Gazette. Under the instructions to the Governor of October 9, 1950, he is not to consent to any bills

12. *Ibid.*, pp. 77-81.
13. *Ibid.*, pp. 86-94.
14. *Ibid.*, pp. 97-98.

in certain classes without the prior royal approval given through the Secretary of State, unless the bill contains a clause to the effect that it is only to come into operation when such approval has been given; included are any measures concerning the divorce of married persons or grants to himself, the currency or the establishment of banks, differential customs duties, anything inconsistent with the Crown's treaty obligations, defence or the control of aviation, anything prejudicial to the Royal Prerogative or the rights and property of British subjects outside the Colony, discrimination against any racial or religious group, and provisions to which the Royal Assent has previously been refused. The instructions state that laws passed are to be styled ordinances "enacted by the Governor of the Colony of North Borneo with the advice and consent of the Legislative Council." The final clause of the Legislative Council Order in Council affirms that nothing in the Order affects the power of the King, now Queen, in Council to make laws for the Colony.[15]

By separate proclamations of October 16, 1950, the Governor declared that on the following day the North Borneo (Legislative Council) Order in Council, 1950, and the North Borneo (Amendment) Letters Patent, 1950 should come into effect.[16] The inaugural meeting of the Legislative Council was held at the Public Works Department building on October 31, when the Governor reviewed the constitutional development of the territory. The establishment of councils was, he said, no innovation; from the early days of the present century the Governor was required by regulation to exercise many of his functions in consultation with an Advisory Council, which comprised several senior officials and unofficial member, and which was abolished and replaced by a Legislative Council in 1912. It might seem that the country was now only starting again at the point reached in 1912, but this was not so. The 1912 Council contained only eight officials and five non-official members, none of whom were natives. Now there was a Council of twenty-two, of whom ten were non-officials including four natives; there was also a native Clerk of the Council. Further, so long as government was vested in the Chartered Company the possibilities of constitutional development were limited. The 1912 Council could never grow to the full power and responsibility which would be the inheritance of the Council now born; for under the Chartered Company the final word in most issues rested with the Court of Directors, who were bound by the Charter and in financial matters were answerable to the shareholders. Thus the budget was not submitted to the former Legislative Council, nor was expenditure voted or controlled by it.

15. *Ibid.*, pp. 82-83, 95-96, & 99.
16. *Ibid.*, pp. 70-71 & 100.

With the introduction of the Crown Colony in 1946, continued the Governor, much more extensive local powers were vested in the Governor, for the Advisory Council was essentially for discussion and consultation. All power, executive and legislative, was vested in the Governor. The position now was much changed. In executive functions, he was henceforth bound to consult on practically every matter of importance with an Executive Council which included four non-official members; if he wished to act in opposition to this Council he must report his reasons to the Secretary of State. In the legislative sphere, there was no local problem the Legislative Council was not empowered to consider.[17]

It was significant, on this occasion of the first meeting of the Legislative Council, how many speakers paid tribute to the good government of the Chartered Company. Accordingly, a telegram was sent by the Governor to Major-General Sir Neill Malcolm, former President of the Court of Directors, conveying to him and his fellow directors of the Company a message of greeting from all members of the new Legislative Council, and saying that the opportunity had been taken to record the high esteem in which was held the splendid record of administration in North Borneo of the Chartered Company. Sir Neill Malcolm replied that he and his fellow directors had been deeply touched by this message and expressed their confidence that the country would prosper under the new administration.[18] *Morituri te salutant.*[19]

The sessions of the Legislative Council are now of one year's duration, in which time three or four meetings are held. The first meeting of each session is in November or December and the Council is prorogued within a year. This first meeting considers the budget for the coming financial year, which coincides with the calendar year, and normally lasts for two days. The other meetings last one day each. It is the usual practice for the Council to assemble at 10 a.m. and it is rare for its business for the day not to be completed before lunch; one meeting lasted thirty-two minutes. Business follows a set order. The president of the Council, who is the Governor or Acting Governor, at one time invariably opened the proceedings with an address reviewing the Colony's affairs, but from the beginning of 1956 he has generally not done so except at the budget meeting. Next comes the formal laying of papers, such as the annual departmental reports, upon the table, followed by question time. The questions are often concerned with matters of local rather than colony-wide import and are answered by

17. *Government Gazette*, V (1950), pp. 456-458; also *The Times* (London), Nov. 2, 1950, 5:7.
18. *Government Gazette*, V (1950), pp. 456-465.
19. These were the opening words of the telegram.

the appropriate official member. Then follows a time in which motions may be proposed. These are rarely controversial, though occasional ones, such as an unofficial member's proposal that Council Paper 34 of 1955 be withdrawn,[20] generate some heat. Next bills are considered. The formality of a first reading takes little time, but in moving the second reading of a bill it is customary for an official member to explain the necessity and purposes of the measure. After the second readings, the Council resolves itself into a committee of the whole Council to consider the bills in committee. When the Council resumes, the third reading of bills is formally moved, the bills are "read" and passed. Speeches on the motion for the adjournment are normally brief, and the occasion is often taken for expressions of regard for some member of the Council who is leaving the Colony. Sometimes the opportunity is taken to criticise the government, but not often. It is said that the most important work of the members of Legislative Council is done in committees, such as the Standing Finance Committee and the Standing Development Committee, and it is possible that government policies and legislation are subjected to more rigorous examination there. In general, the public proceedings of the Council are remarkably lacking in controversy or criticism of the government. The only speeches of any length, with few exceptions, are those by the government officials moving the second reading of bills. These speeches are generally made by the Chief Secretary, the Financial Secretary, or the Attorney General. The other official members rarely say very much. The European and Chinese unofficial members take a more active part in the proceedings than the natives, some of whom have an inadequate command of English and speak rarely.[21]

As has been noted, the official language of the Council is English, though occasional brief speeches in Malay are tolerated. At a meeting of the Council on November 28, 1957, the Chief Secretary said, in answer to a question, that the admission of Malay at the meetings of the Council could not be made without similar concessions, if requested, to the several other languages spoken in North Borneo. No facilities existed, nor could they readily be secured, for a multilingual legislative body. The request for the admission of Malay in addition to English had, therefore, to be refused.[22]

The Executive Council is in the nature of a cabinet and its proceedings are not made public. Its meetings steadily increased in frequency, from five in 1952 to seventeen in 1956. At the end of 1956, besides the three *ex-officio* members, there were on the

20. See the section on "The Timber Industry".
21. *Government Gazette*, *passim*.
22. *Government Gazette*, XIII (1958), p. 28.

Council the Secretary for Local Government and, on the unofficial side, two Europeans, one Chinese, and one native.[23]

Since 1950 there has been no formal change in the law of the constitution, but within the existing framework of the law there has been evolution. Addressing the Legislative Council on November 10, 1955, the Governor told the members that, because they were his nominees, it was possible that the public reposed less confidence in them than would be just. He proposed, therefore, to ask public bodies and organizations to put forward the names of those they would particularly like to see nominated to the Legislative Council. He intended to include in a panel all the names put forward and from the panel he would normally nominate up to eight unofficial members. Two places he wished to reserve in case there should be any persons of specialised experience whose advice he, the Governor, might particularly desire. For the panel he proposed to ask the Conference of Native Chiefs to put forward six names, the United Chinese Chambers of Commerce six names, the North Borneo Chamber of Commerce (on which the large European companies are represented) three names, and the Planters, Association two names. The only conditions would be that the persons named should be British or British protected adults, and have sufficient command of English to take part in committee work. The persons nominated by the Governor would sit in their personal capacities and not as representing exclusively any organization or area, except that he proposed to ask the Town Board of Labuan to name for the panel two persons of any race, not necessarily members of the Board. He was doing this because the bonds between Labuan and the rest of the Colony were not very strong, and there was a feeling in Labuan that the island received less than its proper need of consideration in the Council. The Governor emphasised that his proposals entailed no change in the constitution and were not binding on his successors, or even on himself. He went on to give an undertaking that, when he was required to submit for Her Majesty's consideration the names of the persons he proposed as nominated members of the Executive Council, he would, whenever possible, choose from the nominated members of the Legislative Council.[24] In 1956 the nominated members of the Legislative Council were chosen by the new method,[25] which has since worked satisfactorily.

There has also been an increasing assumption of responsibility by the nominated members of Legco, as the Council is frequently known. In the same speech as the foregoing the Governor pointed out that the budget for 1956 was a budget with a difference. In

23. *N.B.A.R. 1952*, p. 134, & *1956*, pp. 162 & 194.
24. *Government Gazette*, X (1955), pp. 280-281.
25. *N.B.A.R. 1956*, p. 162.

the past, budgets had been prepared by the Financial Secretary and considered by the unofficials only after presentation to the Council. This year, for the first time, the budget was the outcome of the work of a finance committee on which the Financial Secretary was the only official member. Addressing the budget meeting two years later, the Governor remarked that this procedure was already being taken for granted.[26]

The Governor of North Borneo is subordinated in some matters to the Commissioner-General for the United Kingdom in South-East Asia.[27] The post of Commissioner-General evolved from two earlier offices which were established immediately following the period of postwar military administration. One was that of Governor-General of the territories where the United Kingdom was directly responsible for the administration, an area which at first comprised Malaya, Singapore, and Brunei, but which was shortly extended to include the new colonies of Sarawak and North Borneo. The function of the Governor-General, who took up his duties in about May, 1946, was to assist in the re-organization of the administration of the British dependent territories and to ensure co-ordination of policy and administration between them, with particular regard to defence, the development of communications, and social and economic advancement. The second office was that of the Special Commissioner for South-East Asia, who also, like the Governor-General, had his headquarters in Singapore. The Special Commissioner, appointed in March, 1946, was responsible to the Secretary of State for Foreign Affairs. His duties were to advice the British Government on problems affecting the conduct of foreign affairs in southeast Asia as a whole, to assist the re-habilitation of the various countries in the area, to promote harmony and co-operation between them and, more particularly, to deal with the serious problem of food shortage in the area.

In 1947, when Lord Killearn retired from the post of Special Commissioner, arrangements were made for the amalgamation of his office with that of the Governor-General, and this amalgamation was carried out in the following year. By a commission, dated August 10, 1948, the Right Honourable Malcolm MacDonald, who had been Governor-General since May, 1946, was formally appointed Commissioner-General for the United Kingdom in South-East Asia, with the rank in relation to foreign countries of ambassador, and to the colonial and protected territories of the King's principal representative. In this latter capacity he was given instructions, dated November 4, 1949, assigning him the duty of promoting the co-ordinating of policy and administration between the govern-

26. *Government Gazette*, X (1955), p. 280, & XIII (1958), p. 23.
27. The following paragraphs are based, except where otherwise noted, on information obtained from the Commissioner-General's Office.

ments of the colonial and protected territories. He was empowered to convene and preside over conferences of the Governors and High Commissioners for any purpose necessary to the discharge of his office. Subject to the constitutions of the territories and any instructions the Governors and High Commissioners might have received from the King, he was also empowered to give such directions in respect of defence as he considered necessary.[28]

The post was, therefore, somewhat nebulous and a good deal depends on the character of the incumbent. In relation to United Kingdom diplomatic missions in his area and, on all matters except defence, in relation to the High Commissioners and Governors of the British dependent territories in that area, the functions of the Commissioner-General are those of liaison and co-ordination only The Commissioner-General does not exercise direct administrative functions in any of the British territories. Domestic legislation for North Borneo is, therefore, not submitted to him for his approval and, in most cases, he will not be consulted about it. On occasion it might be submitted to him for his comments in the light of his general responsibility for tendering advice in the area. He is chairman of the inter-territorial conference of the three Borneo territories, which meets at about six-monthly intervals and is the forum in which developments in these territories are discussed. As regards defence the Governor-General can give more than advice. For example, a proposal to hold Communist detainees from Malaya on an island off the North Borneo coast caused some concern in the Colony. The Chief Secretary told the Legislative Council on March 20, 1951, that the decision in the first instance lay with the Government of North Borneo, but, as this was a matter of high policy affecting defence, any local decision would be subject to revision and direction by the Commissioner-General and the Secretary of State for the Colonies.[29]

2. *Administration — Departmental.*

The departments which form the civil service of the Colony are under the general direction of the Chief Secretary, who is the principal executive officer of the Government with his headquarters in the secretariat at Jesselton. The legal side of the Government is cared for by the Attorney-General, and the financial by the Financial Secretary. The Accountant-General is responsible for the public accounts.[30]

The principal Government departments in 1956 were Agriculture, Audit, Civil Aviation, Customs, Education, Forests, Geolo-

28. *The Laws of North Borneo*, VI, pp. 41-45.
29. *Government Gazette*, VI (1951), p. 98. In the event the detainees were not sent to North Borneo.
30. *N.B.A.R. 1956*, p. 163.

gical Survey, Judicial, Lands and Surveys, Marine, Medical, Police, Posts and Telegraphs, Printing, Prisons, Public Works, and the Railway. Of the above departments, Civil Aviation, Geological Survey, and the Judiciary serve for all British Borneo.[31]

There have been some changes in the pattern of departments during the years since World War II. The Agricultural Department had been administered under the same head as the Forest Department from 1921 until 1946 when the two were separated.[32] The Department of Civil Aviation only came into being in April, 1950, and then, at first, merely as a section of the Public Works Department.[33] The Geological Survey Office in Jesselton was opened early in 1950.[34] Up to November, 1954, the Land Office and Survey Department were separate.[35] Until the end of 1951, there were separate Departments of Posts and of Telecommunications. On January 1, 1952, they were amalgamated as the Department of Posts and Telegraphs.[36] Until December 1953, there existed a Commissioner of Immigration and Labour. From the beginning of 1954 his department was renamed Labour and Welfare, and it was intended that at that date all immigration duties, including passport issues, should be transferred to the Commissioner of Police. Owing to staffing difficulties, however, the transfer was postponed to January 1, 1955.[37] A Fisheries Officer was appointed in 1947 under a Colonial Development and Welfare Scheme, but a separate department did not prove justified and it was decided in 1952 to close it early in 1953, its duties to be carried on as far as possible by the Agricultural Department.[38] From January 1, 1952, the title of the head of the customs was changed from Commissioner of Customs and Excise to Commissioner of Trade and Customs.[39] In 1952 an inland revenue officer was appointed, under the Accountant-General, to correlate the administration of residence tax, company income tax, trade license fees, etc., and to prepare the creation of a separate Inland Revenue Department.[40]

Immediately after World War II there were several temporary departments, including those of the Controller of Supplies, the Food Controller, the Price Controller, and the Custodian of Enemy Property. There was a Labour Adviser for North Borneo, Brunei, and Sarawak with his headquarters in Jesselton, who was to advise

31. *Ibid.*, p. 165.
32. *F. D. Ann. Rep. 1947*, p. 20.
33. *N.B.A.R 1950*, p. 51.
34. *Ibid.*, p. 55.
35. *N.B.A.R. 1954*, p. 144.
36. *N.B.A.R. 1951*, p. 95.
37. *N.B.A.R. 1953*, p. 148, & *1954*, p. 144.
38. *N.B.A.R. 1947*, p. 49, & 1952, p. 136.
39. *N.B.A.R. 1952* p. 135.
40. *Ibid.*

on labour conditions and laws, assist in the development of trade unions, and arbitrate in cases of dispute between labour and management.[41] There was also a Commissioner for Law Revision.[42]

In 1951 the post of Administrator General was created to perform the duties of registrar of the High Court, registrar of companies, and registrar of patents and trade marks. The Administrator General also took over the duties of Custodian of Enemy Property, or Administrator of Japanese Property as the post was to be renamed. Early in 1952 he became Commissioner of Estate Duties, as from February 1953 Registrar General of Births and Deaths in place of the Director of Medical Services, and in 1954 the official receiver under the Companies Ordinance. However one task has been removed from the Administrator General's responsibility, as the Registrar of Patents and Trade Marks of Singapore has been appointed registrar for North Borneo also.[43]

The senior officers in all departments are Europeans, but the training of local men to fill increasingly more responsible posts is carried out as far as possible. The policy cannot be pursued too strenously at present, as almost all those with the necessary educational qualifications are Chinese, and the Government regards it as undesirable that there should be a gross preponderance of Chinese in the administration. Until such time as the education of the native people makes possible a proper balance of races in government service the Europeans are not an imposition, but a guarantee that the rightful place of the natives shall not be lost to them before they are equipped to take it up.[44]

3. *Administration — Local.*

Immediately after the conclusion of the agreement with the Sultan of Sulu, Overbeck left at Sandakan one of his followers, William Pryer, to whom he gave the title of Resident of the East Coast. The division of the country into East and West Coast Residencies was maintained for some years, with each divided into a number of provinces under magistrates-in-charge.[45] These provinces, named for important individuals associated with the Company, were, in 1888, Provinces Alcock, Cuncliffe, Dent, Dewhurst, Elphinstone, Keppel, Martin, Mayne, and Myburgh.[46] In later years these provinces and their alien names gave way to districts, under district officers, named for the principal town or village. By 1935 there

41. *N.B.A.R. 1948*, p. 61.
42. *N.B.A.R. 1952*, p. 136.
43. *N.B.A.R. 1951*, p. 95; *1952*, p. 136; *1953*, p. 148; *1954*, p. 145.
44. The Governor in a speech to the budget meeting of the Legislative Council Nov. 28, 1957, *Government Gazette*, XIII (1958), pp. 22-23.
45. Tregonning, *Chartered Company Rule*, pp. 15 & 51.
46. *Laws of North Borneo*, VI, p. 31.

were seventeen districts grouped in four Residencies, Tawau, Sandakan, West Coast, and Interior. In that year a new Governor, D. J. Jardine, decided that the number of Residencies and districts should be reduced; Tawau Residency was forthwith amalgamated with Sandakan and the West Coast with the Interior. Jardine found it impossible, however, in the face of great opposition, to reduce the number of district offices except by that at Papar.[47]

The postwar division of the Colony is similar. At first there were three Residencies, the West Coast, the East Coast, and Labuan and Interior, with their head offices at Jesselton, Sandakan, and Beaufort respectively. There were four district officers in the West Coast Residency, at Jesselton, Papar, Kota Belud, and Kudat; three in the Sandakan Residency, at Sandakan, Tawau, and Lahad Datu; and four in the Labuan and Interior Residency, at Beaufort, Labuan, Tenom, and Keningau. Later the West Coast Residency acquired a further district officer at Tuaran.[48]

As from November 1, 1954, the East Coast Residency was split into two, Sandakan and Tawau. There continued to be a district officer in Sandakan as well as the Resident, but in Tawau Residency the Resident acted as district officer for Tawau, with a district officer under him in Lahad Datu. In October, 1955, the headquarters of the Interior Residency (formerly Labuan and Interior) was moved to Keningau. In Keningau, as in Tawau, the Resident also functioned as district officer. Under him, district officers continued to be stationed at Beaufort and Tenom. Labuan was placed under a district officer responsible directly to the Chief Secretary.[49]

Districts are, in some cases, divided into subdistricts under assistant district officers, some of whom were formerly deputy assistant district officers. The latter office and title came into use in World War I, when Chinese and natives were called upon to fill positions vacated by Europeans who had jointed the armed forces. The experiment was successful and the practice was continued after the war.[50] About 1954 the "D.A.D.O.s" were regarded as "A.D.O.s", and the majority of assistant district officers are now locally recruited men. All district officers are expatriates."[51]

From the early days of the Chartered Company the Government has made use of native chiefs and headmen in local administration. The authority of the chiefs and headmen was at a low ebb when the Company arrived on the scene, but the new officials endeavoured to work through them and strengthen their authority. Until 1910 every headman was paid a salary of about five dollars per month.

47. Tregonning, *Chartered Company Rule*, pp. 76-77.
48. *N.B.A.R. 1947*, p. 49, & *1952*, p. 49.
49. *N.B.A.R. 1954*, p. 145, & *1955*, p 145.
50. Tregonning, *Chartered Company Rule*, p. 67.
51. *N.B.A.R. 1956*, p. 163.

In that year this increasingly widespread largesse was ended, but in 1912 the chiefs were re-organized in three grades on salaries starting at M.$20 per month, the intention being to build up a limited corps of native leaders of ability. The hereditary principle was weak or non-existent, and the practice grew up of European government officers appointing chiefs and headmen after consultation with native elders. This practice was officially authorised by an ordinance of 1891.[52]

The relevant ordinances were revised from time to time before 1941, and in the Rural Government Ordinance, 1951, the opportunity was taken to redefine the powers and duties of native chiefs and headmen. The Governor may appoint chiefs and a Resident may appoint headmen. Every chief or headman is empowered to arrest any person accused of an offence and send him in custody to the district officer and, in case of threatened famine, to direct labour and control the movement of food stuffs. Within his jurisdiction a chief or headman must inform the district officer of the presence of any suspect person, any sudden or suspicious deaths, the actual, attempted or intended commission of an offence, and any disturbance or outbreak of serious disease: assist the officers of the Government and the local authority in the execution of their duties; aid in the collection of revenue; and perform any other duties imposed on him by the Governor for the good government or defence of the Colony. It is the duty of every native to assist the chief or headman having jurisdiction over him in the execution of his duties and to appear before him when he so requires. A person coming to stay in a village of which he is not resident must report to the chief or headman together with his host, who must also report his guest's departure. No person may build a house or take up residence in a village without the permission of the chief or headman, and the approval of the local authority or district officer.[53]

4. *Local Government.*

Governor Jardine was anxious to increase native responsibility for local affairs, and to introduce financial responsibility. Consequently, in 1936, there was established a native administration centre on the Keningau plain at Bingkor, with twelve villages and 2,700 people under a chief named O.K.K. Sedomon. The project developed well, and the Court of Directors agreed to revenue raised at Bingkor being collected and disbursed by the native authority. The local funds were never sufficient and the authority was dependent on subsidies from the central government; it also derived much of its strength from O.K.K. Sedomon. Bingkor, nevertheless, continued to

52. Tregonning, *Chartered Company Rule*, pp. 107-111.
53. *Laws of North Borneo*, IV, pp. 2076-2079.

run its own affairs until the war, when the Japanese made it a military centre and the native authority came to an end.[54]

Sanitary boards for towns were established at the very beginning of the century and the revised Sanitary Boards Ordinance of 1931 continued in force after the war.[55] In a number of townships boards with representatives of all sections of the community nominated by the Governor , met under the chairmanship of the Resident or district officer, except in Sandakan where there was a full time chairman. These boards had no financial control, but dealt with such matters as building regulation, public hygiene, fire fighting, water supply, and traffic control. In Labuan there was a rural board, established under the Municipal Ordinance of the Straits Settlements, with power to make municipal regulations and with limited financial responsibility for its affairs. In other areas the district officer alone constituted local government.[56]

In addressing the Advisory Council on December 15, 1948, the Governor regretted the long delay in the development of local government, but expressed the hope that early in 1949 it would be possible to second a senior officer to the post of Commissioner of Local Government. His initial task would be to make recommendations for representative bodies to manage the affairs of the more important towns and, in consultation with native leaders, to recommend the setting up of native authorities. The Governor warned that quick decisions were unlikely.[57] So it proved. It was not until 1951 that the Rural Government Ordinance was passed. This provides that the Governor may declare that there shall be a local authority for any specified area with jurisdiction over all persons in the area or only the members of specified races. The local authority is normally to consist of a district officer, appointed by the Resident as president, and such members as the Resident may determine. The Resident may authorise the election of a specified number of members to any local authority. Besides being entrusted with a general responsibility to maintain order and good government within its area, a local authority is specifically authorised to make by-laws for, *inter alia*, the control or improvement of agriculture and livestock, including soil erosion and fencing, buildings, public health and sanitation, markets and hawkers, hotels and restaurants, cinemas, traffic, and the care of the sick, dying and paupers. An authority may also promote, financially and otherwise, such things as social centres, primary schools, scholarships, medical services, fire brigades, and transport services. The revenue of an authority is derived from poll taxes, rates and cesses, grants-in-aid

54. Tregonning, *Chartered Company Rule*, pp. 126-128.
55. *Government Gazette*, VIII (1953), p. 269.
56. *N.B.A.R. 1952*, p. 137, & *1953*, p. 150.
57. *Government Gazette*, III (1948), No. 34, pp. 1-2.

from the Government, profits and rents from any property it may have, interest on investments, and such other receipts as the Governor may direct to be part of its revenue. The power of a local authority is limited by the right of the Resident to amend or reject any by-law or order, and of the Governor to disallow any by-law or dissolve the authority.[58]

The first such local authority was established at Kota Belud on January 1, 1952, with 47 members, all chiefs or headmen, under the presidency of the district officer. There were five full meeting during the first year. As the authority developed, the president only attended on invitation, and then primarily to answer questions and give advice. The vice-president was the deputy assistant district officer, a native. The authority was successful from the beginning and at the end of three years could look back on considerable achievements. Most of the work was done in committees. especially those for finance, *tamus* (markets), agriculture and irrigation, and livestock. From July 1, 1954, Kota Belud township, a Chinese community, ceased to be a sanitary board area and became part of the local authority area, several Chinese being added to the authority.[59]

A second authority was established at Sipitong on January 1, 1955, but a proposal to establish another at Tambunan had to be abandoned, as the "Tambunan people showed marked apprehension at the idea of embarking upon a method of government that seemed to them as unnecessary as it was unfamiliar". A third authority was established at Papar on July 1, 1956, with the district officer as *ex-officio* president.[60]

It was not until 1953 that the Municipal and Urban Authorities Ordinance was passed. This provided for three types of urban local government, township authorities, town boards, and municipal councils. In each case the members are appointed by the Governor. A township authority does not necessarily have an unofficial majority and may consist of the district officer alone. A town board must have a majority of persons residing or carrying on trade in the town who are not holders of government offices. On a town council only the president is to be an official. An urban authority is vested with the control and management of the affairs of the urban area for which it is established. The revenue and expenditure of a township authority is credited to and paid out of the general revenue of the Colony, and no expenditure may be incurred without the authorisation of the Resident. Each board and council has to establish its fund into which its revenues are

58. *Laws of North Borneo*, IV, pp. 2056-2086.
59. *N.B.A.R. 1952*, p. 137; *1953*, p. 150; *1954*, p. 146.
60. *N.B.A.R. 1955*, pp. 1 & 146; *1956*, p. 164.

paid and out of which its expenditure is met; its revenues consist of rates, rents, half of the fines imposed under the ordinance or any by-law, the profit on any undertaking, interest, and grants from the central Government. Detailed estimates of revenue and expenditure must be prepared well in advance of each financial year. The central Government retains control over the urban authorities in that any by-law has to be approved by the Governor, and that the Governor may, if in his opinion a board or council has ceased to perform its functions in a proper manner, declare all the seats on the board or council vacant and appoint a new one, or a commission to perform its duties.[61]

No town, at the time the ordinance came into effect or subsequently, has been judged ready for a municipal council, but on July 1, 1954, Jesselton and Sandakan became town board instead of sanitary board areas. On January 1, 1955, Tawau followed suit and Labuan exchanged its rural board for a town board. Township authorities were established on the same date in thirty-five places, but of these only eleven had board, in the remainder the district officer being the authority.[62]

5. *Other Representative Bodies.*

There were occasional meetings of native chiefs in early years, but these lapsed after World War I. They were revived by Governor Jardine as the Native Chiefs Advisory Council, which first met in May, 1935. Seventeen chiefs attended. Meetings were held again each year up to and including 1941, except in 1938 and 1939, each time in Jesselton.[63] After World War II this body was not immediately revived and it was not until 1951 that, re-named the Conference of Native Chiefs, it met again in Jesselton. Twenty-two attended. There were no government officers present, except for one, formerly in the service of the Chartered Company, who assisted in the preparation of the agenda and the recording of decisions. The conference has since become an annual event, meeting at different places in the Colony, where chiefs discuss such matters as agriculture, rents, advances to labourers, succession to native lands, the resumption by government of uncultivated land, the extraction of timber from native reserves, education, and medical services.[64]

Popular opinion can also make itself known to the Government through the district teams set up in 1954. Each team is made up of the chief representative of each government departments in the

61. *The Laws of North Borneo, Supplement to the Revised Edition, 1953* VII (Jesselton 1955 or 1956), pp. 7-56.
62. *N.B.A.R. 1954*, p. 146, & *1955*, p. 146.
63. Tregonning, *Chartered Company Rule*, pp. 111-112.
64. *N.B.A.R. 1951*, p. 2, & *1953*, p. 4.

district and prominent private citizens, under the chairmanship of the district officer. At the frequent meetings of each team the members report on recent and proposed developments in their provinces, and differences are discussed. Where there is a local authority the team is, in effect, its working committee, and if he is not already on the authority the local representative of a department may be co-opted to serve. In districts where there in no local authority it is hoped that the team will pave the way.[65]

A number of statutory boards and advisory committees have been established in order to associate members of the general public with the administration of affairs. The most important of these are detailed in the following paragraphs.

The Rubber Fund Board was established under the Rubber Fund Ordinance of 1950, which provided for a Board of three officials and six unofficials, representative of all interested parties, under the chairmanship of the Director of Agriculture. It is the function of the Board to advise the Government on matters relating to the rubber industry. By an amending ordinance in 1954 the Board became a body corporate and provision was made for an increase of the unofficial representation. Early in 1954, Social Welfare Council of ten members under the chairmanship of the Commissioner of Labour and Welfare was established to co-ordinate social welfare work in the Colony and advise the Government on such matters. Also under the Commissioner of Labour sits the Labour Advisory Board, with four representatives of Government, four of employers, and four of employees. It discusses management-labour problems, such as exist, before advising the Government.[66]

The Central Town and Country Planning Board consists of five *ex-officio* members and five persons nominated by the Governor. It meets under the chairmanship of the Development Secretary to advise on major matters of town planning and policy. All town plans prepared by local town planning committees are scrutinized by it before submission to the Governor in Council for approval.[67]

The War Victims Fund Ordinance of 1949 established a board of trustees to deal with applications for relief from distress arising out of the Japanese occupation. Grants are made towards subsistence, rehabilitation, and school fees, and rice and special foods are distributed. The board consists of three *ex-officio* members and eight other representative members nominated by the Governor. The Resident, West Coast, is chairman.[68]

An Advisory Committee for Education, under the chairmanship

65. *N.B.A.R. 1954*, p. 148.
66. *N.B.A.R. 1951*, p. 97, & *1954*, pp. 148-149.
67. *N.B.A.R. 1951*, p. 97.
68. *Ibid.*, p. 98.

of the Director of Education, was appointed in 1950 but was superceded in 1956 by a more powerful Board of Education with the Secretary for Local Government as chairman. The Scholarships Advisory Board, which consists of four members plus the Director as chairman, selects candidates for scholarships for study overseas.[69]

Until the closure of the Fisheries Department in 1953 its Director was advised by a board of five members nominated by the Governor. It sat under the Director's chairmanship to advise him in the management and development of the Colony's fisheries.[70]

Another short-lived body was the Electricity Advisory Board, which was appointed in 1954 and was, in effect, a working committee covering all government electrical undertakings. Its seven members comprised a senior engineer of the Public Works Department as chairman, an accountant, a nominee of the unofficial members of the Legislative Council from among their number, a nominee each of the Labuan and Jesselton urban authorities, and two nominees of the Governor. This board was disbanded on December 31, 1956, in consequence of the establishment of the statutory North Borneo Electricity Board with effect January 1, 1957.[71]

6. *The Law, Justice, and Police.*

When the Colony of North Borneo came into existence on July 15, 1946, the law in Labuan was different from that on the mainland. In the former the whole body of Straits Settlements law applicable before the war remained in force, subject to any modifications made by British Military Administration proclamations between the Liberation and July 15, 1946. On the mainland it was the laws of the Chartered Company that remained in force, similarly modified by B.M.A. proclamations. In both areas there were a number of these proclamations uniformly applicable. From July 15, 1946, the Government enacted legislation generally applicable to the Colony as a whole.[72]

In the years following 1946 a process of gradual unification of the law went on. In 1951 the Revised Edition of the Laws Ordinance authorised the preparation of a comprehensive edition of the laws. The commissioners originally appointed to carry out the work were Mr. T. D. Wallace, K.C., Attorney General of the Colony, and Mr. G. B. Kellagher, a former judge of the first division of the High Court of Kedah in the Malay States, but shortly afterwards the former was transferred to Tanganyika and the latter carried on alone. The main object of the revision was to produce a body of legislation applicable to the Colony as a whole. This was done by

69. *Ibid.*, & *N.B.A.R. 1956*, p. 166.
70. *N.B.A.R. 1951*, p. 98, & *1953*, p. 152.
71. *N.B.A.R. 1954*, p. 150, & *1956*, p. 166
72. *Laws of North Borneo*, I. pp. iii-iv.

considering each Labuan (Straits Settlements) and each mainland (Chartered Company) ordinance and deciding whether it should be omitted by the commissioners under their statutory powers, or repealed, or applied to the whole Colony. In each of the last two cases legislation was necessary.[73] In most cases the relative ordinance of the former State of North Borneo was adopted rather than that of the Straits Settlements. A large number of the latter's ordinances were repealed.[74]

Apart from the body of ordinance and subsidiary legislation the common law of England and the customary native law of North Borneo also apply. By the Application of Laws Ordinance, 1951, it is stated that, except where provision has been or may be made by the written law of the Colony, the common law of England, the doctrines of equity, and the statutes of general application, as administered or in force in England at the commencement of the ordinance, that is December 1951, shall be in force in the Colony. It is provided, however, that they shall only be in force in so far as the circumstances of the Colony and its inhabitants permit, and subject to such qualifications as local circumstances and native customs render necessary.[75]

Breaches of native law and custom (*adat*) are tried by native courts. As an institution these antedated the Chartered Company, but they had become discredited. The Company endeavoured to revive them in order to relieve the burden of hearing cases on its limited European staff. At first, the natives preferred the judgment of a European, but gradually the native courts acquired prestige and their judgments were generally accepted. These courts were empowered to try all cases involving natives only except the most serious, such as murder, kidnapping, or major robbery. Appeals lay not to the westernised judiciary, but through the district officer and the Resident who were more closely acquainted with native custom. The native law and custom is unwritten, except to the extent that it is taken from the Koran. There are considerable differences even among the Muslim peoples. Hence the issue, in 1936, of a code prepared by one chief for the information and guidance of the others was not successful, and chiefs were advised to modify it in accordance with their local tradition.[76]

The constitution of native courts was revised by the Native Courts Ordinance, 1953. Subject to the Governor's approval, a Resident may establish a native court and define the area of its jurisdiction. The members of a court are the native chiefs resident in the area

73. *Ibid.*
74. *N.B.A.R. 1954*, p. 143.
75. *Laws of North Borneo*, I, p. 35.
76. Tregonning, *Chartered Company Rule*, pp. 115-118.

and such headmen and imams from the area as the Resident may authorise The Resident, for good reason shown, may empower any native chief or headman to adjudicate in any native court. There can be no adjudication unless at least two members are present. Decision is by majority vote and if the voting is equal the suit or prosecution fails. In any case arising from a breach of native law or custom one member of the court must belong to the race whose law or custom is alleged to have been broken. Native courts have jurisdiction in cases arising from the breach of native or Muslim law and custom where the parties are all Muslim or all native. If the sanction of the district officer is obtained the court has jurisdiction where only one party is a native, where the case arises from a breach of native religious, matrimonial, or sexual law or custom. A native court also has jurisdiction if it has been conferred by ordinance. As punishment a native court may inflict a fine, or imprisonment, or both, or any customary punishment not repugnant to natural justice and humanity (for example the death by stoning of those guilty of incest). The punishment must also be proportionate to the offence. The proceedings of the courts are subject to scrutiny and their sentences to confirmation by the district officer. Appeals also lie to him, and from him to the Resident and finally to the Governor. A defendant may apply to the Resident for the removal of the proceedings against him from the native court and the Resident may direct that the case be heard in the High Court.[77]

At the end of 1956 there were 41 native courts in the Colony. During that year they heard 2,052 cases. There were fifty-three appeals to district officers, eighteen to Residents, and two to the Governor.[78]

The Chartered Company found it necessary, of course, to establish courts on western lines. In ascending order of importance there were, by 1920, the courts of magistrates, Sessions Judges, the Judicial Commissioner, and the High Court, which consisted of the Governor, a Sessions Judge, and the Judicial Commissioner. The Judicial Commissioner inspected magisterates courts. Justice in these courts was based on the Indian Penal, Griminal Procedure, and Civil Procedure Codes with amendments.[79]

On the establishment of the Colony the courts for civil and criminal law were the High Court, the Sessions Courts, and the magistrates courts. The last were of four classes, district, first, second, and third, with limited criminal jurisdiction and civil jurisdiction limited to cases involving not more than M.$500, M.$500, M.$250,

77. *Laws of North Borneo*, III, pp. 1426-1430.
78. *N.B.A.R. 1956*, p. 97.
79. Rutter, *B.N.B.*, pp. 163-164.

and M.$100 respectively. Appeals from second and third class magistrates lay to district magistrates and from them, and from first class magistrates, to the High Court. A magistrates area usually corresponded with that of a district officer, the latter generally being the magistrate. Similarly a Sessions Court's division corresponded with a Residency. Criminal trials were held in a Session Court by a judge sitting with not less than three assessors to whose opinions, however, he was not bound to conform. All sentences of death passed by a Sessions Court were subject to confirmation by the Chief Justice, and all such sentences and those for terms of ten or more years imprisonment to review by the Governor. Appeals lay from Sessions Courts to the High Court, which could be composed of the Chief Justice alone or by two or more judges when called upon by the Chief Justice. It was a court of unlimited criminal and civil jurisdiction. Appeals from it lay to the full bench of the High Court, which was constituted by three or more judges with the Chief Justice as president when available.[80]

The court system was considerably re-organized from December 1, 1951, when the unification of the courts of Sarawak, North Borneo, and Brunei came into effect. By the Sarawak, North Borneo and Brunei (Courts) Order in Council, 1951, the High Court and Sessions Courts in North Borneo, the Supreme Court and Circuit Courts in Sarawak, the office of the Judge of Appeal and the Court of the Resident of Brunei in Brunei, were all replaced by one Supreme Court of Judicature, consisting of a High Court and a Court of Appeal. The Supreme Court consists of a Chief Justice and as many puisne judges as may from time to time be appointed. The judges are appointed by the Governors and the High Commissioner for Brunei, on behalf of the Queen and of the Sultan of Brunei, and must, when appointed, be qualified to practise as advocates in a court of unlimited jurisdiction.

The proceedings of the High Court may be carried on before a single judge. He may have assessors, but decisions rest with him alone. He may also sit with a suitably qualified person to advise him on points of native law and custom. When no judge is available in the territory the Governor may appoint a Commissioner of the High Court to carry on essential business.

The judges of the Court of Appeal are those of the Supreme Court. To hear appeals there must be an uneven number of judges not less than three. A verdict is by majority vote. Provision may be made by rules of court for the hearing of certain classes of appeals by two judges, but either or both of the judges may decide that the case should be held before a minimum of three members A judge of the Court of Appeals cannot sit as a judge on an appeal from any judgement of his own or of a court of which he was a

80. *N.B.A.R. 1947*, p. 32.

part, or against a conviction or sentence if he was the convicting judge.[81]

At the same date as the new arrangement of superior courts came into effect, December 1, 1951, a new Courts Ordinance modified the constitution of the subordinate courts. In addition to the Supreme Court there are, therefore, courts of magistrates, appointed by the Governor of the first, second, and the third classes. A magistrate also may avail himself of assessors or erperts in native law and custom but the decision always rests with the magistrate himself. The local limits of a court's jurisdiction normally correspond with an administrative district. In civil cases the maximum value in dispute may not normally exceed M.$500, M.250, and M.$50 for courts of magistrates of the first, second, and third classess respectively. Appeals lie from a third class magistrate's court to that of a first class magistrate, and from first and second class magistrates' courts to the High Court. A judge may call for the record of any civil proceeding in a magistrate's court and revise the judgement if he considers it necessary. The criminal jurisdiction of a magistrate's court is governed by the Criminal Procedure Code.[82] A new Criminal Procedure Code was also introduced on December, 1, 1955, and the Indian Civil Procedure Code was replaced by new rules of court.[83]

Up to the end of 1956 there were normally two to five sessions of the Court of Appeals in Jesselton each year. As throughout the period there was never more than one judge in the Colony the necessary additional judges came from Sarawak. The judge in North Borneo also went to Kuching, Sarawak, for the Court of Appeals there, as occasion demanded. The High Court sits chiefly in Jesselton, but goes on circuit to the principal centres of the Colony as required. The number of gazetted magistrates fluctuates but at the end of 1956 there were 24 first class, ten second, and thirteen third. Many of them, however, rarely function as magistrates due to their administrative duties. All the magistrates were officers of the administration until in 1956, one full time professional magistrate was appointed. He spends most of his time in Jesselton, but visits other centres. His jurisdiction in civil suits extends to M.$1,000. Most of the cases in the magistrates courts and the High Court are concerned with the recovery of money lent or money for goods received.[84] The proceedings of all magistrates courts are regularly forwarded to the High Court for the inspection of a judge, who may exercise his wide powers of revision. In addition all cases

81. *Laws of North Borneo*, VI, pp. 125-153.
82. *Ibid.*, I, pp. 391-395.
83. *N.B.A.R. 1951*, p. 63.
84. *N.B.A.R. 1956*, pp. 96-97; also *1952*, pp. 92-94; *1953*, pp. 103-104; *1954*, pp. 96-97; *1955*, pp. 86-87.

of appeals are also perused in the Crown Law Offices.[85]

Cases may be referred to the Privy Council. Appeal from the Court of Appeal in Borneo to the Privy Council in London lies, as of right, where the matter in dispute on appeal is of the value of £500 sterling or more and at the discretion of the court, from any other judgement if, in the opinion of the court, the importance of the question of appeal involved is of such importance as ought to be submitted to the Privy Council. Special leave to appeal may also be granted by the Crown.[86]

The courts of the Colony are not overwhelmed with business. In 1949, for example, the number of civil and criminal cases of all kinds in every court, except the native courts, averaged less than eleven per day, while the figure for criminal cases classified as warrant cases did not exceed two per day. Indeed, North Borneo has a remarkable postwar record of freedom from serious crime. Convictions for offences of all sorts rose from just under 1,500 in 1946-47 to well over 3,000 in 1951-1952, but fell back to about 2,500 in the years 1954-56. Offences against the person in 1950-1956 varied from 62 to 189, and against property from 553 to 794. Admissions to prison fell sharply from 1,259 men in 1947 to 852 in 1948, and from then to 1955 to between 500 and just over 700 per year; there was a sharp rise to 980 in 1956. Admissions of women to prison fell from 57 in 1947 to between 20 and 30 in the 1950s; again there was a rise to 38 in 1956. These rises in 1956 may have been due to sentences for offences against the immigration laws. A goodly percentage of such robbery and violence as exists is committed by persons newly arrived in the Colony; in 1947 it was estimated that 40-45% of the prison population was from outside the Colony. A number of natives are sentenced to prison not for criminal offences but, by native courts, in lieu of fines for offences, usually of a sexual nature, against native law and custom. Some of the most serious crimes of violence and robbery are the periodic piracies on the east coast, both against boats and villages, but these are committed by Filipinos from outside the Colony.[87]

The two prisons in the Colony, at Jesselton and Sandakan, were destroyed during the war and temporary buildings had to suffice for several years thereafter. The new central prison at Jesselton was not completed until July 1953: the prison at Sandakan was replaced by a new lock-up in 1954. At this lock-up prisoners serving sentences of less than 12 months may be detained; at the other lock-ups, of which there are some fifteen, only prisoners serving less than

85. Attorney-General in Legislative Council, April 23, 1953, *Government Gazette*, VIII (1953), p. 197.

86. The Sarawak, North Borneo and Brunei (Appeals to Privy Council) Order in Council, 1951, in *Laws of North Borneo*, pp. 141-148.

87. *N.B.A.R. 1947*, pp. 33-35; *1948*, pp. 44-45; *1949*, pp. 48-49 *1950*, p. 43, *1951*, p. 65; *1952*, pp. 97-98; *1953*, pp. 108; *1954*, pp. 101-102; *1955*, pp. 92-94; *1956*, pp. 102 & 105.

six months are detained. All others, and most women prisoners whatever their sentence, are sent to the prison. Convicts in lock-ups are employed on outside work such as cleaning overgrown land. Those in prison are taught a variety of trades such as boot-making, carpentry, metal and rattan work, and boat building. From 1952 it became possible for many prisoners to earn remissions of sentence of up to one-third. Prisons and lock-ups are visited by judges and magistrates and inspected, also, by visiting justices, appointed by the Governor, with powers and duties prescribed by law. In March 1953 a system of prison visiting committees headed by district officers was established. In general prisoners have few complaints. There are no juvenile courts and no remand home in the Colony, but there is an arrangement with the Government of Sarawak by which juvenile offenders sentenced to detention may be sent to an approved school in Kuching. North Borneo is fortunate in being able to report, year after year, that there is no serious problem of juvenile deliquency.[88]

The police force of the Company numbered no more than fifty in 1882, but by 1900 the strength had risen to 300. In these early days the men were predominantly Sikhs, as the natives were regarded as unsuitable for police work. Gradually, this view was abandoned and when the force reached its maximum strength of 823 in 1918 over half were Borneo men. The peaceful years and the need for economy led to a reduction of the force to a few more than 500 men, among whom natives of North Borneo predominated.[89] On the eve of World War II the North Borneo Armed Constabulary, to give the force its proper name, consisted of ten officers of whom five were European and five Asian, and 504 other ranks. Headquarters, with 180 officers and men, was at Jesselton. About eighty police were stationed at Sandakan and thirty each at Keningau, Beaufort, and Tawau.[90]

During the war the constabulary was commanded by Japanese chief police officers. In the course of the years there were considerable changes in personnel; most of the Sikhs left after 1943 and natives were recruited. Eleven native sergeants were sent on a six months course at Kuching and were subsequently appointed assistant chief police officers, and in some cases chief police officers, of their districts.[91] By the time of the liberation the constabulary was highly disorganized, most of the active members having been enlisted and trained by the Japanese and the old members widely scattered. At first, the police forces of North Borneo, Sarawak,

88. *N.B.A.R. 1947*, pp. 34-35; *1948*, p. 45; *1949*, p. 49; *1950*, pp. 43-44; *1951*, pp. 65-66; *1952*, pp. 98-100; *1953*, pp. 108-110; *1954*, pp. 102-103; *1955*, pp. 93-95; *1956*, pp. 103-105.

89. Rutter, *B.N.B.*, p. 160, and Tregonning, *Chartered Company Rule*, pp. 197-198.

90. *Terrain Study No. 90*, p. 176.

91. *Ibid.*

Labuan, and Brunei were amalgamated and controlled by an officer with the title of S.O.I. Constabulary. The North Borneo headquarters was at Beaufort until it was transferred to Jesselton in October, 1945. The depot at Jesselton was put on a prewar basis, recruits were enlisted for training, and former members re-engaged and given refresh courses. The programme was hampered by a shortage of clothing and stationery, but there were plenty of arms. By December, 1946, there were 668 officers and men plus 120 recruits in training, and it was anticipated that by the end of 1947 there would be a well-trained force adequate to its task.[92]

Of the 700 or so men at this time some 400 were Dusuns, 100 Muruts, and 100 Bruneis. There were forty Indian other ranks, of whom half were Sikhs and half Muslims. By the end of 1956 the strength of the North Borneo Police Force, as it became on January 1, 1950, was up to nearly 1,000, with substantially the same racial composition but including twenty-four Chinese. There were twenty-two gazetted officers, all Europeans, and twenty-one Asian inspectors, there having been a rise from thirteen in the number of the latter during 1956. In addition there was a reserve of volunteer time-expired men with more than three years active service which increased in numbers to over 200 during the year. Interest in the special constabulary for part-time volunteers appeared, however, to be falling off. This special constabulary was authorised by legislation in 1949. Recruiting at first was brisk, and led to the formation of detachments in the principal towns.[93]

For police administration the Colony is divided into West Coast and East Coast Divisions. The latter is commanded by a Divisional Superintendent with about one third of the total force under him. In 1955 there were five police stations and gazetted officers, five in all, at Sandakan, Lahad Datu, and Tawau. At the same time there were nineteen police stations in the West Coast Division, with gazetted officers at Jesselton, Labuan, Kudat, and Beaufort. This division is directly under headquarters at Kepayan, near Jesselton, where the new headquarters and police depot were opened by the Duchess of Kent in 1952. The training school is also at Kepayan and here recruits normally undergo a nine months course. Recruits are usually required to have had three years of primary education.[94]

It is fortunate that the Colony is so law abiding as the lack of roads renders it difficult for the police to arrive on the scene of a crime promptly, unless it is in one of the main towns or near a police station. Many places are accessible only by water, and the police force had no launch for several years after the war until, in 1951, the 72-foot sea going launch "Segama" was delivered. On

92. *Council Paper No. 1 of 1946*, para 20, in *N.B.A.R. 1947*, p. 56.
93. *N.B.A.R. 1947*, p. 33; *1950*, pp. 42-43; *1956*, pp. 98-99.
94. *N.B.A.R. 1955*, pp. 87-89.

January 1, 1955, the Preventive Branch of the Customs Department was incorporated into the Police Marine Branch, which thus acquired another two sea going launches and some lesser craft. During 1956 four new 37-foot sea going *kumpits* (native style launches) were built in Sandakan. All these launches and kumpits are fitted with two-way radio, and their primary task is to patrol the east coast waters and rivers as a deterrent to marauders from outside North Borneo.[95] Nevertheless, sporadic raids on the coast continue to occur, and in July, 1958, a daring group penetrated some way up the Kalabakan river to the forest headquarters of one of the major timber companies, and seized the more desirable contents of the village shops and the company safe. Further additions to the police fleet are required; for instance, the east coast post nearest the Indonesian border, on Sebattik Island, which was opened about 1955, has no launch, and until 1958 had no wireless with which to summon aid or give warning. There is little the corporal-in-charge and his three constables can do to craft crossing from Indonesia, of which there are several each day, but wave!

Possibly under the influence of events in Singapore and Malaya, a special programme was introduced in 1950 for training recruits and other police in dealing with civil disturbances and emphasis was also put on training for jungle warfare. Men who have gone through his training form a mobile force and in August, 1952, two platoons of this force, numbering sixty-nine officers and men, spent six weeks in Sarawak assisting in jungle patrols during the emergency there.[96] North Borneo police also served in Malaya in 1948 and 1951.[97]

7. *Revenue.*

It was necessary for the new Colony to come to a financial arrangement with the United Kingdom, and a settlement that was very satisfactory from the Colony's viewpoint was reached in 1948. The British Government agreed first, to pay the Chartered Company the £1,400,000 to be paid for the sovereign rights and assets of North Borneo; secondly, to provided grants-in-aid totalling £1,750,000 for the period 1948-1951; thirdly, to provide £1,250,000 towards the Colony's development programme estimated to cost £3,300,000; fourthly, to provide over £500,000 to redeem Chartered Company currency; fifthly to waive the cost of the British Military Administration; and sixthly, to provide a free grant of M$5,000,000 and an interest-free loan of approximately M$6,400,000 to meet war damage claims.[98]

In no single year from 1948 to 1956 was the surplus in the

95. *N.B.A.R. 1951*, p. 64; *1955*, p. 90; *1956*, p 101.
96. *N.B.A.R. 1950*, p. 42, & *1952*, p. 94.
97. *Government Gazette*, III, No. 34, p. 14, & VI, p. 75.
98. *N.B.A.R. 1948*, p. (i).

Colony's ordinary budget less than 11% and the average was 29%.[99] Even in the period up to the end of 1947 there was a surplus of M.$796,000 available for reconstruction. The bulk of the latter expenditure had to fall, of course, on the United Kingdom, which in the same period contributed M.$4 million in grants-in-aid and M.$1,286,000 in loans-in-aid. The first year in which the Colony's ordinary revenue was sufficient to cover both recurrent and extraordinary expenditure was the boom year of 1951. In that year ordinary revenue was M.$24.2 million, 120% above the 1949 level. Ordinary expenditure was M.$11.4 million and expenditure on reconstruction and development M.$9.9 million. Consequently, there was no grant-in-aid in 1952, but revenue fell and a deficit recurred. The same was true of 1953 and another was expected in 1954, but it did not materialise and grant-in-aid received to cover it had to be refunded.[100] That of £450,000 for 1955 was never received, as the revenues of the Colony proved so buoyant that there was no justification for calling for aid.[101] As a consequence of this independence of direct help from the United Kingdom the Assistant Financial Secretary was able to inform the Legislative Council on April 26, 1956, that, a few days previously, a telegram had been received from the Secretary of State announcing that the Colony's finances were released from United Kingdom Treasury control with effect from January 1, 1956.[102] The Colony continued to be able to pay its own way in 1956 and ordinary revenue exceeded M.$30 million.[103]

Apart from grants-in-aid from the United Kingdom the Colony has received other forms of financial assistance from outside, principally Colonial Development and Welfare Grants, the United Kingdom again being the donor. In 1954-1956 these grants were at the level of M.$3-5 million per year. In several years contributions of several hundred thousand Malayan dollars have been received from the United States Foreign Operations Administration towards the cost of reconstruction of wharves.[104] The Colony has also been assisted, particularly with equipment, technical advice, and training, by Canada, Australia, New Zealand, and India, under the Colombo Plan. Some assistance with various projects has also been received from the United Nations through the World Health Organisation and the United Nations International Children's Emergency Fund.[105]

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99. Financial Secretary to Legislative Council, Dec. 4, 1956, *Government Gazette*, XII (1957), p. 27.
100. *N.B.A.R. 1947*, p. 12; *1951* p. 3; *1952*, p. 5; *1953*, p. 31; *1954*, p. 3; *1956*, p. 22.
101. Governor to Legislative Council, Nov. 10, 1955, *Government Gazette*, X (1955), p. 284.
102. *Government Gazette*, XI (1956), p. 133.
103. *N.B.A.R. 1957*, pp. 22-23.
104. *N.B.A.R. 1956*, p. 23.

The realisation of former Japanese assets in the Colony also contributed to the development programme. These realised some M.$10 million, from which M.$6 million was deducted by the United Kingdom Government in liquidation of an interest free loan given to the Colony for the payment of war damage compensation. Of the balance, half a million dollars was allocated outside the Colony to the Western Pacific Territories, which had suffered grievously in the war but had no enemy assets to realise. Inside the Colony half a million dollars was allocated for capital expenditure on sports fields, swimming pools, and buildings of benefit to the youth of the Colony, two million dollars to the North Borneo Liberation Educational Trust, and the remainder to projects under the Colombo Plan.[106]

The Colony has also raised funds by loans. At the budget meeting of the Legislative Council in 1952 the Governor told members the Government considered that in 1953 the Colony should arrange a loan of £500,000. In general, he said, the principal uses of loan funds should be on capital expenditures yielding a cash revenue. The first use would be unusual in that £400,000 would be applied to the buying out of the monopoly rights to the extraction of the Colony's timber held by the British Borneo Timber Company, which would mean that a greatly increased revenue from forest royalties would result from the new concessions it would be possible to grant. The remaining £100,000 was to be applied for public utilities. In the event, the treasury was able to carry on through 1953 without the loan, but shortage of cash in 1954 finally made it necessary. The Sultan of Brunei agreed to take up the whole of the amount.[107] It was a 4% loan 1964-69, and was followed in 1956 by the North Borneo 5½% Inter-Colonial Loan 1966-71. The public debt of the Colony at the close of 1956 was, therefore, M.$8,723,540. In anticipation of a further loan over $10 million had, in fact, been spent, approximately one-third in the compensation to British Borneo Timbers, one-third on development of the government-owned North Borneo Railway, and one-third on public utilities.[108] In the development plan for 1955-1960 for a programme estimated to cost M.$47 million, M.$22½ million is to be raised in a series of loans over the five years.[109]

The Colony's revenue from taxation comes predominantly from customs duties. In 1946-47 two thirds of the ordinary revenue

105. Governor to Legislative Council, Nov. 10, 1955, *Government Gazette*, X (1955) p. 285.
106. Governor to Legislative Council, Nov. 16, 1951, and May 6, 1953, *Government Gazette*, VI (1951), p. 253, & VIII (1953), p. 149.
107. *Government Gazette*, VIII (1953), pp. 24-25 & 277.
108. *N.B.A.R.* 1956, p. 27.
109. Financial Secretary to Legislative Council, Aug. 25, 1955, *Government Gazette*, X (1955), p. 226.

derived from duties, of which the highest *ad valorem* import duties were those on motor vehicles (30%), perfumes and cosmetics (25%), and photographic materials (20%), and the highest export duties those on turtles (20%), and cultured pearls (15%). The general range of import duties was 10-15%, and of export duties 5-15%. By 1952 customs revenue was nearer one-half of the total, because of increased yield from license fees and internal revenue, by then approximately one-fifth and one quarter, respectively, of the total. By 1956, however, customs duties were again yielding one-half the total ordinary revenue, largely because of the boom in the copra trade.[110] Under the Customs Duty Order, 1957, the range of duties remain much the same as ten years previously, The highest *ad valorem* duty is still that on motor vehicles of 30%. A preferential rate for goods of Commonwealth origin exists, however, for many items including motor-vehicles, and most of the latter imported incur only 10% duty. The exports of turtles and cultured pearls has, presumably, dwindled to a point where these items no longer merit special mention in the tariff. The highest and most general export duty is 10%. The duty on rubber when the current price is under 60 cents is 5% *ad valorem*, but when it is above that price, as is now usual, it is calculated, by a slightly complicated formula, in cents per pound. When rubber is at 85 cents, for instance, duty is a little under 7 cents.[111]

It was announced at the end of 1955 that the island of Labuan might soon return to its prewar status as a free port,[112] and this was confirmed by legislation in August, 1956, which became operative on September 1.[113] The free port did not get off to a good start. Except for one large company, all the merchants maintained their prices at the old level and absorbed the benefit of freedom from duty themselves, instead of passing it on to their customers. The result was that the small purchasers on the mainland in the Brunei Bay area, in effect, paid double duties, once to the merchants of Labuan and once to the Customs Department on bringing the goods onto the mainland from Labuan.[114] The Customs Department, however, had difficulty in restraining smuggling as it had no fast craft with which to patrol the waters around Labuan. From the map Labuan appears to have considerable geographical advantages as an *entrepot* centre, but it has always failed to live up to expectations. As a free port it has failed to boom, but its new status may have had something to do with the State of Brunei's apparent abandonment of its intention to create its own deep-sea port.

110. *N.B.A.R. 1947*, pp. 13-14; *1953*, p. 32; *1956*, p. 5.
111. *The Customs Tariffs with Index*, (Jesselton 1957), pp. 1-9.
112. *The Times* (London), December 13, 1955, 7:2.
113. *Government Gazette*, XI (1956), p. 223.
114. Governor to Legislative Council, *Government Gazette*, XII (1957), p. 20.

Until 1948 North Borneo remained one of the few countries in the world where there was no income tax. At the end of that year, however, a comprehensive Income Tax Ordinance was passed. It did not apply to individuals at first and so was, in effect, a profits tax on businesses. When a bill to institute a modified form of income tax, known as residents tax, was discussed in the Legislative Council in 1951, it met with such opposition in the Council that the Governor adjourned it for nearly two hours to consult his advisers. As a result, the Government accepted the postponement of the introduction of the tax from January 1, 1951, to July 1, 1951, and exempted all incomes under M.$3,000 *per annum* instead of M.$2,000. The rate of tax was also reduced, for example, on the M.$5,000 – M.$15,000 income group from 3% to 2%. In the revised form the bill passed. Further legislation in April, 1955, substituted for the now mourned residents tax a normal income tax.[115] At the end of 1956 the income tax on companies and non-resident persons was 40%. As to residents, the untaxed allowance for an individual was M.$2,400 with an additional allowance for a wife of M.$3,000, and a maximum allowance for children of M.$2,400. On the first M.$12,000 of chargeable income the tax was 3½%, and on the next M.$12,000 5%. On the next M.$28,200 it was 10%, and on all chargeable income over M.$52,200 the maximum rate of 20%. Double taxation arrangements are in force with the United Kingdom and some other countries[116] so, in effect, the tax paid in Borneo by British companies reduces their United Kingdom tax by a corresponding amount. The personal income tax is not high at present, but it is regarded as the thin edge of the wedge and the rate is generally expected to be raised before long.

Trade licenses were introduced by legislation at the end of 1948, though the purpose was not merely to raise revenue but to exercise some control over trade. It was considered that there were too many shops, with the result that prices were high and people who could have been productively employed were wasting time in petty trading.[117] This second purpose would not appear to have been effectively achieved. The fees at the end of 1956 ranged, in the principal towns, up to M.$1,000 for the business of a builder employing more than twenty-five persons at any one time.[118]

Other taxes are a poll tax of M.$1.50 *per annum* on each able-bodied adult male native, unless paying M.$3.00 or more *per annum* in land rent or boat registration fees; stamp duties on a

115. *Government Gazette*, III (1948), No. 34, p. 7; VI (1951), pp. 104-111; X (1955), p. 121.
116. *N.B.A.R. 1957*, p. 30. The allowance for a married couple is incorrectly stated in *1956*, p. 29.
117. *Government Gazette* III (1948), No. 34, p. 8.
118. *N.B.A.R. 1956*, p. 29.

wide range of commercial and legal documents; and estate duty on estates of over M.$3,000, starting at 1% and increasing to 20% on estates over M.$10 million.[119]

8. *North Borneo's Comparative Position.*

Although in the British Empire circumstances vary widely from colony to colony and there cannot, therefore, be a uniform procedure for political development, a certain general pattern or ladder of progress is discernable. On the lowest rung stand dependencies administered by the Governor alone, subject to the approval of the Secretary of State. Next come those dependencies where the Governor, although exercising all legislative and executive functions, is advised by a nominated council composed of the chief European officers, certain heads of departments, and some local inhabitants. On the third rung stand those territories with a nominated Executive Council, which the Governor is required to consult on all save the most urgent matters, and a law-making, tax-raising, Legislative Council. This latter council at first consists entirely, or for the most part, of nominated official members, but, as time goes on, more unofficial members are appointed until they form a majority. At some stage the election of unofficial members is introduced.

At the fourth rung the colonies have representative government with an entirely elected Legislative Assembly and possibly a nominated Legislative Council as an upper house. The Executive Council is still nominated, but members of the Assembly are normally appointed to it. On the last rung before Dominion or independent status are those dependencies which have achieved responsible government. This means that the Executive Council has become a cabinet composed from the majority party of a fully developed parliament. cabinet ministers assuming the responsibility formerly borne by the Governor for almost all internal affairs.[120]

North Borneo entered the ladder in 1946 at the second rung. It has since gained a foothold on the third rung, but only just, as the Legislative Council still has an official majority and no members are elected. Politically, therefore, it is one of the least advanced of all Great Britain's dependent territories. Leaving out of account those which do not have representative institutions because they have very few or no inhabitants, the United Kingdom's dependencies could, at the beginning of 1958, be classified into fifty-three governmental units. Of these units forty-three had legislative councils (six more had councils with advisory functions) for only six of which, including that of North Borneo, were

119. *Ibid.*, pp. 28-29 and 177.
120. Josephine Kamm, *Progress Towards Self-Government in the British Colonies* (London 1945), pp. 11-12.

all the local representatives still nominated by the Governor. With the exception of some small and unimportant islands, possibly only British Somaliland is constitutionally less advanced; in that protectorate a nominated Legislative Council with an official majority was appointed for the first time in 1957, but the Executive Council consists entirely of official members.

The slow constitutional development of North Borneo is not due to any reluctance on the part of the British Government to permit further advance but to the lack of any public demand for it. This lack may be due in part to the level of education, particularly the absence of any politically-conscious, university-trained *élite*, confident of its ability to run a country. It partly arises because the different races wish the British to hold the ring and see fair play between them. It is certainly due to the wise administration, responsive to public needs and feeling, of the Chartered Company and the Crown Colony Government.

The establishment of local rural and urban authorities has introduced a measure of indirect rule that hardly existed before. Indirect rule generally means that, under the guidance of British officials, native chiefs and councils rule through their own tribal or state organizations and modern organs of administration are built onto ancient systems of government. In some parts of the Empire where tribal organization had broken down a native authority was established by agreement among the people as to whom they would accept as leader. Indirect rule was first introduced in Nigeria and later in Tanganyika, and it was from this latter territory that David Jardine came as Governor to North Borneo in 1934. He urged that a greater degree of native responsibility should be established in the State. In North Borneo, however, there were no native tribal governments comparable with, for example, the emirates of northern Nigeria, tribal loyalties were weak, and in few areas was one tribe in marked predominance. Whereas Tanganyika derived 49% of its revenue from native taxes North Borneo obtained only 9% from this source; native authorities would be unable to raise sufficient revenue to support themselves. It was especially feared that because of the indebtedness of many native chiefs and headmen to Chinese it would be the latter who would indirectly rule. The native authority at Bingkor was the only one set up prior to that at Kota Belud in 1952. The establishment of local responsibility, including financial responsibility, has since made considerable progress with the setting up of the several rural and urban authorities. It is notable, however, that the trend is towards true local government, representative of all the peoples in each area, rather than to tribal or communal governments.

The functioning of a traditional native system of law and justice side by side with one on the English model is a feature common

to many British dependencies. The North Borneo Government shows the traditional reluctance of British colonial governments to promote revisions of the former, such as the independent Pakistan and India governments have effected in the application of Muslim and Hindu law respectively.

CHAPTER V

SOCIAL SERVICES AND PUBLIC UTILITIES

It is the North Borneo Government's professed aim to raise the standard of living of the Colony's inhabitants. The provision of health services, educational facilities, pure water supplies, sewage disposal and electricity services are means to this end. The means are interrelated in that the schools can play a major part in teaching hygiene and facilitating the medical examination of large numbers of children, while the provision of clear water and sewage disposal can also contribute enormously to good health. The domestic supply of electricity facilitates refrigeration to preserve foodstuffs, and the use of radio, the latter of which is not without educational value. Commercially, power supply makes possible the employment of electrical machinery and stimulates small industry, which, in turn, contributes to the wealth of the Colony and to taxation to support health, education and other government services.

1. Health.

1. When the Chartered Company took over its territory the inhabitants were prey to a wide range of tropical diseases – malaria, beri-beri, cholera, smallpox, tuberculosis, yaws, leprosy, and pneumonia, as well as the dirt diseases such as dysentery, enteric fever, and ankylostomiasis. In the last two decades of the nineteenth century there were death rates of 20% and 30% among all the labourers on some plantations. The main killers were malaria and beri-beri, the causes of which were then unknown. Except for a time under Cowie, the Chartered Company did not stint in its efforts to improve the health of the inhabitants of its territory. By 1913 the Government was maintaining hospitals at Jesselton, Sandakan, Beaufort, Kudat, and Tawau. Estates were regularly visited by government inspectors and the death rate came down to 2.5%. Dispensaries were introduced for the natives in the interior, but were for many years treated with suspicion. Nonetheless, there were successes; smallpox was almost completely eliminated with the aid of vaccine; the incidence of hookworm in the population was reduced from 70-80% to a negligible figure; yaws, which had been an accepted ailment of most natives, were almost completely eliminated by 1941, and it was this success which did

most to cure suspicion of western medicine. Malaria, though a reduced threat, remained unbeaten, and it was only in 1941 that the particular mosquito which in North Borneo is malarial was identified.[1]

The good work was not maintained by the Japanese and malnutrition rendered the people more prone to disease. At the end of the war, because the civil hospitals at Sandakan, Kudat, Lahad Datu, and Labuan had been completely destroyed, temporary buildings had to be erected. In addition there remained hospitals at Jesselton, Papar, Beaufort, Keningau, Tawau, and Semporna, though not all had resident doctors. There were also travelling clinics.[2] A review of hospital services in 1951 showed the need for substantial reorganization. The widespread ill health at the end of the war had made necessary a relatively large number of beds in temporary hospitals in all the main towns, but by 1951 of 835 beds nearly half, except in the main towns, were usually unoccupied. Further, many of the buildings needed repair and it was impossible to staff the hospitals adequately. The number of beds for general diseases was, therefore, halved and the dressers released to travel to the natives in the villages. By 1956 there were two hospitals with 320 beds in the Colony, at Jesselton and Sandakan, equipped to deal adequately with all general medical and surgical cases, and five cottage hospitals (301 beds) equipped to handle the less severe cases. In addtion, there were thirty dispensaries of which twelve had beds for outpatients. The travelling dispensaries included not only motor vehicles operating within a radius of some twenty miles of Jesselton, Kota Belud, and Keningau, but launches on the east coast and a railway coach moving on a weekly schedule between Jesselton and Beaufort. Two health centres, at Jesselton and Sandakan, provided antenatal, postnatal, and infant welfare clinics. In all there were treated in 1956, in government hospitals and dispensaries etc. over 14,000 inpatients and over 342,000 outpatients, from an estimated population of 389,000. The vast proportion of medical services was provided by the Government, which employed thirteen out of the twenty-nine registered physicians in the Colony[3] At present a very few doctors are employed by large estates and missions, but most of the others outside government service are Chinese in private practice. Most estates of any size maintain a dispensary, sometimes with accommodation for inpatients, for their employees, but adequately skilled dressers are in short supply.

The collection of vital statistics in a country such as North Borneo is fraught with difficulty. The relevant ordinance in force up to 1951 provided only some twenty-four registrars and deputy registrars

1. Tregonning *Chartered Company Rule*, ch. VIII.
2. *Council Paper No. 1 of 1946*, para 19, in *N.B.A.R. 1947*, p. 55, and *N.B.A.R.* 1947, pp. 26-28.
3. *N.B.A.R. 1951*, pp. 52-53; *1956*, pp. 80-81 & 183.

for an area of over 29,000 square miles with poor communications. New legislation, which came into effect that year, provided for chiefs, schoolmasters, and other literate persons to be assistant registrar and it was hoped that, as a result, there would be one registrar for each 2,000 people. Nevertheless, very few deaths are certified by a medical practitioner; in 1948, for instance, less than 5%. In consequence precise details of what are the causes of deaths are not available.[4]

For many years up to the end of 1956 there were no repeated cases of smallpox, cholera, plague, or typhus, but certain diseases, primarily malaria, tuberculosis, and intestinal infestations continued to be widespread. At the end of the World War II malaria appeared a major problem, particularly on the east coast and especially in the Sandakan area. In 1948 a measure of control began with the issue of paludrine and the spraying of homes with D.D.T., and by the end of the year there was a marked decrease in the incidence of the disease. By 1956, however, it was still endemic, though most of the larger towns were comparatively free. A pilot scheme for the control of malaria sponsored jointly by the Government, the World Health Organization, and the United Nations International Children's Fund began in July 1955. The aim of the scheme was to produce a malaria map of the Colony and to find out whether control could be effected by spraying with residual insecticides. The map was produced by 1957 and showed that in most rural areas malaria was hyper-endemic. Spraying with insecticide had proved encouraging and during 1958 it was intended to spray, as far as possible, the more heavily infected areas.[5]

With the recession of malaria, pulmonary tuberculosis emerged as possibly the most serious single cause of mortality and ill health in the Colony. It is possible that this is not so much due to an increase in the incidence of the disease as to increased public awareness of it and the possibility of treatment. In 1853 the North Borneo Anti-Tuberculosis Association, known as NOBATA, was formed. This voluntary, charitable association disseminates knowledge of the disease, visits sufferers, aids dependants, and pays fares to enable outpatients to go to hospital for treatment. In recent years one-third of the total Medical Department budget for medical stores was expended on drugs and x-ray films for the treatment and control of tuberculosis. In 1956 the first of several intended special wards for the treatment of tuberculosis patients was opened at Tawau, and these will relieve the pressure on the general hospitals.[6] It is now compulsory for patients with active tuberculosis to be isolated in hospital, but such is the shortage of accommodation that

4. *N.B.A.R. 1948*, p. 37, & *1951*, p. 54
5. *N.B.A.R. 1947*, p. 27; *1948*, p. 36; *1956*, pp. 77-78; *1957*, p. 86.
6. *N.B.A.R. 1953*, pp. 82 & 95; *1955*, p. 68; *1956*, pp. 77-78.

as soon as the infection ceases to be active the patient has to be sent out from hospital and continue prolonged treatment as an out-patient. An employer may give his employee one month's notice when he contracts tuberculosis and many do. When he emerges from hospital, therefore, the patient faces a difficult period in which he is not fit for work and probably cannot, in any case, find anyone willing to employ him. He may then return to his *kampong* (village), and cease to attend the hospital as an out-patient. In consequence of his failure to continue treatment and an inadequate diet, resulting from unemployment, the patient probably suffers a relapse. If he is re-admitted to hospital the drugs may no longer be so effective. The problem is intractable as it is difficult for an employer, particularly a smaller one, to continue to pay his employees for several months in which he does no work and pay his hospital expenses of over M.$100 per month.

Water-borne sewage systems are practically unknown in the Colony. With this and the usual low standards of hygiene in primitive tropical countries, bowel infections are vey common, though serious epidemics surprisingly rare. The posting of health inspectors to various centres in the Colony is expected to improve standards.[7]

Leprosy exists. Part of the beautiful island of Berhala at the entrance to Sandakan harbour was made a leper colony from 1891 to 1898 and again from 1913? In 1940 there were 70 patients.[8] In 1947 there were 44 and the number rose to 59 in 1952: since then it has declined. There were on average only 45 patients in 1955. New admissions number only four or five per year and, as a result of modern methods of treatment, are exceeded by discharges. The disease is, therefore, not a serious problem. In 1947 it was decided to establish a modern leper settlement for the three British Borneo territories and a search for a new site was begun, but in 1956 arrangements for the transfer of the patients from Berhala were still under examination,[9] Some patients are still there in 1958,

In 1947 it was also proposed to have a new central mental hospital for all three British Borneo territories. Meanwhile, the pre-war buildings at Sandakan, which had accommodated 110 patients, were restored and in 1947, held 30 patients. The number was up to 100 in 1953: when the plan for the inter-territorial hospital was abandoned and it was decided it would, therefore, be necessary to rebuild the Sandakan one which was unsatisfactory. In 1955 it was decided there was no suitable site for the planned hospital for 240 patients in Sandakan and that it should be moved to Jesselton. No progress had been made by the end of 1956 and it was considered

7. *N.B.A.R. 1956*, p. 79.
8. Tregonning, *Chartered Company Rule*, p. 172.
9. *N.B.A.R. 1947*, p. 26; *1952*, p. 78; *1955*, p. 72; *1956*, p. 81.

unlikely that the new building could be begun in 1957. Meanwhile, the number of patients in the inadequate hospital at Sandakan had swollen to 144. It was estimated that there might be one mental case in every thousand of the population and that 350 beds would ultimately be required.[10]

An opthalmologist appointed for the three Borneo territories first visited North Borneo in 1955 and confirmed the view that there was a great deal of preventable eye disease in the Colony. It was thought that there were some 2,400 blind persons in the country of whom 750 were blinded from preventable causes. The Chinese readily come forward for treatment but natives, partly because many of them live in remoter areas, often fail to seek treatment until it is too late. The Government employs one dental officer, but there are a considerable number of Chinese dentists of very varied qualifications.[11]

2. *Education.*

The Christian missions have always borne a large share of the task of educating the children of North Borneo. The Roman Catholics was first in the field, at Papar in 1881, and at Sandakan in 1887. At Sandakan they were quickly followed by an Anglican priest, the Rev. W. H. Elton, who founded St. Michael's School and was to remain in the Colony for a quarter of a century. In 1886 Pryer had encouraged and supported the start of a private voluntary school for Chinese and Muslims in Sandakan, but it expired the next year. The Government later adopted a policy of subsidising schools, but in 1905 only the four mission schools in Sandakan were receiving this aid, amounting to $1,140. In 1909 an Education Department with inspectors of schools was founded to ensure that the subsidy, which was now extended, was not mis-spent. The first government vernacular school, for the sons of chiefs, opened in Jesselton in 1915, with twelve students age 9-25. It was never a real success an was closed in 1930. The Government was not always altogether happy at the dominance of the missions in education and in 1921 began to open several public vernacular schools, but they, too, were not popular. By 1931 there were ten such schools with 391 pupils. In the following decade, however, there grew a new enthusiasm for education with the realisation of the economic advantages it could bring. Governor Jardine actively supported education and encouraged the introduction of physical training and school uniforms. Fees were abolished in 1937. By 1941 there were twenty-eight primary vernacular schools with 1,663 students and long waiting lists. Almost all the students were boys,

10. *N.B.A.R. 1947*, p. 26; *1953*, p. 85; *1955*, p. 72; *1956*, p. 81.
11. *N.B.A.R. 1955*, p. 71, & *1956*, p. 82.

but the Government had begun to consider vernacular schools for girls.

Though some missions schools in early days had closed through lack of support, they continued generally to expand. They had the great advantage of teaching English which was — and is — the key to economic advancement. In 1930 the Government abandoned the system by which grants were paid only to schools reaching a certain standard, in favour of block grants to the missions, as this enabled them to devote some of the funds to improving the poorer schools. By 1940 the block grants totalled $14,178 for fifty-two mission schools teaching 3,922 pupils. In 1939 the Government resolved on a major change of policy towards the mission schools, and the latter were informed that they could expect no further increases in the government grants. The Government intended to devote its available resources to improving elementary vernacular education, introducing education for girls, and government vocational and secondary education. The war intervened before this change of policy had any real effect.

There were also in prewar Borneo a number of private Chinese schools, supported with varying degrees of success by Chinese communities who desired to give their children a Chinese education. Political influences from outside were unimportant in North Borneo and the Government left these schools very much to themselves. There were also some primary schools operated by estates for their employees' children including three Japanese schools at Tawau.

At all the schools in the country in 1940 10,993 students were being taught. The expenses of the Education Department totalled M.$40,279, but this did not include capital expenditure and maintenance on schools, which was met by the Public Works Department.[12]

The pattern of postwar education is similar, but the scale is altogether greater. The enrolment of all schools rose from 10,268 in 1946 to 32,144 in 1956. In 1946 2,706 pupils were in government schools, 3,160 in mission schools, and 4,402 in Chinese schools. The corresponding figures for 1956 were 6,905, 10,867, 12,749, plus 1,893 in other schools, mainly native voluntary schools partly supported by the Government and partly by a local community. The ratio of boys to girls was 3:1 in 1947 and 2:1 in 1956. The number of schools rose in 1946-1956 from 144, of which 48 were government, 43 mission, 51 Chinese and 2 others,[13] to 282 of which 86 were government, 69 mission, 81 Chinese and 46 other.[14]

Primary education was reorganized after the war to cover six years and was, as before the war, provided by the Government, the

12. Tregonning, *Chartered Company Rule*, Ch. IX.
13. Apparently without any pupils!
14. N.B.A.R. *1956*, p. 182.

missions, Chinese communities, and estates. All the government schools offered instruction in Malay, except for one primary English school in Labuan and one primary Chinese school for the Shantung community in Jesselton, dating back to 1916. Almost all the mission schools taught in English, most of their pupils were Chinese. The Chinese schools, which were not aided by the Government, gave a traditional Chinese education in that language, and the few estate schools provided a basic primary education in either Chinese or Malay, as was appropriate to the labour engaged. In 1956 primary education was still being provided by the same types of school, plus native voluntary schools and local authority schools. The latter are schools formerly under the direct control of the central government but placed under the administration of local authorities after the creation of the latter. The first schools were in the Kota Belud area. About 1953 there sprang up the first native voluntary schools. These schools were built by local communities for their children. Half of the teacher's salary is provided by the Education Department, which also assists with the supply of books and equipment. These schools go a good way towards satisfying the educational needs and desires in smaller communities where the Government cannot, as yet, afford to construct a full scale primary school, where the standards would be rather higher than in a native voluntary school. At the end of 1956 there were forty-one such schools. By this date the Government was also aiding many Chinese primary schools. It claimed, therefore, that of a total of 29,967 children attending primary classes in 1956 it was contributing to the education of almost 23,000.[15]

Before World War II seven mission schools had classes up to the standard of the Oversea Junior Certificate, and four Chinese schools had junior secondary classes. Immediately postwar the re-establishment of secondary education was delayed by shortages of buildings, trained teachers, and equipment, and no real start was possible before 1948. The number of secondary pupils expanded rapidly from 242 in that year until it reached the 2,000 level in 1954, at which it stayed in 1955 and 1956. The supply of teachers had not kept pace with the increase in the number of pupils in the English (mission) secondary schools. The teachers had been drawn away from the already inadequately staffed primary schools and standards had suffered in consequence. It was decided, therefore, that commencing in 1955, the expansion of English secondary education would have to be rigorously controlled. In 1956 almost three-quarters of the secondary pupils were in the mission schools, which in general aimed to provide a five year education leading to one of the overseas school certificates, and only about one quarter in Chinese schools. The only secondary education in a government

15. *N.B.A.R. 1947*, pp. 24-25; *1953*, p. 73; *1956*, pp. 70-72.

school was that in a section of the English school at Labuan, but the first full government secondary school was about to open in Jesselton.[16]

Since the war there has been a shortage of trained teachers of all sorts. For several years there were no facilities for training them in the Colony. In 1947 a few teachers trained at the Sultan Idris Training College in Malaya were engaged, but only those with the lowest qualifications would come to Borneo. Four men were sent for training to Sarawak, but no more could be accepted and accommodation in Malayan training schools was also very limited. At this time only fourteen out of an establishment of 169 teachers in the government vernacular schools were trained teachers. Few could speak English or had received any education beyond the fifth standard of a vernacular school. It was decided, therefore, to build a teachers' training college at Tuaran. The college opened in 1952 in temporary accommodation in the trade school at Menggatal, pending the completion of its own buildings. There were forty students, of whom twenty-two were untrained teachers with five years experience, and eighteen boys straight from school having passed at least primary V. The new buildings at Tuaran were formally opened on October 18, 1952, by H.R.H The Duchess of Kent and the school was given the name of Kent College. The new buildings with accommodation for ninety-six were occupied early in 1953, but the staff was not up to strength until May of that year. After that progress was rapid and by the end of the year there were seventy-five male and fourteen female students. Sixty-five of them were on the full two year course and twenty-four on the one year course for teachers with five years experience. In 1953 a small number of Chinese students were admitted in addition to natives. The experiment was successful and further Chinese were added each year, so that in 1956 the college was offering two-year courses both for natives and Chinese. At that time there were 135 students with a staff of three Europeans, four natives, two Chinese, and an Indian. Aid was being received under the Colombo Plan. The college was originally built with Colonial Development and Welfare funds.[17]

Technical education in the Colony is provided only at the Government Trade School. It was hoped to build this in 1948. Instruction was to be given in Malay, but English was to be taught, as it was intended primarily for natives. The opening was delayed until August 16, 1949, when ten boarders and three day boys began a course in carpentry. It did not wholly fulfil its intention at first, as some of the early graduates returned to their villages as farmers, not as carpenters, and others went into employment different from

16. *N.B.A.R. 1947*, pp. 24-25; *1954*, p. 74 *1956*, pp. 72-73 & 181.
17. *N.B.A.R 1947*, p. 25; *1949*, p. 39; *1952*, pp. 71-72; *1953*, p. 77; *1956*, pp. 73-74; *The Times* (London), Oct. 20, 1952, 4:5.

that for which they had been trained. In 1954, with the aid of Colonial Development and Welfare funds, the school was able to move from its *kajang* and *attap* (palm leaf) premises at Menggatal to permanent quarters at Batu Tiga near Jesselton. This move made possible co-operation and practical training with the railway, the Public Works Department, and private firms in Jesselton. In consequence of this, and generous gifts of equipment from the Government of Australia, a mechanics' course was introduced in 1955. In 1956 there were fourteen boys on this course in addition to fifteen on the carpenters' course. Chinese also are now trained at the school, and its graduates are generally valued by employers.[18]

In 1952 evening classes for adults were introduced at Jesselton and proved popular. Over 220 enrolled for classes in English, Malay, shorthand, bookkeeping, and typing. Later, classes were started at Sandakan.[19]

There are no facilities for higher education in North Borneo, but scholarships for it and technical education overseas are awarded from various sources such as the Government, the Colombo Plan, and Colonial Development & Welfare Schemes. In 1956 there were thirty-six students abroad, twenty-six of them in Australia.[20]

Expenditure on education from North Borneo Government funds in 1956, excluding $40,000 for new buildings and maintenance and $169,276 from Colonial Development and Welfare funds for Kent College and building new schools, was M.$1,207,113.[21] This is a startling increase over the comparable figure of M$40,279 in 1940 for one-third the number of pupils.

In the years 1954 to 1956 there was a considerable change in the Government's policy on education. A new Education Ordinance, which came into force in December, 1954, charged the Director of Education with the superintendence of education in the Colony and required the formation of an Advisory Committee for Education, under the chairmanship of the Director, to advise the Governor on matters relating to education. The ordinance also required registration of schools, school managers, and teachers, and empowered the Director to refuse registration. Subsequently, an educational survey of North Borneo carried out by the chief education officer for the county of Kent gave the Government food for thought, and it produced a paper with proposals for a new educational policy.[22] Addressing the Legislative Council on April 19, 1955, the Governor said he was convinced responsibility for education would have to be assumed by the community at large. He admitted

18. *N.B.A.R. 1947*, p. 25; *1949*, p. 39; *1954*, p. 74; *1956*, p. 73.
19. *N.B.A.R. 1952*, p. 72 & *1953*, p. 78.
20. *N.B.A.R. 1956*, p. 74.
21. *Ibid.*, p. 76.
22. *N.B.A.R. 1954*, p. 70 & *1955*, p. 60.

that a big debt was owed to the religious bodies and private individuals who had toiled to bring education to the country, but the burden, especially the financial burden, was now too great and would have to be shared by all. Any criticism should be levelled at the Government for failing to assume the leadership earlier. That it now proposed to do, and progressively it would assume responsibility for all primary education.[23]

At the next session of the Council, in August, the Governor dealt with the criticisms that had greeted the Government's proposals. He denied that Government distrusted the existing educational agencies, especially the boards of the Chinese schools. It was imperative that facilities be improved and more money be made available. This would best be done by reinforcing and consolidating the existing facilities. The Chinese schools had depended on men of goodwill, but events in Singapore, Malaya, and Sarawak had shown that unorganized men of goodwill were inadequate for their task and to withstand the forces of subversion. It would be unforgiveable if defences were not prepared in North Borneo. He, the Governor, wished to back the existing agencies with all the support at the Government's command. He denied any desire either to subvert Chinese culture or lessen the influence of religious faith.[24]

The uneasiness in the Colony, at what was interpreted as the intention of the Government to take over all schools and impose a regimented form of education that would take no account of differences of culture and religious belief, lead the Governor to appoint a committee of the Council and persons with experience of educational affairs, to prepare a scheme, and the necessary legislation, which would meet the peoples' needs, but pay due regard to the points raised by the Government's papers and the reactions to them. This Education Policy Committee produced a unanimous report in April, 1956, the principal recommendation of which was for a strong and widely representative central Board of Education and a system of local education committees, the Board of Education to be the chief instrument of the Government in education, informed by and operating through the Department of Education and the local education committees, and itself evolving and modifying arrangements in the light of events. The proposed legislation gave sufficient regulation making power to enable policy to be carried into practice without new legislation except in the case of major new developments.[25] The Government had its reservations about some aspects of the report, but, in view of its unanimity and the

23. *Government Gazette*, X (1955), p. 114.
24. *Ibid.*, pp. 216-217.
25. The Acting Chief Secretary to Legislative Council Sept. 18, 1956, *Government Gazette*, XI (1956), pp. 287-288.

necessity of ending the two years of uncertainty as to the future educational policy of the Colony, it accepted it *in toto* and the Education (Amendment) Ordinance was passed in September 1956.[26]

The Board set up represents all interests, creeds, and races, and the great majority are not government officials. It has served to break down the former rigid divisions between government, mission, and Crinese education, and make it possible for the educational needs of the Colony to be considered as a whole and plans to be made to meet them. Fourteen local education committees were established, composed of persons willing and able to apply themselves to the districts educational problems, and representing the various educational interests of each area.[27]

The new Board and the new committees have plenty of problems to face. Despite the increased availability of education since World War II there is still far to go. The 1951 census revealed that only 117 per thousand of the total population, and 170 per thousand of the population fifteen years of age and over, were literate. Literacy was defined as ability to read and write a simple letter. Among the indigenous population the figures were only 55 and 81 per thousand respectively. The census also revealed that, of 83,072 children within the age group 5-14 years, 55,000 native children and 3,500 Chinese children were not attending school. By 1956 the percentage of children of school age in the Colony who were attending school probably did not exceed 35%. The education of natives lags behind that of Chinese who, in 1956, numbered nearly two-thirds of the pupils in the Colony. Very few pupils carry on through the six years of primary school; the number in a class dwindles each year. The mission schools have difficulty because many Chinese children receive a Chinese education first and enter primary I of a mission English school when well in their teens, so that pupils as different in age as six and sixteen may be in the same class.[28]

3. *Public Utilities.*

In prewar North Borneo only Sandakan, Jesselton, and Kudat had piped water supplies, but in both the last two places the supply was inadequate in dry weather.[29] Immediately after the war most of Jesselton had to be supplied by water cart, though as early as 1947 it was possible to introduce chlorination in the supply at Sandakan. The prewar reservoir at Labuan had been rendered useless, when the Japanese constructed the airfield, and the supply came from wells drilled during the period of liberation. By 1948 only some

26. Governor to Legislative Council Sept. 18, 1956, *Ibid.*, pp. 289-290.
27. *N.B.A.R. 1957*, p. 70.
28. *N.B.A.R. 1953*, pp. 68-70 & 168; *1956*, pp. 69-72 & 180; *1957*, p. 72.
29. *Terrain Study No. 90*, pp. 148-152.

isolated areas in Jesselton were dependent on water-carts and by 1949 there was, in general, a 24-hour per day supply. Demand began, however, to exceed supply, and by 1950 water was rationed in Jesselton and the supply restricted in Sandakan. In 1953 an increased supply for Jesselton was arranged and purification of the whole supply was effected. The new supply was a temporary relief only, and in 1955 a London firm of consultants prepared a scheme for the water supply of the Jesselton area which envisaged a daily supply of one million gallons of fully treated water from the river at Penampong. Work was started on this scheme in 1956, but in that year the supply of water in urban areas remained nowhere wholly satisfactory. Jesselton, especially in the Tanjong Aru and Kepayan areas, had an insufficient supply. Sandakan continued to be supplied mainly from a stream at Batu Lima though two bore holes had been brought into use, but preliminary investigations for the improvement of the town's supply were under way. New bore holes had been commissioned but not yet executed at Labuan. The other towns in the Colony had remained without public piped water supplies until 1956, when schemes at Tawau and Tuaran, for fully treated and filtered water respectively, came into operation. Gravity supplies for Keningau and Beaufort were under construction and testing wells had been sunk at Kota Belud. Rural communities obtain their water from wells, streams, and rivers. The supply is normally plentiful but liable to pollution.[30]

Before the war a water-borne sewage system existed only at Sandakan.[31] In postwar years septic tanks have been installed, where possible, by Europeans and others who could afford them and thought them necessary. Most of the big towns lie along the sea and latrines are built out over the water. In other areas bore hole latrines may be built, but the more primitive peoples do not bother with such refinement. By the end of 1956 the planning of modern sanitation for the main towns was finished.[32]

Public supplies of electricity were available before 1941 in Jesselton, Sandakan, and Labuan only. The Jesselton Ice and Power Company had had a concession since 1913 and generated electricity with heavy oil engines. The Sandakan Light & Power Company, whose concession dated from 1922, supplied the area within seven miles of its station, which produced power by steam driven generators, the boilers being fired by sawdust and waste from a neighbouring sawmill. The installation at Labuan was operated by the Malayan Government. All these installations were operated by the

30. *N.B.A.R. 1947*, pp. 36-37; *1948*, p. 46; *1949*, p. 36; *1953*, p. 111; *1955*, p. 100.
31. *Terrain Study No. 90 p.* 152.
32. *N.B.A.R. 1956*, p. 79..

Japanese, but all were damaged in the bombing preceding the liberation and all supplies ceased.[33]

With the end of hostilities the Sandakan Company took active steps to resume operations, and in 1947 was maintaining a steady supply between the hours of 6 p.m. and midnight. The Jesselton company did not attempt to recommence supply and the Public Works Department operated its plant. It also operated the portable generators that had been installed by the British Military Administration in Labuan. Small privately-owned lighting sets, all in poor condition ,were in operation in Beaufort, Papar, and Tawau.[34]

By 1948 Sandakan had a 24-hour per day supply, but Jesselton had light from 6 p.m. — 11.30 p.m. only. In 1949 negotiations with the Jesselton Ice & Power Company were concluded by which the company gave up its concession to the Government, which continued to operate it through the Public Works Department. A 24-hour apply was by now available in the commercial area. In Sandakan rehabilitation was virtually completed. In Labuan the public service functioned satisfactorily and private enterprise had commenced operations at Kudat. At Beaufort, however, the supply had to be closed down as it did not comply with the standards laid down in the Electricity Ordinance, and the same happened at Tawau in 1950.[35]

By 1950 it was clear to the Government that steps should be taken to ensure that other towns beside Sandakan should have a regular, satisfactory, electricity supply. A public notice was, therefore, issued inviting proposals for the grant of an exclusive license to provide electricity over a period of not less than twenty years to Jesselton, Labuan, Beaufort, Lahad Datu, Tawau, Kudat, and Papar.[36] Negotiations were carried on with the Colonial Development Corporation,[37] but these proved abortive. It was decided, therefore, that the Public Works Department should carry on in Jesselton and Labuan, and that the smaller towns should be supplied by private enterprise under government license. The response to the call for tenders to supply these towns was disappointing, and the only new commercial undertaking to be opened was at Tawau. In June 1953 the Public Works Department, however, commenced a supply in Tuaran.[38]

In 1954 a new power station, with a total capacity of about 1,500 k.w., was completed at Jesselton. This enabled some equip-

33. *Terrain Study No 90*, pp. 149 & 152, & *N.B.A.R. 1947*, p. 37.
34. *N.B.A.R. 1947*, pp. 37-38.
35. *N.B.A.R. 1948*, p. 47; *1949*, p. 51; *1950*, p. 46.
36. Governor to Advisory Council, Mar. 24, 1950, *Government Gazette*, V (1950), p. 92.
37. Governor to Legislative Council, Mar. 20, 1951, *Government Gazette*, VI (1951) p. 78.
38. *N.B.A.R. 1951*, p. 68, & *1953*, p. 114.

ment to be transferred to Labuan and so make possible a 24-hour service there. By 1955 the construction of a new power station there with an intended capacity of 460 k.w. was well under way. In that year the Sandakan Light & Power Co. (1922) Ltd., installed a 750 k.w. set in addition to its former 1,196 k.w. set, but mechanical defects prevented its going into operation. The capacities of the privately owned stations at Kudat, Tawau and Papar were only 225 k.w. each, and of the Public Works Department station at Tuaran 77 k.w.[39]

During 1955 an Electricity Advisory Board, largely composed of unofficial members, was constituted with the function of advising the Government on the operation of its electrical installations. It was intended to prepare the way for the transfer of these undertakings to a statutory electricity authority.[40] Their running by the Public Works Department was not regarded as ideal. The Department could only devote a limited time to electrical matters and government financial controls restricted what should have been a commercial enterprise. With the growth of demand and with the intended large scale developments the electric power business was bound to ourgrow its position as a branch of the Department. In August, 1956, therefore, the Advisory Board rerommended a statutory electricity board be set up as from January 1, 1957. It would raise its own funds and relieve the Government of this burden and the hidden subsidy inherent in the electrical undertakings being joined to a government department.[41]

On January 1, 1957, there passed, therefore, to the North Borneo Electricity Board the installations at Jesselton, Labuan and Tuaran, and that at Kudat which had been taken over by the Public Works Department on June 1, 1956. Preliminary arrangements were also under way for the acquisition of the Tawau station. The Board assumed, in addition, responsibility for licensing private concerns, which continued to operate at Sandakan, Papar, Beaufort, and Tenom — the last two newly opened. Licenses had also been issued to a promoter to instal small automatic generators with limited low tension distribution in a number of small towns where electrical development had not been contemplated within the foreseeable future.[42]

The public demand for health services education, and utilities, especially electricity, remains far from satisfied. Progress has been made but the Government may be criticised, in some instances, for delay in making up its mind on policies. In particular it is

39. *N.B.A.R. 1954*, pp. 106-107, & *N.B.A.R. 1955*, pp. 98-99.
40. *N.B.A.R. 1955*, p. 98.
41. Chief Secretary to Legislative Council, Dec. 5, 1956, *Government Gazette*, XII (1957), pp. 40-41.
42. *N.B.A.R. 1956*, p. 109.

regrettable that some ten years should have elapsed from the restoration of civil government to the decision of colony-wide policies on education and electricity supply, and the establishment of boards adequately empowered to carry them out.

CHAPTER VI

TRADE, LABOUR, AND INDUSTRY

The restored, like the prewar, economy rests primarily on agriculture, which therefore merits a separate chapter. This potentially dangerous dependence has been reduced to some extent by the growth of the timber industry. The fishing industry, while providing a livelihood for many on the coast and contributing to the sustenance of the population, is not highly developed. Mineral production and factory industry, except sawmilling, are unimportant, and the latter is likely to remain so in view of the labour shortage. Trade — import, export, and local — provides a livelihood for many Chinese in the towns.

1. *General.*

It was estimated that in 1947 the Colony recovered 50% of its prewar productivity, in 1948 80%, and in 1949 100%.[1] Factors in the recovery were the dynamism of the Chinese, an adequate supply of rice, an abundance of local timber for construction, and generous aid from the British Treasury,[2] though the freedom from political unrest should also be mentioned.

Though there are some who yearn for the prewar days, when North Borneo was an even quieter backwater than it is today, it has been the Government's policy to encourage economic development as the only way to pay for the improved health, educational, and living standards that are desired. It is sometimes alleged that in the immediate postwar years the attitude of the Government towards potential outside investors implied that they were fortunate to have Borneo awaiting their investment, rather than that Borneo would be fortunate if they made it. This attitude no longer prevails. Addressing the Legislative Council on April 19, 1955, the Governor told members that private capital was courted the world over and would not come to Borneo unless circumstances were created that attracted it. One way in which he intended to do this was by an alteration in the system of taxation. Up to then it had been based largely, for simplicity of collection, on export duties. It was now proposed to reduce the charges prior to marketing, make it possible to operate profitably, and tax profits once made. In line with this the export duties on rubber and hemp had already

1. *The Times* (London), Jan. 13, 1949, 3:2.
2. *Ibid.*, August 11, 1949, 3:3.

been reduced and it was hoped to go further along the same road.[3] Subsequently, the duty on the export of cocoa was suspended for ten years. Further, in 1956 were passed a revised Income Tax Ordinance and a Pioneer Industries (Relief from Income Tax) Ordinance, both of which came into effect at the beginning of 1957. The first permitted expenditure incurred on plantations, including forests, to be written off against assessable profits over a period of ten years. The second exempted from income tax for two or four years any industry not previously carried on on a sufficient scale, and which it would be in the Colony's interest to encourage.[4]

In an effort to encourage investment by local private capital, the Government established by legislation in 1955 a Credit Corporation. This is an independent body with an unofficial majority and powers to borrow money and lend it again to enterprises which it believes will be helpful to the economy of the country. It is able to receive grants or interest free loans from public funds.[5]

2. *Trade.*

Before 1941 North Borneo generally enjoyed a favourable balance of trade. In 1939 and 1940, indeed, exports were worth slightly more than twice imports. In 1947, when production had not yet got into full swing and imports to relieve the shortage in the Colony were flowing in, there was an unfavourable balance. Imports were worth M.$20.5 million and exports M.$17.0 million. From 1948 to 1956 the Colony enjoyed a favourable balance of trade every year except for 1952 and 1953. In those years imports ordered during the very favourable boom years of 1950 and 1951 were coming forward, including a substantial quantity of capital equipment, but the price of rubber had fallen greatly. In 1956 exports were valued at M.$120.9 million and imports at M.$117.4 million, the favourable margin being smaller than usual.

Provisions have been the most valuable item of imports in most years, 1947-1956, but in 1948 and 1949 the lead was taken by rice and in 1950 by textiles and apparel. If to rice and provisions is added sugar, foodstuffs acquire a commanding position in the list of imports. Other important items are tobacco, vehicles, metals, building materials, machinery, and oil.

Before the war rubber was by far the most valuable export of the Colony. In 1940 it was worth M.$14.5 million, whereas timber, which was second, was worth only M.$2.2 million. The position was much the same for some years after the war. In 1947 rubber formed two-thirds by value of the Colony's exports. In 1949 it

3. *Government Gazette*, X (1955), p. 115.
4. *N.B.A.R. 1957*, p. 6.
5. Governor to Legislative Council, April 19, 1955, *Government Gazette*, X (1955), pp. 114-115.

dropped below 50% but this did not reoccur until 1953. Since then rubber has not formed more than 50% by value of the Colony's exports and in 1956 formed only one-third. In 1954 and again in 1956 the combined value of the second and third most important exports, timber and copra, exceeded that of rubber. Other important exports are firewood, tobacco, cutch, dried and salt fish, and hemp. All have shown, though with fluctuations, a generally upward trend in value, except for firewood. In 1951 and 1952 this attained fourth place in the Colony's exports (M.$2.4 million and M.$3.1 million) but fell away rapidly thereafter (M.$0.3 million in 1956). Most of the firewood went to Hong Kong which has now gone over to using kerosene.[6]

The rises in value of the exports of timber and copra have been most striking. Timber is dealt with in a separate section. Up to and including the first part of 1948 the exportof copra was discouraged by the lack of shipping, heavy transhipment charges and long delay in Singapore, and the low price offered by the British Ministry of Food to whom 50% of the crop had to be consigned, in comparison with world prices. There was, indeed, a certain amount of smuggling out of the Colony. This died down when freedom of export was restored in the latter part of 1948. Exports increased in value from M.$0.2 million in 1947 and 1948 to M.$1.5 million in 1949. In 1950 the re-export trade on the east coast began in earnest and exports, including re-exports, jumped in value to M.$17.2 million They declined to less than half this figure in 1952, but thereafter rose each year to M.$23.3 million in 1956.[7] The copra is brought over to the east coast ports, principally Sandakan and Tawau, from Indonesia, especially Celebes, and the Sulu Archipelago of the Philippines. At times the government of the Philippines has looked askance at the trade, but by the end of 1956 it appeared reconciled to it. The trade from Indonesia is important to the provincial governments of that country, but is regarded as smuggling by the central government.[8] The copra is "smuggled" to North Borneo as a better price can be obtained there, where the price is governed by the world market, than through the official channels in the countries from which it comes. The copra is brought in native sailing craft, often colourfully painted, which run the hazards of preventative patrols, pirates, and storms. To their own countries the craft take back cigarettes and manufactured goods. For this reason the copra trade is often referred to as the "barter trade".

The United Kingdom is the Colony's most important market and supplier. In 1956 almost one quarter (26.69%) of North

6. *N.B.A.R. 1951*, pp. 26-27, & *1956*, pp. 33-35.
7. *N.B.A.R. 1947*, p. 18; *1948*, p. 26; *1951*, p. 27; *1956*, p. 35.
8. Governor to Legislative Council, Dec. 4, 1956, and Nov. 28, 1957, *Government Gazette*, XII (1957), p. 20, and XIII (1958), p. 21.

Borneo's imports came from the United Kingdom. Other important sources of imports were Hong Kong (9.36%), the Philippines (9.25%), Japan (8.33%), Thailand (8.23%), Malaya (6.94%), Europe (5.83%), Indonesia (5.39%), and the U.S.A. (5.35%). Exports in the same year went primarily to the United Kingdom (23.46%), but other important markets were Europe (20.21%), Malaya (16.67%), Japan (10.25%), the Philippines (10.03%), and Hong Kong (9.04%). The United States only took 1.79% of exports.[9]

The import trade of the Colony is in the hands of a few European firms, of which Harrisons & Crosfield (Borneo) Ltd. is by far the most important, and Chinese merchants. These European companies and Chinese merchants also handle much of the exports which are not made directly by the producer. The towns of the Colony are crowded with shops, nearly all Chinese, most of which seem to sell exactly the same general assortment of goods; there is very little specialisation. Despite the number of shops there is little competition in price. Prices are kept high by the easy credit which the shopkeepers grant. On the west coast and in the interior native markets (*tamu*) are held. These are an occasion for social as well as commercial intercourse.

Before 1941 the Chartered Company operated its own state bank. After the war both the Hongkong and Shanghai Banking Corporation and Chartered Bank of India, Australia, and China established branches in the Colony, the earliest being at Jesselton, Sandakan, and Tawau. By -1956 both banks had branches at Sandakan, Jesselton, and Labuan, the Chartered Bank had branches at Kudat and Lahad Datu, and the Hongkong bank retained its branch at Tawau.[10]

3. *Labour.*

The development of trade unionism in the Colony since 1946 has been negligible. The first union formed, in 1047, was the North Borneo Clerical Union which later transformed itself into the North Borneo Junior Civil Service Association. By 1952 there were three unions with a total membership of under 500. A fourth union was registered in 1955, but at the end of 1956 the total union membership was still about 500. Because of illiteracy among the workers, the comparatively small extent of wage earning employment in the Colony, and satisfactory management-labour relations, it is not expected that the growth of unionism will be rapid, though it is the Government's policy (not very actively pursued) to encourage it.[11] The general shortage of labour has put employers at the mercy of labour rather than the reverse. So much so that

9. *N.B.A.R. 1956*, pp. 36-37.
10. Tregonning, *Chartered Company Rule*, p. 71; *N.B.A.R. 1947*, pp. 14-15; *1956*, p. 32
11. *N.B.A.R. 1947*, p. 11; *1952*, p. 27; *1955*, p. 18; *1956*, p. 20.

in 1955 a number of small timber contractors in the Sandakan Area formed an Employers Trade Union! The idea was to protect themselves against the abuse of *pinjam* (advances). Labourers frequently took employment, requested and obtained advances, and left before repaying them. The employers in the new union intended to register all labour and refuse to take any labourer on unless his record card showed he had repaid all his debts to previous employers.[12]

Employees are amply protected against unfair treatment by legislation and the Department of Labour and Welfare, which administers it. Legislation to protect labour, copied from the Straits Settlements, was enacted as early as 1882 and 1883. A proclamation in the latter year empowered the Government to appoint a Protector of Labour to visit each estate and ensure that proper conditions of health, housing, wages, and hours of work were observed.[13] This legislation was revised from time to time, and the Labour Ordinance of 1936 was that in force on the Colony mainland for its first few years; Straits Settlement legislation applied in Labuan. These laws regulated labour agreements, hours of work and holidays, wages and overtime, the employment of women and children, health and housing, the truck system and the recording of wages, and the investigation of complaints and disputes. The Labour Ordinance, 1949, which came into effect on January 1, 1950, consolidated and brought up to date the law. An important gap in the protection of labour was filled on July 1, 1950, when the Workmen's Compensation Ordinance, 1950, came into effect. Hitherto there had been no compulsory workmen's compensation, except in Labuan. The new ordinance laid down lump sum rates of compensation to dependents for the death of the workmen, and to the workmen for permanent incapacity, both total and partial, which varied with the average monthly wage of the worker. Compensation to the worker for temporary incapacity was also based on his average rate of wages. The amounts of compensation payable were substantially increased by a further Workmen's Compensation Ordinance of 1955, which came into effect early in 1956.[14]

A prewar Labour Advisory Board had consisted of representatives of employers only, meeting under the chairmanship of the Protector of Labour. A similar board under the chairmanship of the Commissioner of Labour was formed in 1950, but with representatives of employees and government as well as employers. It advises the Government on labour policy and problems. It met only once in 1956.[15]

12. *Borneo Bulletin* (Kuala Belait, Brunei), Dec. 3, 1955, 11:1.
13. Tregonning, *Chartered Company Rule*, pp. 133-134.
14. *N.B.A.R. 1947*, p. 11; *1950*, pp. 12-13; *1955*, p. 18.
15. *N.B.A.R. 1950*, p. 12, & *1956*, p. 21.

In 1947 wage rates varied considerably from district to district, but it was thought that the unskilled agricultural labourer earned M.$1.50 per day compared with 50 cents before the war. In 1948 it was reckoned that unskilled workers earned up to M.$2.00 per day, semi-skilled up to M.$3.50, and skilled up to M.$5.00, the average being one half to three quarters of these maxima. The boom of 1951 put rates up considerably and in this year unskilled labourers were earning up to M.$3.50, semi-skilled up to M.$7.00, and skilled up to M.$12.00, with the average almost two-thirds of these figures. Wage rates remained substantially unchanged in 1956. By 1953, with the improvement of communications in the Colony, the variations in wage rates in the different sections had evened out.[16]

The above wage rates may appear impossibly low to western, particularly American, eyes. They must be viewed, however, in relation to the living expenses of the labourer. In 1949 the average monthly budget of a Chinese labourer was calculated to be M.$38.30 and of a native M.$29.62. In 1956 the comparable figures were M.$55.51 and M.$54.11. Approximately two-thirds of the budget in each case was spent on food.[17]

4. *The Timber Industry.*

The forest policy of North Borneo is now administered through the Forest Department. In the very early days of the Chartered Company the forests were administered by the Treasurer General. Later the forests passed into the control of the Commissioner of Lands. In 1914 the first Chief Forest Officer (later Conservator of Forests) was appointed, and in 1915 he organised his department. Its organization was based on the Philippine Forest Service with modifications taken from the Indian Forest Service. Before 1941 nearly all the forest rangers were Filipinos and local North Borneo men occupied only very subordinate positions, while since the war the department has continued to rely heavily on Filipino personnel. The early policy of the department was one of exploitation rather than conservation and sustained yield. In later years it was largely prevented from establishing any policy of forest development by lack of funds, insufficient staff, and the existence of an overriding timber concession. The main work of the department was, therefore, forest revenue collection and to act more or less as agent of the timber concessionaire. The Forest Ordinance of 1936 regulated forest affairs, but was limited in effect by the terms of the timber concession.[18] It was only after that concession had been terminated that a revised ordinance of 1954 gave the Conservator

16. *N.B.A.R. 1947*, p. 8; *1948*, p. 14; *1951*, p. 16; *1953*, p. 26; *1956*, p. 18.
17. *N.B.A.R. 1949*, pp. 14-15, & *1956*, p. 19.
18. *F. D. Ann. Rep. 1947*, pp. 19-20 & 23.

wide powers to protect and manage the forests of the Colony.[19] The Colony's policy was redefined in 1955 as follows; first, to reserve permanently forest land sufficient for the safeguarding of water supplies and soil fertility, and the prevention of erosion and flooding, and sufficient for the reasonable supply in perpetuity of all forms of forest produce; secondly, to manage the forests with the object of obtaining the highest revenue compatible with sustained yield and the first object above; thirdly, to provide the necessary trained staff for forest management, revenue collection, and local research; fourthly, to support and co-operate with all appropriate regional schemes of forest research; fifthly, to accept the principle that security of tenure and long term planning are essential for the successful management of the forests; sixthly, to foster a real understanding among the people of North Borneo of the value of the forests to them.[20]

The monopoly concession mentioned above was the possession of the British Borneo Timber Company, formed in 1920. For many years prior to that date the export business had been in the hands of the North Borneo Trading Company and the China Borneo Company, but their finances were not strong enough to enable them to adopt large scale and up to date exploitation. The British Borneo Timber Company was formed, therefore, with Harrisons & Crosfield and the Chartered Company as leading shareholders. It bought out the China Borneo Company and received from the Government a monopoly to cut timber for export on all crown forest land for a royalty of three farthings per cubic foot, subject to a minimum output. The other companies had to work as its sub-licensees.[21] British Borneo Timbers' concession was for twenty-five years initially, plus two additional periods of ten years. At the time it was made it may have been justified, but it committed the country too far ahead. In the postwar period the Government chafed at the rate of royalty, which bore no relation to the market value of the timber, and at its inability to have the forests exploited properly. Under the terms of the concession, however, sudden termination was likely to prove difficult and expensive. At the end of 1949, nonetheless, the company was given, under the terms of the concession, five years notice of its termination. This period would have expired on June 30, 1955, but negotiations were carried on in 1950 for an earlier termination.[22] As a result of further discussions in January 1951 a tentative agreement was reached, which subject to the agreement of the company's shareholders, was to

19. *N.B.A.R. 1954*, pp. 93-94
20. *F. D. Ann. Rep. 1955*, p. 2.
21. Rutter, *B.N.B.*, pp. 234-235, & Tregonning, *Chartered Company Rule*, pp. 83-84.
22. *F. D. Ann. Rep. 1947*, pp. 38-39; *1949*, p. 2; *1950*, p. 3.

make it possible for the Government to make new arrangements with effect July 1, 1952.[23] Negotiations were concluded with British Borneo Timbers in the first half of 1952 and the old concession terminated. In its place the company received a limited concession over about 1,000 square miles. Under the new agreement the Government retained control over forest operations, and the whole area was supposed to be exploited during the concession period of twenty-one years. It was expected (and has so far proved so) that B.B.T. would not be able to work more than a fraction of its annual coupe of some 47 square miles.[24] As part of the agreement the Government guaranteed to the Company that its profits for the first three years would not be less than they had been for the years 1948-1950 under the old agreement, no doubt thinking there was little chance, in view of the then prosperity of the industry, of having to pay out anything. The promise was to cost the country dear. British Borneo Timbers embarked on a costly programme of experiment and mechanization which caused very heavy losses. So much so that the compensation for loss of profits (about M.$4.8 million)[25] was considerably greater than the compensation for the surrender of the exclusive concession (about M.$3.4 million).[26]

With the ending of the B.B.T. monopoly license agreements were promptly entered into by the Government with Montague L. Meyer Ltd., The Bombay Burmah Trading Corporation Ltd., Kennedy Bay Timber Co. Ltd., and The North Borneo Timbers Ltd., the last owned half by North Borneo Trading and half by Bombay Burmah. The companies were each allotted concession areas of approximately three to five hundred square miles, which they were expected to work at the rate of 1% per year during the 21-year period of their agreements, subject to minimum royalty payments. The rate of royalty was raised with effect July 1, 1952, to a varying rate averaging over 10 cents per cubic foot, compared with the previous figure of 2.1 cents (¾d.) Each of the new long term licensees, in effect, bought a pig in a poke, as no proper surveys of their concession areas and enumeration of the trees thereon had been carried out. Montague L. Meyer Ltd., took a quick look at their pig and decided to abandon the agreement, for which they had to compensate the Government. Some of the other pigs seemed on first inspection, to be rather thin. In addition to the long term licenses of twenty-one years some annual licenses were issued to smaller operators. Although normally these licenses were for periods of one year only, it was planned that there should

23. Governor to Legislative Council, March 20, 1951, *Government Gazette*, VI (1951) p. 77.
24. *F. D. Ann. Rep. 1952*, pp. 4 & 7.
25. & 26. *See N.B.A.R. 1956*, p. 27. & *1957*, p. 28.

normally be sufficient timber to last an enterprise for ten years and there has been, in effect, considerable security of tenure. Many applications for these licenses were received in 1953 and a number were issued. The long term licensees protested, however, that an increase in the number of annual licensees, and their entry into the export trade, might divert the limited supply of labour available away from their own concessions, and create unfair competition in export markets. The areas granted to annual licensees were areas easily accessible and workable without mechanical equipment, and so their production was generally cheaper than that of the long term licensees, using mechanical methods and employing European staff, particularly in their early days of trial and error. The issue of annual licenses was, therefore, curtailed for a while,[27] but during the absence of the Conservator on leave the Forest Department in 1954 issued a considerable number of new licenses. At the end of 1953 there were forty-five annual licensees and their production for that year was 1,431,251 cubic feet. At the end of 1954 the number of annual licensees was sixty-six and their production for the year was 3,695,361 cubic feet.[28]

The long term licensees viewed this situation with alarm, especially as their own hopes of large and relatively easy profit had receded into the future. They considered that there was a danger that their markets would be flooded unless the annual licensees were strictly controlled, and that the then early stage of their own operations should be regarded as an experimental period in which they should be given a chance to establish their production and markets without unfair competition. The Government was not unsympathetic to this point of view. Addressing the Legislative Council on November 11, 1954, the Governor stated that it was the responsibility of the Government to ensure that the interests of the very large operators, who had been attracted to the Colony by the Government and whose investments were great, should not be put at a grave disadvantage by the practice of giving out licenses to lesser operators, who had no such investment in the industry and who, without adequate safeguards, would be capable of destroying the asset which the forest represented. He asserted there must be a proper balance of interests, but that there was no question of putting the annual licensees out of business.[29]

The Government's policy for the problem was enuniciated in Legislative Council Paper No. 34 of 1955, *Timber Industry*, which was published in October, 1955. This paper related how, in accordance with their agreements, the large companies had made

27. *F. D. Ann Rep. 1952*, pp. 4-7; *1953*, p. 5; *N.B.A.R. 1952*, p. 58.
28. Chief Secretary in reply to a question in Legislative Council, April 26, 1956, *Government Gazette*, XI (1956), pp. 132-3.
29. *Government Gazette*, X (1955), p. 37.

large investments and established overseas markets. "The advantages to the local economy are obvious to all. Regrettably, the advantages to the companies themselves are as yet obvious."[30] Unfortunately, the expansion of the annual licensees' production constituted a threat to the large-scale operators and to the long term interests of the industry as a whole. The annual licensees had made no appreciable capital outlay, they had access to markets established and served by the large operators, were free of the conditions of working permanent forest, and had no forward commitments to compel them to continue operations when the market was unfavourable. Their costs were lower than those of the large operators. The areas available for once-and-for-all extraction by short term licensees were not inexhaustible, and provided no foundation for a permanent industry. It was, therefore, of prime importance to the Colony's economy that the long-term licensees should not be allowed to fail. It was thus intended that future policy should be as follows: first, until it was proved that the companies with which the Government had negotiated, or was in the process of negotiating, long-term agreements could operate profitably, no additional large-scale concessions would be granted. Secondly, the Government would be prepared to review existing long term agreements with the intention of providing greater security and better prospects of economic working, and be prepared to consider making additional areas of forest available where it would improve the economic structure of the company concerned. Thirdly, except in exceptional circumstances, annual licenses would only be granted to recognized producers currently operating in North Borneo. Fourthly, annual licenses would not convey the right to export, and access to overseas markets would be controlled. Fifthly, the volume of annual licensee production permitted direct export would be reviewed annually and the right to the amount permitted would be put out to tender. Sixthly, tenders for the export rights would be accepted only from among the holders of currently valid annual licenses. Seventhy, all exports by annual licensees would have to be graded 100% by the Forest Department.

The paper then went on to outline the intended arrangements for 1956. The figures showed that the 1954 total direct exports (that is other than sold to long term licensees and exported by them) by annual licensees, excluding those negotiating long term agreements, had been a little over one million cubic feet. This total had already been appreciably exceeded for 1955. The total export for 1956 by annual licensees would, therefore, be fixed at 1,200,000 cubic feet, of which 900,000 cubic feet would be offered for tender in 1955.[31]

30. *Legislative Council Paper No. 34 of 1955, Timber Industry* (Jesselton 1955), p. 1.
31. *Ibid.*, pp. 1-4.

The policy and programme thus enunciated met with a storm of protest in the Legislative Council[32] and the local press,[33] which was echoed in the Singapore papers,[34] attracted attention in the United Kingdom,[35] and led to questions in the House of Commons.[36] The critics denied that the annual licensees had depressed prices. They asserted that their capital investment in proportion to production was not less than that of the concession holders and that (apart from the length of tenure, the terms on which they were required to extract timber were virtually the same; some of the larger annual licensees were eager to work on the same terms as the concession holders, but Paper 34 forbade them to do so. It was alleged that Paper 34 was a device to force the annual licensees to sell the bulk of their production to the large companies, who would take all the profit, and that rather than to do so many of the annual licensees would close down, with consequent unemployment. The manner in which Paper 34 was introduced was also criticised. It was felt that the Legislative Council had been presented with *a fait accompli*.

The supposed turmoil in the Colony was exaggerated. Very few of the annual licensees had ever exported on their own account, findings it easier to sell to the large companies. The agitation was well organized by a small group in Sandakan, who actively propagated their view point and engaged a lawyer to represent them in London. Emotionally the appeal of their case, that of the small local men against the big foreign capitalists, was strong, though some of the annual licensee group were in fact Europeans.[37]

In the end, the Government found its position politically untenable, and in June, 1956, an agreement was reached between the Forest Department and the annual licensees. The Government stated that it would make no objection in principle to the issue of further long term agreements. Secondly, the export to Hong Kong of species other than red and white serayah, and of serayah under six-foot girth, would be unrestricted. Thirdly, the export quota would not be increased. Fourthly, the allocation of the export quota would be in the hands of the annual licensees' North Borneo Timber Producers' Association. Fifthly, if an annual licensee became a long term licensee the quota would be diminished proportionately.[38]

35. e.g. *The Financial Times* (London), Jan. 13, 1956, 11:8; also *Reynold News* (London) & *The Tribune* (London), *cited in N.B. News & Sabah Times*, Jan. 25, 1956.
36. *N.B. News & Sabah Times*, Feb. 17, 1956, and *The Straits Times* (Singapore), March 2, 1956.
32. e.g. *Government Gazette*, XI (1956), pp. 134-142.
33. e.g. *N.B. News & Sabah Times*, December 13, 1955.
34. e.g. *The Straits Times* (Singapore), Jan. 6, 1956, & Jan. 24, 1956.
37. In view of possible bias it must be said that the writer is employed by one of the large timber companies.
38. *N.B. News & Sabah Times*, June 29, 1956.

The unrestricted export to Hong Kong was particularly unwelcome to the long term licensees. Hong Kong is the market for low quality logs and the price is often below cost of production. It was feared that continued unrestricted shipments by the annual licensees would further depress the market and, in addition, enable Hong Kong sawmillers to undersell Borneo millers in the export markets for sawn timber. At the end of 1956, therefore, the concession holders found themselves still facing what they regarded as unfair competition.

In the time of its monopoly British Borneo Timbers did all its timber extraction by handlogging and *kuda-kuda*, sometimes in combination with light railways, on some of which there were locomotives. *Kuda-kuda* is the name for the system of dragging logs on a sledge which runs over a track constructed of jungle poles. The sledge is pulled by a gang of about ten men. North Borneo Timbers who, as successors to North Borneo Trading, extracted timber as sub-licensees to British Borneo Timbers and from Trading's own 999 - year leasehold land, began the use of tractors as early as 1950. Delay in the further use of mechanical equipment was threatened for a time by the rearmament programme consequent on the Korean War,[39] but under the twenty-one year licenses all the companies adopted mechanical extraction. Tractors undertook the work of *kuda-kuda* gangs. At first, in some areas, it was possible for tractors to drag timber direct to the rivers, but as distances from the water increased, it became necessary to construct railways or roads. The timber is now generally dragged by tractor, with or without logging arches, to road or rail, loaded on a truck or bogie, and delivered to river or sea in this manner. The American Kennedy Bay Timber Company also makes use of high-lead yarding. An unsuccessful attempt was made by another company to employ elephants brought from Siam. All the companies have continued to supplement their mechanical production by *kuda-kuda* extraction under contractors, and most of them purchase from annual licensees. The latter are increasingly using small tractors in their operations.

Before World War II there were two reasonably well equipped band sawmills producing export quality timber, both in Sandakan. These were put out of action before the Japanese invaded but the latter repaired them. They, in turn, destroyed the mills before their surrender. In order to meet the postwar demand for sawn timber, considerable efforts were made to restore the sawmills, but deliveries of machinery from the United Kingdom were very slow. North Borneo Timbers completed the installation of their new band mill at the end of 1951, by which time most of the machinery for British Borneo Timbers' new mill had arrived. This mill was

39. *F. D. Ann. Rep. 1951*, p. 2; *N.B.A.R. 1950*, p. 29; *1951*, p. 42.

not opened, however, until 1954. In that year there were in the Colony fifty-seven sawmills of very varying sizes.[40]

In the postwar years the Government desired to promote sawmilling, as it was considered that the policy preferred by the producers, that of exporting logs, was not conducive to the establishment of a permanent timber industry in the Colony.[41] Addressing the Advisory Council on December 15, 1948, the Governor expressed the hope that the timber companies would turn their attention to meeting Empire timber demands, with particular reference to sawn timber, veneers, and plywoods, rather than logs. The natural tendency of the industry should be, he said, to process as much timber as it could in the Colony.[42] Accordingly, a clause was included in the long term licenses of 1952, and also in the annual licenses, that 25%, rising to 33⅓ % of the volume of timber extracted must be milled in the Colony. The Bombay Burmah Trading Corporation proceeded, therefore, to build a large sawmill on Sebattik island, near the Indonesian border, which was commenced in 1954 but did not begin production until the latter part of 1956. By the end of 1956 the Kennedy Bay Timber Company had made no real start in constructing a mill and was only just beginning in 1958. The large sawmills proved most unprofitable for their owners, partly because there is not a sufficient market in North Borneo for the grades of sawn timber below export quality. The Government realised this, and, as stated in Council Paper No. 34 of 1955, was prepared to review the concession agreements. By this time, however, as they had already built or were building their mills, it was in the interest of the three large operators either to insist that the Government should make the annual licensees erect mills to comply with their milling clause, or, if the clause was abolished for all, that those who had erected mills should receive some form of compensation from the Government. It was difficult for the latter to adopt either course. It could hardly enforce the 30% milling clause for annual licensees so long as one of the long term licensees had no mill and the others milled less than the required percentage. On the other hand, it was dangerous, in view of the unfavourable publicity over both Paper No. 34 and the compensation to British Borneo Timbers for loss of profits, for the Government to appear once again to be giving favours or compensation to the big companies. At the end of 1956, therefore, the 30% milling clause remained as a dead letter and the mill owners had received no relief.

Timber production has risen enormously since World War II.

40. *F. D. Ann. Rep. 1947*, pp. 28 & 46; *1951*, p. 7; *1954*, p. 11; *N.B.A.R. 1949*, p. 32.
41. *N.B.A.R. 1948*, p. 29.
42. *Government Gazette*, III (1948), No. 34, p. 16.

In 1946 it was only 923,597 cubic feet (hoppus quarter-girth),[43] in 1947 3,847,422 cubic feet, and in 1948 5,601,557 cubic feet. In 1956 it was 21,152,102 cubic feet.[44] Timber exports, logs and sawn combined, remained at a fairly constant level from 1948 to 1952, but increased rapidly thereafter so that the 1956 exports were five times those of 1952. In 1956 the exports of log timber amounted to 15,044,788 cubic feet, valued at M.$23,329,567, and of sawn, timber to 670,723 cubic feet (actual measurement)[45] valued at M.$2,847,423.[46]

The first timber export made from North Borneo was to Australia in 1885. Hong Kong, however, was to become for many years North Borneo's chief market, though Australia remained important.[47] In 1948 Australia emerged as the most important market for North Borneo timber, and continued so in 1949 and 1950. In subsequent years this market has at times been limited by import restrictions. In 1951 the United Kingdom gained the primacy as a market and retained it in 1952. In 1953 it remained the principal market by value, but a greater volume was exported to Hong Kong. The U.K. market declined considerably in 1954 and for the first part of 1955. It declined against in 1956, and the closing of the Suez Canal and the consequent rises in freight rates almost extinguished the market for a time. The most startling rise was that of the Japanese market. The first postwar export to Japan was made in 1948, but the amounts in that year and 1949 were negligible. There were successive increases in 1950 and 1951 but a slight recession in 1952. In 1953 exports to Japan tripled and in 1954 tripled again.[48] That country thus emerged as by far the most important market for North Borneo timbers, all in log form. Hong Kong has continued to be an important market by volume but less so by value. It is, in effect, a dumping ground for logs and sawn timber that cannot be sold elsewhere. Sales to China virtually ceased from 1949 to 1956. In June 1957 a full ship load was exported to Shanghai, but the order was not repeated. Southern Africa is an important market for sawn timber. It is more difficult for logs to compete there with West African species. New Zealand is potentially important as a market for both logs and sawn timber, but until the collapse of world freight markets in 1957 it was almost impossible to induce ships to call at North Borneo to load for New Zealand. It continues to be difficult to offer sufficient cargo at one

43. A conventional measurement of log volume. Hoppus volume is 78.6% of true volume.
44. *F. D. Ann. Rep. 1947*, pp. 49-50; *1948*, p. 6; *1956*, p. 10.
45. Length x breadth x thickness; in conversion in European owned mills true volume of sawn timber produced is 45-50% of hoppus log volume and 35-40% of true log volume.
46. *N.B.A.R. 1956*, pp. 63-64.
47. *Tregonning, Chartered Company Rule*, p. 82, & Rutter, *B.N.B.*, p. 235.
48. *N.B.A.R. 1948*, p. 29; *1949*, pp. 30-31; *1952*, *1950*, p. 27; *1951*, p. 40; pp. 66-61; *1953*, pp. 61-62; *1954*, p. 60; *1955*, p. 55; *1956*, pp. 64.65.

time to induce ships plying to the United States to divert via Borneo. It is rather curious that a large proportion of the log exports go to the Pacific Northwest. Exports to Singapore are hindered by lack of regular shipping space at reasonable rates of freight, and competition from Malayan producers. In 1956 the principal markets in descending order of importance were Japan (45.6% of the total exports by volume, 43.7% by value), Hong Kong (30.5% by volume, 21.4% by value), Australia (12.5% by volume, 15.5% by value), United Kingdom (5.4% by volume, 11.5% by value), South Africa (3.9% by volume, 5.1% by value), and U.S.A. (1.4% by volume, 2.2% by value).[49]

There are a number of minor forest products which are exported, the most important of which is cutch. This is a mangrove extract, manufactured from the bark of several types of mangrove tree, notably, *bakau*, *bangkita*, and *tengah*. The Bakau & Kenya Extract Company Ltd. began operations in Sandakan in 1892. Subsequently, a second concern opened a mill at Mempakul on Marudu Bay, but this company was later taken over by the Bakau Company and its mill closed. The mill at Sandakan recommenced operations after the war in April 1947.[50] In this mill the bark is shredded and dropped into one of a series of enormous wooden vats. In these it is "leeched", or soaked several times in water. The water goes through several vats in succession and the impregnated liquid is then evaporated to the consistency and colour of hot toffee, and poured into boxes or gunny bags. It solidifies on cooling.

For several years the demand exceeded the supply, which went for the most part to the United States and to a lesser extent to Japan. In 1955, however, there was a reduction in demand owing to labour disputes in American tanneries, increased competition from African wattle and synthetics, and the destruction of fishing boats in Japan by a typhoon, which reduced requirements of cutch for preserving and tanning nets; the use of nylon nets also lessened the demand. In consequence the company in 1955-1956 abandoned its concession for the uneconomical areas near Tawau. Until then the Company had held two concessions for the extraction of all mangrove species yielding tan bark, the one for the Tawau Forest Reserve, and the other for crown land from North Point, Kudat, to Semporna. The production of cutch was down to 4,090 tons in 1956 from 5,560 tons in 1954. Exports in 1954 were 5,566 tons valued at M.$2,782,834 compared with 4,435 tons valued at M.$2,100,331 in 1956. The United States continued to be the chief market, taking 3,278 tons of the 1956 exports.[51]

The export of firewood, mainly mangrove firewood from the

49. *F. D. Ann. Rep. 1956*, pp. 42-43.
50. *N.B.A.R. 1947*, p. 23; Rutter. *B.N.B.*, p. 237; *F. D. Ann. Rep. 1947*, p. 52.
51. *N.B.A.R. 1949*, p. 32; *1950*, p. 28; *1954*, pp. 60 & 62; *1956*, p. 62; *F. D. Ann. Rep. 1951*, p. 3; *1955*, p. 20; *1956*, pp. 15-16.

Elopura forest reserve in Sandakan Bay, revived after the war and in 1947 the demand was strong and prices were high. It was, however, a speculative business with high freight rates and small margins to the North Borneo exporters. Exports were valued at M.$355,963. The following year they were little higher, M.$377,027, but 1949 was a boom year. Ships came empty to North Borneo from Hong Kong to carry back firewood as their only cargo, and exports rose in value to M.$1,497,816. The trade reached its maximum value, M.$3,110,107, in 1952. It declined very sharply to M.$1,049,391 the following year, and continued to decline to a mere M.$318,753 in 1956.[52] Mangrove charcoal has also been exported. As with firewood exports reached their peak value, M.$142,621, in 1952 and declined thereafter. In 1956 they were worth only M.$7,684, and the trade virtually ceased in 1957 when exports were valued at M.$139. Oil fuels have been used increasingly in Hong Kong.[53]

There are also exports of other minor forest products such as rattan, damar, opal, and illipe nuts. The export of jelutong, which is used in the manufacture of chewing gum, revived briefly in 1947, but collapsed in 1948 owing to the high incidence of "black gum" in shipments when received in the United States. "Black gum" is caused by a fungus and renders the jelutong useless for chewing gum manufacture.[54]

One of North Borneo's more unusual exports is that of birds' nests. Although these are found not in the forests but in caves, the control of the collection of the nests is vested in the Forest Department. The edible nests are a Chinese delicacy, and are formed of the hardened inspissated saliva of the swifts which build them. The white nests are more expensive than the black, the main difference being that the former are relatively of feathers. White nests are normally consumed locally or exported to Singapore. Black nests are, for the most part, exported to Hong Kong, where they are processed and shipped to the United States or China.

The most famous group of caves are the Gomantang ones near the Kinabatangan river. These were confiscated by the Chartered Company after the death of their previous owner, who lost his life in resisting the Company's authority. The nests are collected by native contractors and sent to the Forest Department, where they are sold by sealed tender. The Government and the contractor split the proceeds equally. There are many other groups of caves besides those of Gommantang. Not all are worked, but most of

52. *F. D. Ann. Rep. 1947*, p. 53; *1949*, p. 7; *N.B.A.R. 1953*, p. 63; *1956*, p. 62.
53. *N.B.A.R. 1952*, p. 60; *1957*, p. 63; *F. D. Ann. Rep. 1953*, p. 12.
54. *N.B.A.R. 1948*, p. 30.
55. *F. D. Ann. Rep. 1947*, pp. 29-35; see also Keith, *White Man Returns*, pp. 204-207.

those that are pay a royalty to the Government.[55] In 1956 the export of nests was approximately 372 lb. worth M.150,447.[56]

5. *The Fishing Industry.*

After World War II it was decided that a survey of the fishing industry should be undertaken and, accordingly, a fisheries officer was appointed in February 1947. At first he worked under the Department of Agriculture, but it then seemed that the prospective importance of the Colony's fisheries justified the formation of a separate Fisheries Department to undertake the organization and control of the industry. Accordingly, a department was formed in April 1948. Much of the work done by the department consisted of research into and the collection of statistical data about the habits, types, and quantities of fish in the Colony's waters. It was decided in the second half of 1952 that the benefit to the Colony of this work was not sufficient to justify the expense of maintaining the department, that it should, therefore, close early in 1953, but that a section of the Agricultural Department should be formed to promote the culture of fresh water fish in ponds.[57]

The marine fishing industry has, therefore, been allowed to pursue its own unorganized ways. Most of the fishermen are natives, and so long as they are fishing for their own consumption or for a limited *kampong* (village) market they generally maintain their independence. In the vicinity of the more important towns, where there are large markets, they are often bound by debt to the Chinese merchants who supply equipment, or loans with which it can be purchased, buy the catch, and take most of the profit. At Tawau, however, there is a considerable, adequately capitalised, Chinese company operating a fleet of junks, some of which have ice storage compartments. This company also possesses the only plant producing ice for the industry and frozen fish and prawns are exported. Tawau is the only place where any considerable organization for fishing exists. Before World War II a Japanese firm operated a fleet from the Banggi and Si-Amil islands and on the latter island there was a cannery. Tuna was the principal fish caught. This enterprise did not survive the war, and although interest has been shown in its revival nothing has yet been accomplished. The most highly organized native fishing industry is the prawn fishing centred on the Labuk estuary, where a committee of headmen controls the number of prawn traps.

Methods are generally primitive. Where the water is of wading depth native fishermen uses cast nets (*rambat*) and rattan basket traps (*bubu*). A long net (*pukat*) is used at low tide near river mouths and on beaches. In rather deeper water fish traps (*kilong*) are constructed. In essence a trap consists of a long fence running

56. *N.B.A.R. 1956*, p. 62.
57. *N.B.A.R. 1948*, p. 31: *1952*, pp. 62-63.

out several hundred yards from the shore, with an enclosure at the end. Fish trying to find a way round the fence swim out along it and find themselves in the enclosure from which it is difficult for them to find their way out. In deeper water still hook and line and, more particularly by the Chinese, drift nets are employed. Outboard motors are being increasingly used to propel craft.

The few Cocos Islanders catch turtles in Darvel Bay. Local Muslims do not normally eat turtle meat, though the eggs are collected. Seed pearl collection is still carried on in a small way off the coast of the Labuk district by Bajaus.[58]

North Borneo is said to be unique among the countries of south-east Asia in that it produces an exportabe surplus of sea food. Apart from the small quantity of frozen fish sent from Tawau most of this export is in the form of dried fish and prawns.[59]

Transport difficulties make it virtually impossible to send fish from the coast to the possible markets in the interior. The fisheries section of the Agricultural Department has, therefore, directed its attention to the establishment of fresh water fishponds in the interior. Before 1948 there were only four such ponds in the whole Colony, and between then and 1952 only eleven new ponds were established. By the end of 1956 the number had risen to 589. This expansion was assisted by Colonial Development & Welfare funds. It met with some opposition in its early stages as Muslim farmers feared their ponds would be contaminated by pigs, and Kedazans of the interior were fearful of constructing ponds in suitable areas lest they disturb the evil spirits believed to live in swamps.[60]

North Borneo has been happy in its postwar economic experience. Admittedly, oil has not been found, it has proved impossible to establish a modern fishing industry on a large scale, and the timber industry has brought little or no profit to the large investors, though it has undoubtedly contributed to the prosperity of the country. Nevertheless, while the territory has not made its fortune, neither it nor its inhabitants are unduly poor. The Colony has enjoyed a generally favourable balance of trade, despite large imports for capital works, the people have been well fed, and labour has been adequately paid and therefore contented.

58. *N.B.A.R. 1953*, pp. 65-66, & *1955*, pp. 57-59.
59. *N.B.A.R. 1956*, p. 68.
60. *N.B.A.R. 1954*, p. 65, & *1956*, p. 67.

CHAPTER VII

AGRICULTURE

As in most of Great Britain's present and former tropical colonies, so in North Borneo agriculture has been the basis of the economy, providing food for local consumption and commodities for export, the proceeds of which enable manufactured goods to be purchased and imported. In North Borneo's case not enough food is produced to satisfy local needs and exports must also pay for large quantities of foodstuffs. By far the most important of these exports has been rubber, and it is probably no exaggeration to say that, if the market for natural rubber had collapsed in the face of very cheap mass production of synthetic, the country could have been reduced to a state of semi-starvation.

1. *General.*

Only 5% of the land area of North Borneo is used productively—2% for pasture, 1% for tree crops, and 2% for arable farming.[1]

The cultivation of crops is carried on in comparatively small areas separated by mountains, or swamps, or other physical barriers. The island of Labuan is under rice and mixed farming. The adjacent Klias peninsula is flat and swampy and was formerly a centre of sago production, though this has declined considerably. Northward to Papar rubber predominates and from there to Kota Belud, north of Jesselton, there is rice and mixed farming. Mixed farming is also carried on in the far north of the country around Kudat, but here the principal crop is coconuts. On the east coast there are small areas of mixed crops and a number of rubber estates in the Sandakan area. Along the Segama river near Lahad Datu tobacco is cultivated. Further south still, near Semporna and Tawau, are the best soils in the Colony. On these volcanic soils hemp and rubber have been grown. Tawau is also the centre of a number of coconut plantations. Apart from the volcanic soils in this area those of the Colony are generally poor and best suited for rubber production. In the interior there is little permanent agriculture except on the Tambunan and Keningau plains where rice, tobacco, and other crops are grown.[2]

The absence of a plentiful supply of cheap labor has a profound

1. *Annual Report of the Department of Agriculture for the Year 1956* (Jesselton 1957), p. 1. These reports are hereinafter cited as *Agric. Dept. Ann. Rep. 19...*
2. *N.B.A.R. 1949*, pp. 24-25.

effect on the agronomy of the country. Crops like cotton and tea are of necessity ruled out. The yield from agriculture is notoriously low, and production per individual compares unfavourably with other territories in southeast Asia.[3] The possibilities of mechanization are limited by the high capital cost of equipment, the lack of service facilities, and the fact that a privately owned tractor, for instance, could not be employed to full capacity on the size of farms common and would not be economic. The prospects for a commercial hire service are not good as the minimum hire charges possible in view of time lost by weather, seasonal demand, and road mileages between jobs would about equal the cost of hand labour.[4]

The agricultural policy of the Government is administered by the Department of Agriculture. That policy is to increase the production of livestock, foodstuffs, and all economic crops; to introduce and establish suitable new and improved forms of stock and economic plants; to improve methods of cultivation; to achieve a balanced diversity of crops and livestock; to survey and open up new areas suitable for cultivation; to effect control of pests and diseases of crops and livestock; and to conduct research into all branches of local agriculture and animal husbandry in order to obtain accurate knowledge and information on which to base future development. The implementation of this policy follows four stages; first, investigation when a new crop, or culture, or disease control, is developed and subjected to trial; secondly, the multiplication of improved planting materials or breeding stock, or the large scale acquisition of the materials for pest and disease control; thirdly, demonstration of the new technique to the farming community; fourthly, propaganda and education to ensure the new technique becomes well known. The achievement of this policy requires that staff, equipment, and finance should all be adequate. Since the Colony was established they have rarely all been so at one and the same time; staff and equipment have generally been in short supply.[5] There is no farm school in Borneo and the lower rates of wages than in neighbouring territories make recruitment from outside difficult. In the general postwar sellers, market for equipment the sort of small order North Borneo could place did not get very high priority.

By 1956 the department had established nine agricultural experimental stations, of which the most important was the central agricultural station at Tuaran where, in 1955, seventy-seven acres had been cleared. Twenty-five acres had been set aside for use by the Rubber Fund Board for raising clonal rubber stumps for distribution to small holders; most of the rest was laid out in experimental

3. Governor to Advisory Council, March 12, 1948, *Government Gazette*, III (1948), p. 58.
4. *Agric. Dept. Ann. Rep. 1956*, p. 11.
5. *Ibid.*, p. 1.

plots of wet padi, cocoa, fruit, pepper, coconuts, and cover crops. The station at Ranau (1,600 feet) and especially that at Kundasung (4,200 feet), commenced in 1955, are used for experiments in growing crops from temperate climates.[6]

2. *Rubber.*

Rubber plants were first brought to North Borneo in 1882 from the Singapore Botanical Gardens, but they were greeted with indifference. Th first serious commercial planting was of seventy-five acres by the Mortgage, Investment and Contract Corporation on the Labuk River in 1892. It was not until the first decade of the twentieth century that the boom commenced, especially after Cowie, at the annual dinner of the Chartered Company on December 12, 1905, said that the Government would guarantee 4% on their investment for six years to all companies formed to plant rubber in North Borneo, and freedom from any tax on exported rubber for fifty years. Between 1905 and 1910 fifteen companies started. In the years 1907–1917 the area under rubber rose from 3,226 to 34,828 acres, and exports from 2 tons to 2,444 tons. By 1920 there was 23 companies in the State and 4,105 tons were exported. Then came the slump, and prices plummeted from five dollars or so to a few cents per pound. The twenties and thirties were a time in which various schemes to restrict production were tried, without much success. Conditions improved gradually in the immediate prewar years and in 1940 17,640 tons were exported.[7]

Whereas during World War I rubber had been piling up in the East waiting shipment home, during World War II nearly all the rubber producing areas were in the hands of the Japanese. There was a back log of demand in the West and no stocks to meet it in the East. The estate owners were not slow to reclaim their own, By August, 1945, a Borneo Estate Owners, Company had sent a circular to all owners of estates of more than 100 acres, inviting them to co-operate, it being the intention to send an inspection party to Borneo. A despatch from Labuan in October reported that, although the Japanese had made no attempt to maintain the estates, the production of rubber could begin almost immediately.[8]

In 1947 and 1948, however, rehabilitation was still going on, Nevertheless, exports in 1947 were 15,000 tons and in 1948 20,000 tons. Prices were depressed in 1949 until the devaluation of the pound sterling in September of that year, and exports receded slightly to 19,500 tons. 1950 and 1951 were boom years, though prices dropped towards the end of 1951, and exports stood at 23,900 and 21,698 tons respectively. There was a big recession in prices

6. *Agric. Dept. Ann. Rep. 1955*, pp. 8-11, & *N.B.A.R. 1956*, pp. 52-53.
7. Rutter, *B. N. B.*, p. 245, & Tregonning, *Chartered Company Rule*, pp. 88-91.
8. *The Times* (London), Aug. 27, 1945, 9:6; & Oct. 6, 1945, 4:2.

in 1952, when exports were 19,094 tons, which continued during 1953 when exports were at the lowest for any year since the war — 16,844 tons. Prices then rose steadily during 1954 and until August 1955. Exports rose in sympathy to 17,154 tons in 1954 and 20,063 tons in 1955. The decline in price continued until June 1956 when it was reversed, but the average price for 1956, when 19,859 tons were exported, was approximately 22% below 1955. Prices in 1956 averaged a little over M.$2,000 per ton, as against a little under M.$4,000 in the best year 1951, and under M.$1,400 in the depressed year 1953. There was little change in the area under rubber throughout the postwar period up to and including 1955; it fluctuated slightly at about 120,000 acres of which more than half was made up of small and medium holdings of up to 100 acres. Then, in 1956, it increased to over 128,000 acres and this increase continued through 1957 when the acreage reached 137,000. This rise was due to new plantings with improved material under a government scheme.[9]

The state of the rubber industry has been a source of anxiety to the Government since World War II, especially in view of its dominant place in the Colony's exports. Because of the ever-present threat from synthetic rubber it has been considered that, in order to compete successfully, natural rubber must be produced in the most economic fashion from high yielding material. In 1947 only a fraction of the area under rubber, even on the European estates, was planted with high-yielding clones. The problem involved in replanting is the loss of income from the area replanted for some six or seven years until it comes into production again, and this problem is especially severe for the smallholders. A commission of enquiry was set up in 1948, and visited the Colony early in 1949, with the task of examining the economy and prospects of the rubber industry, and making recommendations on methods of improving the production and marketing of rubber in respect of both the estates and the smallholders. In its report the commission made a number of recommendations and laid stress on the necessity of replanting with high yielding material. It was, therefore, disappointing that by the end of 1949 no estate appeared to be contemplating undertaking any substantial replanting scheme. In 1950 the area under high yielding rubber on estates of 100 acres and more was only 5,215 acres, or 8% of the total, and on small-holdings even less.[10]

In consequence of the commission's recommendations and of the above situation, the Rubber Fund Board Ordinance was passed

9. *North Borneo Annual Reports 1947* to *1957*. See chapters on "Production", subheads "Agriculture-Rubber."

10. *N.B.A.R. 1947*, pp. 17-18; *1948*, p. 26; *1949*, pp. 6 & 27; *Agric. Dept. Ann. Rep. 1950*, p. 3.

in 1950 providing for the setting up of a board of three official and six unofficial members, representing all interested parties, under the chairmanship of the Director of Agriculture. The board first met on October 11 and, on its recommendation, from October 15 a cess of ¼ of 1 cent per pound on rubber exported was imposed. The funds so raised were used for the formation of a local Rubber Producers Advisory Service and for contributions to such bodies as the Rubber Research Institute of Malaya, with whose help the problem of replacing poor rubber was actively pursued. An isolation seed garden was acquired and budwood nurseries were developed. With the fall of prices in 1952 there was no longer the same incentive to extract the last drop of latex from their trees, and smallholders began to pay more attention to replanting; so much so that clonal seed nurseries had to be opened up at short notice and seeds flown from Singapore. Nevertheless, in 1953 it was estimated that less than 10% of the total area under rubber was under high yielding material and that the greater proportion of all rubber trees in the Colony were more than 20 years old. Production from them would, therefore, diminish with increasing speed.[11] In the view of the Government, while the smallholders were keen to continue planting, their future developments were not planned on a sufficient scale and the large estates did not take a sufficiently realistic view of the long term implications of the situation.[12] It was estimated that the average yield of rubber per acre was under 300 lb; even excluding areas not being tapped, as uneconomic, the average for land in production was only 400 lb, compared with an average for modern strains of 1,000 lb, or even more in favourable conditions.[13]

Exhortation having availed little, the Government produced in 1954 what amounted to a measure of compulsion. The Rubber Industry Replanting Fund Ordinance empowered the Governor on the recommendation of the Rubber Fund Board, which had become a statutory body with increased unofficial membership, to order the imposition and collection of cesses on rubber exported, to be credited to the replanting fund. With the replanting fund the Rubber Fund Board was empowered to operate two types of schemes, "Account A Schemes" for estates of not less than 250 acres and "Account B Schemes" for estates of less than that area. Under both types financial aid was to be available for participating owners planting or replanting with approved rubber, and it was made possible for this aid to be claimed in respect of such planting and replanting done since January 1, 1946. For the estates of not

11. *N.B.A.R. 1950*, pp. 3 & 22-23; *1952*, pp. 44-45; *1953*, p. 49.
12. Governor to Legislative Council, Aug. 27, 1953, *Government Gazette*, VIII (1953), p. 227.
13. Financial Secretary in Legislative Council, Aug. 31, 1954, *Government Gazette*, IX (1954), p. 259.

less than 250 acres the aid was also made available in respect of planting with any crop other than rubber approved by the board. It was required in the ordinance that all schemes should be submitted by the board to the Governor in Council for approval.[14]

The bill for this ordinance met with considerable opposition, mainly from the owners of the bigger estates. It was objected that the subsidy would be liable for United Kingdom income tax for those companies with head offices there; that it amounted to compulsion to replant, but that if any company was unable to replant it would have been penalised — by the cess — for the benefit of others; that the labour shortage might, indeed, make it difficult to replant. It was contended for the Government, on the other hand, that other industries could find labour when necessary, the implication being that the rubber industry was looking for a flood of cheap labour; that the administrative difficulties of imposing an export cess only on voluntary participants in replanting would be too great and that, in any case, the cess was being offset by a corresponding reduction in export duty.[15]

The ordinance came into force on January 1, 1955, and from April 1 a cess of two cents per pound of rubber exported was levied. Under the schemes administered by the Rubber Fund Board 317,000 clonal stumps were distributed during the year, compared with 141,552 in 1954 and 81,903 in 1953.[16] At the end of the year the Governor was able to tell the Legislative Council that the scheme was working well and that the response, especially from smallholders, had been so encouraging as to strain the resources of the board, to which the Government had, therefore, advanced M.$1 million and promised more, interest free.[17] By 1956 the board had eighteen nurseries totalling 100 acres producing 1,082,700 rubber stumps for distribution.[18]

3. *Manila Hemp.*

Manila hemp, a plant very similar in appearance to that of the banana, is grown only on the volcanic soils of the Tawau-Semporna peninsula. Before World War II it was cultivated almost exclusively by the Japanese. The largest estates, owned by Nissan Norin K. K., were Table and Tiger divisions near Tawau and Mostyn estate on the north side of the Semporna peninsula. In 1938 there were altogether 4,812 acres under hemp, with a yearly production for export of 1,260 tons. These Japanese estates were

14. *Laws of North Borneo*, VII, pp. 169-175.
15. Legislative Council Nov. 11 & 15, 1954, *Government Gazette*, X (1955), pp. 24 & 41-43.
16. *N.B.A.R. 1955*, p. 40.
17. *Government Gazette*, X (1955), p. 283.
18. *Agric. Dept. Ann. Rep. 1956*, p. 2.

assumed after the war by the Custodian of Enemy Property; of a total 13,000 acres 1,300 were still under hemp. The estates, however, had suffered from neglect and deterioration during the war. In particular, a virus disease known as bunchy top, which had first been detected in North Borneo immediately prior to the Japanese invasion, was found to have so seriously infected Tiger and Table divisions that they had to be slaughter-stripped. As it was impossible to interest commercial firms in the estates in their diseased condition, this work had to be carried out by the Custodian. The capital expenditure required for eradication and replanting was beyond his means and it was decided that the estates must be sold.[19]

Negotiations were carried on in November 1948 with the Government of North Borneo and the Colonial Development Corporation, as a result of which the Custodian transferred all the estates to the corporation for M.$1 million, payable in four annual instalments. On February 1, 1949, the corporation took over the property and subsequently, with a sterling area subsidiary of the Luzon Stevedoring Company Inc., formed a joint company known as Borneo Abaca Ltd., *abaca* being a name for hemp. The partnership did not prove harmonious and, at the end of 1950, the Colonial Development Corporation took control of Borneo Abaca Ltd.[20] In 1957 of the issued capital of £2 million £1,950,000 was held by C.D.C. and the balance of £50,000 by Harrisons & Crosfield Ltd.[21]

Bunchy top disease has remained a great problem. It was decided that all hemp existing in 1948 would have to be destroyed and the estates replanted. By 1949 of the five estates two had already been cleared and the rest were done in 1950. Action was carried into the neighbouring jungle to destroy diseased plants on abandoned holdings. The cost of digging out plants was high and it was found more satisfactory to kill them with injections. This campaign, which was carried on under a Colonial Development & Welfare Scheme, was maintained and by 1952 the estates were coming into production again. Nonetheless, in mid-1954 there was an alarming outbreak of the disease on epidemic proportions and 394 acres of hemp had to be destroyed. Towards the end of the year a plant pathologist appointed under a C.D. & W. grant began investigations. A plant inspector, who had been seconded by the New South Wales (Australian) Government since 1948, left in 1955. Although it was considered that his campaign of eradication and control had been in many ways successful, the course of the disease remained undetermined and bunchy top

19. *N.B.A.R. 1947*, p. 19; *1948*, pp. 4-5; *1956*, p. 51

20. *N.B.A.R. 1948*, p. 5; *1950*, p. 24; *The Times* (London), July 14, *1949*, 3:

21. *Colonial Development Corporation Annual Report and Statement of Accounts for the Year to 31st December 1957*, (London 1958) p. 39. Hereinafter cited as *C.D.C. Ann. Rep. 1957*.

continued to give concern through 1955 and 1956. Control was maintained by weekly inspections of all areas, and the eradication of all infected plants after spraying with an aphicide (an aphid being the carrier of the disease), followed up with the spraying of surrounding plants at intervals for three weeks. Disease-free planting material was grown in special, regularly-sprayed nurseries. In addition plant inspectors exercised the power given to them to eradicate diseased cultivated or wild bananas in gazetted areas.[22]

The processes of eradication and control proved expensive and the hemp side of Borneo Abaca Ltd.'s business was largely carried by the rubber side; it was not until 1957 that hemp made its first real contribution to the company's trading results.[23] Exports, which had been 650 tons in 1950, fell, because of eradication, to 150 tons in 1951, valued at M.$276,926. They increased each year thereafter to 1955, when they stood at 2,815 tons (M.$2,240,665), but receded in 1956 to 2,067 tons (M. $2,097,051). The area under hemp fluctuated in the years 1953 – 56 between 3,478 and 4,235 acres. This source of hemp is important as the only one within the sterling area.[24]

4. *Tobacco.*

Tobacco was the first export crop to be grown on a considerable scale in North Borneo. A few sample bales of cigar leaf tobacco sent to London in 1884 were pronounced equal to the best in the world, and the first crop marketed in Amsterdam the following year vindicated the opinion. This success led to a rush to establish tobacco plantations, especially on the part of the Dutch. Many of these plantations were up the long rivers flowing to the east coast, the Labuk, Sugut, Kinabatangan, and Segema, in areas which today have reverted to jungle. Not all were successful; some were undercapitalised and on others the death rate of coolies was impossibly high. Nevertheless, by 1891 there were sixty-one estates, most of whose production went to the United States. Then came the high McKinley tariff of 1891 and panic struck the industry. The weaker companies were eliminated, but, after the first shock, prices recovered and exports reached their maximum value of slightly over M.$2 million in 1902. A number of factors thereafter contributed to an almost continuous decline – flooding and disease, the change in taste from cigars to cigarettes, increased production in the United States, and the boom in rubber, which could be grown with less labour. By 1920 there were only three estates operating, the Batu Puteh Tobacco Co. on the Kinabatangan, the New Darvel Bay Co. near

22. *N.B.A.R. 1949*, p. 29; *1950*, p. 24; *1952*, pp. 46-47; *1954*, p. 48; *1955*, p. 41; *1956*, p. 51; *Agric. Dept. Ann. Rep. 1954*, p. 6; *1956*, p. 7.
23. *C.D.C. Ann. Rep. 1957*, p. 40.
24. *N.B.A.R. 1951*, p. 34; *1953*, p. 51; *Agric. Dept. Ann. Rep. 1956*, pp. 7-8.

Lahad Datu, and the New London Borneo Tobacco Co. The first of these was the last to close, but in 1929 tobacco production ceased. The Chartered Company was always loath to see any worthwhile enterprise in its territory fail and so revived the estate near Lahad Datu. In 1933 it was decided that the estate would have to close, but the next year the Imperial Tobacco Company of Great Britain and Ireland took it over and kept it open until the Japanese invasion. In 1940 415,023 lb., valued $435,242, was produced on 400 acres.[25]

This one estate was restored after the war and rehabilitation was completed by 1948. Production has remained, however, at a lower level than that of 1940. By 1949 export was 266,560 lb., but flooding of the Segama River reduced the 1950 figure to 230,394 lb, valued at M.$1.7 million, and the 1951 figure to 213,783 lb, though the value remained almost unchanged. The year 1952 was better with production at 270,550 lb. (M.$2.1 million), but disastrous floods reduced the 1953 figure to a mere 131,129 lb., worth only $0.6 million. In 1954 export was 311,326 lb. (M.$3.5 million), in 1955 330,057 lb. (M.$3.1 million), but in 1956, because of floods again, 286,824 lb. (though at a higher value, M.$3.4 million). The area under tobacco on the Darvel Tobacco Plantations Ltd.'s estate is about 450 acres.[26]

The Segama river meanders in great loops. It is in the areas almost enclosed by these loops that the tobacco is grown, but when the river floods it sweeps straight across the tobacco fields. Another problem is leaf spot or "frog-eye". As the tobacco is intended as cigar wrapper leaf the larger the leaf that can be produced free of defect the better, and efforts are directed to this end. A story is told of a particularly large type of leaf, resistant to leaf spot and other perils, which was produced and sent to Europe for testing. The report came back that the leaf was excellent in every respect save one — it would not burn!

An attempt was made during Cowie's regime to have natives grow tobacco under the Dutch system for sale to the Government at set prices, but the natives preferred to grow and market their tobacco in their own haphazard fashion,[27] and they have continued to do so to this day. The total acreage and production are considerably greater than those of the Darvel estate, and were estimated as being 1,200 acres and 720,000 lb. in 1954. The crop is grown in widely different parts of the country, on the high foothills of Kinabalu around Ranau, around the headwaters of the Kinabatangan River, on the alluvial soils of Marudu Bay, and to a small extent near

25. Rutter, *B.N.B.*, p. 249, & Tregonning, *Chartered Company Rule*, pp. 85-88.
26. *Agric. Dept. Ann. Rep. 1950*, p. 5; *1951-52*, p. 23; *1953*, p. 6; *1954*, p. 6; 1956, p. 6.
27. Tregonning, *Chartered Company Rule*, pp. 86-87.

Keningau. Most of the crop is consumed in the Colony, but exports in the years 1952-1956 varied between nearly 12,000 and just over 16,000 lb. in a year, valued between M.$20,000 and M.$37,000, except in 1954 when only 4,500 lbs. were exported (M.$11,730). These exports went almost entirely to neighbouring Brunei and Sarawak.[28]

The Government still, from time to time, cherishes hopes of making something of this native industry, which is carried on with crude methods of sun drying and knife-shredding. In 1951 it assisted a party of Ranau tobacco growers to visit the Segama estate to study fermenting and drying methods, and it was intended in 1952 to send ten families to stay six months to study planting methods. A hand shredding machine was later tried but found not very satisfactory. Finally, in 1956 Mr. J. Rowse, the Manager of Darvel Tobacco Plantations, Ltd., visited the Ranau district at the request of the Government to advise on the prospects of improving the local tobacco industry. Mr. Rowse reported that, while in no way could native tobacco hope to enter the export market, it could be improved by the use of better varieties of tobacco, better methods of cultivation, and better methods of curing and drying. As a result, some varieties of tobacco were imported from Queensland, Australia, and Indonesia, and further investigations made into available shredding machines. The introduction of improved methods of cultivation was postponed until the possible risks of erosion could be investigated.[29]

5. *Rice.*

Prewar statistics of rice production are not considered reliable. In 1920 it was estimated that there were 22,000 acres under wet and 22,700 acres under dry padi, but this sufficed to produce less than half the rice consumed in the country.[30] Up to World War II it was the aim of the Government to attract labour away from the growing of rice and into other production, as rice was cheap in world markets.[31] The situation was very different after the war when it was realised that the rice supplying countries, Thailand, Burma, and Indo-China, might fall into hostile hands and withhold supplies from Malaya and British Borneo. In 1946 the Special Commissioner, Lord Killearn, put his experts on to finding an area in a British colony where enough rice could be grown under modern methods to fill the needs of all British southeast Asia. The most suitable area was judged to be in North Borneo. In the House of Commons in mid 1947 the Chancellor of the Exchequer

28. *N.B.A.R. 1954*, p. 48 *1956*, p. 50; *Agric. Dept. Ann. Rep. 1956*, p. 6.
29 *N.B.A.R. 1951*, p. 34; *Agric. Dept. Ann. Rep. 1954*, p. 6; *1956*, p. 22.
30. Rutter, *B.N.B.*, p. 277.
31. *N.B.A.R. 1948*, p 25.

referred to the Labour Government's determination to increase the colonial supply of food and feeding stuffs, and stated a commission might soon go to North Borneo where experiments were being made in the growing of rice. Later, in November of the same year, in moving the second reading of the Overseas Resources Development Bill, the Minister of Food said that one project of the Colonial Development Corporation would be the growing of rice in Borneo. By December, in North Borneo, the agricultural expert attached to the Special Commissioner's office had directed attention to large areas suitable for rice production, and the Governor was desirous of putting 1,000 acres under experimental mechanical cultivation as a pilot and training project for a larger scheme of 40,000 acres, for which funds were hoped to be forthcoming from C.D.C. Despite the publicity, by 1950 there was no news of progress and it appeared that the whole scheme was still in the earliest experimental stages.[32] Experiments in mechanical production by the Government and C.D.C. were under way in 1950 in the Marudu Bay area,[33] but in the Legislative Council on March 20, 1951, the Governor admitted that they had been a failure. He was able to add that at least it had only been a small pilot experiment.[34] By this time "ground-nuts" had become a household word in Great Britain, and the enthusiasm for growing vast quantities of food and feeding stuffs in undeveloped countries had cooled. In 1951, moreover, the Conservative Party came to power in England. Since then nothing more has been done to further the heady projects of the postwar period.

Far from becoming the rice bowl of Asia, North Borneo has not yet succeeded in feeding itself. Given a very good harvest, as in the 1948-49 season and again in 1953-54, production is sufficient to supply 80% of consumption; in a bad year, such as 1951-52, only 60%. Since the first reasonably accurate estimates of area were arrived at about 1950, the acreage under wet padi has remained fairly constant from year to year at between 43,000 and 45,500 acres. As the vast bulk of the wet padi is grown without irrigation, though rainfall is conserved, the crop varies enormously from year to year, depending on whether the rains begin and end at the right time and come in adequate quantity. Tools are of wood and bamboo: ploughs are of wood with an iron share weighing about thirty pounds, which is easily carried or pulled by one buffalo. The buffaloes work for three or four hours in the early morning and again in the late afternoon. Harvesting is by a metal blade set in wood, which takes only the heads, or by a sickle. Threshing is done by tramping, when only the heads have been taken, or by

32. *The Times* (London), June 14, 1947, 4:6; Nov. 7, 1947, 2:3; Dec. 12, 1947, 5:7; July 8, 1950, 5:7.
33. *Agric. Dept. Ann. Rep. 1950*, p. 1.
34. *Government Gazette*, VI (1951), p. 78.

beating over a wooden grid, when a sickle has been used. Most of the Colony's wet padi is grown on the west coast plain and in the interior; there is very little cultivated on the east coast, especially south of Sandakan. Production of wet padi has varied in recent years from 24,438 tons in the bed year 1951-52 to 46,074 in the peak year 1954-55.[35]

In an attempt to reduce the effects of the vagaries of the weather, the Public Works Department has undertaken several irrigation and drainage schemes. In 1951 field work began in connection with a scheme in the Papar-Benoni area, under which it was planned to irrigate over 6,000 acres of padi land at a cost of $865,000, and in 1952 the task was begun with the aid of Colonial Development and Welfare funds. Work was still going on in 1956, but the project was nearing completion. Another scheme at Tuaran was completed during the year, only to demonstrate the fallibility of modern methods. During a period of drought at the beginning of the padi season blockages occurred in the pumps, and the shortage of water dealt the young padi a blow from which the crop never fully recovered. Neither at Papar or Tuaran had much drainage, as distinct from irrigation, been accomplished. At both places the irrigation schemes met with opposition from local farmers, to whom it was something new and strange, and, although by 1956 this opposition had largely died down, it was realised that any further schemes should be preceded by careful explanations to and consultations with local farmers. There were several small schemes in train in other parts of the Colony, but a limiting factor was the shortage of technical staff.[36]

A dry, or hill, padi is grown by the tribes in the mountainous interior for their own consumption as rice or rice beer, to which the Muruts are greatly addicted. Very little of the rice so produced finds its way to local markets. The only tools required are a *parang* (a large knife-*cum*-chopper) and a pointed stick. An area of jungle is felled and burned off and the seed is dibbled into the soil. The burn keeps down insects and weeds and it is only necessary to guard against birds and wild animals. Providing secondary jungle and not high forest is cleared, the system is all right as long as the land is left fallow fox six or seven years. Yields are much lower than from wet padi. Figures are necessarily only approximate, but in the year 1952-56 the area under hill padi is estimated to have varied between just over 25,000 and just over 27,000 acres, and the yield from nearly 7,000 tons of padi to nearly 10,700 tons. In an average year the yield is only one-third of a ton

35. *N.B.A.R. 1949*, p. 3; *1950*, p. 22; *1951*, p. 31; *Agric. Dept. Ann. Rep. 1951-52*, p. 8; *1956*, p. 4.
36. *N.B.A.R. 1951*, p. 7; *1955*, pp. 48-49; *1956*, p. 58.

per acre, compared with something like nine-tenths of a ton per acre for wet padi.[37]

One form of dry padi, known as Kendinga padi, is grown on fertile flat soils in rotation with maize and leguminous crops. This padi matures in four months and produces nearly one ton of padi to the acre. The area under Kendinga has risen but remains very tiny in relation to the other types, being 1,700 acres in 1956.[38]

A general preference exists for imported Thai rice rather than the local product. The Government thinks that locally grown padi properly milled is capable of producing a rice of the quality associated with imports. Efforts are made to improve the quality and return from local milling. The importation of inefficient hullers is officially discouraged and the installation of improved mills has done much to improve the quality of local rice. The conversion of padi to rice is usually reckoned on the basis of 62% outturn.[39]

The protection of the country against the dire straits to which it might again be reduced should supplies from the mainland of Asia be cut off, as they were during most of World War II, has been a constant concern of the Government. In 1949 it started a padi purchasing scheme, which aimed at buying up surplus padi direct from growers and storing it as a food reserve. At times of shortage suitable quantities were released on the market. This went on for several years until, in 1954, a committee was appointed to review the arrangements for the procurement, storage, and distribution of rice. As a result of its investigations, it was decided that rice should revert to commercial procurement from January 1, 1955, subject to satisfactory arrangements for the maintenance of an adequate reserve. To this end registered importers and licensed dealers were required to guarantee to maintain stocks according to a quota given them. The padi purchase scheme of 1949 was, therefore, discontinued. Controls over the milling of local padi and the movement of local padi and rice were removed in June 1954, and in December all rationing and price control of rice ceased.[40] The new system of stockpiling was unpopular with merchants, and the Government had begun to think that perhaps its disadvantages exceeded its advantages when a poor harvest in Thailand resulted in a shortage in the Colony in 1957. Had it not been for the stockpiles, many towns would have been in dire straits and a reintroduction of rationing inevitable. Any thought of ceasing to require a stockpile was, therefore, abandoned.[41]

37. *Agric. Dept. Ann. Rep. 1950*, p. 2; *1951-52* p. 13; *1956*, p. 4.
38. *Agric Dept. Ann. Rep. 1955*, p. 3; *1956*, p. 4.
39. *Agric. Dept. Ann. Rep. 1955*, p. 3; *N.B.A.R 1955*, p. 3; *1956*, p. 48.
40. *N.B.A.R. 1950*, p. 22, & *1954*, p. 5.
41. Governor in Legislative Council, Nov. 28, 1957, *Government Gazette*, XIII (1958). p. 22.

6. *Coconuts.*

The cultivation of coconuts remains. It was before the war, a business almost entirely in the hands of smallholders and in which large-scale European enterprise played practically no part. By the end of World War II most of the trees were very old plantings, but, although by the end of 1948 most areas under coconuts had been rehabilitated and brought back into production, there was little inclination to replant or plant new areas. When the first reliable estimate of the area under coconuts was made about 1952, it was found to be 45,627 acres, producing, for the most part, sundried copra of an inferior quality. This area and its production remained almost exactly the same to the end of 1956, so that the Colony's own production has played little part in the very great rise in exports, most of which originate as imports from the Philippines and Indonesia. Of the 45,370 acres under coconuts in 1956, 19,500 were in the Kudat district around Marudu Bay, and 19,000 in areas along the coast from Sandakan to Tawau.[42]

7. *Minor Crops.*

Before World War II there were seven factories for processing the sago palm, but all were destroyed during the war except one which was badly damaged. By 1948 one factory was back in production, but on a reduced scale. The total area under sago palms was estimated as 14,000 acres in 1950, mostly in the Klias Peninsula where sago is preferred to rice as the staple diet. Export steadily declined from 509 tons in 1949 to 285 tons in 1950, to 253 tons in 1951, and ceased altogether in 1952, when the four factories that had resumed production for export ceased operations. Higher profits for land-owners and higher wages for labour could be had in rubber. By the end of 1956 production of sago flour had virtually ceased, except as a limited village industry serving local requirements, but demand for sago palm leaf *attap* (roofing material) remained brisk and ensured an income for the owners of palms.[43]

Tea is grown well in small patches by some villages, but the shortage of labour in the country has always prohibited any estate industry.[44] In early days many thousands of acres were planted with coffee, but the crop was displaced by rubber. Local coffee gardens survived on a small scale. They went to rack and ruin during World War II and were slow to show recovery afterwards. By 1956 many coffee smallholdings were still neglected, but some cultivation was of a high standard, especially at Tenom. Cultiva-

42. Rutter, *B.N.B.*, pp. 254-256; *N.B.A.R. 1948*, p. 26; *1956*, p. 178; *Agric. Dept. Ann. Rep. 1951-52*, p. 20; *1956*, pp. 5-6.

43. *N.B.A.R. 1947*, p. 18; *1948*, p. 27; *1951*, p. 36; *1952*, p. 48; *1956*, p. 51; *Agric. Dept. Ann. Rep. 1950*, pp. 4-5; *1951-52*, p. 25.

44. *Agric. Dept. Ann. Rep. 1956*, p. 10.

tion was mainly at Tenom, Lahad Datu and, to a lesser extent, Ranau. The coffee produced was primarily for local markets and the Colony was a net importer of coffee.[45]

Cocoa was first introduced in 1895 from Ceylon, and cultivated at Sandakan and Silam on the east coast. It did well, but for some reason it did not catch on. By 1920 its cultivation had been abandoned by Europeans, though a little native cultivation persisted at Tawau and around Sandakan Bay. In 1950 the Governor announced, however, that as the Colony's dependence on rubber was considered dangerous the Agricultural Department was turning its attention to cocoa, and that a first consignment of plants would arrive shortly and be translated into government nurseries. In the following years the cocoa was grown on the agricultural experimental stations. It was shown that the soils at Tuaran were unsuitable, but the trials on the basaltic soils near Tawau were encouraging. Results in this area continued to be good, and in 1956 Borneo Abaca Ltd. started planting on a commercial scale. By the end of the year they had sixty-six acres, plus ten acres of seed beds. Other large firms were showing interest. As it was considered that the export duty of 5% might hamper the beginnings of new undertakings and make the difference in early years between profit and loss, and as cocoa was thought likely to come into full bearing in five to eight years, the Government decided to exempt from duty all cocoa exported within ten years from January 1, 1957.[46]

Tropical fruits such as bananas and pineapples grow without any particular attention and the quality is generally poor. Vegetables are grown to a limited extent by Chinese smallholders, but the selection is limited and the quality again poor. With the opening of the Kundasung High Altitude Station in 1955, the first serious attempt was begun to grow temperate vegetables, and it is thought that when the jeep track is completed from there to the coast it will be economic to produce these vegetables for sale on the coastal plain.[47] The market will be very limited, as there are only a few hundred Europeans and the other races may not show much interest.

Soya beans are grown in the Tenom district as a catch crop in new plantings of rubber or coffee, or on land held without security of tenure, as three crops a year can be gathered. Production rose to a peak of a little over 2,000 tons in 1954, but declined through 1956 as attention was concentrated on rubber and coffee. Pepper, which is a principal export of Sarawak, is also grown on a small scale in many areas of North Borneo, but low prices in recent years have brought the neglect of old plantings and the cessation of new.

45. *Agric. Dept. Ann. Rep. 1950*, p. 6; *1953*, p. 8; *1956*, pp. 8-9.
46. *Agric. Dept. Ann. Rep. 1953*, p. 7; *1954*, p. 7; *1956*, p. 10; Rutter, *B.N.B.*, p. 259; *Government Gazette*, V (1950), p. 93; XI (1956), pp. 222-223.
47. *Agric. Dept. Ann. Rep. 1956*, p. 26.

Maize is also widely grown, though mainly along the Labuk and Sugut Rivers and around Tenom. The acreage is unknown; the production is sold in local markets and often used as poultry food. In the Kinabatangan and Tenom areas principally, but also elsewhere, an indeterminate amount of groundnuts are grown. Sugar cane is commonly found on a small scale, the largest area usually being 100-200 acres at Kota Belud, and it is considered it could be grown on a large scale in those areas having a long annual dry spell. The crude sugar produced is consumed locally.[48]

8. *Animal Husbandry.*

The number of livestock in North Borneo decreased greatly during the war and afterwards it was considered necessary to ban all exports. The unrestricted export of pigs was first permitted in 1952, that of buffaloes was allowed from January 1954 and unrestricted from the end of 1955, at which date the export of cattle was also permitted. In fact few cattle were exported in 1956, 33 to be precise, but 1,502 buffaloes valued at M.$446,352 and 2,487 pigs (M.$223,542) went, principally to Seria in Brunei.[49]

Figures compiled at the time of the world census of agriculture in 1950 showed there to be 11,540 head of cattle 53,150 buffaloes, 2,270 horses, 7,400 goats and 62,700 pigs in the Colony. Nearly half the pigs and over half the other animals were in the West Coast Residency. The East Coast Residency had only 20 horses, 1,000 head each of cattle, buffaloes and goats, but 16,900 pigs. The pig population in predominantly Muslim areas was, of course, negligible. The main cattle areas were Kudat, Kota Belud, Ranau, Keningau, and the Klias peninsula. By the end of 1956 the total livestock population of the Colony was estimated, in very round numbers, at 25,000 head of cattle, 100,000 buffaloes, 3,500 ponies, 30,000 goats and 100,000 pigs[50] North Borneo is said to have the largest population of livestock per head of human population of any country in southeast Asia.[52]

All the beef produced is consumed locally and is generally insufficient. No butter or milk is produced. Cattle farming was described as being, in 1952, of a very low standard. The cattle were left to fend for themselves in semi-wild herds. If they wandered too far the owner would drive them back, often to already overgrazed pasture. Ownership varied from one beast per family to as many as two thousand, though this last figure was exceptional, but in some cases a herd appeared to be held in common by a village. The quality of the beasts was generally poor. With the

48. *Ibid.*, pp. 9-11.
49. *Agric. Dept. Ann. Rep. 1956*, pp. 13-16; *N.B.A.R. 1947*, p. 20; *1953*, p. 54.
50. *N.B.A.R. 1952*, p. 52; *1956*, p. 54.
51. *Government Gazette*, IX (1954), p. 217.

aim of improving the quality of livestock under proper management and creating a regular supply of meat for the market, the Kota Belud Local Authority established, in 1953, the Sorob farm of 6,000 acres, which was stocked with selected beasts and fenced. As a result of its example, the practice of enclosure of grazing grounds had by 1956 spread widely in the Kota Belud district and even to Kudat and Keningau.[52]

At one time it appeared the Colonial Development Corporation might establish a large scale cattle industry in the Colony. In June 1951 the corporation announced that it had initiated an exploratory pilot scheme for the breeding of beef cattle on the Keningau plains. One thousand acres of crown land was to be leased and a further 14,000 acres was available if the scheme was successful. £15,000 of British capital was to be involved initially. It was the intention to corral some 300 cattle running wild in the Keningau district, which were the offspring of a herd started twenty years previously by the Chartered Company. From these cattle it was intended to select breeding beasts and found a new herd. It was considered that local demand would exceed the supply from the corporation's ranch. Within a few months it was decided, however, that a venture on the scale contemplated would not be a financial success.[53]

The majority of buffaloes are kept in the padi areas of the West Coast, and Interior Residencies. They are used in the cultivation of padi land, but, as their possession is a standard of wealth, they are kept in numbers beyond economic necessity and an increasing number of animals competes for the poor pasture available. Adult buffaloes, however, are remarkably free from disease.[54]

Pigs are kept under very varied conditions, running half wild in the interior villages or housed in well managed Chinese owned piggeries. The latter are for the most part in the coconut growing areas of the east coast where copra cake is available. Goats are also kept by Chinese in these parts, but elsewhere are found mostly in Muslim areas. Some Corridale sheep were imported before the war and a few flocks of their descendants have survived years of attack by dogs and are found in the Keningau district.[55]

Ponies are kept in various areas of the West Coast and Interior Residencies, but predominantly in the Bajau districts of which Kota Belud is the most renowned. In an effort to improve the local breed the Government in 1948 imported two pony stallions from Australia. Though there they had been proven sires they declined to take any interest in the Kota Belud mares. In the hope that a

52. *N.B.A.R. 1952*, p. 52; *1953*, p. 55; *1955*, p. 47.
53. *The Times* (London), June 14, 1951, 5:3 & Governor to Legislative Council, Sept. 18, 1951, *Government Gazette*, VI (1951), p. 191.
54. *Agric. Dept. Ann. Rep. 1956*, p. 18.
55. *Ibid.*, pp. 15-16.

change of climate might stimulate them they were transferred in 1950 to Keningau, where, after a course of hormone injections, one of the stallions began to serve local mares. The natives, however, showed little interest in having their mares served by these improved stallions and were content to let them run loose. Nevertheless, because of the interest in racing, more care is taken of ponies, especially promising ones, than of any other type of animal. The value of ponies as transport is decreasing, however, as bridle paths are replaced by jeep tracks. A disease known as surra, caused by parasites in the blood, was formerly endemic in the country and generally fatal, but there were no cases from November, 1954, to the end of 1956.[56]

Poultry are widely kept and under as varying conditions as the Colony's pigs. The number is only very approximately known, but is estimated to have risen from two to three million in the years 1953-56. A large part of this increase is due to the conquest of rhanikhet disease, which in every year from 1920 to the beginning of this decade took a vast and unchecked toll of poultry. In about 1951 prophylactic treatment with vaccine commenced and in time overcame the hostility and doubts of poultry owners.[57]

The agronomy of North Borneo remains substantially as it was before World War II. There has been no spectacular expansion of the cultivation of any crop in the postwar years covered by this monograph. Only in 1956 did the acreage under even rubber increase significantly. The planting of this crop remains financially the most attractive for the landowner, and attempts to find anything equally lucrative and attractive have not yet borne fruit.

56. *Ibid.*, p. 17; *N.B.A.R. 1950*, p. 26; *1951*, p. 38; *1952*, pp. 53-54.
57. *N.B.A.R. 1953*, p. 56, & *Agric. Dept. Ann. Rep. 1956*, p. 17.

CHAPTER VIII

COMMUNICATIONS

In many colonial territories the development of communications was the first task of those who followed the earliest explorers, traders, and missionaries. The building of roads and railways brought, for instance, peace to warring tribes in Uganda, large scale farming in Kenya, a greatly increased trade in cocoa in the Gold Coast, and the planting of rubber on previously unused land in Malaya.[1] The founders of North Borneo were aware of the importance of communications, and spent more money than was wise on the building of a railway that was intended to cross the territory and a telegraph line which did. The railway was to save the economic position of the country in that it opened up land which was to prove suitable for rubber cultivation. It is not sufficient, however, to bring the produce of a country to its coast. It remains to get it to its market, and for this the attraction of shipping lines and the construction of port facilities to handle the vessels are vital. Though the development of air services, whether internal or external, is of small importance in the handling of bulk raw materials it is necessary for the expeditious movement of mails and of key personnel in commerce and government.

1. *Air.*

Before World War II suitable sites had been surveyed at Jesselton, Kudat, and Sandakan, but no airfield had been constructed. The only aeroplane in the State was a small float plane operated by a doctor. The Japanese constructed several airfields and airstrips, but these were subjected to bombing by the Allies and in 1947 only the Labuan field remained in use.[2]

At this time the Colony's only air connection with the outside world was a weekly courier service, operated by the Royal Air Force with Sunderland flying boats between Singapore and Jesselton, via Kuching and Labuan. From August, 1948, this service was extended to Sandakan. During this year plans were afoot for repairing the ex-Japanese strips at Jesselton, Sandakan, and Tawau, and for bringing the Labuan field up to standard for long distance aircraft. With the withdrawal of the R.A.F. Sunderland service in 1949

1. Central Office of Information, *The UK Dependencies in Brief* (London 1956), p. 5.
2. *Terrain Study No. 90*, pp. 93 & 107; *N.B.A.R. 1947*, p. 41.

these plans had to be accelerated. In May the Jesselton field was completed, and Malayan Airways began a service from Singapore, weekly at first but twice weekly from July. After the completion of the airfield in Sandakan at the end of September the service was extended to the former capital, which had been without air communications for five months.[3] The service increased steadily in frequency to three times a week in 1950, four times in 1951, and five times in 1952. There was no further increase in 1953, and one of the services terminated at Jesselton and did not extend to Sandakan. In June, 1954, there was a further increase to six services a week, one terminating at Jesselton. In November of that year one of the mid-week services was made tourist class. It proved popular and from January 1, 1955, there were two tourist services per week. A daily service in each direction between the Colony and Singapore was established in 1955, two of the services in each direction being to and from Jesselton only, and this frequency was maintained in 1956. In the latter year, however, two of the Singapore-Sandakan services were routed via Brunei in each direction, instead of via Labuan. Toward the end of the year the Jesselton strip became unfit for use by the D.C. 3 "Dakotas" of Malayan Airways, and the capital had to be served by connecting light feeder planes. Work was put in hand on a temporary strip until a permanent solution could be found.[4]

The Malayan Airways service to and from Singapore was the first and has remained the most important commercial air link with the outside world. In January 1950, however, Cathay Pacific Airways began a weekly service between Hong Kong, Manila, Sandakan, Jesselton, and Labuan, which became twice weekly in 1954. In 1955, with the replacement of the D. C. 3 (Dakota) aircraft with larger, four-engined, D. C. 4 planes which are not able to land at Sandakan and Jesselton, the service became once weekly, Hong Kong — Manila — Labuan and vice versa only.[5]

In June 1949 Qantas, the Australian airline, began to route its service between Hong Kong and Australia via Labuan twice per month. In 1950 this service became weekly, but between Labuan and Sydney only. It extended to Hong Kong again, with D. C. 4 aircraft, by 1952. In November, 1954, the service was temporarily suspended pending improvements to the runway at Labuan. It was restored in 1955, but in 1956 Labuan was served once weekly

3. *N.B.A.R. 1947*, p. 41; *1948*, pp. 52-53; *1949*, p. 56; Officer Administering the Government to Advisory Council, *Government Gazette*, IV (1949), No. 44, p. 8.
4. *N.B.A.R. 1950*, p. 51; *1951*, p. 77; *1952*, p. 113; *1953*, p. 125; *1954*, p. 117; *1955*, pp. 112-113; *1956*, pp. 125 & 128.
5. *N.B.A.R. 1949*, p. 56; *1951*, p. 77; *1955*, p. 113.

in the north bound direction only.[6] Thus, of the three commercial air services to North Borneo, all of which commenced within the space of one year, only that to Singapore has expanded and, while other air lines have made service stops at Labuan, no new, regular, commercial links have been established.

They are unlikely to be so while the Colony remains without a first class airfield. By the spring of 1954 it became obvious that the facilities at Labuan, sufficient only for D. C. 4 aircraft, would be inadequate for increasing air traffic and new planes, and that a decision must be taken as to whether it should be developed for international or maintained only for local traffic. Eventually, the former course was decided upon. At first the task was thought to be inexpensive, but the estimates rose from M.$120,000 to M.$636,000, and even this latter figure was not to be sufficient to make the field fit for the Super Constellations Qantas was expected to introduce on its Australia-Far East Service. It was decided, therefore, to seek the advice of an expert from the British Ministry of Transport and Civil Aviation.[7] During 1956 the coral runway was broadened and bitumen coated.[8] By the latter part of 1957 work costing M.$1 million had been carried out, and the field passed as fit to take a limited number each week of heavy aircraft up to Super Constellation standard.[9] The situation at Labuan however continues to cause dissatisfaction. It is difficult to avoid the conclusion that Labuan International Airport is struggling to adapt itself to piston engined aircraft which have been in service for several years, while other such airports in the world are preparing for the jet age.[10]

Preliminary work on restoring the Japanese airstrips at Tawau, Lahad Datu, Kudat, Ranau, and Keningau began in 1951, but the task was delayed in 1952 by bad weather and a shortage of labour.[11] An agreement was reached with Malayan Airways under which an internal air service was to be operated by that airline, initially for a period of two years, as a joint venture with the North Borneo Government. Any profit was to be shared equally and so was any loss up to M.$50,000 in any one year each. If the loss exceeded

6. Officer Administering the Government to Advisory Council, *Government Gazette*, IV (1949), No. 44, p. 8; *N.B.A.R. 1950*, p. 51; *1952*, p. 113; *1954*, p. 118; *1955*, p. 113; *1956*, p. 128.
7. Governor to Legislative Council, Nov. 10, 1955, *Government Gazette*, X (1955), p. 282.
8. *N.B.A.R. 1956*, p. 127.
9. Financial Secretary to Legislative Council, Nov. 28, 1957, *Government Gazette*, XIII (1958), p. 32.
10. *The North Borneo News & Sabah Times* (Jesselton). Sept. 16, 1958, 1:1-4.
11. *N.B.A.R. 1951*, p. 77 & *1952*, p. 113.

that amount the agreement could be terminated.[12] Sabah Airways Ltd., as the venture was known, began a regular twice weekly service in June, 1963, linking Sandakan and Jesselton with Kudat, Ranau, and Keningau, and in September another twice weekly service linking Sandakan with Tawau.[13] On the whole the new services were well patronised from the beginning, though there was initially inadequate traffic between some places which had hitherto had little commercial contact.[14] In November the schedules were revised so that Kudat was connected with both Sandakan and Jesselton, Tawau and Sandakan, Ranau with Jesselton, and Keningau with Jesselton. In the following year both aircraft operating the service had to be withdrawn for two months, March 13 to May 16, for modifications, but towards the end of the year Lahad Datu, between Sandakan and Tawau, was included in the service. In 1955 the Governments of Sarawak and Brunei joined the management of Sabah Airways, a third aircraft was acquired, and service extended to these two territories from Labuan. At the end of 1956 the pattern of services remained unchanged.[15]

The three aircrafts used were all De Havilland D.H. 89 "Rapide" aircraft. These are twin-engined bi-planes with accommodation for half a dozen passengers and a limited amount of cargo. Their cruising speed is about 120 miles per hour. Their advent in North Borneo revolutionised passenger communications, and reduced to minutes journeys that had previously taken many hours, or even days.

2. *Sea.*

Before World War I the North German Lloyd Line, which was subsidized by the German Government, provided the State's principal steamship link to the outside world with a regular weekly service to and from Singapore. There was also a North German Lloyd ship plying between Hong Kong, Sandakan, Kudat, and Jesselton. The only British ship providing a regular service was the "Mausang", carrying timber to Hong Kong. On the outbreak of war the German ships took refuge in the Philippines and, except for the "Mausang", the country was cut off. The Government of the Straits Settlements arranged for the Straits Steamship Company to take over the run and this company provided three ships per month.[16]

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12. Development Secretary in Legislative Council, Nov. 13, 1952, *Government Gazette*, VIII (1953), p. 28.
13. *N.B.A.R. 1953*, pp. 126-127.
14. Governor to Legislative Council, Aug. 27, 1953. *Government Gazette*, VI (1953), p. 228.
15. *N.B.A.R. 1953*, p. 127; *1954*, p. 117; *1955*, pp. 111-112; *1956*, p. 128.

The Straits Steamship Company came to stay, and to this day has maintained an almost complete monopoly of the carrying trade to and from Singapore, via which port most of the imports and much of the exports of North Borneo flow. In 1947 the Company was only able to provide a fortnightly service between Singapore and Sandakan via Labuan, Jesselton and Kudat, plus feeder services with small craft from the small ports. In 1948 the Moller Line attempted to establish a fortnightly service from Singapore, but by 1949 the Straits Steamship monopoly was again complete and offered a weekly service. By 1956 an additional weekly cargo passenger and mail service was provided to Jesselton, via Labuan and Brunei.[17]

The weekly service to all principal North Borneo ports was still offered at the end of 1956, leaving Singapore each Friday and calling at Miri (Sarawak), Labuan, Jesselton, Kudat, Sandakan, Kennedy Bay (occasionally) Lahad Datu (passengers only), Semporna (passengers only), and terminating at Tawau, reached on a Monday, ten days out from Singapore. The return service left Tawau on the Tuesday or Wednesday and arrived Singapore a week on the following Thursday or Friday. The vessel then spent a week in Singapore before commencing the return trip. All the ships regularly employed on the run carried deck passengers, but by 1956 the venerable "Kajang", built at Hong Kong in 1916, had lost her first class accommodation, which had been converted into quarters for cadets in training. The other ships, "Kimanis", "Marudu", Darvel", and "Kinabalu", all have first class accommodation and only the last has no second class accommodation. The company will not permit Europeans to travel either second class or deck (a curious instance of racial discrimination), though Asians can and do travel first class. The "Dravel" and "Marudu" are old vessels, the "Kinabalu", a recent acquisition second-hand, and the "Kinamis" a postwar ship providing excellent accommodation. Of the five ships mentioned only four are on the run at any one time. In addition to these vessels the Straits Steamship Company sometimes sent, and sends, unscheduled cargo vessels to North Borneo ports. Small feeder services are also operated, principally in the Brunei Bay area, but also for cargo from the small ports between Sandakan and Tawau.

The Norwegian-flag China-Siam Line provides a cargo and passenger service at approximately fortnightly intervals between principal North Borneo ports, Hong Kong, and Bangkok. The Indo-China Steam Navigation Company Ltd., a subsidiary of Jardine,

16. Rutter, *B.N.B.*, pp. 343-344.
17. *N.B.A.R. 1947*, p. 41; *1948*, p. 52; *1949*, pp. 55-56; *1956*, p. 115.

Matheson & Company Ltd., also has five ships which bring general cargo from Hong Kong, but their principal trade is the carrying of timber to Hong Kong and Japan. At monthly intervals small vessels of the Dutch Royal Interocean Lines call northbound from Australia to Bangkok with general cargo and a few passengers.

All the other lines calling regularly at North Borneo ports do so primarily to load timber; the Eastern & Australian Steamship Company, the Swedish-flag Australia West Pacific Line, and the Indo-China S. N. Co's Australia China Line, for Australia on their way from Japan and Hong Kong; the Ben and Blue Funnel Lines for United Kingdom and European ports; the Bank Line for South Africa en route from Japan. Most of these lines call at approximately monthly intervals, though from 1955 the Ben Line has called at approximately two monthly intervals, but not with great regularity. The American Mail Line has loaded timber for United States Pacific Coast ports. A considerable number of other shipping lines have called from time to time, and several Japanese vessels on charter call at timber ports on the east coast each month. In times of shipping shortage it has often been difficult to persuade shipping lines, other than the regular ones mentioned above, to all at North Borneo, but since the collapse of the world freight markets in 1957 this situation has hardly existed.[18]

Logs are normally loaded from the water and sawn timber from lighters, but the loading and unloading of general cargo was hampered for many years after the war, and still is to a certain extent, by the inadequate length and number of berths at the Colony's wharves. During the hostilities the wharf at Sandakan was burned down, that at Kudat destroyed, and those at Jesselton and Labuan badly damaged. Temporary repairs were effected everywhere and at Labuan the Australians built a new wharf. New wharves were intended for Labuan, Jesselton, Sandakan, Kudat, and Tawau, and in 1949 a firm of consultants submitted a report on their construction which was followed up by hydrographic surveys.[19] After several years of investigation and planning with the aid of the London consultants, it was possible at the end of 1951 to call for tenders for the reconstruction in steel of the wharves at Labuan, Jesselton, and Sandakan. The consultants had advised that the total cost would be about £680,000, but the lowest tender, in fact, was £1.75 million and the time for the completion of the work five years. The figure was quite beyond the Colony's means and the time was regarded as excessive. After consulting with unofficial bodies, the Government decided to obtain the services of a Hong Kong consultant to design new wharves with timber piling and

18. Foregoing paragraphs derived from shipping schedules and personal observation.
19. *N.B.A.R. 1947*, p. 40, & *1957*, p. 40.

reinforced concrete decking.[20] In 1953 construction in this fashion of a new wharf at Labuan was commenced, a tender for the new 600-foot wharf at Sandakan was accepted, and preliminary designs for the Jesselton wharf were under consideration. The Labuan wharf, 600-feet long, was completed in 1954 and, as the least depth was twenty-four feet at low water spring tides, ocean going vessels were able to berth. Early in 1956 the new 750-foot wharf at Sandakan was completed, and, by the end of the year, part of the 650-foot Jesselton wharf was finished and in use and the rest was due to be completed in 1957. Almost half the cost of the reconstruction of these wharves at Labuan, Sandakan, and Jesselton, was borne by the United States International Co-operation Administration.[21] By the end of 1956, however, it was already becoming apparent that the length of the Jesselton wharf as originally planned would be inadequate, that the new Labuan wharf was also inadequate, and that the old wharves at Kudat and Tawau could not serve much longer.[22]

3. *The Railway.*

The Colony boasts the only public railway in the whole vast island of Borneo. The moving spirit behind its construction was Cowie, who envisaged a trans-Borneo line from Brunei Bay to Sandakan and even Tawau. The first section, from Brunei Bay to a point on the Padas river which was to become Beaufort, was commenced in 1896 under the direction of A. J. West, a friend of Cowie's. This twenty-mile line was opened for traffic in 1898, but not finally completed until 1900. It was soon discovered that the terminus on Brunei Bay, known as Weston, was not a deep water port. It was decided that a spur line must be constructed from a point on the coast further north to Beaufort. The northern terminus was eventually placed at what is now Jesselton. Cowie entrusted the checking of the construction of this line to the contractors whom he had engaged to build it. It is not surprising, therefore, that the construction of this 57-mile line, which was completed by 1902, was found to be poorly executed. Meanwhile, West was pushing the railway through the gorge of the Padas River to Tenom, thirty miles from Beaufort, and on April 5, 1905, the first train entered Tenom Station. Since then the only considerable extension of the system has been a further nine miles from Tenom to Melalap. During or very soon after World War I it was proposed to extend the railway from Jesselton to Tuaran, but this project was defeated in favour of a road. The total route mileage

20. Governor to Legislative Council, Sept. 25, 1952, *Government Gazette*, VII (1952), p. 215.
21. *N.B.A.R. 1953*, p. 117; *1954*, p. 109; *1956*, p. 113.
22. Governor to Legislative Council, Dec. 4, 1956, *Government Gazette*, XII (1957), p. 21.

of the line thus remained 116 miles, and the track mileage, including sidings, 124 miles.

Cowie had estimated the line would cost £107,700. By 1905 it had cost £500,000, but its construction was poor and inadequate. After Cowie's death in 1910, the new Court of Directors had two railway experts from Malaya examine the line. They condemned nearly every aspect of its construction and administration. In 1912 reconstruction was begun. A considerable part of what had become the main line, Jesselton to Beaufort, was relayed with 60-lb. instead of 30-lb. rails, deviations were made to eliminate unnecessary dangerous curves, some wooden bridges were replaced by steel ones, and new stations and a locomotive works at Tanjong Aru, near Jesselton, were erected. By 1923 the railway had cost the Chartered Company £800,000. As a result of the reconstruction and of far reaching administrative reforms, however, the railway first began operating profitably in 1924, and it continued to do so until 1941, except in the depression years of 1931 and 1932. The line was of immense value to the State in providing access to much valuable rubber land.[23]

The railway was very badly damaged during the Japanese war. The track suffered from a lack of maintenance and the main bridges were blown up. At the end of 1947 only seven locomotives were in service compared with thirteen in 1941, and only thirty-eight coaches and covered goods vans compared with ninety-seven. The railway was temporarily repaired, but its whole future was called in question by those who advocated its replacement by a road. A transport commission was appointed early in 1949 and its factual report was studied by a committee of the Advisory Council. The most important of the committee's recommendation were first, that the railway must be retained as the difference in cost between rehabilitating it and replacing it with a road would be very large; secondly, the Jesselton-Beaufort section should be completely relaid with 60-lb. track and all bridges strengthened; thirdly, every effort should be made by the Agricultural & Forest Departments to develop land accessible from the railway; fourthly, the mixed train services should be supplemented by trains operating like buses and stopping at recognized points in addition to the main stations; fifthly, as the system was of uneconomic length every effort should be made to extend it.[24] Even after it was decided to retain the railway there was some dispute as to whether it should terminate at Tanjong Aru, on the outskirts of Jesselton, or continue to run

23. A booklet headed *North Borneo Railway — Exhibition — to commemorate the 50th Anniversary of the opening of the Railway to traffic on 5th April, 1905* (Jesselton 1955), and Tregonning, *Chartered Company Rule*, pp. 56-58 & 61-62.
24. *N.B.A.R. 1947*, pp. 39-40, & *1949*, p. 7.

through the heart of the capital to a terminus at the wharves.[25] In 1955, a committee of the Legislative Council recommended the latter. The decisive agrument was the additional expense of transhipping freight to trucks at Tanjong Aru for transport to the wharf.[26]

By the end of 1952 the relaying of the Jesselton-Beaufort section with 60-lb. rail was almost complete. The relaying of the Beaufort-Tenom section was commenced in 1955 but made very slow progress through 1956.[27] The contract date for its completion was December 10, 1957,[28] but at the end of February 1958, several miles remained to be done and the contractor had given up the contract.

The motive power position was slow to improve after the war. For a time jeeps adapted to run on rails played an important part. The sort of small order the North Borneo Railway could place was of little interest to manufacturers in the postwar sellers' market, and the best had to be done with what could be reconstructed or repaired from the prewar stock. In 1948, however, four new six-seater railcars arrived and proved valuable on the gorge section, over which steam locomotives were not permitted from the liberation until 1949. Three steam locomotives were acquired second hand from Belgium in the latter year. Two new 52-seater petrol railcars arrived in 1950, and for their peculiar construction and speed became known unofficially as the "Centipedes". One Fowler and two Hunslet diesel locomotives were received in 1951, though the latter were disappointing in that they proved under-powered for the gorge section. Nonetheless, with their arrival the power and stock position became adequate to meet demands. The restoration of rolling stock had been facilitated by the recruitment of Hong Kong artisans. The motive power position was further strengthened in September 1956, when three powerful new locomotives went into service.[29] These handsome 2-6-2 locomotives were built by the Vulcan Foundry Ltd., at Newton-le-Willows, England. They are much larger and more powerful than the railway's older engines; their use is possible in consequence of the relaying with 60-lb. track and the alteration of the one tunnel on the line to permit a larger loading gauge. They are not yet permitted over the gorge section. In 1957 a three-car diesel train built by Wickham of Ware, England, went into service and is known as "The Flying Dusun".

25. Financial Secretary in Legislative Council, Aug. 31, 1954, *Government Gazette*, IX (1954), p. 258.
26. Chief Secretary in Legislative Council, April 19, 1955, *Government Gazette*, X (1955), p. 117.
27. *N.B.A.R. 1952*, p. 110, & *1956*, p. 119.
28. Acting Chief Secretary in Legislative Council, March 7, 1957, *Government Gazette*, XII (1957), p. 164.
29. *N.B.A.R. 1949*, pp. 53-54, *1950*, p. 49; *1951*, p. 72; *1956*, p. 120.

The basic train service consists of a morning and an afternoon mixed train in each direction between Jesselton and Beaufort, a mixed train from Melalap to Beaufort each morning returning in the afternoon, and a mixed train form Weston to Beaufort in the morning also returning in the afternoon. From Jesselton to Beaufort or *vice versa* takes 3¾ hours (57 miles), Beaufort – Melalap takes nearly 4½ hours (39 miles), and Weston – Beaufort 1¾ hours (20 miles). These services are supplemented on some days of the week by the railcars, and more recently by the diesel train between Jesselton and Beaufort. This journey takes four hours in the diesel train, which also operates a daily "outer-suburban" service from Papar to Jesselton in the morning, and from Jesselton to Papar in the evening.[30]

The traffic carried by the railway has risen enormously compared with the period prior to 1941. In 1939, 143,613 passengers were carried, and in 1940, 173,125. The 1947 total was lower, 124,776, but thereafter the figure rose rapidly to a peak of 521,570 in the boom year 1951. Then followed a decline to 418,000 passenger journeys in 1953, but in 1956 the number was 593,593. The amount of freight carried followed a similar trend. The 1939 total was 14,292 tons and that for 1940, 21,334. Postwar, the annual tonnage rose from 22,069 in 1947 to a peak of 35,450 in 1951. It declined to 32,750 in 1953, but rose thereafter to 44,976 in 1956. Despite the greatly increased traffic the railway has not been profitable since the war. In 1956 recurrent expenditure amounted to M.$1,653,007 against revenue of M.$1,592,853. The reason is that costs have risen much more than fares and freight rates. In 1952 the tariff was 100% higher than before the Japanese war, but it was estimated that the cost of labour, and materials had risen by between 300 and 400%[31]

The North Borneo Railway is friendly and unsophisticated. A spirit of camaraderie appears to exist between its patrons and its staff. No one could pretend that it is the last word in modernity, and derailments and line blockages are still not infrequent in the gorge section, but it has come far since its early days when the following anonymous poem was not far from the truth.

> Over the rails all rusted and brown,
> Thunders the "mail" to Jesselton town;
> Tearing on madly recking not fate,
> Making up time – she's two days late.
> See how the sparks from her smokestack shower,
> Swaying on madly at three miles an hour.

30. For a detailed description of train services and a journey over the line see M. H. Baker, "The North Borneo Railway", *The Railway Magazine* (London), CIV (1958, p. 783.

31. *N.B.A.R. 1951*, p. 73; *1952*, p. 112; *1954*, p. 114; *1956*, pp. 119-121.

Sometimes they stop to examine a bridge;
Sometimes they stick on the cres of a ridge;
Sometimes they find the line washed away
And postpone their advance till the following day.
Beaufort to Jesselon – tour of delight –
Taking all day and best part of the night,
Over the rails all rusted and brown
Drives on the train to Jesselton Town.[32]

4. *Roads.*

Until about the end of World War I North Borneo was a land virtually without roads; the Chartered Company had never had money to build any. By 1920, however, three projects for metalled roads were afoot, first from Jesselton to Tuaran; secondly, from Sandakan to the Labuk River; thirdly, from Melalap (the railhead) to Keningau.[33] Twenty years later the Jesselton-Tuaran road, the most important road in the country, was metalled and sealed with bitumen throughout, but for about half its length motor traffic had to drive partly on the earth shoulders to pass; the Melalap Keningau road was metalled for one mile only, the remainder being gravel and earth, though suitable for two way traffic; the Sandakan-Labuk road extended for 18 miles, the first sixteen being metalled and bitumenised. There were in all 103 miles of metalled roads, practically all in and near the five main towns, Jesselton, Sandakan, Kudat, Lahad Datu, and Tawau. There were also just over one hundred miles of earth road, mostly feeding the metalled roads or the railway.[34]

In addition, there were bridle paths, negotiable on foot or by pony. Governor Birch instituted the policy of constructing these in 1902. By 1920 there were several hundred miles of paths kept up by the district officers using paid, conscripted, native labour. The paths were nearly all in the western half of the country, and the rivers formed the only highways in the east. The same was still true by 1941, when there were 600 miles of bridle paths.[35]

During the war some miles of earth road were constructed by the Japanese, but the traffic of heavy and tracked vehicles on the roads generally caused damage which was not made good by adequate repair and maintenance. When British Civil government was restored it was estimated that all the major roads would have to be remetalled and all gravel roads relaid.[36]

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32. *N.B. Railways 50th Anniversary Exhibition Booklet*, p. 7; also quoted in Rutter, *B.N.B.*, pp. 20-21.
33. Rutter, *B.N.B.*, p. 346.
34. *Terrain Study No. 90*, pp. 109-114.
35. Tregonning, *Chartered Company Rule*, p. 59; Rutter, B.N.B., p. 348; *Terrain Study No. 90*, pp. 109-110.
36. *N.B.A.R. 1947*, pp. 38-39.

This work was carried on through 1947 and 1948. Although by the end of the latter year it was not yet completed, a road development programme was drawn up which included proposals for four new roads; the first, a road from Jesselton eighty miles via Penampang and across the Crocker Range to Tambunan and the interior plains; the second, a twelve mile extension of the Papar-Bukit Manggis road to open up valuable rice growing areas; the third, completion of the North (Tuaran) Road as far as the prosperous area of Kota Belud, forty-seven miles from Jesselton; the fourth, an extension of the Labuk Road from Sandakan by ten miles into potential agricultural land. The ensuing years are a story of painfully slow progress, beset with difficulties of terrain, poor or insufficient labour, bad weather, shortage of staff and late delivery of machinery. By 1956 the road to Tambunan remained but a project, work was still in progress on the Bukit Manggis road, and the Labuk road had made little progress. The North Road, however, was completed and metalled through to Kota Belud, and only a number of small bridges remained to be reconstructed.

Short extensions and improvements in and around the main towns had also been achieved. From 1948 through 1956 the mileage of asphalt or bitumenised metal-surfaced road rose slowly each year from 125 to 225 miles. The total mileage of all roads, including earth roads, rose from 335 to 378 in 1949 and then stayed practically unaltered for two years. It increased to 437 by the end of 1953, and then leaped forward rapidly in the following years as the Government adopted a programme of converting bridle paths into jeep tracks. This work was carried on under the supervision of district officers, and financed by Colonial Development & Welfare as well as Colony funds. By the end of 1956 the total road mileage was 702. The construction of roads in Borneo is rendered difficult by the mountainous or swampy nature of much of the terrain, by the liability of the rivers to severe flooding, and by the danger of the roads, unless properly surfaced, being washed away by tropical downpours. The provision of roads is regarded, however, as of prime importance for the development of the Colony, as only when an area has a road connection to a market or a port is it economically practical to cultivate the land, other than for subsistence.[37]

Reviewing the Colony's road situation at the end of 1956, the Governor told the Legislative Council that the building of jeep tracks by the administration, which had been greeted with some raised eyebrows when proposed, was now a recognized success; many of the tracks were really minor roads. The programme for major

37. *North Borneo Annual Report 1949* to *1956*, in chapters on "Communications—

roads drawn up in 1954-55 had, however, still not got under appreciable way, due to the shortage of engineers and equipment.[38]

In view of the state of road development in the Colony, it follows that road transport services are still in an early stage of development. Immediately after the war there were very few vehicles and everything available was useful. By 1950-51 the rubber boom had brought plenty of money to the Colony and cars were readily to be purchased. As a result, there were innumerable buses and taxis in the main towns and along the roads leading to them, charging whatever traffic would bear.[39] In 1952, at the invitation of the Government, the commissioner of Road Transport for Malaya visited the Colony. Following his report a public notice was issued in November, 1952, to the effect that the Government was satisfied it was in the public interest that early steps should be taken to rationalise and improve public road transport; pending new legislation, in order to control the number of motor vehicles carrying passengers and goods for hire, there was to be a temporary prohibition of new licenses for buses and taxis, a review of license fees, and regulation of maximum fares and rates.[40]

The new legislation, the Road Traffic Ordinance, was enacted in mid-1953 and gave the Commissioner of Road Transport (the Commissioner of Police) power to regulate passenger and goods service vehicles in any area declared by the Governor in Council to be a regulated area. The vicinities of Jesselton and Sandakan were declared regulated areas and the owners of public transport vehicles were encouraged to form companies to which monopoloy licenses were granted for the main routes. An improved and more regular service to the public resulted. A good deal of wasteful competition was eliminated, as between the end of 1952 and the end of 1953 the number of stage carriages (buses) and taxis fell from 503 to 216. At the end of 1956 Jesselton and Sandakan remained the only regulated areas. The early improvements had been maintained, and a number of the old crude vehicle that had passed for buses in Borneo had been replaced by more modern and comfortable vehicles, though hardly in the Greyhound Pullman class.[41]

The total number of motor vehicles of all sorts, including motor bicycles, rose from 1,495 in 1950 to 4,380 in 1956. In the same period the number of ordinary bicycles rose from 12,521 to 28,140.[2]

5: *Telecommunications.*

Largely at Cowie's instigation, the construction of a cross-country

38. *Government Gazette*, XII (1957), p. 21.
39. Attorney- General in Legislative Council, April 24, 1953, *Government Gazette*, VIII (1953), p. 198.
40. *Government Gazette*, VII (1952), p. 237.
41. *N.B.A.R. 1953*, p. 124, & *1956*, p. 124.

telegraph line from Labuan to Sandakan was begun in 1894. The difficulty and cost of construction were grossly underestimated. It was thought, by Cowie at least, that the work could be completed in a few months for £5,000. In the event the first cable from Sandakan to London did not go through until April 1897, by which time nearly £20,000 had been spent. The maintenance cost of the line were at time in the region of £4,000 *per annum* and the revenue only £250, but it was impossible to close it while Cowie was in control. The establishment of radio contact between Sandakan and Jesselton in 1914 removed any justification for its continuance, and in the twenties the line was closed and the wire salvaged.[43]

In 1941 the only long telegraph line followed the railway from Jesselton to Tenom, with a branch from Beaufort to Mempakul, whence a submarine cable led to Labuan. From the station of Cable and Wireles Ltd. in Labuan messages could be sent by submarine cable to Singapore and Hong Kong. Sandakan had a telegraph line from the town to the wireless station. There were wireless stations at Jesselton, Kudat, Sandakan, Lahad Datu, and Tawau. A telephone line also followed the railway to Melalap and extended to Keningau, Tambunan, and Ranau. There were some short branches and a rather long one to Pensiangan. A line ran north from Jesselton to Kota Belud and Usukan. There were isolated lines from nearby estates to Kudat, Lahat Datu, and Tawau, and a system within Sandakan town.[44] The first automatic telephone exchange in the Far East, for 100 lines, was installed at Sandakan in 1922 and moved to Jesselton in the thirties.[45]

Considerable damage was done to installations during World War II, but services were quite quickly re-established.[46] The main postwar development has been in radio-telephone communication. Limited radio-telephone services were opened to the public between Jesselton and Sandakan in May 1949, and between Jesselton and Labuan in December, 1950. These services were maintained in the subsequent years, but continued to be restricted as the same transmitting equipment was also used to communicate with ships and aeroplanes. In 1955, however, very high frequency radio-telephone services were inaugurated between Labuan and Jesselton, and between Labuan and Brunei. By the end of 1956 plans were afoot for linking all the towns and major villages in the Colony by V.H.F. and the installation of automatic exchanges. This development had been made possible by the establishment of a V.H.F. repeater station at Kambarangan, 7,000 feet up on Mount Kinabalu.

42. *N.B.A.R. 1952*, p. 113, & *1956*, p. 125.
43. Tregonning, *Chartered Company Rule*, pp. 54-55, 59 & 70.
44. *Terrain Study No. 90*, pp. 139-141.
45. *N.B.A.R. 1948*, p. 53.
46. *Council Paper No. 1 of 1946*, para 25, in *N.B.A.R. 1947*, pp. 57-58.

The scheme was expected to be costly and to be put in operation only by stages as money became available. In 1957 new circuits were established between Jesselton and Sandakan, Tuaran, Kota Belud, Kudat, and Papar. Developments on the east coast were delayed by difficulties in constructing the buildings and tower on top of the 900-foot hill near Sandakan selected for the station to communicate with Lahad Datu and Tawau. At the end of 1956 there were 1,683 telephones installed in the Colony, but the Posts and Telegraphs had been unable to satisfy demand because of slow deliveries of equipment from Great Britain.[47]

At the end of 1956 subscribers on the automatic exchanges at Jesselton and Labuan could communicate by high frequency telephone services, operated by Cable and Wireless Ltd., with Singapore and Hong Kong, and through these with Australia and Europe. The radio-telephone link with Hong Kong was opened in December 1951, and that with Singapore in 1952.[48]

In 1948 an agreement was reached with Cable and Wireless Ltd., by which the company undertook to handle all the Colony's external telegraphic services. Owing to difficulties with their building plans the transfer to Cable and Wireless was delayed until the end of June 1950.[49]

In 1947 there were only eight post offices in the whole Colony, but limited postal services were also available at district offices. The carriage of mails by sea to Singapore and thence to the outside world was slow and irregular, but a weekly air service was available by the R.A.F. Sunderland.[50] Since then the number of post offices has increased slightly. The speed of mail deliveries from abroad has improved with the sea and air services to the Colony, and internal deliveries were revolutionized by the introduction of the feeder air services of Sabah Airways.

6. *Press & Radio.*

In 1947 the only newspaper in the Colony was in Chinese, the *Jesselton Overseas Chinese Daily News.* Another Chinese paper, *the Jesselton Commercial Press,* appeared in 1954 and a third, the *Borneo Times* of Sandakan, in 1956. A fortnightly English language newspaper, *The North Borneo News,* appeared in 1948, but the first English daily was the *Sabah Times,* which commenced publication on January 21, 1953. *The North Borneo News,* meanwhile had become a weekly and in April, 1954, it too began daily publication. Shortly afterwards it amalgamated with the *Sabah Times*

47. *N.B.A.R. 1949,* p. 56; *1950,* p. 52; *1951,* p. 78; *1952,* p. 116; *1953,* p. 118; *1954,* p. 121; *1955,* p. 115; *1956,* p. 131; *1957,* pp. 137-138; Governor to Legislative Council, Dec. 4, 1956, *Government Gazette,* XII (1957), p. 22.
48. *N.B.A.R. 1951,* p. 78; *1952,* p. 116; *1956,* p. 131.
49. *N.B.A.R. 1948,* p. 54; *1949,* pp. 57-58; *1950,* p. 52.
50. *N.B.A.R. 1948,* p. 42.

to become *The North Borneo News and Sabah Times*.[51] This paper is a four page daily, mostly in English but with one page in Romanised Malay and Dusun. A great deal of space is occupied with advertising, and the news presented is almost entirely local, although commentaries on events abroad are printed. There is no exclusively Malay newspaper published in the Colony. Newspapers and magazines from abroad, particularly Singapore, circulate in considerable numbers.

During 1951 regular lunch-time programs began to be broadcast from Jesselton and proved popular. In November, 1955, the replacement of the 250-watt transmitter with one of 5-kw. and an improved temporary studio made Colony-wide reception of the programs possible and evening broadcasts were commenced. At first these were in substitution for the lunch-time programs, but the latter were recommended in July 1956. Programs are in English, Malay, Chinese, and Dusun. A good deal of British Broadcasting Corporation material is used, but an effort is made to use as much local talent as possible. The station, known as Radio Sabah, is government operated.[52] Foreign broadcasts, except from the Philippines, are difficult to receive satisfactory save on a very good radio set.

Only in the air during this period can postwar developments in the Colony's communications be described as really striking. The regular shipping services were much the same as before the war, the railway had not been extended as recommended, permanent roads had not been built as planned, and the expansion of telecommunications was only beginning. The revolution in the transport of personnel and mails brought about by the internal air feeder services has perhaps reduced the general public awareness of what needs to be done: the building of roads, is still of prime importance if the vast areas of unused land in the Colony are to be brought into production.

51. *N.B.A.R. 1947*, p. 50; *1948*, p. 62; *1953*, p. 131; *1954*, pp. 124-125; *1956*, p. 137.
52. *N.B.A.R. 1951*, p.78; *1955*, pp. 116-117; *1956*, pp. 134-136.

CHAPTER IX

POSTSCRIPT AND PROSPECT

The most important development in North Borneo since the end of 1956, at least potentially, has been the official mooting of the idea of "closer association" with Sarawak and Brunei. The idea is not entirely new. As has been noted, the early years of the Chartered Company in North Borneo were marked by bitter rivalry with Sarawak for the acquisition of Brunei territory. In 1894, however, as a result of the tobacco slump, the Company asked Brooke on what terms he would take over its territory, but Brooke's terms were rejected by the shareholders. The general indifference to Borneo affairs which characterised successive British governments was not always shared by the High Commissioners of Malaya, who were also British Agents for Borneo, some of whom were of the opinion that federation and closer supervision by the Colonial office should be brought about. These ideas were investigated in 1933 in particular, and recommendations for the purchase of North Borneo reached the British cabinet. They failed to carry the day and in 1935 the proposal was abandoned.[1]

When, in 1946, both North Borneo and Sarawak became crown colonies the possibility of federation between them was enhanced, but Brunei still remained a protected sultanate not a colony. Certain measures of co-operation were instituted, notably the formation of an inter-territorial judiciary and inter-territorial departments for civil aviation and geological survey. At the invitation of the Commissioner-General for South East Asia, an inter-territorial conference met on October 21, 1953, to consider co-operation. It was then decided to develop consultation and co-operation by periodic joint meetings between the heads of the corresponding government departments in the three territories. It was also decided to form a standing conference under the chairmanship of the Commissioner-General and consisting of the Governors of Sarawak and North Borneo, the Sultan of Brunei, and three other representatives of each territory, to meet at least twice yearly.[2]

In July, 1957, the London *Times* reported that interest in federation was growing and if it came to anything might mean a high com-

1. Tregonning, *Chartered Company Rule*, pp. 52-53, & 73-74.
2. Governor to Legislative Council, May 6, 1953, *Government Gazette*, VIII (1953), p. 148.

missioner presiding over an advisory council meeting in Labuan. Brunei was least keen on the idea, because of her riches which she was reluctant to share. It would be necessary to show her the possible advantages in the greater security — such a small country could hardly stand alone — and the more balanced resources and administration she would enjoy. Later in the same month, in an interview broadcast over Brunei Radio, Sir Anthony Abell, the Governor of Sarawak, said he believed it was vital to the three territories to draw together to obtain political stability, economic strength, and international prestige. He was not advocating sudden independence; it would be better for the three territories to work out their own salvation rather than follow bindly the road that others had taken.[3]

On February 7, 1958, the Governor of North Borneo, Sir Roland Turnbull, K.C.M.G., broadcast to the country on the subject of closer association with Sarawak and Brunei. After mentioning how the outside world viewed such association as natural and seemingly inevitable, Sir Roland, as the responsible head of their Government, asked the people of North Borneo to consider the merits, from their point of view, of the proposition that North Borneo should enter with Brunei and Sarawak into some kind of firm constitutional pact. He asked them to let there be no doubt in their minds of the advantages of the proposal in theory, and cited the examples of the United Kingdom, the United States, Australia, and other countries. There were many types of federation but some form was both desirable and advantageous. This did not mean that the people should not look closely to their own interests before changing from principle to practice. The three countries were developing fast and in time differences would become greater, so if it was desired to grasp the advantages of federation they should do so soon, before the differences became too great. After summarising the individual advantages of the three territories, the Governor said that it must be admitted that none was a very considerable country, but that with a combined territory much larger than the Federation of Malaya and with well over a million people it might be possible to build a country of some importance in southeast Asia.

Turning to the form of association, the Governor dismissed amalgamation into one as impracticable, even if it were desirable, but the mere imposition of yet another constitutional body over the three governments would be ineffective and extravagant. It would be essential that the three governments should define their common interests and surrender control of those interests to a central body representative of all of them. Such common interests would be external affairs and those matters already the responsibility of joint departments; other possibilities would be internal security, customs,

3. *The Times* (London), July 18, 1957, 9.5; July 24, 1957, 6:1.

immigration policy, health, and education. Sir Roland continued that he personally would like to see the identity of interests personified in a single governor and high commissioner for all three territories, who would be advised by councillors coming from all three. As to the attitude of the British Government, the Governor denied that the proposal for federation denoted the desire of the British Government to transfer responsibility to a local government. The federation would be an association not of three countries but of four, and he was sure that the United Kingdom would not set a term to its interest and association in advance of the wishes of the people.[4]

Immediately after this broadcast the Residents and district officers convened meetings of the local authorities, and Residency and district teams, to explain the proposals. Copies of the Governor's speech were widely circulated and, later, further meetings for discussion were held. Various objections and reservations were made. In all quarters there was a genuine fear lest there be any weakening of the ties with Her Majesty's Government, and a desire that Her Majesty's Government should remain indefinitely as a fourth partner to see fair play. Any approval was based on the assumption of this indefinite partnership. There were also fears that North Borneo's political stability would be threatened by undesirable political influences from Sarawak and Brunei, and that the greater political advancement of Sarawak would lead to such advancement being rushed in North Borneo. There was some anxiety that there would be enhanced government expenditure and increased taxation. Among the Chinese there was apprehension of Muslim domination of the central authority, and among the natives fear of the loss of land rights, interference with *adat* (custom), and of being swamped by the Chinese before they were sufficiently well educated to compete. By and large, however, the public was in favour of the proposal for closer association being further examined. A motion was accordingly proposed in the Legislative Council, and passed unanimously, recommending that the agreement of the Governments of Brunei and Sarawak be sought for joint examination of the proposal for closer association by a body of persons drawn from all three territories, with a view to the preparation of detailed propositions.[5]

There the matter rested for some months awaiting the response of Brunei and Sarawak. Speaking in Singapore about the end of August, 1958, Sir Anthony Abell admitted that the proposals for unifying the three Borneo territories had not made much head-

4. *Text of an Address on Closer Association between Sarawak, Brunei and North Borneo, by His Excellency the Governor of North Borneo, Sir Roland Turnbull, K.C.M.G., broadcast over Radio Sabah at 7.00 p.m. on February 7th, 1958.* (Jesselton 1958).
5. *Government Gazette*, XIII (1958), pp. 171-182.

way. There had been, as yet, no round table conference between the three territories and the Sultan of Brunei had said he would await the reactions of the other countries before considering the matter. As in North Borneo so as in Sarawak, there was fear felt that the backward peoples might lose out, a desire that the British Government should hold the ring, and a certain amount of suspicion between the races. The idea of closer association was not being pressed but must be allowed to simmer. In the Sarawak Council Negri on September 12, however, a resolution was passed calling for a committee of unofficials to be appointed by the president of the Council to examine fully the question of closer relations with North Borneo and Brunei. There was said to be a strong feeling among the people that the idea was worth closer study; a large section felt that if the Government said closer association would be a good thing for Sarawak then it must be so.[6]

By October the North Borneo Government had formally approached the Governments of Sarawak and Brunei and was engaged in setting up a committee representative of the people of North Borneo to conduct a further enquiry with a committee from Sarawak under an independent chairman.

Meanwhile, the attitude of Brunei remained shrouded in silence. In October the oracle spoke, albeit in somewhat Delphic fashion. In an interview with a Singapore journalist, the Sultan said that officially he knew nothing about Brunei federating with any other territory, and could not comment on it. According to the report, however, he made it clear that his country's ties lay not with North Borneo and Sarawak, but with Malaya, with whom there were and always had been the strongest bonds of religion and race, which has been strengthened by intermarriage between the royal families of Brunei and Malaya. The journalist further reported that many educated Bruneis favour joining the Federation of Malaya and rigidly oppose any suggestion of federation with the colonial territories of Sarawak and North Borneo, as the latter step would delay independence and result in Brunei's assets being tapped to subsidise her less wealthy neighbours.[8]

The report of the Sultan's views was contradicted by the Brunei State information officer in a letter to the Singapore *Straits Times*. He stated that what the Sultan said about close friendship with Malaya had nothing to do with the question of a federation. The public in Borneo had drawn the conclusion that the Sultan was of the opinion that Brunei should unite with the Federation of Malaya and not with Sarawak and North Borneo. This conclusion was totally without foundation. "On the question of the proposal ema-

6. *North Borneo News and Sabah Times*, Sept. 2, 1958, 1:6-7; Sept. 18, 1958, 1:6-7.
7. *Ibid.*, Oct. 10, 1958, 1:4.
8. *Ibid.*, Oct. 22, 1958, 1:6-7.

nating in Sarawak and North Boreno that Brunei should associate in the proposed federation His Highness merely stated that he did not know anything about Brunei proposing to federate with any other country. This statement should not be construed that he wished to unite Brunei with the Federation of Malaya even though that country is now independent"[9]

None of this, however, betrays any trace of favour towards the idea of federation with Sarawak and North Borneo. It seems clear that any form or Borneo federation acceptable to Brunei would be one so emasculated as to be useless. While it is true that a federation of British Borneo would be stronger than Sarawak, North Borneo, and Brunei are separately, it would still be weaker than any neighbouring country unless Britain continued as an associate of the federation, or unless Malaya joined in too. In a world in which the great powers had destroyed each other the Borneo territories alone would be a prey to Indonesia and the Philippines. In mid-1957 the Indonesian Minister of Veterans' Affairs, at a youth rally in Indonesian Borneo (Kalimantan) to greet President Sukarno, said that youth must work hard and one day all Kalimantan would be freed from colonialism and imperialism. A few days later the Foreign Ministry in Djakarta said, however, that Indonesia had no intention of making another New Guinea issue out of the British territories in Borneo.[10] Similarly, some Muslims of Sulu claim that North Borneo, as the former territory of the Sultan of Sulu, should revert to the Philippines.[11] The real test of federation would be whether it could provide better government more cheaply; whether there will be one head of department instead of three as at present, or the same three heads with a fourth to co-ordinate them. To a resident in the east coast of North Borneo, Sarawak is another world of which he knows little and for which he cares less. There are no bonds of sentiment and only those of self interest will prove effective.

Meanwhile, in the internal constitution of North Borneo there has been no change. One member of the Legislative Council has diligently pressed for a majority of unofficially members in that body.[12] In May, 1958, the Governor told him that he, the Governor, had informally discussed the possibility of an unofficial majority in the Council, but that it was not then being considered in London as he had quite literally shelved the idea. He did not wish to pursue an issue that could confuse or obstruct the greater

9. *Ibid.*, Nov. 15, 1958, 1:6-7.
10. *The Times* (London), July 24, 1957, 6:1; July 26, 1957, 9:2:
11. *The Straits Times* (Singapore), Nov. 22, 1956, 2:3.
12. Mr. Donald A. Stephens in Legislative Council, Dec. 4, 1956; March 3, 1957; Nov. 29, 1957; May 2, 1958; *Government Gazette*, XII (1957), pp. 25 & 171-172, & XIII (1958), pp. 45-46 & 216.

issue of closer cooperation with Brunei and Sarawak.[13] The internal political development of North Borneo will inevitably be tied up with the outcome of the federation proposals. Much may depend on the outcome of independence in Malaya.[14] The results in Indonesia have not been encouraging. The Government emphasises that North Borneo need not be bound by the precedent of other colonies, nor even by the usual representative forms of British democracy.[15]

The traditional English division of local government into municipal and rural types has proved to some extent unreal in North Borneo. In consequence, both the Rural Government and the Municipal and Urban Authorities Ordinances were amended at the end of 1957, to make it possible for one authority to administer not only a rural area but the townships within it.[16] These authorities have became known as rural district councils.[17] The Municipal and Urban Authorities Ordinance was further amended in October, 1958, to make possible certain changes in the composition of town boards. These changes will be applied in the first instance in Jesselton and Sandakan. With effect from the beginning of 1959, the district officer will cease to be *ex-officio* deputy chairman of each of these town boards, and, instead, an unofficial will be elected to that position by the members from among their number. From the same date only unofficials will be nominated to the two town boards, except for the chairman, who will continue to be the Resident. It is also intended to increase the membership of the boards to make possible a greater use of the commit ee system. It is assumed that the town boards will invite officials to attend their meetings, as necessary, in a non-voting capacity. It will, in addition, be open to the town boards to appoint government officers to be full members of their committees. It is intended that the district officer in each case should be appointed town board secretary, and so be the principal executive and advisor of the board, somewhat in the fashion of an English town clerk. These proposals are an advance in municipal self-government. It is considered, however, that some time should elapse before Jesselton and Sandakan acquire full municipal councils, as they are still by normal standards small towns, and it is desirable that they should still have the guidance of an official chairman.[18]

13. *Government Gazette*, XIII (1958), p. 222.
14. *vide* the article "Self-Government Not Wanted" in *The Times* (London), July 1, 1957, 11:6-7. This and a concluding article "The Need for Clarity", *Ibid.*, July 2, 1957, 9:6-7, admirably sum up the British Borneo political situation.
15. e.g. Governor in speech at Jesselton Feb. 25, 1956, published by the Government Printing Department.
16. *Government Gazette*, XIII (1958), pp. 42-43.
17. *N.B.A.R. 1957*, p. 9.
18. *N.B. News & Sabah Times*, Oct. 10, 1958, 2:1-4.

Change is also foreshadowed in native customs and courts. Addressing the Conference of Native Chiefs at Jesselton on October 20, 1958, the Governor said that as a result of the Government having undertaken to preserve and protect native law and custom it had tended to become immutable, whereas, if it had been left entirely to the people to whom it applied, outworn customs would in the course of time have been abandoned. He himself had to determine appeals from native courts. He had several times had to give a decision which seemed to him both unfair and unwise, because it was clearly shown to be in accordance with native custom. He suggested, therefore, that the chiefs should appoint a committee to review native custom, from time to time, with the idea of recommending changes. The Governor further informed the chiefs that he considered the system of appeal from native courts to the Governor a bad one, and was having a new law drafted which will provide for a native court of appeal in each Residency, to be composed of a High Court judge, a senior administrative officer (normally the Resident), and a native chief not having taken part in the earlier proceedings. Appeal wil lie from the district officer to this court, and not to the Resident and then the Governor as at present.[19]

The Colony's educational problems are being tackled vigorously by the new Board of Education. It recommended that all schools in the Colony should be made eligible for grants in aid and, in consequence, the Colony's budget for this purpose was almost doubled in 1957. To help solve the problem of over-age students the Board has drawn up a code of ages for admission to each grade. By 1962 no child over eight years of age will be admitted to primary I, except in exceptional circumstances, and the age limit for each succeeding grade will rise by one year per grade. The problem of over-age students is intimately connected with that of English education. Assistance to enable Malay and Chinese primary school graduates to pass to English secondary schools without an intervening period in an English primary school is being rendered in two ways. Preparatory classes of one or two years duration are being instituted, in which intensive training in English is given to primary graduates whose command of English is insufficient for them to enter directly into an English secondary school. In addition, the Chinese and Malay schools are being helped to achieve a higher standard of English teaching.[20] In August 1958 a committee of the Board of Education recommended that in the Chinese and Malay schools English as a subject should be introduced as soon as possible, that it should be taught as a subject from primary I and

19. *Ibid.*, Oct. 21, 1958, 2:4-7.
20. *N.B.A.R. 1957*, pp. 7 & 75-76.

from primary III should be the principal medium of instruction.[21] The interest in and demand for English education has grown most strikingly among the native population.[22] A native member of the Legislative Council asked at the October, 1958, meeting regarding the building of more English schools in the predominantly native areas of the Colony. He was informed that any recommendations which may be received from the Board of Education for the opening of new schools, and especially post-primary English schools with an agricultural bias, would be sympathetically considered, but it would only be possible to proceed as funds and teachers became available. Meanwhile it was the Government's policy, and its accomplishment was being actively considered, to improve the quality of English teaching and increase the amount taught, especially in the government primary schools.[23] The writer was surprised, on his arrival in Borneo, to find how little English was spoken in a British colony. In this respect achievement in North Borneo is negligible compared with that in the Philippines. It is to be expected that there will be a more rapid increase in the use of English in the future, though the shortage of teachers whose command of English is more than rudimentary is liable to prove a more restrictive factor than any shortage of funds.

The production of timber in 1957 rose by no less than about 26% over that for 1956. Of the 1957 total of 26,645,945 cubic feet (hoppus) 65% was produced by those who held or had accepted offers of concession.[24] At the end of the year, however, the Governor told the Legislative Council that the continued rise in timber exports could not be read to mean that the industry had achieved stability or was entirely healthy. The hopes of great profits quickly reaped, hopes which the Government had at one time shared, had been abandoned. The industry would become a permanent and stable factor in the country's economy, but it would only to do so on the basis of hard work, and even then profits were unlikely to be extravagant. The Governor reiterated that the long term concessionaries are the backbone of the industry, with whom the Government has entered into specific engagements which it must be its first concern to honour.[25]

Despite these assurances, however, the long term concession holders have not received any effective protection against the competition of annual licensees, nor have those who have built sawmills yet received any compensation, though the Government continues

21. *N.B. News & Sabah Times*, Aug. 30, 1958, 1:6-7.
22. *N.B.A.R. 1957*, p. 73.
23. *N.B. News & Sabah Times*, Oct. 10, 1958, 2:6-7.
24. *N.B.A.R. 1957*, p. 62.
25. *Government Gazette*, XIII (1958), pp. 20-21.

not to enforce the 30% milling clause. In Angust, 1957, the control of the annual licensees quota was withdrawn from their association, as this body had exhausted the quota for the year as quickly as possible, before it could be reduced as a consequence of the granting of new long term concessions to annual license holders.[26] With effect from the beginning of 1958 the exemption of Hong Kong exports from quota was ended, and a separate quota laid down for this market in addition to that for all other markets. This quota system, however, can be evaded. It is possible for an annual licensee to transfer a contract to the name of a long term license holder who can obtain the export license. The annual licensee can then ship his own logs to his overseas buyer, the sale to the long term license holder being a paper transaction only. Three local firms have now accepted long term licenses. Two of these, however, were under negotiation a the time of Council Paper No. 34 of 1955. A few other annual licensees have been offered long term agreements. The overseas companies would appear to be reconciling themselves to the inevitability of the competition from the present and former annual licensees, and to be looking not so much to the reduction of this factor, but to increasing their own efficiency and lowering their own costs, to make their operations profitable. It is expected, too, that the physical limitation of the areas available for exploitation by annual licensees will reduce their production at the end of a few years to negligible proportions, but, on the other hand, the annual licensees' increased use of tractors brings larger and more difficult areas within their scope.

Under the stimulus of the replanting fund the area under rubber rose by over 8,000 acres to 137,000 acres in 1957, the major part of the new planting being done by smallholders.[27] This trend has aroused some misgivings. Governor Turnbull himself is a firm supporter of rubber, and has expressed the opinion that for a long time to come the world will need all the natural rubber it produces. He stated that he had based his policies on the presumption that rubber's future justified and demanded the most comprehensive investment of which North Borneo was capable.[28] On the other hand, Mr. D. P. Williams, the representative of the Planters' Association on the Legislative Council, recommended in October, 1958, an easing of the pressure to plant rubber, and a great increase in the drive to establish and encourage other crops. Referring to an amendment to the Replanting Ordinance making smallholders as well as estates eligible for grants for planting with crops other than rubber, Mr. Williams said that this was a help but not enough.[29]

26. *N.B. News & Sabah Times*, Aug. 8, 1957, 1:1-2.
27. *N.B.A.R. 1957*, pp. 49-50.
28. The Governor in a speech at Beaufort, March, 1958, *N.B. News & Sabah Times*, March 20, 1958, 1:1-3.
29. *N.B. News & Sabah Times*, Oct. 10, 1958, 1:1-2.

Rubber remains, however, the ideal smallholders' crop. Once the trees are establishd the owner can leave them to themselves, knowing that when they are tapped again he will get a larger return than if he had been tapping regularly[30] Rubber, in effect, is a sure moneymaker and the smallholder who plants it is wiser than the one who experiments with other crops. The economic possibilities of other crops will have to be proven by large enterprises with resources sufficient to make mistakes without lasting injury, before smallholders can rightly be persuaded to plant other than rubber.

The planting of oil palms is the latest diversification of the Colony's agriculture proposed. In December 1957 the Colonial Development Corporation incorporated in North Borneo a new company, Mostyn Estates Ltd., which on January 1, 1958, took over all the assets of the Mostyn division of Borneo Abaca Ltd. On the rich volcanic soils of the area it is proposed to plant about 3,000 acres of oil palms and it is hoped to persuade smallholders to plant an additional 2,000 acres. A processing factory and sales organization for the production of the estates and the smallholders will be established. In addition, the existing area under hemp will be expanded to 1,000 acres.[31] In the opinion of the Director of Agriculture, with the exception of rubber, oil palms are likely to prove the most satisfactory crop for North Borneo, as they can be grown on many soil types, both by plantations and smallholders, and the labour requirement per acre is less than for most crops. As it is a new crop it is difficult to say, however, whether or not it will be profitable. To help it get established and offset the anticipated heavy expenditure on setting up the processing factory, the export of palm oil and palm kernels has been exempted from duty for fifteen years from January 1, 1958.[32]

Cocoa continues to make encouraging progress. By the end of 1957 Borneo Abaca Ltd. had over 300 acres planted, and it was intended that this area should be increased to 600 acres by the end of 1958. Pests had been kept under control and no major disease had appeared. Small samples sent to the United Kingdom had been well received.[33] The Bombay Burmah Trading Corporation Ltd. has leased 500 acres in the Mount Quoin area near Tawau, with an option of 4,500 acres more. On behalf of the corporation the Agricultural Department has made an initial planting of fifty acres with cocoa, and in 1959 the corporation will take control and plant another seventy-five acres.

30. Chief Secretary in Legislative Council Oct. 9, 1958, *N.B. News & Sabah Times*, Oct. 13, 1958, 4:3-4.
31. *C.D.C. Ann. Rep. 1957*, pp. 41-42.
32. Chief Secretary in Legislative Council, *Government Gazette*, XIII (1958) p. 170.
33. *C.D.C. Ann. Rep. 1957*, p. 41.

There are also rumours that Darvel Tobacco Plantations, Ltd. is planning a substantial increase in the area under tobacco and experimenting with other crops. If all thest schemes for oil palms, cocoa, and tobacco prosper, the greater diversity in the Colony's economy will make it more stable, and prosperity will not vary so closely with the fluctuation of the price and market for rubber. The disappointing development of crops other than rubber in the past, however, is a caution to over-optimism.

The years 1957 and 1958 have seen notable developments in the air. Malayan and Sabah Airways were both reconstituted in 1957. Malayan Airways Limited became a public limited liability company, with its capital subscribed 51% by the British Overseas Airways Corporation and Qantas Empire Airways equally, and the balance by the Governments of Singapore, Malaya, Sarawak, Brunei, and north Borneo, and by the general public.[34] North Borneo's holding is M.$200,000.[35] The name Sabah is applicable to North Borneo only, so upon re-organization the local airline was registered as Borneo Airways Limited. The three governments of British Borneo hold a majority in partnership with the British Overseas Airways Corporation. The initial shareholding of North Borneo was M.$100,000, but it is expected to be, eventually, M.$200,000 or more.[36]

A considerable improvement in the internal air services ensued in 1958 with the introduction of two Scottish Aviation Pioneer aircraft. These twin-engined high-winged monoplanes carry some sixteen passengers at rather greater speed than the old De Havilland Rapides, which it is becoming difficult to maintain to proper standards. There seems to be no immediate prospect of any more advanced air-craft than the D. C. 3 Dakotas being introduced on the "mainline" service to Singapore.

The Colony's external passenger communications, already bad in any direction except that of Singapore, were worsened in 1958 when Cathay Pacific Airways Limited cut out the Manila stop on their weekly flight to and from Hong Kong. The flight now extends beyond Labuan to Kuching, Sarawak, and it is not possible using D. C. 4 aircraft to include a Manila stop and complete satisfactorily the flight Hong Kong — Kuching or vice versa within daylight. The airliner's D.6.B aircraft are too large for Kuching airport, even if traffic warranted their use. The line has no traffic rights between North Borneo and Sarawak, so the passenger facilities between the two colonies are not improved. Qantas took the occasion of the disturbances in Indonesia to cancel its regular

34. *The Times* (London), Oct. 17, 1957, 8:7.
35. Financial Secretary to Legislative Council Nov. 29, 1957, *Government Gazette*, XIII (1958), p. 41.
36. *Ibid.*, and Governor to Legislative Council, Nov. 28, 1957, *Government Gazette*, XIII (1958), pp. 24-25.

flights from Australia to Labuan. Except for the weekly flights to Hong Kong, therefore, it is impossible to leave the Colony by air save via Singapore. The position as to travel to the Philippines is particularly absurd. Although the outlying islands are within sight of Borneo, unless the traveller is prepared to run the hazards of storm and pirates in a local boat, to travel to the Philippines by air or sea he must go via Hong Kong or Singapore. Only occasionally do non-scheduled ships call at North Borneo ports before proceeding to the Philippines, and in the normal course of events they do not carry passengers.

On October 25, 1957, the headquarters of the British Far East land forces announced that a small detachment of troops was to be sent from Malaya to North Borneo for three weeks for training and a change of scene.[37] The visit took place in November, when two companies of the 1st Battalion, South Wales Borderers, and ancillary units of the Royal Navy and Air Force, arrived in Sandakan. During exercise "Tiger Leg" extensive patrols were carried out by land and sea in conjunction with the mobile force of the North Borneo Police. It was the Army's first visit to North Borneo since the liberation and the soldiers were warmly welcomed.[38] Whatever may have been its value as a military exercise, "Tiger Leg" was a warm demonstration of international and interracial goodwill. There was no need of compulsion for the North Borneo people to go a first mile. They were often eager to accompany the troops and carry their kit.[39]

It was later decided to establish an army training ground, but not a military base, in the Kota Belud area.[40] In the past Labuan has sometimes been mentioned as a possible naval base instead of Singapore, but the naval authorities have always denied this was in prospect.[41] As recently as about the end of September 1958 the First Lord of the Admiralty, the Earl of Suffolk, repeated this denial at a Singapore press conference.[42]

37. *The Times* (London), Oct. 26, 1957, 6:3.
38. *N.B.A.R. 1957*, pp. 10 & 106-107.
39. For an account of the Army's visit by an officer participating see Lieut-Colonel R. C. H. Miers "The Natives Were Friendly", *Blackwood's Magazine* (Edinburgh), CCDXXXIII (1958), p. 368.
40. *N.B. News & Sabah Times*, Sept. 29, 1958, 1:1-3.
41. *The Times* (London), Apr. 16, 1956, 6:3-4.
42. *N.B. News & Sabah Times*, Oct. 3, 1958, 1:1.

CHAPTER X

CONCLUSION

The postwar decade was one of revolutionary changes throughout south and east Asia. In no field were the changes more revolutionary than in the political; India, Pakistan, Burma, the Philippines and Indonesia emerged as independent nations, and China adopted a communist system. North Borneo stood outside the mainstream of these developments and pursued an evolutionary rather than a revolutionary course.

Nor was that evolution rapid. When the Colony was first established the power of the Governor and, through him, of the Secretary of State for the Colonies in the United Kingdom was absolute. The Advisory Council could advise but no more; its view could be overriden at the Governor's will. The institution of the Legislative and Executive Councils moderated this absolutism but not radically. The Crown, which is in effect the Government of the United Kingdom, retains full powers to legislate for the Colony without the consent of the Legislative Council should it so desire. Even the judiciary is dismissable at the Crown's will, for colonial judges, in theory at least, do not enjoy the security of tenure which has proved such a bulwark of the subject's liberties in the United Kingdom itself. This absolutism is a benevolent one and it undoubtedly has the consent of the governed. It requires no army to maintain itself. Slowly but surely, however, the populace is being associated with the work of governing through the various advisory boards and local authorities. These boards are established at the instigation of the rulers rather than the demand of the ruled. The Government has not found it easy to break down the indifference to politics that characterized the North Borneo of the Chartered Company.

In the field of health the decisive successes, such as the conquests of yaws, hookworm, and smallpox were achieved under the Chartered Company and the postwar regime has but maintained and expanded the good work already begun. Similarly decisive success has yet to be recorded against the principal remaining threats to the good health of the population, namely malaria and tuberculosis.

Throughout the postwar decade, education in the Colony was provided by the same agencies as before, namely government primary vernacular schools, government aided mission English-langu-

age primary and secondary schools, and privately supported Chinese primary and secondary schools. Although there was a great increase in the number of the pupils, the three streams of education continued to follow their independent courses and little was done properly to channel the flow of pupils from one to another. The assumption by the Government of overall responsibility for education and the establishment of the Board of Education as the Colony's second decade opened have already done something to remedy the situation, and possibly herald far reaching changes in education.

The provision of public utilities hardly improved in the decade, especially in relation to demand. Before World War II Jesselton, Sandakan, and Labuan all had public piped water supplies and not until 1956 was the list extended by the addition of Tawau and Tuaran. The same three towns had electricity supplies prewar and the postwar decade saw but four very small power stations opened in the rest of the Colony.

There were two particularly noteable features in the Colony's economic development. First, there was the great growth in the timber indusry, which entailed the introduction of mechanical extraction, though the old handlogging methods are still extensively employed. This growth was made possible by the emergence of the Japanese market, which soon outstripped the older markets of Australia and China in importance. Secondly, there was the boom in the copra trade. It is remarkable that the Colony's own production played little part in the increase, there having been practically no new planting of coconuts for many years. The trade is one in which North Borneo is the entrepot, where the copra is gathered from the neighbouring countries for shipment to Europe (and from 1957 to Japan also) and whence manufactured goods from the industrialized countries are shipped in exchange.

Despite the greatly increased importance of the timber and copra trades, rubber remained, as it has been from the early years of the century, the mainstay of the country's economy. Before 1956, however, there was no increase in the area under rubber, and the volume of exports in both 1953 and 1954 was lower than in 1940. Fortunately rubber enjoyed a much better price than in the depressed prewar years and so the country was correspondingly more prosperous. There were no significant changes in the production of the other principal crops, hemp, tobacco, rice and coconuts, but as the Colony's second decade began there were signs that cocoa and oil palms might together challenge the primacy of rubber, or at least, in combination with timber and copra, moderate its absolute control of the Colony's economic fortunes.

Many years were spent, after the war, in restoring communications to prewar standards before it was possible to undertake much

development as distinct from reconstruction. The railway, in particular, was very badly damaged and the work of the whole postwar decade was almost entirely reconstruction. By the end of 1956 only very little progress had been possible in improving the Beaufort – Tenom section to the same standards as the Jesselton – Beaufort main line, and at the same date the new larger steam locomotives had just gone into service. The diesel train, which was to considerably improve passenger services, followed only in the next year. The expansion of the length of the railway system advocated in 1949 has not been effected, and is unlikely ever to be so.

Much reconstruction had to be done on the roads also. Schemes of expansion, modest in relation to the lack of roads, were proposed, but have not proved possible of achievement in full. The Government of the Colony does not face the same shortage of funds which prevented the Chartered Company building many roads, but it does still face the same difficulties of terrain and has suffered from a shortage of engineers and equipment. The transformation of many miles of bridle path into minor earth roads for jeep and landrover traffic has, however, opened up many acres of land to commercial exploitation.

The vessels of the Straits Steamship Company plying to Singapore remained throughout the postwar decade, as they had since World War I, the country's principal carriers, except of timber, to and from the markets of the world. The long delay in the completion of wharves capable of accommodating ocean-going vessels prevented the establishment of regular services by such vessels for general cargo direct to Europe and elsewhere. With the completion of the wharves and the surplus of world shipping which developed in 1957, ocean-going vessels began to call frequently to load for Europe direct. It remains to be seen whether this is a trend which will be maintained even if shipping space becomes in short supply again.

Air transport was virtually unknown in prewar Borneo and its postwar development is the greatest improvement in the country's communications sinces the railway was built. Telecommunications improved slowly but it was only towards the end of the decade that radio-telephonic communication between all the towns and major villages of the country became a practical program.

The early years of the Colony's first decade were pre-occupied with the work of reconstruction, of restoring buildings, railways, roads, estates and sawmills to their prewar or equivalent condition. It was only in the latter half of the decade that development rather than reconstruction became the watchword. In relation to the ruinous state of the territory in 1945, much has been achieved. It is possible that more might have been achieved had there not been

years of delay in many cases in deciding what should be the line of advance. Delay was sometimes unavoidable — the timber industry could not be expanded on a fresh basis before British Borneo Timbers Limited had consented to the termination of their timber monopoly concession — but it is arguable that earlier decisions should have been made as to long term future policy for such things as electric power, the mental and leper homes, education, rubber replanting schemes, crop diversification, the future of the railway and the development of Labuan airport. Of course, North Borneo has always moved slowly. A senior government officer with experience of other tropical countries remarked to the writer that he had known no place where the powers of inertia were so great, where it was so difficult to get a job done both well and quickly. There are indications, however, that the Colony's second decade may bring greater changes than the first, such changes as federation, the eradication of malaria, a co-ordinated system of education, a great increase in the teaching of English, electric power in all towns and major villages, the extensive cultivation of cocoa and oil palms, the connection of at least some of the major towns by road and of all of them and the more important villages by radio telephone.

While North Borneo's proven mineral resources are too meagre to offer an easy means of wealth, the great areas of yet uncultivated land, the forests, and even the fish in the sea around are not negligible resources on which to build a prosperous future. But perhaps the country's greatest asset is the friendliness of its peoples and the peace and harmony that prevails between them. The writer once referred uncharitably to the lack of modern amenities in North Borneo. His listener, a Chinese who had lived in Malaya, replied "Ah, but at least it has peace". Whatever may or may not be made of the physical assets of the country it is to be hoped that this one will not be wasted. "Change is frequently desirable and some change is in any case inevitable. But change is not good for its own sake. Our future will be good and secure only if we respect our past and retain all that is best in it. And the best in the past of North Borneo is the friendliness, the goodwill, the peace, that have marked the relations of its many peoples. These things we must keep".[1]

1. From the Governor's Christmas, 1957, message to the people of North Borneo, *N.B.A.R. 1957*, p. 11.

A NOTE ON CURRENCY

The Chartered Company introduced its own currency from the beginning. Its dollar was on a par with the Mexican dollar, then common currency in the Far East. This dollar, being based on silver, dropped in sterling value from 3sh. 6d. in 1890 to 1sh. 6d. by 1902. When Malaya demonetized the Mexican dollar in 1906, the new Straits and North Borneo dollars were attached to gold and pegged at 2sh. 4d.[1]

Until World War II, therefore, North Borneo had its own currency, at par with the Straits dollar. Since World War II it has shared a common currency with the other British Borneo territories, Singapore, and Malaya. This Straits or Malayan dollar is normally written simply $, but to avoid confusion is sometimes written S.$ of M.$. The latter form is adopted in this monograph. The value of the dollar remains, with minor fluctuations, 2sh. 4d. sterling. Its value in relation to the United States dollar was greatly altered by the devaluation of the pound sterling in September, 1949. Prior to then, when the pound was at about US.$4.03, the Malayan dollar was worth about 47 cents U.S. and figures in Malayan dollars could be roughly converted to U.S. dollars by dividing by two. Since the pound was devalued to US.$2.80 in 1949, the Malayan dollar has been worth about 33 cents and conversion to U.S. dollars can be made almost exactly by division by three.

1. Tregonning. *Chartered Company Rule*, p. 70.

BIBLIOGRAPHICAL NOTE

This work, first submitted to Stanford in part fulfilment of the requirements for the degree of M.A., was compiled in a remote area of North Borneo.

There appears to be little purpose in presenting a bibliography of sources, which by the nature of things therefore most probably would be insufficient to anyone attempting further research into North Borneo.

For a beginner, the North Borneo Annual Reports, obtainable from H.M.S.O. London, or the Information Office Jesselton, contain a short bibliography of published works. There is a more detailed list in Tregonning: *Under Chartered Company Rule.*