SOUTH EAST ASIA

Colonial History

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Edited by Paul H. Kratoska

Volume III

High Imperialism (1890s–1930s)

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HIGH IMPERIALISM
(1890s–1930s)

INTRODUCTION

Western imperialism in South East Asia reached its apogee early in the twentieth century. By this time, political control was firmly established, basic infrastructure was in place, and imperialism was beginning to produce positive economic results. Schemes to gain access to the China trade through South East Asia had come to little, but raw materials from the region were profitable, and new crops generated impressive returns. These gains, however, went to private business interests, both Western and Asian, and not to colonial governments.

'Straits Produce' gathered from the forests and seas of the Indonesian archipelago had been a mainstay of regional trade for centuries, and remained an important part of the trade of Singapore after 1819. Plantation agriculture began to develop in the mid-eighteenth century in Java and Luzon, where there was land suitable for sugar, coffee, tobacco and abaca cultivation, enough surplus labour to produce these crops and, critically, sufficient food to meet the needs of the workforce. During the nineteenth century, mining and forestry became important sources of exports, and attracted workers to the region, especially from China. In some areas, such as the west coast of the Malay Peninsula, this in-migration began to bring about substantial changes in the composition of the population.

The opening of Lower Burma, the central plains of Siam, and Cochinchina for cultivation over the course of the century brought substantial quantities of inexpensive rice onto the market. In turn, the availability of cheap food made it possible for investors to develop plantation zones in forested areas along the east coast of Sumatra and the west coast of the Malay Peninsula, where large estates grew tobacco, rubber and oil palm for the export trade. Workers on these estates came from China, India and Java, and their arrival caused further demographic imbalances between migrants and local populations.

Where possible, peasant farmers planted the same crops that were grown on estates, especially rubber, and this smallholder cultivation became a major source of income for the local population. The discovery of oil in Sumatra, Borneo and Burma created yet another source of wealth for

South East Asia, and the processing of primary products for export – for example, oil refining in Singapore, and tin smelting in Penang and Singapore – was also profitable. Imported manufactured goods, purchased with the earnings of these industries, all but destroyed local handicraft production and left the region heavily dependent on overseas sources to satisfy everyday needs.

The new export economy centred on a set of port cities, some of them colonial administrative capitals, which with a few exceptions had not been places of major importance before the development of the export economy. Those of the first tier included Manila, Makassar, Surabaya, Batavia, Medan, Singapore, Saigon, Bangkok and Rangoon. These cities became centres of finance and colonial administration, and handled much of the region's burgeoning export and import trade. They also became centres of non-traditional culture, a source of Western education, and the point of entry for new ideas in politics, science and technology. Many of the residents came from other parts of Asia, and as a result these cities differed in culture, tradition and even language from their hinterlands.

The twentieth century brought an expansion in the range of activities carried out by colonial administrations. The state had become involved in public instruction in the latter part of the nineteenth century and took on a larger role in this area after 1900, although the situation in different colonies varied considerably. Health care also attracted much government support in the twentieth century, as did research and extension work in fields such as agriculture and animal husbandry.

The wealth and power of the new urban centres overshadowed older, indigenous centres of learning and administration. Some, such as Yogyakarta, became strongholds of traditional culture, providing a counterweight to the innovations of the coastal cities. Others drifted quietly into oblivion.

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The selections in the present volume capture at least part of this changing world, touching on economics, education and health care in addition to outlining political developments. Two of them outline theories that had a substantial impact on scholarship regarding colonial rule in South East Asia, and in other parts of the world as well. The excerpt from John S. Furnivall's *Progress and Welfare in South East Asia* summarizes his well-known argument that colonial states were plural societies, where different groups led separate lives and met only in the marketplace. Furnivall served in Burma as a member of the Indian Civil Service from 1902 until his retirement in 1923, after which he lectured at the University in Rangoon and later at Cambridge University. In 1948 he became Adviser of Planning to the Government of the Union of Burma, a post he held until 1960. The selection from J. H. Boeke's *The Structure of Netherlands Indian Economy* explains his idea of a dualism found in the colony between 'capitalistic' Western and 'pre-capitalistic'

indigenous economic behaviour. Boeke was an economic adviser to the government of the Netherlands Indies and Professor of Tropical (later Eastern) Economics at the University of Leiden.

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EFFICIENCY, WELFARE AND COMMERCE IN SOUTH EAST ASIA

J. S. Furnivall

Source: J. S. Furnivall, *Progress and Welfare in South East Asia: A Comparison of Colonial Policy and Practice*, New York: Institute of Pacific Relations (1941), pp. 24–47.

Efficiency, welfare and commerce

In 1900, local conditions everywhere called for a new colonial policy. This new policy originated, however, not in the East but in the West, and was applied in Java, where the Dutch in reaction against Liberalism had long since reverted to indirect rule, and still more vigorously in Burma, where Liberal principles were embodied in direct rule undisguised. During the nineteenth century the scope of rationalisation spread from private to public life, and under Utilitarian influence men increasingly applied rational principles to the art of government, and insisted that administration should be efficient. Gradually a new social philosophy gained acceptance and the cult of efficiency was justified by the dogma of "the survival of the fittest." But efficiency is a material concept, and administration in becoming more businesslike became more involved in business. This tendency is apparent both in internal and external policy.

We have seen that in the East the free working of economic forces created the plural society. In the more strongly organized societies of Europe the process did not go so far, but it went far enough to gain a hearing for Marxian theories of class-warfare, and the growing impoverishment of large numbers revealed the inadequacy of orthodox economic doctrines. Gradually the Liberal principle of leaving welfare to the play of economic forces yielded ground to the Socialist doctrine of promoting welfare by State action. State aid was increasingly invoked, not only for the promotion of welfare among the lower classes but also in the general interests of business, and the State reached out over a continually expanding field, proliferating new departments inspired, if not always successfully, by the desire for greater efficiency.

On the Continent this tendency found congenial soil in a more positive conception of the State, and the rapid advance of Prussia gave it greater force and a more authoritarian character.

In external affairs continental powers discovered that Free Trade, however profitable to England, was not the whole secret of the wealth of nations. The renascence of Protection encouraged closer relations between Government and industry and a greater interest in economic empire. Tropical dependencies, as vents for manufactures, provided employment for capital and labor, and also administrative, professional and business careers for the middle classes. England, secure in its industrial equipment and world-wide mercantile marine, and Holland, with its control over important tropical products, could afford to keep an "open door" through which few others could enter as "trade follows the flag"; but other powers, less fortunately situated, wanted colonies as closed markets for their protected industries. Imperial expansion in Africa reached its climax in the Boer War, and European powers, looking with greedy eyes on China, began to devote closer attention to the Tropical Far East.

One outcome of the doctrine of efficiency was the principle, formulated in the Berlin Conference of 1884–85, that for an unassailable title over dependencies, effective occupation was essential. Powers with undeveloped colonies hastened therefore to safeguard their title by bringing them under effective occupation, and imperial expansion became more intensive. This was only one among many factors that gave colonial policy a new turn in the direction of efficiency. The increasing European population was pressing for the amenities of European life, and manufacturers and merchants were urging that the State should do more to provide better conditions of trading. At the same time a succession of famines in India and the general alienation of land and growth of debt stimulated unrest, fostered alike by those who reacted against European ways and those who envied European wealth. Officials of a generation which had never known the early glow of Liberal enthusiasm turned with new hope to the active promotion of welfare by the State. Dependencies were still regarded primarily as markets, and even in Java market considerations came into the foreground, but colonial policy forsook the easy path of laissez faire for an uphill struggle towards efficient administration which should make the people more prosperous, better able to buy European goods, and more docile, better content with their environment.

Early signs of the new trend appeared in the formation of a Colonial Ministry in France (1894), the federation of Malaya (1896), and the promotion of Burma to the status of a Province (1897); the decisive impulse came with the appointment of Chamberlain to the Colonial Office in 1895, of Doumer to Indo-China in 1897, and of Curzon to India in 1898. Under Dutch rule likewise, the turn of the century was marked by the adoption of a new "ethical" policy, designed to promote welfare by a more efficient administration. It is significant also that in 1899 the United States formally

assumed control over the Philippines. That all these things happened so nearly at the same time is of itself a strong argument that all over the Tropical Far East similar forces were at work.

Everywhere they worked along the same lines. In application the new policy strengthened the Central Government in the Dependencies; extended the rule of law and made judicial administration more efficient; and attempted to promote welfare by new railways and new schools, and by scientific agriculture and irrigation and the provision of credit by or through the State. These measures produced an outcrop of special departments and a corresponding extension of secretariat control. The multiplication of European officials intensified the Western element in administration, and encroached on the authority of district officers, while bringing their more ungrateful tasks of collecting revenue and punishing offenders into greater prominence against a background of specialist officials with benevolent aspirations. The Government came into closer contact with individual villagers, and the village acquired new importance as an administrative unit while losing its organic character. But in dealing with a mass of individuals through a remote secretariat, the Government necessarily became more mechanical and less human than when it had been represented by the sole person of the District Officer. Some or all these features of the new system can be traced everywhere throughout the Tropical Far East, and everywhere, with the growth of the Western element in administration, indirect rule yielded ground to direct rule. Everywhere, also, along with this intensification of European rule, there was an impulse to expansion.

Burma in 1900

In Burma the Central Government received additional powers with the transformation of the Chief Commissioner as head of a Local Administration into a Lieutenant-Governor ruling the province with the help of a small Legislative Council. The constitution of a Chief Court in 1900 was followed in 1905 by the formation of a Judicial Service, though major offences were still left for trial by District Officers as magistrates. Control over excise was allotted to a special Excise Department (1902), and this was soon followed by a comprehensive reorganization of the Police Department. A Co-operative Credit Department (1904) and an Agricultural Department (1906) were formed to promote rural welfare, and steps were taken to hinder the passing of land to money-lenders though draft measures regulating rents and land alienation were withdrawn, partly on account of opposition from European commercial interests. These and other departments rapidly outgrew the new and imposing Secretariat. One of the first fruits of the new Legislative Council was a new Municipal Act (1898) to raise the standard of urban administration, and rural administration was intensified by the breaking up of the old Burmese village-groups into single villages, and by a rigorous

enforcement of village responsibility for crime. The transfer of the State Railways to a semi-official limited company was followed by the construction of lines to Bassein (1902) and Moulmein (1908); until then there had been no connection by road or rail between these ports and Rangoon. Expansion rather than immediate commercial requirements was the main object in extending the railway to the border of China at Myitkyina (1898) and Lashio (1902).

Malaya in 1900

The initiative towards the federation of the Malay States came from Singapore, where commercial interests were supreme, and was sanctioned by Chamberlain as part of his plan for placing the Empire on a business footing. "Immediate progress was made with the building up of the new federal administration. A Legal Adviser, a Secretary for Chinese Affairs, a Judicial Commissioner, a Commissioner of Police and a Director of Public Works were all shortly appointed and their subordinate staffs began to grow. As the Federation grew and flourished, other departments were added to meet new needs, until finally a complete secretariat was established at Kuala Lumpur which wholly overshadowed its miniature rivals or subordinates in the several States."[1] "For posts of trust and responsibility it was necessary to have Englishmen, while the clerical service was mainly recruited from Eurasians of the Straits or Ceylon, the rank and file of the police from India or Malay countries, and the railway postal and telegraph officers from India and Ceylon. Subordinate posts requiring intelligence and financial skill were best filled by Chinamen."[2] In this cosmopolitan atmosphere efficiency had priority over welfare, and it was taken for granted that "the steady advance in *general* prosperity is shown best by the value of trade and by the total revenue and expenditure." The appointment of a Judicial Commissioner was followed by a reduction in the jurisdiction of executive officers, and for the first time lawyers were allowed to plead in the Malay States. The federal organization was in fact "built up apart from and over the heads of the rulers"; it was the product of economic forces transcending the limits of the individual States and continually tending to obliterate them, so that the system became not a federation but an amalgamation.

Indo-China in 1900

On the arrival of Doumer, Indo-China was insolvent. Since the taking of Saigon it had cost France 750 million francs, and further loans were still required. A corrupt gang of French officials, elected to the Colonial Council by the votes of Indian coolies, ran Cochin China and dominated the whole Union; Tonkin was perennially disturbed; Annam and Cambodia were neglected, and Laos, newly taken over, was a new liability. The

Governor-General, with immediate responsibility for Tonkin, had neither time, staff nor money for a wider sphere.

Doumer changed all this. He delegated the administration of Tonkin to a *Résident-Supérieur*; obtained funds for the Federal Government by taking over the proceeds of indirect taxation and of the monopolies of alcohol, opium and salt; and created central departments radiating federal influence throughout the States. He gained further strength by converting the *Conseil Supérieur*, formerly ineffective, into an active organ for the representation of French economic interests in the several States; he allowed it no say in political questions but gave it power to discuss economic affairs and in particular the budget. By these reforms he gave the Union an efficient federal administration, and provided it with funds rendering it independent of Cochin China and less dependent upon Paris. He also strengthened executive administration in the States; in Cochin China he freed the Governor from control by the Colonial Council; in Tonkin he tried to revive the authority of local organs, and in Annam and Cambodia he gave new powers to the Residents. The rule of law was extended by a reorganization of judicial administration along federal lines. The village was taken over as an instrument of Government by the enforcement of communal responsibility, and further measures towards substituting paid labor for the *corvée* encroached on village custom. Agricultural banks had been started as early as 1894, but Doumer had a greater interest in efficiency than welfare and these languished. On the other hand, he encouraged French capital by new rules for the recognition of French land titles, and an ambitious program of railway construction provided not only for linking up the several States, but for extending French influence through Yunnan to China.

[. . .]

Efficiency, welfare and production

It is important to note that the trend of policy in the direction of efficiency dates back to the nineties, when the colonial market was still the main object of dominion. For it was followed almost immediately by a further development which gave it a new twist. This new turn again had its origin in Europe.

Towards the end of the nineteenth century, largely as a result of the invention of limited liability, there was an unprecedented growth in the size of business units, and enterprises commanding vast sums of capital found it necessary to safeguard their supplies of raw material. Many of these came from the tropics, and some, notably rubber and oil, from the Tropical Far East. This, however, was quite a new feature. The enterprise, known later as the Shell Company, was founded only in 1898, and in 1900 plantation rubber was practically unknown in Europe. But during the first decade of the present century the East, while retaining its importance as a market, came also,

as in the earliest stages of modern relations with the West, to be important as a source of produce, and the task of developing its resources was, not unwillingly, assumed as "the White Man's Burden." The main object of dominion was no longer commerce but production. The demand for efficient administration was even keener than before, but with a view to progress rather than to welfare. Often it is difficult or impossible to decide whether any particular measure was dictated by considerations of welfare or progress, yet certain features stand out as characteristic of the later period.

Up to 1900, roughly speaking, European interests in the Tropical Far East, apart from Java, were those of the manufacturer in Europe with a sound business interest in Eastern welfare; from about that date European interests came increasingly to be identified with those of shareholders in companies developing the resources of the East, and interested in high profits and low wages. It was no longer possible to enforce low wages by indirect rule through native chieftains; the importance of the East as a market, world opinion, and other things forbade compulsion on Dutch lines. Moreover, the tracts which now came under development were thinly peopled. Recourse was had therefore to the importation of labor, ordinarily under special contracts. Imported labor was cheap and docile, kept down local wages, and relieved the capitalist of the expense and trouble of using machinery. Thus a rapid growth of contract labor is one feature of the new period.

The multiplication of cheap labor, together with the growth of the European population, gave new vigor to a process which had been at work even before the close of the past century, the industrialization of the East. Soon after the Suez Canal facilitated the shipment of raw produce to Europe, it was found possible to treat much of the produce more cheaply with Oriental labor. This required the import of machinery and of cement and other building materials; at the same time the growth of trade created a demand for railway engines and steamboats. Before long, much of the machinery was imported in parts and assembled locally, and in due course more of the work was transferred to the East. By 1900 there was a definite trend towards industrialization in India. As yet the Tropical Far East still lagged behind, but the development of industry was included in the schemes for the promotion of welfare in Java, and by 1906 French industrialists were beginning to be apprehensive of competition in Tonkin. Gradually more goods were manufactured for local consumption, or even for export, at prices with which the West could not compete.

Thus, in general, colonial policy came to emphasize efficiency rather than welfare. Broadly speaking, at the turn of the century efficiency was regarded as the key to progress, with welfare as a by-product. The feature which chiefly distinguished the latter period, however, was a new wave of expansion over regions hitherto undeveloped, with an accompanying growth of contract labor.

Netherlands India

In 1900 the Dutch had recently brought to a successful issue operations against Achin in Sumatra which had dragged on for nearly thirty years. Inspired by this success, they embarked on the task of bringing all the Outer Provinces under control, partly with a view to forestalling claims by rival powers and, as time went on, with the direct object of developing their resources. Formerly their relations with native rulers had been governed by complicated treaties, but in 1898 they introduced a new arrangement known as the Short Contract, very similar to the treaties with the sultans in Malaya. This gave them full control over the Native States which could be induced to accept it. The new policy was justified on ethical grounds—"without firm government, no uplift"—and during the early years of the present century ethical principles were pushed home at the point of the bayonet, so that by 1914 Dutch rule was firmly established over the whole archipelago.

Malaya

In Malaya the demand for rubber had reactions over the whole peninsula, not merely within the Federation, but in the remaining Malay States. These were Johore, and four States then subject to Siam—Kedah, Perlis, Kelantan and Trengganu. The rulers of Johore had maintained close relations with Singapore from the time of Raffles and in 1885 formally accepted British protection. But no Resident was appointed and it remained backward until the rubber boom. By 1914 rubber accounted for about half the total value of the exports and the Sultan agreed to the appointment of a British officer as General Adviser. The four Siamese States were also rich in land suitable for rubber, and it appeared likely that they might come under German control if Britain did not intervene. In 1909, therefore, Siam was persuaded to transfer its rights over these States in return for the abolition of consular jurisdiction in Siam, and officers were appointed with the powers of Residents elsewhere but with the title of Adviser. These five States are known collectively as the Unfederated Malay States.

The mines in the unfederated States proved to be especially rich in tungsten, for which there was a great demand during the war of 1914–18. This attracted European capital to mining, hitherto in the hands of the Chinese, and within a few years Europeans, employing scientific methods of mining on a large scale, became formidable rivals of the Chinese in the exploitation of the tin mines.

Indo-China

The new impulse to expansion likewise stimulated the French to extend their rule in Indo-China. During the nineteenth century Britain had supported

Siam against French aggression, but this obstacle was removed by the *entente cordiale*. This enabled the French to press their claims more vigorously and in 1907 they took over the two remaining provinces of Cambodia which had been restored to Siam forty years earlier.

Efficiency, welfare and autonomy

Meanwhile the growth of capitalism in production and industry, which marked the opening of the present century, was encouraging a further development in colonial policy. Autonomy was in the air. Once again the stimulus came from Europe. Capitalism in the East reacted on economic and political relations in the West. The working man in England liked to see the map splashed with red, and profited by the employment given by colonial expansion. But organized labor soon grew apprehensive lest cheap labor in the East might enhance the power of capital, and lower wages and multiply unemployment in the West. By this time labor was acquiring political influence in Europe and a voice in the direction of national policy. This voice was raised on behalf of native welfare and in the interests of the European worker, to the inconvenience of capitalists developing the resources of the East.

But in colonial circles Labor had little influence, and the European population in the East was acquiring a new character as it grew in wealth and numbers. Formerly Europeans in the East had been preponderantly officials, and the non-officials had been merely tolerated as interlopers. Now by sheer weight of numbers non-officials began to turn the balance against the official class. The large firms with immense capital could afford to employ educated men of good social standing, and could pay them better than Government servants, so that the non-official world began to set the standard of social intercourse. Again, officials no longer stood apart from economic activities as they did when land was the only source of wealth and they were forbidden to own land. Now they could not well be prevented from holding shares in local companies, and they might look forward to augmenting a pension, rapidly becoming more inadequate, by employment or a directorship in some business concern. Thus officials could no longer be regarded as disinterested in business profits. Moreover capital was becoming more international, as for example in Netherlands India where British capital was strongly represented in rubber, oil and tea, and impatient of control by socialist deputies in the States-General. Everywhere therefore there was a move in the direction of strengthening colonial Governments by the creation of Councils representing in the main capitalist interests, and it became a popular catchword that one should "trust the man on the spot."

This movement, under the aspect of self-government, had a humanitarian appeal. It was felt that natives should be allowed to govern themselves, and they were admitted in increasing numbers to posts formerly reserved for

Europeans. This concession was naturally welcome to the natives, and could be justified on the score of efficiency for, if they could do the same work as Europeans, they were cheaper. But from inside the machine they could do no more to direct its working than their European predecessors. The danger was, rather, that they would do less to obstruct its working. The European official inherits traditions transcending the material point of view, and can afford to stand up for them without serious prejudice to his career. But the native official has neither the traditions nor the security, and is less likely to kick against the pricks than his European colleague. Thus a policy directed by European capitalists may encounter less opposition from native officials than from European officials.

It is interesting, and not perhaps without significance, to note that after 1900, when colonial policy came to be directed to the exploitation of tropical resources, it developed along lines resembling those of early days when it had a similar end. The Dutch Company became autonomous; its servants shared in the profits of exploitation; it ruled through natives; and it achieved a monopoly. After 1900 dependencies tended to become autonomous under capitalist control; officials began to have a material interest in economic development; natives were increasingly employed in administration, and protection was a modern substitute for monopoly. But direct rule had come to be more effective than indirect rule and the rulers were sufficiently powerful to enforce direct rule.

A further point deserving notice is that the current of policy had set in the direction of autonomy before the rise of Nationalism.

Netherlands India

In view of the strong European interest in production in Netherlands India it is not strange that even in the nineties there were suggestions that it should be more autonomous. But they had to contend with the tradition of strong centralization which had been a feature of the Culture System. Yet already during the nineties the Dutch Government was considering plans for introducing non-officials into the Council of India, which advised the Governor-General and had some share in government. By 1900 every one had come to recognize that "India must learn to manage its own affairs." The main obstacle to Indian autonomy was the centralization of finance, inherited from the Culture System, since contributions from Java had been the life-belt on which the Dutch Treasury kept afloat. This was removed by the Accounts Law of 1903, and in the same year European non-officials obtained a large measure of control over administration in the chief towns. Further projects to enlarge the Council of India led up in 1913 to a proposal for a Colonial Council on a much larger scale, with a strong elective element representing European interests.

Burma

In discussing the new wave of expansion consequent on the demand for control over tropical resources in rubber, oil and minerals, Burma escaped mention because here there was no territorial expansion. But the same process was at work. During the first decade of the century Europeans turned to the development of oil and rubber, and were already interested in minerals, although some few years elapsed before the output attained large dimensions. Under Indian rule administrative developments in Burma followed in the wake of India and were directed by Indian ideas rather than by local circumstances. But the trend towards autonomy was general throughout the East, and Burma was no exception. The original creation of a Legislative Council in 1897 with a few nominated non-officials among the members aimed at efficiency rather than autonomy; "the measure was one of decentralisation for administrative convenience rather than of constitutional progress;"[3] but it served as a basis for constitutional evolution. In 1909 the Council was enlarged to 17 members, of which two were elected to represent European capitalist interests, and in 1915 it was further enlarged to 30 members, but with no increase in the elective element. The powers of the local Government were still limited, but these successive reforms all tended to increase the preponderance of European capitalists in the direction of affairs, and reflected their growing importance in the economic life of Burma.

Malaya

The federation of Malaya in 1896, like the promotion of Burma to provincial status in 1897, was dictated by considerations of efficiency. Then during the early years of the present century Europeans became active as rubber planters in the States, and began to acquire interests in the tin mines; but there was no channel by which they could exercise direct political influence upon the Government. The situation was complicated by the close relations between the States and the Colony, where commercial interests still prevailed, and there was considerable friction between the Resident-General as head of the Federation and his nominal superior, the High Commissioner, as Governor of the Colony. These were the main factors leading to constitutional reform. In 1909 the sultans accepted the institution of a Federal Council which gave a new political importance to European capitalists. The reasons for the creation of this Council were explained by the High Commissioner at the opening session. "The rapid increase of the commercial, mining and planting communities, and the growth of a public opinion which desires some mode of bringing its views directly to bear on the legislative proposals of Government, as well as on its administrative measures, have made it imperative to constitute a central body to control the finances and to direct

the course of legislation."[4] At the same time the status of the official head of the Federation was reduced by a change in his style from Resident-General to Chief Secretary; in practice, however, he retained his former powers.

Indo-China

Under French rule, as under Dutch, projects of autonomy had to face the adverse current of a strong tradition in favor of centralisation and state action. But the reforms of Doumer, though primarily directed towards efficiency, made for autonomy by removing the necessity to lean on Paris for financial support. Tariff legislation acted in the same direction. In 1887, under the influence of the Republican doctrine of assimilation, and with a view to preserving the colonial market for French manufactures, the colonial tariff was linked with that of France. But "the protectionist party found itself caught in its own trap," and under this tariff colonial industries began to compete with those of France.[5] Hence in 1906 there was formulated the idea of "tariff personality" which, without granting fiscal autonomy, was a step in that direction by recognising a divergence of interest between France and Indo-China. This was one outcome of the transition from a policy of assimilation to one of "association," the French equivalent of indirect rule, which implied a loosening of the ties between the ruling power and its dependencies.

Economic progress in the East encouraged this tendency. From the first the French were impatient of the slow working of economic forces, and in France manufacture and commerce were less powerful than in England. The French inclined therefore, like the Dutch, to encourage miscellaneous plantations in the tropics. The realistic strain in French policy encouraged this tendency and found expression when in 1898 Doumer re-constituted the *Conseil Supérieur* on more efficient lines, and gave a strong representation in it to French economic interests. Within a few years, however, the rapid growth of capitalist influence in economic life changed the situation and in 1911 the *Conseil Supérieur* was replaced by a new organ, the *Conseil de Government*, which included eleven French non-officials representing various capitalist interests. The activities of this Council were still restricted to the economic sphere, but in colonial affairs economics and politics are almost co-extensive. Yet formal political autonomy was not suggested by any responsible statesman until Long, as Governor-General (1919–23), expressed his opinion that it was time "for Indo-China to live its own life."[6]

Results of the socialist experiment

We have seen that the abandonment of the principle of laissez faire in the Tropical Far East was one aspect of a general trend in the direction of Socialism during the latter part of the nineteenth century. From the first the

movement took the form of State Socialism, adopting the machinery rather than the spirit of Socialism, and emphasizing the State rather than society; then, as was inevitable so long as economic forces were allowed free play, the State came increasingly under capitalist influences. But the whole process may be regarded as a Socialist experiment, intervening between the earlier period of laissez faire and the subsequent rise of Nationalism.

The most obvious feature of this period was an increase in the foreign population, both European and Oriental. Even apart from the mere growth in numbers, there was a far closer contact than before between natives and foreigners for, with the development of mines, oil fields and plantations, foreigners invaded the interior where formerly there had been no more than one or two officials. More important still was a change in the nature of the contact, both in respect of officials and non-officials. In earlier days there had been few officials in the interior except the members of the administrative service; now, with the growth of State activity, departmental officers increased in numbers. These were specialists in their own line, but they were not, like many administrative officers, specialists in native life. Agricultural officers, for example, being incapable of adapting Western theory to Eastern practice, lost patience with the cultivators for adhering to Eastern practice in preference to Western theory; or they would recommend measures which for the ordinary cultivator were quite impracticable. Many reforms moreover, especially in urban administration, had regard mainly to European convenience; but the natives, who did not want them, had to pay for them. Much of the "welfare" activity was therefore merely irksome and burdensome. Departmental administration introduced a useful element of continuity into constructive effort; but on the other hand it dealt with individuals in the mass and was necessarily mechanical. Again, it encouraged departmentalism: the various specialists worked in departmental blinkers and saw nothing outside the scope of their departments; this frustrated many of their efforts because life cannot be cut up into departments. But the chief reason for the failure of much of the welfare work was that it represented what Europeans thought the natives ought to want, instead of what they did want; there was no demand for it. Meanwhile the District Officers who, however inadequately, represented the human element in administration, sank into the background except as magistrates and tax-collectors. On the whole therefore State activity was ineffective either in promoting welfare or in quieting unrest, and the relations between the natives and officials were none the better for being closer and more frequent. The contact between natives and non-official foreigners had definitely unfavorable results. To the native the official, with fads about cultivation, sanitation and so on, wanting him to do something, might be a nuisance; but the non-official wanted to get something out of him. With the rapid increase of the foreign population—and in Malaya it soon came to outnumber the home-born Malays—the tension increased, not only between the natives and

foreigners, but also between the two classes of foreigners, European and Oriental.

As already noticed, everywhere in the Tropical Far East the working of economic forces under the rule of laissez faire created a plural society. The growth of production and industry, attracting new waves of immigration, brought out more clearly the plural character of the social constitution, and multiplied friction between the several elements. During the nineteenth century Europeans imported manufactures to be retailed by Chinese or Indians to the natives, who paid for them by selling their crops to the Chinese or Indian agents of the European exporters. Similarly as moneylender the foreign Oriental intervened between the European bank and the native agriculturist. Later, when European enterprise embarked on industry and the exploitation of tropical resources, the foreign Oriental intervened between capital and labor. Everywhere in the modern world economic forces have strained the relations between capital and labor, industry and agriculture, town and country; but in the modern East the strain is greater because of a corresponding cleavage along racial lines. The foreign Oriental, intervening as a middleman, acts as a buffer between European and native, allowing the European to pursue his economic ends more keenly without incurring native resentment at the consequences.

But the foreign Oriental is no longer a mere buffer between the races; he competes with both. In finance the European banks compete with Eastern money-lenders by furnishing agriculturists with credit through quasi-official agencies, while Indian and Chinese financial institutions compete in the world market with European banks. In industry Indians and Chinese have become formidable rivals of the European capitalist. In productive enterprise, outside Java, the Chinese formerly had a monopoly; now, in the mines, the oilfields and the rubber plantations there is keen competition between Europeans, Indians and Chinese. On the other hand Indians and Chinese increasingly compete with natives in agriculture, and from other forms of labor natives are almost barred out by imported coolies. It is this bar which is the most serious feature of the situation; the native is shut out from almost all economic activities but agriculture, and the foreign Oriental is not merely a buffer between European and native, but a barrier between the native and the modern world. The cult of efficiency merely built up a monumental Western skyscraper on Eastern soil, with the natives in the basement; all inhabited the same country, but the building was of a different world, the modern world to which the ordinary native had no access.

In this plural economy competition is much keener than in the Western world. "There is materialism, rationalism, individualism and a concentration on economic ends, far more complete and absolute than in homogeneous western lands; a total absorption in the exchange and market, a capitalist world with the business concern as subject far more typical of Capitalism than one can imagine in the so-called capitalist countries, which have grown

slowly out of the past and are still bound to it by a hundred roots."[7] These remarks, although made with primary reference to the European element, apply equally to Orientals who have accepted Western standards, and in some measure to all. Europeans often complain that Orientals have a lower standard of commercial morality. It would be juster to say that Europeans and Orientals have different standards. For the fact is that in a plural society there are no standards other than the legal minimum of social conduct, enforced by fear of penalties if found out. Western shareholders, in their relations with Eastern peoples whom they never meet, look solely to the dividends on their shares. And Orientals, while constrained to acknowledge the material force of Europe, cannot so easily discern the moral principles on which it rests, and try to gather the fruit without realizing that it is first necessary to plant the tree. The several orders in a plural society meet only in the economic sphere; their mutual relations are governed primarily by economic motives, and within each order the economic motive is abnormally acute. During the earlier stage in the evolution of a plural society in the Tropical Far East the foreign Oriental tended to mitigate racial friction; in its further development he has become an additional cause of tension and made the society more unstable. Thus although these several dependencies have in appearance been remodelled along Western lines, they have in fact been remodelled as economic systems, for production and not for social life. The mediaeval State has, quite suddenly, been converted into a modern factory.

The plural society tends to have not only a distinctive economic constitution, but also a distinctive political constitution. It has many points of resemblance with a confederation of allied provinces, united for certain common ends and in other matters each living its own life. But it differs from such a confederation in two ways. In a political confederation the several elements are segregated within distinct territorial limits, and secession is always possible if the constraint of union becomes intolerable; but a plural society is an economic confederation and cannot be resolved into its constituent elements without the dissolution of the whole society. Secondly, a political federation is an act of social will, the association is voluntary; a plural society is the creation of economic circumstances and is, as it were, imposed by fate. The plural society may have a common interest in resisting external aggression, and ought to have a common interest in economic progress. But the component elements are not linked by social ties, and their respective economic interests may diverge so widely that the society cannot be held together except by some external force. The play of economic forces under laissez faire broke down the native social order. The socialist experiment was an attempt at reconstruction. But the reconstruction was mechanical. In attempting to reconstruct society on a basis of the material interests of individuals, it failed to promote good will, and could not even counter effectively the forces making for ill-will. Then, with the growth of capitalist enterprise in industry and production, the State came increasingly under

capitalist influences, with a corresponding increase in the tension between the several elements of society.

Within native society likewise the socialist experiment carried still further the process of dissolution which had begun under the rule of laissez faire. In the earlier stage the social organization was broken up into villages; in the later stage the village broke down into individuals. Formerly individualism within the village developed gradually as economic forces slowly encroached on custom; now the village was absorbed within the machinery of Government, which actively fostered individualism and reinforced the economic motive. The Co-operative Department dealt with individuals and not with the village as a whole, and advocated co-operation on the ground of individual interests. The Agricultural Department recommended more profitable crops, but often these could be grown only to the detriment of other villagers—as, for example, where they affected the distribution of water for irrigation. The Education Department encouraged the people to found a school for boys and girls; but it was not a "village school", and attracted their parents, if at all, only on material grounds. In Indo-China, it was said that nothing remained but Government and 23,000,000 individuals, and everywhere there was a similar result. The socialist experiment contained many elements of humanitarianism; but it was humanitarianism without the human touch, and the attempt to reconstruct society on the basis of the economic motive necessarily transformed it into an economic system. In such a system the working of economic forces tended inevitably towards capitalist autonomy; it tended also towards racial cleavage along economic lines. The capital in the main was European, and the policy of Government, in the interest of European capital, was to maintain a balance between other interests. Foreign Orientals competed with European capital, and natives attracted more humanitarian sympathy; so long therefore as natives in general acquiesced in European rule, it was expedient to encourage the economic activities of natives and to restrict those of foreign Orientals.

Netherlands India

Under Dutch rule, action against the "pernicious influence" of the Chinese was one of the earliest features of the "ethical" movement; Government took over the pawnshops, competed with the Chinese money-lender by opening credit banks, and formulated proposals of acquiring large estates that had passed into Chinese hands. An Adviser for Chinese Affairs was also appointed for the better control of Chinese activities. Yet there was still a call for further action against them as "parasites on the people who did more harm than ten epidemics." Meanwhile attempts were made to help the people across the Chinese barrier separating them from the modern world. In 1902 the Colonial Minister proposed "to call into existence native industry and native capital" and his successor took steps in 1907 to help them by a

comprehensive project of vocational instruction; at the same time a first attempt was made to tackle the problem of mass education.

Burma

The problem in Burma related to Indians rather than Chinese. Formerly the Government encouraged Indian immigration, and many officials contemplated with equanimity the complete supersession of natives by Indians, even in agriculture. But from about 1900 the policy changed in the direction of restricting the acquisition of land by Indians and, although not very much was done, the general change of sentiment is clearly apparent in a comparison of the census reports for 1901 and 1911.

Malaya

Disturbances consequent on the influx of Chinese were the immediate occasion of the earliest British intervention in the Malay States, and in 1877 a Protector of Chinese was appointed to look after them. But the immigration of all races was encouraged[8] and for many years after 1900 Europeans were making too much money out of rubber and tin to worry about competition, while the Malays under their own sultans acquiesced passively in being pushed further into the background. It was not for some thirty years that the Government found it necessary to adopt a policy adverse to Chinese interests.

Indo-China

From the beginning of French rule, the Chinese dominated the rice trade of Indo-China. In 1874 the Government took steps to regulate Chinese immigration and at the opening of the present century these measures were pressed so vigorously as to arouse acute resentment.[9] But in 1910 eight out of the ten rice mills in Saigon were in Chinese hands.

Notes

1 Emerson, *op. cit.*, pp. 140, 141, 162.
2 Swettenham, *op. cit.*, pp. 247, 276, 347.
3 Leach, F. B., *The Future of Burma* (Rangoon, 1936), p. 15.
4 Emerson, *op. cit.*, p. 147.
5 Girault, A., *The Colonial Tariff Policy of France* (1916), p. 137.
6 Roberts, *op. cit.*, II, 476.
7 Bocke, Dr. J. H., "De Economische Theorie der Dualistische Samenleving," *De Economist* (1935), p. 781.
8 Swettenham, *op. cit.*, p. 302.
9 Thompson, Virginia, *French Indo-China* (1937), p. 168.

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PLANTATIONS AND SCIENTIFIC AGRICULTURE

Charles Robequain

Source: Charles Robequain, *Malaya, Indonesia, Borneo, and the Philippines*, London: Longmans (1958), pp. 328–48.

The word 'plantation' is used here to mean an agricultural concern which exploits a fairly large area and is not under native management. Natives are connected with it only as wage-earners. It operates mainly for export, usually with an agricultural technique which differs greatly from that of the natives and with methods that may be termed scientific. Plantations, as thus defined, have nowhere else had such great success as in the Malay world.

There are several causes of this. Among them must certainly be included the climate, which owing to differences in relief and aspect offers a considerable range, from equatorial uniformity to a tropical type with clearly marked wet and dry seasons. Owing to volcanic action the soil itself is more fertile than in the average tropical country. But the decisive factor seems to be the abundance, docility, and relative skill of the labour available. Even today, in spite of the careful organisation of recruitment, it sometimes happens that a plantation which is poor in soil, but easily able to get the necessary labour, will give a better yield than another which has the advantage of fertile soil, but is far distant from an adequate source of labour. The wealth of manpower in certain parts of the Malay lands, particularly Java, Luzón, some of the Visayas, and a few little Molucca islands (in which the population was replaced by forced immigration of labour from other islands), was the chief cause of the restriction of European attention to them alone for so long.

Plantations

Jan Pieterszoon Coen, the first Governor General to reside in Batavia (1619–1629),[1] planned to increase the number of European smallholders in Java and to establish a kind of peasantry of European stock.[2] But the Dutch East

India Company soon found it more expedient for the increase of its trade to use natives as labour either by putting pressure on the chiefs, who were obliged to pay tribute in kind, or else by buying up estates whose dispossessed inhabitants became mere serfs. The Company freely granted to individuals the rights which it claimed for itself over land and labour. Thus, a number of Europeans, mostly 'creoles . . . or disappointed souls who had retired from the Company's service',[3] took to cultivating nutmegs in Banda and others to planting sugarcane in the plains of Java. The latter activity, however, seems to have been largely handed over in the 18th century to the management of Chinese who kept the mills working with canes delivered by the tenants.[4]

The Spaniards took to the Philippines the *encomienda* system which they had used in their American possessions. A large part of the land, and the best at that, was thus handed over with its natives to the ownership of the Roman Catholic Church or to Spanish or half-caste families, who were termed *Caciques*. The natives who cultivated the *encomiendas* were not hired labourers, but tenants of smallholdings, or *inquilinos*.[5] Certain plants which were introduced at this time into the Philippines from the New World were after a time to spread all over the East Indies. But the export of agricultural produce remained insignificant until the creation of a State monopoly in tobacco began to encourage the cultivation of the plant, which, however, was left in the hands of smallholders up to the end of the 18th century. Spanish inertia at this time caused Raynal to express regret and bitter criticism.[6]

In short, it is scarcely possible to speak of real plantations in the Malay world before the 19th century. But they existed in the West Indies, tropical America, and the Mascarenhas Islands, which were nearer to Western Europe and had a supply of imported negro labour. The establishment of the independence of the American colonies, followed by the abolition of slavery, brought on a very serious crisis on plantations in the New World and attracted the attention of European investors to the immense possibilities of Indonesia. Just before its final downfall the Dutch East India Company had had to alienate a great deal of its plantations to Dutchmen or Chinese, and after the Company had been wound up the Government made further grants of its land. Between 1820 and 1830 the official tendency was to encourage privately-owned European plantations for the production of export crops; but the realisation of this aim was hindered by the organisation of State plantations meant to give quick relief to the financial difficulties of the Netherlands. Private enterprises which survived between 1830 and 1850 were exposed to vexatious interference by officials of the Cultuur system, who secretly forbade labourers to work for the private owners and requisitioned the labour at times, especially seed-time and harvest, when there was great pressure of work. The planters suffered from tiresome formalities and even malicious spoliation.

The protests of the injured parties contributed to the failure of van den Bosch's system between 1850 and 1870. This was the period during which the great industrial countries felt their appetite rapidly increasing for tropical raw materials and in which the cutting of the Suez Canal and improvements in navigation brought the Far East nearer to Europe. Plantations benefited by all these favourable factors and went on to develop their own special characteristics.

The efforts of progressively minded persons, one of the most eminent of whom was Fransen van de Putte, a Minister of State, led to the Agrarian Law of 1870, which became the basic charter of colonial policy in Indonesia. Land sold to individuals by the Company or the Government had almost all been bought back before the outbreak of war in 1941. In 1938 only 1,235,500 acres remained in private hands, and, besides, this area was partly given up to the food crops of the more than a million natives living on it. It was mainly all in the Residencies of Jakarta and Buitenzorg (Bogor), which were the oldest districts of European settlement in Java.

The Law did not trust the native's forethought and so forbade him to sell his land to a settler (whether Dutchman or not). Since its enactment the settler has been able to acquire only his garden and the ground on which stand his house and the buildings required for his work. The rest has had to be rented on terms approved by the Colonial Government. Unoccupied Crown lands were let on long leases, generally of seventy-five years' duration, a period judged sufficient for amortisation and the realisation of reasonable profit. The area needed for the increasingly extensive native crops was to be carefully reserved. Anxiety to safeguard the future of the natives and to save them from their own thoughtlessness was evident in this legislation. But it was bitterly criticised by the settlers, who accused it of being an obstacle to the development of small- and average-sized European plantations and of hindering the growth of a settled White population.

In Malaya, where the native population is not nearly so large as it is in Java, the grant of agricultural concessions was not so strictly regulated. Reserves had been arranged; but, outside these, the Crown lands might be bought outright on condition that a land-tax was paid and the land developed.

On the other hand, American legislation in the Philippines was still more hostile than the Dutch in Indonesia to the alienation of cultivable land to settlers. The laws have often been modified since the beginning of the present century; but in principle the area granted to an individual or a company may not exceed 2500 acres.

In no part of the Malay world was the settlement of European smallholders systematically encouraged by the Colonial Governments. Hence, such people played but a tiny part in production as a whole. Of the thousand 'European' smallholders in Indonesia the majority were half-castes, 'Indos', and nearly all lived in Java.[7] They eked out a living on properties averaging some 25 acres, growing food crops and in addition one or two export crops

including coffee or less often coconuts, teak, kapok, cinchona, rubber, or tobacco. Some of them kept livestock and tilled market gardens in the mountains around Bandung, Malang, and elsewhere, so as to supply the towns with milk, fresh meat, and vegetables. They rarely tilled the soil with their own hands, but employed a few natives to do the work. Under the Dutch régime they insistently advocated a change in the Agrarian Law to permit them to become owners of the property that had been granted to them or which they had rented. The Indo-Europeesch Verbond, which includes not only half-castes, but also Europeans born in the East Indies or having children born there and wishing to stay there, had with the Government's support striven to form associations of smallholders. Success had been achieved in the Residencies of Besuki and the Lampongs between 1600 and 2300 feet above the sea on soil congenial to the coffee bush. The White smallholders were still less numerous in Malaya and the Philippines, where they were as a rule petty officials or retired soldiers.

Most of the plantation area consisted of properties exceeding 120 acres in extent. Properties of up to 750 acres might be worked by individuals or a few partners, but beyond that plantations were nearly always owned by joint stock companies. The capital sunk in these concerns was considerable.

The distribution of plantations had changed since the beginning. Up to about 1870 there were scarcely any outside the Moluccas (Banda and Amboina), Java, and a few places in western Sumatra. At that time they were certainly most extensive in Java. After 1870 they continued to increase in this fortunate island, but they also grew in number on both sides of the Straits of Malacca; and in 1938 the largest concentrations were situated in the Oostkust of Sumatra and the western side of the Malay Peninsula.

Java. In Java 7 per cent of the land under cultivation[8] was occupied by plantations,[9] and the variety of produce and of methods of exploitation remained greatest in this, the chief island, with its long experience as a colony. Two facts not unconnected with each other stand out in the process of evolution. First, during the 19th century the cultivation of tea, cinchona, and rubber was added to the long-established crops of sugar, coffee, and tobacco; secondly, the plantations on the hills and mountains (*Bergkulturen*) have ended by becoming more important than those on the lowlands. Rubber covered the largest area (557,000 acres), after which came tea (259,000 acres), coffee (223,000 acres), sugarcane (206,000 acres), tobacco (73,000 acres), kapok (57,000 acres), cinchona (38,000 acres), coconut (18,000 acres), cacao (15,000 acres), pepper (6000 acres), nutmegs (4000 acres), elastic from *ficus elastica*, gutta-percha, coca, palm oil, gambier, and plants yielding essential oils.

Relations with the wage-earning labour differed with the district and crop, but depended mainly on local density of population. Sugarcane was still the chief crop in the lowlands of Mid and East Java. The value of the sugar exported from the island was only slightly less in 1937 than that of rubber.

All the right conditions were combined here to favour the chief and oldest crop grown on tropical plantations: viz. rich soil, plenty of rain interrupted by a dry season, and, above all, a superabundant population. The last factor was particularly appreciated after the abolition of slavery, but had already been widely used under van den Bosch's system. After the coming into force of the reforms introduced by the Agrarian Law of 1870 a remarkable compromise was set up under strict official control between the native economic system and the capitalist concerns. By it canes were grown alternately with food crops on the most fertile and best irrigated soil, but occupied only a small part of the area cultivated, never as much as 5 per cent. of a whole residency or as much as 10 per cent. of the area of a canton. It was planted in the same field only once in three years, thus giving an opportunity in the interval for the cultivation of one or two crops of rice or unirrigated plants like maize or soya. During the twenty years, which is the usual period of lease, the soil was used for sugarcane in only six seasons each lasting from 15 to 18 months.[10]

The labour required for this intensive cultivation was recruited in neighbouring villages, to which the workers generally returned every evening. The needs of the plantation were irregular, being especially great between May and the end of October, when the cutting of the canes and the planting of the new crop took place simultaneously. But the system entailed no unemployment, since in the interval the peasant went back to his traditional crops. His wages and cash received from the rent of land to the sugar companies supplied an addition to his means. Nor was he cut off from the family circle.

Tobacco plantations were worked on a similar system, the crop being only a few months in the ground. The system was seen in the Jember district in East Java and in the Klaten district at the foot of Mt. Merapi, the most fertile parts of the island, where tobacco and cane cultivation went hand in hand.

In Java shrub plantations which will tolerate or prefer high ground used sometimes to be able to find the necessary labour near by. But requirements become harder to supply when the plantations climbed to more than 3250 feet, often occupying the former site of dense and uninhabited forest, or a place which had only been used for primitive collecting or for *ladang* cultivation by a sparse population. Some of the crops required a large additional supply of labour at certain seasons. For instance, the harvest might coincide with the busiest weeks in the calendar of the native cultivator. For all these reasons plantation managers had to recruit at least part of the workpeople in villages which were more or less remote from the plantations. In such cases the coolies were lodged in a kind of camp, an arrangement practised on rubber and coffee estates in East Java and on the rubber, tea, and cinchona plantations in the Prianger district. Most of the sugar exported from Java comes from districts in which the density of population exceeds 750 persons

to the square mile. On the other hand, shrub plantations are often concentrated in places where the density falls below that figure. After the Bantam province, in which the soil is too poor for European enterprise, Buitenzorg in the west and Besuki in the extreme east are the two least densely-peopled provinces in Java with 492 and 501 persons to the square mile respectively. In 1938 these provinces also had the greatest percentage (20 and 18 respectively) under European crops out of the total area under cultivation.

The Oostkust. The population figures given above look still larger when they are compared with conditions which Dutch settlers found nearly all through the Outer Provinces. That is why settlement was so late in these islands. The greatest achievement and one which overshadows all others has occurred in the Oostkust. Medan, the capital of a little Malay sultanate in the north of the lowlands of Sumatra, was the centre of agricultural undertakings which were among the largest and most impressive of European successes in tropical lands. In 1937 European plantations around the town covered about 900,000 acres. This was 73 per cent. of the total area cultivated by Europeans in Sumatra and 65 per cent. of the European plantations in the whole of the Outer Provinces.[11] Between the belt of mangrove or coconuts along the shore and the slopes of the mountains of Batak, in low lying country where away from the river banks there used to be mostly dense forest and marsh, there spread today as far as the eye can see lines of rubber trees and oil palms divided into sections by the streams and roads. Other plants, including tea and sisal, had taken possession of the hills of Simelungen on the slopes going up towards Lake Toba. The oldest tobacco plantations in the Oostkust Province crowded round Medan. Cultivation of the crop is quite different here from in Java, since it needs a fallow lasting seven or eight years and is adapted to a different economic system and to a nearly uninhabited district.

In 1930 the density of population reached 45 to the square mile in the Oostkust. In about 1880 it must have been barely 5. In the intervening fifty years the number of Europeans, the general staff of this conquest, had risen from 522 to 11,079. These figures explain the transformation of the landscape and indicate the labour problems involved in the development of this practically virgin soil.

At first, the tobacco planters used Chinese labour recruited by agents in Penang and, later, Singapore. Then the Deli Planters' Union engaged them directly in Kwangtung and Fukien. Most of them were taken on board at Suchow by German boats until 1914, then by those of the Dutch K.P.M. In this way 305,000 Chinese landed at Belawan Deli between 1888 and 1931. Meanwhile, the tobacco planters had turned more and more to the reserves of manpower in Java, and others imitated them. Javanese emigration to the Outer Provinces was encouraged by the Colonial Government, which regarded it as an excellent remedy for overpopulation. Not so strong or hardworking as the Chinese, the Javanese fairly readily adapt themselves to

the orderly work on a plantation, since they had already been trained in European undertakings in their native island. They could be entrusted with delicate tasks, quickly became skilful at tapping rubber trees, for instance, and could even be made into good *mandours*, or overseers. To start a plantation where dense forest must be cleared and burnt, the Batak was preferred to the Javanese, since he is unequalled in tree-felling and in carrying out the burning according to the wind. The sheds for drying tobacco were often made by Boyans, who came from the Bawean Islands between Borneo and Madura.

The recruitment of Javanese was at first left to special firms, and these used mostly to send vagabonds. But in 1916 the matter was taken in hand by an organisation set up by a planters' association called the 'Adek' (= Algemeen Delisch Emigratie-Kantoor), which was subsidised by the Government. The arrangement was advertised in the villages, and especially those in Mid Java, by labourers who had already worked on the plantations. As emigration fluctuated with the demand for labour, it was very irregular. In times of crisis the returning labourers would now and then outnumber those emigrating, as happened in 1931. K.P.M. boats carried the emigrants from Surabaya, Jakarta, and Semarang. Under the indenture system instituted by the Coolie Ordinance of 1880 the labourer engaged to serve for three years and was guaranteed medical aid, food, wages, and a gratuity under Government supervision. But he was under the lash of special penal sanctions for breaches of the terms of this contract. However, after 1911 work termed 'free' took the place of the contract system more and more. The emigrant could choose the firm with which he was to work, leave it after giving notice, and discuss the terms of his contract. Official control of the treatment of labour continued, but it was becoming in fact unnecessary, for the conditions of labour on the plantations had greatly improved since the beginning of the century. In 1937 barely 10,000 indentured labourers remained in the Oostkust Province, and by 1950 there should have been none left. It was owing to the Oostkust Province of Sumatra that in 1937 the plantations in the Outer Provinces nearly equalled those in Java in area and slightly surpassed them in the value of their exports. Outside the Oostkust Achin had the greatest plantation area, 116,000 acres. No other province in the island had as much as 50,000 acres, nor did any other part of the Dutch East Indies, not even Borneo or Celebes, in which Minahassa had the lion's share. In the Lesser Sunda Islands there were slightly more than 5000 acres of plantation, and nearly 35,000 acres in the erstwhile famous Moluccas.

Malaya. Apart from tobacco, which had been introduced ages before, the rise of agriculture in the Oostkust accelerated chiefly after the beginning of the century with the boom in rubber. The province followed in the steps of Malaya with a slight lag. It was in the latter country that the Brazilian tree was persistently and patiently domesticated and achieved its most astonishing dissemination. When the first plants or seeds were imported at the end of

last century, the agricultural exports from the Peninsula consisted only of sugar, spices, copra, and gambier. These products no longer count, so to speak, in Malayan trade, which on the other hand in 1938 supplied 41 per cent. of the world's consumption of rubber. Owing to the rise of other producers in South East Asia, including Indonesia and Indo-China, its relative share, which had been 50 per cent. in 1920 and 53 per cent. in 1929, had of course decreased; but it kept a leading place.

In 1937 rubber estates covered about 2,000,000 acres in Malaya. Most of them are situated in a belt some 30 miles wide and stretching out for about 500 miles from Singapore to the north of Wellesley Province opposite Penang. The western States from Johore to Kedah inclusive contain 91 per cent. of the area under rubber in the Peninsula.

For more than 20 years British and other European capital which has been in search of profitable investment in agriculture has been sunk in this industry. In Malaya there is none of that variety of plantation crops so noticeable in the Oostkust and even more in Java. However, since 1920 big firms have adopted the oil palm, as has been done in Sumatra, thus associating the produce of latex with the oil-bearing tree which seems most apt to profit from scientific cultivation and most favourable to the stability of European exploitation. At the end of 1937 the African oil palm covered only 70,000 acres in the Peninsula. Besides the foregoing, about one-third—perhaps some 20,000 acres—of the area under coconuts might be regarded as belonging to European or Chinese estates. Of the 74,000 acres under pine-apples by far the greater part was cultivated by Chinese. Coffee covered only 17,000 acres.

In Malaya the labour needed for the Peninsula's vast plantations could not be found on the spot, as they were in Java, or in a neighbouring island under the same government, as was done in the Oostkust, and the plantations were largely responsible for the immigration which has given its character to the population of Malaya. Chinese immigrants take various forms of employment, but a good many of them are employed on European plantations and formed about half the labour employed on estates in the former Straits Settlements and Johore. Elsewhere in the Peninsula Indian labourers were in the majority in 1937, where there were altogether 237,000 on the big Malayan plantations as against 77,000 Chinese, 23,000 peninsular Malays, and 13,000 Javanese. On every 100 acres under rubber there were 15 or 20 coolies, between 12 and 17 of whom were Indians, on the European concessions. The recruitment of Indians was one of the great troubles of plantation managers, who under the Kangani system often had all the responsibility, even in joint stock companies owning several estates and controlling several thousand acres.[12]

In Malaya middle-sized plantations were often controlled by agencies. These organisations by sending experts to the estates gave them the benefit of experiments and information which might otherwise have remained

unknown to an isolated plantation. Each estate kept its financial independence, but the agency was itself often the owner of one or several plantations in the group it controlled.

So far as variously-based statistics allow of comparison, the position in 1941 in respect of European crops in Malaya, Sumatra, and Java was as follows. Malaya was definitely ahead of the two Dutch islands. Its plantations, counting the area under cultivation and not the whole of the concession, covered between 2,200,000 and 2,400,000 acres.[13] Java, whose plantations covered about 1,450,000 acres,[14] was closely followed by Sumatra with 1,250,000 acres. These figures showed a total of more than 5,000,000 acres under European plantation in this little corner of the Earth.

The Philippines. Plantations have not been equally successful elsewhere. The former Outer Provinces, without Sumatra, contained less than 150,000 acres. The Philippines, too, have not proved favourable to their development. This is due to historical as well as geographical causes. The Philippines are remote from the great route-foci of the Straits of Malacca and Sunda, around which the Colonial Powers have hitherto concentrated their efforts. The Spanish colonial system greatly aggravated the isolation of the islands. Other nations were jealously excluded by laymen and churchmen alike from Spain as well as by half-castes who wished to keep for themselves the advantages arising from the position of Manila as the go-between in the trade between China and the New World. The monks opposed the settlement of European colonists, since they were often unmanageable and argumentative (*gentes de razón*) and might therefore loosen their hold over the souls and social life of the natives.[15] Agricultural produce had a negligible place in the cargoes which the galleons carried to Acapulco. Though export crops increased in the islands after the end of the 18th century, they still consisted mainly of native produce. Tobacco, which was a State monopoly, benefited from the strict control exercised by officials over the peasant communities.

In the first half of the 19th century when, under the pressure of progressive ideas and the activities of English and American traders, the Philippines began slowly and, as it were, regretfully to be opened to foreign trade and ships, a certain number of Europeans, Chinese, and half-castes became interested in sugarcane. The jealousy of the authorities and the clergy helped in 1820 to foment a popular rising which ended in massacres. About 1840 a few individual Spaniards and some of the convents and chaplaincies owned moderately large properties in Luzón, but these were cut up into smallholdings worked on the métayer system and producing mainly sugar and indigo. The current opinion was that a European who took to farming would be ruined. In Negros in 1866 a score of Europeans, most of whom had steam mills, set up as sugar planters on land which they bought from half-castes and natives and cultivated with hired labour or, more usually, through tenants who were given part of the produce. At the end of the century

when Spanish rule was brought to a close, the latter system prevailed in the production of the chief export crops.

Although under American protection the supporters of large plantations and those of the native system of tenure still opposed each other more vigorously than ever, the latter have been once more getting the better of it. The law restricts the area of land which may be acquired by White settlers, whether Americans or not, or by firms. The reasons are various. First, there is a desire to avoid the evils of monopoly and absenteeism and to encourage the building-up of a solid native peasantry. Secondly, the sugar-growers in Cuba and Puerto Rico, on the other hand, wish to restrict a dangerous competitor on the American market. Real plantations, on which settlers who own or lease the land superintend the production by hired labour of a crop for export, are seldom found in the Philippines. Large estates exist, but they are generally divided among native tenants whose oral or written contracts with the owner vary greatly as to terms. The only attempt at running a sugar plantation with hired labour was made by the Mindoro Sugar Estate. The enterprise came to grief, and the company had to cut up its concession into smallholdings. The Spanish Tabacalera Company, which buys three-fourths of the total crop in Luzón and even owns estates in the middle valley of the Kagayán, has had only one plantation cultivated with hired labour, and this is meant solely for experiments. The rest of the Company's property is let out to tenants. In the Philippines the big plantation is best represented in the islands which have been most recently occupied and are sparsely peopled. This is particularly true of Mindanao, where there are plantations of coconuts, pine-apples, rubber, and, above all, *abacá*. In the Davao district before the recent war the Japanese had set up joint stock companies and private firms with large capital for the purpose of cultivating *abacá*. In 1937 a block of plantations of about 60,000 acres was held by forty-six Japanese firms, which in addition controlled at least as great an area remaining in the hands of Japanese or Filipino smallholders.[16] In spite of the efforts of certain American associations, this island has not become the great producer of rubber that the enormous consumption in the U.S.A. seemed to warrant. In 1939 the only scientifically run rubber plantation in Mindanao belonged to the Goodyear Rubber Co., its trees consisting wholly of *clones*[17] from Sumatra. In this large island rubber trees covered barely 12,000 acres, nearly all of which were situated on the Zamboanga Peninsula. The expansion of rubber plantations was handicapped not only by the regulations which restrict the acquisition of land, but also those which prohibited the entry of Chinese coolies. The labour on the plantations in Mindanao consisted mostly of Ilocans and Bisayas. Their numbers were very small compared with those on plantations on the Malay Peninsula or the Oostkust Province of Sumatra.

Scientific agriculture

The success of the plantations was connected with the progress of scientific agriculture. The Dutch have won golden opinions by the improvements made by them in tropical agriculture, and the name of Buitenzorg enjoys special fame.[18] The celebrated Botanical Gardens were founded as early as 1817 at a spot which attracted botanists owing to its nearness to Jakarta, its heavy rainfall, and the survival of a forest vegetation almost intact in places. For more than a hundred years specimens of the plants of Malaya, Indonesia, and the Philippines as well as exotic tropical species from similar regions elsewhere have been brought together here and systematically classified, so that they can be studied in conditions as nearly like as possible to the state of nature. In fact, interest in Buitenzorg goes far beyond its reputation for luxuriance due to its magnificent avenues of canarium, its tiers of palms, its liana section, and its ponds of Victoria Regia. The Gardens sacrifice less to the picturesque than do those at Peradenya (Ceylon) and Singapore. From the beginning its purpose was declared to be scientific and practical. But it was made into a model institution by Melchior Treub, its director from 1883 onwards for nearly thirty years. He increased the number of laboratories and attracted many foreign research workers to them, and he created the wonderful subsidiary station at Chibodas on the slopes of Mt. Gede at the edge of a virgin forest which climbs up to an altitude of some 10,000 feet. He also made the *Annales du jardin* into one of the most valuable periodicals on tropical botany and succeeded in meeting the needs of pure scientific research as well as those of the plantations.

Thus, the experimental Gardens at Buitenzorg preserve many specimens grown from exotic seeds and become venerable ancestors, whose descendants have multiplied in cultivated areas. Tea bushes were introduced from China and Japan in 1826; coffee bushes from Africa replaced the Arabian variety which was too subject to *Hemileia vastatrix*; rubber trees were imported more than sixty years ago, the *hevea* alone being successful—and splendidly so; and the *elæis* oil palm, whose selection was to be followed up on the Oostkust of Sumatra.

Indeed the practical work grew to such proportions that Treub had to urge private firms to organise special institutes at their own expense, and these also produced good results. In Java there were several of them. The oldest and most famous was the sugar institute at Pasuruan in East Java. In 1928 it had in its biological, chemical, and technical sections forty-eight remarkably well qualified research workers and had at its disposal funds amounting to 1,800,000 florins. In 1921 all the other experimental sugar institutes were amalgamated with it. The two big planters' associations in the Oostkust of Sumatra each had its research centre at Medan. They were the Deli Planters' Union for tobacco and the Avros (Algemeen Vereeniging van Rubberplanters Oostkust van Sumatra) which dealt with all the other crops, but

especially with rubber and palm-oil. During the boom from 1920 to 1929 these private experimental stations tended to cut adrift from the Government, and Buitenzorg restricted itself more and more to theoretical researches. But during the slump they had to curtail their activities, and the Government was forced in many instances to take the place of the planters' associations and, though itself embarrassed by the tightness of its budgets, to resort to export duties in order to keep up the laboratories and experimental gardens. Malaya also has its agricultural institutes, the best known of which is the Rubber Research Institute at Kuala Lumpur.

At first the production of the most important commodities for export had been empirical, and it was in the research centres that production was gradually perfected and became scientific. Pedological study has been carried so far in Java that the island possesses a soil map which many European countries might well envy. The disastrous effects of clean weeding on the old plantations have been met by terracing the slopes and by the spread of leguminous cover crops which are also considered valuable as green manure. Buitenzorg keeps a large series of specimens of these leguminous plants to demonstrate one of the chief developments in tropical agriculture. War has been waged methodically and perseveringly against parasites, which are so various and active in these winterless climes. Some types have been counteracted by others introduced from abroad. Thus, the hymenoptera, which is the enemy of the coffee borer, was taken to Java from Uganda. Selection has enabled young plants to be grown and distributed in order constantly to renew the plantation stock. Artificial fertilisation, grafting, and the sorting of seed have been tried in turn. The methods of collection and the preparation of the commodity for market have also been steadily improved. Care has always been taken in practice not to carry experiments too far, but to get the best results with the least costs. By publishing results and by frequent meetings of experts improvements have quickly been made known and methods of production kept homogeneous. By these means yields have been increased, whilst costs have been reduced, and this has brought about a continually increasing export of plantation produce.

Sugarcane. Sugar is a particularly impressive case.[19] Canes had been cultivated in Java long before the coming of the Europeans and was usually consumed by chewing. On the average the crop gave barely 8 cwt. of sugar to the acre. This figure increased in the course of the 18th and 19th centuries, thanks to irrigation and improvements in industrial technique. But rapid progress began after the slump at the end of last century, which coincided with the appearance of the *serah*. This was a disease caused by a parasitic cryptogram, which devastated the plantations. From 1886 to 1941 the experimental stations, especially the one at Pasuruan, steadily increased the yield from both field and factory. In 1900 five per cent. of the sugar content was still left in the megass, but in 1930 the residue was hardly more than 3½ per cent., and besides, the megass itself was used as fuel or fodder. Java and

Mauritius were almost the only producers of cane sugar to export white sugar quite ready for use. Even greater was the progress due to improvement in methods of cultivation and to the selection of varieties. We saw above[20] how cane production in the overcrowded lowlands of Mid and East Java where there was an annual dry season had reached a stage of adjustment that was near perfection. The very restrictions which overcrowding forced on firms acted as a stimulus. Since the cane was not to occupy the rented land more than 18 months in three years, so as to give an opportunity for native food crops to be grown, the stump had to be uprooted after every crop had been cut and ratooning was never allowed, as it is in so many other countries. Since the quantity of water available was limited not only by the capacity of the canals, but also by the requirements of native crops, efforts had to be made to use it sparingly and to distribute it carefully in the growing period. A rotation of crops was systematically arranged. The different kinds of soil were catalogued. On every large plantation the result of the analysis of specimens was plotted acre by acre on large-scale maps, the chemists attached to the plantation working at the analyses between the times when the factories were busy. In this way the kind of manure suitable and the quantity required were determined. Sulphate of ammonia was often used. At intervals of a few weeks the manure was exactly measured out for each plant according to the number of trees and the total amount of manure to be applied per acre. Then water was poured into each hole to dissolve the salts. It was an instructive, and rather sad, sight to see the coolies at a blast of the *mandour's* whistle bending over the furrows in unison and pouring out the water.

A rise in yield has been due more to selection of the cane than to improvements in cultivation. When the station at Pasuruan was established in 1886, nearly the whole area was planted with *Zwarte Cheribon* which barely gave 52 cwt. to the acre. More productive varieties, P.O.J.100, B.247, B.I.52, and E.K.28, came into favour one after the other. In 1927 the last two raised the average yield to about 105 cwt. per acre. By 1928 P.O.J.2878 covered 65 per cent. of the cane area in Java and 90 per cent. in 1929. The average yield was then up to nearly 120 cwt. per acre. This cane not only gives a high yield and is immune from *serah* and other diseases, but is also far less sensitive than any other variety to variations in soil and climate, so that every day during the whole crop season it ensures the amount of canes needed for the full working of the mill.[21] This wonderful variety originally came from the crossing of a sugarless, but very hardy, wild cane with a highly bred cane that was rich in sugar, though subject to disease. In 1928 the number of canes studied at Pasuruan for the selection of P.O.J.2878 was reckoned by an expert at 200,000. This cane was one of the greatest technical triumphs of tropical agriculture. In 1929 at the beginning of the slump a new hybrid, 3250, was already being produced.

Rubber. The success of rubber cultivation has been still more striking.[22] The methods are sufficiently different from sugar production to deserve

detailed description also. The tree is exotic and was introduced only at the end of last century. Its cultivation was actually a European invention, and the methods in use today are mainly the results of English and Dutch experiments, though the contribution recently made by French planters in Indo-China was far from negligible. The plantations, covering nearly 3,750,000 acres in the Malay lands, have developed mainly at the expense of the forest. There was no need to make the cultivation fit into the native economic system, as was the case with sugarcane. This advantage was, however, counter-balanced by a complete ignorance of rubber cultivation and a scarcity of labour.

The story of the wonderful adventures of the *Hevea brasiliensis* has often been told. In 1877 the first rubber plants reached Singapore and Buitenzorg from the stock of seeds brought from the Amazon region by Sir Henry Wickham and successfully germinated in the warmth of the hothouses at Kew. Little plantations began in 1890. The oldest inhabitants can remember the despatch of the first seeds from the Botanical Gardens at Singapore in old dollar-boxes supplied by banks in the town. Owing to the start had by Ceylon and Malaya, most of the plantations in Indonesia began with seed from those countries. Rubber did not at once arouse great interest in business circles. At first, it was planted with coffee and was regarded merely as a shade-tree to be removed when it became a nuisance. In 1907 the Rubber Growers Association, which in 1935 controlled plantations in Malaya covering 1,700,000 acres, still existed on an income of £200 a year. In 1898 there were not 2500 acres of *hevea* plantation in Java. The *Ficus elastica*, which had been cultivated as early as 1864, was still preferred, and between 1900 and 1907 many plantations had both *Ficus elastica*, *Manihot Glaziovii*, and *Castilloa elastica*. Not until 1909 did the Forestry Service in Indonesia decide to adopt the *hevea*. But in 1910 the development of motor transport made the price of rubber shoot up, and *hevea* began its marvellously prosperous career.

Its progress has not been without risks and set-backs. The tree begins to produce only six or seven years after the seed has been planted, and a great deal of capital is needed to establish and maintain a plantation until tapping can begin. Clearing away forest is a heavy task. To begin with, inspection paths are laid out on compass bearings and opened up with cutlasses to enable the nature and quality of the land to be examined. The paths gradually become cart-tracks and facilitate transport while felling is in process, and then in the end they are made into macadamised roads on the plantation.

The main improvements in husbandry[23] were, first, the progressive giving up of secondary crops like coffee, cassava, and pine-apples, whose yield allowed the planter to be less impatient in waiting for the first tapping, but which checked the growth of the *heveas*. Secondly, clean weeding was given up. It had been a crude transference to the tropics of the practice originating

in temperate climes of removing all weeds. When adopted in Ceylon, it resulted in a great deterioration of the soil, which quickly lost its humus through the direct action of the sun's rays and was swept away by the run-off of rain-water, especially in hilly districts. Between the wars the use of cover-crops of leguminous creeping plants spread chiefly from the Oostkust. This procedure was replaced sometimes by a practice apparently simpler, but in fact more subtle and laborious, namely, the creation of a natural or semi-natural covering of the soil by planting a forest association as like as possible to the original habitat of the *hevea* after the elimination of species which were aggressive or harmful to the trees.

But the most important development was the general use of grafting. As early as 1913 it was found after many experiments that the *hevea* could be grafted. This opened the prospect of an enormous increase in yield far more rapid than could be achieved by selection through normal reproduction. After choosing *heveas* with a high yield, a great deal of knowledge had to be gathered so as to apply the method to large areas and to create 'clones', or off-spring of the chosen tree produced by non-sexual processes. Before being distributed, these clones had their quality tested at the experimental stations, the chief of which belonged to the Rubber Research Institute at Kuala Lumpur, the Avros in Sumatra, and the Buitenzorg establishment. From these came the great number of grafted trees which from 1930 onwards covered huge areas in Malaya and Indo-China. Some of this was new ground, but as a rule *heveas* from 20 to 25 years old were felled to make room for the new trees. The change proved to be a great success. A plantation of *heveas* all grown from seed gave in the twelfth year an average yield of 450 lb. of dry rubber to the acre. But this figure was already reached in the sixth year, that is, at the first tapping, by grafted trees which in the twelfth year could yield more than 2200 to 2650 lb., 2800 to 3000 lb. with a well-known clone like Avros 49, and even more than 4400 lb. with T.J.1, a selection from Chiomas near Buitenzorg.

The proper method of tapping the *hevea* was not known at first. Of course, the gouge and knife had replaced the *machete* of the Amazonian *seringueiros*, but a whole series of incisions whether running spirally right round the tree or arranged in a fishbone pattern leading to a vertical drain, exhausted the *hevea*. At times the coolie climbed a ladder to reach more of the tree-surface. With these methods the recuperation of the latex-bearing tissues was difficult, the growth of the tree slow, and the yield poor and sometimes completely arrested. Later on, prophylactic methods of tapping were used which allowed the tree to rest and gave it a longer life, at the same time achieving a saving of labour. Experiments were made to discover the optimum density of trees to the acre, and the value of the different kinds of soil was carefully studied together with the effects of various manures.

In spite of this remarkable progress, rubber cultivation has been practised too short a time for the best methods to have been found, and it is still in the

experimental stages. The problem of cover crops remains unsolved, and the use of manure has not become general. The most economical method of tapping is still being sought, as is also the optimum density of trees to the acre. Grafting itself seems to be an abnormal procedure and is sometimes accused of producing brittle trees with too thin a bark and slight resistance to disease. Some experts predict that in the future grafted trees will no longer be used, but only those grown from seed derived from clones of proved quality.

Machinery has enabled a reduction in man-power to be made in the factories. The coagulating basin holding a few quarts has been replaced by an aluminium vat with a capacity of more than 300 gallons. Train mills arranged in series allow as much as 4400 dry lb. to be treated per hour. Quick, improved methods of smoking and drying produce a homogeneous article with the long-sought consistency in mechanical properties. But the sheets are often still valued according to their appearance, and collaboration between planter and mill-owner has been slight. A beginning has been made in exporting latex not in dry sheets, but in liquid form concentrated by centrifugal action, evaporation, or a kind of skimming process.

Palm-Oil. The oil palm (*elæis guineensis*) affords another instance of the domestication of a tree far from its original home. In this case the distant home was Guinea, and once again Malaya was the adopted country. There it has been wonderfully successful; but it has done even better in the Oostkust of Sumatra. Introduced into Buitenzorg from Réunion in 1848 at first as an ornamental tree, the oil palm was not really cultivated till 1910, when it was taken up by some enthusiasts, among whom was Adrien Hallet, a Belgian. Here it found a suitable climate, soil which was excellent in places, and, above all, an unrivalled technical and scientific organisation that had already made its reputation in the rubber boom. In 1938 oil palms had been planted on 69,000 acres in Malaya and 207,000 acres in Indonesia, which makes a total of 276,000 acres, of which 235,000 were yielding fruit. Those Far Eastern plantations which were not yet in production in 1920, were exporting 276,000 tons of palm-oil and 56,000 tons of nuts in 1938.

The difference in treatment of the tree in West Africa is singularly instructive. There the palm grows naturally or else gets only intermittent and slight attention; the trees stand at irregular intervals among other forest species; they are laden and wrapped about with epiphytes; and the varieties are very mixed and their bunches of unequal size. To make a plantation of 25,000 acres like the one at Johore Labis in Malaya[24] a dense forest area is first surveyed by air, then divided into blocks of 250 acres, and methodically cleared and burnt. In 1929 eighteen months after the first ring of an axe, 7400 acres of young palms have been planted and 5000 more put in in 1935. The seeds, taken from boxes, grow into plants from among which a strict selection is made by a process of artificial fertilisation. The female inflorescences are wrapped in oilcloth and at the right moment the pollen chosen is

blown on to them with a little pair of bellows. A metal plate fixed to the stem is marked whenever a bunch is picked and thus shows the yield exactly. The tree is carefully cleaned and the barren leaves pruned off. Between the rows of palms there is a thick cover crop of leguminous plants or selected grasses. In undulating country terraces are made to check the loss of soil. A vigorous struggle is carried on by means of poison, virus, and trained dogs against rats, which are fond of the oily fruit; and against caterpillars arsenic dust is sprayed on the trees and special flies bred indoors are released in the plantations.

In Africa the native wastes much time in forcing a way through to the tree, in climbing up the bole whose height is increased by the effort to reach the light, and in carrying the nuts a long distance to his hut. In Malaya paths laid out as soon as the forest has been cleared away, and constantly improved, give easy access to the palms. Owing to a wise spacing out, the trees grow less quickly and develop their bunches at no great height above the ground. The coolies seldom carry the heavy bunches more than 100 yards[25] without coming to a motor road. On Johore Labis there are 110 miles of such roads, and they all lead to a narrow-gauge railway which takes the nuts to the mill in the centre of the plantation.

This very striking contrast in cultivation and transport is repeated in the process of preparation for market. Among the negroes extraction is done by the women with a primitive domestic implement. Not only is the oil content of the nut small, but also some 30 or 50 per cent. of the oil is lost, and what is left is impure and very acid. In the East with powerful plant in big mills the kernels, which start by being far richer, yield more than 95 per cent. of their oil and, as they are treated while still fresh, the percentage of acidity does not usually exceed 3, as compared with between 15 and 40 in West Africa.

The result is not surprising. Whilst a grove of palms in Africa would, even after some attention, give no more than half a ton per acre annually in the most favourable conditions, the yield in Eastern plantations amounts to one ton for six-year-old palms and increases from year to year until it attains three and a half tons from trees ten years old. Costs are lowered still more by the reduction in the labour required, the cutting out of the need for packing, and the efficiency of the machinery, the motive power for which is supplied by burning the nutshells. In fact, transport is very often in bulk by road, rail, or sea in tanker vehicles or ships. What a contrast there is between the 600-ton tanker from Port Swettenham or Belawan Deli, warmed by spiral pipes so as to keep the oil liquid[26] and the West African puncheon, 'Marseillais', or Liverpooler, rolled by a negro along the road to the wharf. It was admitted that tropical Africa, the home of the *elæis*, could not compete with the Malay lands except by importing selected seed and employing the methods tried out in the Far East during the previous thirty years.[27]

Cinchona and other Plantation Crops. Cinchona has certainly had its best-known success in Java,[28] though its place in the list of exports from the East

Indies is far lower than those of rubber and palm-oil. The plant is a native of South America and was introduced about 1845, but the most delicate and profitable task was the acclimatisation in the mountains in the Priangan Residencies of a new variety brought from Bolivia by Ledger about 1870 and steadily improved. The seeds of the *Cinchona ledgeriana* are flat, winged, and very small. There are on the average 3500 of them in a gramme, and a gramme was worth 10 florins in about 1927. The bark is the valuable part of the tree. The seeds come from trees selected for the amount of sulphate of quinine in the bark, the thickness of the bark, and the circumference and dimensions of the trunk. They are picked out one by one in a dark room on illuminated ground glass and then distributed in accurately weighed quantities to be spread evenly over every square yard of the sifted compost forming the seed-beds under shelter of ferns and straw. The plants stay there and are carefully watched for between six and ten months before being set in the ground. *Cinchona ledgeriana* is often grafted on to *Cinchona succirubra*, which is far less rich in quinine, but hardier and will grow at a lower altitude. Plantations are made at the expense of forest which is cleared off, but not fired, on soil that is usually terraced and sometimes drained. The branches are lopped to begin with; and the trees themselves are destroyed at latest after thirty years. The yield seems to be best between the ages of 12 and 15 years.

From about 1885 the bark from the Priangan Residencies eliminated the competition of other countries, in particular Ceylon and India. It formed some 90 per cent. of world production, which means in fact that it had the advantage of a monopoly. Since then the efforts in other countries had by 1939 barely gone beyond the experimental stage, and tropical America itself, the home of cinchona, imported seed from Java.[29]

These examples should serve to illustrate the value of Dutch achievement in scientific agriculture, without, however, forgetting the part played by the British who were the actual pioneers of rubber and oil palm cultivation. Other evidence might be adduced, as, for instance, the perfection of tobacco and tea cultivation in Sumatra and Java and the extreme care required in the treatment of the leaves of both plants. In Sumatra the cost of sorting tobacco amounts to from 5 to 10 per cent. of the total expenditure of the plantations. The most recent success has been in sisal cultivation in the Oostkust, though its circumstances are still shrouded in some degree of mystery. The acclimatisation of the American agave (*Agava rigida*) was followed in 1920 by the first shipment of 718 tons. In 1937 this had risen to 53,000 tons. The plant is sometimes grown in rotation with cassava, for the two crops are complementary in some requirements; but they are both exhausting. The soil has to be heavily manured, and the waste water from the tapioca and fibre mills is distributed through the fields by a system of gutters.

Abacà cultivation had many improvements initiated by the Japanese growers in Davao. The 25,000 acres cultivated or controlled by them were ploughed, intensively manured, and had even begun to be irrigated. The

damage caused by certain animals was effectively checked by the use of special traps; after the fibre had been removed the waste was returned to the soil, which, moreover, was protected by a leguminous cover-crop (*Centrosema*). The removal of the fibre was facilitated by the use of water mills or petrol engines or by the powerful machinery with which some of the factories were equipped.

Notes

1 Previously the Governor had had no fixed residence, but was often in the Moluccas.
2 The idea of having recourse to Germans was mooted more than once. (Raynal (198), VI, p. 391.)
3 Raynal (198), I, p. 313.
4 Van Hall (215).
5 Mallat (177), II, p. 255.
6 Raynal (198), III, p. 111.
7 Cp. Fuchs (212); van Hall (215).
8 1,452,155 acres in 1937.
9 Robequain (200), pp. 37–57.
10 Cp. however, the corrections made by van der Kolff (in Schrieke (20), p. 122) and Pelger (197a), p. 172. The influence of sugarcane plantations was much more widespread than is suggested by the area covered in any year. Owing to the rotation, they dominated some 20 to 25 per cent. of the *sawahs*, and the best of them at that.
11 The plantations of the whole of the *Buitengewesten* were scarcely equal to those in Java alone.
12 Since 1945 the percentage of Indians employed on the plantations has fallen off, to the advantage of the Chinese and Malays.
13 Mostly in the western third of the Peninsula.
14 Of these 43 per cent. were in the west, 18.4 in the centre, and 38.3 in the east.
15 Humboldt (195), II, p. 281.
16 Kolb (175), p. 233.
17 See below, p. 39.
18 Ch. J. Bernard (204); Dammermann (210). Under the Indonesian régime the name has been changed to Bogor.
19 Cayla (207).
20 See p. 28.
21 P.O.J.2878 has also enabled seed-plots in the mountains to be given up. Only a few are kept for the practice of artificial fecundation, which is unsuccessful in the lowlands.
22 Cramer (209 *bis*).
23 Cayla (208), Soliva (230).
24 R. M. E. Michaux in *Semaine du palmier à huile* (219), pp. 23–58.
25 500 yards on some plantations.
26 King (106), p. 145; Schoofs (226). At Meulaboh on the west coast of Sumatra the oil runs from the river-tanker to the ocean-tanker by means of a pipe-line on the wharf. The steamer is loaded in a few hours. Belgian Congo has recently adopted these methods of bulk transport. Pointe-Noire in French Equatorial Africa is to have the advantage of it also.
27 Since the end of the war rubber (*elæis*) plantations have made rapid progress in

tropical Africa, though the total production of palm kernels and palm oil is still chiefly derived from wild trees. In 1953 Indonesia and Malaya together provided rather less than a quarter of world production.

28 Frontou (211); Kerbosch (220); see also M. Musset in A. G., 1942, pp. 64–7.

29 Whilst the tea and coffee plantations in Indonesia suffered greatly during the recent war, 35 per cent. of them being destroyed, cinchona plantations were well maintained by the Japanese, who needed them. But necessity led the Allies to develop cultivation in other tropical lands, and quinine production has increased rapidly especially in Guatemala, Belgian Congo, the Cameroons, and India.

NETHERLANDS INDIES

General
Economy
Education
Health and Welfare

41

THE NETHERLANDS INDIES

Lennox A. Mills

Source: R. Emerson et al., *Government and Nationalism in South East Asia*, New York: Institute of Pacific Relations (1942), pp. 97–106.

The Dutch Empire has always been divided for administrative purposes into Java and Madura on the one hand, and on the other the Outer Territories (or Outer Provinces) comprising the rest of the East Indian Islands. The reasons for this division have been that Java was the richest, earliest and most highly developed, most densely populated and centrally placed of all the islands. According to the census of 1930 the total population was 60,731,025, of which 41,719,524 or over two-thirds were in Java and Madura.[1] The density of population in the latter islands was 314.5 per square kilometer compared with an average of only 10.7 in the Outer Territories. The overwhelming majority of the inhabitants, 59,143,755, were Indonesians, the number of Chinese being only 1,233,856, and of foreign Asiatics (chiefly Arabs) 111,022. The Chinese as traders and money-lenders have an importance far beyond their limited number; and the National Government of China has attempted to organize and control them in the same way as it has the Chinese of Malaya. They form so small a percentage of the total population however—two per cent compared with 39 per cent in Malaya—that they present a much less serious problem to the Dutch Government than to the British. The Europeans in the Indies in 1930 numbered 242,000 of whom perhaps 65 per cent were Eurasians or Indo-Europeans.

The relations between Holland and the Indies have undergone important modifications during the past twenty years in the direction of increased colonial autonomy. Under the previous system there had been an excess of centralization: the Governor General at Batavia had minutely controlled the whole government of the Empire, and he in turn had been under the strict supervision of the Government of Holland. The reforms gave the colonial government the power to regulate Indian internal affairs, subject to the ultimate control of the Government of Holland which also had charge of

imperial interests and foreign policy. All ordinances passed by the Indian Government could be suspended by the Crown acting on the advice of its ministers, and the States General retained the right to veto them. The former very wide power of legislation possessed by the Crown was greatly restricted. The States General retained the right to legislate; but it was required first to consult the Indian legislature. The right to draw up the budget was transferred from the Government of Holland to that of the Indies, but the approval of the States General was required before the budget could be put into effect. The Governor General continued to be appointed by the Government of Holland and carried on his administration in accordance with its instructions. He remained completely responsible to the Minister for the Colonies who in turn was responsible to the States General. Under the new regime the minister would lay down the broad outlines of policy and exercise a general supervision, but he would not interfere in the details of the administration which would be left to the Governor General. A strong demand has arisen in the Indies for a greater degree of independence, and the conquest of Holland by Germany has strengthened this development.

The structure of government is still highly centralized and bureaucratic. The Governor General has very extensive authority, administrative, legislative and financial. He is assisted by an advisory body, the Council of the Netherlands Indies, and also by the General Secretariat and the various department heads. His legislative and financial powers are exercised in collaboration with the Volksraad, some of the members of which are elected and the remainder appointed. The possession is divided into six major administrative units with a governor at the head of each. Java constitutes three provinces (not including the native states of Solo and Djokjakarta which are under a separate governor); and in 1938 three governments were established in Sumatra, Borneo, and the "Great East," which includes the rest of the Outer Territories. In the three Javanese provinces deliberative councils exist; but in the three governments the government is autocratic. The governors carry out their duties under the control of the Governor General; and each province or government is divided into residencies under a Dutch Resident. The residency in turn is subdivided into smaller areas, each of which is under a Dutch Assistant-Resident. In Java but not in the Outer Territories there is also a Javanese Regent and a Regency Council. This description applies to the parts of the Islands where the former princes have been dethroned and direct rule established. About 7 per cent of Java and slightly more than half of the Outer Territories have been left under their traditional rulers. There are 282 native states which differ very widely in size and importance, from the ancient principality of Djokjakarta with 2,500,000 inhabitants to the illiterate raja who rules over a handful of villages with a few hundred inhabitants. In theory the native states conduct their own internal affairs with the assistance of Dutch officials; but in practice they have not much more self-government than the areas which are under direct control.

The Governor General has a burden of work which is almost overwhelming. Decentralization, that is the creation of the provincial governments, has not appreciably lessened his administrative responsibilities, since little power has been delegated to them. The establishment of the Volksraad has made his task heavier, since he has now to answer its criticisms and gain its cooperation. Usually but not invariably he has been in public life in Holland, and he has frequently had previous experience in some branch of the government services in the Indies. He is appointed by the Crown on the advice of the Ministry, and by custom his term of office is five years. The Governor General appoints and dismisses all officials with the exception of a small number who are appointed by the Crown. These are the members of the Council, the Chairman of the Volksraad, the President of the High Court and the members of the Auditing Chamber. The Governor General lays down the policies of the government, subject to his instructions from Holland. He supervises the administration of the governors and also the work of the technical departments. He approves the legislative program and the financial measures which are laid before the Volksraad and keeps in close touch with its proceedings. He has also the right to legislate by decree, and in times of crisis he may exercise wide emergency powers.

The Governor General is advised by the Council of the Netherlands Indies, which is composed of four Dutch officials and one Indonesian member of the Volksraad who are appointed by the Crown. The Governor General is required to consult the Council on certain questions such as the enactment of ordinances upon his sole authority; but on all other matters consultation is optional. The Governor General may disregard the advice of the Council except in a few cases such as sentences of exile, when its assent is required; but usually he is greatly influenced by its opinion. In times of serious emergency he may act without waiting for its decision.

The General Secretariat has come into being because it is physically impossible for any one man to discharge the multifarious duties of the Governor General. It acts as an intermediary between him and the various organs of government, advises him upon all questions which are laid before him, and has acquired a far greater influence than the Council or the department heads. In its main purpose the General Secretariat resembles the department of the Colonial Secretary in a British Crown Colony. There is however the very important difference that in the latter the principal department heads are members of the Executive Council and can lay their views before the Governor in person. In the Indies they are not members of the Council, and must submit their proposals through the General Secretariat which transmits them with whatever criticism and advice it considers advisable. The lack of direct and frequent personal contact between the Governor General and his department heads is one reason for the lack of closely-knit unity of direction in the central government. Another is that the various departments are divided among the three cities of Batavia, Buitenzorg and

Bandoeng, so that the Governor General perforce exercises control at a distance and through writing.

The Volksraad was established in 1918 and is composed of sixty-one members, including the Chairman who is appointed by the Crown. There are 30 Indonesian, 25 Dutch, one Arab and four Chinese members. All must be Netherlands subjects and inhabitants of the Indies; the term of office is four years. Twenty of the Indonesian, 15 of the Dutch and three of the foreign Asiatic members must be elected; while the rest are appointed by the Governor General in consultation with the Council of the Netherlands Indies. The system of election is both communal and indirect. The European, Indonesian and foreign Asiatic members of the provincial, regency and municipal councils form separate electoral colleges to choose their communal representatives. While the Europeans and foreign Asiatics each form a single electoral college throughout the Indies, the Indonesians are divided into twelve electoral circles of which four are in Java, four in Sumatra, and one each in Borneo, Celebes, the Moluccas and the Lesser Sunda Islands. When the Volksraad is not in session its functions are carried on by the College of Delegates, a body of fifteen members elected by the Volksraad from its own membership on the basis of proportional representation. Laws affecting the internal affairs of the Indies are enacted by the Governor General after consultation with the Council and with the concurrence of the Volksraad. Under certain conditions he may pass ordinances on his own authority after consultation with the Council, for example if the Volksraad has not agreed to a bill when urgent circumstances require immediate action. The Volksraad may initiate legislation but usually leaves this to the Governor General. It must approve the budget, and if a deadlock develops between it and the Governor General the question is settled by the States General. The Volksraad has the rights of petition and interpellation, but while it may criticize the executive it has no control over it.

Each of the three provinces of Java is under a Governor, a Provincial Council and a Board of Deputies. The Governor supervises the administration and presides over the meetings of the Council and the Board. He is responsible to the Governor General and also to the Council for the daily policy and administration of provincial affairs. The Council is composed of Netherlanders, Indonesians and other Asiatics, some of whom are communally elected and the rest appointed by the Governor General. The elected representatives are chosen by the members of the regency and municipal councils in the province. The Council may legislate on such matters of local concern as have been delegated to it by the central government. The Governor General must approve all financial measures, and he may also suspend or veto any act which he considers to be in conflict with the general interest. The Council elects a Board of Deputies of from two to six members who may or may not be on the Council. They carry on the provincial administration in collaboration with the Governor and are responsible to the Provincial Council.

The province is divided into a varying number of residencies, each of which is administered by a Dutch Resident under the control of the Governor. He is assisted by Dutch Assistant-Residents, and also by Javanese administrative officers of whom the most important are the Regents. In the past the position and functions of the Regent have been among the most striking and successful features of Dutch administration in Java. Throughout the greater part of the island the former princes have been deposed and direct Dutch rule has been substituted. To this extent the system of government is the same as in many of the British dependencies; but it differs from it in the use of the Regent as an intermediary between the Dutch official and the Javanese whom he governs. The real power lies with the Resident or Assistant-Resident, but as far as possible he acts through the Regent who receives his instructions privately in the form of advice. His prestige is carefully safeguarded, and to the small cultivators who form the vast majority of the population it still seems that he is actually in control. The Javanese, like the Malays, have a strong aristocratic tradition and vastly prefer to be ruled by a man of good family. The Regents are usually chosen from the former ruling families and often possess much personal influence over their people. They are rarely wealthy and depend mainly on the salary and pension which they receive from the Dutch Government. This factor ensures their loyalty, together with the great prestige which the office carries with it and the care with which the Dutch select officials of whose allegiance they are assured. The Regent is assisted by minor Javanese officials, all of whom have been carefully trained in one of the administrative schools and hope eventually to be promoted to a regency.

The Regency Council is composed mainly of Indonesians, the remainder being Netherlands and foreign Asiatics. Some of the Indonesians are chosen indirectly by electors, who in turn are elected by all Indonesians who paid taxes during the previous year. The other members of the Council are appointed by the Governor General on the recommendation of the Regent. The Council decides questions of local interest, but tax measures require the approval of the Governor General. It also elects a Board of Deputies which together with the Regent supervises the village governments. The Regent is responsible both to the governors and the Council. The substitution of election for appointment of some of the members may in the end radically alter the position of the Regent. He has not been popular with Indonesian nationalists, and some of them who have been elected to the reformed Councils have mustered enough support to overrule him—an unheard of situation under the old regime. In the end this is very likely to weaken his position which has rested partly on inherited prestige. The abler descendants of the old aristocracy are showing a tendency to turn away from an official career to others which offer them greater liberty and independence.

Nearly nine-tenths of the population live in villages, which are the basic units of administration. Each village elects its own headman and council of

elders, who allocate the communal land and manage local affairs in accordance with ancient customs. The headman collects the taxes, sees for example that sanitary regulations are observed and village roads kept in order, and has petty civil and criminal jurisdiction. *Adat* or customary law governs nearly all cases in the village courts as well as in the superior native courts. Urban areas are excluded from the control of the regency government, and are administered by an elected mayor and municipal council. The municipality is under the supervision of the provincial Board of Delegates and the Governor General.

The government of the Outer Territories is in process of reorganization. In 1938 the area was divided into the three Governments of Sumatra, Borneo and the Great East, each of which is administered by a Governor, who is under the control of the Governor General. The system of organization resembles that of Java, each government being divided into smaller administrative areas under Residents, and these in turn being further subdivided into districts under Assistant-Residents and Controleurs. The Regent does not exist in the Outer Territories, and there is no native intermediary between the Dutch official and the people he governs. Instead of establishing Provincial and Regency Councils the Dutch propose to make use of the existing native political organizations, and gradually to develop confederations of communities where the separate units are too small for effective administration. Councils with an Indonesian majority will be set up in these areas and will be given much wider powers of control over local affairs than have been granted to the Regency Councils.

The most striking feature in the legal field is the very great attention which is paid to *adat* or native customary law. The Dutch have gone much further in this direction than the other colonizing nations; and the result is a strongly-marked dualism in the judicature. Broadly speaking there are two sets of courts, one applying *adat* law (modified as regards, *inter alia*, procedure and penalties in order to conform to Western ideas) to Indonesians and foreign Asiatics, and the other applying Dutch law to Europeans, most Eurasians, Japanese, Chinese and those natives who have voluntarily transferred themselves from customary to Dutch law. The native courts are (1) the village tribunals with petty powers, (2) the regency and district courts for minor civil and criminal cases, and (3) the *landraad*, which is the general court for civil cases involving natives and criminal cases involving natives and foreign Asiatics. The chairman of the latter is usually a Netherlander who may be either a judicial or an administrative officer, and he is assisted by a Regent and important native chiefs. The lowest court for Europeans is the residency court, from which there is an appeal to one of the Councils of Justice which are established in six of the principal towns. These courts have also original jurisdiction, and hear appeals in customary law cases. The final court of appeal for both European and *adat* law cases is the High Court at Batavia.

The pre-1939 defense system of the empire was weak: a small squadron of cruisers, destroyers and submarines, a limited air force and a standing army of about 37,000 supplemented by some 33,000 reservists. Military service was compulsory for all Netherlanders in the Indies. After 1936 expenditure upon defense was sharply increased; but the outbreak of the war caught the empire unprepared since the program of rearmament was not intended to be completed until 1944.

The ordinary revenue of the Netherlands Indies in 1937 was 402,300,000 guilders ($221,265,000), the expenditure 366,900,000 guilders ($201,795,000) and the public debt 1,402,000,000 guilders ($771,000,000). Over a quarter of the revenue came from the government monopolies of opium, salt and pawnshops and the profits from government industries such as cinchona, tin, rubber, timber and railways. The principal taxes were excise, import and export duties, income and excess profits taxes and land rent. Particularly during the present century the Dutch have achieved impressive results in improving the material condition of the Indonesians, with the result that today Java supports ten times as many inhabitants as it did 130 years ago. Like the British, the Dutch have attached great importance to good roads and railways. The area covered by irrigation works has been greatly extended, and the accomplishments have been outstanding in agricultural research and propaganda among the Indonesian cultivators. The Dutch have developed an extensive system of government banks and pawnshops to meet the problem of the moneylender with his extortionate rates of interest. Native land rights have been carefully safeguarded, and the regulations for the protection of plantation labor are of a high order although somewhat inferior to those in British Malaya. The medical and health services are very good, although rural has lagged behind urban hygiene as it has everywhere in South East Asia. Schools are largely a 20th-century development, and in 1937 six per cent of the expenditure was upon them. The Dutch policy has been to provide vernacular education for the masses and Western education for the future leaders. Entrance to the Dutch-language schools has been restricted, a high proportion of the Indonesian pupils admitted being the sons of Indonesian officials.

The democratic reforms have far from satisfied the nationalists. A high proportion of the elected Indonesian members of the councils and the Volksraad are officials, the same man often serving on several of them. One reason is the small number of educated Indonesians outside the ranks of the civil service. The system of indirect election also has the effect that the majority of the elected Indonesian members of the Volksraad are chosen by the provincial and regency councils, many of the members of which are officials, and not by the municipal councils. The nationalist movement has its strength mainly in the towns and has little support among the agricultural nine-tenths of the population. About 1938 only eight of the thirty Indonesian members of the Volksraad were nationalists. This was by no means an accurate

representation of the small minority of politically-minded Indonesians. The nationalists have also complained loudly about the very limited powers of the Volksraad, and the extent of the authority retained by the Governor General and the Government of Holland. There has been a feeling of ineffectiveness and uselessness; though careful examination of the facts shows that the Volksraad has had a considerable degree of influence. The Governor General has made only a sparing use of his independent powers, and in the vast majority of legislative measures he has acquiesced in the wishes of the Volksraad. The nationalists have also attacked the strict censorship of the press, the rigid control of freedom of speech and freedom of assembly, and the extensive use of police surveillance, arrest and imprisonment to control suspect political societies.

Note

1 The total population in 1940 was estimated at 70 million.

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NETHERLANDS INDIA'S 'NEGLECTED' ISLANDS

Jack Shepherd

Source: *Far Eastern Survey* 9(15) (1940): 171–7.

Few characteristics of the Dutch Empire in the East are more striking than the extraordinary contrast between the small rich central islands of Java and Madura, on the one hand, and the vast scattered maze of relatively poor islands which make up the rest of the territory, on the other. Java has long been the principal focus of economic activity in this part of the world, even before the coming of the European, and the amazing fertility of its volcanic soil and its equable climate have led to a concentration of population far greater than in any other part of the archipelago. Of more than 60 million inhabitants counted at the 1930 census for the whole of Netherlands India, over 40 million were resident in Java and Madura. Yet these two islands make up only 7% of the total area of Netherlands India.

The territories which account for the other 93%, known technically as the Outer Provinces, and often as the Outer Islands, are usually dismissed in a few words in popular surveys of the Dutch Empire and its problems. In this sense they are truly "neglected" islands. One purpose of the present survey, however, is to examine these Outer Islands a little more closely than usual and to see whether their relative backwardness is due to a more serious sort of neglect—neglect on the part of those who rule Netherlands India—or whether it results from limitations upon development inherent in the character of the islands themselves. A secondary purpose is to show how closely these islands are tied in to the economy of the whole Dutch archipelago.

The Outer Islands extend over an enormous expanse of sea—broader than the United States from east to west, and stretching from north to south over 1,250 miles. They lie like an intricate screen to the north, east and west of Java, a fact which would be of considerable strategic importance in the event of external aggression from any of these directions, especially since the straits by which the island screen is broken are all narrow, rather hazardous

for navigation and could probably be blocked to an enemy by the use of coastal batteries and even a modest naval defense force. The islands range in size from tiny coral atolls to great land masses like Borneo, the Dutch part of which is almost as large as France, and Sumatra, which equals in area the state of California. The island of Celebes, covering, with its outliers, an area of nearly 73,000 square miles, is a good deal larger than the state of Washington, while on the island of New Guinea the Dutch hold 153,000 square miles of territory, an area equal roughly to that of Japan.

For purposes of discussion the Outer Islands may most conveniently be grouped according to the administrative pattern laid down by the Dutch in July 1938, when the territories outside Java and Madura were reorganized into three "Gouvernements"—one for Sumatra, one for Borneo and the third for the very miscellaneous collection of islands now known as the Great East. From many points of view Sumatra is much the most important of all the Outer Islands. But as developments in this island will form the special subject of a later report in this magazine, in the present survey only general references will be made to it. At this stage it is enough to mention two major geographical points about Sumatra: The first is that, like Borneo and New Guinea, the island consists of a central core of rugged, heavily-timbered, mountain country surrounded by lowlands of a predominantly marshy character covered by thick jungle. Here and there, however, stretches of fertile soil occur, greater than any in the other Outer Islands, and making possible very extensive agricultural development in recent times.

A second major geographical aspect which has influenced the history of Sumatra through the centuries is that its eastern coast extends along the Straits of Malacca opposite the Malay Peninsula. Through these straits lies the shortest sea route between the Far East and Europe. As one commentator has said, "this channel is marked out by nature as a commercial center and, from the beginning of history, wealthy cities on one side or the other, Shri-vijaya (Palembang), Malayu (Djambi), Malacca and Singapore, have held successively this gateway between East and West." Strategically as well as economically this fact is of prime importance, since dominance of the Straits of Malacca is likely to mean control of the East Indian Archipelago. The peaceful Dutch have let the naval dominance of this area pass to the British at Singapore, but a less well disposed power holding the island of Sumatra might well seek to restore control of the Straits to its western shore, neutralizing or destroying the power of Singapore.

Finally another reason for Sumatra's outstanding position among the Outer Islands should be mentioned—the island's rich mineral resources, the exploitation of which is well under way. Most important of these is the petroleum of the Palembang region and the northeast coast, with the coal of Ombilin and Boekitasem occupying a very secondary position. Closely associated with Sumatra, however, are the islands of Banka, Billiton and Singkep, off the east coast, long famous for their tin. Bauxite deposits occur

in the Riouw Islands, also off the east coast of Sumatra, near Singapore, and exploitation of this ore was begun in 1935.

In point of area Borneo is the greatest of all the Dutch holdings in the East even though the northern part of the island is held by the British North Borneo Company and the British protectorates of Brunei and Sarawak. Yet the Borneo environment is not conducive to rapid European penetration, even for the purposes of exploitation, not to mention settlement. Much of the interior is mountainous, rugged, heavily wooded and difficult of access, while around the greater part of the coast extend broad swathes of almost worthless mangrove swamp. The basins of the rivers which flow down from the central mountains into the Java Sea form low-lying plains which extend far into the interior, but much of this low country is inundated during the rainy season, and ground suitable for rice cultivation is to be found only far inland. The most important of these river basins is that of the Barito, and on one of the Barito's lower tributaries, in the foothills of the Meratus Mountains, is Bandjermasin, capital of the new Borneo Gouvernement.

Another of the more accessible areas where a degree of development has been possible is in the vicinity of the Mahakam delta, on the east coast. Here there is some good rice land, to provide a local food supply, and just to the south petroleum is found and shipped from the newly developed port of Balikpapan. The island of Tarakan, up near the northeastern corner of Dutch Borneo, has also acquired special importance because of its petroleum deposits which are now being exploited on a large scale. The third main center of economic activity in Dutch Borneo lies in the west, near the Sarawak border. Chinese played a pioneer role in this region, drawn there long ago by the presence of gold and diamonds, supplies of which are now much depleted. This part of the country also lends itself to the growing of coconuts, especially round the town of Pontianak on the Kapoeas, third of Borneo's great rivers. Mention should also be made of coal deposits occurring in southeastern Borneo already developed on a considerable scale and likely to become more important in the future since there are also iron fields nearby. The significance of these mineral resources of southeast Borneo was considered in another report in a previous issue.

The remaining islands, grouped together politically as the Great East, are so varied in their geographical character that only a very sketchy and inadequate account can be given of them in small compass. They can best be remembered as falling into four divisions. First there is the long chain running due east from Java, known as the Lesser Sunda Islands. This chain includes Bali of tourist fame, Lombok, Sumbawa, Sumba, Flores and Timor, to name only the largest. North of this group and east of Borneo lies the curious cluster of peninsulas, somewhat resembling a battered swastika on the map, which is known as Celebes. East again of Celebes come the scattered Moluccas, once famous as the Spice Islands. Finally, furthest east of

all, is situated the great land mass of Dutch New Guinea with its bird's head peninsula (Vogelkop) jutting out into the midst of the Moluccas.

Examining these four groups in turn, it will be found that Bali and Lombok are the most fertile and economically the most important of the Lesser Sunda group. More densely populated than any other part of the Outer Provinces, they are given over to the cultivation of such crops as rice, coconut and some cotton, all mainly for domestic consumption; the rearing of livestock is also important. The islands further eastward are poorer although maize is cultivated extensively for local use and horse breeding is carried on especially in Sumba and Sumbawa. In Timor, the eastern end of which is owned by Portugal, there are important stands of sandalwood. The whole Lesser Sunda chain is a region of active volcanoes.

Celebes is peculiar among the larger islands of the Netherlands Indies in that it is predominantly mountainous with very little low-lying country save in the central part. The mountains rise as high as 10,000 feet and some of them are active volcanoes. The uplands and the valleys are very heavily wooded, offering a wealth of timber for exploitation and other forest products. A good deal of ebony has been taken from the southern part of the island and more recently important stands have been opened up in the far northern Menado Residency. The coconut flourishes, coffee cultivation has been introduced on considerable scale in the highlands, while maize is grown extensively at lower altitudes. Celebes is also rich in minerals; gold and silver have been exploited in the Menado Residency in the north and other deposits are known in the central part of the island. Copper and manganese occur in the northeastern peninsula, and nickel deposits have been discovered near the head of the Gulf of Boné which separates the southeastern and southwestern peninsulas. In the central part of the southeastern peninsula there is a coal deposit yet to be developed. Natural asphalt is worked on the island of Boeton off the extreme southeastern corner of Celebes. The central position of Celebes in the eastern part of the Dutch archipelago has contributed to the development of its principal port at Macassar, now the seat of government for the Great East and a trade entrepôt of considerable importance.

Third of the four groups of territory making up the Gouvernement of the Great East is that known today as the Moluccas. This group includes a number of islands whose names were words to conjure with during the 16th and 17th centuries—Ternate, Tidore, Ceram and Amboina. From these places came spices for which Europe clamored; Spain, Portugal, England and Holland wrestled with each other in turn for the monopoly of a trade which yielded enormous profits, intriguing with native potentates to whom, at first, the coming of the European merchants brought great wealth and power. The islands are for the most part mountainous, dotted with active volcanoes and heavily wooded. Their soil is not particularly fertile and this fact, along with the rugged and inaccessible character of the larger islands, renders them

unsuitable for any sort of large-scale agricultural development. Apart from the spices which first made them famous—nutmeg, mace and cloves—the other main crops whose cultivation is characteristic of the Moluccas today are copra, rice and sago, the latter two mainly for domestic consumption. The Moluccan forests yield not only timber but other forest products, notably damar gum, and cajeput oil. The latter is distilled mainly on the island of Buru and is esteemed for its medicinal properties throughout the Orient, even being used to some extent in Occidental pharmacy. The seas around the Moluccas are also important for their yield of pearl and other shells, and trepang or bêche-de-mer, much valued as a food by the Chinese. The known mineral resources of this part of the archipelago are limited to some petroleum found in the eastern part of the island of Ceram.

Largest in area, but least known and so far of least economic importance among the territories composing the government of the Great East, is the Dutch portion of the island of New Guinea. This is a forbidding land, its coastal areas swampy, fever-ridden and covered by almost impassable jungle; its mountainous interior inaccessible and as yet almost unexplored. Damar gum and bird-of-paradise plumes constitute almost the only natural resources of the territory which have yet been exploited with any degree of success; evidence of the presence of petroleum has been found in a number of places, but a payable strike has yet to be made.

How poor or how rich Dutch New Guinea may be in other natural resources no one knows since the preliminary work of exploration and pacification has not been carried very far. For the present it remains very largely an unknown land of which only the fringe has been touched by Dutch influence. As was pointed out last November in this journal, it is signs of keen Japanese interest in New Guinea which have spurred the Dutch to greater effort in opening up this most inhospitable of all its territories.

All in all the natural resources of the Outer Islands, particularly if Sumatra be excluded from the reckoning, do not make up a very formidable total, and when they are compared with Java, it is not surprising that the latter should have attracted the principal attention of the Dutch after the heyday of the Moluccan spice trade had passed. It is significant that even the pre-European immigrants to the East Indian Archipelago flowed in vastly greater numbers to Java and Madura than to the other islands where the environment was less favorable and where it was harder to wrest a living from the soil. This very natural preference of the pre-European peoples for the smaller, richer islands is of more than academic interest today since it accounts very largely for the unevenness of the present distribution of population over the archipelago; and the fact that Java is crowded and the other islands sparsely inhabited helps in turn to account for the relatively greater progress made in Java by the Dutch. Unlike the earlier immigrants, the Dutch came to the Indies not to settle but to exploit them; the process of economic exploitation demanded an adequate labor supply. In Java an ample

labor force was available, but in the Outer Islands an acute labor shortage has always been one major factor retarding development even where there were natural resources to be exploited.

The population distribution figures from the 1930 census suggest very strikingly the contrast between Java and the Outer Islands in respect to the availability of labor. The density in Java ranges from 800 to more than 2,000 persons per square mile, whereas in Borneo the average density is only 10.5 persons per square mile, in Celebes 58, and in Sumatra about 31. For the Moluccas the figure is lower still, and only in Bali, of all the Outer Islands, does the population density approach the Java level. Of course crude figures of average population density do not constitute an adequate index of the manpower available in the various areas, but more detailed analysis of the situation only serves to emphasize the contrast which the figures suggest.

In Borneo, for instance, the population includes a large proportion of wild, nomadic Dyaks whose value as laborers, agricultural or otherwise, is negligible. Of course there are exceptional groups in the Outer Islands, such as the Minahassa people of northern Celebes, who are Christians, with a higher proportion of literates than any other native group in the Indies, and who are much in demand as employees in commerce and government. But it remains generally true that in quality as well as quantity the labor supply available in the Outer Islands is seriously deficient by comparison with that available in Java. This fact along with the relative poverty of the Outer Islands must be borne in mind when an explanation is sought for any apparent neglect of the territories by the Dutch.

Actually there are certain factors which have operated, especially in recent years, to counteract the effects of maldistribution of population and of labor over the archipelago. The earliest of these factors was the coming of the Chinese. The great majority of the Europeans and of the native Indonesian people in the Indies are concentrated in Java and Madura, but of the million and a quarter Chinese who constitute the most important of the other racial groups in Netherlands India more than half are scattered over the Outer Islands. About one third of all the Chinese are now located in Sumatra, about 134,000 of them in Borneo and 68,000 in the territory of the Great East.

The role of the Chinese in the development of the Outer Islands has been especially significant and the case of Borneo may be mentioned as an illustration. There is evidence of Chinese contact with northern Borneo as far back as the 7th century A.D. and of extensive Chinese immigration to the island since the 15th century. Malay chieftains encouraged this immigration, chiefly with a view to using the Chinese in developing the mineral resources of the country, especially gold and diamonds. Other Chinese engaged in the production of export of pepper, and it has been said that "the flourishing condition of Borneo in the 16th and 17th centuries was largely due to the energy of Chinese settlers and to trade with China." Today the Chinese are

still the most valuable human element in the economic life of the island, especially on the west coast. In the town of Pontianak, for instance, they formed 33.8% of the population in 1930, and the bulk of the shopkeeping, trading and alluvial mining is in their hands. At Tarakan, the petroleum center in northeast Borneo, they also play an important role as laborers and constitute more than a quarter of the population. Many of them have also penetrated well into the interior where they engage in agriculture.

It should be noted, however, that the Chinese for the most part are independent producers and traders, rather than employees of European companies. Of the 332,439 coolies employed on European estates in the Outer Provinces at the beginning of 1939, only 26,067 were Chinese, and of these about a third were contract coolies, the rest being free laborers. A more important part of the labor force required for European enterprises in the Outer Islands has been drawn from Java. Indeed the transfer of native workers and their families from overcrowded Java to the other islands where their labor is much in demand has become one of the major phases of the Dutch administration's policy.

The large-scale program of resettlement now under way in Netherlands India was described in a recent report in these pages. As was pointed out at that time, government initiative has been necessary to effect even relatively small transfers of population, since the Javanese, even under the pressure of economic distress, have been reluctant to go from their native soil to unfamiliar lands where a demand for their labor would be more assured. This government-encouraged migration is designed not only to relieve population pressure in Java, but also to help solve the problem of labor shortage. It is significant that the migration policy has been carried furthest in Sumatra. The other islands, however, are also feeling the benefit of the policy. In Borneo and Celebes the exploitation of forest resources has been intensified as a result of the possibility of the establishment of several colonies of Javanese workers. Although Javanese labor has been used in Sumatra ever since 1905, the first Javanese colonies were established in Celebes and Borneo as late as 1937 and 1938. Some 8,000 Javanese had settled in these two islands by the end of 1938, and the 1940 colonization program provides for the settlement of 11,000 in Celebes and 8,000 in Borneo.

A rather special type of colonization has been attempted in Dutch New Guinea, the least hospitable of all the island territories. Here small colonies of Indo-Europeans (Eurasians) have been set up during the past ten years under the auspices of two private associations, aided for a time by government subsidies. These colonies are comparatively small and none of them has been conspicuously successful. Their chief importance lies, perhaps, in the practical illustration which they offer of the difficulty of colonizing the Outer Islands without the most thorough preparation, careful government supervision and liberal funds.

Despite the limitations upon economic development imposed by scarcity of labor and environmental difficulties, the Outer Islands have come to assume a very important position in the economy of the whole Dutch empire in the East. Since 1933 an average of roughly two thirds by value of the entire exports from the Netherlands Indies have originated in the Outer Provinces. In 1939 the total value of exports from all of Netherlands India amounted to 774 million guilders, of which the Outer Islands accounted for 498 million guilders. Before 1933 the share of the Outer Islands in the export trade was somewhat smaller, averaging about half of the total. During, and even after, the depression, prices for the principal export products of the Outer Islands were relatively more favorable than those of Java, a fact which also accounted for the more rapid economic recovery in the Outer Provinces. On the import side Java and Madura, with their much greater population have, of course, always taken the greater share. Total imports for Netherlands India in 1939 were valued at 560 million guilders of which only 169 million guilders were absorbed by the Outer Islands. Over the past decade the proportion of imports taken by the Outer Islands has averaged about one third of the annual total.

As these export and import figures will suggest, the Outer Islands have constantly enjoyed a more favorable trade balance than Java and Madura. Even during the depression years the Outer Islands maintained a substantial excess of exports, while in the case of Java and Madura the balance was consistently negative from 1929 through 1935 and again in 1937. This divergence between the two parts of the empire goes back for many years, but has been accentuated since 1929 by the shrinkage in Java's sugar exports and the increase in shipments of rubber and petroleum from the Outer Provinces. Closer examination of the export trade of the Outer Islands reveals the overwhelming predominance of the produce of Sumatra, where European enterprise has penetrated on the largest scale. The produce of the other territories which form the principal subject of the present discussion, however, are also of considerable importance.

With the drastic falling off both in volume and value of Java sugar exports during the past decade, petroleum has come to the fore as the most important item among Netherlands Indies exports. Almost the entire output of this vital commodity comes from the Outer Islands, and this fact alone has vastly increased their relative importance in the economy of the group. Sumatra and Borneo account between them for the bulk of the oil exports, Borneo's share amounting in 1938 to about one quarter of the total. Formerly the proportion of petroleum from Borneo was much higher—about half, up until 1933—but despite a marked decline in production over the past ten years, eastern Borneo still remains one of the world's great oil-producing centers. Small quantities of oil are also obtained in Ceram, in the Molucca group, and New Guinea may become important in the future.

Rubber ranks second only to oil among the export products of the Outer Islands. Again Sumatra is much the most important rubber producer, accounting for about 60% of the total output. But Borneo also contributes an important share of the exports, as much as one fifth in some years, and further small amounts are produced in Celebes. In passing, it should be noted that rubber cultivation in the Outer Provinces, as distinct from that in Java, is characterized by the predominance of independent native production over that of European-owned plantations. The area of native rubber gardens in the Outer Provinces in 1938 amounted to 681,187 hectares out of a total area planted to rubber of 938,891 hectares. As one authority has put it, rubber "offers the most conspicuous example of progress in native cultivation . . . especially in the Outer Provinces, where many native rubber planters keep in close touch with the European market, maintain banking accounts and settle their bills with cheques."

Tin ranks next in value among the export products of the Outer Islands, the entire Netherlands Indian output of this strategically vital raw material coming from the islands of Banka, Billiton and Singkep, which lie off the east coast of Sumatra. Copra, the dried meat of the coconut, is tin's nearest rival in terms of export value. The island of Celebes is the chief center of copra production in the archipelago, contributing 317,636 metric tons of a total of 565,483 tons exported by the Dutch islands in 1938; Sumatra contributed a further 145,569 tons, Borneo 73,429 tons and small additional quantities came from Java, the Moluccas and the lesser Sunda Islands. Quantitatively Java's output of tobacco exceeds that of the Outer Islands, but the finer quality of the leaf from Sumatra makes the value of the latter's exports of this commodity the higher of the two. The Outer Provinces, especially northern and eastern Sumatra, also help to make Netherlands India one of the world's leading exporters of palm oil. While Java produces the greater part of the tea exported from Netherlands India, the plantations of Sumatra provide a significant proportion of the total—18,302 metric tons out of a total of 81,329 metric tons in 1938. Hard cordage fibers, of which sisal is the most important, are produced mainly in Sumatra, while rattan, a king of cane used in the making of furniture, comes in large quantities from Celebes, south and east Borneo and Sumatra and forms another important item in the Netherlands Indies export list. Rattan exports were valued at 2.4 million guilders in 1938.

The great forests which cover almost 70% of the total area of the Outer Islands are another important source of wealth to the Netherlands Indies. Apart from ordinary timber and firewood which make up a large part, both by value and volume, of the total exports of forest products, the Outer Islands also yield a number of special woods of high value such as stripped ebony from Celebes, and camphorwood and sandalwood from the Great East. Secondary products from the island forests include valuable resins such as damar, copal and benzoin. It is worth noting that the colonial government has built up over

the years an elaborate forestry service which supervises the exploitation of the islands' forest wealth, sees that it is not unwisely depleted and carries out research to insure best possible utilization of these valuable resources.

The spices which once were the principal attraction luring Europeans to the Indies no longer occupy the position of primary importance which they formerly held in the economic life of the islands, but Netherlands India still ranks as one of the world's principal sources of supply for cloves, nutmeg, mace and pepper. The cultivation of cloves is concentrated at Amboina and Saparua in the Moluccas; the most important source of nutmeg is the island of Banda in the same group, although it is also grown as a catch crop in Java; and pepper is grown both in Borneo and Sumatra. The total value of spice exports exceeded 12 million guilders in 1938. Except in Java, the cultivation of spices still remains very largely in native hands.

Other products which figure among the exports of the Outer Islands include cinchona, the raw material for quinine, which is grown in Sumatra as well as in Java; maize from Celebes, areca nuts from Celebes, Borneo and Sumatra; pearl and other shell, gathered from the seas of the Great East and shipped abroad mainly via Macassar; sago from Sumatra; gambier, a tanning material, from Sumatra; and live cattle and pigs from Bali and Lombok.

This list of export commodities offers a yardstick for measuring the extent of European exploitation of the Outer Islands. Although a large proportion of many of these commodities is produced by native cultivators and in some cases only a negligible proportion by European estates, all of them have come to be important objects of European commerce, and thus a source of profit for those who control the islands. If an estimate of the intrinsic economic value of the Outer Islands were being attempted, however, some account would also have to be taken of a number of commodities produced mainly for domestic consumption, sometimes within the same island and sometimes in other parts of the archipelago. Many food crops are grown for domestic use, notably rice which is a staple item in the diet of the vast majority of the Indies population. In some of the islands of the Great East, maize and sago take the place of rice in the native diet and large areas are planted to these crops to meet the domestic need. Cassava, potatoes, peanuts, soya beans and a variety of other food crops are also in this list.

Despite the production of local food crops in all the Outer Islands, many of them need to import additional food supplies. This has led to the growth of a large intra-insular trade in foodstuffs, especially rice, Java distributing its surplus over a great many of the less fertile Outer Islands. Shipments of rice from Java to the Outer Provinces in 1939 amounted to 188,919 metric tons. A deliberate effort has been made, in recent years especially, to increase rice production to a point at which it would be sufficient to meet the needs of the Outer Provinces, making the group as a whole self-sufficient in this respect. A Compulsory Cultivation Ordinance was put into effect in September 1939 in order to insure the maximum use for food crops of suitable land not already

under cultivation in the Outer Islands. There is also a great deal of traffic in foodstuffs between the Outer Islands themselves, but this trade is too complex and detailed figures are too few to make any analysis of it possible here. It must suffice to point out that the domestic economies of the various islands of Netherlands India have become to an increasing extent interlocked, mainly as a result of this exchange of food supplies.

Another measure of the attention given to the development of the Outer Islands is the extent of the network of communications which they have built up over the years. The total tonnage of shipping of all nationalities plying coastwise and inter-insular routes in 1938 was 141.7 million. Of this total 112 million tons were of Dutch and Netherlands Indian registry. Inter-insular shipping traffic increased to such an extent in 1939 that the entire fleet of the Royal Packet Navigation Company (K.P.M.), part of which had been laid up for some time at Batavia, was again placed in commission and vessels were forced to travel at full speed in order to satisfy demands for cargo accommodations. The company was planning the construction of two new 8,000 ton vessels in 1940.

The Outer Islands have also been given the benefit of regular air communication with Java and the outside world, and the Royal Netherlands Indies Airlines (K.N.I.L.M.) has developed an exceptionally fine network over the archipelago. Regular services were operating by the end of 1939 over a total distance of more than 8,000 miles within the Indies and this year a new service has been commenced between Macassar and Amboina which forms the first section of a 4,000 mile line linking up the principal islands of the Great East, including New Guinea, with the rest of the archipelago. When this new service is in full operation the aerial network will touch practically every important center in Netherlands India.

It has been possible in the foregoing pages to mention only very briefly a few of the more important facts about the less well-known parts of Netherlands India; the picture is actually a far more complex one than any such brief survey as this can suggest and there are a hundred other phases of the Dutch effort in the outer part of their Eastern Empire, for example in education, which have not been touched upon here. Some indication has been given of the environmental difficulties hampering development of the Outer Islands and, more important still, the difficulties created by lack of an adequate labor supply. In the face of these difficulties much has been achieved by the administration and the efforts of European and native enterprise. The results are the more remarkable when it is remembered that the attempt to develop the Outer Islands was only really begun during the present century.

Today no charge of neglect of the Outer Islands can be fairly directed against the rulers of Netherlands India. Much remains to be done but the task of development is one of tremendous difficulty and progress must come slowly. It is not likely that progress would be more rapid in the hands of

another power than in the hands of the Dutch—if they are allowed to carry on their work undisturbed.

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THE SIGNIFICANCE OF NETHERLANDS INDIAN ECONOMICS

J. H. Boeke

Source: J. H. Boeke, *The Structure of Netherlands Indian Economy*, New York: Institute of Pacific Relations (1942), pp. 3–13.

The first questions that arise when one considers the theory of Netherlands Indian economics are: What place does that theory occupy in economic theory as a whole? What is its relation to that which is usually termed general theoretical economics but which I should prefer to call Western economics? Can it be regarded as a branch of this science? I believe not—for the following reasons:

Classical Western economics is based on certain fundamental principles, namely: (a) unlimited wants on the part of the economic subject; (b) money economy as the system under which the economic subject lives; (c) individualism as characteristic of the economic subject. These three fundamental principles are inextricably intertwined.

The first (a) makes imperative a regular and uninterrupted economic activity, causes a continual scarcity of the means by which wants may be satisfied, and forces the subject perpetually to choose which of his many wants he will satisfy and to limit himself as to the degree to which he will satisfy them.

It is, however, out of the question that with such a diversity of wants an individual should be able himself to produce everything he desires. The figure of the entirely self-sufficient colonist now and then depicted by economic theorists is an absurdity: the picture of an exchange-less economy is, under such circumstances, a caricature. If we accept the first fundamental proposition (a), we must posit a well-developed exchange, elaborate division of labor, production chiefly if not entirely for the market, and hence money—a money economy. And besides, the development of wants enhances the

importance of economic activity; each individual must perpetually endeavor to acquire the means of satisfying his wants. No one may neglect his own interests. And just as no state must get behind in the armaments race for fear of being trampled under foot by some other state, so one man's promotion of his own interests forces the rest to do likewise if they want to maintain their economic independence. Thus individualism grows, and economic interest assumes the sovereign position.

In all the above respects, Oriental[1] economics is essentially different from Western; and hence Western economic doctrines are not, or are only partly, applicable in the Orient: markets, price formation, the theories of demand and supply, of enterprise, of trade cycles, and so forth—in short all the important problems of Western economic theory—do not present themselves, or at most do so only partially and slightly to Eastern society.

The difference here referred to can be confirmed only by reference to facts. These we must examine, describe, and analyze. This is why Oriental ethnology and sociology are so significant for the student of Oriental economics. The consequences of colonial policies developed on Western lines may also prove educative, because of the painful surprises which such policies are apt to bring in their train.

Oriental economics in general is not only different from Western, but also more complicated, because here we are dealing with societies that touch and influence each other—two types of society, one of which answers to Western economic premises while the other does not.

Now, a clash between two social and economic systems, between two divergent views of life, is not found only in the Netherlands Indies. Wherever Western culture has penetrated Eastern lands without blotting out primitive Eastern or primitive culture, similar phenomena, similar complications are to be found. In regions like Australia, New Zealand and North America, homogeneous Western nations have developed as a result of the contact, because there the indigenous population has been exterminated, or else its humble remnants have been driven out of their habitats and settled on reservations, so that they exert no further influence on the social development of the country. But in Southern and Eastern Asia the case is different, and it is here that the phenomena defined above can be studied.

This limitation of the field shows clearly why its indication by the term "tropical colonial economy" is too limited and inappropriate. It is neither "tropical" nor "colonial," as we shall see later. What, then, shall we term it? Can we speak of "Eastern" economics? Hardly, for this kind of situation is also found in Central and South America, in Africa, in South-eastern Europe, and in Western Asia. Furthermore, its characteristic mark is that very contact between Western society and a society of a different stamp of which the Orient is only an example. Hence I prefer to speak of a dualistic economy.

But, then, what must we term the two component elements the contact between which creates the problems of the dualistic economy? They are

sometimes distinguished as native and foreign. If these words are intended to indicate population groups, they too must be rejected. The Western outlook on life and Western economic principles may also be represented by groups of the native population. A country may be homogeneous nationally, like Japan, China and India, and yet possess an economy that is dualistic in our sense of the term.

The only true and really cogent antithesis is represented by the words capitalistic and non- or pre-capitalistic. These terms have not as yet been generally adopted; and, besides, the word capitalistic in the Marxian terminology has acquired a critical and polemical connotation which is not easily got rid of—more's the pity. Nevertheless, it is worth our while to use it in a matter-of-fact and neutral sense. What, then, do we wish to express by these words—capitalism and capitalistic? In the first place, we must endeavor to apply them non-materially: capitalism is a philosophy of life, an attitude towards life; it is not a complex of outer phenomena but the mental urge that has given rise to these phenomena.[2] We must bring this out lest we should misinterpret the outer phenomena which will be discussed later. Both—capitalism, on which our Western social system is built, and economic theory with its factual basis, its dogmas and laws—are less than two hundred years old and only locally applicable, although the dynamic urge which both possess has caused their influence to be felt all over the world, and this in spite of the fact that, subjected to the action of this doctrine and these practices, the ancient Oriental civilizations have gone adrift.

In Europe, capitalism developed slowly, and economic history shows that the process of development was a gradual one in which several distinct phases may be discerned. In its full bloom, capitalism shows the following characteristics: developed mechanization, traffic, trade, organized and concentrated enterprise, mass production. On either side of this central configuration we see: looking backward—early capitalism with manual labor, only slightly developed mechanization and trade, local traffic, individual business with little capital, self-sufficient, independent local units, urban economy; and looking forward—late capitalism under which we ourselves live, in which the community comes more and more to the fore, in which all sorts of socialistic elements begin to mix and mingle with the capitalistic, where the pursuit of gain makes room for striving to supply common needs, where the individual subjects himself more and more completely and consciously to the community, while maintaining his spiritual freedom or not, as the case may be.

And earlier than all this, preceding the different capitalistic periods, separated from us by centuries, is pre-capitalism, which is the very opposite of capitalism in regard to all the above-mentioned points. There we find: communalism, original organic social bonds, *Gemeinschaft*; traditional class distinctions—a man is born to occupy a certain social status and never

dreams of trying to get into another; individual needs—at least those of the masses—are limited and modest; little or no exchange; goods—not commodities—are produced; individual production is based on individual labor, and its end is to satisfy private needs; there is no distinction, or at least no sharp distinction, between business and household; industry is cottage industry; there are no professional traders; the family, the joint-family, is the basic unit in respect to both production and consumption; one finds combination of business and joint labor (in the meaning attached to these terms by Bücher); and finally, economic and non-economic motives are intimately commingled, economics still being secondary, subordinate to religion, ethics and tradition.

Each of these different phases—from pre-capitalism to late capitalism—has in its turn colored the whole social fabric. Naturally, any given period still shows remnants of a previous stage as well as forerunners of developments to come. Still, taking it by and large, each phase may be said to be uniform, homogeneous. Society as a whole—all its expressions, whether spiritual or material, cultural or economic—evolves; there is harmony and coherence between the different social phenomena: one spiritual conception pervades all. This is how matters developed in the West.

In dualistic countries, on the other hand, we find precapitalism embodied in the indigenous social system even at the present date. This society presents all its characteristics. But here—in the Netherlands Indies for instance—it is brought into direct contact with capitalism in its full bloom, and this it is that gives it the double character which is indicated by the term dualism. We are here dealing with a clash between two social periods—a clash the economic aspect of which we shall discuss and analyze in the present paper under the name of "economic dualism," although it finds expression in other departments of life besides the economic—in legislation, in government, in the administration and formulation of justice, in social organization—as well as in men's conception of what they need, in their evaluation of things, in work and recreation, in religion and morals.

Now, it would be reasonable to ask whether the intermediate social period—that of early capitalism—is not also represented in the Netherlands Indies, and, if so, whether it would not then be more correct to speak of pluralism rather than dualism. Undeniably there exist in the social fabric of the Indies certain elements that are rooted in early capitalism. First and foremost among these are the non-indigenous Orientals, mainly Chinese. For among the latter we find such characteristic marks as handicraft performed as profession, exchange within the limits of a local market, unorganized industries with little capital, profit seeking and with it capitalism, mainly urban economy; in their associations a transition from the communal to the corporate, from the organic to the mechanic, from the clan to the *Kongsi*. For all that, it is not necessary or correct to regard this social group as representative of a separate phase. These people, in the Netherlands Indies at least,

have been absorbed by, and have become dependent on, the fully developed Western capitalism; they have become offshoots of this social economic system. Their independent handicraft industries have been turned into agencies of wholesale enterprises; their independent local traders have become agents for importers and exporters. They are losing the typical characteristics of the early-capitalistic handicraftsman, since they draw their raw materials from abroad, and since each is free to promote his individual economic interests with no guild regulations or city by-laws to hamper him. Even the native middle class, in so far as there is one, must be regarded, not as an early-capitalistic group, but rather as an organ of Western capitalism, the only role in which it becomes comprehensible.

The dualism of Netherlands Indian society

This antithesis between two social-economic periods in touch one with another in the Indies—this dualism—may be indicated in a variety of ways.

Town and village

First of all, it may be formulated as an antithesis between town and village, between world market and village economy. This is an entirely different contrast from the one current also in the West between urban and rural—an antithesis deriving its content from the contrasting interests of industry and agriculture. For the Western agriculture here referred to is itself capitalistic also, whereas the "village" is pre-capitalistic, is, in fact, a typical exponent of pre-capitalism. We have no longer any villages, in this sense, in the West; while in a colonial society "village economy" is simply another term for precapitalistic economy. And again, towns are unknown to precapitalism. In the Occident, during the middle ages, cities arose as products of early capitalism and in the course of their further development gradually carried the rural districts with them, destroyed the village economy and commercialized agriculture. To the Oriental social organism, left to grow along its own lines, on the contrary, the city is alien, at least in so far as in that society the above-mentioned precursors of capitalism are absent and hence there is no movement in that direction. That which under these circumstances is indicated by the term "city" is simply the court, the royal center or the military center—merely a consumer, living as a parasite on the village economy. Only on the fringes, along the open rivers and on the coast, where outside influences are felt and hence economic growth has begun, do we find the beginnings of real capitalistic centers, trading cities. But the connection of these cities with the interior is loose and not economically developed. The coastal cities impose tribute in kind and in labor on the interior. They have no free burghers, no citizens, but are ruled by the feudal nobility interested in trade. Besides these nobles, only foreigners take part in urban activity. The coastal cities have

their entrances and exits exclusively from and to the sea; their business is largely external transit trade. If this trade is removed elsewhere the city disappears, and its place knows it no more. These Eastern cities are not fed by trade from the interior; their disappearance is no loss to the interior—rather the opposite. Even now, the city in Oriental countries is a capitalistic enclave with an entirely separate life; we do not find small and middle-sized centers scattered over the country, as in Western Europe. We shall return later to a more detailed exposition of the contacts between Eastern cities and the economy of the villages in the interior.

In the Netherlands Indies the dualism does not appear so clearly as an antithesis between city and country as it does in other East Asiatic lands, because capitalism has not limited itself to trade (trade capitalism), neither has it in addition extended itself to industry (industrial capitalism)—two forms which both have their stronghold in cities, particularly large cities (as in India, China, Japan)—but has taken mainly the typical form of agricultural capitalism, with its stronghold in the rural districts and more or less closely in contact with the people.

To give the reader some idea of how few cities there are: in Java only 6 per cent of the population live in cities of more than ten thousand inhabitants, while in the Netherlands Amsterdam alone harbors 9 per cent of the population. If we call a settlement of five thousand persons a city, then Java and Madura have together 103 cities, which in the Netherlands—a country with one-fifth the surface area of these islands—would mean 20 "cities" instead of the actual 336. Of these 103 "cities" only nineteen have officially registered city limits.

In the British Indian census, also, a minimum of five thousand inhabitants has been adopted as the criterion for what constitutes a city. Yet, although it has been clearly determined that the way of life in many a small city differs in no respect from that in the larger villages, and although the "number of cities" includes centers of less than five thousand inhabitants (which, however, bear "the cachet of urbanity"), an analysis of the 1931 figures shows that only 11 per cent of the population live in such centers. By way of comparison, the census report gives as the figure for France, 49 per cent; for the United States of America, 56 per cent; for England, 80 per cent.

East and West

Another antithesis sometimes used to characterize colonial dualism—one already employed in the present study—is Eastern-Western. These terms do not really reach the heart of the matter, however; they are unscientific, arbitrary. In the United States people talk of the Wild West and the Far East, although in most cases the two regions indicated lie in the same direction as far as the speaker is concerned. Nevertheless, these words which lend themselves to current usage are serviceable. For, as it happens, "Eastern" lands are

those which may be regarded as typically pre-capitalistic, lands that have come in contact with the "West," which the "West" has penetrated. Rudyard Kipling has made these terms world-famous in his "East is East and West is West, and never the twain shall meet . . ." "East" and "West" here represent each a definite culture, a definite philosophy of life; but every one applies the term "East" unhesitatingly only to the countries of Southern and Eastern Asia. And since we shall be dealing exclusively with those lands we may adopt these terms—provided, of course, we use them with circumspection.

We must, for instance, never lose sight of the fact that the contrast does not apply to the entire population. In each of the countries concerned a larger or smaller stratum of the people is Westernized, has become Western—which, expressed in the scientific terminology of economics, means that this stratum has acquired the capitalistic point of view, harbors capitalistic aspirations, or at least has adopted the habits and customs of capitalistic peoples.

Native and foreign

This is our reason for rejecting the antithesis native-foreign (see page 69). These terms are obviously questionable because they impart to our dualism a political tinge and link it up with the colonial position of the Netherlands Indies. The "foreign" are the imported elements, the rulers; the "natives" include the whole of the indigenous colonial population; the *sana* (those from yonder) and the *sini* (those at home here). But then the *sini* include the Western-educated—those filling Western posts, inspired by Western economic principles, the members of the intelligentsia, who claim the Indies for themselves politically.

According to the literal interpretation of this antithesis, dualism would come to an end with the termination of foreign rule, with the disappearance of the last foreigner from responsible positions in public or private affairs; it would cease to exist in India, for instance, from the moment that Indianization was really complete; in Japan it would never have existed at all. The fact that in India the European population decreased by 12 per cent between 1911 and 1921, by 4.5 per cent between 1921 and 1931, and that this process has continued during recent years, whereas in the Netherlands Indies the European element increased by 109 per cent between 1905 and 1920 and 42 per cent between 1920 and 1930, would, according to that interpretation, lead us to conclude that in the former country dualism is on the decrease—is disappearing, one might almost say, in view of the circumstance that in 1931 the Europeans were only one-half per thousand or, including the Eurasians, four-fifths per thousand. Yet nothing can be farther from the truth. The above course of things simply means that in India Western principles and methods are being rapidly adopted in native circles—a development which is

favorably influenced by the fact that the capital which makes it possible is largely furnished by the country itself.

The case of India plainly shows that to seek the criterion of dualism in the antithesis "native-foreign" is to impose an entirely arbitrary limitation upon the conception. There, as well as in Japan, sharply differentiated classes, castes, representing the principles of capitalism, may be distinguished in clear contrast to the pre-capitalistic masses, though both groups belong to the native population.

In general, too, quite apart from the particular countries referred to above, this antithesis of native as against foreign is incorrect. In other words, even in regions where natives and foreigners may properly be contrasted as representative of the two points of view, this particular antithesis may not be used to indicate the contrasted elements. For in the dualistic relation the emphasis must not fall on individuals: these are but the representatives, the bearers, the agents of capital, of the capitalistic spirit. As early as 1827 the Commissioner General of the Netherlands Indies, Du Bus de Gisignies, pointed out, in a famous report to the King, that it is not individuals that colonize, but capital. In spite of its non-material basis, it is a business penetration with which we are dealing—one which we must not try to depict by means of words with a purely personal import.

Now, the antithesis "native and foreign" is sometimes defended by reference to a social phenomenon which some consider of fundamental importance. The foreigners usually disappear from a colony as soon as their productive period is over; during their residence abroad they have, in many cases, relatives in other parts of the world to whom they send regular remittances; they save as much as they can in order to spend these savings in their native country; and even at home they are supported by the colony as pensioners and rentiers. This is termed draining the country; and such cities as The Hague, Arnhem and Apeldoorn are pointed to as partly supported by funds supplied by the Indies. Some hold that this drainage would cease if the said funds were paid into the pockets of persons rooted in the Indies themselves—the pockets of permanent, not transient residents; of natives, not foreigners. An argument of this kind is only partially valid. For both permanent Western residents and capitalistic natives are without exception city dwellers; and, as pointed out above, the cities where such people live are enclaves. Their needs as an urban population are Western; they send their children to the West to be educated, demand commodities imported from the West; and only a thin stream of their buying power flows inland. Under the circumstances, it cannot be a matter of primary and essential importance whether the place they inhabit is inside or outside the country.

Economic dualism and cultural pluralism

One other point concerning this dualism in colonial society must be mentioned, namely that the antithesis with which we have been dealing, though it is connected with a difference in attitude towards life and with the special social characteristics of different population groups, yet is actually a purely economic antithesis (pre-capitalism versus capitalism proper) which can be defined only in economic terms. For are there not, besides this particular economic division, a number of other possible classifications of colonial society? We may group it according to race, cultural or religious affinities, social solidarity, local solidarity; according to status or class, national ties, etc., all of which categories may cross and recross one another. In this respect the Netherlands Indies, with its multifarious races, its numerous religions, its wealth of languages, its divergent cultural levels, its many separate islands—presents a much more varied aspect than West European countries do. Therefore, dividing its society into two economic groups certainly does not mean that the dividing line will be the same, whatever the principle according to which the grouping is done, or that the members of any given "economic" group are necessarily also bound by a feeling of solidarity. It may very well happen that members of economically divergent groups are linked by the strongest and most intimate ties of some other nature—ties of religion, of nationality, of local patriotism, of artistic feeling, of language. It may also be that "economically" related persons lack every vestige of mutual loyalty; they may even be distinctly hostile—rivals, distrusting and shunning one another. It is important for the reader to grasp this fact thoroughly if he wishes to understand Indonesian nationalism. This nationalism may be either capitalistic, socialistic or communistic, but is always Western, socialism and communism also being the progeny of capitalism. But even if it is Western, this does not mean that those who are the devotees of nationalism must necessarily feel akin to Western economic society and to the representatives of Western economy in the Indies, since these feelings are determined by entirely different factors originating and resulting in entirely different groupings.

Notes

1 Here and subsequently the author uses the words "Oriental" and "Eastern" in a special sense described in the five following paragraphs but also as referring mainly to the Netherlands Indies or Java.—*Editor*.

2 This urge is in the direction of organization in every department of life and of technical development. Capitalism finds expression in individualism—for instance, in the tendency to make self-interest our lodestar, in limitless multiplication of wants, in exchange, trade and traffic, in industrial enterprise with capital as basis and profit as aim, in a sharp distinction between business and household, in the commodity-character of its products, and in a steadily growing division of labor.

In this summary definition of the results of capitalism I have purposely employed various terms current in Western economics, because I wished to show clearly that Western economy is capitalistic—capitalistic not in the scornful Marxian sense of a "bourgeois economy," but in the sense that all the theoretical economic doctrines, even where these are disguised as eternal and general truths, are indissolubly connected with capitalism. Both—theoretical economics and capitalism—were born in the same era, and the two are closely related.

44

CHANGING ECONOMIC POLICY

Peter Boomgaard

Source: Peter Boomgaard, *Children of the Colonial State: Population Growth and Economic Development in Java, 1795–1880*, Amsterdam: Free University Press (1989), pp. 29–42.

To the initiated reader it may seem superfluous to include even a short chapter on changing economic policy of the Netherlands Indies' government in this book, because the main characteristics of this policy are well known. In any textbook the following sequence can be found: contingents and forced deliveries were abolished in 1813 with the introduction of the Land Revenue System; from 1830 onwards the Cultivation System was implemented, and after 1870 this system was gradually abolished. There is a vast historiography on both Land Revenue and Cultivation System, some of it fairly recent. There are, nevertheless, a number of reasons for giving a short account of the shifts in economic policy taking place in the period between the late eighteenth century and 1880. In the first place there is no recent study that deals with the entire period under consideration, and outdated notions from older textbooks are occasionally repeated in recent publications. In the second place most studies, recent or not, regard the pre-1813 years (from, let us say, 1750 onwards) as an undifferentiated *ancien régime* period, with a uniform economic policy. In my opinion the period after 1790 was characterized by an economic policy in several aspects different from that of the preceding period. Finally, the omission of such a chapter would force the uninitiated reader to look up a large number of references when in the following chapters allusions are made to these policies.

This chapter will be largely restricted to a description and analysis of those measures that had, or may have had, some influence on economic development, population growth and social change. It is, therefore, not a thorough treatment of economic policy as such. It contains four sections: (1) Contingents and forced deliveries; (2) the Land Revenue System; (3) the Cultivation System; and (4) the Liberal phase.

Contingents and forced deliveries

The Dutch traders, arriving in the archipelago around 1600, came in search of products for the European market. With demand fixed and supply elastic, and in the face of brisk competition, it was logical that the VOC soon sought to establish monopolies for these products. A carrot-and-stick policy of treaties and wars ensured the compliance of the Indonesian rulers. With the expansion of the VOC trade in Asia, the Company tried to establish monopolies in certain products for Asian markets, and when it acquired territories it started levying taxes in kind. In Java this was the so-called rice contingent, levied from the Pasisir regents. The formal difference between contingents (taxes, tributes) and forced deliveries (monopoly products) was that the latter were paid for, whereas the former were not. The dividing line was, however, often rather vague.[1]

An important element of this monopoly policy was that the Gentlemen XVII (the directors of the Company in Holland) decided how much of each monopoly product should be accepted by the VOC, and what should be paid for it. Although the famous Latin-American slogan '*obedesco pero no cumplo*' (I obey but I do not execute) was often applicable to the actions of the GG and the Council of the Indies in Batavia, the restrictionist policies of the Gentlemen XVII nevertheless resulted in a stop–go cycle in the production of cash crops for foreign markets. Short periods of growth alternated with phases of decline, because prices were lowered and/or quantities to be accepted were reduced. Principal victims of this policy in Java were sugar and coffee, an annual plantation crop and a perennial peasant crop respectively. Lesser victims were cotton, indigo, and pepper, the first two annual peasant crops, the latter a perennial one.[2] Especially the reductions of quantities and prices as applied to perennial peasant crops were a heavy burden for the peasantry, because of the time-lag between planting and harvesting. Often an order to plant more coffee trees was followed after some years by a price reduction or even an order to extirpate a number of trees just when the new trees began to bear fruit. Large investments of time and energy thus came to nought.[3]

An important change in economic policy took place when in 1795 the European war made regular communication between Holland and Batavia impossible. Batavia decided to sell its products to foreigners, and other ships (American, British, Danish) and other markets (British India, China, the United States) took over the role of the VOC and Holland. Batavia was no longer subject to the cyclical changes in the production decisions of the Gentlemen XVII, and it could sell its products to the highest bidder. This change in economic policy could hardly have occurred at a more propitious moment. For a number of unrelated reasons both production and prices of coffee and sugar had started to rise after 1790, mainly as a result of the slave rebellion of 1791 in St. Domingue, by far the most important production

area of both coffee and sugar at that moment. Production of coffee in Java had been increasing since 1789, because a zealous Commissioner of Native Affairs had started to expand coffee cultivation in the Priangan since 1785. This had been reinforced by an urgent request of the Gentlemen XVII in 1788 for more return cargo, especially coffee, in order to generate more profits for the ailing Company. In the same year coffee planting in the Pasisir area was stimulated, while in 1792 this order was repeated for the Principalities. Sugar production received a stimulus in 1793, when the sugar millers were permitted to dispose of the produce exceeding their quota as they saw fit. Until then the sugar trade had been a VOC monopoly. The VOC sugar price was increased several times. The benefit of these measures fell largely to the Pasisir sugar millers, who were less hampered by shortages of firewood and labour than their colleagues from the traditional production area, the Environs of Batavia. It is therefore not surprising to find more technological innovation (water mills, metal cylinders) in the Pasisir area than in the Environs. From 1790 onwards the production of cotton (yarn), indigo and pepper was also encouraged, and probably for the same reasons (more return cargo for the Company).[4]

This combination of a new commercial policy, increasing production and high prices is important for several reasons. Firstly, it resulted in an agricultural boom between 1795 and 1810, largely ignored in the literature. Secondly, although both sugar and coffee had been produced in the Pasisir area before 1795, production had been small-scale and, compared to West Java, unimportant. Around 1800 the Pasisir produced 15% of Java's coffee and 25% of its sugar in a good year. In 1820, 40% of both was produced in this area. So an important shift had taken place to a new production area.[5] Finally, in 1795 the Dutch organized their first survey of population and agriculture for the Pasisir, which was repeated in 1802. My hypothesis is that the new economic role of the Pasisir and these surveys are related. The Company wanted to know how much this area could produce in terms of cash crops for overseas markets.

When in 1808 Daendels took over as GG, the forced deliveries of cotton and indigo were abolished. The sugar monopoly was given up, and subsidies on sugar were stopped. Of the three pepper species growing in Java (pepper (= Piper nigrum), Indian long pepper, and cubeb) only pepper itself was retained as a forced delivery. Coffee cultivation, however, was encouraged and expanded.[6] Rice export was virtually a government monopoly.[7]

Under the rule of Daendels (1808–11) the system of contingents and forced deliveries had received its first blows. It was, however, basically still the same system.

The Land Revenue System

The story of land revenue, or landrent, as it was called by Raffles, has not yet been written.[8] Even the term is ambiguous. We should distinguish between landrent as a tax on land or rather its produce, introduced in 1813 and still being levied at the end of the colonial period, and Landrent as a system (Dutch: *Landrente Stelsel*), in force between 1813 and 1830. It is to the latter meaning of the term that this section is dedicated.

In 1811 the British landed in Java under Lord Minto, the British–Indian GG, and Thomas Stamford Raffles, who became Lieutenant-Governor of Java. As a true-blue Liberal, Raffles regarded the VOC system of compulsory services, taxation through the regents (the rice contingent), and monopolies as an abomination. At first he wanted to introduce the British–Indian Zamindari System, but soon he changed his mind and became committed to the (equally British–Indian) Raiyatwari System, introduced in Madras after 1792. This was an attempt 'to administer the land revenue directly by surveying the fields of individual holders, assessing the land revenue on each holding, and collecting the land revenue directly from the landholder.'[9] In a memorandum dated 14 June 1813, Raffles communicated his ideas on the land tax (called landrent because he regarded the government as owner of all lands, and the peasants therefore as renters) to his superiors and subordinate officials. By publication of 15 October 1813 a revised version of his original ideas was issued, followed by an instruction of 11 February 1814 for assessment and collection of the tax. When Raffles wrote his memorandum of 14 June 1813, introduction of the new system had already taken place, as an experiment, in a number of districts: Kedu, northern Banten, Ulujami (Pekalongan). When Raffles issued his famous 'substance of a minute', dated 11 February 1814, the new system had been introduced almost everywhere. It was not introduced in the Principalities and Madura, still administered by their own rulers, and Krawang, Pacitan, the Priangan, and the *blandong* (forestry) districts, where various forms of compulsory services were retained.[10] The basic principle of the system was that every cultivator would be taxed according to the quantity and quality of his landed property, or rather possessions, because all land was regarded as government-owned.[11]

The instruction of February 1814 contained the following guide-lines for taxation:

sawah [irrigated field]		*tegal* [dry fields in permanent, or at least regular, cultivation]	
1st class,	1/2 of the produce as tax;	1st class,	2/5 of the produce as tax
2nd	2/5	2nd	1/3
3rd	1/3	3rd	1/4

Productivity of *sawah* was expressed in *pikul* or *amat padi*, regardless of the actual crop, *tegal* production was expressed in quantities of *jagung* (maize), again without taking into consideration what had actually been grown on these fields. The tax on *sawah* could be paid in kind, the tax on *tegal* could not. Tax should be levied according to estimated productivity, not actual produce, but reduction or even remission was permitted in case of harvest failure.

Although Raffles wanted to tax every peasant-farmer individually, it soon became clear that this was impossible. It would have entailed the measurement and yield estimate of every individual holding; occasionally an optimistic civil servant started out to undertake this formidable task (e.g. in Surabaya), but it was soon understood that such an operation was too heavy a burden for the tiny corps of bureaucrats at Raffles's disposal. In most cases estimates were collected of quantity and quality of the total village arable, and the village was assessed accordingly for a total amount of tax, for which the village headman was responsible. This was the so-called *village settlement*. Only in Kedu, Pasuruan, Probolinggo, Besuki, and perhaps in Rembang, the introduction of the *detailed settlement* (individual assessment) was ordered, only to be abolished soon after the Dutch took over.[12]

Some elements of the old VOC system were, however, retained. Forced coffee cultivation in the Priangan was not abolished (and, later on, introduced in Banyuwangi and Pacitan), but elsewhere the coffee gardens became part of the Land Revenue System. They were supposed to be farmed out to the villagers, which was a failure: coffee production outside the Priangan dropped considerably during the British Interregnum.[13] The *blandong* system was not abolished either: inhabitants of the forest districts were employed as wood-cutters in lieu of taxation. Also Raffles wanted to do away with corvée labour, which he regarded as 'feudal' and therefore outdated, but it remained nevertheless.

Administrative reforms accompanied the tax reforms of Daendels and Raffles. The regents, and with them their 'clients', lost much of their position as 'brokers' between the colonial authorities and the villages, and large numbers of tax collectors-*cum*-tax farmers were dismissed. Strict limitations were imposed upon the size of the regents' retinue. Thus the whole state apparatus was streamlined, the lines of command were shortened, the Dutch civil service came into closer contact with the direct producers, and the size of the 'idle mouth' of Javanese petty officialdom was greatly reduced.[14]

Finally, as a token of the new tasks that a 'strong' state could and did embark upon, Raffles's large-scale vaccination programme should be mentioned. It was to play an important role in the reduction of mortality and would contribute to the acceleration in Java's population growth (see chapter 9).

When Java was handed back to the Dutch in 1816, the Land Revenue System was retained, although its introduction and operation under three years of British rule had been far from satisfactory.[15]

The Commissioners-General (1816–19) gave up the idea of a detailed settlement, and introduced the notion of equitable distribution of the village arable, of which more will be said in chapter 4.

The introduction of landrent influenced social and economic development in several ways. Firstly, because all forced deliveries, except coffee in the Priangan, had been abolished, production of 'unpopular' cash crops for outside markets dropped. The policies of GG Van der Capellen (1819–26), who was not a friend of European enterprise, reinforced this trend. Secondly, the position of the regents, now divested of their former powers to collect the rice contingent and to exact corvée services, deteriorated. A whole stratum of lesser indigenous officials who had been employed by the regents as leaseholders/tax-farmers of part of their regency, the so-called intermediary chiefs (*tussenhoofden*), were dismissed (see chapter 5). A modern bureaucratic state was gradually taking the place of a patrimonial bureaucracy. Thirdly, the position of the village head, until then a mere *primus inter pares* of the landowning villagers, was enhanced considerably. From 1813 onwards he was a government official, responsible for all taxes and services, and for redistribution of the village arable (see chapter 5). Fourthly, hereditary private possession of land was in many instances commuted to communal property, subject to annual redistribution, often in equal shares (see chapter 4). Finally, an important side-effect should be mentioned. The introduction of the new system had been based on extensive surveys of land and population, carried out in 1811–12 and again in 1815. Another survey was held in 1820–2, and from 1823 onwards all Residents had to present a General Report (*Algermeen Verslag*, AV for short) annually, containing data on population and agriculture.

The Cultivation System

Although a comprehensive study of the Cultivation System has not yet been written either, there are more recent studies on this subject than on the Land Revenue System.[16] Its basic *raison d'être* was that the Land Revenue System did not generate sufficient returns in the eyes of Dutch policy-makers. Although under Du Bus de Gisignies (Commissioner-General 1826–30) export production increased, the returns to the Dutch exchequer were still rather low, partly because the Java War (1825–30) kept levels of expenditure in the colony itself much too high.

There are some discrepancies between the original ideas of the *auctor intellectualis* of the Cultivation System, Johannes van den Bosch (GG 1830–3, Commissioner-General 1833–4), and its actual operation, but as I am interested in its effects rather than the intentions of its founder, emphasis will be given to its functioning as a going concern. It has also been pointed out that it was more a conglomerate of regional regulations than a uniform system,

but it can hardly be denied that these regulations had some basic features in common. So I will restrict myself to general characteristics, and pay attention to local variations only if regional differences in population growth, economic development or social change need clarification.

The basic assumption of the system was that Javanese society generated insufficient incentives for the production of cash crops for the European market. The Javanese peasants, therefore, had to be persuaded (read: forced) to dedicate part of their arable (to a maximum of one fifth) and part of their labour (also one fifth, or 66 days) to the cultivation of coffee, indigo, and sugar. They would be paid for this (the so-called *plantloon* or crop payment), and with this payment they could settle their landrent obligations. In the older literature the existence of the *plantloon* was often overlooked, while it has not always been realized that landrent continued to be levied throughout the Cultivation System period, although sometimes it was only the balance of *plantloon* and landrent that was settled.

It is also important to realize that, on average, hardly more than 6 per cent of the total amount of *sawah* was ever planted to cash crops for the European market under the rules of the Cultivation System. On the other hand, the limit of 66 days was often exceeded by a considerable margin. We find in Banyumas in 1854 that sugar-planting families had to spend about 120 days on this crop![17]

The system was introduced gradually between 1830 and 1835. By 1840 it was in full swing. With only minor modifications it would stay in force until 1870, although the Constitutional Regulations of 1854, article 56, had made preparations for its demise.[18] It was, however, not introduced everywhere, nor at the same time. It was never implemented in the Principalities and the larger part of Madura. The Priangan continued to have its own system of forced coffee cultivation, but other crops were introduced under arrangements that were similar to those of the Cultivation System. In Banyuwangi, Kediri, Madiun and Pacitan modified versions of the system were implemented.

The effects of the introduction of the Cultivation System can be summarized as follows:

1. Production of cash crops for the European market increased enormously; production of rice and cash crops for the local market stagnated or deteriorated (see chapter 6).
2. There was some increased pressure on land, but the pressure on labour was the most important characteristic of the system.
3. This increased demand for labour was not only the result of the new system of obligatory cultivation services (*cultuurdiensten*) but also of a growing reliance on corvée services (*herendiensten*) for the construction of roads, bridges, irrigation works, harbours, fortifications, warehouses

and factories, and the quest for transportation and industrial labour. An improved infrastructure was one of the spin-off effects.

4. Increased monetization was another. Which certainly does not imply that Java before 1830 was a *Naturalwirtschaft*.
5. The position of the regents was enhanced with their receipt of cultivation percentages (*cultuurprocenten*), and their new role as supervisors of the crops under the System.
6. The village head was now being supervised more closely, especially by the Dutch collector, whose economic position improved as he received his share of the spoils (cultivation percentages) as well.
7. Commutation of hereditary private tenure of land continued (chapter 6).
8. The system generated a fair amount of statistical material. Here I shall only mention the annual Cultivation Report (*Cultuur Verslag*, CV for short) since 1834, and the annual Colonial Report (*Koloniaal Verslag*, KV) since 1849.

The Liberal phase

In 1870 the Sugar Law (21 July, S 136) heralded the end of the Cultivation System, while the Agrarian Law (9 April 1870, S 55) and the Agrarian Decree (KB 20 July 1870, 15, S 118) facilitated long-term land grants for European enterprise, and contained a clause on indigenous landed tenure that was more in accordance with the pre-1800 rights to land. Many historians, therefore, regard this year as a turning point in the history of Dutch colonial economic policy. The conservative policy of state enterprise (the Cultivation System) gave way to a Liberal phase of private enterprise. Although I have no quarrel with this historiographical tradition, periodization of any transition being a moot point anyway, it is nevertheless clear that 'Liberal' tendencies had been present since at least 1850. The disasters in Java of the late 1840s (epidemics and famine in Central Java) had shaken The Hague and Batavia out of their complacency. It was realized that the high Indonesian remittances (*batig slot* or *batig saldo*; literally 'positive balance') to the Dutch exchequer, resulting from the Cultivation System, had had their price. At the same time Dutch entrepreneurial interests agitated against the restrictions imposed upon private (European) enterprise in Java. The complaints of the 'humanitarians' and the 'economic liberals' coincided as far as security of land tenure (for European enterprise and for the indigenous population) and the incidence of compulsory labour were concerned. Apart from that, the 'humanitarians' were appalled by the low standard of living of the indigenous population (direct and indirect taxes too high, not enough payment for compulsory labour, not enough attention paid to 'welfare').

Between 1850 and 1880 steps were taken to meet these complaints. The more important measures will be dealt with briefly.

Land

Under the VOC the sale of lands around Batavia had been a normal phenomenon. Daendels and Raffles had sold large tracts in Buitenzorg, the Priangan, Banten, Krawang, Cirebon, Semarang, and the Easthook. Under the Commissioners-General this had been stopped abruptly, and under Van der Capellen the private estate Sukabumi (Priangan) was even bought back from its very reluctant owners. As far as I know Cikandi (Banten) is the only case of a private estate created after 1816, and that only because this had been granted provisionally under British rule. This does not mean that the Commissioners-General wanted to obstruct European agricultural enterprise on Java; their Constitutional Regulations of 1818, artt. 105–7, did permit the issue of landed property to Europeans in principle. They were, however, reluctant to formulate the conditions for land grants before The Hague had given its opinion. In the meantime Europeans had leased lands in the Principalities from apanageholders. In 1823 GG Van der Capellen forbade all land grants, under any title whatever, both in the Principalities and in government territory.[19] His successor, Du Bus, cancelled these decrees in 1827. It seems that the grants of wasteland in government territory were not popular, perhaps because such a grant did not solve the labour problem, or because the term of the lease (twenty years) was too short. The concessions in the Principalities, where labour was virtually included in the contracts, were in great demand. In 1839 land grants in government territory were again forbidden (in order to avoid competition for land with crops planted under the Cultivation System), only to be permitted again in 1856, but still not exceeding a twenty-year period.[20]

In 1870–1 long leases of wasteland of 75 years were permitted. At the same time the possibility was created for Europeans to hire arable lands from the villagers, which until then had been forbidden. Simultaneously the indigenous cultivator was granted a hereditary individual right of possession (*inlands bezitrecht*) on his lands. Finally, in 1875, another protective measure was promulgated: alienation (sale) of indigenous land to foreigners was forbidden.[21]

Labour

There were two obstacles to the functioning of a 'free' labour market: too much labour was compulsory, and the obstacles for European enterprise to hire labour were formidable. Between 1819 and 1838 collective agreements between European entrepreneurs and entire villages for labour had been forbidden. In 1838 such collective agreements were permitted, but this decree was amended in 1840 with a clause that forbade agreements which could be a threat to the cultivation 'on high authority'. It is, however, not known how many potential contracting parties were deterred by this ruling. In 1857 the

rules of 1838 were formally reinstated, only to be abrogated again in 1863. Individual contracts had always been permitted, but they were not attractive to European enterprise.[22]

Around 1880 the problem was solved, not by changing the rules for collective agreements, but because the gradual abolition of compulsory labour and high population growth together led to an increased supply of 'free' wage labour.[23]

Compulsory labour came under various headings. By far the most important category was that of the cultivation services, for the production of export crops. In 1840 more than 70 percent of all agricultural households under the Cultivation System were employed in cultivation services. In 1860 this percentage had dropped to 55, and in 1870 only 40 percent was still under the obligation to perform cultivation services. So after a very sharp increase between 1830 and 1840, a gradual reduction took place after, let us say, 1845.[24]

A quantification of other kinds of compulsory labour is impossible, because the history of these services is still to be written.[25] It is possible, though, to give an impression of the development of the relative weight of some of these services during the period under consideration. The corvée services proper (the so-called *herendiensten*) consisted of, on the one hand, regular duties like the upkeep of roads, bridges, and irrigation works, carrying and carting, and the supply of wood, gravel and lime, and, on the other hand, extraordinary levies for large-scale projects such as fortifications, harbours, and the construction of new irrigation canals and dams. Occasionally a *levée en masse* was called for when a *banjir* (fast-rising water) threatened dikes or dams. The normal corvée duties would not exceed one day per week. The extraordinary duties were sometimes a real burden for a relatively short period of time, even to the point of causing out-migration. On average and calculated over a longer period, they would take perhaps three or four weeks per year.[26] My impression is that between 1800 and 1850 the burden of the regular duties had increased gradually. Under the GGs Rochussen (1845–51) and Duymaer van Twist (1851–6) we encounter the first hesitant steps towards the curtailment of the use of this form of compulsory labour.

It has not always been understood by historians that many of these corvée services were paid for, at least the extraordinary ones which required the presence of the corvée labourers far from home for a number of days at a stretch. Payment certainly did not amount to a living wage, but was often somewhat more than needed to keep them in rice. From about 1850 onwards more activities that did not require a prolonged absence from the villages were also rewarded, and the labour duties that always had been paid for were rewarded better. Simultaneously branches of government (corps of military engineers, Public Works) were given to understand that they should employ as much 'free' labour as they could, and decrees 16 of 29 August 1856 and

24 of 14 March 1857 laid down that 'free' labour should be used on all government works. In addition, since decree 11 of 26 October 1851 Residents had to prepare an estimate for all repairs and construction of public works they wanted to be carried out in their jurisdiction, including an estimate of labour costs. A circular letter of the GG's cabinet, dated 6 September 1859, warned all Residents that needless use of corvée labour could not be permitted. A decree of 3 September 1864 introduced a limit of 52 days. In 1854 almost all sugar mills were operated partly or entirely with free labour. Nevertheless, the corvée duties remained a heavy burden, because many infrastructural improvements were still carried out, wholly or partially, with compulsory labour. Between 1850 and 1860 repair and construction of public works had lagged behind, because Residents did not know how to make estimates for building costs, and because the use of corvée labour had been curbed. The director of Public Works therefore issued a circular letter, dated 21 May 1860, permitting repair and maintenance with corvée labour and without an estimate. Furthermore, the budget of the Public Works Department dropped after 1862. It was only in 1875 that the 1862-level was reached again. It was unavoidable that the use of unpaid or underpaid corvée labour would increase again, sometimes openly but more often in secret. Even as late as 1875 and 1877 decrees were issued that stimulated the use (openly or secretly) of corvée labour for several kinds of 'simple' construction activities. On the other hand, the increasing influence of engineers, who disliked the use of forced labour because they lacked the civil servants' experience in using the indigenous officials as 'subcontractors', may have curbed the excessive employment of corvée labour. The construction of railways played a similar role, because (semi-) skilled labour was needed for many activities, which made the use of frequently changing shifts of inexperienced corvée labourers particularly burdensome. A decisive step was taken in 1882, when a number of services was bought off with a capitation tax. The maximum number of days was reduced from 52 to 42.[27]

Even less is known about the so-called village services (*desadiensten*); they were certainly not paid for, but they did not require prolonged absence from home either. It seems that they were sometimes substituted for corvée labour when this became increasingly subject to stricter regulations.[28]

Finally I should mention the *blandong* services (forestry), a curious relic from VOC times, which, just as the coffee in the Priangan, had survived both Daendels and Raffles. Around 1855 three interrelated developments took shape: the forestry department, until then under civil-service leadership, was professionalized with the arrival of scientifically educated personnel; in Tuban (Rembang) 'free' labour was employed by the department for the first time, and several contracts were given out to private entrepreneurs for the exploitation of a number of forests, until then a government monopoly. The contracts stipulated that only wage labour should be employed. The professionalization of the department led to the growth of a corps of specifically

trained foresters, in which forced labour could have no place. In 1865 the compulsory *blandong* services were abolished.[29]

While one may doubt whether the attempts to regulate and curb the use of corvée labour proper (*herendiensten*) led to a notable decrease of this kind of compulsory labour, the cultivation duties and *blandong* services were certainly reduced considerably since 1845 and 1855 respectively.

Welfare

This is not the place for a detailed analysis of the standard of living between 1800 and 1880, or of the measures taken to improve it. I shall only highlight a number of measures that can be regarded as typical for the period 1850–80. The curbing of forced labour, higher pay for corvée labour, and more security of land tenure are mentioned above. Irrigation and the beginnings of the agricultural extension services will now be dealt with briefly.

Around 1900 the Colonial Administration distinguished between two kinds of irrigation: 'technical' and 'wild' irrigation. Technical irrigation was the product of modern European science and technology, applied to the problems of water control in Java. Such projects often involved large amounts of money and labour, and affected large areas. 'Wild' irrigation was the term used for projects of indigenous design, although their construction could have been ordered and supervised by European civil servants. For the historian 'wild' irrigation is too large and heterogeneous a category. I propose to subdivide the 'wild' category into three analytically distinct classes: (1) small-scale 'natural' irrigation; (2) large-scale systematic irrigation carried out on the initiative of indigenous rulers and officials; and (3) large-scale systematic irrigation undertaken by the European civil service (as opposed to European engineers, which would make it 'technical').

With 'natural' irrigation I refer to the sort of irrigation that is as old as the *sawah* themselves: rivulets from wooded hills and mountains were used for the temporary inundation of *sawah* with minimal intervention in the natural conditions. Large-scale systematic indigenous irrigation can be traced back to the eighth century AD; on the initiative of indigenous rulers, and under their supervision, dams were constructed in the larger rivers, and conduits were dug for the transportation of water from an inlet above the dam to the areas where it was needed.[30] Up to 1815–20 these two forms of irrigation took care of almost all water control in the *sawah* areas.

In West Java the first prototypes of large-scale systematic European irrigation had made their appearance well before 1800, but the heyday of European irrigation under civil-service sponsorship should be dated between 1815–20 and 1850, with emphasis on the first decades of the Cultivation System. A fast-growing population, the expanding arable under sugar and indigo, and the water requirements of the new sugar mills forced Residents to carry out large-scale irrigation projects, mostly with corvée labour. The

technology of these projects was, however, not European, but Javanese. As a detailed study of nineteenth-century irrigation in Java is still sadly lacking, it is impossible to pass final judgement on the quality and quantity of these projects. It is my impression, though, that the number of projects was larger than ever before, but that their quality left much to be desired. The Residents had no technical European training in matters pertaining to water control. They also lacked the experience of the Javanese officials who had been responsible for irrigation works before the European civil service took over this task. The history of the canal between the river Serayu and the harbour of Cilacap (Banyumas) is one of the many examples of mismanagement of water works by European civil servants. Between 1832 and 1836 it was the third attempt to construct this canal that succeeded at last, after two other canals had been dug which for several reasons could not be used. Mismanagement of the water economy of Demak by European civil servants around 1830–40 was partly responsible for the 1849 famine, and the expansion of irrigation works in Surabaya in the same period had spoiled the Porong and Surabaya rivers.[31] The situation in Demak and Surabaya made it quite clear that professional help was needed, and from 1850 onwards an increasing number of hydraulic engineers were engaged in order to supply Java with the irrigation system it needed so badly. Thus the Glapan works in Demak and the Lengkong/Melirip works in Surabaya came into existence. Between 1860 and 1880, however, not many large-scale technical irrigation projects were carried out. Several budget cuts involving the Department of Civil Public Works, together with increasing costs caused by the fact that both labour and material were now more expensive due to the curbing of corvée obligations, can be held responsible for this stagnation. Only after the creation of a separate irrigation service in 1885, the formulation of an all-Java irrigation plan in 1890, and the alarming reports on the standard of living of the native population written between 1885 and 1900, large-scale, systematic, technical irrigation really got started.[32] Between 1850 and 1880 therefore, although technical irrigation had some influence, small-scale natural irrigation and large-scale civil-service projects were still the rule rather than the exception. Large-scale indigenous projects, at least outside the Principalities, had by now become more rare.

A similar story can be told about agricultural extension services. Residents had been telling the peasants what, when, and how to plant since at least 1800. After 1870 more systematic and serious attempts, based on experiments, were undertaken to improve native agriculture. People like Holle, Sollewijn Gelpke and Treub organized research and propaganda before 1900, but a professional Agricultural Extension Service did not come into existence until 1911.[33] The knowledge acquired between 1870 and 1900 was, no doubt, much more important than the results from the propaganda for better crops, implements, and farming methods. Nevertheless, the spread of cassava after 1870, an important staple crop in the late nineteenth and in the twentieth

century, may have been partly the result of government-sponsored propaganda. As a substitute for rice and maize it would play an important part in the attempts to feed a growing population (see chapter 6).

Although most 'Liberal' measures did not influence daily life on Java before 1880 as much as might be suggested by the impressive number of decrees issued since 1850, purporting to 'Liberalize' the economy of Java, they did produce some rather reliable statistics.

Conclusions

By 1830 a state with more ambitious objectives, better means to achieve these ends, and the will to employ the means at its disposal, had taken the place of the VOC bureaucracy. During the same period this state had considerably broadened its territorial base. It was not until the 1870s that the basic assumptions upon which the functioning of this state rested would be challenged seriously.

In this ongoing process of 'state formation' the following elements, of crucial importance for Java's economic and social development, played a decisive role:

1. Streamlining of the bureaucracy, which entailed the dismissal of a large proportion of the indigenous 'idle mouth'.
2. Deeper state penetration into Javanese society; the new position of the village headman and the far-reaching interference with land-tenure arrangements are the most remarkable features of this process (chapters 4 and 5)
3. A series of fundamental tax reforms, which not only enabled the state to appropriate a larger surplus more efficiently, but which also led to economic growth, through a process of harnessing land and labour to the production of crops for outside markets (chapters 6 and 7).
4. Labour was also mobilized for the improvement of Java's infrastructure and irrigation systems. Although the remuneration of forced labour was only partly influenced by the operation of a free labour market, the total wage-sum to be paid out must have been quite high, and only higher tax returns enabled the state to carry out these works.
5. This increased demand for labour could be met without too much friction because Java's population increased rapidly. One of the factors that made these high growth rates possible was the large-scale vaccination programme initiated by Raffles and continued under his Dutch successors (chapter 9).

Notes

1 On this distinction see e.g. Gonggrijp 1949:48–9.
2 With the qualifications peasant vs. plantation and annual vs. perennial I do not intend to say that for instance sugar is always a plantation crop or cotton always an annual one. They are only indications of the predominant forms in Java around 1800.
3 On the economic policy of the VOC before 1795, see: Gaastra 1982; Gonggrijp 1949:24–65; Furnivall 1944:20–53.
4 Boomgaard 1984:3–5; De Haan 1910–12, I:133–9, and III:922; Van der Chijs, Plakaatboek, XI, P. 14.12.1788, P. 26.5.1789, XII, P. 4.7.1795, P. 1.9.1795, P. 19.8.1797, P. 25.11.1797, P. 20.11.1798, XIII, P. 21.9.1802, P. 25.8.1803, P. 8.9.1803; ARA, Coll. Nederburgh, 384: MVO, JNOK, 1791; Coll. van Alphen/ Engelhard, 1900, 191: MVO, JNOK, 1801.
5 Boomgaard 1984; one of the few places where this boom is mentioned briefly is Vlekke 1947:280–1.
6 Daendels 1814:45 and 49; De Haan 1910–12, II:657–70; Van der Chijs, Plakaatboek, XIV, P. 21.5.1808, P. 29.5.1808, XV, P. 1.9.1808, P. 4.4.1809, P. 10.5.1809, P. 1.7.1809, P. 17.9.1809, XVI, 15.6.1810, P. 25.9.1810.
7 Under the VOC rice export from Java had been free, but after 1795 a series of rice shortages occurred, and rice export was forbidden during most years. Under Daendels all rice export was forbidden, although the Principalities and Besuki/ Panarukan, Probolinggo (both allodial properties of rich Easthook Chinese) and Ulujami (leased by a Chinese) were exempted. Daendels claimed to have abolished the VOC rice-trade monopoly, but Raffles, in turn, claimed to have abrogated Daendels's monopoly. See: Daendels 1814:44–5; Levyssohn Norman 1857:288; Van Deventer 1865–6, I:37–8.
8 Wouter Hugenholtz is working on a Ph.D. thesis on the introduction of landrent in the nineteenth century.
9 Bastin 1954; Kumar 1982:216–17. *Raiyat*, also spelled *rayat* or *ryot*, means peasant, landholder.
10 Raffles 1814; Van Deventer 1865–6, I:64–237.
11 A detailed discussion of tenure arrangements can be found in chapter 4.
12 It is far from clear whether the detailed settlement ever has been really introduced anywhere. The situation in Kedu was particularly confusing.
13 Boomgaard 1984:5; Wright 1961:85.
14 For more details see Sutherland 1979:7–9.
15 Van Deventer 1865–6, I:360ff; ARA, Coll. Schneither, 74: Report Van Lawick van Pabst and Van de Graaff to Commissioners-General, 19.2.1818.
16 Fasseur 1975; Reinsma 1955; Van Niel 1964 and 1981.
17 ARA, AMK, Comm. Umbgrove, 10: Monographie Kalibagor, Banyumas, 1854. The 6%-figure is, however, a bit misleading: there were large regional variations, often the best soils were used for sugar and indigo, and not all land that was not planted with these crops could be planted with foodstuffs because considerable proportions had to lay fallow. Furthermore a lot of potential *tegal* was taken up by coffee.
18 It should, however, be mentioned that the forced cultivation of indigo and all minor crops (cinnamon, cloves, cochineal, nutmeg, pepper, tea, and tobacco) was stopped in the 1860s. The Constitutional Regulations from 1815–54 can be found in *De zes regeerings-reglementen*, 1858.
19 Decree 6.5.1823, IS 17 and 20.5.1823, IS 20. Article 20 of the latter decree contained an escape clause (no land grants, unless by special permission of the GG), but knowing Van der Capellen's opinions on European enterprise, this clause would have remained a dead letter under this GG.

20 For details of the land-grant question between 1816 and 1827 see Ottow 1937; see also Fasseur 1975:74–5; Furnivall 1944:102–3, 120–1 and 166. There is some difference in opinion between Fasseur and Furnivall regarding the legal basis of land grants in the 1840s: Furnivall thinks they are based on RR 1827, art. 111, Fasseur chooses KB 20.3.1831, 80.
21 Furnivall 1944:178–80; 's Jacob 1945:144–5.
22 Fasseur 1975:75; Furnivall 1944:166; Van Deventer 1865–6, I:408–11.
23 See also Elson 1986.
24 Boomgaard 1983 table 6.6; Fasseur 1975:132; KV 1871.
25 Schoch 1891, although very useful for detail, is not much more than a compilation of law texts.
26 Djuliati 1985: 11; ARA, AMK, Commission Umbgrove, 10: Monographie Kalibagor, 1854.
27 Furnivall 1944: 182–7; Post 1879; Schoch 1891: 30–2; for figures see *Eindresumé . . . diensten* 1901–2 and the KVs; on the labour force of sugar factories: *Stukken betreffende het onderzoek . . .* (Umbgrove) 1857.
28 Furnivall 1944: 187; Homan van der Heide 1899: 81.
29 Cordes 1881: 220–34.
30 Van Setten van der Meer 1979:8–9.
31 De Serière 1849:159–63; Van Deventer 1865–6, II:651; Geil 1862:198; Post 1879:33.
32 Homan van der Heide 1899; Lekkerkerker 1929; Liefrink 1896–7; Metzelaar 1946.
33 Boomgaard 1986b:59–67.

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1. All titles that do not refer specifically to Indonesia, and
2. All titles referring to Indonesia, mostly to Java.

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45

PARADOXICAL DEVELOPMENTS OF A COLONIAL SYSTEM

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Source: *Papers of the Dutch-Indonesian Historical Conference held at Noordwijkerhout, The Netherlands, 10–22 May 1976*. Leiden and Jakarta: Bureau of Indonesian Studies under the auspices of the Dutch and Indonesian Steering Committees of the Indonesian Studies Program (1978), pp. 119–29.

Looking from an economic angle the student of the history of Indonesia is often tempted to deviate from the trodden path. In the light of the changes that took place in Western Europe and in North America during a major part of the nineteenth century, the investigator is struck by the fact that the supply of raw materials in the domestic area lagged far behind the increasing demand caused by the unexpected burst of economic activity. The traditional supplies from overseas, especially from countries in Asia, also came under pressure. It became clear that the time-honored ways of producing surpluses for the trade were in those countries unable to cope with the increasing demand for the desired commodities.

Commercial experience in Asia, America and Africa had already shown possibilities of raising export production under direct control of the traders. Thus, under the pressure caused by the failing logistics in the rapidly industrialising Western World, purely economic motives inevitably led to a stiffening of the grip on tropical territories in order to increase production of raw materials and other primary commodities that were continuously in short supply at home. It took only a few steps to turn these initial endeavours in many overseas countries into a more effective control of the colonial system as we know it in the nineteenth century, distinct from other earlier and later types of colonies that were created for political or strategic reasons, or purely to settle surplus population of the home countries. All these last three motives did not carry any weight with the Netherlands at the turn of the eighteenth century.

Could, however, anybody at the time have foretold that, step by step, as they furthered a more efficient production of the desired commodities, the Netherlands authorities were led deeper and deeper into responsibilities of a sovereign ruler and that, against their original intentions, they would end up developing the colony into an entity of its own, at last to be statutorily declared a part of a union of Motherland and colony, the Kingdom of the Netherlands? Did anybody until well into the twentieth century recognise the inexorable course of history, that starting off a colony for purely economic reasons in itself bore the germs of a paradoxical union of two countries with fundamentally incompatible spheres of interests?

In the course of extending its commercial establishments the "Vereenigde Oost Indische Compagnie" (the Chartered Dutch East India Company) acquired a range of territorial claims or titles. In the beginning these rights could be seen as consessions by local rulers to build establishments (Factorijen) in or near centres of trade. In a later stage territorial rights were extended as a security for contracts with rulers, and in many cases these rights became in the long run sufficiently close to cession of territories that they could well be mistaken for sovereign rights (Van Kan, *14*).[1]

When in 1795 the Republic of Holland took over the Company the constitutional consequences were not taken into consideration. There is no trace of a statute or declaration claiming the possession or assuming the supposed sovereignity of the territorial titles of the Company,[2] which in fact were in many cases only held as a security. In the inventory of the taking over of the Company there was no mention of the overseas assets (De Waal, *24*). At later stages these assets were referred to as "Bezittingen" (possessions) as if the Republic (later the Kingdom) regarded the heritage of the Company as a promising commercial proposition.

Although commercial motives were paramount, and in spite of neglecting to define its position properly, the Netherlands Government assumed step by step the prerogatives of a sovereign in Java and in the other islands of Indonesia. At any rate the commercial activities of the Company were continued. During the Interregnum (1811–1816) the British were more in favour of liberalising the trade, and even if after the Restoration private trade was tolerated, all the same the government held to the former Company's contracts with the local rulers to deliver the agreed commodities (Van den Bosch, *2*; Pijnappel, *18*).

In the first decades of the nineteenth century there was hardly any indication that in commerce much advantage was taken of the gradually shifting position of authority. Partly this could be ascribed to the poor economic conditions in Europe during the aftermath of the Napoleonic wars. In all these years after the take-over of the Company it is hard to pinpoint a single event or a date as the starting point of an irreversible development when the government in its pursuit of economic and commercial expansion fully assumed the place of a ruler responsible for arranging policies of purely

interior administration and became inextricably implicated in the domestic affairs of Indonesia. Such a turning point could be seen, for instance, when under the administration of Daendels around 1810 labour was commandeered to put the defence of Java into shape against an expected British attack. More convincing is the introduction of land rent during the British Interregnum. A number of other similar administrative measures could be referred to, but none of these in themselves carry enough weight to delineate a clear-cut break from the status of a powerful trading concern to the position of a sovereign ruler in his own right. Seen from a distance it seems as if the Dutch government only hesitantly took its course, with vague forebodings.

Admittedly an administration of a sovereign ruler began to take shape after the first years following the Restoration. A period of indecision followed during which the deliberations about the policies to be selected clearly aimed at turning Java into a paying proposition. The results of experimental moves were disappointing. A definite choice was made at last in 1830, when it was decided that the government had to take the initiative in developing productive activities by introducing the "Cultuurstelsel" (system of compulsory growing of exportcrops). The system was to be developed along the lines of a state monopoly, only tolerating the existing establishments of private industry.

The system was grafted onto the traditional prerogatives of the ruler to levy taxes in kind (Moertono, *17*), whereby the agricultural community was compelled to produce surpluses to be at the disposal of the court. Requisition of traditional statute labour went with it to process and to transport the products to checkpoints, road construction included. After the introduction of the "Cultuurstelsel" the production of export commodities rose considerably, and to this extent the change of course was regarded as a great success. Historically the policy was a mistake, as it set the clock back to the times when the traditional export production under the management of the local rulers towards the end of the eighteenth century had technically proved to be inadequate to meet the rising demand of the Western commodity markets. It was only by putting a great pressure on the rural production capacity that the increase of exports could be effected. No wonder that after a few decades the system had to be abandoned (Reinsma, *19*).

Stepping into the rights of the sovereign and interfering with the domestic organisation of authority, it implied taking over more and more of the responsibilities of the ruler towards the community. It goes beyond the purpose of this paper to give a description of this process. Let it suffice, for the sake of a general impression, to compare the rise of exports from Java with the increasing expenditure of the colony's administration (CKS, *10*, no. 160 and CEI, *6*, Vol. 2, Tables 2 and 3) [see Table 1].

Seen as a commercial enterprise the financial results were satisfactory. In accordance with the primary economic policies handsome balances of the colonial administration flowed into the Netherlands Treasury from 1830 to

Table 1 Exports from Java and Government Accounts: yearly averages in Fl. 1,000,000.

Period	*Exports from Java*	*Government Expenditure, General Administration*	*Balance of Government Accounts, All services*
1812–1816	x	ca. 9	ca. −2
1817–1822	x	18	2
1823–1829	14	29	x
1830–1839	27	27	4
1840–1849	53	33	10
1850–1859	71	39	28

the early 1870's (last column of Table 1). The increasing expenditure of the Territory shows clearly the increasing responsibilities the government had to shoulder (column 2). The supply to the Western markets grew apace, matching the demand (column 1).

Another complication made itself felt, adding to the traditional responsibilities of the ruler. By forcing the productive capacity of the Indonesian community to a much higher performance in a short span of time the Netherlands Indies government set afoot a rapid development of the internal socio-economic structures (Burger, *4*). This consequence of introducing a large-scale export industry could of course scarcely be foreseen by the contemporary authorities. Once the structural changes were on the move they could not be held back. The movement accelerated the growth of the administrative burdens far more than could be visualised when, during the first two decades of the nineteenth century, the Netherlands Government was settling into an administration that for those days was fairly simple but sufficient.

The structural changes that took place were complex and came into effect over a period of a few generations around the turn of the eighteenth century. Some of the changes were already simmering under the surface, others were waiting to be activated, and still other movements were aroused in an interactive process. One does not have to agree fully with the analysis of Dr. Burger (*op. cit.*) to approve of his masterly description of this evolution.

From an economic point of view, the mainspring of the movement gathering speed in the first half of the nineteenth century seems best characterised by the large-scale introduction of money transactions as a vehicle of economic activity into a previously self-sufficient rural society. Money, of course, is known to have already been circulating in trade centres for centuries. Towards the end of the eighteenth century it is on record that money was slowly penetrating the domestic sphere (in Banten and the Pasisir, both regions that were much under the influence of coastal commercial centres),

but it was only a mere trickle compared with later developments. In the first two or three decades of the nineteenth century the cultivation of coffee (also a product that was traded for in terms of money) was spread in Java outside the original region of production, the Priangan (Southern West Java), and then money circulation was also extended to the lower layers of the population. When, however, the "Cultuurstelsel" became operative, and – in contrast to the former levies of the Courts – it was decided to turn out a (rather meagre) remuneration to the producing villagers, hand over fist, money streamed into strata in the society which had never used money before. Adding to it, part of the increasing government expenditure (Table 1) found its way to the common man, now faced with new possibilities for means of subsistence hitherto well-nigh non-existent. Construction of an extensive network of roads with a view to transporting export products was a stimulant to trade in commonly wanted consumer goods in rapidly widening areas. It proved to be a stimulant for creating new economic activities that is often underrated as a fundamental factor in domestic socio-economic deployment, leaving promising, new activity in its wake.

A completely unexpected consequence of introducing large-scale export industry also escaped the attention of the contemporary authorities. They cannot be blamed for it, because it was only much later that students of demography (a rather young offshoot of the social sciences) recognised that it is normal for the growth of a population to be stimulated when economic resources are increasing. These conditions prevailed at the time in Indonesia. There are no undisputed statistics available as yet to show a direct connection between the increasing means of livelihood and growth of population in the period under discussion. There are no proper census records of the period, and also the evaluation of the contemporary economic activity is still in the course of being calculated. If, however, it is allowed to approximate the situation with figures (Table 2), one could juxtapose two series: firstly, estimates of the population (very much disputed: see Volkstelling, *23*, Vol. VIII; Tennekes, *20*; Breman, *3*, and the literature quoted in these works), and secondly, the provisional estimates of the circulation of copper money, a very crude way indeed to indicate the growth of economic activity (CEI, *8*, Vol. 7, in preparation).

The escalated growth of population in itself (seemingly after ages of stability) was not the only problem to be considered. With it changes took place in the social and demographic structure in the rural sphere. When the increasing young generations grew up and claimed their share in the arable fields, soon there appeared for rising numbers no other way out but to migrate to waste areas or to find employment outside the restricted opportunities of the familiar homesteads (Meijer Ranneft, *16*). Since the 1850's the authorities had to face a gradually rising surplus of labour, a phenomenon that had hardly ever occurred before in the self-sufficient system previously prevailing in the rural economy. Even until the middle of the nineteenth century

Table 2 Provisional estimates.
Growth of population in Java (in millions).
Circulation of copper money (in Fl. 1,000,000).

Around	*Population*	*Circulation of copper money*
1817	4.5	1.0
1830	7.1	14.7
1850	9.4	38.9

manpower was hard to come by, when it was still well balanced with the requirements for the production of commonly needed provisions of the village.

Disastrous epidemics and catastrophic famines that took place, especially in the 1840's and are usually laid at the door of the "Cultuurstelsel" (admittedly stepped up in that period), might also be seen as symptoms of demographic distortions in the agrarian community during the transitional phases.

The two-fold evolution of the colonial administration – the merchant on the one side and the administrator on the other – found its solution in the years around 1860 and 1870. Already in the 1850's it became clear that private entrepreneurs were far better adapted to large-scale agriculture than the Civil Service. Earlier, in the first years of the 1830's, it was already decided to farm out the processing of sugar cane, grown on high authority, to private contractors. These pioneers had already, around 1850, grown up as a considerable group of experienced managers of large-scale plantations. When after 1850 the end of the "Cultuurstelsel" came into sight, and the government began to extend facilities to establish private plantations, many of them – in particular sugar-contractors – were quick to take their cue (Hudig, *12*). Since then attention was given more and more to highland enterprises, first coffee, and later on to other crops. In these years the Government began to abandon the "Cultuurstelsel", till then jealously protected against private competition. By releasing the grip of the virtual state monopoly the government renounced the heritage of the East India Company in the course of these years, and only continued the administration of the sovereign ruler. This unintentional consequence had never been prepared for, when over half a century earlier the government had embarked on what seemed to be an outsized commercial enterprise. The aim at the starting point of the colonial venture, increasing the production of tropical commodities, was left to the care of private concerns that, later on, were to expand the industry to one of the largest resources of national income. In the last decades of the nineteenth century smallholders joined the export industry. Before the Second World War their share accounted for a major part of the exports. In some lines their industry provided the domestic demand for vegetable consumer goods, which

in the course of years added to the scope of agricultural production (CEI, *5* and *7*, Vol. 1 and 5).

The adoption of the agrarian legislation in 1870 (IS, *13*, 1870, 55 and 71; and 1875, 79) can well be regarded as a landmark in this turning point. Earlier the government had withdrawn from the commercial field as a near-monopolistic operator. The legislation is the first significant example whereby the government, as the sovereign ruler, free from its former ties to commercial interests, on the one hand left private concerns enough leeway to pursue their industry and on the other hand put limits to these pursuits, to safeguard the community, especially smallholders, against undesirable consequences of the industry and its expansion. Facilities were extended to those who intended to open up plantations for large-scale cultivation of commercial products on waste land and rules were given for plantations operating on hired village-grounds. The holdings of the Indonesian owners of grounds and other titles were at the same time safeguarded against alienation to non-Indonesians. Some time later, the leasing of arable land to non-Indonesians was restricted and subjected to binding regulations. This legislation set the future pattern of economic and financial policies of the sovereign ruler independent of particular interested parties.

The period of the long depression partly covering the last three decades of the nineteenth century produced few striking developments. Still hidden under the surface there were, however, signs of a movement that was to become effective in the twentieth century. The increasing financial responsibilities of the colonial government set many thinking whether it was a wise policy to tie the financial management of the colony to the treasury of the Netherlands. In 1903 therefore the treasury of Netherlands India was separated from the treasury of the kingdom in Europe (CBNI, *22*, Vol. 5). Statutory contributions from the colony to the kingdom's treasury were not allowed anymore. In fact no remittances had been made since the early 1870's. From 1830 to 1872 an aggregate amount of over Fl. 800 million was remitted, admittedly mainly accounting for the *c.i.f.* Amsterdam value of the shipped commodities to the Netherlands, of which only the *f.o.b.* value should have been rightly re-imbursed to the territorial treasury. After 1903 the drawing up of the yearly estimates was delegated to the government of Netherlands India (CBNI, *21*, Vol. 2, pp. 63–76). Until then it was the task of the Ministry for the Colonies. In 1913 the legal status of Netherlands India was declared, implying that the government was authorised to contract public loans on behalf of Netherlands India, subject to the approval of the States General (CBNI, *22*, Vol. 5, Ch. 2). Although beyond the scope of our subject, it should be mentioned that prominent groups in many quarters in the Netherlands at the time were turning away from the old colonial concepts towards a policy of trusteeship guiding the colony to a position of independence (see CBNI, *21*, Vol. 2 on the constitutional changes).

Also economic developments complicated the domestic scene, calling for more attention than possibly could be expected from the faraway Ministry for the Colonies where up till then the final administrative decisions, even on details were taken. As a consequence of the long depression there came towards the turn of the century reports of the alarming economic conditions of the population of Java. Previously the authorities are known to have taken measures to alleviate the consequences of calamities, bad crops, epidemics or floods. In contrast to these incidental measures, in 1901 a basic change of the socio-economic policies was announced. A thorough investigation of the economic conditions of the whole of Java was conducted and measures were suggested to improve living conditions. A donation of the Netherlands Government was made available to finance economic measures, that in a later stage laid the foundations of a network of extension services, laying the responsibility of the domestic economic policies in the hands of the colonial government. Thus by sheer spreading forth of the original colonial venture the new aspect of developing domestic economic activity was added to the unforeseen duties of the sovereign ruler. The deeper sense of these measures, and others of a similar nature, was that within the context of the kingdom, Netherlands India grew into a position of a "Rijksdeel" (part of the kingdom, amendment of paragraph 1 of the Constitution in 1922), a territory of increasing authority to settle its own financial and economic affairs. Statutorily it became at last one of the equivalent parts of the kingdom of the Netherlands, with a say in the decisions concerning its own interests. Of course these decisions were subject to the directions of the "Opperbestuur" (supreme government) when issues of the kingdom in Europe were also concerned, or when the subjects were reserved for imperial decisions.

It was the three Governors-General, Van Heutz (1904–1909), Idenburg (1909–1916) and Van Limburg Stirum (1916–1921), who introduced the Netherlands India Government to its new status. Under their régimes, marked by the strong characters of these representatives of the Queen, it became a tradition to stand up for the fundamental interests of the colony against the government of the kingdom. With the initiative of administrative management shifting to the colonial government it was only a matter of course that specific Indonesian issues (including those concerning foreign business circles) from now on began to carry weight in their own right in the deliberations over general policy. This tendency was most noticeable in the economic and financial field. The stage was now set for the last paradox of the colonial interlude in history. Once the specifically Indonesian interests were brought under discussion unavoidably some would appear to be inconsistent with the kingdom's stake in Europe. When conflicting interests were intensified in the depressed 1930's justifiable doubts could be cast on the expediency of close ties between motherland and colony in the economic and financial field.

To an outsider not much was changed. Only a careful reader could find traces of the discussions "intra muros" working out and drafting the bills

presented to the assemblies of representatives (the States General and, since 1918, the Volksraad). Only a reflection of contentious subjects was found in the "Memorie van Toelichting" (explanatory memorandum) of the yearly estimates and important bills, and subsequently in the proceedings of the two bodies. The same applies to the abundant literature on these subjects, in particular in dailies and periodicals. The student of the influence of specific interests concerning Indonesia on decision making, however, has to turn to the correspondence between "Het Plein" (the address of the Ministry for the Colonies in The Hague) and "Bogor" (the seat of the government of Netherlands India) to find out what set the tune in the final stage of the paradoxical development of the colonial phase of Indonesian history.

The impression is given from the archival records that have been published on financial and economic subjects (CBNI, *21*, *22*, Vol. 2, 5–7) that until the First World War (1914–1918) and even during the prosperous period in the 1920's no controversial subjects of any basic significance arose. Queries from "Het Plein" about the embargo on rice exports from Java in 1911 and 1912 (in order to control the effects of shortage of rice in South East Asia) did not seem to develop into a conflict of any consequence. Once the dust had settled on a controversy about policies of foreign exchange control between the Exchange Banks of Amsterdam and Jakarta (1922–1924), CBNI, *22*, Vol. 7, Part 2) no difference of opinion appeared to have arisen between the two governments. In the 1930's, though, we can see that the two countries of a fundamentally different economic structure, but tied to the same monetary system, could get into serious difficulties, calling for different requirements for an optimal management of their foreign exchange positions. Troubles of this kind, however, would not have arisen during the period of hitherto unknown prosperity throughout the better part of the 1920's.

Difficulties started when, with the crisis of 1929, prosperous times changed into an unusual world-wide stagnation, involving a serious setback in business activity during the depression of the following four to five years. When in 1929, with a collapse of a great number of banks in international financial centres, the economic crisis broke out, a textbook-pattern of consequences followed in its wake: plunging price-levels, a world-wide shrinkage of the demand for primary products and consumer goods, a cutting back of production and high unemployment. Thrown back on their own resources most countries attempted to protect their national interests, each fending for themselves. Overnight the world was covered with a network of restrictive measures, bilateral trade arrangements and regimentation of monetary transactions with foreign trade partners.

It was fortunate that in this free-for-all fight the Netherlands and Netherlands India could turn to each other for mutual assistance and take a strong stand against other countries. A closed system of mutual trade agreements and supporting regulations was negotiated in the first years of the depression (Van Gelderen, *9*; Saroso, *25*; Boeke, *1*). Under the circumstances the whole

texture of measures bore its fruits, and the combined efforts resulted in a strong position for the kingdom which foreign trade partners had to respect. A closer look at the system, however, stirs up some doubts as to whether it was a success for both parties. Time has been too short to strike a satisfactory balance, also because so many imponderables were brought into play to justify an irrefutable conclusion.

One feature, though, begins to emerge from the overwhelming mass of details of the past. In the Proceedings of the States General and the Volksraad the representatives of the governments always explained in detail the measures that were taken to further the mutual assistance of both "Rijksdelen". The subject matter was also properly reflected in papers and periodicals. In the deluge of detailed provisions aiming at a reasonable balance of advantages and sacrifices on both sides, one typical and telling characteristic was lost sight of. More of it comes to light in the official correspondence between the two Governments.

Reading through the records of the negotiations that were not published at the time (CBNI, *22*, Vol. 7, Part 1) it becomes clear that it took much effort to keep the advantages and disadvantages on both sides well in balance. It was mainly Netherlands India that had to take protective measures to safeguard Dutch imports, whereas, on the contrary, in the Netherlands, with its small market for tropical commodities, next to nothing could be done to improve the precarious position of Indonesian exports. Exports were a dominant source of national income in Indonesia: it was sink or swim for its national economy. To strike a balance the Netherlands had to grant financial support to tide over the deficits in public finance (CBNI, *22*, Vol. 7, Part 2); and on top of this, subsidies and grants were extended. This unbalanced trade structure points to the fact that the commercial interests of both countries were far from complementary. To put the lid on matters, it soon appeared that some lines of the protected imports were increasingly interfering with the promising and very vital development of manufacturing industry in Indonesia.

Conflicting interests in the important sector of monetary policies were another aspect of structural differences between the two countries. In Indonesia the balance of international payments was fairly simple. With the current earnings from the export industry imports, remittances of foreign staff and other migrants (Chinese) had to be covered besides the capital service of the industry and Government loans. It would not have called for insurmountable adjustments to devalue the currency after the devaluation in the early 1930's by competing tropical countries. Holland was far more vulnerable to changes of foreign exchange rates. Apart from covering its balance of trade, the country would have faced great losses on its invisible accounts after devaluation, especially on the commitments of the important Dutch capital market (i.e. Germany and Netherlands India each Fl. 1½ milliard (CBNI, *22*, Vol. 7, p. 954, note 475). When already most trading partners of

the Netherlands had devalued their currencies, the Netherlands – with a few other countries – stuck to the gold standard. Only when the last countries holding to the gold standard threw in their hands in 1936 had the Netherlands to follow suit.

The Netherlands monetary policy was very much influenced by the large number of savers, institutional as well as small private ones, who could be found throughout the middle classes, the stronghold of the contemporary government. Later investigations have shown that it was questionable whether prevailing deflationary policies (on the British example at the time) fitted in the Dutch economic pattern (Klein, *15*). They certainly did not suit Indonesia, which had a constant uphill battle selling its produce in competition with other tropical countries with a devalued currency. The Netherlands India Government was officially loyal to the Dutch monetary policies, but opposition of the most important advisers could clearly be read between the lines (Hirschfeld, *11*; CBNI, *22*, Vol. 7, Part 2).

These examples show that Indonesia was developing into an economic entity in its own right. Other examples of conflicting interests of the two parts of the kingdom also became visible when the viability of the union was put to test in the hard years of the depression of the 1930's. For instance, the efforts of the Netherlands India Government should be mentioned, when trying to strike an equilibrium of general price levels suiting the export industry, the rice growers and the budding manufacturing industry. Trying to stabilise the prices at a fairly low level would, however, impair the protection of Dutch imports. The difference of interests tended to grow, and it was to be expected that, in an economic sense, the two countries would increasingly drift apart in the future.

Seen from an economic point of view this development was the last stage of colonial development, begun as a purely economic venture and ending with a constitutional union of two countries which had, in the course of an unavoidable evolution, grown up as two entities of incompatible interests.

Deliberately, I have left the complicated and still highly controversial political side of the colonial history out of my sketch, in order to put the full stress on the inexorable course of decisive economic developments. We are still too close to the course of events to see Indonesian history in a broader perspective. If I feel justified to paint the picture of my vision in bright colours of my own choosing, it is to get rid of the still lingering obsession that seems to be an inseparable companion of the colonial interlude. This interlude may well appear as a passing but unavoidable stage of evolution when we consider the groundswell of Indonesia's development as a part of the history of world-wide movements.

Western influence forced its pattern of economic activity on the Indonesian community, and in many instances never has been or could have been properly digested. Has not Indonesia a cultural pattern of an age-old standing, often completely different from Western ones? On the other hand, many

Western innovations unleashed evolutionary forces, forces which, as history shows, are often the result of conflicts and which foster cultural advance. May I quote Friederich Ratzel: "Die Menschheit muss als eine beständing in gährender Bewegung befindliche Masse betrachtet worden, welcher durch diese Gährung zunächst eine grosse innere Manigfaltigkeit angeeignet wird" (*Ueber geographische Bedingungen der Völkerwanderungen*).

The period of foreign rule covered a transitional period during which the Indonesian economy underwent a radical adaptation to modern international traffic. In the course of these developments properties of the economic community of Indonesia were revealed that were unknown before. Time and again socio-economic reactions came as a surprise to the authorities, as they would come to any government responsible for Indonesia at the time.

Some of these unforeseen complications in the socio-economic field are briefly described in this paper. There are many more. All of them should be regarded as instances of reactions of Indonesian socio-economic behaviour in the process of adaptation; they would have come to the surface under any circumstance. The study of these reactions (not yet properly investigated as yet) will undoubtedly contribute to a better understanding of the economic characteristics of Indonesia today.

Notes

1 This abbreviation and those following stand for full titles in the bibliography, as listed by the number.

2 The phrasing of paragraph 247 of the Constitution of the "Bataafsche Republiek" (Republic of Holland) of 1798 can hardly be seen as such a declaration: "De Bataafsche Republiek neemt tot zich alle Bezittingen en Eigendommen der gewezen Oost-Indische Compagnie" (The Bataafsche Republiek assumes all possessions and properties of the former Dutch East India Co.).

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46

THE NETHERLANDS COLONIAL BALANCE SHEET

A. Vandenbosch

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Until recently it was rather generally assumed that colonies are profitable to the mother country, although few efforts approaching a scientific analysis of the profits of imperialism have been made. The insistent demand for colonies in recent years by the 3 leading so-called "have not" states has attracted attention to the question. Interest in the question is sharpened by the impending voluntary liquidation by the United States of her richest colonial possession. Philippine freedom may be only a fulfillment of a promise made long ago, but the circumstances attending the action clearly indicate that several important economic groups in this country were eagerly pressing for the action. This paper attempts an economic approach to the Dutch East Indies colonial problem.

I

The Netherlands is a small country with a rich and extensive colonial empire. In the home land there are 8,000,000 Netherlanders occupying an area of about 13,000 square miles; the colonies embrace nearly 800,000 square miles with a population of about 65,000,000.[1] Nearly all of this vast colonial empire is represented by Netherlands India, or the Dutch East Indies as the dependency is popularly known in English speaking countries. In the West the Netherlands has some territory, most of which is of little economic value. Six small islands in the Caribbean were, until the last decade, a drain on the treasury of the Netherlands. Two of these islands, because of their strategic position off the coast of Venezuela, have become important oil refining centers, and the prosperity which the oil industry has brought has enabled the government of these 6 islands to balance its budget and even to build up surpluses. The government of Dutch Guiana, on the other hand, has run

deficits for over a decade, and there are no signs to indicate that it will soon cease to be a burden on the Netherlands' treasury.

Whatever profits the Dutch have enjoyed from their dependencies have come from the East Indies. During long periods of Dutch history golden streams of profit did flow from the East Indies to the Netherlands. The East India Company poured out in dividends alone 36 times its original capital of 6,500,000 florins, or an average of 18½ per cent a year. In addition to the dividends there were the remittances to Holland by the East Indian officials and employees and the salaries and wages of the company's employees in Holland. The total gains to the Dutch people through the East India Company have been estimated at 2,000,000,000 florins.

About 1780 the golden stream dried up. It was half a century before the stream again began to flow, but for a period of nearly 50 years after 1831 it flowed copiously. During these years the East Indies were being systematically exploited by the iniquitous forced culture system. In the same period the East Indian government sent over 800,000,000 florins to enrich the treasury of the Netherlands government. With the victory of liberalism in Dutch politics the state had to yield the exploitation to individuals. After 1877 state exploitation gave way to private exploitation. An increasing number of Netherlanders migrated to the East Indies, and Dutch investments there expanded rapidly. In 1929 the amount of foreign capital invested in the East Indies totalled approximately 4,000,000,000 florins. About two-thirds of this was Dutch capital. Profits on this capital in the years before 1929 reached a total of over 500,000,000 florins a year. After deducting the amount reinvested in the East Indies there remained about 250,000,000 florins for remittance to the Netherlands annually. Of this sum the Dutch government took in direct taxes 60,000,000 florins yearly—an amount equal to one-fourth of the total received in direct taxes. A total of 25,000,000 florins is still being paid in Holland annually in the form of pensions to retired East Indian officials, civil servants, and soldiers. The bonds representing the East Indian public debt, which now amounts to 1,500,000,000 florins, are practically all held in Holland.

Such in broad outline are the sums which may point to the profits accruing to the Dutch government and people as a result of their political control over the East Indies. As they stand these sums have little meaning. They must be analyzed.

II

A first and no mean item is the maintenance of the Civil Service in so far as it is recruited in the Netherlands and is a charge on the East Indian budget. During the three decades previous to the depression the Dutch had built up an intensive administration. This called for a large corps of highly trained civil servants. Candidates for posts in the East Indian Civil Service were

selected upon graduation from high school. During the 5 years in training at Leiden University (later the University of Utrecht also offered courses for the East Indian service) the candidates receive 1000 florins annually, and at the end of the course are sent out to the East Indies at the expense of the government. In 1928 when the imported personnel was about at its peak, there were approximately 8,000 Netherlanders in the East Indian Civil Service. Nearly all of the higher-paid positions under the East Indian government were held by Netherlanders. It is obvious that this represented a very important outlet for the college graduates of the Netherlands. Translated in terms of American population figures, a similar outlet would provide profitable positions for 125,000 American college graduates. It should be remembered that the term of service is relatively short, averaging not over 25 years, and that the retirement period is relatively long. While liberal pensions are provided they nevertheless are less than half of the maximum salary attained. It should also be remembered that the salaries received in active service are spent in the East Indies and not in the Netherlands.

It is evident that this constituted a costly administrative system for an economically weak country. It could be maintained only so long as the Western enterprises in the East Indies flourished. With their collapse in 1930 drastic measures had to be taken to reduce costs. Pressure from educated Indonesians seeking employment has also worked towards the same end. The number of Netherlanders in the East Indian service will be gradually lowered. Already the number is probably a thousand below the peak of 1930.

In addition to the Netherlanders in the Civil Service there are a number in the military and naval branches of the East Indian government. In 1931 there were 623 officers and 5,000 enlisted men in the East Indian army who had been recruited in the Netherlands. The corresponding numbers for 1933 were 541 and 4,000 respectively. In the navy in 1933 there were 334 officers, nearly all of whom must have come from the Netherlands. There were also 559 petty officers, a large number of whom came from the Netherlands, and 1,189 sailors, of whom a large number were undoubtedly Eurasians from the East Indies.[2]

From the point of view of our analysis pensions for Europeans constitute an important item, for these pensions are nearly all consumed in the Netherlands. In 1928 there were 2,075 retired civil servants who received 8,102,000 florins in pensions in the Netherlands. During the same year 12,713 retired officers and enlisted men received 11,337,000 florins in pensions in Holland. At the end of 1933, 13,269,000 florins were paid to 3,118 retired civil servants in the Netherlands and 12,298,000 florins to 11,652 retired officers and enlisted men of the army and navy. The reason for the great increase in the number of retired civil servants is to be found in the fact that during the depression a number of persons were retired early in order to cut governmental costs. It was cheaper to retire civil servants at less than half pay than to continue them at full pay. In addition to those actually pensioned there

were 308 Europeans placed upon the non-active list. They received partial salary to the amount of 1,464,492 florins. Many of these were undoubtedly in the Netherlands waiting for call to active duty.

The figures given above are for the central government only. Local governments also import personnel from the Netherlands, but the number is not great.

Another item not to be overlooked is the amount received by government employees on leaves of absence to the Netherlands. This sum may be estimated at about 3,000,000 florins a year, which is less than half of what it was before the depression. A furlough is granted for every 6 years of service and it may be extended by a month for each additional year of service to a maximum of one year.

Still another item is the maintenance of the Commissariat for Indian Affairs at the Hague. While the Netherlands government defrays nearly all of the cost of the colonial office the East Indian government pays for the cost of the commissariat. In 1931 the commissariat spent nearly 1,000,000 florins. By 1935 the expenditure had been reduced to 650,000 florins.

The purchase in the Netherlands of supplies for the East Indian government is undoubtedly an item of some importance, but how great the item is it is impossible to ascertain from available government documents.

When the profits from private business are considered it is even more difficult to arrive at reliable estimates. The balance of payments drawn up by the East Indian Central Bureau of Statistics indicates profits on foreign

TABLE I

BALANCE OF PAYMENTS OF THE NETHERLANDS INDIES

(In millions of florins)

	1933[a]	1930	1925
Payments (Imports):			
Imports of Merchandise	318	890	841
Imports of Gold		3	22
Invisible Items[b]	314	531	1,052
Total	632	1,424	1,915
Receipts (Exports):			
Exports of Merchandise	475	1,162	1,805
Exports of Gold	35	5	8
Invisible Items[b]	122	257	102
Total	632	1,424	1,915

[a] Preliminary figures for 1933.

[b] Consisting chiefly of interest, dividends, remittances, new capital investments and short-term credits.

capital of over 275,000,000 florins in 1925 and 190,000,000 florins in 1930. By 1933 these profits had dwindled to 26,000,000 florins.

III

Until the depression the Dutch adhered rather rigidly to the open-door policy, but this did not mean that some Dutch industries did not enjoy certain rather definite advantages. For example, the Dutch boat lines between points in the islands and the Dutch boat lines between the Netherlands and the East Indies have contracts with the East Indian government for the carriage of government passengers and supplies. In 1929 these boat lines carried nearly 6,000 passengers between the Netherlands and the East Indies at the expense of the East Indian government. The amount paid for the carriage of these passengers was about 9,000,000 florins. In 1933, 4,555 passengers were carried at a cost of 6,000,000 florins. As a result of the trade and shipping war with the Japanese the East Indian central legislative body empowered the government to require that percentages of East Indian imports be shipped in Dutch bottoms. This measure helped greatly to win the shipping war with Japan, for Japanese exports to the East Indies far exceed Japanese imports from the East Indies.

How much of all this was pure gain to the Dutch it is impossible to determine. It may be safely assumed that not all of the Dutch in the employ of the East Indian government would have received as profitable employment elsewhere. On the other hand, except in times of depression, most of them would have found some kind of employment either in the Netherlands or elsewhere. The same must be concluded with respect to Dutch capital. The Dutch have large investments in foreign countries. It is only a question of the amount of return on the investment. There is no doubt of the fact that Dutch enterprises in the East Indies have during good years enjoyed splendid returns. On the other hand so did non-Dutch capital invested there. However,

TABLE II

VALUE OF IMPORTS AND EXPORTS OF GOODS

(In million guilders)

YEAR	IMPORTS	EXPORTS
1925	818	1785
1929	1072	1446
1930	855	1159
1931	572	749
1932	373	543
1933	321	470
1934	298	490
1935	275	465

it would be absurd to deny that nationals have certain indefinite advantages in a dependency over aliens doing business there.

The appalling economic retrogression of the East Indies during the depression has caused the Dutch government to change fundamentally East Indian commercial policy. The story of the economic decline in the East Indies is graphically shown by Table II.

It will be noted that with 1934 there appeared a slight improvement in the trade balance. Imports continued to decline and exports expanded, thus producing a greater export surplus. The great decline in the value of exports was primarily due to a fall in prices, since the volume of exports remained fairly constant and had returned to the 1929 level by the end of 1935. With the devaluation of the florin in September, 1936, a decided improvement was at once noticeable. The story of the catastrophic decline and mild recovery can be briefly told with a simple statistical comparison. If an index number of 100 be given to the value of East Indian export products in 1925, the index would have been 85 in 1928, 47 in 1931, and 27 in the first half of 1936. From that low point it rose to 31 in July of 1936, and to 43½ in terms of the devaluated florins at the end of the year.

Government receipts and expenditures tell an equally sad story. In spite of drastic increases in taxes government revenue declined from 524,000,000 florins in 1929 to 250,000,000 florins in 1933. The public debt increased by 500,000,000 florins and now stands at 1,500,000,000 florins. After relentless pruning the budget for 1937 has been balanced at about 250,000,000 florins.

IV

The economic and fiscal difficulties of Netherlands India are closely associated with the great expansion of Western industries during the two decades preceding the depression. Western enterprises, with their greater productivity, did something to raise the native income but they did more to furnish the tax resources for a greatly intensified and expanded governmental administration. The public revenues of the East Indies were to a marked degree dependent upon the Western enterprises operating in the countries. The native contribution has been estimated to be as low as 30 per cent but was probably closer to 40 per cent. The Western enterprises are engaged almost exclusively in producing the export commodities of which the East Indies produces so large a share of the world's total production. The East Indies produces 93 per cent of the world's quinine, 70 per cent of its pepper, 32 per cent of its rubber, 30 per cent of its copra, 20 per cent of its sisal, 17 per cent of its tin, 11 per cent of its sugar, 8 per cent of its coffee and 8 per cent of its palm oil. In the case of only a few commodities, such as coffee, rubber and tea, is the native production of any significance. With the collapse of the prices of these export commodities in 1930, East Indian economic life was sorely affected and the public revenues declined precipitately.

How disastrously the Western export industries were affected is best illustrated by the sugar industry. This industry was of the greatest importance to the over-populated island of Java, with its 42,000,000 people living in an area of 50,000 square miles, an area almost exactly equal to that of the state of New York. In the years immediately preceding the depression the total annual expenditures of the Java sugar industry averaged about 250,000,000 florins; the expenditures now amount to about 65,000,000 florins. In 1929 the industry paid 19,000,000 florins to 60,000 native employees; now 25,000 native employees receive 5,000,000 florins. In 1929 a sum of 130,000,000 florins was paid to Javanese land-owners in land rent; this sum has now been reduced to about 5,000,000 florins. Formerly the industry gave employment to 4,200 European employees, to whom a sum of 19,000,000 florins was paid in salaries. At the present time 1,700 men receive 6,000,000 florins.[3]

The East Indian government faced very great financial problems, many of which still remain unsolved. The East Indian administrative organization and service was one of the best in the world, but it was costly to maintain because of the high percentage of its personnel which was imported from the Netherlands. With the drastic retrenchment of expenditures the Dutch personnel was greatly reduced. In the early period of the depression boats left the East Indies loaded with passengers and returned empty. While the administrative service has been reduced to a level which the native economy can bear, the fiscal problem remains acute. The chief difficulty arises from the heavy fixed charges. Pensions and service on the public debt take about half of the government's annual receipts of 250,000,000 florins. This leaves very little with which to carry on the ordinary functions of government.

Unfortunately, the Dutch producers for the East Indian market were doubly hit during the depression and were clamoring for aid from the Dutch government. They were suffering not only from the general results of the depression but even more from the Japanese invasion of the East Indian market. In 1928 the Netherlands supplied 20 per cent of the total East Indian imports; by 1933 this percentage had declined to 12½ per cent. To stem this invasion the Dutch deserted their time-honored open-door commercial policy and resorted to the imposition of quotas, chiefly upon textiles. What the actual value of these quotas is to the Dutch producers it would be very difficult to determine. A Dutch parliamentary paper estimated the Dutch quota for bleached cotton goods alone to be worth 7,000,000 florins.

V

Now what is there to offset these fairly numerous but indefinite and often intangible advantages which have accrued and still accrue to the Dutch from their Eastern dependency?

1. In 1905 the Netherlands government wrote off an advance of 40,000,000

florins which the Netherlands treasury had made to the East Indian government.

2. In 1936 the Netherlands government announced a gift of 25,000,000 florins to the East Indian government, the total sum to be spent upon welfare measures over the course of 3 years.
3. During the depression years nearly all of the East Indian public debt was converted into new issues guaranteed by the Netherlands government. This resulted in an annual interest saving of 30,000,000 florins.
4. The Netherlands government formerly contributed 62 per cent of the East Indian naval defense costs. It has now taken over the entire burden which amounts to about 30,000,000 florins a year. This sum seems certain to increase for a number of years, for the tense situation in the Far East has led the Dutch to adopt a program of naval armaments expansion.
5. The Dutch government bears the expense of the foreign relations, including the consular service, for the entire empire. The East Indian government is saved this expense though it does not add greatly to the costs of the Dutch government.
6. Commercial agreements with a number of countries and clearance agreements, notably with Germany, which involved some sacrifice of Netherlands' interests have been made in order to advance the interests of the East Indies. Undoubtedly the Netherlands is able to obtain concessions which the East Indies by itself would not be able to obtain.
7. Subsidies have been granted to a few East Indian industries. A subsidy amounting to about 1,250,000 florins a year is made to the Javanese batik industry. This industry had suffered as a result of the increase in prices caused by the imposition of quotas on the textiles it used, and this subsidy was granted as an offset. A subsidy of 800,000 florins annually has recently been announced by the Javanese sugar industry. A proposed subsidy of 4,000,000 a year to the East Indian coffee industry was not granted because the government was unable to work out the details satisfactorily.

It is obviously impossible to balance the items on both sides of the ledger. Some of the items cannot be weighed at all. Others are of a mixed nature. The third item is a good example of this. Thirty million florins in interest charges are saved by Netherlands' guarantee of the East Indian loans, it is true. On the other hand, had the East Indies been an independent country, it might have reached some agreement with its bondholders for a scaling down of the debt. Moreover, only if the East Indian government finally defaults will this measure cost the Netherlands government anything.

It is also clear that the Netherlands is in a better position to exploit the East Indies than the East Indies is to profit at the expense of the Netherlands. This is in marked contrast with the relative positions of the United

States and the Philippines. The Netherlands has a relatively small market, especially for the articles which the Indies has to export, while the East Indies is a very large market for most articles the Netherlands can produce. In the past there has been some discussion about a custom's union between the two countries, but there is little likelihood that this will ever come to fruition. The economic interests of the two countries are too divergent. The interests in the East Indies of economic groups in the Netherlands are not all the same either. Dutch producers in the homeland look with an envious eye upon the East Indies as a market for their goods that their own government can safeguard for them against hostile competition. Another group looks to the East Indies not as a market for their goods but as an outlet for their capital in the huge agricultural industries. The Dutch have made their largest profits in the East Indies as large-scale agrarian enterpreneurs. As such, they can hardly view with approval any measures which reduce their ability to sell freely in the world market. In this respect their interests coincide with that of the East Indian masses, which is to buy in the cheapest markets and sell in the highest.

It is worthy of notice that the measures taken by the Netherlands during the depression have aroused the hostility of people in the East Indies, both Dutch and Indonesians. There has been a great deal of bickering about the relative sacrifices of each for the good of the other. It has stimulated the movement for autonomy among all population groups in the East Indies. There were insistent demands that the Netherlands take over part of the East Indian debt; there was no end of complaint that nearly all of the measures undertaken were primarily in the interest of the Netherlands.[4] Imperial economic unity has an alluring appeal to many people in all countries; in operation it loses a great deal of its attraction. The Netherlands statesmen have discovered that whatever is gained by one part of the empire by a specific measure is almost invariably paid for by another. It is not long before the whole relationship becomes surcharged with a profit and loss accounting, with few or no elements satisfied.

Notes

1 The statistical and other data throughout the article are based chiefly on the following sources: the annual reports of the governments of Netherlands India, Surinam and Curacao; *Proceedings of the States General*; various articles in the *Encyclopaedia for Netherlands India*. For a general account of the economic and social structure of the East Indies see A. Vandenbosch, *The Dutch East Indies: Its Government, Problems and Politics*.

2 The government's reports do not indicate the origin of the navy personnel here given beyond listing them as Europeans.

3 See A. Vandenbosch, "Troubles of a Colonial Power", *Asia*, September, 1937.

4 See the author's article referred to above.

47

EDUCATION

J. S. Furnivall

Source: J. S. Furnivall, *Netherlands India: A Study of Plural Economy*, Cambridge: Cambridge University Press (1944), pp. 364–78.

At the end of the nineteenth century, a European could educate his children almost as well in India as in Europe; but little had been attempted, and less accomplished, for the Native. In 1900 with a Native population in Java of nearly 30 million, less than 75 thousand were at school. Almost all these attended Second Class or Private schools, where they learned little beyond reading, writing and arithmetic, and even in the few First Class schools with a five-years course the elementary curriculum included no Dutch. A very small number of the upper classes were allowed, under discouraging restrictions, to attend European schools. In the Outer Provinces, with a much smaller population but greater missionary activity, the number of schoolchildren was about the same as in Java, but there were no First Class schools. Foreign Orientals, mainly Chinese, had their own schools, with some 5000 pupils in Java and about 3000 in the Outer Provinces. Thus the educational system was characteristic of a plural society with separate schools for each section of the inhabitants.

For the most part the schools for Natives owed their origin to the demand for more competent subordinates consequent on economic progress under the system of private enterprise, and to the educational impulse given by humanitarian Liberals. But this impulse, powerful in the 'seventies, faded out during the economic collapse of the following decade, and only when the Ethical policy gained favour did education make new headway. Education, Emigration, Irrigation was the triple motto on the banner of Van Deventer. But the leaders of the Ethical movement were more constructive than their Liberal predecessors. Like the Liberals, they regarded primary instruction as a natural right of man; but they regarded it also as an instrument of welfare. More than half the village headmen and many so-called village clerks were illiterate and, in these circumstances, Regulations intended to improve village

life were largely ineffective. As Hasselman wrote in his Report on Village Services: "if we would raise the people to a fuller sense of independence and of their responsibility for managing their own affairs, the extension of popular education on a large scale is essential."[13] Education, then, was a general catchword. But few, if any, understood the difficulties which it presented.

The educational problem is, indeed, the most difficult of all those arising in a tropical dependency, a political organization founded and built up on economic circumstances rather than on geographic, racial, religious or linguistic ties, in which two elements, typically European and Native, live side by side, or, rather, superimposed, with the European as ruler and employer and the Native as subject and employee. Sometimes there is a third element, as in Netherlands India the Chinese. In religion, culture, and standards of living, these several elements dwell in different worlds, but they all meet in the market-place and dwell in the same economic world. Education may bridge the chasm between different cultural worlds, and taking the word in its widest sense, no other bridge is possible. But education itself has two aspects, cultural and material; although, traditionally, the cultural aspect is the more important, yet, in the modern world, the material, or economic, aspect is increasingly significant, and in East and West alike everywhere there is a growing demand for more and better schools that shall turn out a more efficient people and, among parents, a growing demand for better and cheaper schooling that shall fit their children for more desirable employment. Education has always had an economic aspect, because the economic life is one side, and a very important side, of social life; but only of recent years has the economic aspect come into the foreground, whereas education in its cultural aspect has always been a necessary condition of social life and the instrument by which a social unit preserves its distinctive character and even its existence. Education in its cultural aspect, however, is largely informal and unconscious, evolving together with the civilization which it preserves and as part of the same organic process, so that the cultural demand for education tends to remain unnoticed. With the growing economic demand for education the cultural demand has receded still further out of sight yet, even in the modern world, in any normal society the economic aspect of education is still merely one aspect of a process which is primarily cultural.

Society, in a tropical dependency, however, is abnormal. Instruction, even in the vernacular, provided by the ruling race must almost of necessity be an exotic culture, and it will be valued by the people only in so far as they wish to absorb the alien culture or to gain material advantage; ordinarily they will value education solely as an economic asset. Among the ruling race few will have the sympathetic imagination which is essential if the educational system is to promote the development of native culture; many will hesitate, on divers grounds, to try and impart European culture to the Natives; but all will welcome more competent and less costly subordinates. Thus in the abnormal conditions of a tropical dependency the tendency, visible everywhere in the

modern world, to magnify the economic significance of education, develops into a conflict between cultural and material interests in which the former fight a losing battle. The leaders of the Ethical movement, however, though not insensible of the potential economic advantages of education, regarded it chiefly as a cultural asset.

The first practical expression of the Ethical policy in the domain of education was the notable budget of Fock for 1907. The position in respect of general education at that time is shown in the following table. There had

Native Education, 1907. Schools and Pupils

Region	Java	O. Pr.
Government schools:		
First Class	50	4
Second Class	278	382
Private schools:		
Secular	468	257
Religious	93	891
No. of pupils	133,555	132,385

already been great progress since 1900, mainly in Private schools, but Fock proposed to double the number of Government schools within the next few years, and also sketched an ambitious project of vocational instruction. "We have undertaken", he said, "to rule the people through their own leaders, and that implies the training of subordinates in all branches of administration. This has never yet been attempted, but now we have come to recognize that they have great capability and energy and, with proper encouragement, are able to co-operate with us in administration to the benefit of land and people." It soon appeared, however, that he had overestimated his resources. The annual cost per child in a Second Class school was f. 25 and, with a school population of 5 million, the cost of primary instruction for natives alone would come to f. 125 million, out of a total revenue of less than f. 200 million. For this and other reasons progress was disappointing; in 1907 Fock expected to provide 186 new schools, but only 10 were founded. If education were to reach the villager and be effective as an instrument of uplift, something far less costly was essential, and in 1907 Van Heutsz devised a new type of village school to the cost of which the village should contribute. For these schools the village provides the school-house (often with a free grant of government timber) and, alone or jointly with neighbouring villages, contributes f. 90 annually towards the cost; Government provides the teachers, ordinarily two, and text-books, etc. The parents are expected to pay 5 or 10

cents a month, but, as they do not value the instruction even when it costs nothing, they are induced by "gentle pressure" from the Civil Service to send their children to school and are mostly exempted from paying fees. On this plan the number of pupils in Native Primary schools rose tenfold from 150,000 in 1900 to over 1½ million in 1930. (See the table on p. 127.)

At the time when Government, under the influence of Ethical ideas, was coming to recognize the moral duty and practical advantage of extending vernacular instruction, Miss Kartini had already done her work, Dr Soedira Oesada was laying the foundations of *Boedi Oetomo*, the Glorious Endeavour, and the people themselves were coming to appreciate the value of Dutch education as a means of national advancement. This was something quite new. During the last half of the nineteenth century the native official classes sought education as a means of personal advancement, but the conception of education as a cultural asset remained a dream of humanitarians and missionaries; now, these found a powerful and welcome ally in

Non-Europeans at Dutch Lower Schools

Year	No. of Europeans	No. of Native	No. of For. Or.	Total non-Europeans
1900	17,025	1,615	352	1,967
1905	19,049	3,935	731	4,666
1910	21,731	3,710	4,074	7,784

the new-born Nationalism. But the Nationalist and Ethical educational policies had different objectives; the Ethical leaders favoured vernacular education so that the people might become more docile instruments of the official welfare policy, whereas Nationalists hoped by learning Dutch to penetrate the secret of European power and, also, to qualify themselves for the highly paid appointments which were the preserve of Europeans. This was not unwelcome to some Ethical leaders such as Snouck Hurgronje, who preached the doctrine of Association, and in 1903 the restrictions on admission to Dutch schools were relaxed.

The pressure on these schools, however, became so great that in 1907 an attempt was made to relieve it by resuming the teaching of Dutch in First Class schools. These multiplied rapidly, but the concession failed to satisfy Nationalist aspirations. One grievance was that in the First Class school students were not prepared for the Clerkship (*Kleinambtenaren*) Examination as in Dutch schools. This, however, became possible in 1911, when the course in First Class schools was extended from five to seven years, and the use of Dutch as the medium of instruction from the lowest standard was made possible by the allocation of three European teachers to each school. A further grievance was that Secondary and Vocational education still remained

the privilege of those educated in Dutch schools and in the new Dutch-Chinese schools, which had been opened in response to agitation by the Chinese. *Sarikat Islam* and the native Press had by now become a political force, and these urged native claims with such persistence that in 1914 the First Class schools were reclassified as Dutch-Vernacular schools, which involved no change in their character or curriculum but signified that the top form was a starting-point for higher or special studies instead of the terminus of an education good enough for Natives. Each section of the community still had its special schools, but the Natives were at length placed on the same level as Europeans and Chinese in respect of instructional facilities.

The conversion of the First Class school into a Dutch-Vernacular school preparing the pupils for higher education created a demand for more advanced schools where this higher education could be given. The demand was met by converting the higher classes for Extended Lower Instruction (U.L.O.) and More Extended Lower Instruction (M.U.L.O.) into independent "Mulo" schools, which were linked up by a preparatory class with the new Dutch-Vernacular schools. A comprehensive curriculum is a characteristic feature of Dutch education, and the course in these Mulo schools is practically identical with that in the Mulo classes of the European schools; the compulsory subjects are Dutch, English, German, General History, Science, Mathematics and Drawing, and the course differs from that of Dutch schools mainly in that French is optional instead of compulsory. It deserves note, however, that the course is arranged on a different plan. In Dutch schools, whether in Europe or in Java, the pupils go to a specialist teacher in each subject; there is no form-master, no one charged with general help and supervision of the students. Many Dutch parents regret the absence in their schools of this normal feature of English education. As Natives feel the need of such help even more than Europeans, the pupils in these Mulo schools are grouped in forms. The course, including the preparatory stage, lasts four years, and considering that the Natives may have three Oriental languages, Javanese, Sundanese and Malay, as well as three European languages to learn, one wonders not that so many fall by the wayside as that any last the course; yet the proportion of those who survive to the end does not seem notably less than in British India. Some of the survivors go no further, some turn to vocational instruction and some carry their cultural education to a further stage, the High School. In 1926, therefore, the course was revised to provide separately for these three types of pupil.

Just as the institution of Dutch-Vernacular schools made it necessary to provide further education in Mulo schools, so, in due course, the provision of the Mulo schools necessitated the institution of Middle Schools; and since 1919 General Middle schools have enabled Natives to continue their studies up to the standard required for entrance to a university, which is a higher standard than that required for entrance to a university in British India. In

the General Middle school there are three sections: Mathematics and Natural Science; Western Letters; and Oriental Letters. This last section deserves special notice as an attempt to synthesize Eastern and Western culture, and to provide the Natives with a cultural education better adapted to Eastern life than that given in a Dutch Higher Civil school (H.B.S.).

Since 1900, then, the centre of gravity in educational policy has shifted. At that time Europeans in the East enjoyed facilities equal to those in Europe for entering a university, but Natives, except for those few grudgingly admitted to Dutch schools, could merely pick up in the vernacular crumbs of European learning such as would qualify them for menial or subordinate clerical positions. In 1900, among those receiving primary instruction in Dutch, there were 17,025 Europeans and only 1615 Natives and 352 Foreign Orientals; in 1930, against 38,236 Europeans, there were 71,618 Natives and 24,807 Foreign Orientals. In 1901 the *total* number of students receiving Mulo or Secondary Instruction under all heads, *including* vocational instruction, was 1255, of whom all but 29 were Europeans; by 1910 the total had risen to 2537, including 313 non-Europeans; but by 1930, *excluding* vocational instruction, there were 6994 Europeans, 7768 Natives and 2012 Foreign Orientals.

Yet the standard of instruction remained at least as high, and was fixed, in 1930 as in 1900, not by the pressure for degrees in Java, but by the standard demanded by universities in Europe. This exerts an upward pull throughout the whole educational system. The Dutch child in Java must be able to enter the corresponding standard in a Dutch school in Europe; the child in a Dutch-Vernacular school must be able to enter the corresponding standard in a Dutch school in Java; and vernacular education is similarly linked up with the Dutch-Vernacular system. The Middle School Diploma is fixed by the demand of professors and parents in Europe at a standard corresponding roughly with that of the Intermediate Examination in Arts or Science at a university in British India, and throughout the whole system the upward pull, exercised by the requirements of European parents for the education of their own children, tends to counteract the obsession of "degrees", and the downward trend of educational standards, which has so often been deplored in British India. Thus in education, as in so many aspects of social life, the attempt to make Netherlands India a home for Europeans has made it a better home for Orientals.

The introduction of vocational education and technical instruction also originated in the needs of Europeans. Even before the end of the nineteenth century the requirements of the sugar industry led to the foundation at Surabaya of an evening school where Europeans who had obtained the Lower School Diploma could study mechanical and civil engineering, and by 1900 there were over 250 pupils. In Batavia the growth of a class of poor Europeans led the local Masonic Lodge in 1886 to open classes for smiths and carpenters, and in 1903 these were taken over by Government. But at the

beginning of the century there was a lack of skilled Europeans, owing to the unfavourable economic conjuncture. Accordingly in 1901 the Queen Wilhelmina School, the first technical school in India, was founded. In 1906 a distinct section was set apart for those who wished to enter commerce or the marine, and in 1911 this section was converted into a separate institution, the Prince Henry School. Since then three other technical schools have been established: the Queen Emma School at Surabaya (1912), the Princess Juliana School at Jogyakarta (1917) and a school at Bandoeng (1920). Students from these schools could easily find employment, but were not so highly qualified as professional engineers from Delft. Meanwhile, the War had led to an acute shortage of graduates from Delft, and in 1919 an Engineering College was opened at Bandoeng by the Royal Institute for Technical Instruction in Holland with the help of a subsidy from Government and a contribution of f. 3 million from the *Nederland Overzee Trust*, formed to supervise trade during the War.

Although Natives, as such, were not debarred from these new technical institutions, they were for the most part shut out from them because, until the restricted scope of general instruction for Natives was gradually enlarged, they were not qualified for entrance; so that technical instruction remained very much a prerogative of Europeans. Economic forces worked in the same direction. There was a demand for trained men, and the men who underwent the training acquired a higher market value. At the same time there was a supply of men whom training would fit to meet the demand. The problem was simple, and was merely the organization of the supply by the provision of educational machinery such as would turn the supply of men to the best account in meeting the demand. The provision of vocational instruction for natives presented a very different problem, and for some time its nature was not clearly comprehended. In Netherlands India, as in British India, people thought to develop native industry by training Natives for industrial employment. That was how Idenburg in 1902 proposed "to call into existence native industry and native capital"; and it was the policy of Van Kol, Van Deventer and Fock. But there was no economic demand for Natives who would undergo vocational instruction. The man who had been taught to be a better smith or carpenter might produce better implements than the lad who learned to make them on the pattern of his ancestors, but he would not, in the native world, be able to command a better price; the demand for skilled native workmen was confined to the comparatively small European world. Again, vocational instruction, that deserves the name of education, presupposes a basis of primary instruction on European lines; but the primary instruction given to every child in Holland is in India the hallmark of an educated man, who looks for work more attractive and more lucrative than manual labour; in the industrial world there is no economic demand for his services. The problem of vocational instruction for Natives therefore was not a single problem but a complex of problems, educational,

political and economic; it involved not merely the organization of supply but the organization of demand.

The first notable attempt to organize supply was the comprehensive project of vocational instruction for Natives formulated by Fock in his great educational budget for 1907. At that time, even in Government service, little use was made of Natives who, apart from menial occupations, were almost restricted to the Native Civil Service and the subordinate medical and educational services. For these occupations there had long been special schools, but the State made no provision for technical instruction except by subsidising the workshops established in a few private schools, and by maintaining one small school for artistic crafts which had been founded in 1904 at the instance of a Regent. The welfare movement required a great extension of State activity in technical instruction for two reasons: one, to open up new avenues of employment, and the other, to provide the new welfare services with competent and cheap subordinates. Fock outlined a comprehensive scheme for training Natives for all the new services, and also for private enterprise; and all the work since then has been built on the foundations which he laid.

In respect of training candidates for Government service the lack of a market, the main difficulty of vocational education in a tropical dependency, was not felt; for Government provided the market, and could regulate both demand and supply. The growing extension of State activities opened an ever-widening field of employment, and the gradual improvement of cultural education furnished men with the requisite educational qualifications. For many years the superior services, which required a university training, were in practice closed except to Europeans; but the foundation of the Technical College at Bandoeng in 1919 (taken over by Government in 1924), of a Law College in 1924 and a Medical College in 1926 made it possible for Natives as well as Europeans to obtain a complete education in Java in engineering, law or medicine. In other lines candidates for the highest grade of employment must still be trained in Europe; but the middle and lower grades are now mainly recruited from candidates who have received specialized training of a secondary or primary standard in India. The standard of instruction in the schools for the Native Civil Service has been raised to a secondary grade since 1927; all ranks in the Police have been trained in a special Police School since 1925; courses for Secretariat and Municipal officers were provided in 1922 and for the Accounts Department in 1926. The Public Works Service, the State Rail- and Tramways, the Postal Telephone and Telegraph Service, and the Survey Service provide courses for their recruits; the Credit Service gives instruction in Book-keeping and the Pawnshop Service in Valuation. All these courses are strictly departmental but, like the engineering, law and medical colleges and schools, the institutions for teaching agriculture and forestry are open to private candidates. The belief in specialized training indicated by these numerous courses is very characteristic of the

Dutch, and in striking contrast with the English system on which, except in highly technical departments, there is a preference for a wider cultural basis, and appointments often go to candidates with a degree in arts or science who are expected to pick up as best they may any special knowledge which the job requires.

But the intimate connection of this specialized training with Government service greatly limits its utility. At present, however, this is necessary, because the field for the employment of Natives in private enterprise is so restricted. It is, in fact, limited to skilled and unskilled labour for European firms. Even before Fock's budget, lads trained in the workshops of the private schools found ready employment in European enterprise, but Fock hoped that his scheme would stimulate the development of native industry, and it was with this object in view that three trade schools for Natives were opened in 1910. Although it soon appeared that, for lack of any native market for special skill, the lads must seek work under Europeans, the European demand for skilled mechanics and foremen was so great that they had no difficulty in obtaining well-paid work. The War, and the general relations of capital and labour after the War, enhanced this demand, and it was found necessary to open new schools at smaller centres, and also branch schools, with a simpler course of instruction lasting two years instead of three. By 1930 over 4000 lads were attending schools of this type. But very few indeed can look for employment except by Europeans.

Outside Government service, however, there was little opening for natives with a specialized education of a higher grade. The European industrial and commercial firms preferred to recruit their assistants in Europe; in the medical profession, Europeans prefer European doctors and the Natives have little belief in Western medicine, so that native doctors practising European medicine have a very restricted field. Thus in Netherlands India, as in British India, the Native finds his best prospects in the law; but the Dutch tradition of discouraging professional advocates in most courts, especially in native courts, has placed some limits on the flood of native lawyers under which British India is submerged.

The experience of the past quarter of a century has therefore done little more than reveal the intricate complexity of the problem. So long as vocational education is directed solely to Government employment, the narrow field and cramping conditions of official life prejudice efficiency; and the training of skilled labour, which has no prospects of promotion to the higher grades, gives a racial colour to labour problems, and tends to be a disruptive rather than a constructive force. The key to the problem of vocational education and technical instruction lies in the provision of a market for specialized training and skilled labour in the native world. Already the chauffeurs and cycle-smiths trained in Government institutions can set up their own small business or may even find employment among Natives, and the very few native factories recruit native mechanics and managers. But that is

exceptional, and the problem lies in the organization of demand. That is one fundamental difference in economic life between East and West; the problem of practical economics in the West is to organize supply, in the East the central problem is to organize demand. An instance of the application of this principle may be seen in the organization of the demand for tiles for roofing. Tiled roofing was encouraged by Government on hygienic grounds, and the encouragement of the demand for tiles under "gentle pressure" by Government has led to a regular industry in manufacturing them.

A more recent example may be seen as one outcome of the economic crisis of 1929. At that time the *swadeshi* movement was creating a demand among the Natives for home-made clothing, and the crisis led to the flooding of the market by cheap Japanese cotton goods which threatened ruin to the mills of Twenthe. By taking advantage of these conditions the Government Weaving Institute at Bandoeng has been able to do much for the promotion of weaving, dyeing and carpentry among the Natives; similarly, propaganda in the official *vergaderingen* has done much to organize the demand for native hats. But, so long as Java remains predominantly agricultural, improvements in production will count for little unless the standard of agricultural production can be raised. Successive attempts in this direction failed; largely because those who organized them did not understand enough of native agriculture. During recent years, however, a special study of native agriculture has suggested a new plan. Government posts an agricultural expert to make a close study of agricultural conditions in a selected locality with a view to demonstrating that, working under conditions similar to those of the cultivator, he can produce larger crops at less cost, or more valuable produce; he then moves on to repeat the process in a new place. This system, it is said, is beginning to yield promising results. But the table on p. 127, which summarizes the progress made in vocational instruction by 1930, shows that the number of students receiving vocational instruction is still very small in comparison with those at general schools, and that least progress has been made in the subject of chief importance, agriculture.

As noticed already, education provided by a European government, even in the vernacular, must reflect European ideas and tend therefore to dissolve native culture; this tendency is far stronger when the pupils are given a wholly European education in Dutch, for only the most vigorous minds can respond to such an education by applying it to the development of native culture, and, as in British India, there are complaints that the ordinary product of the schools is neither European nor native in his outlook, but just muddled. The Dutch have attempted to modernize native culture in the course in Oriental Letters in the Middle schools; and the Natives, in their reaction against European influences, have established "wild" schools, with a nationalist bias and wholly independent of the official educational system. But neither the Dutch nor the Natives seem to have achieved much success in the application of modern education to the promotion of native

Pupils in Educational Institutions, 1930–31

	Medium of Instruction							
	Vernacular				Dutch			
	Eur.	Native	F. Or.	Total	Eur.	Native	F. Or.	Total
Cultural:								
Native Lower school	—	1,656,244	10,252	1,666,496	—	—	—	—
Kindergarten	—	—	—	—	2,798	7,131	4,818	14,747
Western Lower school	—	—	—	—	38,236	71,618	24,807	134,661
Mulo	—	—	—	—	3,458	6,906	1,424	11,788
Secondary	—	—	—	—	3,536	862	588	4,986
Total	—	1,656,244	10,252	1,666,496	48,028	86,517	31,637	166,182
Vocational:								
Pedagogic	—	8,575	—	8,575	848	1,558	200	2,606
Medical	3	2,091	5	2,099	100	325	109	534
Industrial	37	4,697	22	4,756	1,758	1,580	342	3,680
Agric. and Forestry	—	126	—	126	178	266	34	478
Commercial	—	—	—	—	175	128	185	488
Administration	—	227	—	227	353	780	18	1,151
Marine	—	—	—	—	14	155	—	169
Army	—	—	—	—	540	431	—	971
Total	40	15,716	27	15,783	3,966	5,223	888	10,077
University:								
Technical	—	—	—	—	66	36	9	111
Law	—	—	—	—	} 50	142	51	243
Medicine	—	—	—	—				
Total	—	—	—	—	116	178	60	354

culture; the course in Oriental Letters attracts very few students, and the Nationalist schools are often poor imitations of Government schools, although some, notably the Taman-Siswo schools, founded by R.M.S. Soeryaningrat, formerly one of the associates of Dekker, are said to be doing good work.

The establishment of these Nationalist schools has led to a new departure in educational policy. The Dutch Government has always been ready to believe that prevention is better than cure, and it has applied this policy in respect of European teachers from the first provision of State education, by exercising supervision over those allowed to give instruction. In view of the Koran schools, however, there were special difficulties in laying restrictions on native schools, and, so long as native education was of minor importance, there was small need for restraint. But, with the growth of native education and the appearance of the "wild" schools, measures were taken in 1923 (ISB. No. 136) for registering all schools and making teachers liable to suspension in the interests of public order. A step further was taken in 1932 when private teachers were required to obtain permission to teach from the Provincial Governor. This measure was so keenly criticized that in 1933 "the system of prevention was replaced by one of repression", under which teachers were required merely to give notice of their intention without obtaining a permit, and the Provincial Governor was empowered, under certain conditions, to forbid a specified teacher to give instruction. At the same time the permissive system formerly applicable to European teachers was abolished. It deserves note, however, that education is not among the subjects which have been made over to the Provincial Councils.

One very remarkable feature of Dutch educational policy has been that the people are not only taught to read but are provided with reading-matter. But an account of the "Palace of Literature" may conveniently be given later, when considering the progress of general culture among all classes.

48

MEDICAL CONTRIBUTIONS FROM THE NETHERLANDS INDIES

I. Snapper

Source: Pieter Honig and Frans Verdoorn (eds), *Science and Scientists in the Netherlands Indies*, New York: Board for the Netherlands Indies, Surinam and Curaçao of New York City (1945), pp. 309–20.

Introduction

Between 1595 and 1600, Netherlanders made their first voyages to the East Indies. In 1602, the several small navigation companies that had been competing with each other were merged into a single concern, the East Indies Company, which was entitled to establish fortified places in India, to exercise the right of suzerainty, and to conclude treaties with the oriental rulers. The activities of this Netherlands East Indies Company extended over a large colonial territory which ultimately developed into the Netherlands Indies. This empire has been curtailed in the course of years, especially by the English who, during the Napoleonic Wars in Europe, temporarily occupied the Dutch possessions and who, in 1816, returned only part of them. Even so, a large territory belonged to Holland—until the Japanese temporarily overran it in 1942.

Thanks to careful studies of the history of the East Indies Company made by competent authorities (1, 2), we are well informed about the development of curative and preventive medicine in the Netherlands East Indies. As long as the Netherlands East Indies Company existed—that is between 1600 and 1800—most of the medical service both on the ships and in the Netherlands East Indies proper was entrusted to the care of "surgeons". The student-surgeons in Holland were educated by the Guilds. Their years of apprenticeship were passed in the shops of the Guild, that is, in the barber shops. A candidate had to pass certain tests or examinations before he was admitted as master surgeon.

At the beginning of the sixteenth century, this examination consisted of the grinding of three crude pieces of iron into bleeding scalpels. With these

"instruments" some test bleedings were performed on volunteers who received a remuneration of money plus an invitation to a merry Guild dinner at which the candidate's success was celebrated. After standing the test, the young master was entitled to open a shop and to hang up the barber's brass basins, which served not only as a sign-board but as a vessel for the exhibition of the blood drawn during venesections.

In the course of the centuries, this Guild examination was extended and became more and more purely medical. From the outset the East Indies Company did not accept the guarantees made by the Guilds, and the surgeons sent out by the Company had to pass an additional examination which was conducted by the medical experts of the Company. It should be stressed, that except for these surgeons, very few doctors belonged to the medical personnel of the Company. Of every hundred surgeons sent out by the Company, only three were medical doctors. This condition may be thought strange because, in the Netherlands proper, the surgeons were strictly forbidden to treat internal diseases, which remained completely within the province of the physician. However, as soon as they entered the Company's service, these same surgeons were charged with all medical duties, both on board and on shore in India. It is certain that, at the time, the population of the Netherlands was too small to provide a sufficient number of well-trained doctors for the Company's service. Furthermore, only a small percentage of the learned *doctores medicinae* were willing to leave the safety of the home country for the jungles of the tropics.

By the late eighteenth century, the Company continually employed three hundred surgeons. At one time, one hundred and seven surgeons were distributed over the whole archipelago to tend the sick people and to take care of the military garrisons. About a hundred were working on the ships sailing between Holland and the Indies. Another hundred were established on the ships playing between the different islands of the archipelago, and also in the offices of the Company in the Cape Colony, Ceylon, Near India, and Japan.

In 1800, the East Indies Company was dissolved. Between 1795 and 1800, because of the strict blockade imposed by England, no ships from Holland had reached the Indies. In 1795, the British took the offices of the Company at the Cape, Near India, Ceylon, Malacca, the West Coast of Sumatra, Amboina, and Banda into custody. In 1811, the English conquered Java and the rest of the archipelago. This occupation by the English was, however, only temporary; after NAPOLEON had been conquered, in August 1816, the Netherlanders were solemnly reinstated as rulers of the Netherlands East Indies.

Gradually a new administration was built up. In 1826, the Civil Medical Service, the Military Medical Service, and the Vaccination Service were united under a single direction. For many decades, the Army Medical Corps took care of the Public Health Service of this large area, and the Chief of the

Army Medical Corps was also Chief of the Public Health Service. This arrangement was not changed until 1911. That year, a Civil Medical Service, which was transformed into the Public Health Service in 1925, was organized. The last change in title had a deep significance. It indicated that, whereas in 1911 the Medical Service was designed mainly to provide curative medicine to the inhabitants of the archipelago, the Public Health Service would now give special attention to the prevention of disease.

Several institutions which have played important parts in the development of medicine and public health in the Netherlands East Indies were organized. In 1876 there was opened in Batavia a medical school for Indonesian physicians. In 1913 a similar school was started in Soerabaja. The school in Batavia was reorganized in 1927. Since then, medical education there has been equal to that in one of the medical schools of a university in the Netherlands; requirements for admission to either were the same. The diplomas, licenses, and grades of the school in Batavia were valid in the Netherlands, and its graduates had the right to practice in the mother country.

The course of study in the school at Soerabaja was gradually extended until it required eight years for completion. The study of medicine took five years; the first three years were only preparatory. Having received their final diplomas, candidates were qualified to practice medicine, surgery, and obstetrics; but their field of activity could be only the Netherlands East Indies. They held the title of Indonesian Physician. Incidentally, these Indonesian physicians were excellently trained men who have made notable contributions to the development of medicine in the archipelago.

At Batavia there was also a school for the training of Indonesian dentists.

Several laboratories were found on the different islands. They were as follows:

1. Government Smallpox Institute at Batavia.
2. The Central Laboratory of Public Health Service, founded in 1888 in Batavia, recently designated the Eijkman Institute.
3. The Regional Laboratory for Middle Java in Semarang.
4. The Regional Laboratory for Eastern Java in Soerabaja.
5. The Regional Laboratory for Celebes and the Moluccas in Macassar.
6. The Laboratory for Technical Hygiene in Bandoeng.
7. The Institute of Nutrition in Batavia.
8. The Laboratories of the Malaria Service in Batavia and Soerabaja; the Leprosy Laboratory in Semarang.
9. The Pathological Laboratory of the large plantations of Sumatra's east coast in Medan.
10. The Veterinary Institute in Buitenzorg.

Medical science in the Netherlands East Indies has also greatly profited by the publication of several periodicals. The first, "Het Natuur- en

Geneeskundig Archief," was started in 1844 but ran only until 1847. Another, "Het Geneeskundig Tijdschrift voor Nederlandsch-Indië," appeared in 1851 and ran without interruption until 1942 (4). In later years, this journal came out every week; earlier, only once in two weeks. Anybody who wants to study the development of medical science in this area will find full information in the interesting volumes of this excellent publication. Supplementary material is found in the "Mededeelingen van den Dienst der Volksgezondheid van Nederlandsch-Indië" (Communications of the Public Health Service of the Netherlands Indies) which contain the scientific contributions of the staff members of the Public Health Service. Each year since 1912, a good-sized volume, full of important information, has appeared. In addition, special journals on physics and biology, on ethnography, on botany and zoology, on the veterinary sciences, and so on, indicate the high level of scientific work in this area.

The opening of so many institutions of higher learning and of scientific research shows that the authorities responsible for the government of the Netherlands Indies always tried to remain abreast the development of scientific medicine in the home country.

Smallpox vaccination

The early introduction of the cowpox vaccination in the archipelago requires a special discussion (1, 2). JENNER's book on vaccination was published in 1798. Vaccination was started in the United States in 1800. It was introduced in the Indies in 1804. However, political influences rather than active interest in preventive medicine were instrumental in the timely introduction of this important practice in the Indies.

In 1804, thanks to the assistance of the French, who were then in possession of Mauritius, the first vaccine reached the Netherlands East Indies from this island. Late in 1803, the lieutenant general of Mauritius sent a man-of-war to Batavia. This vessel carried a letter from the governor of Mauritius to the governor-general of the Indies extolling the excellent results of cowpox vaccination which had recently been introduced on Mauritius. This letter was accompanied by a considerable quantity of vaccine. Unfortunately, because of the prolonged voyage, the vaccine proved to be inactive.

The governor-general of the Indies then sent a ship from Java to Mauritius with ten or twelve healthy children, who had never been touched by smallpox, on board. One of these children was vaccinated after their arrival in Mauritius, and the vaccine was kept alive during the voyage from Mauritius to Batavia by successively vaccinating the other children, each with seven to ten days' interval. This method of sending a ship with a cargo of healthy children to keep the vaccine alive during a long sea journey was first used by Spain in 1800 to transport living vaccine from Europe to Central America

and South America, from whence it was transported in the same way to the Philippines, Macao, and Canton (5).

How much political circumstances furthered the speedy introduction of vaccination in the Indies is illustrated by a letter forwarded in 1805 by the English commander of the west coast of Sumatra to the governor of the Netherlands Indies. The English governor, like his French colleague, advocated the introduction of cowpox vaccination to Java; he too sent a phial of vaccine and instructions for its use.

The reasons why not only the French, but also the English, were anxious to offer even unasked assistance to the Netherlands Indies in the campaign against smallpox on Java were political. There were many French auxiliary troops on Java in those years when the Netherlands proper were occupied by the French. On the other hand, the English expected to take over Java within the near future—and did so, as a matter of fact, seven years later. Evidently both the French and the English wanted to protect their troops in this area by preventing smallpox among the population, and the similar ideas were mutually concealed in an exchange of polite inanities accompanying the phials of cowpox vaccine. Anyway for once public health was furthered by international politics, and since 1804 smallpox vaccination has been popular in the Indies.

Ultimately, it has even become possible practically to eradicate this disease from this area, where formerly serious epidemics occurred regularly. The last large outbreak of smallpox was reported on Java in 1913. Smaller outbreaks happened in 1918 in Batavia, in 1919 in Bandoeng, and in 1922 in Semarang. In 1924, the last epidemic on Java was observed in Soerabaja; and in 1929, the last small epidemic occurred in certain areas of the Outer Provinces. Since 1929, smallpox has practically disappeared from the Netherlands East Indies. In 1937, there was one case reported from Java and none from the Outer Provinces. In 1938 these figures were 9 and 3 respectively. Extensive vaccination and revaccination campaigns had been organized with great skill. Each year one and a half to two million vaccinations (2,101,669 in 1939) and four to six million revaccinations (5,694,199 in 1939) had been performed regularly (6). Since 1926, a dried vaccine stored under anaerobic conditions, as manufactured by OTTEN, had been used exclusively.

Scientific contributions

In addition to the organization of an efficient Medical and Public Health Service, the medical corps of the Netherlands Indies can with pride look upon its scientific research which in several fields has led to important and original discoveries. Here follows a short discussion of the original research which has been performed in the Netherlands Indies in the field of beri-beri, malaria sanitation, amebiasis, cholera, plague, leptospirosis, and filiariasis.

a. Beri-beri

Even at the beginning of the control of the East Indian Company, a few famous physicians had reached the Netherlands East Indies and made valuable contributions. In this connection, JACOBUS BONTIUS must be mentioned (1, 2). Although he stayed in Batavia only between 1627 and 1631, the year of his death, in this short period he made many important observations.

He carefully described beri-beri and frambesia. As far as frambesia was concerned, BONTIUS stressed the similarity of this disease with the Spanish pox or syphilis. On the other hand, he had discovered that the disease was contracted without sexual intercourse and therefore had to be distinguished from genuine syphilis.

Beri-beri had been mentioned in 1611 in official reports from the lay governor-general to the head office of the East Indian Company in Amsterdam. The first careful medical description of the disease, however, was made by BONTIUS, who reported that the name "beri-beri" was derived from the Malayan word "biri-biri," which means sheep. Evidently the gait of the patients with polyneuritis reminded the Malayans of the way a sheep walks. As early as 1660, RUMPHIUS, "the blind seer of Amboyna," a merchant who was highly interested in the fauna and the flora of the archipelago, reported that beri-beri could be cured by the administration of the mungo beans, katjang idjoe, a bean which even in modern times is frequently used for the same purpose with great success.

Another article in this journal deals in more detail with the later contributions from the Netherlands Indies which eventually solved the beri-beri problem. First may be mentioned EIJKMAN's discovery that chickens fed white rice developed a polyneuritis resembling beri-beri which could be cured and prevented by hand-pounded rice and by silver fleece rice. The ultimate solution of the beri-beri problem came from the same laboratory in Batavia where EIJKMAN had worked, when in 1927 JANSEN and DONATH reported the isolation of crystalline vitamin B_1. EIJKMAN's experimental chicken polyneuritis not only showed the way to the practical and scientific solution of the beri-beri problem, but EIJKMAN's investigation started the development of the science of vitamins.

b. Malaria control

After it had become known that anophelines were the carriers of malaria, efforts to control malaria were made by measures intended to inhibit the breeding of these mosquitoes. It soon appeared that measures instituted with the intention of preventing the breeding of mosquitoes often increased considerably the number of anophelines and thereby the incidence of malaria. The classical triade of anti-malaria measures—"clearing, filling and draining"—was sometimes successful; but on other occasions these same

measures led to disastrous results and to dangerous malaria epidemics. In the Netherlands Indies scientists soon understood that in order to organize a rational malaria campaign they must first study carefully the special anophelines which were responsible for the transfer of malaria in the area from which the insects were to be cleared. Measures which had a salutary effect in one region were disastrous in another because the ecology of the anopheline transmitters varied. In this way, species sanitation, based on the idea that the sanitation of a malarious area depends completely upon the specific customs and qualities of the species of anophelines which are the vectors in this special area, was born (7, 8). Originally devised by SWELLENGREBEL, species sanitation has been the cornerstone of the malaria campaign in the Netherlands Indies and has been perfected by many malariologists who have worked there (SCHÖFFNER, VAN BREEMEN, WALCH, OVERBEEK, VENHUIS, STOKER, MANGKOEWINOTO, SOESILO and others) (9).

As an example, the species sanitation of the coasts of many of the islands of the archipelago can be mentioned (10). The geomorphic situation of the south coast of Java, the west coast of Sumatra, the coast of many of the Lesser Soenda islands and of the Moluccas is such that malaria must result. Here the combination of the strong east-west current along the coast and the heavy surf leads to the gradual but continuous displacement of the river mouths towards the west and to the formation of deltas with many brackish water lagoons.

Another factor leading to delta formation at the river mouths is connected with the dangerous deforestation of the hills in Java. Without the trees, the soil is no longer able to hold and conserve water, and during the wet monsoon all the rain water runs to the sea in the swollen rivers. In the dry season, however, many rivers dwindle to insignificant trickles. This small volume of river water allows the sea currents to deposit large quantities of silt in the old river mouths. When the next wet monsoon arrives, the water collects behind the silt bar and forms a lagoon. These salt water lagoons are ideal places for *Anopheles sundaicus* which, although not a malaria carrier in other parts of the world, is one of the most dangerous malaria vectors in the Netherlands Indies. Sanitation of these lagoons is difficult. Applications of oil and of Paris green are not very effective because the strong winds sweep these preparations to one side. Only if the lagoons can be so opened into the ocean that the tides can enter freely is the anopheles breeding stopped. Where this is impossible, the population must choose dwellings several miles away from the lagoons in order to be safe from malaria.

Contrariwise, there exists in the East Indian archipelago another coast configuration which almost eliminates the dangers of malaria. The mangrove forests along the coasts of Borneo, Sumatra, part of the north coast of Java, and also of a few small islands of the archipelago seem to form a safeguard against malaria infection. This must be connected with the fact that mangroves grow only on coasts where the differences between high and low tide

are considerable, a condition which prevents the breeding of anopheles larvae. The cities of Palembang on Sumatra, Pontianak, and Bandjermasin on the mangrove coasts of Borneo are built on the marshy banks of large rivers. Between the houses and streets are found many malodorous narrow canals. Although these poor hygienic conditions might be considered favorable for the spread of malaria, these cities are nearly malaria-free because they are built near the mangrove shores, where the high tide reaches far inland along the broad rivers. The settlers in these mangrove areas were evidently taught by practical experience and have constructed the canals in the cities mentioned in such a way that they do not interfere with the free entrance of the tide. However, as soon as the mangrove forests are touched, serious dangers result. Felling even a small part of the mangrove trees is dangerous, because around the dead stumps irregular patches of marshy land are formed, often above the tide mark, where anophelines can breed. Furthermore, exploitation of the mangrove forests is always connected with the building of roads and dykes which hinder the free entrance of the tide; saltwater lagoons, where *A. sundaicus* can breed, result. When houses must be built on a mangrove coast, a stone dam between the mangrove forest and the tidewater area must be erected in order to maintain the tide differential in the mangrove forest.

These facts explain also why the saltwater fish ponds which the population often digs near the coast are frequently dangerous hotbeds for malaria. In some places, before malaria can be eradicated, it has been necessary to stop this culture of fish in saltwater lagoons by making a wide opening between the lagoons and the ocean.

Rice sawahs are dangerous when algae are allowed to grow amidst the rice. This means that especially sawahs which are not drained after the rice is harvested become breeding places for malaria mosquitoes, partly for *A. sundaicus*, partly for *A. aconitus*. In many areas of Java, the population uses part of the irrigated rice sawahs as freshwater fish ponds. Again these freshwater fish ponds are breeding places for malaria anophelines. Only periodic drying of these fish ponds, to destroy the algae vegetation, is able to diminish the malaria danger.

Man-made malaria, especially occurs when the malaria vectors are typical sunbreeders. Of these, *Anopheles maculatus*, *A. punctulatus punctulatus* and *A. punctulatus moluccensis* are most frequent. *A. maculatus* occurs everywhere in the Greater and Lesser Soenda islands—in the hills as far up as 4,000 feet. Here *A. maculatus*, together with *A. minimus*, is one of the most important vectors. *A. punctulatus*, especially the *moluccensis* variety, is an extremely important vector in Dutch New Guinea and in most of the Moluccas. In all these areas, the felling of trees results in malaria outbreaks, unless the cleared area is simultaneously carefully drained. This is often not too difficult in the *A. punctulatus* areas. *A. maculatus*, however, breeds by preference in the running water of brooks and small rivers. In *A. maculatus*

areas, it may therefore be necessary to transform the brooks into subterranean streams before the danger of malaria can be controlled. In all areas where sunbreeders are present no clearing of trees should be allowed unless it can be immediately combined with careful drainage.

These examples may show how the malariologists of the Netherlands Indies have pioneered in the control of malaria by studying the ecology of the malaria vectors, that is the species sanitation.

Just before the occupation by the Japanese, new investigations from the Netherlands Indies revealed ways in which species sanitation could be still further improved. Until then, adult female anophelines caught in stables and houses had been dissected to determine which anophelines were the active vectors in a special area. After the anopheles species which acted as vector had been determined, species sanitation could be started. For certain anopheline species which bit especially by night, it was even necessary to organize catches in the houses between 10 P.M. and 2 A.M., a task which caused considerable discomfort to both catchers and residents.

Lately VENHUIS (11) has demonstrated that the infected female specimens of *Anopheles maculatus, A. aconitus, A. minimus, A. minimus flavirostris* and *A. leucosphyrus* are found in considerable numbers during the daytime at the stream banks. Future careful searches of these banks may well reveal that, in certain localities, one of these four species acts as vector, although all had previously been considered innocent, as a result of the knowledge obtained from the dissection of specimens caught in stables and houses. These results demonstrate how, until the days of the Japanese invasion, the methods of species sanitation in the Netherlands Indies were continually being improved by indefatigable scientific research.

c. *Amebiasis*

The knowledge of pathogenic amebae has gradually developed since 1893 when QUINCKE and ROOS demonstrated that in human stools two kinds of amebae occurred, one of which was pathogenic, and the other one harmless. In 1903, SCHAUDINN made the same differentiation and further distinguished between pathogenic *Endameba histolytica* and non-pathogenic *E. coli*. Gradually, other amebae were described. But in 1912, HARTMANN demonstrated that *E. tetragena, E. africana, E. nipponica* and *E. histolytica* were identical. In 1912, DARLING reported that, before cyst formation sets in, the normally shaped dysentery amebae disappear and are replaced by small amebae, identical with the *Endameba minuta* which several years before had been described by ELMASSIAN as a separate species.

In the meantime, the complete life cycle of the *E. histolytica* had remained obscure. In 1913, KUENEN and SWELLENGREBEL studied this problem carefully in Deli, on Sumatra's east coast (12). They could demonstrate that two phases in the vegetative cycle of *E. histolytica* have to be distinguished: a first

phase when the ameba is a tissue parasite and lives in the ulcerated intestinal mucosa or in the liver; a second phase when the ameba lives saprophytically in the stool. In microscopic preparations of the ulcerated intestinal wall only vegetative forms, but never cysts, are found. Experimentally it has also been impossible to coax these large vegetative forms into cyst formation; as long as *E. histolytica* is a tissue parasite, it remains in the vegetative stage of its development. When ultimately the ulcers heal, the dysentery amebae are obliged to live on the intestinal wall and to start a saprophytic life. This results in the formation of the minuta form of the *E. dysenteriae* which, as mentioned already, are identical with ELMASSIAN's *E. minuta*.

The third stage of the *Endameba dysenteriae* is the transformation of the saprophytic *E. minuta* into cysts. Unripe cysts are uninuclear; ripe cysts, quadrinuclear. In this way the life cycle of the *E. dysenteriae* pivots around the minuta form. Whenever a person is infected with amebic cysts, first minuta forms appear in the intestinal contents. These minuta forms may invade the enteric wall, develop to the full-grown *E. dysenteriae*, and cause the characteristic ulceration; or the minuta forms may remain saprophytes, living on the intestinal mucosa, and give rise to the formation of cysts which can be found in the stool.

d. Cholera

Until 1920, cholera epidemics had to be reported every year from the Netherlands East Indies. On Java and Madoera alone, the following number of cholera deaths were reported between 1910 and 1920 (13).

Cholera Deaths on Java and Madoera

1910	64,733
1911	6,939
1912	4,575
1913	1,562
1914	1,108
1915	1,144
1916	1,199
1917	327
1918	9,864
1919	9,818
1920	17

Since 1921, thanks to careful quarantine measures and extensive vaccination, the Netherlands East Indies had been free from cholera apart from a small explosion of 9 cases—imported from Singapore—at Batavia in 1924. Between September 1937 and July 1940, however, a small cholera epidemic developed in some native hamlets situated along the coast of southwest

Celebes and somewhat inland in the government districts of Pangkadjene, Gowa, Barroe, and Maros. Cases also occurred on three of the small islands of the Spermonde archipelago off the Celebes coast about forty miles north of Macassar, and two cases occurred in Macassar itself.

The infected coastal margin north of Macassar narrowed towards the north and was intersected by six small rivers and several brooks. It was bounded by the highway from Macassar to Pare Pare, from which two by-ways and some paths led into the hilly country and the limestone mountains beyond. The infected coastal strip south of Macassar was bounded by the highroad from Macassar to Takalar.

The Spermonde archipelago consists of some fifty mostly inhabited islands situated on a triangular reef stretching about thirty-five miles into the ocean. The populations of the different islands varies from a few to two thousand inhabitants. The whole of the Spermonde archipelago has about twenty thousand inhabitants. At the time of the west monsoon the coastal region is for the greater part flooded; during the east monsoon the soil is cracked. The communications in the coastal areas are kept up by means of numerous motor bus services over a long distance and by the fishermen and prao-men along the coast and islands. At the height of the west monsoon in January and February, the several islands of the archipelago are practically isolated for weeks. The houses are built on piles. Drinking water is drawn from primitive wells which are so scarce that one well has to do for several houses and sometimes for a whole village. In the dry season most of the wells run practically dry. Near the sea in the coastal areas and on many islands the wells are so brackish that drinking water has to be fetched from elsewhere. The natives deposit their excrements on the land, but not in rivers, canals, or gutters.

The first cholera cases occurred in September 1937 in Pangkadjene and Barroe. Soon cases were reported in Sematelloe-Laoet, one of the islands of the Spermonde archipelago. Later, in January 1938, cases were reported from Gowa. In the same month, one case occurred in Macassar itself and new cases broke out in Barroe and in Maros. In February it appeared that the islands Salemo and Sanane of the Spermonde archipelago were infected. In April 1938 another case occurred in Macassar.

In 1937 and 1938, 48 cases were observed altogether. In October and November 1939 about 25 more; in June and July 1940, eight new cases were notified. The clinical picture was typical for cholera. Sixty-five per cent of the cases were fatal—as is usual for this disease.

Wells and water jars used by cholera patients in southern Celebes were examined and found to be infected, whereas wells belonging to the neighboring houses were not infected. Of 217 contacts of 40 cholera cases, 29 were found to excrete cholera bacilli. A few of these positive contacts showed later characteristic signs of cholera, but in no case did one of these positive contacts die. Of 183 probable contacts examined in 1937–38, not one was

infected; but in 1940 some healthy non-contacts were found to be carriers. In one village where there had not even been a suspected case, 1.3 per cent of the population were found to be carriers. Of 17 carriers, 11 were under the age of sixteen. The findings of 1940 indicate that the spread of vibrios was not limited to contact persons or to wells and jars in the immediate environment of the patient.

Epidemiologically and bacteriologically this cholera epidemic in Celebes showed a few remarkable points (14). There was hardly any tendency to an epidemic spread. In each of the fourteen villages only one case occurred; in each of four villages two cases; in only one village were five cases observed. With a few exceptions, there was never more than one case per family. These epidemiological data indicate differences from usual cholera epidemics.

In addition the vibrios isolated from the stools of the patients differed from the classical cholera bacilli. Bacteriological examinations showed the presence of bacilli with cultural and immunological characteristics of typical cholera vibrios. The immunological reactions showed these vibrios to belong to the genuine cholera organisms (sub-group 10 of GARDNER and VENKATRAMAN, Heiberg type 1). However, whereas genuine cholera vibrios do not produce hemolysis, the strains isolated in Celebes were definitely hemolytic.

The problem of hemolytic cholera vibrios is an old one and has been much discussed. Until the epidemic in Celebes occurred, everybody agreed that vibrios with all the cultural and immunological characteristics of cholera vibrios, but with hemolytic properties, were not pathogenic and had to be distinguished from genuine cholera vibrios.

The history of this problem goes back to GOTTSCHLICH, who in 1905, worked in the quarantine station of El Tor, where the pilgrims returning from the Hedjaz are examined. At the post-mortem of six different pilgrims who had died of diarrhea but not of cholera, GOTTSCHLICH isolated vibrios which could not be distinguished from cholera bacilli. Not only had these six patients not suffered from cholera, but in 1905 not one case of cholera had occurred in the Hedjaz. These so-called El Tor vibrios could later be distinguished from typical cholera vibrios because they were hemolytic. Since then the El Tor vibrio, a hemolytic cholera vibrio, has been considered a non-pathogenic type of bacillus.

Many investigators have, since 1905, studied this problem; and in 1930 DOORENBOS again isolated El Tor bacilli, but now from healthy carriers in the Hedjaz.

In the Netherlands East Indies, there had always been much interest in the possibility that El Tor vibrios might be found in this area also. Only in 1937, an extensive survey of the whole archipelago seemed successfully to prove that no El Tor vibrios could be isolated from 30,000 specimens of stools and surface water. Great, therefore, was the astonishment when in the Celebes epidemic hemolytic cholera vibrios were isolated.

The hemolytic properties of the Celebes strain could be clearly demon-

strated by the technique of GREIG. These vibrios were frankly hemolytic when two- to three-day-old broth cultures were examined. However, the result of the hemolysin test of TAYLOR in pepton water cultures was less clear-cut. The Celebes strains were hemolytic when the pepton water cultures were one day old; but after cultivation for two days in pepton water—the method currently used in India—the strains were no more hemolytic. The Dutch bacteriologists, after carefully studying the Celebes strains, were of the opinion that the Celebes vibrios must be identified with El Tor vibrios, and that no reason existed to distinguish the disease of southern Celebes as "enteritis choleriformis Tor." From now on, hemolytic cholera vibrios or El Tor vibrios could no more be considered as non-pathogenic organisms.

These observations on the Celebes strains have revived the interest in hemolytic cholera vibrios in other areas. In British India, careful research for the presence of hemolytic cholera vibrios in cholera patients was resumed. It appeared that non-hemolytic classical cholera vibrios were found in all except one of the clinical cholera cases. The same vibrios were found in 7% of the close contacts of cholera cases and in 16% of the water sources which were in the direct neighborhood of cholera houses. Occasionally hemolytic agglutinable cholera vibrios which could not be distinguished from El Tor vibrios were encountered. They were rarely found in the presence of disease, but usually in persons who were not sick and who had not had any contact with cholera cases (15). Another survey demonstrated the presence of hemolytic cholera vibrios or El Tor vibrios in fifteen open natural water sources in two rural districts of India which were free from cholera (16). It should be added that in the same area, however, two non-hemolytic typical cholera strains were encountered. Therefore, until now, southwestern Celebes remains the only area where, during a typical cholera epidemic, hemolytic cholera strains, which could not be distinguished from El Tor vibrios, were isolated. In southwestern Celebes the El Tor vibrio is evidently pathogenic.

e. Plague

The Netherlands East Indies had always been free from plague until 1905, when two cases were discovered in Deli on Sumatra's east coast. Both the watchman and the rat catcher of a godown, where rice from Rangoon was stored, died from plague. At the time no new cases were discovered, but since then it has been clearly realized by all the Public Health authorities of the Netherlands East Indies that the archipelago was in grave danger of being invaded by plague at any time. The hollow bamboo material which is generally used for the building of native houses and native furniture is an excellent breeding place for the ubiquitous rats. It was understood that, as the *Xenopsylla cheopis* occurred in large numbers on the rats of the Netherlands East Indies, the danger of an epidemic was imminent as soon as cases of plague were introduced from neighboring countries.

For six years, the medical authorities of the Netherlands East Indies lived in anxious suspense until, in 1911, the inevitable happened. Cases of plague appeared in East Java, first in the residency of Malang, soon also in Soerabaja, Kediri, and Madioen (17). In the year 1914, the number of cases reported in East Java rose to 15,751. Then, however, the number of cases of plague in this part of Java diminished progressively, and since 1928 the annual number of plague cases observed in the eastern part of Java has never exceeded 100.

In the meantime, however, the disease had spread westward. In 1916, the port of Semarang, on the north coast of Middle Java, was infected. This was the starting point for a serious epidemic in Middle Java, especially severe in the years 1921, 1924, 1925, 1926, and 1927. The peak year was 1925 when 30,000 cases were observed in Middle Java alone.

This outbreak in Middle Java can be considered the second phase of the epidemic.

In the meantime, the disease had spread to West Java, where in 1920, Batavia, and in 1922, Cheribon, were found to be infected. Just as in East and Middle Java, the incidence of the disease in West Java was small in the first years after the epidemic started; but towards the end of 1932 and in the following years, more than 10,000 cases were yearly reported, and in 1933, even 20,569 cases. Since 1935, the incidence of plague in West Java has diminished considerably.

At the end of 1939, the total number of cases of plague observed since the beginning of the epidemic in 1911 was 215,104.

The incidence of plague in the ports and on the coasts of Java has always been negligible. Without exception, the main epidemic areas were in the hilly regions and the mountainous plateaus of about 1,000 feet (Malang, Magelang, Temanggoeng, Garoet, Bandoeng, Leles) and at the foot of isolated volcanoes.

This predilection of the disease for the interior of Java has made it possible to ascertain that the *Xenopsylla cheopis* alone is the vector of the plague and that the *Xenopsylla astia*, which is also a frequently occurring rat flea in the Netherlands East Indies, does not play a rôle as vector. The *X. astia* occurs mainly at the coasts and only rarely in the hilly interiors of the country. Because the disease prevails in the interior, the *X. astia* can hardly be held responsible for the spread of the disease.

The plague bacillus reservoir in Java is the Malayan house rat, *Rattus rattus diardi*, which builds its nests in the dark, especially in horizontal bamboos, on roofing poles and ceilings, in palm leaf thatched roofs, in the native bamboo bedsteads (the so-called balé-balé), in piles of timber, and stores of food. This rat species fortunately has no tendency to migrate; thus the epizootic of the rats is held in bounds. The importance of the structure of houses as breeding places for rats becomes apparent when one considers the prevalence of plague among the Indonesians in the very villages and cities

Deaths from Plague in East, Middle and West Java 1911–1939.

	East Java	Middle Java	West Java
1911	2,155	1	1
1912	2,276	1	1
1913	11,384	2	1
1914	*15,751* Peak year	5	1
1915	4,851	1,406	1
1916	595	592	1
1917	202	219	1
1918	221	513	1
1919	169	2,785	1
1920	248	8,891	13
1921	257	9,501	5
1922	137	10,891	1
1923	73	8,323	271
1924	157	12,547	349
1925	260	*12,969* Peak year	1,275
1926	71	6,829	871
1927	219	6,364	1,172
1928	35	3,741	824
1929	73	2,210	1,812
1930	3	2,282	1,695
1931	30	3,031	1,478
1932	5	2,051	4,366
1933	8	1,685	15,188
1934	2	2,668	*20,569* Peak year
1935	1	2,687	10,307
1936	4	1,693	4,490
1937	44	1,156	2,614
1938	20	616	1,447
1939	15	403	1,123

where the Chinese and Europeans who live in houses built from other material remain practically free.

Fortunately, the plague epidemic has been practically limited to the island of Java. Outside Java, cases have been observed in

a. Palembang on Sumatra.

b. Tandjong Balei on Karimon Island in the Riouw archipelago off Sumatra where, in 1922, thirty-three cases occurred. The disease was possibly introduced from Malaya.

c. Macassar on Celebes where between 1922 and 1930, 150 cases of plague occurred. The peak of this small epidemic was in 1927 when 40 cases were

observed. For comparison's sake, it should be added that, whereas in Java *Rattus norvegicus* and *Rattus concolor* have never been found to be infected with plague, in Macassar the latter two rat species were infected just as freely as the *Rattus rattus diardi*.

In 1914 the campaign against the plague epidemic was put into the hands of a special anti-plague service, belonging to the Public Health Service. This campaign has centered mainly around the application of two methods:

a. Extensive schemes for the improvement of houses and careful supervision of the building of new houses, where no occasion for the breeding of rats could exist.

b. Vaccination with a live plague bacillus vaccine as designed by OTTEN.

When houses were newly built or improved, the use of hollow bamboo which, as mentioned above, favors the breeding of rats, was permitted under no circumstances. The following principles were used for the improvement of the houses.

a. All thatched roofing was replaced by tiles or corrugated iron.
b. All unsplit, hollow bamboo was
  1. wherever possible, replaced by wood.
  2. where wood was scarce, wooden stoppers were inserted into the ends of the bamboo.
c. All parts that cannot easily be seen (that is pieces between two layers of open bamboo) were eliminated.
d. The square ridge pole was turned in at an angle so that no rat nests could be built upon it.

By the beginning of 1940, 1,579,753 houses had been improved and 962,400 houses had been built under the supervision of the anti-plague service. This campaign for the construction of improved houses has been one of the main factors in stopping the plague epidemic. On the other hand, this improvement of the houses has led to a new danger which shows once again how carefully one must weigh any interference with the customs and the ways of life of a native population (18, 19).

In the same area where, thanks to this improvement of housing conditions, the plague mortality decreased, the general mortality increased! This increase of the general mortality rate was due to a malaria epidemic which practically always follows within a few months after the houses have been improved. The improvement of the dwellings transformed the very undesirable huts of the Indonesians into neat little houses with tiled roofs. The kitchen, which in the original huts was combined with the living room, was in the improved house located outside the dwelling. A smoke-catching device provided excellent ventilation, and there was not the slightest doubt that the new houses had much more light and more air than the old native dwelling. Unfortunately, the absence of smoke in the house permits mosquitoes to

enter the dwelling. Mosquitoes, in general, abhor smoke. At the same time, smoke hides the odor of the human body; and when no smoke is present, the human body odor attracts the anophelines. Careful counts have shown that ten times as many mosquitoes were found in the improved houses than in the old unhygienic Indonesian huts. Most of these extra mosquitoes were proved to be the dangerous *Anopheles aconitus*, a situation which explains the spread of malaria, following the improvement of dwellings.

This unexpected and highly undesirable complication of the house improvement campaign is another example of man-made malaria. It shows that even in plague districts no campaign for the improvement of houses should be started without simultaneous and careful species sanitation.

The second measure which has been widely and successfully used in the anti-plague campaign has been vaccination with a living plague vaccine, as devised by OTTEN (20). His investigation first proved that there exists a relation between the susceptibility to plague of the experimental animal and the degree of immunity caused by a dead plague vaccine. He found it impossible to obtain a satisfactory immunity against plague in wild house rats and guinea pigs by means of a vaccine of killed plague bacilli, whereas in white rats and monkeys the same vaccine seemed to have a protective action. Tame white rats and monkeys are only slightly susceptible to plague infection, and the small degree of protection caused by the killed plague vaccine is sufficient for these animals. However, in highly susceptible animals, as in guinea pigs and wild house rats, killed plague vaccine is inactive. OTTEN saw at the same time that after repeated cultures in artificial media some strains of the plague bacilli became avirulent. One of these strains, which had become avirulent by such spontaneous attenuation, he used as a vaccine. First he proved to his satisfaction that susceptible experimental animals (guinea pigs and white rats) could be protected by injection with these living avirulent plague bacilli.

Then by experiments on volunteers he ascertained that this live plague vaccine did not cause any complications. Finally, he started vaccinating the population. He found that injection of this live plague vaccine reduces the plague fatality to about 25%. Unfortunately, this vaccine protects only against bubonic plague and not against pneumonic plague. The immunity does not last any more than six or seven months, and for the campaign against endemic plague repeated vaccinations are necessary.

By the end of 1939, about two and a half million people had received more than ten million vaccinations and revaccinations with this live vaccine without untoward results. This method, therefore, can no longer be considered a hazardous venture. For completeness' sake, it may be added that in Madagascar in later years a live plague vaccine has been used without any accident on 800,000 persons (21). A small-scale experiment in South Africa also gave a favorable result.

In recent years, the incidence of plague has considerably decreased. In 1938, about 2,000 cases; in 1939, about 1,500 cases were observed in Java.

	Immunized dead plague vaccine	*Immunized living plague vaccine*	*Same experiment repeated*	*Controls*
	Survival rate	Survival rate	Survival rate	Survival rate
Wild house rat[1] (*R. r. diardi*)	20.1%	82%	81.2%	0.9%
Guinea pig[1]	11.1%	91.2%	90.5%	0. %
White rat[2]	83.5%	—	—	5.4%
White mouse[1]	63.1%	—	—	0. %
Monkey[3]	84.2%	—	—	20.0%

[1] Infecting dose 50,000 live plague bacilli
[2] — — 500,000 — — —
[3] — — 5,000,000 — — —

1940 and 1941 were especially favorable years with 397 and 287 cases. It was generally accepted that this improvement was due to the modernization of the houses and the widespread vaccination with a live plague vaccine. It has been reported that, these measures having been neglected since the Japanese invasion, the plague epidemic has again spread considerably.

f. Mite fever

In Sumatra many cases of fever of unknown etiology occurred. After careful study of this group, first a syndrome, which was originally designated as pseudotyphus, was separated. It soon became clear that this pseudotyphus consisted of at least two diseases: shop typhus or murine endemic typhus, and scrub typhus or mite fever, nowadays usually identified with tsutsugamushi fever. Both diseases are caused by special forms of rickettsiae. In northeastern Sumatra where most cases of mite fever have occurred, a special mite, the *Trombicula deliensis* (22), was found to be responsible for the transfer of the disease. More recently, a few cases described as mite fever have also been reported from Java, from the northwestern part of Dutch Borneo, and from Celebes, especially the northern arm of Celebes, the so-called Minahassa.

g. Leptospirosis

Even after these two rickettsioses had been recognized and diagnosed, there still remained a group of febrile diseases the etiology of which was unknown.

VERVOORT in 1920, cultivated from the blood of patients having one of these diseases a spirochete which he called *Spirochaeta pyrogenes*. Careful investigation into this group of spirochetal fevers ultimately proved that VERVOORT's spirochete was closely related to the leptospirae which cause Weil's disease. It thus became evident that in Deli on the east coast of Sumatra, there was incident a febrile leptospirosis which, although jaundice occurred in only ten per cent of the cases and the disease was hardly ever fatal, still was closely connected with Weil's disease.

Gradually it transpired that the same disease occurred in still other parts of Sumatra; later it was found on Java, Borneo, Tarakan Island, and Gelebes (23).

Not only did the East Indian leptospiroses differ from the clinical picture as known in the western part of the world, but the leptospirae were different from *L. icterohemorrhagiae*, the common spirochete of the European Weil's disease. Only rare cases of this western form of Weil's disease have been recognized in a few limited areas of the Netherlands Indies. A few such cases have been diagnosed in Semarang on the north coast of Java and also on the small island of Noesa Kambangan off the south coast of Java, opposite Tjilatjap. On this island many different leptospiroses occur because here several thousand chain gang laborers, collected from all parts of the archipelago, work.

In northern Sumatra, however, where the disease is most frequent, some of the spirochetes isolated were identical with the *L. pyrogenes* of VERVOORT, nowadays usually called *L. selinem*; some were identical with *L. akiyama* or *L. autumnalis* of the Japanese.

In Java, Celebes, Borneo, Bangka, and Billiton, most of the cases were caused by another spirochete, the *L. balaviae*, which is highly pathogenic for guinea pigs. In Java the Norwegian rats, fifty per cent of which harbor the *L. bataviae*, form the leptospira reservoir. To make things still more complicated, the field rat of Java, the *R. r. brevicaudatus*, carries another spirochete, the *L. javanica* which is pathogenic for neither man nor guinea pigs (24).

Although the complete clinical picture of leptospirosis does not occur too frequently in Java, the disease cannot be rare, because seven per cent of all sera of patients with any febrile disease in Batavia agglutinate *L. bataviae*.

h. Filariasis

Filariasis is a syndrome which results from the presence of a special round worm, nowadays called *Wuchereria*, in the retroperitoneal lymph vessels and lymph glands of the lower abdomen and the inguinal region. The signs of the disease—lymph scrotum, chylocele, lymphadenitis, lymphangitis—are mainly connected with obstructions of the lymph vessels and lymph glands. Often obstruction of the lymph vessels of the legs leads to elephantiasis.

Sometimes chyluria and often fever occur. In the peripheral blood, the microfilariae can usually be found. For many decades, this disease was known to occur very frequently in the Indo-Australian archipelago; but until 1927, only one kind of *Wuchereria*, the *W. bancrofti*, had been identified. The common house mosquito, *Culex quinquefasciatus* or *C. fatigans*, had been recognized as the main vector of this disease.

The history of how a new *Wuchereria* was discovered in the Netherlands East Indies offers a few interesting points. When a *Culex fatigans* sucks blood from a filaria patient, microfilariae enter the intestinal tract of the mosquito. They penetrate the stomach wall and reach the thoracic muscles of the mosquito, where they lose their sheath. Gradually these sheathless microfilariae develop into adult worms, which are found, after about ten days, in the head of the mosquito. When a normal individual is bitten by such an infected mosquito, the adult worm is introduced into the human body, ultimately reaching the retroperitoneal fibrous tissue from where the infection with microfilariae starts.

A Dutch Army physician, stationed in a tiny garrison in northern Achin in northern Sumatra, found that at least one-third of his community was infected with filariae. This physician, however, was struck by the fact that only elephantiasis occurred, and that other signs of the lymphatic system were absent. He never saw a case of chyluria, chylocele, lymph scrotum, or lymphangitis, and his colleagues of the surrounding garrisons informed him that in their areas also only elephantiasis and no other manifestation of filariasis were encountered.

At the same time, this Army physician tried to infect *Culex fatigans* with the filariae of his patients. The description of the experiments performed by this physician, isolated in a little native village of Sumatra, gives a vivid impression of his scientific interest. He caught considerable numbers of *Culex fatigans* and let them feed on a heavily infected Indonesian. The specimens which had sucked blood were isolated from the rest and kept alive in a jampot with some sugar water. They were dissected at different intervals after the blood meal.

Instead of observing in the infected *Culex fatigans* a development of the microfilariae into adult worms, as he had been taught to expect, he saw that the filariae did not develop, but died two to three days after they had penetrated the muscles of the thorax. He then recognized the importance of his results which did not agree with current knowledge; that is, the absence of genital lesions in his filaria patients and the impossibility of infecting *Culex fatigans* with the filariae of northern Sumatra.

He was so much impressed by these two facts that he considered the possibility of an unknown *Wuchereria* as the cause of filiariasis in northern Sumatra. He made careful blood smears of his filaria patients, stained them and sent them to Batavia in order to have them studied by a competent parasitologist.

This examination was made by Dr. BRUG, who found that, in contrast to the microfilaria of *W. bancrofti*, the microfilariae from northern Sumatra presented a few nuclei in the tail, that the anal porus of the filaria from Sumatra was placed more forward than in *W. bancrofti*, and that a few other less important but constant anatomical deviations could also be distinguished. Thus he was led to the discovery of a new filaria, *Wuchereria malayi*, to which the name of BRUG has been added. Unfortunately, LICHTENSTEIN, the Army physician whose original work contributed so considerably to this discovery, is never mentioned in connection with it.

So it was determined that this *W. malayi* is not transferred by *Culex fatigans*, but by other mosquitoes belonging to the *Mansonia* and *Anopheles* species (25–29).

It has since transpired that much of the filariasis in the western part of the East Indian archipelago—and of China—is due to *W. malayi*. In Sumatra, both *W. bancrofti* and *W. malayi* are found. In Java, filariasis is rare and breaks out only in the delta of the Serajoe River on the south coast, where *W. malayi* alone is found. On the island of Celebes, practically all the filariasis is due to *W. malayi*; but on the islands off southeastern Celebes, the disease is again caused by *W. bancrofti*. On Ceram Island, off eastern Celebes, all filariasis cases are due to *W. malayi*. On near-by Boeroe Island, only *W. bancrofti* is found, as is also the case on all the islands east of Boeroe and on New Guinea.

i. Miscellaneous

These examples tell only a part of the story of the scientific work of the physicians of the Netherlands Indies. A few other discoveries may also be mentioned shortly.

The causative organism of paratyphoid C, the *Salmonella hirschfeldii* which WEIL described in 1917 and NEUKIRCH in 1918, was discovered already in 1908 by VAN LOGHEM in Deli on Sumatra's east coast. VAN LOGHEM isolated this germ from a group of febrile patients and designated it at the time as *Bacillus suipestifer Deli*. This *Salmonella* is a frequent cause of epidemics in Sumatra and Java (30), whereas *Salmonella paratyphosus B* has been proved to be extremely rare in the archipelago. Three new *Salmonella* types have been discovered in this area (31).

The investigations of VAN STOCKUM on rabies vaccination have unfortunately not received the recognition they deserve (32). She proved to her satisfaction that all the different rabies vaccines are inactive, and devised a new and active vaccine consisting of the formolized central nervous system of experimentally infected monkeys. This preparation was in later years the only vaccine used in the Netherlands Indies.

Here the forgotten fact that the arsphenamine treatment of frambesia was discovered in 1911 by the Netherlander FLU must be recorded. It must be

added, however, that at the time, FLU did not work in the Netherlands East Indies, but in the Netherlands West Indies in Suriname.

Of great importance for medical practice in the whole Orient was the preventive work of SCHÖFFNER and KUENEN in Deli (33). By careful study of the diseases among the native laborers and by devising preventive measures, they reduced the very high mortality on the estates to normal levels and thereby rendered the agricultural development of many unsalubrious regions possible.

Summary

Occasionally disparaging remarks have been made about the Public Health System which the Dutch authorities had developed in the Netherlands Indies. The core of the argument is usually derived from a comparison between the surface of the archipelago (760,000 square miles), the number of the islands (about 3,000), the population (about 65,000,000), the distances (from east to west about 3,000 miles), and the relatively small number of physicians who had been working in this enormous area (33). Such superficial criticism, which is usually built upon "experiences" collected during a flying visit of a few weeks to a few cities of the Netherlands Indies, hardly deserves special attention.

Anyway, the facts talk a different language. Thanks to the Public Health Service of the Netherlands Indies, the general death rate of the population has decreased to twenty or twenty-five per thousand, which is favorable for an oriental population. The general sanitation is so well organized that the death rate of the Europeans in the larger cities does not exceed nine or ten per thousand.

These results have been obtained by overcoming serious difficulties. The Netherlands East Indies belong to the most malarious regions of the world, and the density of the population of some parts of the archipelago ranks with the highest figures known. The average density of the population of the island of Java is 800 per square mile and of Middle Java even 1600 per square mile. The highest figures for Europe are found in England with 1150 and in Belgium with 1060 per square mile. The over-population of Java is especially serious because Java is a purely agricultural territory, whereas England and Belgium are industrial and commercial countries. It should be added that, although the Netherlands Indies are surrounded by countries where smallpox, cholera, and plague epidemics occur practically every year, smallpox and cholera had been almost eradicated from the Netherlands Indies and the plague epidemic was well under control. These results can easily stand comparison with the health conditions in the imperium, colonies, protectorates of other countries where the number of physicians may or may not have been greater, compared with the number of the population.

Finally, as described above, the weight of the scientific contributions of this small corps of Dutch physicians who have been devoting their efforts to the Public Health Service of the Netherlands East Indies is considerable. The physicians of the Netherlands owe a debt of gratitude and appreciation to their colleagues who have transformed the notoriously unhealthy Netherlands Indies into a healthy territory.

It has been an honor to be allowed to collect the facts mentioned in this article as a token of appreciation for the work of the physicians and the biologists of the Netherlands Indies, a few of whom have been sighing under German oppression, and many of whom are still suffering the indignities and dangers of Japanese internment camps.

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BRITISH BURMA

General
Economy
Education

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BURMA

Lennox A. Mills

Source: R. Emerson et al., *Government and Nationalism in South East Asia*, New York: Institute of Pacific Relations (1942), pp. 70–77.

The government of Burma is in a state of transition from direct rule to Dominion status. A little over twenty years ago the country was a typical Indian province with British control of administration, legislation and finance. The Legislature had wide powers of debate but was neither expected nor intended to control the executive. The theory and practice of government was based on the prevalent belief that democracy was unworkable East of Suez. As a result of the Montagu-Chelmsford reforms Burma received the same type of government as the other provinces of India. The majority of the members of the Legislature were popularly elected, and they were given substantial powers of legislation and partial control over finance and the executive. The next stage of Indian constitutional advance, the Government of India Act of 1935, was accompanied by a very important change in the position of Burma. The only reason for its inclusion in the Indian Empire was that it had been conquered by India during the 19th century; and a strong demand had arisen that Burma should be restored to its historic position as a separate country. In the Government of India Act of 1935, Burma was removed from the control of the Governor General and became a separate dependency under the control of the Imperial Government. The general form of the new constitution resembles that of an Indian province; but there is the important difference that the government unites in itself all the powers which in India are divided between the provincial and the proposed federal administrations.

The Burmese form about two-thirds of the population, and according to the census of 1931 they numbered 9,862,694 out of the total of approximately 15,000,000. The Indians numbered 1,017,825, the majority of whom eventually returned to India although several hundred thousand were permanently settled in Burma. They were laborers, traders and moneylenders,

and were strongly disliked by the Burmese because their greater industry and astuteness had given them a dominant position in the economic field. There were 193,549 Chinese, most of them traders and moneylenders; but they were on excellent terms with the Burmese. Finally there were 3,491,000 Shans, Karens and other tribesmen who live in the great horseshoe of hills which surround the central plains. They constituted 14 per cent of the population and their country made up 43 per cent of the whole of Burma. Many of them are in the tribal stage of civilization; and others live in native states under the rule of hereditary chiefs. They are not sufficiently developed politically to take part in a democratic government, and are excluded from the scope of the reforms, at least for the time being. The excluded areas remain under their traditional rulers, whose administration is supervised by British officers under the control of the Governor of Burma. The peace and good order of these areas are one of his special responsibilities.

The democratic reforms apply to the central and southern parts of Burma. They confer wide powers upon a people who have had very little experience in self-government, and who cannot as yet be entrusted with full control over their own affairs. During this period of transition the Governor has a far more difficult task than in the old days of benevolent despotism. He must still be a good administrator and, if it is unavoidable, an autocrat; but in addition he must be a constitutional ruler, the adviser of his ministers and a diplomat. The ideal Governor under the new regime should combine the wisdom of Solomon, the patience of Job, and the finesse of a veteran politician. The British cabinet system has been introduced, and about 90 per cent of the work of government has been placed under the control of Burmese ministers responsible to the Legislature. The reserved departments remain under the sole direction and control of the Governor. They are foreign affairs (which are unimportant), defense, ecclesiastical affairs (the maintenance of a few Anglican chaplains for the spiritual needs of the British community), the excluded areas, and monetary policy. The army is normally made up of two battalions of Imperial infantry, about 3,500 Indian troops, and the Frontier Defence Force. This last is composed of 12,000 military police, most of them Gurkhas, Karens and Chins, the majority being stationed along the frontier among the hill tribes. Four Burmese rifle battalions are also being raised. The Governor may appoint an Advocate-General, and three Counsellors to assist him in controlling the reserved departments. He may also appoint a Financial Adviser to assist him in matters pertaining to Burma's financial stability; but he must consult his ministers before making the appointment.

The Burmese ministers must be members of the Legislature and are appointed and dismissed by the Governor. They are the leaders of the majority party and hold office until they are defeated in the Legislature. Apart from the reserved departments the Governor follows their advice unless it conflicts with his special responsibilities. If this contingency arises he is

required to disregard their wishes and act in accordance with his own view of the needs of the situation. A full report of the circumstances must immediately be made to the Imperial Government. The more important of his special responsibilities are the prevention of any grave menace to the peace or tranquillity of Burma, the protection of the government's financial stability and credit, and the safeguarding of the legitimate interests of the minorities. The special responsibilities are very largely to be explained by the fact that the Burmese and their leaders have had so little training in the practice of democratic government. Sometimes they have shown a rather disquieting lack of a sense of political realities. They have not learned for example, as the English people have from centuries of experience, that democracy is government by compromise, and that the majority of the moment must not push its temporary electoral victory over its opponents too far, or the democratic system of government will be endangered. The special responsibilities should be regarded as a statutory and, one hopes, temporary substitute for the unwritten customs of parliamentary government in Great Britain. The hostility of the Burmese towards the Indians, for example, is very strong, and since 1930 there has been a disquieting series of riotous attacks upon Indians in which there has been considerable loss of life. Proposals have been made drastically to curtail their rights, and it is essential that the Governor should have discretionary power to prevent any acts of injustice. He has been instructed not to disregard his ministers' advice unless it is absolutely unavoidable, since the policy of Great Britain is that genuine self-government shall be established in Burma. In July 1940 Mr. Amery, the Secretary of State for India, stated that the policy of the Government was Dominion status within the British Empire. The task of the Governor is to dissuade his ministers from policies which would compel him to invoke his reserve powers; and one test of his success is the infrequency with which he has to make use of them. He has also the power to take over the government if the constitutional machinery should break down.

The Legislature is composed of a Senate of 36 members who sit for seven years and a House of Representatives of 132 members sitting for five years. The Legislature must meet at least once a year, and the Governor has power to summon, prorogue and dissolve it. The Ministers, the Counsellors and the Advocate-General have the right to speak in either Chamber but may not vote. The Senate and the House may elect their President and Deputy-President, and Speaker and Deputy-Speaker, respectively, and all of them must be members of the Chamber in which they serve. All questions are decided by a majority of the votes of the members present and voting, and the President or Speaker may vote only in the event of a tie. No member may continue to sit if he holds an office of profit (ministers excepted) under the Crown, is an undischarged bankrupt or is found guilty of corrupt electoral practices. Candidates for election must be British subjects who are not less than 25 years of age in the case of the House of Representatives and 35 for

the Senate. In addition a Senator must have an income of 12,000 rupees ($3,600) or own sufficient land to pay an annual tax of 1,000 rupees ($300).

The Legislature has freedom of debate, save that it may not discuss foreign affairs or the excluded areas without the Governor's permission. All laws and all measures of taxation or expenditure must be passed by both Houses. Bills may originate in either Chamber with the exception of financial measures. They may be introduced only in the House of Representatives, and only on the recommendation of the Governor. He may assent, veto or reserve bills for the decision of the Imperial Government; or he may return them to the Legislature with his recommendations for reconsideration. In the event of an emergency he has the power to promulgate an ordinance which is valid for six months; and a full report on the circumstances must be sent immediately to the Imperial Parliament. If the House alters a financial measure in such a manner as to affect the Governor's special responsibilities, he may restore the items struck out. His power of legislation is not an innovation but the retention of the power of certification which has been held by the Governors of Burma since the date of the Montagu-Chelmsford reforms. It has been very sparingly used and has been a theoretical far more than a practical restriction upon popular control of legislation. The Governor also legislates for the excluded areas, and decides which acts of the Burmese legislature shall have effect in them.

The majority of the members are elected from territorial constituencies, but as in India the remainder represent racial minorities and economic interests. Of the 132 seats in the House of Representatives 115 are filled from territorial constituencies which are allocated as follows. Ninety-one seats are non-communal, twelve are reserved for Karens, eight for Indians, two for Indian labor and two for non-Indian labor. Out of the remaining seventeen seats three are reserved for Europeans and two for Anglo-Burmans, these representatives being elected from the whole of Burma as the constituency. Eleven seats are reserved for representatives of commerce and industry, the electors being the members of the five Chambers of Commerce and the Chettiars' (Indian bankers) Association; and Rangoon University returns one member. The electors in noncommunal constituencies are entered in a general electoral roll, while there are separate communal rolls in the constituencies which are reserved for representatives of a single race. The result is to ensure that ninety seats will be filled by Burmese. Of the thirty-six members of the Senate eighteen are appointed by the Governor. The rest are elected by the House of Representatives in accordance with the system of proportional representation, each group voting separately. The electorate is composed of British subjects or subjects of an Indian state who are more than eighteen years of age, and who have paid taxes or have served in the army or the police. Inhabitants of a town may vote if they own immovable property to the value of 100 rupees ($30) or have paid municipal taxes, or have occupied for at least three months a building of which the monthly

rental is not less than four rupees ($1.20). Women may vote if they fulfill the above conditions and in addition are twenty-one years old and can read and write. The electorate numbers 2,300,000 men and 700,000 women, or 23.26 per cent of the population as compared with 16.9 per cent before the reforms.

For administrative purposes Burma is divided into thirty-three districts, each of which is under the control of a Deputy Commissioner who corresponds to the District Officer in Malaya. He is responsible for the maintenance of law and order and in this capacity exercises a general supervision over the police who are however under their own officers. The Deputy Commissioner controls the administration of justice by the subordinate magistracy, has appellate powers in minor cases and may himself try a case if it is of special importance. He is responsible for the collection of the land tax and other revenues; and he also supervises the work of the agricultural, education and other officers of the technical services in his district. Authority is concentrated in the Deputy Commissioner, but he does not deal with the minutiae of administration which he leaves to his subordinates: his part is that of a controlling and directing authority. Over half of the Deputy Commissioners are Burmese, as are the subordinate administrative officers in the district. Each village is under the control of a headman, who collects the taxes and has petty police and judicial powers. Usually a local notable, he is elected by the villagers subject to confirmation by the Deputy Commissioner, and he is assisted by an elected village committee. The headman receives as annual salary a percentage of the revenue he collects, the maximum amount being about 500 rupees ($150). The thirty-three districts are combined into seven divisions, each of which is under a Commissioner who exercises a general supervision over his Deputy Commissioners. The Commissioners in turn are under the control of the Governor.

Safeguards have been provided to protect the members of the government services from political interference. They continue to be appointed by the Secretary of State and may be dismissed only by him. The conditions of service, including pay, promotion, and pension, are regulated by him or by the Governor acting on his behalf, and may not be altered by the Legislature. A Public Service Commission has been appointed to conduct examinations for appointment to the government services, and to advise on all matters affecting them. The members are appointed by the Governor, and at least half must have held office under the Crown in India for not less than ten years.

Minor civil and criminal cases are tried by the Stipendiary Magistrates, the Deputy Commissioner being the Chief Magistrate in his district. Next come the District and the Sessions Courts with wide civil and criminal jurisdiction, the judges being members of the civil service, and more than half being Burmese. Appeals lie to the High Court at Rangoon, and from there to the Judicial Committee of the Privy Council in London. The judges of the High

Court may be either European British subjects or Burmese. They are appointed by the Crown, which also determines salaries and pensions. They may be dismissed for misconduct by the Crown after an investigation by the Judicial Committee of the Privy Council. Since this has not occurred from a time when the memory of man runneth not to the contrary, the judges of the High Court hold office until they retire on pension at the age of sixty. The purpose is to ensure that the judiciary shall be completely independent of the Governor and the Legislature. In addition to its appellate jurisdiction the High Court has superintendence over all the lower courts, and the Governor must consult it before appointing judges to them.

The revenue of Burma is about the equivalent of $53,000,000, or only slightly more than $3.50 per head of population. About one-third comes from the land tax, the special assessments charged upon irrigated lands, and the royalties paid by oil and mining companies. The land tax itself averages about $1.25 *per capita*. Excise, income tax and royalties received from logging companies each provide about seven per cent of the total, while the customs duties bring in 20 per cent. Other sources of revenue are stamp duties and the income from the posts, telegraphs and government railways. Expenditure has usually been less than the revenue; and the government debt of $160,000,000 was assumed as Burma's share of India's net debt at the time of their separation in 1937.

The percentage of literacy is higher in Burma than in any other Asiatic country with the sole exception of Japan, owing to the importance which the Buddhist Church has attached to education. There are about 20,000 monastic schools which give an elementary education in Burmese along with religious instruction. In 1931 the literacy rate was 397 per 1,000, being 600 per 1,000 for men and 182 for women. This may be compared with the rate in the Netherlands Indies of about 100 per 1,000. Apart from the Buddhist vernacular schools there are about 5,600 secular vernacular schools, both primary and secondary, the bulk of them missionary or private schools. The popular demand, however, is for English literary education, and most of those who attend the English schools hope to become clerks. Education in the past has been predominantly literary; but there is a growing realization that this has created an intellectual proletariat of unemployed lawyers, clerks and persons with university training, while there is a shortage of mechanics and of technically trained men. Trade and technical schools have been established, and attempts are being made to divert students to them from the literary schools. Another problem is the very high rate of wastage in the primary schools: only 18 per cent of those who enter complete the Fourth Standard, and many lapse into illiteracy. Education is not compulsory because the revenue is too small to provide enough teachers.

The medical problems of Burma are those which are usually found in the tropics. The Government has established some 300 hospitals and dispensaries, a research laboratory, and a medical college. Much has been done to

provide the towns with pure water and proper sewage disposal, although village sanitation is still primitive. The general death rate fell from 25.4 per 1,000 in 1911 to 20.5 in 1937.

Agricultural betterment has a prominent place in government policy. Since rice is the principal crop, particular attention is given to padi research, and the Field Officers who carry on agricultural propaganda among the cultivators have established cordial relations with them. Irrigation works are needed in Upper Burma owing to the uncertain rainfall. The Department has repaired and extended old works as well as building new ones, and the irrigated area is now 1,514,000 acres. Rural debt and land ownership – the two are closely connected – are perhaps the most difficult problems which confront the government. They have also very serious political consequences since, roughly speaking, the debtors are Burmese and the creditors and landlords are Indian bankers. The rice farmer must have loans to carry him over the period between sowing and harvest; but the Burmese are improvident and less than ten per cent of the loans have been spent for agricultural purposes.

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COMMERCE, INDUSTRY, AND LABOR

John Leroy Christian

Source: John Leroy Christian, *Modern Burma: A Survey of Political and Economic Development*, Berkeley and Los Angeles: University of California Press (1942), pp. 124–42.

Since Burma is an agricultural country, it is only natural that her principal exports are products of agriculture and the extractive industries, whereas her principal imports are manufactured goods. The total trade increased from Rs. 300,000,000 to Rs. 1,100,000,000 during the three decades 1900–30, an indication of Burma's great prosperity during the first years of the current century.[1] During her long connection with India, the fiscal policies of Burma were determined by the interests of her larger neighbor. Thus in prosperous years the duty on imports supplied nearly half the total revenue of the Government of Burma. For decades the steel and cotton mills of India have been protected by import duties on foreign competitive goods; however, the interests of the Burma cultivator would best be served by the removal of import duties on finished goods. Burmese political leaders have hitherto interested themselves in the problems of rural Burma rather than in questions of foreign trade. Upon the expiration in April 1940 of the Indo-Burma trade agreement consequent upon separation, Burmese public opinion demanded a revision of the customs policy in the interests of the producer of raw materials.

Overseas commerce

Burma's seaborne trade for the period April to June 1937, the last quarter of normal trade before the import of goods was disrupted by the Far Eastern crisis of July 1937, was significant also since it covered the first three months after the separation of Burma from India.[2] The Sino-Japanese conflict almost immediately caused a decline of forty per cent in imports from Japan. A statistical summary of this trade follows:[3]

OVERSEAS TRADE FOR QUARTER ENDING

	June 1936	*June 1937*	*Change*
Total exports	5,09.3	4,31.6	−77.7
Total imports	1,71.7	1,93.5	+21.8
Total foreign trade	6,81.0	6,25.1	−55.9
Excess of exports	3,37.6	2,38.1	

Burma's foreign trade fluctuates widely, being more responsive to the price obtained for rice than to any other one factor.[4] For example, the foreign trade for three typical years was as follows:

1929–30—exports and imports	Rs. 61 crores
1933–34— ,, ,, ,,	Rs. 26 ,,
1936–37— ,, ,, ,,	Rs. 32 ,,

The 1929–30 figure is the largest in Burma's history, the 1933–34 the lowest within the past two decades.[5] *The Report on the Administration of Burma, 1935–36*, listed a total of Rs. 81.11 crores during the year, but this figure included imports of treasure and Government stores.[6] Normally, Burma has a favorable trade balance of approximately Rs. 10 crores each year, a large part of which is canceled by overseas remittances including pensions and exported profits of European, Indian, and Chinese firms.

Almost all trade in products destined for export from Burma is in the hands of non-Burmans. This is true in the case of rice, petroleum products, timber, and minerals. There are a few local saw mills under Chinese and Burmese management, but these cater to the domestic demand.

While there is some variation in the amounts and nature of the exports and imports from month to month the relative positions of the principal articles of trade seldom vary greatly. An official report on foreign trade appears each month in the Rangoon press.[7]

Burma's exports appear to have done well under the stress of war since the exports for March 1940 were only 1.5 per cent less than for the corresponding period of 1939. Imports, however, showed a gain of 19.1 per cent over those of March 1939.

Trade relations with India are of vital importance to Burma. In normal years India takes approximately sixty per cent of Burma's exports, including all of her surplus petrol, kerosene, three-fourths of her timber exports, and nearly half of her rice. Her only important exports that do not go to India in quantity are lead, tin, rubber, tungsten, and silver. Although Indo-Burma trade amounts to sixty per cent of Burma's total trade, it accounts for only seven per cent of India's trade. This means that India is in a strong position when negotiating trade agreements with Burma. Since separation, exports to

TRADE FOR MARCH 1940

(In 1,000 rupees)

Exports		*Imports*	
Rice and rice products...	3,23,81	Textiles	41,56
Mineral oils and wax....	1,17,42	Machinery	29,18
Metals and ores	56,29	Food products.....	22,98
Timber	24,46	Jute bags.....	18,44
Beans, etc.	15,94	Metals.....	15,14
Rubber	11,00	Mineral oils	7,81
Cotton	5,80	Coal and coke	6,09
Hides and skins.....	2,86	Tobacco	6,07
Spices	1,22	Chemicals.....	4,05
Matches	1,11	Paper.....	4,92
Cutch	77	Liquors.....	1,24

and imports from countries other than India have increased, as have imports from India, while Burma's exports to India have decreased.[8] India would have little difficulty in satisfying her import requirements other than rice outside Burma, whereas Burma would have the greatest difficulty in disposing of her surplus rice which India now consumes.

Because of geographical propinquity and the remarkable capacity of each to supply what the other lacks (rice, timber, and petroleum products to India; coal, textiles, iron and steel to Burma), the two countries are benefited by fostering mutual trade. Due to the availability of rice from Thailand and Indo-China, at prices slightly below the Rangoon market and at freight rates not excessively beyond those from Rangoon to Madras, India remains at a great advantage in dealing with Burma; and no amount of wishful thinking by Burmans and others will change the position as long as trade in South East Asia is by private competition rather than by government regulation. Within the predictable future it is probable that both countries will continue to pay freight only across the Bay of Bengal rather than attempt to satisfy their respective requirements from a greater distance.

Overland trade

Overland trade between India and Burma through Manipur and Assam may be dismissed as of no consequence since it consists solely of village products. Nor do any imported goods go to Tibet from Burma over the high passes beyond the Irrawaddy. In the Myitkyina District trade with China had almost ceased by 1936, most of the small overland trade to Yunnan having been diverted to the Bhamo route. It was reported that there was a further drop in the Bhamo trade during the decade ending in 1940. Before the opening of the Burma-Yunnan road the Chinese city of Tengyueh was supplied

with foreign goods by way of the Haiphong railway.[9] Trans-Burma trade with China was further handicapped by the adverse exchange rate (Rs. 100 equaling Ch. $215) and by the regulation of the Nanking Government prohibiting export of silver coin or bullion from China. Without the intervention of the Sino-Japanese conflict, Burma's overland trade to China gave no promise of increasing. The Siamese trade likewise was of little consequence. Some textiles, petrol, and goods for the village trade reach the Shan States nearest Thailand but the amount of this trans-frontier trade is negligible.

Internal trade

Most of the railway towns and larger interior villages of Burma have both Indian and Chinese shops which sell such miscellaneous articles as kerosene, soap, thread, cotton goods, tinned fish and milk, hardware, and notions. In the sale of native products the Burmese, or rather their wives, hold their own. Many bazaar stalls are operated by Burmese women who manage much of the retail trade. Since the time of Marco Polo, who first noted the custom, all towns in upper Burma and the Shan States have held bazaars every five days, the day varying in adjoining towns. Itinerant merchants, usually Indians, move from one bazaar to another with their stocks of glassware, crockery, cloth goods, toys and notions. The Burmese stalls are operated usually by women of the vicinity who sell the products of farm and garden or their handiwork such as cheroots or hand loom textiles. Burmese blacksmiths, wood workers, and other craftsmen sell their products to the consumer without aid of a foreign middleman.

Indian or Chinese merchants who operate shops in outlying cities and villages may be independent owners, or they may be merely agents for Rangoon firms owned by their compatriots. In any case, goods of foreign origin sold in the villages of Burma come from Rangoon to which they have been imported by European, Chinese, or Indian companies. There is not in Rangoon a single banking, insurance, shipping, manufacturing or import firm of any size that is owned or managed by Burmese. Two large British firms, Rowe and Company, and Watson and Son, with branches in the larger cities of Burma, supply the needs of those who use foreign goods. Whiteaway, Laidlaw and Company, a British merchandising firm operating throughout the Empire, closed its Rangoon branch in 1938.

Communications

Burma is well provided with means for internal communications. The state-owned Burma Railways connect the important cities of Burma with 2,060 miles of meter-gauge line.[10] Railway construction in Burma began with the opening of the Rangoon-Prome line in 1877, and twelve years later the Rangoon-Mandalay line was opened.[11] Railway construction is summarized below:

Period	*Miles Constructed*
1869–1886	333
1887–1896	539
1896–1914	710
1914–1920	24
1920–1940	454

The line was extended to Myitkyina, 722 miles north of Rangoon, in 1899. The Irrawaddy has been bridged only at Sagaing, opposite Mandalay, with a structure which carries rail and road traffic on two decks. Its completion in 1934 made possible a through run from Rangoon to Myitkyina. First, second, and third-class compartments are provided on all passenger trains; the upper-class coaches are equipped with electric fans and comfortable berths, and all coaches have electric lights. The passenger ordinarily furnishes his own bedding and linen although these may be rented by first- and second-class passengers from the railway. There are no dining or restaurant cars on the trains, and travelers eat at railway refreshment rooms or provide their own food. Since the inauguration of Burma's new Government on April 1, 1937, there has been a noticeable improvement in the service and accommodations provided for third-class passengers. Locomotives in Burma are of British or continental manufacture and they are fired with coal imported from India. Passenger coaches are constructed of wood on imported undercarriages. A maximum speed of 45 miles per hour is maintained on the main line where 75-pound rails and 92-ton engines are used. The most noteworthy bridge is the Gokteik Viaduct on the Lashio line. This structure, 2,260 feet in length, has a maximum height of 320 feet above a natural bridge on which it crosses a stream 870 feet below rail level. A police guard has been stationed at the bridge since this line has been used to transport Chinese war supplies to the Lashio railhead of the Yunnan-Burma road. Railway travel in Burma is safe and comfortable; the Rangoon-Mandalay run is made in thirteen hours, and there is through traffic to the end of the line at Lashio in twenty-eight hours. Railway signs are posted in English, Burmese, several Indian languages, and also in Shan on the Lashio and Kalaw lines. The only sections of Burma not provided with rail communication are the Arakan coast, the Shan States beyond Taunggyi and Lashio, the hill areas north of Myitkyina, and Tenasserim south of Ye.

Earnings of the Burma Railways have declined steadily since 1929. In 1931 the decline in passenger traffic due to road competition was estimated at Rs. 10 lakhs.[12] A statistical summary of railway earnings follows.

In 1896 the state-owned railways were leased to a private company for operation. The British company's working agreement was terminated in 1929, the year after the peak of prosperity for the Burma Railways. Since 1929–30 the railway has not earned its standing interest charge of four per

cent. Gross earnings declined thirty-one per cent from Rs. 51,186,272 in 1927–28 to Rs. 35,573,845 in 1932–33; since then there has been a slight recovery of five per cent to Rs. 37,482,398 in 1938–39, and a further increase in 1940, but the figure is still short of the earnings necessary to yield four per cent interest on the invested capital. Earnings from freight traffic vary in response to rice prices and foreign trade. In an effort to stimulate business and meet competition from trucks, the railways have instituted door-to-door delivery service on freight and parcels, and have speeded up freight trains between all principal cities. During the negotiations for a financial separation of Burma from India, the Burma Railways represented the greatest single item in Burma's debt to her former partner.

Year	*Mileage*	*Capital Charge*	*Gross Return Millions of Rs.*	*Net Return on Capital (Per Cent)*
1896	872	77	8	3.87
1914	1552	210	25	5.45
1920	1606	216	33	6.63
1929	1931	328	50	6.01
1936	2060	349	37	2.51
1937	2060	347	38	3.35
1938	2060	346	37	3.18
1939	2059	345	37	3.15

Although the Burma Railways touch the Irrawaddy at several points with branch lines, the trunk line to Mandalay passes up the Sittang Valley, leaving the great river the most important artery for freight through the delta and up its rich valley to Bhamo. The important oil fields of Yenangyaung and Chauk depend upon the Irrawaddy Flotilla Company for transport of heavy goods. This firm operates a comfortable and efficient fleet of six hundred vessels of all descriptions from express steamers and cargo steamers to ferries and creek launches and tugs. At its own expense the company's pilot launches buoy 1,000 miles of the Irrawaddy from Bhamo to Rangoon and Bassein. The Irrawaddy Flotilla Company was formed in 1865 to carry out Government contracts for conveyance of troops, Government stores, and mail, and in 1868 widened its contract to include service to Bhamo.[13] During the World War the British Government requisitioned eighty-nine of the river steamers and took them to Mesopotamia by the long ocean route around Ceylon. Although they are not suited to ocean service, only five of the steamers failed to reach Basra. The equipment and service have been improved constantly until today the express steamers, 326 feet long and 76 feet wide across the paddle boxes and capable of towing a cargo flat 34 feet wide on each side, are the largest and most powerful vessels of their type in

the world. Specially designed stern-wheel steamers leave the Irrawaddy at Pakokku and ascend the Chindwin four hundred miles to Homalin. In the Irrawaddy delta cargo vessels and twin-screw, double-deck launches operate between all principal points. The company still carries considerable crude oil from the Yenang-yaung fields to Rangoon in vessels which, including barges on either side, carry some 2,000 tons of oil each trip.

The larger vessels of the Irrawaddy Company are assembled in Rangoon after having been constructed and engined in Scotland. Many of the smaller steamers and launches are built entirely in the company's modern dockyards in Dalla, across the river from Rangoon. This dockyard completed in 1939 the twin-screw, diesel-powered *Thumingala* for the Prome-Mandalay express service. Both the Dalla and Moulmein dockyards are equipped for repairing deep-sea ships, the only commercial facilities of this type in Burma. On the express steamers in the Mandalay and Bhamo services, deck and engineer officers are Europeans, but native officers and crews operate the smaller vessels including those in the overnight express runs to Bassein, Henzada, Bogale, Laboota and other delta stations. During 1937 the Irrawaddy Flotilla Company carried 6,000,000 passengers without a fatal accident. Its fares are approximately the same as those charged by the railway for similar distances, the first-class fare to Mandalay being Rs. 45 by either route and the third-class fare Rs. 7/1 by train and Rs. 9/0 by steamer. The 1,000-mile journey upstream to Bhamo is made in ten days; these steamers travel only during daylight. The Irrawaddy Flotilla Company acts as the Rangoon agent for British Overseas Airways and the Rangoon-Chungking-Hongkong line of the China National Aviation Company. In 1934 it began its own service up the Irrawaddy by seaplane, but this service was suspended as unremunerative shortly before the outbreak of war in 1939.

Steamers cannot ascend the Salween beyond Shwegoon, sixty miles above Moulmein. The mighty Salween, rising in Tibet and flowing across eastern Burma, is of little value except as a means of floating timber downstream; it rises more than fifty feet during the rains, and is obstructed by numerous rapids.

As the Burmese are not a seagoing people, shipping along the Burma coast from Chittagong to Victoria Point is carried in steam vessels that are British or Indian owned. However, a few diesel-powered coastal vessels are operated by Burmese, principally in the area between Moulmein and Mergui. There is a small trade between Burma and its off-shore islands such as the Andamans, the Nicobars, and the Coco Islands. This commerce is in coconuts, turtle eggs, rice and other native products which count for little in the colony's maritime trade. Chinese control the collection of edible birds' nests and *bêche de mer* in the Mergui Archipelago. The Burma coast is well provided with aids to navigation, the most famous being the lights on Diamond Island and Algauda Reef. The Rangoon Pilot Service is efficiently managed and well paid under British organization.

Canal construction in Burma is a great aid to internal communication by water. The best-known waterway is the Twante Canal, which was widened and deepened in 1935 to permit passage of the largest Irrawaddy Flotilla steamers to Mandalay. Formerly these were required to go out the Rangoon River and up one of the larger mouths of the Irrawaddy. Another canal of importance connects Pegu, which was a seaport when the Portuguese first reached Burma, with the Sittang River. During 1939 these two canals carried 2,303,485 tons of cargo valued at Rs. 140,063,433, passengers numbering 779,903, and yielded Rs. 747,780 in fees to pay for their construction and maintenance. Numerous other cuts connect the many tidal waterways of the Irrawaddy system and provide transportation through all parts of a great rice-producing area of Burma. More than one-half of the rice received by the big millers in Rangoon arrives by boat, much of it in Chinese-built craft called "tonkings."[14]

Burma has telegraphic communication overland to India, China, and Thailand, while there is cable connection with India and the Straits Settlements. Both telegraphic and telephonic services are state owned. The charge for sending a telegram is uniform for all parts of the country regardless of distance; the fee is about twenty-five cents for a message of sixteen words. The state-owned telephones are expensive to install but the charge for long distance messages is extremely moderate. A system of rural telephones was authorized in 1937 and several of the district headquarters are now connected with Rangoon.[15]

Postal services are widely used and the fee for domestic and foreign letters is approximately the same as in other countries. The usual facilities for postal insurance and registration, postal savings and parcel post (with uniform rates regardless of distance), are well organized and reach all parts of Burma. In remote villages the mail may be delivered weekly or monthly depending upon distance, while the extension of the above services is dependent upon local demand. Despite the fact that in delivering money orders currency is carried by the postman to the payee, thefts are rare, and the postal services are remarkably efficient. In the case of registered insured post actual currency notes are sent by the remitter to the payee. Mail and money orders may be addressed in English, Burmese, Chinese, or any one of a dozen Indian languages. Motor mail transport has been extended to Keng Tung and Loimwe, the easternmost post offices in Burma. "There is hardly a motorable road in Burma without a motormail service."[16]

Road construction in Burma has lagged somewhat due largely to the fact that the river and the railways provide ready transportation in the direction of the greatest flow of traffic. Since the Government owns the railways, there was naturally some reluctance to provide competition for its own system. However, there are two trunk highways from Rangoon to Mandalay, one paralleling the railway the entire distance and the other paralleling the Irrawaddy by way of the oil fields. These all-weather highways are oiled

about half the distance between the two cities. Travel by motor is safe and practical on the trunk roads during the entire year and on subsidiary roads during the dry season. The Shan States have excellent dry-weather roads which are being constantly improved by macadamizing. The Mawchi mines in Karenni, near the Siamese frontier, are connected with the Burma Railways at Toungoo by a surfaced highway. There is no highway to India, but beyond Keng Tung there is connection with the Siamese highways, and again to Myawaddy on the Siamese frontier opposite Moulmein. The most rapid local service from Rangoon to Bangkok is by train to Moulmein, thence by car to Myawaddy and Mehsord (five miles within Thailand), from which point a Thailand Government air line, inaugurated in 1939, takes the traveler to Pitsanuloke on the Chiengmai-Bangkok line of the Royal Thailand State Railways.[17] There is as yet no direct road from Rangoon to Bangkok, but the trip can be made in dry weather by way of Keng Tung and Chiengrai. There are 4,500 miles of road motorable throughout the year, and an additional 3,000 miles of road passable, subject to weather.[18] About Rs. 40 lakhs are spent annually on road construction and maintenance. As both highways and railways in Burma suffer from flooding during the monsoons, traffic is subject to frequent interruptions from June to September.

Government rest houses are available along all travel routes. Although these are provided primarily for officials on tour, they are open to the casual non-official at a nominal fee. The bungalows have the necessary furniture, but the traveler must provide his own bedding and food. The country is well policed; and despite an alarming crime rate among certain sections of the population, the careful traveler need have no anxiety. The most frequent hazard to highway travel is the presence of livestock, bullock carts, and pedestrians on the roads.

Rangoon, Mandalay, Bassein, Moulmein, Maymyo, and other cities are well provided with paved streets and electric lights. However, the expense of electric power, together with the abundance of labor and fuel oil, has prevented its wide use for domestic and industrial purposes. A system of electric trolley-buses was introduced into Rangoon in August 1936. Taxis are available in the larger cities, and rickshaws and carriages are common throughout the Province. Bullock carts in upper Burma and boats in the delta are the most common conveyances for rural Burmans.

Industry and labor

Burma has made little progress in industrialization. Of the 1,007 factories registered under the Factory Act, one-seventh are European owned; these employ one-half the industrial workers of Burma. The average number of employees per factory is less than one hundred. Rice mills which prepare the country's largest crop for export employ the greatest number of laborers. Many of these establishments are small and provide principally seasonal and

unskilled employment. All the smaller mills are owned by Indians, Chinese, or Burmans, and the common labor is supplied by Indians or Burmans. There are no coal mines operating commercially in the country, and the iron foundries are those connected with the Burma Railways, Government and private dock yards, and similar plants which operate entirely to supply local needs.

Rangoon and environs, Yenangyaung and Chauk in the Irrawaddy oil fields, the Namtu-Bawdwin silver-lead mines in the Northern Shan States, and the Mawchi mines in Karenni are the only concentrations of industrial labor in the country. There are also cotton, cement, oil, and other plants in Myingyan, Monyaw, Thayetmyo, Magwe, and elsewhere in the dry zone, but none of the individual establishments employs as many as 1,000 workers in one location. The tin mines and rubber plantations of the Tenasserim District are small, scattered enterprises; they are, however, the most advanced in the country with respect to providing housing for employees.[19] While rice mills and saw mills constitute the largest number of industrial enterprises in Burma, the Burmah Oil Company is the largest single employer of labor. In 1935 this firm had 19,094 employees in the oil fields in addition to its workers in the refinery and tin plate works in Syriam, across the Pegu River from Rangoon.[20] In one year the company paid out Rs. 553 lakhs in wages. There have been some labor unrest and several strikes in the oil fields, principally among the Burmese employees. During an oil field strike, a Rangoon Burmese weekly showed on its cover a cartoon of a foreigner against a background of oil derricks, grasping a Burmese laborer with one hand while his other hand was filled with bank notes and currency.[21] The managerial positions are held by Britishers; production is supervised by American drillers, and the actual labor is done by natives of upper Burma. There are many Indians in the oil fields as semi-skilled laborers and tradesmen. The Burmah Oil Company is prosperous, perhaps too prosperous since its ordinary stock paid a dividend of twenty-one per cent in 1938 and petrol prices were the highest in Burma's history.

Throughout Burma the oil, mining, and forestry enterprises owe their present development to European initiative. Mandalay, the most typically Burmese city, has lost population from 170,071 in 1891 to 134,950 in 1931, and its industries, aside from European or Government-owned establishments, are on a village scale. The Burman has taken very little part in the development of the natural resources of his own country. Chinese and Indian immigrants and capitalists have done vastly more than the Burman himself. A typical British firm, Steel Brothers and Company, is extensively interested in oil, rice, cement, timber, importing, cotton, and general trade, averaging a net profit of £400,000 per year on a capitalization of £4,000,000. The usual dividend rate is eight per cent; in 1929 the company made a net profit of £517,802.[22] While there has been some retrenchment during the depression, profits have continued regularly. Affiliated companies such as the

Burma Cotton Company and the Consolidated Cotton and Oil Mills, with plants at Myingyan, Thayetmyo and elsewhere, shared the prosperity of the parent firm. Among other large companies should be mentioned the Burma Corporation, the British Burma Petroleum Company, the Indo-Burma Petroleum Company, the Rangoon Electric Tramways and the Bombay-Burma Trading Corporation.

Only small quantities of Burma cotton are turned into finished goods within the country. There are several small cotton mills in the vicinity of Rangoon which produce hosiery, singlets, and simple fabrics. Of these the largest is the Indian-owned Violin Hosiery Works, employing principally Burmese women operatives and remembered as the scene of the first large-scale strike in Burma. In December 1935, six hundred workers, including four hundred Burmese women, went on strike; after a protracted walkout the issue was arbitrated to the advantage of the strikers.[23] Most of the textile mills in Burma are hardly past the experimental state, but they made great headway in quality of output and efficiency of operation during the five years before 1940.

Minor industries include the tanning of leather and the making of furniture, leather goods, trunks of leather or metal, soap, aluminum ware, matches, and many other products which do not require exact technical skill or intricate factory processes. The first rubber factory in Burma began operation in 1935.[24] It was organized by an Indian Muslim who had been in business for several years in Kobe, Japan, and who imported Japanese machinery and foremen for the Burma plant. There are now two rubber factories in the country; their production is not large but they indicate a trend towards industrialism in Burma and they have already requested a protective tariff. In short, Burma is on the verge of industrialization which is limited at present by her inexperience, by her lack of extensive coal and iron deposits, and by the flood of cheap manufactured goods from India and Japan. In the case of Japan the flood has been receding since that country became involved in China during 1937.

Labor in Burma is protected by the Workmen's Compensation Act, 1923. Under the terms of the India Act, which after separation was carried over as Burma's compensation act, it is not necessary for the injured workman to show negligence on the part of the employer. Laborers can obtain compensation in all cases where personal injury has been caused "by accident arising out of and in the course of employment," provided they have followed safety rules and are not guilty of misconduct thereunder. Occupational diseases come within the scope of the Act, which does not however extend protection to those engaged in clerical or administrative capacities or to those who earn more than Rs. 300 per month. The administration of the Act in Burma is entrusted to special officers in the few industrial areas and to District and Sessions Judges elsewhere. In the tin and tungsten mines much of the labor is performed by workers whose earnings depend upon the amount of ore

extracted and the price in the world market. Although these miners work on their own initiative, there are no reported cases of average earnings exceeding Rs. 50 per month. Likewise there are no conditions of virtual peonage such as are alleged to exist in the tin mines of Yunnan. In the Northern Shan States most of the labor in the Bawdwin mines and the Namtu mills and smelter is performed by Yunnanese, about 5,000 of whom come across the frontier to Burma at the beginning of the dry season and return at the beginning of the rains. Regular employees in Namtu and Bawdwin work about eight hours a day. Monthly earnings of unskilled labor in the mines and above ground range from Rs. 30 to Rs. 45. In general, Chinese labor is supplied through contractors.

Labor in Burma is under less restraint than elsewhere in the Orient. Separate representation is provided in the Burma Legislature for Burman and non-Burman labor. Everywhere there is complete freedom of contract, and wages while still low are sufficient to give Burma a comfortable standard of living as measured by conditions elsewhere in the East.

The Census of 1931 classified the total population of Burma by occupations as follows:[25]

	Number per 1,000	
	1921	*1931*
Agriculture and forests	711	696
Industry	71	107
Trade	85	90
Transport	28	36
Professions	24	32
Public administration	11	12
Domestic service	8	7
Minerals	4	6
Unproductive	6	4
Living on income	1	1
Miscellaneous	52	9

Agriculture provides employment for a total of 2,735,322 persons. Textile plants provide full-time employment for 61,715 people; the 647 rice mills employ 44,944 persons; 10,360 workers find employment in timber mills; petroleum refining occupies 8,233 employees; match factories employ 1,433 and sugar refineries 1,393. The total number of factory employees in Burma, excluding the textile workers, many of whom work at home and not in mills, is 90,322. Of these, only 88 workers are under 20 years of age; it is therefore apparent that the problem of juvenile workers does not exist in serious proportions.[26]

Mineral production

Burma's greatest economic value to the British Empire is her production of rice and petroleum. Burma is the only important source of oil within the Empire in the old world. The Burmese for centuries have produced earth oil from shallow wells in the Yenangyaung area along the Irrawaddy. The Burmah Oil Company was organized in 1886 and the first modern well in the district was sunk by American drillers in 1904. Shortly thereafter the Burmah Oil Company and its affiliated companies purchased the D'Arcy concessions in Persia and thus became the largest producer of petrol within the British Empire. Its Iranian holdings were later reorganized into the Anglo-Iranian Oil Company, well known for its official control by British Government interests. Incorporated in Scotland with a capitalization of £13,500,000, the Burmah Oil Company is prosperous and has paid an unfailing dividend. The report of the company's operations for 1939 registered a slight reduction in profits as compared with the previous year, and indicated that of the company's gross proceeds 34 per cent went in taxation, 19½ per cent in salaries and wages, 6½ per cent in freights to third parties, 33½ per cent in stores, rents and depreciation, and 6½ per cent remained for reserves and dividends. The dividend rates varied from 5 per cent on its ordinary stock to 8 per cent on the cumulative preferred.

Nearly all of Burma's gasoline is marketed between Aden and Hongkong; small quantities of Burma lubricating oils are sold in England, but the Colony in turn imports considerable quantities of fuel oil from Iran. The total production of petroleum for 1937 was more than 300,000,000 imperial gallons.[27] Although oil production is an important factor in the economic life of Burma, her total production from 4,000 active wells amounts to only 0.5 per cent of the world yield. The great European companies have a practical monopoly of production and marketing in Burma; the Nath Singh Oil Company and the *dwinsas* (Burmese hereditary oil-well owners in the Yenangyaung field) produce a negligible part of the total production. The *dwinsas* sell their oil locally for use in weatherproofing timber houses, the surplus being sold to the large companies.

Burma is well provided with a wide variety of mineral products, the most important being silver, lead, tungsten, tin, lignite (not utilized at present), copper, precious stones, limestone and clay.[28] The largest mines are those of the Burma Corporation at Namtu, which were first developed under modern methods by Mr. Herbert Hoover who visited the Bawdwin site in 1903, having learned from his association with the Chinese Bureau of Mines that the Yunnanese had extracted some 64,000,000 ounces of silver before the mines were abandoned in 1855.[29] In 1936 the corporation produced the following minerals: lead, 71,915 tons; antimonial lead, 1,240 tons; zinc concentrates, 76,807 tons; copper matte, 7,500 tons; nickel speiss, 4,325 tons; silver, 5,952,000 ounces; gold, 1,294 ounces.[30] These huge mines, situated about

eighty miles from the Chinese frontier, produced at one time one-twelfth of the total revenue of the Burma Railways. Before the World War, Burma was the largest producer of tungsten in the world,[31] and since the interruption of mineral export from China the mines of Mawchi and Tavoy again ship more wolfram than any other area. The Burma mines are worked to their greatest capacity only at times of high prices. Burma produces about 4,000 tons of tin annually, not an important part of the world's supply. More than 100,000 carats of rubies and sapphires are produced each year. The ruby mines of Mogok were under lease to a British mining firm until 1931 when the company went into voluntary liquidation. The most famous gem which the company produced in its long career was the "peace ruby," so-called from its having been discovered on November 11, 1918. This magnificent gem of forty-two carats was sold at $3,200 per carat in the rough.

Burma is famed for its jade exports although the best pieces for sale in Mandalay and Rangoon are reimports from Canton or Hongkong. Great care must be exercised in buying jade in Burma as stone of inferior color is dyed to imitate the highly prized, mottled-green imperial jade, the premier gem of China. Red, pink, black, yellow, violet, mutton fat, and other varieties of jade all yield first place to the rich emerald green of Mogaung jade, truly a precious stone. The annual export is valued at about Rs. 2,00,000. The amber mines of the malarial Hukawng Valley yield less revenue to Burma than do the jade deposits. However, Prussian amber is on sale in the Mandalay bazaars at prices below the more valuable fluorescent variety from Burma. The annual production of rubies and sapphires declined to 107,915 carats in 1936.

The total value of all minerals exported from Burma in 1936 was Rs. 22,53,66,824 – about U.S. $75,000,000, – of which nearly three-fourths was mineral oil brought down from upper Burma by pipe line and shipped in tankers to Calcutta and Bombay after having been refined in Rangoon.[32] During the year nearly 200,000,000 imperial gallons of kerosene and gasoline were refined in Burma. During the same year minerals to the value of Rs. 1,13,48,782 were imported into Burma, nearly half of which was coal imported from India for use of the Burma Railways, and for firing steam-powered electric lighting plants. The Irrawaddy Flotilla Company imported 326,000 tons of coal from India in 1937. Other mineral imports were diamonds, chalk and lime, clay, and tin blocks. Much Japanese and British cement is imported, but the establishment of the Burma Cement Company in 1935, and the operation of its modern plant, constructed at a cost of $1,000,000, has reduced Burma's dependence upon the imported product. Cement works under British ownership and management are a subsidiary of Steel Brothers and Company and are tied in a marketing agreement with the Indian cement cartel. Much of the machinery is of Danish manufacture, while the plant utilizes Burma limestone in the vicinity of Thayetmyo.

In general the policy since the World War has been to restrict mineral development in Burma to enterprises under direction of British subjects – English, Indian, Chinese, or Burmese. This is done by means of a prospecting license which is required before anyone may engage in mineral exploration or development.

Notes

1 *Report of the Burma Provincial Banking Enquiry Committee 1929–30, op. cit.*, I, 31.
2 More comprehensive information on the commodity and geographical distribution of Burma's trade is given in App. III, A.
3 Rangoon *Gazette*, August 9, 1937. Figures are in lakhs of rupees. The normal exchange value of the rupee is 1s. 6d., or 36.5 American cents. The range was 24–37 cents during the decade 1930–40. As of October 1940 the rupee was valued at 29.85 cents. A lakh is 100,000; a crore is 10,000,000, written 1,00,00,000.
4 For data on Burma trade see *Annual Report on the Maritime Trade of Burma* and *Annual Report on the Trade and Customs Administration of Burma* (Rangoon, annually).
5 For expert opinion on Burma trade see F. B. Leach, "Prospects of Trade in Burma," *Asiatic Review*, XXXV (April 1939), 370–8.
6 Page 85.
7 *Burma Trade Journal*, IV, Pt. IV (April 1940).
8 Rangoon *Gazette*, June 1, 1940. The decline in the value of exports to India is due in part to the fact that excise tax was not collected in Burma on petroleum products shipped to India after separation.
9 *Report on the Administration of Burma, 1935–36*, 17, 87.
10 *Census Report*, 1931, 15. The short line from Mandalay to Madaya is narrow gauge, as are the 50 miles of the Burma Corporation railway from Namyao to Namtu and Bawdwin.
11 Crosthwaite, *op. cit.*, 338.
12 Rangoon *Gazette*, September 28, 1932. Additional information on railway earnings is given in Appendix III, H.
13 O. J. Munro, *The Roaring Forties and After* (London, 1929), 103–244, is a delightful account of experiences in Burma by an early captain of the Irrawaddy Flotilla Company.
14 Sketches and data on these craft may be found in Lieut. D. W. Waters, R. N., "Chinese Junks: An Exception: the Tong Kung," *The Mariners Mirror*, XXVI (1940), 77–95.
15 Rangoon *Gazette*, August 9, 1937. The Rangoon Telephone Company, a private concern, operates the public system under a concession that will expire in 1944. It is expected that the Government will operate the system after that. Meantime there is a separate service for official use.
16 Report of Director General of Posts and Telegraphs in Rangoon *Gazette*, August 9, 1937.
17 Dr. J. R. Andrus of Rangoon University has reported that he was the first European to use the air link of this service. The land portion of this route was used by Japanese forces in their attack upon Moulmein, Martaban and Paan in January, 1942, while their planes were almost certainly based upon Rakeng, Chiengmai, and Pitsanuloke as well as Bangkok.
18 *Report on the Administration of Burma, 1935–36*, 88.
19 *Report on the Administration of Burma, 1935–36*, 81.

20 *Campbell Report*, 403–4.
21 *Saithan* [The 10,000,000 weekly, i.e. the 10,000,000 Burmans], II, No. 21 (June 1936).
22 Rangoon *Gazette*, April 7, 1930.
23 *Ibid.*, December 2, 1935.
24 *Ibid.*, October 21, 1935.
25 *Census Report, 1931*, 123. O. H. Spate, "Beginnings of Industrialization in Burma," *Economic Geography*, XVII (1941), 75–92, is a valuable recent study of industrial Burma with Tables and Maps.
26 *Report on the Administration of Burma, 1935–36*, 84.
27 Rangoon *Times*, January 12, 1939. The Burmah Oil Company in its modern plant produces superior aviation gasoline, a factor of great importance in imperial defense in the East.
28 N. M. Penzer, *The Mineral Resources of Burma* (London, 1927), is a thorough account, and has an excellent bibliography on geology and general topics.
29 *Upper Burma Gazetteer, cit.*, Part I, II, 303 *et seq.*, has a description of the Bawdwin mines. The account concludes, "Probably most of the silver has been worked out." The annual production of silver since 1910 has averaged 5,000,000 ounces.
30 From annual report of Burma Corporation, Rangoon *Gazette*, August 9, 1937.
31 Staff of Foreign Minerals Division, United States Bureau of Mines, *Mineral Raw Materials* (New York, 1937), 214. Details of mineral production in Burma for the decade 1927–37 are given in Appendix IV.
32 Rangoon *Gazette*, January 4, 1937.

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THE PRE-WAR ANATOMY OF THE INDIAN COMMUNITY IN BURMA

Usha Mahajani

Source: Usha Mahajani, *The Role of Indian Minorities in Burma and Malaya*, Bombay: Vora and Co. (1960), pp. 2–7, 16–22.

How the modern Indian immigration into Burma was entwined with the British penetration may be judged by the following account.

In all the wars of the East India Company with the Burmese kings beginning from 1824, the British troops consisted mainly of the so-called Indian sepoys. Many adventurers thronged into Burma only to withdraw later. When Tenasserim and Arakan were added to the Company, a new group of Indians was brought over into government services. The Indian settlements soon extended up to Moulmein and Akyab.[1]

Upto 1852 the number of Indians in Rangoon was negligible, comprising mainly the trading community. In 1838, to be precise, there were only nineteen Indians in Rangoon engaged in shipbuilding and trade in timber and cheap cottons. Twelve out of these were Parsis from Bombay. During the Burmese regime the government had a monopoly over major articles of commerce. It was only under the East India Company that the Indian traders got a relatively free hand in Burma.[2]

A full-scale Indian immigration into Burma began after 1852 when the Irrawaddy delta was annexed by the Company. During the 1881 census the population of British Burma excluding Arakan was found to be 3,149,253 out of which 129,566 or 4.1% were Indians. Fifty per cent of the Indians were centred in Rangoon.[3]

The gradual growth of the Indian population in Burma is indicated in Table 1.[4] Before 1921 the Indians were counted not on the basis of race, but of language.

In Lower Burma, from 1871 to 1931, the Indian population increased from 5% to 11% of the total population. In the census of the years from 1881 to 1911 the Arakanese Moslems were counted as Indians. In 1931 the

TABLE 1

Census	*Total population*	*Indian population*	*Indian percentage*
1872	2,747,148	136,504	4.9%*
1881	3,736,771	243,123	6.5%‡
1891	8,098,014	420,830	5.1%‡
1901	10,490,624	568,263	5.4%‡
1911	12,115,217	743,288	6.1%‡
1921	13,212,192	887,077	6.7%†
1931	14,667,146	1,017,825	6.9%†

* Hindus and Muslims together.
‡ Number returning Indian language as mother tongue.
† Numbers returned as Indian race.

Indians constituted 2.5% of the population of Upper Burma as against 10.9% in Lower Burma. A large percentage of the Indians in Burma were born in India. Even as late as 1931 only 38.1% of Indians were local born.[5]

Indians	*Local born*	*Born in India*
Agriculturists	23,630	46,322
Herdsmen	1,256	11,693
Fishermen, hunters	483	2,376
Mineral exploitation workers	402	14,350

In 1931, out of 1,017,825 Indians the majority were Hindus (565,609): the rest were: Muslims, 396,594, Christians, 30,135, Buddhists, 12,600, Sikhs, 10,896.

Although the labour and trading class constituted the bulk of the Indian community in Burma, the Indians had practically monopolized the subordinate posts in the administration. Education being left in the hands of Buddhist monks called Pongyis, produced a higher percentage of literate Burmese than Indians. They had, however, no knowledge of English, far less of the British methods of administration. Therefore a large number of Indian clerks found their way into government services in Burma. Only in the third decade of the twentieth century did the Burmese graduates of Rangoon University begin to trickle into administration.

Almost all the menial labour was handled by the Indians who provided sweepers, gardeners, dock labourers, as well as rickshaw pullers, butlers and table boys in various establishments. So deep had the poor Indians wormed their way into Burmese life that in the pre-war days the *lingua franca* of Rangoon was Hindustani, not Burmese. According to the census of 1931, the population of Rangoon was 400,415 out of which 212,929 were Indians, 121,998 Burmese, and 30,626 Chinese. In 1934, out of 198,760 male earners in Rangoon, Indians accounted for 145,715. About 27% of total Indian male

earners in Burma were working in Rangoon.[6] Over 50% of the Rangoon Municipal Corporation taxes were paid by the Indian residents. It was a curious state of affairs when the native public could not muster up a majority in its own capital.

The two most important components of Indian population in Burma have been labour and the banking and trading communities. Each was important enough to claim separate analysis.

Indian labour in Burma

How the question of the immigration of Indian labour into Burma is embedded in the development of the colonial economy may be seen from the following historical perspective. The opening of the Suez Canal in 1869 permanently linked Burma with the wider world of Europe. Prior to that event, rice cultivation in Burma was done by private agriculturists on the basis of subsistence economy. Rice was consumed and not exported. In order to supply Europe with Burmese rice, the British government launched rice cultivation on an intensely industrial scale. The following table traces the rapid increase in the acreage of paddy land in Burma.[7]

TABLE 2

Year		*Acres sown in paddy*
1852–53	...	600,000
1872–73	...	1,871,542
1882–83	...	3,466,439
1892–93	...	5,086,853
1902–3	...	6,712,719
1912–13	...	8,081,677
1922–23	...	8,870,342
1932–33	...	9,711,396
1936–37	...	9,855,258

The extremely underpopulated Burma was not in a position to cope with the heavy demands of industrial agriculture. The British therefore began to import cheap labour from the nearest and easiest source, viz. India. The first batch of Indian agriculturists to settle on the land were a class of Zamindars from Bihar who were given land grants in 1874. From then on a continuous immigration of Indian agriculturists and labourers was the order of the day. In 1876 a recruiting agent was appointed at Madras under the Burma Labour Act. Subsidies were offered to shipping companies to bring in Indian immigrants. The cultivation of rice for export gave rise to shipping industry for which an adequate supply of dockyard labour was indispensable. According to Burma *Gazette*, published in the first week of September, 1931, the Burmese labour was used for shipping in Rangoon until 1896. It was only after that date that Indian labour was employed.[8]

The table below gives the annual figures for immigration and emigration, for Burma.[9]

TABLE 3

Year	*Total number of emigrants at major ports*	*Immigrants*
1892–93	123,417	148,967 +
1896–97	86,928	134,617 +
1912–13	331,520	325,582 –
1917–18	237,184	223,133 –
1918–19	234,237	259,922 +
1921–22	303,806	331,992 +
1922–23	310,331	360,038 +
1927–28	361,291	428,343 +
1929–30	371,877	405,393 +
1930–31	399,276	368,590 –
1931–32	367,121	309,426 –
1932–33	288,494	300,368 +
1933–34	252,203	243,365 –
1934–35	226,698	256,004 +

The table shows how, except in only five years, the number of immigrants greatly exceeded that of emigrants, thus depositing layer after layer of foreign labour element on the Burmese soil. Within sixteen years (1913–29) the total number of immigrants exceeded that of emigrants by over one lakh.[10]

Along with the cultivation and export of rice which in turn necessitated a well-developed shipping industry, other industries were introduced in Burma involving the employment of extensive labour force. The timber industry absorbed a large supply of Indian labour. Burmese railways were built by Indian labour which also seeped into oil fields, mines, rice mills, timber mills and construction of ports and buildings.

Until the outbreak of the second World War, Indian labourers greatly outnumbered Burmese. In 1941 the Burmese labour force in industries numbered 28,033 while the Indians were 74,516 or about 69% of the total.[11] The Indians, however, formed a small minority of the total agricultural labour. S. G. Grantham in the census report of 1921 stated that out of 1,027,590 agricultural workers, 985,070 or 96% were Burmese. Among cultivating tenants, 823,313 were indigenous people and 18,413 were Indians.[12]

The table given below shows the number of Indians as compared to the total labour force in each establishment.

The origin and growth of Indian population in Burma

The origin of the Indian community in Burma is shrouded in ancient history. India's cultural influence on Burma, though stopping short of domination, was profound. The Burmese kings down to the early days of British

TABLE 4[13]

(for the year 1931)

Industry	*Total labour force*	*No. of Indians*
Textile	Mainly Burmese	Negligible
Wood	102,061	9,184
Food	141,507	36,796
Dress, toilet	76,338	19,957
Transport	222,055	101,530
Transport by water	73,675	37,779
Transport by rail	27,763	20,311
Railway employees (except for doctors, police, postal service, sweepers)	14,096	10,483
Post office, telegraph, telephones	5,051	2,904
Banking, Insurance, Exchange Business ...	10,914	6,290
Ownership management of hostels, cookshops (with employees)	20,716	9,493
Police force	25,598	11,868
Army	5,218	2,127
Religious services	121,417	1,012
Liberal Arts professions	128,280	1,891
Medicines	29,092	3,130
Medical practitioners	1,318	324
Unproductive occupations	25,147	2,221

penetration gave extensive trading privileges to the Indian mercantile community. India's shipping in the Bay of Bengal occasionally dwindled but never died out altogether. Indian traders continued to have a fairly large share in Burma's export business. In the seventeenth and eighteenth centuries Muslims of the Coromandel coast of eastern India conducted a regular trade with Burma. Many of these traders settled there.

A common unrectified boundary between Manipur and Burma had embroiled the rulers of both the lands in warfare. Following the expedition of the King of Ava against Manipur in 1759, a number of Manipuri prisoners were settled in Sagaing and Amarapura districts of Upper Burma. A few Muslim volunteers in the Burmese army were given land grants. In 1795 an Englishman, Captain Symes, noticed a number of Manipuri Brahmin astrologers, weavers, dancers and musicians settled in Burma who were descendants of those brought over in the 1759 expedition. Moreover, the Arakanese mountains, in fact, served to palisade East Bengal and Arakan into one region and separate the latter from Burma proper. The King of Arakan who until 1784 was independent of Burmese kings, exercised fluctuating sovereignty over an extensive part of Bengal. During his reign a large Indian settlement was founded in Arakan.[14]

The Indian business community

How important this class has been in the Burmese economy may be gauged from the fact that most of the petty traders in Burma have been Indians and Chinese. There was no indigenous Burmese banking community before the War. The so-called indigenous bankers were Indians – Chettiars, Marwaris, Multanis, Gujaratis, etc.[15] The latter three have been confined to Mandalay, Prome, Rangoon and Moulmein, i.e., the urban areas. Their business was contained in the commercial life of these towns.

(a) *The Marwaris* were engaged mainly in discounting bills for traders and bazaar sellers in Rangoon. They were most prominent in Akyab where 70% of local financing of wholesale trade and 40% of that of retail trade was in their hands. In Moulmein they were engaged in financing export of timber and rice.

(b) *Multanis* formerly did business in trade between north-west India and Afghanistan, Baluchistan and Samarkand; they were centred in Rangoon, engaged in Banking. Their profits were mainly drawn from discounting bills which they rediscounted with bankers in Bombay. They also transferred "hundies" from one place to another.

(c) *Gujaratis* were relatively small in number, most of them being rice and diamond merchants. A few were engaged in moneylending and some sent bills to India for rediscount.

(d) *The Chettiars*[16] who were the most important Indian banking community in Burma came from Chettinad in Madras State. For centuries past, they were maritime traders but only for the last few centuries had become moneylenders and bankers. Their business connections had ramified in all directions, particularly in Madras, Calcutta, Ceylon, Burma, Malaya, Cochin-China, Siam, Java, Sumatra and Mauritius.

Their Spread into Burma:—The first Chettiars settled in Moulmein in 1850. From there, their business gradually spread all over Burma except Akyab where the Marwaris prevailed. By 1881 the Chettiars had opened firms in various parts of Lower Burma. The year 1886, in which Upper Burma was annexed by the British, unfolded further scope for the Chettiars. In 1890 the Chettiars established business in Mandalay, in 1891 in Myingnan, in 1892 in Meitkila and in 1894 in Shwebo. The direct correlation between the industrial economy of Burmese rice and the penetration of Chettiar finances is incisively brought forth by the Banking Enquiry Committee of 1929–30, which observed, "no doubt the increase in the market price of rice, which resulted from the development from 1872 onwards of the export trade by steamers passing through Suez Canal and led to a continuous and rapid rise in land values was the prime inducement to cultivate the Burma field of finance."[17]

There were about 700 Chettiar offices in Malaya, 450 in Ceylon and 105 in Cochin-China. However the economic stake of the Chettiars in Burma far

exceeded that in all other countries put together. Connections between Chettiar firms in Madras and Burma were very close. It was the usual practice for Chettiar proprietors in India to visit their firms in Burma. Ninety-five Chettiar firms in Burma had higher investments in Madras. Altogether, 1,655 Chettiar firms were reported functioning in 1930. In 1923 the Nattukottai Chettiars' Association was formed with 1,498 member firms. Besides looking after the commercial interests of its members it also represented the Chettiar community and collected subscriptions for communal gifts and charity. The association was also a member of the Federation of Indian Chambers of Commerce and Industry.

As pointed out above, the main business of Chettiars was lending to agriculturists. Outside Rangoon they used to finance retail as well as wholesale shopkeepers and industrialists. In Lower Burma, two-thirds of their loans were in the field of agriculture. The rural Chettiars borrowed from the firms and lent money to cultivators and agriculturist tenants. In Rangoon, 150 out of 350 Chettiar firms made direct loans to agriculturists. Beside money-lending, the Chettiar firms also honoured cheques, changed money and accepted documents and valuables for safe deposit. Although a few Chettiars owned shops, factories of saw-mills, paddy-mills, and although a great many came to own land by default, the Chettiars in Burma as a class limited their activities to banking and money-lending.

The Chettiar clientele in Rangoon chiefly consisted of Burmese, Indians and Chinese tradesmen. Elsewhere in Lower Burma they dealt with Burmese landlords and agriculturists but in Upper Burma with only traders. The reason why the Chettiars did not reach out to labourers of Upper Burma was that unlike Burmese money-lenders, Chettiars insisted on security which warded off a considerable number of prospective borrowers. The following table[18] gives the figures of Chettiar business, the extent of the deposits made by non-Chettiars and of loans made out to non-Chettiars.

There were also a few out-stations of Therkuvattagai Chettiars who came from the region south of Chettinad. They lent only for agricultural purposes; all of their 120 firms were in Rangoon. The firms sent clerks to deal with borrowers.

At the time of the report of the Committee, the working capital of the Chettiars in Burma was Rs. 750 million. According to 1,105 Chettiar firms which reported, the total amount of loans they made to non-Chettiars, was Rs. 300 million. As regards the remaining 550 firms, the Nattukottai Chettiars' Association estimated the amount of money lent to be about Rs. 90 million. This total Chettiar capital of about Rs. 400 million was exclusive of other Tamil capital. From 1925 onwards the Chettiars had begun to invest some of their profits in other countries particularly Cochin-China. According to some, they were goaded into this policy by the depression in Burmese rice trade and also because of attempts in certain sections to induce people to refuse to pay their taxes to the Government and dues to Chettiars.

TABLE 7

Items	*Chettiar Census Figures*		
	Rangoon	*Other areas*	*Total*
(1) Number of businesses	337	766	1,103
(2) Number of out-stations	117	72	189
(3) Deposits of non-Chettiars on date of enquiry			
(a) Payable on demand	9	3	12
(b) Others	7	4	11
Loans to non-Chettiars			
(4) Total on December 15, 1928 ...	103	207	310
(5) Total on May 15, 1929	108	209	317
(6) Loans secured by mortgages of agricultural land on date of enquiry	39	102	141

(*N.B.*—Figures from item 3 to 6 represent millions of Rupees Rs. 1 = 21 cents.)

Furthermore, by 1930, the separation controversy was raging forth. The prospect of double assessment on income tax in such a contingency had also prompted Chettiars to withdraw part of their profits from Burma.

Had the Chettiars been only money-lenders, the so-called Chettiar question might have remained in abeyance. Like any other money-lender, the Chettiar would have been politically disliked instead of bearing the brunt of nationalist-socialist agitation. However, the fulcrum of rice cultivation in the colonial economy was shaky from the very beginning of intensive land cultivation. When the new areas were cleared for a settlement almost the entire population borrowed capital which came solely from the Chettiars. It was the Chettiar capital that led to the phenomenal development of Burmese agriculture in rice, cotton, pulses, etc., etc. The Chettiars had to lend on the security of land as no other form of security was available; added to this, was the carefree extravagance of the average Burmese agriculturist who worried little about tomorrow. The rate of interest in Burma was much higher than in India. One of the reasons lay in the functioning of the Chettiar banks. The money-lenders were themselves borrowing from their banks at a fairly high interest which multiplied when the borrowed money was in turn lent to agriculturists. A system of compound interest which was in vogue in Burma further reduced the chances of repayment of debt. The irony involved in the problem of finance of the agriculture, industry and trade in Burma was that although the rates of interest were higher than in India, the Chettiars had actually reduced the rate already prevailing in Burma. The regular banking system of the Chettiars had helped to stabilize the rates. The Burmese money-lenders usually charged higher interest.[19] The Chettiars thus were a necessary evil in Burma.

Until around 1929–30, the extent of the land owned by Chettiars was not so vast as to cause concern. In 1930 they owned 570,000 acres of land which was only 6% of the total occupied area of lower Burma.

In the following table is given a classification of occupiers of agricultural land in thirteen main rice-growing districts of Lower Burma.[20]

Year	*Total area occupied.*	*Area occupied by non-agriculturists.*	*Area occupied by Chettiars.*	*Percentage of Chettair land to non-agriculturist land.*	*Percentage of Chettiar land to total land*
	In thousand acres				
1930	9,249	2,443	570	19	6
1931	9,305	3,212	806	25	9
1932	9,246	3,770	1,367	36	15
1933	9,266	4,139	1,882	43	19
1934	9,335	4,460	2,100	47	22
1935	9,408	4,687	2,293	49	24
1936	9,499	4,873	2,393	49	25
1937	9,650	4,929	2,446	50	25
1938	9,732	4,971	2,468	50	25

Thus it is clearly seen that during the acute depression years, 1931–34, the Chettiar land-holdings increased almost double fold. The vicious spiral began with the low market price for rice (Rs. 50 per basket whereas formerly it was about Rs. 150) rendering agriculturist tenants unable to pay mortgage on land. With the non-payment of debt and rent, the Chettiars foreclosed their debts and attached the land.

The Season and Crop Report of Burma for the year ending on June 30, 1947, stated that out of the total area of 5,016,051 acres held by non-agriculturists in the thirteen districts mentioned above, the Chettiars owned 2,416,828 (about 48%). By 1939, however, the Chettiars who had the least inclination to invest in land had also begun the resale of land to agriculturists. The process came to a sudden halt on the eve of the War.[21]

Whatever the economic rationale of the story of the Chettiar land-ownership in Burma, the meteoric land alienation gave a rude shock to the Burmese mind. People resent alienation of the abstract national sovereignty but the humiliation involved is not flagrant and can be overcome. The land in which are embedded the cultural and social values of an agricultural society forms the bedrock of its national pride. No Burman could watch with equanimity the irresistible process of his land falling into alien hands. This peculiar phenomenon of Chettiar colonialism within British colonialism

channelled Burmese nationalist thinking into a radical socialist philosophy, viz. no one owns the land; it belongs to the people – their state. In the 1930's, land nationalization and its distribution among tenants constituted the substratum of Burmese nationalism.

The most surprising factor in the problems of tenancy rights and land alienation in Burma is that as early as 1896 both the Burmese and Indian Governments were alive to the need of timely legislation to prevent land alienation and ensure tenancy rights. In 1896 the Government of India had warned Burma that "In Burma . . . every effort should be made to anticipate evils rather than to leave future generations to find an incomplete remedy after the mischief has been done."[22] Since then till 1938, five attempts were made alternately by Indian and Burmese Governments to enact tenancy laws. Each effort failed due to opposition from officials and merchants. A number of efforts to arrest the process of land alienation by proper legislation also went awry, mainly because of the opposition from European officials.

In 1912 the Government of India in a circumlocutory reply to a British Civil Servant who had made a survey of the land alienation problem, observed: "The Government of India are not indeed convinced that the evil of the transfer of land is not a serious one in Burma, nor is it likely to diminish and they cannot but recognize that much opposition to the Bill, to which the Lieutenant Governor attributes considerable importance, is not based on the interests of the peasant proprietors but of those from whom it is desired to protect him", and suggested that further enquiries were warranted![23]

This was actually a period of political sanity when economic reasoning could have prevailed and the Governments of Burma and India could have devised a satisfactory solution, for the basic issues were not clouded by political and emotional prejudices. Nothing however was done. The Land and Agriculture Committee of 1938 which consisted of both the Burmese nationalists and the British officials observed, "It would appear that the Government has not in the past regarded its declared policy as imposing any obligation to action since very little has been done to make the policy [to promote a land-owning class of cultivators] effective".[24]

Notes

1 *Ibid.*, p. 5.
2 *Ibid.*, p. 6.
3 *Ibid.*, p. 7.
4 *Report an Indian Immigration*. James Baxter, Government of Burma, Rangoon, 1941, p. 5.
5 *Ibid.*, p. 15.
6 *Ibid.*, p. 36.
7 *Interim Report of the Rice Enquiry Committee*, Rangoon, 1938, p. 16.
8 Quoted from a speech of Dr. Thein Maung. Burma Round Table Conference, 27th

November, 1931–12th January, 1932. London, H. M. Stationery Office, 1932, p. 83.

9 These statistics are culled from the annual administrative reports. They are rather rough and sketchy. Nor do they include all the ports of immigration-emigration until at a later stage. Moreover, the figures include *all* the races. However, since the Indians were in an overwhelming majority, these statistics may be relied on to get a clear idea of the ebb and flow of Indians.

10 Andrew, E. J. L., *Indian Labour in Rangoon*, Oxford University Press, 1933, p. 14.

11 Andrew, *op. cit.*, p. 27.

12 *Ibid.*, p. 26.

13 Baxter, *op. cit.*, pp. 32 and 35.

14 This historical sketch is taken from B. R. Pearn, *The Indian in Burma*, Le Play House Press, Ledbury, Herefordshire, England, 1946, pp. 3–4.

15 *Report of the Burma Provincial Banking Enquiry Committee*, 1929–30 Vol. I, Banking and Credit in Burma, Rangoon, 1930, pp. 186–188.

16 The following account is taken from the Banking Enquiry Committee cited above. Chapter XIII B.

17 *Ibid.*, p. 201.

18 *Ibid.*, p. 202.

19 *Banking Enquiry Committee, op. cit.*, p. 344.

20 *Notes by the Indian Advisory Committee to Burma Nattukottoi Chettiars' Association on the Land Nationalization Act, 1948*. Commercial Printing and Publishing House, Madras, p. 7.

21 *Ibid.*, p. 7.

22 Report of the Land and Agriculture Committee, Part I, Tenancy, Rangoon, 1938, p. 5.

23 *Ibid.*, Part II, Land Alienation, p. 52.

24 Report of the Land and Agriculture Committee, *op. cit.*, Part I.

52

BURMA, 1870–1940: EDUCATION

J. S. Furnivall

Source: J. S. Furnivall, *Colonial Policy and Practice: A Comparative Study of Burma and Netherlands India*, Cambridge: Cambridge University Press (1948), pp. 123–30, 202–12.

Education 1870–1923

For the backwardness of Burmans in non-agricultural activities education was commonly regarded as the remedy. In this as in other matters, policy in Burma was directed from India, and to understand the course of educational progress in Burma one must have some acquaintance with the Indian background. The encouragement of education by the State dated from long before the emergence of the idea that the State should actively promote welfare; it had the sanction of Adam Smith and derived its inspiration from sentiments, liberal, humanitarian and Christian, transcending the material plane. In 1793, when Wilberforce opened his campaign for modernizing education in India, it was the conversion of the people that he had in mind. Again, in 1836 Macaulay firmly believed that if his plan of education were adopted there would not be a single idolater among the respectable classes in the next generation. One argument for the annexation of Pegu was that it would have 'a blessed effect by spreading civilization and the Gospel'.[1] The education of the general public was expected to remove superstitious prejudices and to attach them more closely to British rule. Accordingly from the first conception of a policy of systematic education in 1854, the leading item was the spread of primary instruction among the masses of the people.

But education had a more practical side. It furnished Government with cheap subordinates and the people with well-paid jobs. Government wanted schools to train clerks, and the people wanted schools to obtain clerkships. There was an economic demand for schools. The demand became more urgent when the Suez Canal gave a new stimulus to commerce, and consequently to administrative expansion. Educational progress was dominated by the economic laws of demand and supply. This tendency was accentuated when, in accordance with liberal doctrine, the Indian Education Commission

of 1882 recommended that education should be left so far as possible to private enterprise. The principle of spreading primary vernacular instruction among the masses was still put forward as the chief aim of policy, but in practice the system provided secondary anglo-vernacular instruction for the middle classes. When there was a surplus of lads from the fourth standard, they would try to secure a job by working up to the seventh standard; when that was no longer sufficient qualification they went on to matriculation, and then a few years later to a university degree, either locally or, if they could afford it, in England. Thus in India, by the end of the century, merely under the pressure of economic forces, at every stage there was a growing surplus of university and school graduates, who were a focus of discontent and disaffection. The educational system did not foster attachment to British rule or conversion to Christianity, but a reaction against western civilization and the British Government. It was generally said that the system of instruction was 'too literary in character' and had 'stimulated tendencies unfavourable to discipline', while the ignorant superstition of the masses was 'a source of administrative difficulty and political danger'. Lord Curzon accordingly formulated a new policy.[2] Government was to be more active in providing educational facilities; the encouragement of elementary vernacular instruction was to be a primary obligation and a leading charge on provincial revenues; technical instruction was to be promoted, especially in agriculture; female education was to receive special attention, and discipline was to be strengthened by 'moral text-books and primers of personal ethics' and by a stricter departmental supervision over schools and pupils.

As already explained, up to close on 1870 little progress had been made in Burma in education along western lines. The demand for educated men was very limited, and was met chiefly by the monastic schools. Under early British rule, as formerly under Burmese rule, these gave the brighter lads a chance to rise in the world. But their primary object was to teach the boys how to live and not merely how to make a living, so that there was no possibility of the over-production of school graduates, and the more who went to school the better. Then, during the sixties, when the Government of India was concerned to promote education, Sir Arthur Phayre was directed to submit a plan of public instruction for Burma. In 1866 he introduced a system based on the monastic school. The moral discipline of the monastic training had always been highly esteemed and he hoped that by the exercise of 'very great tact, judgment and discretion' the technique of monastic teaching might be improved and the curriculum extended. As Director of Public Instruction he selected a man with thirty years' experience as a schoolmaster in Burma. Unfortunately ill health compelled the Director to retire within a few months, and his place was taken by an educational expert from Bengal, who knew nothing of Burma. Phayre's plan languished, and in 1868 there was a proposal to abandon it and substitute the establishment of village lay schools. By 1871 only 46 monastic schools had adopted the plan.

A new Chief Commissioner, just appointed from India, considered this unsatisfactory and started lay schools. Had he known more of Burma he might have had more patience, and even a little more patience might have justified Phayre's hopes, for by 1873 the number of recognized monastic schools had risen to 801 as against 112 lay schools.[3]

By this time the effect of the Suez Canal was beginning to be felt. Trade was growing rapidly; the policy of Government was turning in the direction of efficiency; and there was an increasing demand for English-speaking clerks, and for opportunities to learn English. 'As an agency for moral training', it was said, 'the value of the monastic schools is incalculable, viewed as an agency for secular education their value seems to have been over-rated . . . much more is to be expected from lay schools.'[4] It was believed also that the monastic schools, instead of improving, had been deteriorating. A proposal to encourage the teaching of English in the monastic schools was vetoed on the ground that the boys would not acquire a correct accent,[5] and the attention of the Education Department came to be concentrated on anglo-vernacular schools. For the most part these were conducted by missionaries of various denominations, chiefly American Baptists and French Roman Catholics; officials of the Education Department inspected the schools, conducted public examinations, and awarded grants. When the standard of instruction was sufficiently advanced, the schools were affiliated to Calcutta University, but by 1880 only nine Burmans had been able to matriculate.[6] One reason for the slow progress was that few Burmans or Karens could teach English, mathematics or history. 'The masters of the middle and higher schools', it was said, 'are chiefly Englishmen or Natives of India, who can not make Burmese the vehicle of instruction; and so the boys do not really grasp what they are taught'. Up to 1918 Burma had produced only 400 graduates, including many non-Burmans.[7] But until 1900 or later the seventh standard was a sufficient qualification for well-paid employment.

Thus, when Lord Curzon formulated a new educational policy, conditions in Burma were very different from those in India. The proportion of literate males was three times and of literate females five times the corresponding proportion in the most advanced province in India; there was as yet no local university; the output from western schools was still inadequate to the demand; industrial development had not yet begun; and Burma was considered to 'stand high in respect of discipline and moral training'. In Burma the new educational programme could be drawn up on a blank sheet. Yet in Burma, under the new policy, educational progress followed much the same course as formerly in India under the old policy. Under economic pressure contrary policies gave identical results. Let us then trace briefly the course of development in respect of secondary and vocational instruction, of female education and of cultural and moral values.

One principle of the new policy was that the Government 'should devote proportionally more money to primary instruction and less to secondary

instruction'. But economic progress during the present century multiplied the demand for clerks, and, with the supply outpacing the demand, secondary schools were multiplied and standards rose until, in 1920, it was deemed expedient to constitute a university in Rangoon. All this entailed a much greater proportional expenditure on the higher standards. Meanwhile two-thirds to three-quarters of the villages still had no provision for learning except in the monastic school, if any; and the monastic schools were no more closely in touch with the modern world, and were losing their hold on the people, because the wealthier and brighter lads were forsaking them for schools which paved a quicker way to better jobs.

Economic factors also dominated professional and vocational instruction. The medical school, opened in 1907, provided for the training of medical subordinates, and the closure of the engineering school to non-domiciled students in 1913 encouraged Burmans to train for subordinate appointments in the Public Works Department, but up to the end of executive rule in 1923 men still had to go to India to become a doctor or an engineer[8] and for neither was there an effective demand. Long experience of western medicine as practised by Indian medical subordinates failed to wean Burmans from their own medical system and practitioners, and few could afford the fees that a modern doctor with a long and costly training had to charge. Europeans preferred European doctors, and there was no opening for a Burman doctor except in government service, where the conditions and standards of pay had been adapted to Indian requirements. There was no demand for Burman doctors trained on western lines. Similarly there was little demand for Burman engineers. European firms preferred European engineers for the higher posts, and were accustomed to Indian subordinates, who were also cheaper than Burmans. In village life there was no scope for men trained in western engineering science. The steam engine came to Burma with Indians trained to use it; only later, with the advent of the petrol engine, was there any demand for Burman mechanics. The promotion of technical instruction in agriculture was a matter on which Curzon laid great emphasis, and he commented on the absence of an agricultural school in Burma. But, although the influx of Indian labour revolutionized agricultural organization in the delta, agricultural technique remained unchanged, and there was no demand for technical skill beyond that common to all cultivators in their inherited tradition. Thus in 1923, as when Curzon formulated the new policy, there was still no school of agriculture.

The legal profession furnished a striking contrast. In the law there was no need, as in medicine and engineering, to encourage students. There was a demand for lawyers. Doctors and engineers could not find employment except in Government service or in the western sphere of social life. Burmans, Indians, Chinese and Europeans all wanted their own doctors; but all had to employ lawyers trained in western law; the Government had only to regulate by examination the right to appear before the courts. With the

spread of Indian moneylenders and of modern business methods, the practice of settling disputes by arbitration declined. Even in 1875 an experimental law class failed to attract students, and a decade later litigation among Burmans was still infrequent. But the abolition of the circle headmen, and the encroachment of the courts on custom, gave a further blow to arbitration. Burmans increasingly resorted to the courts; there was a demand for lawyers and the demand created a supply. At first, as in other lines, the lawyers were Indians. But men who struggled through the schools and failed to find employment, had no resource except the law. Burman lawyers multiplied rapidly in competition with the ever-growing number of Indian lawyers, and the excess of the supply over the demand encouraged litigation and a decline of ethical standards.[9] The gloomy prognostication of the Commissioner of Tenasserim in 1840 was fulfilled, and 'the system has helped to create a class of denationalized native lawyer who shows little skill save in raising obstructions and procuring perjury'.[10]

There was, however, a notable advance in the number of girls attending school. Under Burmese rule there was an old tradition of female education. In Ava in 1826 Trant reports that women 'for the most part know how to read and write' and 'entered with the greatest warmth into the news and politics of the day'. The first census report of 1872 states, with very considerable exaggeration, that female education 'was a fact in Burma before Oxford was founded'. In practice however, literacy among women was exceptional, though, according to the same report, 10% of the female convicts could read and write.[11] It was a defect of the Burmese system of education that it made no provision for the girls; parents welcomed the opportunities given by the lay schools, and the new facilities were valued as helping the women in their business as petty traders in the bazaars. The advocates of female education stressed its cultural value in domestic life, but an acquaintance with the rudiments of arithmetic made little difference in the home, and the progress of female education in contrast with the stagnation of vocational instruction is significant chiefly of the difference in their market value.

In his review of education Curzon remarked that in India it had a commercial rather than a cultural value. With no openings for doctors and engineers there was no incentive to study the elements of natural science, or to acquire the mental discipline on which the modern world is based. Natural science was not taught in any of the schools and, though the few who struggled on to the university standard could take chemistry and, from 1915, physics, there was no provision for the teaching of biology. The chief attraction of the science course was that it was reputed less difficult than the arts course. What the students wanted was a job, and for this science and art degrees were of equal value. Similarly there were no openings in which they could turn to account a knowledge of economics, and no provision was made for them to study the economic aspect of the modern world. Arts graduates from the university colleges had a competent knowledge of

English, but on leaving the university they had nothing to read; even in Rangoon there were no bookshops. There was no museum, no art gallery, no theatre or concert hall, nothing to represent the cultural aspect of the modern West.

Meanwhile Burman culture was decaying. It is true that successive census reports indicate an advance in literacy. Formerly almost all the boys learned to read and write, but few had occasion to practise what they learned and many forgot what they had been taught in school. Under British rule the introduction of printing and other developments, that will call for notice later, helped them to remember their alphabet, but although they did not so readily forget how to read and write their language, foreign rule narrowed the range of intellectual interest which it provided. Under their own kings they knew little of the outer world but within their native medieval world the language was co-extensive with their national life. After the conquest English became the medium of discussion for all the higher social activities, and Burmese degenerated into a language for the cultivator and the home. In a wider world the people led a narrower life. This process was aggravated by the decline of the monastic school and was reflected not only, as already noticed, in the deterioration of native medicine but in all the native arts. In these matters no British governor could replace a Burmese king. No one could expect him to patronize Burmese medical practitioners or to be a connoisseur of Burmese art. The Government did what it could to stay the decline of native arts and crafts. From the eighties onwards art was 'sedulously fostered'. One artist was 'said to be the best. He finishes work fairly to time, keeps regular accounts, completes his orders in rotation, and has apprenticed pupils.'[12] Yet art continued to languish. One reason was the wide difference between Burmese and European standards of artistic values. Still more potent was 'the severe competition of cheap jewellery and fancy articles of European or cognate make', and attempts 'to stem the competition by combining art and utility in the articles produced'[13] only too often produced articles that were neither beautiful nor useful. In fostering cultural values the new educational policy was no more successful than the old, and economic values still remained supreme.

Yet the most conspicuous failure of the new policy was probably in its attempt to improve moral standards. Curzon had thought to effect this by closer supervision over the schools and by extending Government enterprise in education. In Burma, 'under private enterprise, education had not spread to the extent necessary for the needs of the Province'.[14] There was a reaction against '*laissez-faire* principles which preferred to leave the guidance and practical management of education to private bodies and persons, more or less irresponsible and with very varying views on the needs of the educated and the ends of education',[15] and Government schools were expected to educate more children more efficiently. But the Government could not provide enough schools without the contributions of the faithful in America and

elsewhere. More than twenty years later, among 6000 institutions providing general instruction there were only 79 Government schools, and of these 47 were anglo-vernacular schools.[16]

Official and non-official schools alike were expected to inculcate morality and discipline by moral text-books and primers of personal ethics, but all had in common one feature which vitiated moral teaching. Many lads passed from one school to another. As small boys in the monastery they would be taught the vanity of desire; then in a Roman school they would be exhorted to abhor the heresies of Wycliff and Huss; if they went on to a Protestant school they would start the day with a prayer for success in the next examination; and they would probably seek a final polish in a Government school where success in the examination was the only thing that mattered. That was the one thing that all schools, other than the monastery, had in common. Few parents cared for anything except success in the examinations. 'Moral text-books and primers of personal ethics' had no examination value, and stricter discipline and closer supervision over the schools were of no avail in an environment where the sole end of education was to get a job. Discipline, praised as satisfactory in 1900, deteriorated so rapidly that in 1915 there was a strike in the chief Government school, and in 1920 the foundation of Rangoon University was the occasion for a general school strike. It was followed by many similar incidents and for some years the morals of the schoolboys were continually under discussion.[17] And the Director of Education noted regretfully that districts with the best record for education had the worst record for crime.[18]

[. . .]

Education 1923–40

The introduction in 1923 of a constitution based on the principle of responsible government implied the need for a more active encouragement of education, so as to bring the people into closer touch with the modern world, and to provide both an instructed electorate and leaders. Until then, as we have seen, the schools produced clerks and lawyers, but practically no doctors, engineers or men of business; there were no facilities for the study of economics and practically none for the study of natural science. Burma had been thrown open to the world, but the world had not been opened up to Burma. In 1923, as in 1869, it might have been said without much exaggeration that of barracks, of jails and court-houses there were not a few, but hardly anything in the province to testify the presence of any rule higher than that from which it had been wrested. There were many more barracks, jails and courts, and the public offices and business houses in Rangoon were now built of brick or concrete instead of native timber; there were also many more schools, but these, like the courts, were instruments of British rule. Just

as the village had been adapted from social to administrative ends, so had the schools been adapted from cultural to economic ends.

All were agreed that Burma needed better education to equip it for the modern world. But opinions differed as to how this should be done. The Government favoured the spread of primary instruction; Burmans set more store on higher instruction that would enable them the sooner to take over the government. Both parties, however, tended to identify education with instruction, and both looked to attain their ends by multiplying schools. And both parties alike ignored the fact that education is conditioned by environment. The Government tried to extend primary instruction by providing more schools and teachers, but without taking measures to stimulate the demand for learning; Burmans wanted men trained for industry and commerce without regard to the demand for their employment. Thus efforts to promote education had very little effect, and in 1940 Burma was still almost as remote from the modern world as in 1923. We have discussed the state of education in 1923 under the heads of primary instruction, secondary and higher instruction, technical and vocational instruction, and the education of women. Let us examine now the further progress under these several heads.

Primary instruction

Looking merely at the numbers attending school, a comparison of the figures of 1900 with those of 1940 suggests a considerable advance. The total number at school rose from 307,000, or 3.34% of the population, in 1900 to 827,000, or 4.90% in 1940. But the increase was largely due to the remarkable progress in female education, as the number of girls at school rose during the same period from 36,000 to about 220,000, so that, in proportion to the population, there was a very small increase in the number of boys at school.[19]

Some would even question whether the progress in instruction represented progress in education, for at the same time the percentage of the population in unregistered schools, almost all monastic, is shown as having declined from 1.61 to 1.26, though the figures for these schools must be accepted with caution. Up to about 1900 it was the custom to recite the praises of the monastic schools, but, when Government adopted a policy of closer supervision over instruction, advocates of the official system became more critical of the monks, describing them as 'very ignorant, or very bigoted or both',[20] and condemning monastic schools as inefficient. Yet, even thirty years later, of the pupils in the registered schools 75% did not go beyond Standard I, and 88% failed to complete Standard IV, which is regarded as the minimum for permanent literacy.[21] Lay schools were claimed as more efficient than the ordinary monastic schools because they taught the children their alphabet in shorter time. But time was a consideration only for children who were meant to press on to higher standards, so as to qualify for a job at an early age; as

regards children who would never go beyond the alphabet it mattered little whether they took a year more or a year less to learn their letters. In fact not many got beyond 'the unwieldy infant class in which the majority of the pupils had barely passed the crawling stage'. An onlooker, it has been said, 'would no longer wonder why children left school so soon, but why they were ever sent at all'.[22] There was a simple explanation. 'People for the most part send their children to school to get them out of the way.' The lay school, which took girls as well as boys, was more useful as a crèche. It would seem, then, that only a small proportion of the lay schools teach more than the unregistered monastic schools while, on the other hand, some monastic schools are still capable of educating lads who, with no other schooling, could, at least until quite recently, rise to become magistrates. After the official policy of concentrating on primary instruction had been in operation for nearly forty years, a committee, appointed to report progress, found that it presented a picture of 'almost unrelieved gloom'.[23] Under Burmese rule all the boys were sent to monastic schools because there was a social demand for education; but primary vernacular instruction provided little opportunity for material advancement, and when, under British rule, education came to be valued solely as an economic asset, 'the difficulty was to create a demand for the school',[24] and primary instruction languished.

Secondary instruction

For the same reason that primary instruction languished, secondary and higher instruction flourished. While the number of boys in the primary standards did little more than keep pace with the growth of the population, the number of pupils in the middle standards (V–VII) was eight times as many in 1937 as in 1900; in the higher standards (VIII–X) twenty-five times as many; and in the colleges fifteen times as many. These figures provide an instructive comment on the official policy of regarding the extension of elementary instruction as 'a primary obligation'. The secondary schools led to jobs, and the higher standards to better jobs; soon, as formerly in India, lads from the middle schools could no longer find employment, and a little later, when the market for higher standard qualifications was glutted, they went on to college.

They went on to college because there was no opening for them in industry or commerce, and the only avenue to a well-paid job was through 'academic' studies. Lads from Burma had to take a Calcutta degree, and their choice of subjects was limited by the curriculum which was adjusted to the conditions of employment. Scientific studies especially were backward and in 1922, when Burma was officially recognized as fit for an instalment of responsible government, only eight men took a degree in science; despite the mineral wealth of Burma, there were no facilities for the study of geology. But, just as the period of executive rule was drawing to a close, the output of the

schools was thought sufficient to require a local university. The University of Rangoon, established in 1920, comprised two colleges, one a Government institution, the other managed by the American Baptist Mission; a Training College for Teachers, and a Medical College were added in 1930–1. With the growth of the university the course of studies was widened both in arts and science. In 1923 provision was made for taking economics in the arts course, but, as the teachers from India knew nothing of Burma, their lectures were very remote from the life and surroundings of the students. At about the same time the curriculum was expanded to include all the usual scientific studies. But there are still comparatively few science students. As there is little demand for Burmans in the scientific professions, little science is taught in the schools. In 1937 ten anglo-vernacular high schools provided courses in chemistry and physics, but only one—a girls' school—taught botany and zoology; eleven vernacular high schools professed to teach 'general science', but the course included no practical work. In these circumstances not many take science in the university and, in 1937, of 108 male graduates only 25 took a science degree.

The latest report notes 'the universal desire of parents to provide opportunities for their children to enter the superior services and the "professions" to which the road lies through the University'.[25] But, for various reasons, the proportion of Anglo-Indians and Indians at the university is high in relation to their numerical strength in the population; the former are 0.2% of the population, but 8.3% of university students, and for the latter the corresponding figures are 6.9 and 33.8%. One reason for this is that the universities represent the urban population, in which most of the Anglo-Indians and Indians are concentrated, and Burmans are comparatively few. In 1937 out of 1744 students receiving university or intermediate education, only 155 were classed as coming from rural areas. But secondary instruction as a whole is very largely urban, and one-third of the pupils are concentrated in Rangoon.[26] Thus there is a cleavage in society not only along racial lines but between the educated and uneducated classes, and the educated who have spent all their life in towns are astonishingly ignorant of rural Burma, and the life of the people. They cannot even write the language well, and it has been said, with much truth, that those who know English do not know Burmese, while those who know Burmese know nothing else. Nowhere are the relations between Europeans and Burmans so human and friendly as in the University where an able and enthusiastic staff, English and American, tries to persuade the students that, despite their experience and environment, life in the modern world is not solely concerned with making money. But most of them on graduating are caught up into the machinery of general administration, where cultural values are at a discount, and, in an atmosphere devoid of books or other instruments of humane life, such impression as the university may have made upon them fades. Moreover, even within the university politics are rife; to the Government it is a hot-bed of dangerous

thoughts, to the Burman an instrument for inculcating 'slave-mentality', and both sides are suspicious of the staff.

Vocational instruction

One feature of Curzon's policy was the encouragement of technical and vocational rather than academic instruction. In Burma this problem was less urgent, because the rapid growth of the administration provided adequately for the output of the schools. But gradually a surplus of school graduates led, as earlier in India, to a greater interest in technical and vocational courses, and the problems arising in this connection were examined by special committees in 1927 and again in 1936.[27] During a discussion of the subject in the Legislature it was suggested that 'only criminals and detectives could obtain technical education in Burma'. The Director accepted the criticism as not without foundation for the schools, but thought the provision outside the schools not inconsiderable 'for an agricultural country'.[28]

Technical Students, 1937*

(a) University: (b) Collegiate

	(*a*)	(*b*)
Law	79	—
Medicine	147	103
Education	141	1128
Engineering	54	75
Industrial	—	39
Veterinary	—	17
Forestry	—	47
Commerce	—	613
Art	—	45

* *RPI*, 1932–7, Tables v a, b.

There is in fact provision for instruction in medicine, law, forestry, veterinary science, teaching, engineering, industry, commerce and art. But the total under all these heads in 1937 was only 2488, and of these 1269 were training as teachers and 613 were studying commerce, leaving only 616 under all the other heads to meet the requirements of a population of 16 millions in the modern world. Of the students in the highest or university grade, Burmese numbered 32 out of the 79 law students, 55 out of 141 in education, and in engineering only 16 out of 54, in medicine 23 out of 147. The usual explanation is that the Burman dislikes a professional career because the work is too arduous and poorly paid; yet in the courses for subordinate professional

appointments, certainly no less arduous and much worse paid, the proportion of Burmans was much higher. In education there were 880 out of 1128; in engineering 52 (mostly training as revenue surveyors) out of 75, in medicine 42 out of 103, in forestry 28 out of 47, and in commerce 344 out of 613. As Burmans form over 80% of the population, these figures are not very satisfactory to Nationalists. It is remarkable that one subject is conspicuously absent from this list, and that the most important—agriculture. But there was no demand for such agricultural instruction as western institutions could impart. An Agricultural College on ambitious lines, opened for teaching in 1924, was not very successful, because of 'the reluctance of educated Burmans to adopt an agricultural career'. An Agricultural School of a more elementary character, founded by American missionaries, is said to have demonstrated the value of its methods. But teaching in such schools demanded 'Burmans with high technical qualifications, and a flame of zeal and energy'[29]—a pious aspiration rather than a practical suggestion. It seems that both college and school succumbed to the depression of the thirties, as there is no reference to either in the latest quinquennial review of education. The only schools under the head of Vocational and Special Education in which Burmans preponderated were the reformatories, where they numbered 308 out of 342—still less satisfactory, and pointing the gibe in the Legislature that technical instruction was reserved for the criminals and police. Under executive rule the lack of a demand for Burmans with technical qualifications prevented the growth of technical instruction, and the machinery of western democracy, when introduced in 1923, was of no avail to change the social and economic environment, and failed consequently to attract lads to technical institutions.

Morals and discipline

Under the new system of government, school morals and discipline received even more attention than under executive rule. In addition to primers of personal ethics, recommended in 1904 by Lord Curzon, Burmans advocated, partly on political grounds, the provision of systematic instruction in the Buddhist religion, though educational officials had greater faith in football.[30] But during the last five years before the separation of Burma from India, there were more than thirty school strikes, and, though freedom and preparation for free citizenship received fuller recognition in the theory and practice of education, the boys in the upper standards reacted by showing less temperance and less tolerance of the ordinary rules of school life. For over a hundred years the monastic schools had been criticized as unpractical; the schools that had replaced them were severely practical: 'How to spiritualize education', writes the Director, 'is the real problem.'[31]

Female instruction

On the other hand, as already noticed, female education continued to make great headway. The provision for teaching girls has been the great contribution of British rule to the system of instruction. Except in the number at school, however, the progress of female education was disappointing. Curzon looked to the women to improve 'the educational and moral tone of the people'. But even fewer girls than boys get beyond 'the unwieldy infant class'. The lay schools in towns, however, gave them better opportunities to learn enough reading, writing and arithmetic for retail trade in the bazaar; they had an economic value. The few girls who went further looked on instruction, like the boys, merely as a means of livelihood. 'What beacon of light', asked an inspectress, 'can we hold up to induce girls to seek education in the higher departments',[32] if it gives them no opening to a profession? There was a demand for schools as crèches, a demand for elementary instruction for use in retail trade, and a very small demand for higher instruction so far as this was an economic asset. But there were few signs that girls regarded western education as having a cultural value. To Christians, whether Burman or Karen, the education of the girls was a matter of religious obligation, like the education of boys among Buddhists, and many girls went back from the high school to the home; but the Burmese girl in the university looked for a job, or, possibly (if not preferably), a wealthy husband. Even among the women education served economic and not social ends.

Literacy

We have already noticed that under British rule the proportion returned as literate has risen, not merely, as one might expect, among females but also among males. The first census after the annexation of Upper Burma showed that the newly conquered province had a greater proportion of male literates than British Burma, with 46.2% learning and literate as against 44.3, though Lower Burma was ahead in female literacy with 3.8 against 1.5. The lower proportion of literate males in Lower Burma was largely due to the influx of illiterate Indians, and was in fact lower than ten years earlier. Between 1900 and 1940 the percentage of literate males rose from 37.6 to 56.0 and of females from 6.1 to 16.5. It would seem difficult to reconcile the rise in male literacy and its high proportion with the small increase in the number at school, and with the fact that so small a proportion remain at school long enough to acquire permanent literacy. Figures for literacy must needs be somewhat arbitrary; they are obtained by enumerations at the census by subordinate officials who have no time for detailed enquiries and, moreover, the standard of literacy varies from one census to another. Even in the earliest census probably a much larger number, if pressed, could at least have signed their names. Here we may find an explanation of the apparent

anomaly. Under Burmese rule practically every Buddhist boy learned his letters, but subsequently lapsed into illiteracy for lack of practice. Printing was unknown and manuscripts were costly, and letters were of little use except to monks, traders and officials. But under British rule there arose a social demand for literacy; every railway station and every railway ticket gives a reading lesson; the public notices, the courts, still more the money-lender, and most of all the post office prevent people from forgetting what they learned. It is the environment and not the school that has promoted literacy. In 1860 few but Europeans and Indians used the post office, and up to 1880 there were few postal facilities for towns and villages in the interior.[33] About that time, however, the rural police began to be useful as postmen. The people soon took advantage of this privilege, and gradually the regular service was extended. It is perhaps not too much to say that the postal system, introduced originally for the benefit of the foreign community, did more to promote literacy than all the lay schools; it fostered a latent demand for *adult* literacy, and the ability to read and write ceased to be merely an ornament that one discarded on leaving school.

This consideration applies much more widely. If the number of children at school has not increased more rapidly in Burma, it is because there was little demand for primary instruction; formerly the people *wanted* to send their children to the monastic school, and for this and other purposes maintained at their own charge the monastery and its inmates; there was a social demand for education. If there is to be any great increase in primary instruction, it is not sufficient to supply schools and teachers; it is essential to cultivate a demand for them. Similarly, if Burmans are to be held responsible for the conduct of their national affairs, it is necessary to cultivate a demand for the type of education that will help them to discharge their responsibilities. The machinery of democratic government is a dangerous implement to place in the hands of uneducated people but, when introducing a modern constitution with household suffrage, the Government did little to train leaders in a knowledge of the modern world, or to fit the people for the franchise. A private association for the encouragement of reading, though regarded with suspicion by some administrative officials, enjoyed the patronage of the Governor and the support of the Education Department. Successive Directors also devised plans for supplying the public with books, though none was carried very far, as each new Director had a new plan. By these means subscription libraries were established by some municipal committees, but in 1940 as in 1923 there was still only one public library, which in some years, as a Director of Public Instruction noted, with an income of nearly £1000 managed to spend about £10 on the actual purchase of books.[34] There was still no museum, art gallery or theatre. For a long time nothing was attempted in broadcasting and then only in a very small way, while the cheapest wireless set cost over £30. The cinema was left to private enterprise and the only glimpse of Burmans on the outer world was from the angle of Hollywood.

But the great need of the country was a modern vernacular literature. According to the official returns less than 200 books were published annually, only about half of them in Burmese and almost all of them still medieval in their outlook. There were one or two monthly magazines of some merit, but the total circulation of Burmese newspapers was still negligible. The first vernacular newspaper was started in the seventies. There were two in 1877, and by 1879, when they had grown to five, we are told that 'the tone was gentlemanly and on the whole loyal to the British Government, though traces of a decided national feeling were occasionally visible'.[35] Their circulation was only 150–300 copies. By 1930, among the newspapers in Burmese, four, with a circulation of 3500, were subsidized by the Sino-Burmese supporters of Government; four, mainly non-political, had a circulation of 4600 (chiefly due to the 'Burmese Cinema' with 2500); six nationalist, with a circulation of 11,350 and six extremist, with a circulation of 12,500.[36] Thus the circulation varied with the violence of opposition to the Government. But there were no modern books in Burmese, and no attempt had been made to solve the difficult problem of translating western literature, apart from some half-dozen adaptations of popular novels. From the earliest days of the reforms the encouragement of a modern literature and the translation and adaptation of western books was a main item in the nationalist programme, but a motion to this effect was opposed by Government on the ground that 'there was no demand for translated books as there was no reading public for such literature',[37] though at the same time a private organization was demonstrating that it was quite possible to organize such a demand on a paying basis.

Educational progress

The progress of education under all its forms in Burma during the period between 1923 and 1940 shows a notable contrast with that achieved in neighbouring countries. The figures for Burma in the marginal table omit the Shan States. Sixty years ago Upper Burma, under native rule, had far more children at school than any country outside Burma in the tropical Far East; in 1900 Burma as a whole still held the lead, but by 1940 it had sunk to the fifth place, and, in respect of institutions managed or helped by Government, was little ahead of Netherlands India, where general public instruction dates only from 1907. Moreover, many children never attended any school. The number of children of school-going age (6–11) in 1936 was estimated at 1.6 million of whom 0.4 million attended recognized schools and 0.2 million other schools, leaving a million with no schooling.[38]

But the picture is darker than these figures indicate. It might be claimed sixty years ago that Burma was the best educated country in the tropical Far East, with the possible exception of the Philippines. It would be difficult to repel the charge that at the time of its separation from India it was the worst

*Percentage of population at recognized schools,** 1936–9

Formosa	11.16
Philippines	10.75
Thailand	9.69
Malaya	6.02
Burma	3.92
Netherlands India	3.35
Indo-China	2.06

* Furnivall, *Educational Progress in S.E. Asia* (1943), p. 111.

educated. In the Philippines there were hundreds, and in Siam scores of people, who had seen something of the modern world; in Burma only about eight students were sent abroad annually, and for three successive years during the depression none were sent. Both in the Philippines and Siam many men have a long experience of practical administration along modern lines in responsible positions; in Burma the corresponding posts were held by Europeans. In Malaya many Chinese are citizens of the modern world, and even the Malays, though still backward in higher education, almost all receive primary instruction. In Java, comparatively few have been to Europe, though some members of the upper classes have been brought up in Dutch families and Dutch schools for three or more generations; all Dutch-vernacular students above the primary grade learn three European languages; and some have made original contributions to knowledge. In Indo-China, though little has been done for primary vernacular instruction, not a few natives have had brilliant academic careers in France. In Burma it would be difficult to name more than half a dozen works in English by Burmans that are worth reading, and only one or two of these look outside Burma. In the Philippines, Siam and Malaya there are many-sided adult education movements, and much has been done for adult education in Netherlands India. In technical instruction Burma seems to stand at the bottom of the list, except for Indo-China.

Burmans demanded, justly, a greater part in industry and commerce, and urged accordingly that technical and vocational instruction should be provided to train them for such careers. Government replied, truly, that one cannot create an industry by training men to practise it. But the whole situation arose out of the fact, which neither party recognized, that education is governed by demand, and when social demand is ineffective, it is governed by economic demand. The solution lay in creating a demand for Burmans in industry and commerce. A policy of social reintegration would have aimed at fostering such a demand, but the forms of political democracy served only to expose and irritate this sore in the social body, without contributing towards a remedy.

Notes

1 Durand, II, 185.
2 *RPI* (India), 1897–1902, App., pp. 457ff.
3 *BBG*, I, 529; *CVV*, pp. 130, 132, 136.
4 *RAB*, 1877–8, p. 80.
5 *RPI*, 1928–9, p. 11.
6 *RAB*, 1880–1, Intr. p. 36.
7 *RAB*, 1880–1, Intr. p. 36; Harvey, *CHI*, VI, 445–7.
8 *RAB*, 1921–2, p. 154.
9 *RAB*, 1877–8, p. 83; 1880–1, p. 130; 1887, Cmd. 4962, p. 119.
10 Harvey, *CHI*, VI, 443.
11 Census, 1872, p. 25; Trant, pp. 209, 259.
12 *RAB*, 1885–6, p. 32.
13 *RAB*, 1911–12, p. 91.
14 *RAB*, 1901–2, p. 93; *RPI*, 1897–1902, Intr. p. 4.
15 *CVV*, p. 133.
16 *RPI*, 1928–9, App. I, p. v.
17 *RAB*, 1915–16, p. 103; *RPI*, 1927–32, p. 37.
18 *RPI*, 1927–32, p. 36.
19 *RPI*, 1899–1900, p. 57; 1897–1902, p. 4; 1932–7, p. xx.
20 *RPI*, 1897–1902, p. 41.
21 *CVV*, pp. 147, 151, 153.
22 *ISC*, XI, 497.
23 *CVV*, p. 156.
24 *RPI*, 1928–9, p. 13.
25 *RPI*, 1932–7, p. 7.
26 *RPI*, 1932–7, Tables IVa, b; *CVV*, p. 181.
27 *RPI*, 1927–32, p. 2; *CVV*, pp. 389ff.
28 *RPI*, 1927–32, p. 28.
29 *ISC*, XI, 115, 137; *CVV*, p. 399.
30 *RPI*, 1927–32, p. 37.
31 *RPI*, 1932–7, p. 45.
32 *RPI*, 1927–32, p. 25.
33 *RAB*, 1861–2, p. 25; 1880–1, Intr. p. 38; pp. 17, 90; 1882–3, p. 117.
34 *RPI*, 1928–9, p. 23.
35 *RAB*, 1879–80, p. 104.
36 *ISC*, XI, 272.
37 *ISC*, XI, 296, 366.
38 *CVV*, p. 148.

BRITISH MALAYA

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BRITISH MALAYA

Lennox A. Mills

Source: R. Emerson et al., *Government and Nationalism in South East Asia*, New York: Institute of Pacific Relations (1942), pp. 78–91.

British Malaya is made up of no less than ten separate governments which fall into three different varieties of colonial administration. The Straits Settlements which alone are British territory are a Crown Colony of the ordinary and traditional type. The nine Malay States are protectorates where sovereign power belongs legally to the sultans but is exercised by the British Government by virtue of treaties negotiated with the rulers. The Malay framework of the states was left intact and the constitutional position of the sultans was legally unimpaired. The practical difference between the protectorates and the Straits Settlements is not very great: in both the administration is largely conducted on Crown Colony lines. Each sultan has a British Resident or Adviser whose advice he is required to follow on all questions which do not affect Malay custom or the Mohammedan religion. British control is particularly evident in the four states of Perak, Selangor, Negri Sembilan and Pahang. They were the earliest to come under British protection; and in 1896 they were combined in the Federated Malay States. In some of the five Unfederated Malay States the sultan has retained considerably more authority, though much depends upon the personal capacity of each ruler.

The complexity of governmental organization and problems in Malaya is largely the result of the mixture of races. The establishment of British control has been followed by so extensive an immigration of Chinese and Indians that the Malays now form only 44.7 per cent of the population of the peninsula. According to the census of 1931 the total population was 4,385,346, of whom 1,114,015 were in the Straits Settlements, 1,713,096 in the Federated and 1,556,739 in the Unfederated States. The Malays numbered 1,962,021 and had a majority only in the Unfederated States of Kedah, Kelantan and Trengganu. In the Straits Settlements they were 22.5 per cent and in the Federated States 26 per cent. There were 1,709,392 Chinese, most

of them in the Straits Settlements or in the states on the west coast, which are the centers of the tin and rubber industries. They formed 39 per cent of the whole population of Malaya, 59.6 per cent of that of the Straits Settlements and 41.5 per cent of that of the Federated Malay States. The Indians in 1931 numbered 624,009, and were most numerous in the Federated Malay States where they were 22.2 per cent of the population. The majority of the Chinese and Indians are migrants who eventually return to their native countries. In 1931 only 534,011 or 31 per cent of the total Chinese population of Malaya had been born there and some even of them eventually returned to China. Only 131,505 or 21 per cent of the Indians had been born in Malaya. The Malays are the only permanent element in the population, although a growing minority of the Chinese and Indians are permanently domiciled in Malaya. The British and other Europeans numbered less than 18,000 in 1931; but their importance was out of all proportion to their numbers since they controlled the production of about half the rubber and two-thirds of the tin.

The British Government feels strongly that its first duty is to the Malays. They are the people of the country, and it was at their invitation and not by conquest that the Malay States came under British rule seventy years ago. At that time the political organization and point of view of the Malays were reminiscent of 13th-century France or Germany. In the next forty years the rapid development of tin and rubber and the influx of Chinese and Indians transformed Malaya into a 20th-century state. The Malays could not keep up with the breakneck speed of the transformation, which is not surprising when one reflects that they would have had to compress into a generation an evolution which took the peoples of Europe seven centuries. The Malays are still one of the least politically minded races on earth: they have a strong aristocratic tradition and they feel that the business of governing should be left to the government. One of them summed up their attitude by saying, "We Malays like to have our interests consulted; but when the Government gives an order we like to obey it." As yet they are incapable of safeguarding their own interests either politically or economically; and unless they receive special protection they will be submerged by the more aggressive and more mature immigrant races. The fundamental problem of government in Malaya is to discharge this obligation, and at the same time give legitimate weight to the interests which have been created by the Chinese and Indian immigrants and the British owners of tin mines and rubber plantations.

The Straits Settlements[1]

The government is that of a typical Crown Colony with a Governor, an Executive and a Legislative Council. The Executive Council consists of the Governor as president, eight other official members, and one Chinese and two British unofficial members appointed by the Governor for two years.

The Legislative Council is composed of the Governor as president, thirteen official and thirteen unofficial members who are British subjects. All legislative and financial measures require its assent; but the Governor has both an original and a casting vote so that there is an official majority. The unofficial members serve for three years and may be reappointed. Eleven are appointed by the Governor – five Europeans, three Chinese, one British Indian, one Malay and one Eurasian. Two additional Europeans have been elected since 1924, one by the British members of the Chamber of Commerce at Singapore and the other by those of the Penang Chamber of Commerce. The unofficial members are chosen to act as spokesmen for the principal races and economic interests of the Colony. There is no attempt to follow the principle of representation by population since the Council is a purely advisory body and has no legal control over the government. Its purpose is to ensure that the Governor is informed of the views of every important element in the Colony. Hence the 12,000 Eurasians and the 152,000 Indians each have one member. A Select Committee of the Legislative Council which has an unofficial majority examines the annual draft estimates of revenue and expenditure before they come before the full Council; and a Finance Committee composed of the Treasurer and three non-officials considers supplementary votes for expenditure before they are laid before the Legislative Council.

The Colonial Office exercises a general supervision over the government of the Colony, and no important measures may be adopted without its approval. The Governor must obey all instructions received from it but at the same time his views carry great weight since he is the man on the spot. Subject to this ultimate control the Governor is legally an autocrat within the colony: all power and likewise the sole responsibility are concentrated in him. He alone has the authority to make decisions, even though in practice he is compelled to delegate much of his power to subordinates owing to the impossibility of any one man accomplishing the amount of work which is nominally imposed upon a 20th-century colonial governor. The Governor lays down the policies to be followed, and has control over all officials with the exception of the Colonial Auditor and the Justices of the Supreme Court. He makes recommendations to the Secretary of State for the Colonies for the promotion and dismissal of the higher civil servants, and he appoints and dismisses subordinate officials. His position as commander in chief of the local garrison ensures the supremacy of the civil over the military power. He is supposed to consult his Executive Council on all questions of importance, but he need not follow its advice. In the Legislative Council the unofficial members have complete freedom of debate; but the Governor can control proceedings by the official majority, since official members may be required to vote as he directs. He has also the power to veto all bills, and no financial measure can be introduced without his consent. Both Councils are really advisory bodies: the Executive Council gives the Governor the advice

of the leading officials, while the Legislative Council presents the wishes and grievances of the various races and interests. The final decision lies with the Governor; for the essence of the Crown Colony system is that power and responsibility are vested in him alone.

When writing about the British Empire it is wise to remember the warning:

> Do I sleep? Do I dream?
> Do I wonder and doubt?
> Are things what they seem,
> Or is visions about?

The Crown Colony system is a case in point: the typical Governor is a benevolent despot in theory and a limited monarch in practice. Before embarking on a course of action he tries to find out what the population of the Colony think of it, and if opposition develops he tries to disarm it by arranging a compromise. The official majority of the Legislative Council is rarely used to pass legislation except on the direct order of the Colonial Office. One important means of ascertaining popular feeling is through the British and Chinese non-officials on the Executive Council. They are also members of the Legislative Council, and if they oppose a measure in one Council, they will do the same in the other, most probably with the support of the other non-officials. All financial and legislative proposals are brought up first of all in the Executive Council. If opposition develops, the Governor tries to remove it by negotiating a compromise, so that at any rate the majority of the unofficial members in the Legislative Council are satisfied. If he fails, he is likely to drop the measure unless he is acting on the orders of the Colonial Office. Even then he often urges the Secretary of State to reconsider his policy in order to avoid popular opposition. The result is that before a bill is formally introduced in the Legislative Council, substantial agreement has already been reached on its general principles, and discussion is on points of detail. Even at this stage if a single unofficial member brings forward arguments which had not previously been advanced, enactment is postponed until they have been considered. If financial measures brought before the Select Committee or the Finance Committee are opposed by two of the non-officials the Government usually abandons or modifies them. The result is that the most important work of the unofficial members is largely done outside the formal meetings of the Legislative Council.

Several causes explain the difference between the theory and practice of Crown Colony government. The unofficial members of the Legislative Council have full liberty to discuss any phase of government policy, and the colonial press makes vigorous use of its freedom from censorship. The tradition of a century decrees that the Governor and the civil service are the favorite targets; and government is carried on under a steady fire of criticism which sometimes swells to a barrage. This situation is taken for granted; but

what every Governor prays to escape is questions in the House of Commons. A really serious controversy is likely to lead to this result, particularly if the unofficial members of the Legislative Council unanimously oppose him. In this event the Colonial Office will support him unless he is clearly in the wrong; but the whole thing takes time and the Colonial Office has enough to do supervising some fifty-odd dependencies without adding to its burdens. It prefers a Governor who avoids quarrels. As was once said of another colony, "We cannot be always investigating a storm in a teapot where each individual tea leaf has its dignity and its grievance." The result is that there is constant criticism of government in Malaya but very little wish to change the Crown Colony system. Particular acts are condemned; but the tiny handful of Europeans and Chinese who advocate the establishment of a democracy represent no one but themselves. There is general agreement that the administration is impartial and reasonably efficient, and that it relies upon persuasion and compromise far more than on its autocratic powers.

The administration of the three Settlements is in charge of a Resident Councillor at Penang and Malacca and the Colonial Secretary at Singapore. In each of them the urban area is controlled by a Municipal Commission with legislative and executive powers. In Singapore, for example, there are twenty-five Commissioners of whom the Governor appoints twelve directly and another twelve on the nomination of the Chamber of Commerce and other local organizations. The President has for the past thirty years been a civil servant, while the other Commissioners are non-officials. In 1938 the revenue was Straits $14,838,000 in Singapore and $4,491,000 in Penang, and the expenditure was about the same.[2] The principal tax is the tax of 20 per cent on the annual rental value of property.

The Supreme Court is composed of a Chief Justice and three or more Puisne Judges. It exercises original civil and criminal jurisdiction, as well as appellate jurisdiction in cases tried in District and Police Courts. An appeal lies from the Supreme Court to the Judicial Committee of the Privy Council. There are five District Courts, some with civil and others with criminal jurisdiction; and Police Courts exist in varying numbers in each Settlement.

The revenue of the Straits Settlements has fluctuated considerably: in 1938 it reached the unprecedented figure of Straits $69,955,000. Nearly 25 per cent comes from the government opium monopoly, about 33 per cent from import duties on tobacco, liquors and petroleum, 13 per cent from the interest on the investment of the Colony's accumulated surpluses, and the remainder from such miscellaneous sources as the Posts and Telegraphs Departments, death and stamp duties, licenses, court fees and land sales. In 1937 the revenue surpluses amounted to about Straits $126,000,000. There was no public debt on purely government account, and the *per capita* tax rate was about $16. Expenditure has usually been less than revenue, and in 1938 it was Straits $40,698,000. The cost of general administration, law courts and police has usually been about two-fifths of the annual expenditure, and

pensions have accounted for another six per cent. Between 12 and 22 per cent has been spent on public works, roughly nine per cent on public health, five per cent on education, and 1.6 per cent on agriculture and other social services. The cost of defense in normal years is $5,000,000, which is between 10 and 12 per cent of the expenditure. Prior to 1939 Malaya was defended by a small force of Imperial and Indian infantry and artillery, the Malay battalion, a small detachment of the Royal Air Force and the local volunteers. Until Indo-China and Thailand came under Japanese control or the danger of it, an attack could be made only by sea, and the defense therefore depended principally upon the Royal Navy and the Singapore naval base.

The Federated Malay States

The four states of Perak, Selangor, Negri Sembilan and Pahang were combined in 1896 to form the Federated Malay States. The British official head of the federation was the Resident General or, to give him his more recent title, the Chief Secretary; and the Governor of the Straits Settlements exercised a somewhat shadowy control in his capacity as High Commissioner of the Federated Malay States. During the following twenty-five years the federation gradually became an amalgamation: the four State Councils retained only the most trivial legislative powers, and the sultans and their British Residents had so little authority that they became virtually a fifth wheel to the coach. Executive control over the four States became centralized in the Federal Secretariat at Kuala Lumpur, composed of the Chief Secretary, the heads of departments and their assistants. Control of legislation and finance passed to the Federal Council, which was an advisory body with an official majority like the Legislative Council in the Straits Settlements. The consequences of federation had neither been foreseen nor desired by the Imperial Government; but the same developments which had reduced the states to impotence made it very difficult to restore power to them. During the past decade a policy of cautious and gradual decentralization has been in progress; but while the first stage has been carried through, many years will elapse before it is completed. The object is to reverse the trend towards over-centralization, and progressively to transfer to the four state governments many of the powers of the federal administration at Kuala Lumpur.

The security which followed the establishment of British control led to so heavy an influx of Chinese and Indians that the Malays have become a minority in their own country. At the same time the investment of several hundred million dollars of British and Chinese capital in tin and rubber transformed the economic character of the peninsula. In less than two generations Malaya was changed from a medieval into a 20th-century state. Sultans who had been brought up in the tradition that war and piracy were the only professions worthy of a gentleman could not cope with fair-wage tribunals, conditions of estate labor or educational policies; and power

inevitably passed into the hands of the British officials. A new type of ruler is beginning to appear – the sultan who understands modern problems and insists on having a voice in the government of his state. This is a hopeful sign for the political future of the Malays; but, for the present, decentralization must be slow and cautious lest too hasty a transfer of power should injure the British and Chinese interests which have been built up.

The abolition of the post of Chief Secretary was an essential part of the weakening of the federal government. In his place appears the Federal Secretary, who controls what few federal departments survive, such as railways. He also acts as a channel of communications between the four state governments and the High Commissioner at Singapore; but he has no authority to make decisions in matters transferred to the states. Some of the powers of the Chief Secretary were handed over to the state governments, but a large part of them have gone to the High Commissioner, who will henceforth take a far more important part in the government of the Federated States than he has ever done in the past. There is no federal Executive Council; but there is a legislature, the Federal Council, the assent of which is required to all measures of legislation, taxation and expenditure. It has complete liberty of criticism and debate, but is an advisory body with an official majority which is required to support government measures. Its power in practice is much greater than in theory, for the same reasons as apply to the Legislative Council of the Straits Settlements. There are sixteen official members who include the High Commissioner, the four state Residents, the Federal Secretary and the heads or advisers of the principal departments. The twelve unofficial members are appointed by the Governor and are made up of five European and two Chinese British subjects, four Malays and one Indian. All unofficial members must also be members of the four State Councils.

The government of each of the four states is made up of the sultan, the British Resident and the State Council. The sultan is required to follow the Resident's advice on all questions other than those affecting Malay custom and the Mohammedan religion. The State Council of Perak is typical of the composition and powers of these bodies. It has a membership of twenty-six, composed of the sultan and eleven Malay chiefs, the Resident and six officials, and seven unofficial members of whom three are Europeans, one an Indian and three Chinese. Much to the dissatisfaction of the non-officials, proceedings are conducted in Malay, whereas English is used in the Federal Council. Most of the Malay members are territorial chiefs, too inexperienced to handle their new powers and by lifelong training unwilling to express an opinion until they have found out the sultan's wishes. They are too old to change; but a new type of Malay member is beginning to appear. These are men who have received an English public school education at the Malay college at Kuala Kangsar and have an understanding of modern problems. The unofficial members criticize and debate freely; and any serious disagreement between them and the officials must immediately be reported to the

High Commissioner. The relations between the Resident and the non-officials seem to be evolving into something very similar to those between the Governor and the non-officials in the Legislative Council of the Straits Settlements.

The effect of decentralization upon the executive was that only a few departments which concerned all the states, such as railways and customs, were retained under federal control. The Agricultural, Co-operative, Educational, Electrical, Forestry, Medical, Mining, Public Works, Drainage and Irrigation, Prisons and Veterinary Departments were broken up and placed under the state department heads. The latter were under the control of the state governments, and not, as formerly, of the federal administration at Kuala Lumpur. The difficulty is that many of the problems of Malaya such as those of health and education are much the same throughout the country, and that there must not be four separate and perhaps contradictory state policies. To achieve the necessary co-ordination the former federal department heads, now known as Advisers, have been given personal executive authority over the four state departments. This has given them the same control over the state department heads as they formerly possessed. Nevertheless it would be an exaggeration to say that this is merely the old centralization under another name. The Resident, the principal British official in each state, can no longer be ignored as formerly. The state departments are under his control and his approval of proposed policies must be obtained, with a final appeal to the High Commissioner at Singapore if agreement cannot be reached. How far the Resident exercises his new powers varies with the individual; but the general result has been to lessen the authority of the Adviser and strengthen that of the state administration. The intention is that the Adviser shall continue to lay down the broad outlines of policy for the four states while the Resident shall use his new authority in modifying it to suit local conditions, since he has a fuller knowledge of what adaptations are necessary.

The power to legislate has been divided between the Federal and the State Councils, the principal fields assigned to the latter being education, forests, some phases of public health and agriculture, and Mohammedan law. The great obstacle to extending state legislative powers is that the laws must be substantially uniform throughout the federation owing to the similarity of conditions. The financial powers of the states are very circumscribed, although as decentralization progresses it is intended to increase them. At the present time all taxes must be levied by the Federal Council; and the government debt and the financial needs of the federal government are the first charge upon the revenue. The Federal Council grants an annual lump sum to each state to meet the cost of the departments transferred to it. The State Council has the power to apportion this lump sum among the various services. No state may float a loan without the consent of the Federal Council; and the High Commissioner must approve the annual budget esti-

mates allocating the block grant before they are submitted to the State Council.

The ultimate form of decentralization is as unpredictable as the political future of the Malay. The immediate and inevitable result has been to increase the authority of the Residents and the High Commissioner. The sultans' prestige has also been strengthened and they are consulted more than formerly. How far their views will influence policy must necessarily depend on their ability, experience and training, and on their desire to take an active part in the affairs of their states. The Imperial Government has no intention of restoring the absolute monarchies of seventy years ago: its immediate object is to give the Malays a greater opportunity to share in the government of their country through the policy of cautiously strengthening the power of the state governments. The result of the experiment will depend upon how far the Malays take advantage of the opportunity.

The same motive has dictated the policy of Malayanization in the administrative service. Each state is divided into a varying number of districts in charge of District Officers under whom are Assistant District Officers. Their powers resemble those of the Deputy Commissioners in Burma. Until ten years ago almost all these positions were filled by European British subjects. Many of the Assistant District Officers are now Malays, and the policy is to promote them to higher positions as they gain experience. The towns and larger villages are administered by Sanitary Boards, the members of which are partly officials and in part prominent local residents appointed by the Resident of the state. The Boards are responsible for public health and municipal matters generally, and are financed by local taxes.

The Supreme Court of the Federated Malay States is a court of original jurisdiction as well as of appeal, and consists of a Chief Justice and three judges appointed by the High Commissioner. Final appeal lies to the Judicial Committee of the Privy Council. Below the Supreme Court come the Courts of the First- and Second-Class Magistrates which have civil and criminal jurisdiction. The Magistrates are usually members of the Malay Civil Service who have passed their legal examinations. All District and some Assistant District Officers are First-Class Magistrates *ex officio*. The village headmen have petty civil jurisdiction, and an appeal may be made to the court of a First-Class Magistrate. The courts of Kathis and Assistant Kathis deal with matters of Mohammedan religion and law. Appeals against their decision lie to the State Council and not to a court.

The Federated Malay States derive about 30 per cent of their revenue from the export duties on tin and rubber, and another 22 per cent from a wide range of import duties. The government opium monopoly and the rental from agricultural and mining lands each brings in about seven per cent. The remaining third of the revenue comes from excise, licenses, court fees, the sale of electric light and power, posts, telegraphs and telephones, interest on investments and royalties from logging companies. The railways are owned

and operated by the government, and are an important source of revenue. The most striking feature of the revenue of the Federated States is the extent to which it is dependent upon the world and particularly the American demand for the two staple exports of tin and rubber. All the principal taxes depend upon the prosperity of these two industries either directly as in the export taxes, or indirectly as regards the import duties, land rents and to some extent railway receipts. The result is that the revenue has fluctuated sharply in close correspondence with the alternate booms and slumps of the tin and rubber industries. In 1938 the revenue was Straits $63,053,000 and the expenditure $101,584,000. The public debt was $65,286,000, and the accumulated surplus revenue funds $130,936,000.

About a quarter of the expenditure of the Federated States is on pensions and debt charges, and another 30 per cent is required for general administration, courts and police. The cost of the electrical and other revenue-producing departments is about 10 per cent of the total expenditure. Defense was only 2.5 per cent; prior to the present war the Malay States were garrisoned only by two battalions of Malay and Indian troops, supplemented by local volunteers. Expenditure upon public works has been heavy, varying between a fifth and a tenth of the total. A substantial portion of it should properly be assigned to the Departments of Medicine and Education in the form of anti-malarial works, school and hospital buildings; but the form in which the accounts are kept makes it impossible to ascertain the amounts which ought to be transferred. The seven per cent of the expenditure which is credited to public health and the five per cent to education are both substantial understatements. Another five per cent is allotted to agriculture, irrigation, veterinary, co-operative societies and fisheries. The Federated Malay States, like all the other Malayan governments, regard the medical department as the most important of the social services. Its medical research and work in public health, particularly the anti-malarial measures, have given the dependency a very important place in the history of tropical medicine. The Malay vernacular school system is excellent, though Malaya has been no more successful than other colonies in solving the problem of adapting Western education to the needs of Asiatic races.

The Unfederated Malay States[3]

The general form of government in the Unfederated resembles that of the Federated Malay States. In all five the government is carried on in the name of the sultan, who must accept the advice of his British Adviser; and all of them are under the supervision of the High Commissioner. All have advisory State Councils composed of the sultan, his Malay ministers and the British Adviser. In Johore, which has a large population of the immigrant races and heavy investments of British capital, there are also British, Chinese and Indian unofficial members. There is a separate Executive Council in Johore,

but in the other four states executive and legislative functions are combined in the same body. Each of the states has a varying number of British administrative, judicial and especially technical officers seconded from the services in the Colony and the Federated Malay States.

The difference between the Unfederated and the Federated Malay States is that the sultans have retained a considerably greater degree of authority than in the federation. The Adviser in the Unfederated States has remained an adviser and has not taken the administration into his own hands as the Resident has in the Federated States. He carries the sultan with him and hastens slowly while the Resident takes a short cut and issues orders on his own authority. One might say that the Adviser resembles a business consultant while the Resident might be compared to a managing director. So far as Malaya affords a parallel to the system of indirect rule in the Central African colonies, it is to be found in the Unfederated States. If the sultan refuses to follow the advice given, the question is referred to the High Commissioner and the Colonial Office. If the question is one of Imperial importance, the code regulating the employment of Indian laborers for example, the sultan is required to accept the British proposals. Otherwise he is allowed to have his own way; the Imperial Government is decidedly more reluctant to overrule him than if he were the sultan of a Federated Malay State. A good Adviser must be a diplomat as well as an administrator, and the more infrequently he has to insist on his policy the more successful he shows himself. The same method is used in the State Council: if some of the members oppose the Adviser's proposals, the question is postponed until the following meeting and meanwhile he brings his diplomatic charms to bear.

Malay officials have a much more important position than in the Federated States. Most of the ministers and the administrative officers are Malays; and Europeans are found principally in the technical services, since as yet very few Malays have acquired the training to fill these posts. The Unfederated States are very proud of their more independent position, and are decidedly unwilling to employ additional British officers. The British Advisers strongly support the sultans in this policy.

The revenue is derived from the same taxes as in the Federated States. Johore has a revenue of about $20,000,000 owing to development of the tin, iron and rubber industries. Great attention has been paid to the social services, particularly health and education. The other states have remained largely undeveloped, and their revenues run between $2,500,000 and $7,500,000. Fiscal policy has been conservative, the public debt where it exists is small, and each state has built up a surplus revenue reserve fund. Little money is left after the basic essentials of general administration, police, court, pension and debt charges have been met. On the average, public works account for about 24 per cent of the expenditure and social services for 18 per cent, public health receiving a larger appropriation than education.

Notes

1 Comprising Singapore, Malacca and Penang.
2 The value of the Straits dollar is 2s.4d.
3 Johore, Kedah, Perlis, Kelantan, and Trengganu.

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SOME THOUGHTS ON THE ECONOMIC DEVELOPMENT OF MALAYA UNDER BRITISH ADMINISTRATION

J. H. Drabble

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Several years ago Wong Lin Ken noted that, as yet, no general economic history of Malaysia had been written.[1] Since then a considerable number of studies in both article and bookform have appeared; too many for a comprehensive listing here. These range from specialised works on particular industries, or aspects such as immigration, to more wide-ranging analyses of the political, social and administrative structure. The periods surveyed also vary considerably, but the tendency is towards relatively short time-spans of some twenty to forty years in the later nineteenth and early twentieth centuries. Only one recent book, *Economic Development of Modern Malaya* by an economist, Lim Chong Yah, seeks to cover the economy as a whole over a longer period, roughly 1874–1963. But from the historian's viewpoint, much primary research still remains to be done before the pattern of changes in this period can be explained in full detail. However, the work done to date makes it possible to re-examine certain broad aspects such as the effects which can be directly attributed to the introduction of British administration. This is facilitated if some account is also taken of the very extensive literature on economic development, and colonialism, as well as on the situation in other countries with a similar historical experience. It must be emphasised that the following survey is necessarily selective in terms of the topics included and the published materials referred to.

As a preliminary to the main discussion, the chronology of the subject requires some explanation. Whilst there is a clear date for the formal conclusion to British rule in Malaya, that is, 1957, the question of a starting point is less concise. Considerable significance has been ascribed to the year 1874,

since the Pangkor Engagement marked the beginning of British official intervention in the internal affairs of the Malay States. But, taking the Malay Peninsula as a whole, the extension of political control throughout the Straits Settlements, Federated and Unfederated Malay States, was a prolonged process lasting from 1786 to 1914. It is therefore preferable for the purpose of this paper not to specify any single starting date, though we should note the distinct acceleration in the pace of expansion after 1874, in common with European hegemony in other areas.

W. A. Lewis has argued that much of the literature on the development of tropical countries, particularly in the period 1880–1913, gives a sombre assessment which analyses the situation mainly in terms of the effects of colonialism and closely associated traits such as monoculture, low wage rates and so on.[2] Colonialism, understandably, does provide much, if not the entire conceptual framework in many analyses. The main economic impact may be summarised as follows.[3] The advent of colonial rule is seen as a major discontinuity, having a disruptive effect on the traditional structure of the indigenous society. The new administrators worked in close concert with foreign business interests, especially those from the mother country, to exploit the relatively abundant land and mineral resources to produce primary commodities for export to meet the needs of metropolitan industries. Little processing was done locally, nor was much attention given to diversification into manufacturing industry lest this conflicted with the interests of the home country. The principal instrument of colonial development was the joint-stock company, usually European-owned, and financed by capital from overseas. The dominant position of these companies in the local economy enabled them to obtain preferential treatment from government, for example, in land alienation, and at times to engineer official control of exports such as tin and rubber in order to protect their economic position. European enterprises also had the advantage of an advanced technology, very little of which was transferred to the indigenous peoples. These latter were discriminated against, either deliberately or by default, so that eventually their relative economic position deteriorated. Let us now look at Malaya's economic experience in the light of these criteria.

Consideration of whether British rule constitutes a real discontinuity in economic development, necessitates a 'before' and 'after' analysis. Lim Chong Yah offers something of this sort by arguing that the tin and rubber industries together provided a revolutionary impetus which transformed '. . . the old economy of jungle and small patches of cultivation here and there . . . into the modern economy we know today.'[4] It is not difficult to substantiate such an approach by referring to the new commercial crops, the growth of mining, the building of transport facilities, the inflow of foreign capital, and the creation of an ordered system of administration which followed British intervention. This can be compared with the largely subsistence economy of the Malays previously, with its low productivity and restricted

connexions with the international trading network. However, a straightforward comparison of this sort has pitfalls, as a recent article on Burma in this journal has pointed out.[5] There is the danger that the application of western standards could lead to a generally unfavourable picture of the pre-colonial situation. It is also important to decide whether the developments during the colonial period represent a thoroughgoing structural change. In the light of recent research it is possible to re-appraise the economic condition of parts of the Malay Peninsula before the British control, demonstrating that whilst the extent and volume of activity were only a small proportion of their later levels, nevertheless significant developments were in progress. J. C. Jackson has shown the expansion of Chinese and European agricultural enterprise along the west coast from the late eighteenth century onwards. He estimates that the shifting agriculture practised by the Chinese, based on crops such as gambier and tapioca, may have involved at least half a million acres during the nineteenth century,[6] though by no means all of this originated in the pre-British period. The tin mining industry in the western states was attracting investment from European and Asian merchants based in the Straits Settlements from about the middle of the century, at the same time as Chinese miners were progressively replacing Malays for whom production had been a part-time activity.[7] The total amount of capital invested is not known with any exactitude, but Khoo Kay Kim concludes that 'a great deal' of Straits capital had been placed in mining ventures.[8] Much of this agricultural and mining activity was directly connected to the growing participation of the British-controlled Straits Settlements ports, Singapore in particular, in international trade. It is interesting to note that Newbold estimated in 1839 that Singapore's imports from the east coast of Malaya around 1835–36 considerably outweighed those from the west coast.[9] A recent study of Pahang shows that, despite the difficulty of access to the interior of this state, by the 1880s the Malay subsistence economy had been broken down by the Singapore demand for jungle produce and alluvial gold.[10] The extent of these commercial influences would have varied from place to place, and we cannot assume that the traditional economic order in Malaya had been wholly penetrated. C. M. Turnbull argues that for foreigners '. . . in 1867 the interior was still almost unknown and even the coasts not completely surveyed.'[11] Nonetheless Khoo Kay Kim detects important qualitative changes, mainly economic in nature, occurring between 1850 and 1873 when '. . . the traditional Malay society experienced more profoundly than it had ever done before . . . the pressure of extraneous forces which steered it towards a new course of development.'[12] He considers that the basic elements of Malaya's present economic structure and plural society were established at that time.

Turning now to the question of structural change, the years after 1874 saw the expansion of British political hegemony throughout the Peninsula. This was accompanied by economic developments which were both extensive and

intensive in character. Examples of the extensive aspects are the opening up of large areas of land, especially for rubber, and large-scale immigration from South India and China. The physical appearance of vast areas of the countryside altered from virgin jungle to estates and smallholdings, especially in the west coast states. The immigrants, regarded by government until well into the twentieth century as a transient population, settled permanently in increasing numbers and formed forty-eight per cent of the total Malayan population in 1957.[13] A network of roads and railways facilitated the movement of goods around the country. On the intensive side, lands were planted with permanent crops as rubber and oil-palms which did not necessitate the shifting form of cultivation of earlier crops as gambier and tapioca of a soil-exhausting type which had left large areas in Malacca and Negri Sembilan to revert to secondary jungle. Efforts were made to increase the productivity of land under permanent crops by the use of improved varieties of planting material, for instance, bud-grafted rubber trees. The presence of a colonial administration was undoubtedly an important factor behind these developments, yet it can be argued that they did not constitute a structural change in the Malayan economy in the way that, for example, the Industrial Revolution altered the basis of the economy of Britain from agriculture to manufacturing industry. Rather, the economic development under British administration served to reinforce Malaya's position as a primary producer, the basic elements of which were present before the colonial period.[14] It seems therefore, as Khoo Kay Kim suggests, that whilst some differentiation between the pre- and post-1874 eras is justifiable, the advent of British control did not bring about a watershed in Malayan history, at least in the economic sphere.[15]

The actions of British officials once the Residential system had been instituted in the Malay states of Perak, Selangor, Negri Sembilan and Pahang, are centrally relevant to the theme of this paper. Emily Sadka considers that 'To the administrators of the nineteenth century the immediate problem was economic; how to fill empty lands, develop mining and commercial agriculture and establish a modern system of communications.'[16] Their efforts enjoyed a fair measure of success, both in the short and longer term, but was this achieved through what might be regarded as a form of 'combination' between British officials and business groups with the former providing the infrastructure and the latter the enterprise to exploit Malaya's resources primarily in the selfish interests of the metropolitan country? Officers such as W. H. Treacher, Resident of Perak in the 1890s, explicitly regarded the presence of European investors as indispensable to progress. However, it does not follow that government was exclusively concerned with the creation of profit-making opportunities for businessmen. Emphasis was placed on promoting stable and permanent forms of economic activity among all sections of the community, foreign and indigenous, rather than more ephemeral ones such as pure concession hunting and land speculation. Officials on occasions effectively blocked prospective concessions to Europeans. In Johore and

Kedah this occurred even prior to formal British control because in the former state these might prejudice the future revenues of the administration, and in the latter because of possible German penetration.[17] By about 1900 the machinery of government in the Federated Malay States (FMS), with executive powers concentrated in British hands, had established a relatively firm basis for revenue collection, public works, police, legislation, and other governmental activities. This organisation was concerned with a broad range of activities and, like administrative systems in general, had an autonomous logic or dynamic of its own. In other words, having set themselves the task of re-modelling the administration of the Malay States, British officials then tried to create a system which was, in terms of its own internal bureaucratic criteria, as efficient as they could make it. As far as the growth of western economic enterprise was concerned, there was a shortfall against official hopes. Sir Frank Swettenham complained that British capitalists were slow to avail themselves of the opportunities.[18] In the tin industry, European-owned mines accounted for a minor share in production between 1874 and 1896.[19]

This leads on to the next point, namely the sources of capital for commercial agriculture and mining. The nineteenth and early twentieth centuries are notable for the transfer of private capital between countries on a world scale for the purpose of long-term investment. Funds were attracted to regions where land and labour were relatively cheap, but indigenous savings were inadequate to finance any major development. Foreign loans (which if very substantial could lead to an import surplus in the balance of payments of the borrowing country) thus became an essential prerequisite for progress, especially in countries colonialised in this period. But this view has been questioned both at the general level and in the particular case of Malaya.[20] The argument is that between about 1850 and 1905 there was on average a substantial export surplus on visible Malayan trade, and no direct evidence of capital imports of any magnitude. The merchant firms of the Straits ports, both Asian and European, built up their businesses by re-investing profits from local trade, part of which helped to finance agricultural and mining ventures. Immigrant workers for estates and mines brought no savings with them. Government revenue in Perak and Selangor was sufficient for the construction of roads and railways in these and neighbouring states, as well as loans to miners and planters.[21] The first two decades of the twentieth century saw the rapid expansion of the rubber industry, with sterling capital companies registered in the United Kingdom occupying a pre-eminent position. For example, between 1903 and 1912 approximately 260 such companies were floated to cultivate rubber in Malaya.[22] The total capital transfer involved is difficult to calculate with any precision, since it is not simply a matter of aggregating the values of shares issued. A large proportion of the initial issue consisted of shares (classed as fully paid-up) allotted to the vendors as part of the purchase price for the estate. This price contained a

profit element for the sellers who were often European private planters who had opened up the land with very slender financial resources. Such vendors' shares therefore do not represent an actual inflow of money capital either to the companies or to Malaya.[23] Besides issuing shares, many companies financed estate development out of re-invested profits, which strictly speaking do count as a capital inflow. However, since the source of these profits was a commodity produced in Malaya, it may be argued that such re-investment does not represent any wholly new capital transfer from overseas. Overall, it does not appear that this growth of foreign investment resulted in any significant import surplus and net capital inflow to Malaya, at least up to the First World War, because the export earnings from rubber and tin increased faster than expenditure on imports.[24]

The fact that Malaya was under British administration undoubtedly helped to attract British investment to the country but, as already noted, capital did not flow in as a direct result of political hegemony in the Malay States. In fact, the activities of European miners and planters before about 1900 gave little sign of the dominant role they were to play later. The stimulus which government could give was a limited one. It is true that varieties of South American rubber trees were sent to Ceylon and Singapore in the 1870s through official initiative. But these places were originally intended only as distribution centres for plants for a rubber-producing industry to be located in the Indian sub-continent. This never materialised and the whole venture nearly lapsed in the 1880s for lack of general support.[25] The successful establishment of the industry required a conjunction of many factors, both internal and external to Malaya, including a physical environment suitable for the trees, depression in other local industries as coffee, the inelasticity of the wild rubber supply from Africa and Brazil, and the sudden surge forward in the American car industry. Some contemporaries in Malaya were inclined not to give much credit to government here; thus two Federal Council unofficials said in 1910 that government had failed to make 'systematic' attempts to attract capital from overseas.[26] To some extent this criticism was unfounded. Officials had actively tried to encourage commercial agriculture, but their policy had been based on the relatively small-scale private planter working with personal or family capital. The boom in rubber-growing had abruptly changed the situation. Many of these planters were bought out by joint-stock companies. The high volume of land sales, plus a rush of applications for virgin jungle led to a rate of progress outpacing the capacity of the administrative machinery to direct development along a particular path. Whereas up to about 1900 British officials had tried to 'push' development, thereafter they were to a considerable extent 'pulled' along in its wake. The replacement of Chinese by Europeans as the main large-scale agriculturalists[27] was the result of various economic forces working both inside and outside Malaya, rather than of any conscious government policy. For the tin industry, Wong Lin Ken concludes that government aimed at creating a

favourable environment for private enterprise, whether European or Asian-owned, though the practical effects of the mining legislation tended to favour western methods of operation.[28]

The effects of colonial rule are more clearly visible in the sphere of metropolitan intervention in the Malayan economy. Before the First World War the local British administration had been allowed a considerable measure of discretion by the Colonial Office in the matter of economic policy. But from 1914 onwards the imperial government increasingly arrogated to itself the final decision in questions with broad implications. This commenced with the control of all shipments of tin and rubber from Malaya by means of a London-based committee to prevent these strategic goods reaching enemy hands during the war. Malayan companies with registered offices in the United Kingdom came under a general Treasury ban on further issues of shares to raise capital. In 1917–18, after American and Japanese interests were reported to be seeking large land concessions for rubber, the British War Cabinet over-ruled the more optimistic views of the High Commissioner-Governor of the Straits Settlements and the Malay States, Chief Secretary, F.M.S., and instructed that all dealings in rubber lands over fifty acres be prohibited. In 1918 the imposition by the American government of a quota on raw rubber imports led to a sharp slump in the Singapore price, and requests came from European and Asian planters for official aid to restore a profitable price level. The British government was considering possible schemes, but the ending of the war obviated the need for any such action.

The return of peace brought *laissez-faire* conditions for a short boom period, but the question of official intervention was quickly revived during the 1920–22 depression. The efforts of European estate producers to revive rubber prices by voluntary restriction of production failed, the main blame being placed on non-participation by Asian smallholders. Regulation of rubber exports by legislation applicable to estates and smallholdings under the Stevenson Scheme was enforced by government from November 1922 to November 1928. Exports were unrestricted for the next five years or so but the great depression from 1929 to 1923 brought prices so low that in June 1934 official restriction was re-imposed until Malaya fell to Japan early in 1942. Tin exports were similarly controlled from 1931. The decisions to introduce compulsory restriction, and major policy matters connected with the operation of these schemes, were within the discretion of the metropolitan government. One of the criticisms most often levelled against rubber regulation argues that it was undertaken mainly as a result of pressure from British commercial interests who wished to protect their estates from possible bankruptcy and displacement by lower-cost Asian producers. The assumption here is that officials and businessmen shared a paramount desire to preserve the latters' investment, at the expense of smallholders if necessary. We must here return to the point made earlier in this paper that officials generally took a broader view of economic policy. They regarded the rubber

industry *as a whole* as a prime asset in the imperial balance sheet,[29] and were not inclined to intervene solely in the sectional interests of British companies as, for example, the events leading up to the Stevenson Scheme indicate. Nearly two years intervened between the first requests for official assistance and government's decision to proceed, which was taken more on grounds of imperial advantage.[30] The termination of both this scheme in 1928 and the International Rubber Regulation Agreement in 1944 was decided upon with little or no reference to British commercial groups (though by the latter date Malaya was occupied by Japan). There seems to be more justification for the view that during the inter-war period, Malaya was governed as part of a wider trading empire and not as an independent unit.[31]

Just as it is inaccurate to suppose a complete identity of interest between government and business, so also the available evidence indicates strong and persistent divisions between British rubber producers along such lines as the United Kingdom – and locally – based companies, or between the pioneer companies and the newer flotations (the so-called 'old' and 'young' producers). This brought frequent complaints from high officials that the industry could not represent its needs with a united front.[32] Despite the presence of a colonial administration it does not seem that western, and specifically British, business interests were able to manipulate the situation consistently to their own advantage, nor indeed that preferential treatment by government was essential to profitable operations. It is worth noting D. H. Burger's similar comment about Dutch policy in the Netherlands Indies; 'The production guided by Westerners, and by non-Natives in general . . . developed on its strength . . . In most cases it was not necessary for the colonial authorities to lend more support to the Western *entrepreneurs* than is a [*sic*] regularly given in modern countries elsewhere.'[33]

However, the rubber regulation schemes did affect the relative positions of estates and smallholdings principally through the assessments for standard production and, during much of the 1930s, prohibitions on new planting and the alienation of fresh land for rubber cultivation. It has been argued that Malaya was thus prevented (and by tin restriction also) from expanding the output of commodities in which it had the greatest advantage.[34] This is correct to some extent, but exactly how far production would have been extended in the absence of controls is a very difficult question to answer. In the case of rubber, estates had reserves of unplanted land from previous alienations. Asian smallholders were seeking further land in the later 1920s and again in 1939–40, besides which unauthorised planting took place. But the balance of economic advantage did not continually favour Malaya, nor were government policies the only factors determining the rate of expansion. Much of the readily-accessible land areas had already been opened up by this stage. Malaya, having reaped substantial pioneer profits up to about 1920, began increasingly to face constraints arising out of the emergence of rivals, for example, rubber smallholders in Sumatra and Dutch Borneo.

The question of diversification into other crops and also into manufacturing industries arose from time to time. With the possible exception of oil-palms, no really notable developments appeared in either field. The primary evidence on the attitude of government is fragmentary but does not suggest an invariable preference for agriculture rather than industry. The approach was a pragmatic one and, as argued earlier in this paper, tended to lag behind the trend of development rather than leading it. This did not mean a complete absence of principles underlying policy. For instance, officials were reluctant to approve anything which could create a monopolistic situation. Promoters of industrial projects preferred the guarantee of exclusive local production and trading rights for an initial period, and in this respect it could be held that the government's view was not conducive to progress. But perhaps the relative lack of industry in Malaya was due more to problems such as the limited size of the local market, the supply of raw materials and the availability of cheaper competitive products. Even with the proximity of rubber growing, no large-scale consuming industry developed. The trade in rubber was geared to world markets, not to the supply of comparatively small quantities to local manufacturers who in any case had some difficulty in producing goods like rubber sandals at a price to compete with wooden clogs worn by the lower-income groups.[35] In the field of technology, apart from specific examples such as the tin dredge, there was again a limited incentive for western businesses rapidly to introduce revolutionary methods at all stages of the production process. As W. A. Lewis has said of the tropics between about 1880 and 1913, economics of scale were not very significant, most crops receiving only elementary processing, and '. . . the small farmers used the same seeds and got more or less the same yields as the big farmers. Except in sugar and tea, there was no technical reason for plantations.'[36] Rubber cultivation was first developed along estate lines in Malaya because of a particular conjunction of historical circumstances, but smallholdings soon followed and in the years just before the First World War their total acreage was expanding at a faster rate than the estates. Smallholder production methods, with heavy tapping and minimal expenditure on latex-processing, weeding, etc., have usually been characterised as inferior to those of estates particularly in the quality of the rubber produced. But, up to the 1920s virtually the entire industry grew its trees from unselected seeds. Although the more densely planted smallholdings could at times achieve higher yields per acre than estates, there was no major technological disparity between the two sectors in this respect until the development of high-yielding types of trees, which estates could more readily utilise, during the 1930s and after the Second World War.[37]

The effects of British administration on the economic position of the Malays has been the subject of a continuing debate in academic studies, and also in more popularised accounts since at least the 1930s.[38] The trend of assessment has not been favourable, turning on the point that through either

official paternalism or neglect, the Malays were unable to participate fully in the development of the country. The argument goes that the British were preoccupied with the promotion of foreign-owned business interests. One of the most recent books joins together paternalism and neglect as an explanation of Malay retardation.[39] But these two elements cannot co-exist as bases for a single policy. Paternalism requires an active involvement with someone, even if the results of that involvement are judged to be neglectful of particular long-term interests of the subordinate party. The surviving administrative records support the charge of paternalism rather than neglect. The British took the view that the Malays were the only permanent agricultural population of the Peninsula, on whom would devolve the main task of food production. Hence, the official policy of encouraging them in rice farming, and to a lesser extent vegetables, poultry, etc., and of ensuring through the Malay Reservations enactments that 'ancestral' land[40] should not pass under the control of non-Malays. This legislation was supplemented at times of acute depression, for example, in 1931–32, by laws to reduce the number of forced sales of smallholdings at the instance of creditors. During the inter-war period co-operative movements were promoted among government servants, Indian estate labourers and rural Malays. However, these various policies fell a long way short of achieving the desired results. Malayan domestic rice production, planted area and yield per acre showed relatively small increases during the 1930s.[41] Malay-owned lands, through various devices such as leases and powers of attorney did continue to come under effective control by other races. The co-operative societies, notably those in Malay villages, had a high failure rate and did not lift the peasants out of the fairly widespread condition of indebtedness to private moneylenders. The precise extent of losses of land by Malays and the aggregate amount of their indebtedness are difficult to ascertain, but it is clear that the administration was far from having the power to effect fully whatever social and economic policies towards the Malays were judged desirable by British officials. To some extent this was due to the fact that the latter lacked the requisite knowledge of the structure of Malay society. It has frequently been said that British policies were governed by a concept of the Malays as essentially a non-commercial people best kept firmly attached to the village, the land and the production of crops (such as rice) which involved the least degree of speculation.[42] A similar approach is evident in other countries, for instance, an article on British economic policy in Africa makes some very illuminating observations concerning the lack of encouragement given to indigenous commercial initiative. It is suggested that the typical district officer, a product of a public school and Oxford or Cambridge University, had a strong predilection for a peasantry free from involvement in commerce. Yet these officials came from an industrialised society which had no peasantry. Thus, as a group, they lacked insight into the problems of such a class and were '. . . not naturally qualified to initiate flexible instruments of

change.'[43] This observation has considerable relevance to the Malayan situation.

However, British paternalism did not reduce the Malays to passive receivers of induced attempts at change. They perceived the possibilities of rubber cultivation on a smallholding scale and gained a substantial share in the industry[44] without government assistance or encouragement. Officials regarded this crop as too speculative for Malays, but never felt able to impose any general prohibition on rubber planting by them (though specific 'no rubber' conditions were placed on land alienated for wet rice cultivation after the First World War). It seems doubtful whether the administration possessed a sufficiency of resources in terms of trained officers to supervise specialised projects like co-operative societies, or the finances to support these programmes consistently (government revenue being subject to severe fluctuations in concert with tin and rubber prices). Elements of economic choice were open to the Malays and were exercised, as P. T. Bauer notes for Sumatra and Borneo, primarily in the development of rubber smallholdings since these did not involve wholly new techniques of production and therefore required less of a break with traditional pursuits.[45] Another commentator suggests that the Malays remained largely outside the estate and mining sector because their population density was not great enough to force an exodus from the villages, and also that opportunities for spending on consumer goods may have been limited, thus reducing the need for cash incomes.[46]

Further research will doubtless modify particular aspects of the interpretations put forward in this paper, but in general there are valid grounds for arguing that the advent of colonial administration in Malaya was not by itself sufficient to determine the pattern of economic development which emerged subsequently. W. A. Lewis, speaking in broad terms, considers that '. . . it seems almost an accident whether the government would be helpful or adverse to development . . . even . . . the colonial governments.'[47] He considers that where tropical countries were able to respond to world demand for primary commodities, their modern sectors grew as rapidly as those of Western Europe, at least to 1913, but were adversely affected by the First World War and the major depressions of the inter-war period.[48] This assessment seems an appropriate one to apply to Malaya. It has become virtually a standard part of any study of the Malayan economy to remark that, through heavy dependence on the sale of tin and rubber in world markets, Malaya was subject to fluctuations caused by the changing state of the economies of the industrialised countries which purchased these commodities. We may go further and suggest that this open-ness was an influence at least as strong, if not more so, as the colonial administration in affecting the pace and direction of economic development.[49] This fits in well with the contention in the first part of the paper that changes in response to international markets were already occurring in the local economy in Malaya prior to the advent of the

British administration which, in that sphere, does not constitute a major discontinuity.[50] It is not, however, the purpose of this paper to 'explain away' colonial rule as a significant influence in modern Malayan history. The British presence was deeply felt in many respects,[51] but if it is used virtually as a single factor explanation the result could well be an unbalanced and rather introspective interpretation. A broader frame of reference is desirable.

Notes

1 Wong Lin Ken, 'The Economic History of Malaysia: A Bibliographic Essay', *Journal of Economic History*, XXV, 1965, 242–62. This survey includes the former British territories in North Borneo which became part of the Federation of Malaysia in 1963.
2 W. A. Lewis (ed.), *Tropical Development 1880–1913*, London, 1970, chapter 1.
3 In a summary of this type, it is not possible to give attributions for the component parts.
4 Lim Chong Yah, *Economic Development of Modern Malaya*, Kuala Lumpur, 1967, p. 258.
5 Michael Adas, 'Imperialist Rhetoric and Modern Historiography: The Case of Lower Burma before and after Conquest', *Journal of Southeast Asian Studies*, III, 1972, 175–92.
6 J. C. Jackson, *Planters and Speculators*, Kuala Lumpur, 1968, p. 6.
7 Wong Lin Ken, *The Malayan Tin Industry to 1914*, Arizona, 1965, pp. 43–7.
8 Khoo Kay Kim, *The Western Malay States, 1850–73*, Kuala Lumpur, 1972, p. 108.
9 *Ibid*, p. 55.
10 R. G. Cant, *An Historical Geography of Pahang*, Malaysian Branch Royal Asiatic Society, Monograph No. 4, 1973, pp. 34–7.
11 C. M. Turnbull, *The Straits Settlements, 1826–67*, London, 1972, p. 314.
12 Khoo Kay Kim, pp. 226–7.
13 Lim Chong Yah, p. 192.
14 For a fuller statement of this argument, see J. H. Drabble, *Rubber in Malaya, 1876–1922*, Kuala Lumpur, 1973, pp. 206–7.
15 Khoo Kay Kim, pp. 226–7.
16 E. Sadka, *The Protected Malay States, 1874–95*, Kuala Lumpur, 1968, p. 381.
17 K. Sinclair, 'Hobson and Lenin in Johore: Colonial Office Policy towards British concessionaires and investors 1878–1907', *Modern Asian Studies*, 4, 1967, 335–52; Sharom Ahmat, 'The Structure of the Economy of Kedah, 1879–1905', *Journal of Malaysian Branch, Royal Asiatic Society*, XLIII, 2, 1970, 1–24.
18 Sir Frank Swettenham, *British Malaya*, revised London edition, 1948, pp. 262–3, 369–70.
19 See Wong Lin Ken, chapter III.
20 P. J. Drake, 'Natural Resources *Versus* Foreign Borrowing in Economic Development', *The Economic Journal*, LXXXII, 1972, 951–62.
21 See E. Sadka, chapter X.
22 J. H. Drabble, p. 229.
23 J. H. Drabble and P. J. Drake, 'More on the Financing of Malayan Rubber 1905–23', *Economic History Review*, 2nd Series, XXVII, 1974, 108–20. In a sample of seven companies, the vendors' shares represent nearly half the initial issue.
24 P. J. Drake, 'Natural Resources *Versus* Foreign Borrowing . . .', pp. 952–3, 960.
25 See J. H. Drabble, chapter I.
26 *Ibid*, p. 92.

27 Noted by J. C. Jackson, pp. 266–7.
28 Wong Lin Ken, pp. 237–8.
29 From 1937 to 1941 rubber exports from the British Empire averaged US $200–225 million a year of which Malaya accounted for about US $165 million. In 1937 rubber formed 23.7% of domestic exports from British territories. Figures from a draft report in 1946 for submission to the Rubber Study Group, London.
30 See J. H. Drabble, chapter 6.
31 P. P. Courtenay, *A Geography of Trade and Development in Malaya*, London, 1972, pp. 126–36.
32 J. H. Drabble, p. 166. These divisions have never been wholly overcome even to the present time.
33 D. H. Burger, *Indonesian Economics*, The Hague, 1966, p. 319.
34 P. P. Courtenay, p. 133.
35 This relates to the situation in the inter-war period and is based on the author's current research on the Malayan rubber industry, 1922–42. J. C. Ingram explains the slow development of the industry in Thailand as partly due to the limited size of the local market and the lack of domestic raw materials. See his *Economic Change in Thailand 1850–1970*, Revised edition, Kuala Lumpur, 1971, pp. 132–5.
36 W. A. Lewis (ed.), p. 19.
37 J. H. Drabble, pp. 206–7. The average yields for unselected seedling trees were around 500 lbs per acre per annum compared to 1,000–2,000 lbs per acre and above from high-yielding trees which are the results of prolonged experiments in plant breeding.
38 See e.g. R. Emerson, *Malaysia*, Reprint, Kuala Lumpur, 1964; G. Bilainkin, *Hail Penang*, London, 1932.
39 David Lim, *Economic Growth and Development in West Malaysia, 1947–70*, Kuala Lumpur, 1973, p. 59.
40 This referred particularly to *kampong* (village) land which was the site of rice planting, fruit trees, houses etc. considered integral to the maintenance of settled communities of Malays, whereas *kebuns* (gardens) were planted with crops of commercial and more speculative importance, mainly rubber.
41 The index figures for the production, planted area and yield of rice in 1936–40 are 106, 101 and 105 respectively (1931–5 = 100). Lim Chong Yah, Table 6.7, p. 151.
42 See David Lim, p. 59; P. P. Courtenay, pp. 126–36.
43 Cyril Ehrlich, 'Building and Caretaking: Economic Policy in British Tropical Africa, 1890–1960', *Economic History Review*, 2nd Series, XXVI, November 1973, 650, 654.
44 In 1953 Malay-owned smallholdings totalled approximately 648,000 acres out of a total 3,647,000 acres of rubber. Lim Chong Yah, pp. 329, 332. W. A. Lewis (ed.), p. 24, suggests that the governments of tropical countries in general, though not actively hostile to small-scale agriculture, seldom had positive policies in support of this sector.
45 P. T. Bauer, *Dissent on Development*, London, 1971, p. 44. This observation can be applied to Malaya, except that the extent of the peasant switch to rubber-growing as a sole means of livelihood was probably greater there than in Sumatra or Borneo.
46 J. D. Gould, *Economic Growth in History*, London, 1972, p. 249.
47 W. A. Lewis (ed.), p. 27. P. T. Bauer, pp. 152–3, argues that there is no reason to think that sovereign governments would have been more favourable to economic development than colonial ones.
48 See W. A. Lewis (ed.), chapter I.
49 See J. A. M. Caldwell, 'Some Aspects of South-East Asian Economic History',

Journal of the Historical Society, University of Malaya, III, 1964/5, 83–93. He argues that the relationship between impersonal world economic forces and South-East Asian economies has been insufficiently documented and analysed in many previous studies.

50 One of the latest studies of the importance of economic factors in western imperial policy, D. K. Fieldhouse, *Economics and Empire, 1830–1914*, London, 1973, does not find any discontinuity therein during this period.

51 D. K. Fieldhouse, *The Colonial Empires*, London, 1966, p. 382, suggests that 'Colonial status was primarily a political phenomenon.'

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HEALTH AND HEALTH SERVICES IN BRITISH MALAYA IN THE 1920s

J. Norman Palmer

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Introduction

British Malaya was a very unhealthy place in the early years of this century. Malaria, ankylostomiasis or hookworm, venereal disease, tuberculosis, dysentery, pneumonia, beri-beri, cholera and still other diseases accounted for thousands of deaths annually in the 1920s. Typically, persons suffered from two or more maladies at the same time. In the Federated Malay States (F.M.S.) probably more than half of those listed as dying from malaria also suffered from hookworm. Many pneumonia deaths were due to tuberculosis. Chronic malnutrition combined with malaria, hookworm and diarrhea in many, perhaps most, pregnant women to produce high infant and maternal mortality.[1] The majority of the living were more or less continuously afflicted with disease. Most of the diseases were debilitating and slow to kill. Most were preventable although that was imperfectly understood.

The purpose of this essay is to provide an introduction to health conditions and health services in British Malaya in the 1920s.[2] No attempt is made to assess the impact of disease and death on attitudes and values or on energy levels and productivity although it must have been substantial. Nor is any serious effort made here to apply insights gained from this study to other questions of historical interest although it would be valid to do so.

Very little historical scholarship has been undertaken on health in Malaya for any time period. Historians of Malaysia have mostly treated the tin and rubber industries; the plural society; and constitutional, political and administrative subjects; and the Malays and their values. Although scholars are beginning to turn to the subject of health,[3] much of what has been published has been by British or Malaysian medical persons who were themselves participants. They have focused on particular diseases or aspects of the medical services or their own roles.[4]

The paucity of scholarly attention may in part be due to the implicit acceptance of one of the conventional wisdoms about western imperialism, viz., that western medicine benefited indigenous people by waging a successful struggle against disease and death usually in a context of dirt and ignorance. But it may not be fully appreciated that in Malaya the very high incidence of disease and death in the early years of this century was the result of the large capital investments in export agriculture, mining, and public works which accompanied British rule. Existing ecological balances were disturbed, and conditions were created for some parasites to multiply and spread.[5] The many hundreds of thousands of Indian and Chinese immigrant workers brought to Malaya—without whom the capital investments could not prosper—were unprepared. They lacked natural immune systems, were often poorly nourished, were sometimes diseased on arrival, and were usually placed in working and living situations in which multiple infections were virtually certain. The resident Malay population did not escape the spread of sickness. The Government's medical officers and staff, the principal providers of western medicine and of medical care generally, lacked sufficient knowledge and experience to cope. Traditional or indigenous systems of medicine to the extent they were practiced also proved lacking. The inadequacies of the medical practitioners combined with popular beliefs and practices as well as fear and suspicion resulted in many tens of thousands of deaths.

Sources and data

This essay is drawn almost entirely from primary sources in English which are abundant. They include annual departmental reports of the Federated Malay States and the Straits Settlements (S.S.); the proceedings of the F.M.S. and S.S. legislative councils; reports of committees, boards and commissions; dispatches between the Secretary of State for the Colonies and the High Commissioner/Governor; company and employer association reports; medical and other journals; and newspapers.

The historian's pleasure with the abundance of primary sources is offset somewhat by shortcomings in the accuracy of the statistical data. A few examples will illustrate the problem. Much of the data is hospital oriented, but many sick persons could not get to a hospital and hundreds, probably thousands, avoided them. Employers were required by law to submit health returns on their workers but a majority did not do so while many of those who did understated or perfunctorily wrote 'nil' on the form. Professional determination of the cause of death was done only in a minority of cases. Many deaths went unrecorded. A fair conclusion is that the official data frequently understated the actual incidence of both disease and death.

The 1920s

The first major efforts to improve the health of the population did not get underway until the 1920s. In British Malaya, it was the time when the ideas of Joseph Chamberlain and Frederick Lugard converged, and health was the principal field of endeavor. Sir Laurence Guillemard became Governor of the S.S. and High Commissioner of the F.M.S. in 1920. He promptly declared Malaya to be a 'country of arrears, of things which have to be done.'[6] In his first major address to the F.M.S. Federal Council in November 1920, health and medicine were high on his list. He emphasized the need for additional doctors and nurses, noting that salaries for such persons in Malaya were below those '... at home, in India, and ... all over the world ...'[7] Mr Eu Tong Sen, a Council Member, asked that the High Commissioner take immediate steps to deal with such matters as: '... better sanitation, and the prevention of contagious, and infectious diseases such as malarial fever, consumption, influenza and venereal diseases. You will do humanity a vast service and earn our gratitude ...'[8] Guillemard was even more emphatic when speaking in the Straits Settlements where he observed that 'it is in the matter of public health that the whole of Malaya has been hardest hit by the war.'[9]

The F.M.S. obtained not only a new High Commissioner in 1920 but a new Chief Secretary as well. He was George Maxwell, third generation civil servant in Malaya and a person who had earlier demonstrated his interest in improving health, particularly by preventive measures. He would soon be in a bitter but losing struggle with Sir Laurence over questions of policy and power. Yeo Kim Wah has said that Maxwell sought to exclude Singapore-based Guillemard from F.M.S. affairs as far as possible.[10] He seems clearly to have done this with respect to health matters.

Maxwell moved quickly. He appointed three advisory committees, one each to deal with venereal disease, infant welfare and tuberculosis, with himself in the chair of each. He directed the Medical Department's Health Branch to begin sanitary inspections of schools and ordered the establishment of 'town dispensaries.'[11] The Malaria Advisory Board was rejuvenated; Maxwell again putting himself in the chair at monthly meetings. The Chief Secretary also ordered a campaign against yaws, especially among the rural Malays.[12] Finally, Maxwell was probably responsible, beginning in 1924, for a Government initiative to establish an ambitious program of health care for estate workers.

Malaria

Of the several major causes of illness and death, malaria was easily the most serious. It probably infected not less than half of the population of British Malaya in the 1920s. It was by far the single greatest cause of death. In 1920,

20,595 persons died of malaria in the F.M.S., representing 47.12% of all deaths.[13] During the decade 1911–1920, 200,000 persons are listed as having succumbed to the disease. During this period the population of the F.M.S. rose from 1,045,947 to 1,351,541[14] due to the arrival of many thousands of immigrants. Nearly as many persons died of malaria in the decade of the 1920s. For all British Malaya a fair estimate is that half a million people died of malaria between 1910 and 1930. The populations of the F.M.S. and S.S. in 1929 were placed at 1,562,401[15] and 1,131,903[16] respectively.

Dr Malcolm Watson, who had come to Malaya in 1901 as a Government Medical Officer and subsequently had become a physician in the employ of rubber estates, observed in 1923:

> The scourge of Malaria is upon us all. It makes rich and beautiful Malaya a land of terror . . . it has shortened many precious lives; it robs us of vitality, dulls the brain, separates husbands from wives . . .—it is, in a word, the great curse of the tropics, . . .[17]

Dr Watson estimated that in 1919 two million working days were lost by laborers ill with malaria at a cost of about $1,000,000 in lost production.[18]

Still, as the 1920s began authorities were encouraged. The annual incidence of death declined, and 1925 proved to be the healthiest year in several. In the F.M.S., in a population estimated at 1,447,243 (as of 30 June 1925) 34,153 deaths were recorded with fewer than 15,000 deaths attributed to malaria.[19] Authorities had no very precise explanation for the improvement other than that people were said to be eating better and measures to improve health were beginning to have effect.[20] But the improvement was shortlived. Malarial deaths rose dramatically in 1926 in both the Straits Settlements and the F.M.S. and the latter was described as experiencing an 'epidemic of malaria.' Deaths due to malaria remained very high in 1927 and 1928 with 20,533 deaths in the latter year.[21] Groping for an explanation, the recrudescence was attributed to heavy rains followed by 'drought' and to the clearing of jungle for new estates. There were also large increases in both Indian and Chinese immigrant workers in the second half of the decade.

Malaria was a disease which could best be fought with preventive measures. The Government's policy was to prevent malaria by destroying mosquitoes. Malaya's pioneer in mosquito destruction was Dr Watson, quoted above. By destroying mosquitoes, Watson dramatically reduced the incidence of death in the vicinity of Kelang in Selangor. It was soon discovered, however, that different kinds of malaria-carrying mosquitoes bred in different environments. What was effective in destroying one kind of mosquito in one environment sometimes spurred the multiplication of another species of malarial mosquito elsewhere.

The Government took numerous initiatives with respect to malaria. Directing and attempting to coordinate efforts in the F.M.S. was the Malaria

Advisory Board (M.A.B.). Maxwell soon handed over the Chair to the Principal Medical Officer (P.M.O.). He was joined by the Senior Health Officer (S.H.O.), the British Residents of each of the four F.M.S. States, the General Manager of the Railways, the Director of Public Works, the Director of the Institute of Medical Research and others. The M.A.B. advised the Government on policy relating to malaria, undertook investigations, and engaged in public education. It employed an engineer to advise it and to review proposed anti-malarial construction projects. In particular it approved, funded and coordinated anti-malaria projects throughout the F.M.S. proposed by local or district Mosquito Destruction Boards (M.D.B.). The M.D.B.s had their origin in Perak when Maxwell was British Resident there. They were then extended throughout the F.M.S.

Agenda items from M.A.B. meetings illustrate the variety of its activities. In the early part of the decade, among other actions, the M.A.B. approved $9000.00 for an anti-malarial drainage scheme in Kajang, Selangor; $20,000 for a similar scheme in Taiping, Perak; heard and discussed reports of 'malarial outbreaks'; discussed malaria at Port Dickson which was to be developed as a seaside resort; decided against a proposal from Perak for the 'indiscriminate closing of fish ponds'; rejected wax models 'illustrating the life history of mosquitoes' as likely not to stand up to the climate; discussed the use in America of 'paris green' as a larvacide and conducted its own experiments with this arsenic compound; debated the minimum size of a mosquito curtain; assigned responsibility for periodic inspection of subsoil and earth drains; and issued 'propaganda' circulars and leaflets.[22]

The Malaria Advisory Board framed Government's policy on responsibility for anti-malarial work in May 1923. The policy was that '. . . every land proprietor is under the burden of carrying out proper and reasonable anti-malarial measures upon his land . . .' except that in regard to smallholdings (properties of 25 acres and less) and sanitary board areas (or parts thereof) Mosquito Destruction Boards '. . . may assume the burden of carrying out all proper and reasonable measures, and if it desires to do so can . . .' recover the cost by imposing an assessment.[23] The state-owned railway was responsible for anti-malarial works on 'railway reserves' while Mosquito Destruction Boards were responsible for Government 'reserves' and state lands. It was further the policy of Government that contiguous estates should cooperate with each other, with Mosquito Destruction Boards and with Health Officers.[24]

Important in the treatment of malaria was the free distribution of quinine tablets. The tablets were distributed by the Health Branch, utilizing district offices, police stations, schools, post offices, penghulus and travelling dispensaries. Quinine was also available at hospitals but there it was sold unless the patient could not pay.[25] By the end of the decade, the Health Branch was distributing about two million quinine tablets annually.[26]

Education of the public was an important aspect of the struggle against malaria. Pamphlets were distributed in English, Malay, Tamil and Chinese. Lantern slide lectures were introduced in clubs and schools. In 1923, a lecturer visited 33 towns and villages in Pahang and showed 'lantern slides' to about 10,000 persons, 'mostly Malays.'[27] By 1926 portable equipment was in use so that lecturers could go to '. . . villages right in the jungle' if necessary. Pictorial charts showing the 'common anophelines' of Malaya were distributed to doctors and other medical staff so that easy identification was possible.[28]

The Institute of Medical Research in Kuala Lumpur did much useful work. Founded early in the century as a result of initiatives both in Malaya and Britain, Institute staff researched malaria, beri-beri, dysentery, and numerous diseases found in Malaya. Although there were occasional complaints that its laboratories were being used too much for routine testing, nearly every year in the 1920s witnessed important discoveries. In 1929, for example, the Institute discovered that hospital-treated malaria patients sometimes left the hospital carrying more malaria, in quiescent form to be sure, than when they entered. Such a person could infect a mosquito which would then become a carrier of the disease. Adjustment in the treatment reduced or eliminated this problem. The Institute also tested reputable medicines and commercial preparations against claims made for them. There were many of the latter on the market including 'Dr Williams' Pink Pills for Pale People' which promised to cleanse and purify malaria-ridden blood. The Institute found most of these to be 'useless.'[29]

The number of deaths due to malaria and 'undefined fevers' in 1930 was reported to be 16,721. To medical and health officers the number seemed not much of an improvement especially when the worldwide depression had caused the Government to repatriate several tens of thousands of unemployed immigrant workers. It was observed that '. . . estate labourers whose health had been unsatisfactory were the first to be discharged and repatriated. It follows that improvement in health statistics must be accepted with certain reservations.'[30]

Estate workers' health

Easily the most ambitious of the several health initiatives undertaken by the F.M.S. Government in the 1920s was the Health Boards Enactment of 1926.[31] It was clearly intended to give practical effect to the policy of landowner responsibility for anti-malarial work. The law was based on the recommendations of the Estates Health Commission of 1924, a body of prominent, mostly British, officials and unofficials, whose report is one of the most candid concerning estate laborers ever written in a colonial dependency. The Commission concluded that the health of estate workers was poor and that, although there were a few exemplary properties, the modest health and medical facilities required of estate employers under

existing law were not being provided and where provided were often inadequate.[32]

Much of the initiative behind the scheme outlined in the Health Boards Enactment was directed towards malaria. A number of British doctors including Dr Watson contended that malaria would never be brought under control until anti-malarial measures were extended to the rural areas. Managers of many estates, large and small, had resisted official efforts to induce them to undertake such measures. They had several explanations, one of which was that mosquito control works were a waste of money as long as the smallholding and *kampong* (village) next door did nothing. It was intended that under the new law such neighboring properties as well as estates with no or inadequate facilities would be brought into comprehensive anti-malarial and other health schemes. The whole effort was to be paid for by per-acre cesses on estate properties plus cash contributions by the Government.

The Health Boards Enactment was amended many times and implemented very slowly to allow time, so it was said, to gather needed data for specific anti-malarial and other projects and in order not to disturb needlessly existing estate practices of private doctors, called 'visiting medical practitioners.' Most European and Chinese estate employers opposed the scheme. They objected to the costs and to the assumption by the Government of additional powers. Not much had been accomplished when employers in 1930 successfully sought its termination. They pleaded financial hardship arising from the severe slump in rubber and tin prices accompanying the world-wide depression.[33]

The Rockefeller Foundation

Ankylostomiasis or hookworm infected the great majority of people in Malaya in the 1920s. It settled in the intestines and feasted on the host's blood, producing anemia. While it occasionally killed by itself, more often it contributed to deaths attributed to some other disease. While deploring hookworm, the Government largely ignored it in so far as initiating programs to fight it among the general population, probably because reinfection occurred so easily. To combat the disease effectively required expenditures on sanitary facilities which the Government was slow to undertake as well as changes, it was said, in the mores of the people.

The International Health Division of the Rockefeller Foundation played an important role in combating hookworm in the Straits Settlements and indeed in introducing other health measures and services in the 1920s. The Foundation had had experience fighting hookworm elsewhere, and in 1916 it sent Dr S. T. Darling, an American specializing in malaria and hookworm research, to Kuala Lumpur. Darling and other doctors, including Dr H. P. Hacker of the F.M.S. Medical Department and later Senior Malaria Research Officer at the Institute of Medical Research, undertook malaria and

hookworm studies. Then, in 1923, the Government of the Straits Settlements formally invited the Foundation to undertake work in the Colony. F.M.S. authorities chose not to participate. Drs M. E. Barnes and Paul F. Russell arrived in February 1925 to do a preliminary survey of rural health conditions and specifically to ascertain the degree of hookworm infestation.[34] The survey, completed in September of the same year, found that 73.3% of the population of the S.S. was infected by hookworm.[35] A survey of Malacca school children found more than 90% of them infected.[36]

Subsequently an agreement was made between the Foundation and the Straits Settlements Government for a three-year Rural Sanitation Campaign. The Government would work towards the control of soil pollution and the Foundation would attempt mass 'anthelmintic publicity and treatment.'[37] Hookworm treatment was undertaken because:

> There is a considerable educational or psychological value in mass anthelmintic treatment by the demonstration of the actual removal of worms in large numbers . . . hookworms in a stool make a real impression in the minds of the people . . .[38]

While Foundation doctors and their local staff concentrated on purging individuals of hookworms, their purposes were much broader. Especially, they expected that the S.S. Government would establish rural health centers that would continue hookworm treatments after their departure. The centers would also engage in infant welfare work, undertake anti-malarial activities, treat venereal diseases and provide other preventive and curative services. The Rural Sanitation Campaign began in Malacca in February 1926 and concluded in Singapore in December 1928.

Research continued while treatments were administered. The staff found that in the rural areas infection was highest among the Malay population. 'Promiscuous defecation' was the problem. The absence of sanitary latrines meant that the hookworm ovum lived in the soil only to enter another human being who walked barefoot. Numerous soil tests found the hookworm ova to be 'general and widespread.'[39] As late as 1926, sanitary toilets were a rarity even in the homes of colonial administrators and the well-to-do. The most advanced means of disposing of night soil was the 'bucket system' which had its deficiencies. It was estimated that within three years a person purged of hookworm would become fully reinfected if the soil remained polluted. While elimination of soil pollution was the goal, it was recognized that many years would elapse before one could safely walk barefoot in a kampong. A majority of the population did not wear shoes.

Use of night soil by Chinese vegetable gardeners was another common means of recycling the hookworm as well as cholera, tuberculosis and other diseases. It was observed:

> This vicious circle, into mouth, through body, into a defective conservancy system, on vegetables and back into mouth again is so direct in Malaya, that all of the disease-causing organisms or eggs involved easily retain their viability.[40]

The conclusion was that '. . . it is literally impossible to render night-soil contaminated vegetables or unpeeled fruit safe to eat . . .' by washing or disinfectants. Chemicals strong enough to kill the worm eggs spoiled the vegetables. Proper night-soil disposal systems were the only means of preventing intestinal diseases.[41]

Two important steps were taken which in time did much to reduce the incidence of hookworm. First, an effort was made to establish the shoe-wearing habit. The doctors concluded that it was necessary to make inexpensive shoes available. An approach was made by the program director to Mr Tan Kah Kee, a businessman of growing prominence, to induce him to begin manufacture of 'a special rubber-soled shoe of wide-toe last to retail at a price of about 70 cents Straits (40 cents gold) per pair . . .' Mr Tan agreed and offered to give 2000 pairs to the Rural Sanitation Campaign. The new shoes were made from special lasts developed from 1000 foot tracings of Malay children taken by the Foundation staff. The phrase 'Better Shoes than Shrouds' was coined to publicize the use of the new footwear.[42] They became very popular and in time were worn by nearly all Malayans. The other step was to introduce the bored-hole or tube latrine. It proved to be an effective way of disposing of nightsoil and apparently came into wide use on estates and in rural areas in the 1930s.

Education of the public was a very major aspect of the Campaign. Films and slides were shown, posters distributed and lectures undertaken. More than 1500 lectures were given to audiences totalling an estimated 80,000 persons.[43] School debates and contests were held.

Venereal disease

Combating venereal disease was a major Government public health effort in the 1920s. Concern seems to have been first raised in Britain where it was feared that soldiers returning from the War would spread the disease among the general populace. Investigations in Malaya, while informal, produced shocking conclusions. Nearly half the European male population was thought to have venereal disease, while about 80% of the 'native population' of males were said to be afflicted with little distinction as to race. These figures should not cause surprise, said a prominent British doctor. Venereal disease, he said, was linked to prostitution. As the society had many more men than women—a result of the need for labor—prostitution was a natural consequence of the need to satisfy a human need.[44] Public awareness efforts began in 1920 and subsequently formal

campaigns were launched in the Straits Settlements and Federated Malay States.

Venereal disease was first treated on 'an organised scale' in the F.M.S. at the Kuala Lumpur district hospital in 1923. Then in July 1924, a venereal disease clinic was begun in a shop house in Sultan Street in Kuala Lumpur. Additional venereal disease centers were opened in Ipoh, Taiping, Seremban and Kelang. It was noted that the centers had to be 'concealed' in town dispensaries so that attendees would not be stigmatized.[45] In the meantime, the Medical Department had established a venereal diseases division and employed a 'Venereal Disease Specialist.' In mid-1925 the specialist, Dr E. Arthur Smith, had a staff of 13, mostly dressers and attendants. Subsequently his title was changed to the less offensive 'Chief Medical Officer, Social Hygiene.' By the end of the decade, there were six clinics and 53 'treatment centers' in the F.M.S. The number of persons treated rose annually to 40,802 in 1929. Prostitutes were a significant portion of the female patients seeking treatment and numbered more than 1600 in Kuala Lumpur in 1928. Syphilis was the principal form of the disease followed by gonorrhea, and more Chinese sought treatment than persons of other communities.[46]

The link between venereal disease and prostitution was much debated in the 1920s. The Anglican Church in Malaya and organizations in Britain, offended by the official pragmatism of treating venereal disease, wished to have brothels closed and moral principles inculcated. Brothels, older than British rule, had been allowed to operate, indeed to flourish, under British rule. Attempts—possibly not always very effective—were made to regulate them, and brothel-keepers whose inmates were found diseased could be prosecuted. Two brothel-keepers in Sungei Besi and Ampang in Selangor were convicted in 1925.[47] Subsequently, under pressure from the Secretary of State for the Colonies, steps were taken to close brothels in the F.M.S. and S.S. In the F.M.S. 167 and 107 brothels were closed respectively in 1929 and in 1930. Nearly 2000 prostitutes were said to have been made 'homeless.'[48] The alleged consequences were a rise in 'sly prostitution' and an increase in venereal disease.

Infant welfare

Infant mortality in the F.M.S. at the beginning of the decade was extremely high. The principal cause was the malnutrition of the mothers combined with other diseases and usually complicated by diarrhea or dysentery and sometimes by venereal disease. In Pahang, the State with the poorest health, one out of three Malay children was said not to survive infancy in 1919.[49] In the years before 1920, the F.M.S. experienced infant mortality of about one out of four live births. The Resident of Negri Sembilan observed in 1919 that 'Some sort of infant welfare organisation seems urgently needed.'[50] The first

of five Infant Welfare Centers operating in the 1920s was established in Kuala Lumpur in July 1922 at the corner of Java Street and Pudu Road. It was under the direction of a Lady Medical Officer, M. Josephine Were. A center was operating in Ipoh by April 1924. Another center was established in Taiping. A fourth was opened in Seremban in August 1926.[51] There were in addition in both the F.M.S. and the Straits Settlements private Chinese maternity hospitals maintained by the Chinese community.

The Infant Welfare Centers were described in 1926 as 'very large out-door clinics for women and children' who would otherwise not go to hospitals or town dispensaries.[52] Instruction was offered in prenatal care and infant care and nutrition. The latter was more popular than the former. The centers were under the supervision of Lady Medical Officers and each had one or more European Sisters as well as Asian nurses.

In Kuala Lumpur, a motor bus was purchased and used to 'collect women and children who want to come in from outlying parts of the district' but are too poor to pay the expense of the journey.[53] This service was said to be primarily for Malays, Dr Were observing in 1927 that '. . . Malay parents must be collected and delivered otherwise one would never see the majority of them.' Some of the Malays were said to have never previously left their kampongs. But '. . . when a few of the more heroic ones had ventured out and were returned safely the others lost their initial fears . . .'[54]

'Health visitors' attached to the centers made visits to homes of newly-born children. Knowledge of new births was provided by the Kuala Lumpur Chief of Police to the center on a weekly basis. At first the visitors were not well-received. But by 1926 they had become accepted '. . . even by the old militant grandmother . . .'[55] In Singapore infant welfare work was undertaken by private and official agencies. The Singapore Child Welfare Society, a private agency, was founded in 1923 with official encouragement and Lady Guillemard served as president. Two years later it was operating a center in Jalan Besar. The Government assisted with a small cash contribution and a free supply of medicines. Milk and other infant foods were supplied by private companies.[56]

In both the F.M.S. and the S.S. 'well baby shows' were a feature of the 1920s. The Singapore Child Welfare Society was the sponsor in that city. The organizer of the show in 1926 was Dr Gilbert Brooke who worked actively on behalf of the Society. It was held at the Victoria Memorial Hall with the orchestra from the Adelhi Hotel providing music during the afternoon. There were 130 entrants; interestingly, the first prize went to two-and-a-half month old Noboru Yoshiru, a Japanese baby. A Japanese infant had, also, taken first prize in the previous year.[57]

Infant Welfare was a British Empire concern in the 1920s. Dr A. L. Hoops, head of the Medical Department in the S.S., attended the third 'English Speaking Conference on Infant Welfare' as an official delegate of the Straits Settlements Government in July 1924.[58] Hoops declared in Singapore in

February 1925 that '. . . there can never be a satisfactory standard of infant and child health in Singapore until the poorer classes of the community are provided with homes in which it is safe for children to be born and to be reared.'[59]

While infant welfare work proceeded in the major urban centers, the same cannot be said for smaller towns, most rural areas and on estates. In August 1927, for example, the town sanitary board of Kelang in Selangor, passed the following resolution unanimously:

> That this board views with grave concern the very high infant mortality in the district and strongly urges the Principal Medical Officer to inaugurate an Infant Welfare Centre in Kelang and the appointment of a trained nurse with motor conveyance to visit and educate the people in the kampongs on child welfare.[60]

The infant mortality rate in Kelang for the first six months of 1927 was placed at 186.45 and in nearby Port Swettenham at 192.25 per mille. These figures compared with 127.11 in Kuala Lumpur for June 1927.[61] A center, the fifth, was subsequently opened in Kelang. In addition, infant welfare services were offered in Telok Anson in Perak and by way of a motor launch on the Perak River.

The Agent of the Government of India in Malaya observed in 1928 that 'high infant mortality on estates is a matter of grave concern to the Indian community.'[62] In addition to infant mortality, neglect and starvation were causes of death among children on estates. The Government in 1921 acquired the authority to cause estate employers to establish creches. But it appears that few were established and those that were often functioned in a perfunctory way.

At the end of the decade, the Infant Welfare Centers were the pride of the F.M.S. Annual attendance at the five centers doubled to 150,239 in 1929 from 1926, and in addition in 1929 116,019 home visits were made.[63]

The F.M.S. Medical Department

In the F.M.S. the initial resonse to disease was to emphasize curative medicine and to build a large number of small, district hospitals. By 1920, there were 44 such hospitals as well as four 'European,' three women's and several specialty hospitals in the F.M.S.[64]

For reasons that are not entirely clear, the Medical Department's reputation suffered almost continually in the minds of the British and European population of the F.M.S. during the first three decades of the century. In 1919, shortly after influenza and malaria had reached epidemic proportions, the Chief Secretary observed that it is '. . . the fashion to disparage the work of the Medical Department . . .'[65] The Department, he said, carried on its work under great difficulties.

In the 1920s, the disparagement continued. Critical editorials were not uncommon in the English-language press. For example, *The Malay Mail* in August 1927 stated:

> It is notorious that the Medical Department is not regarded with particular respect and affection either by the general public or by the other departments, that internal harmony and teamwork are not its outstanding characteristics and that it does not enjoy the best of reputations at home.[66]

Medical services in Malaya were often compared unfavorably with services in Dutch-ruled Indonesia. Europeans in need of medical treatment, especially if it was specialist in nature, would go to the Netherlands East Indies. For a time, in the 1920s, the British Medical Association reportedly advised doctors in Britain not to take service in Malaya. While this was apparently a question of adequacy of salaries, other factors may have been at work as well.

There was much reluctance on the part of many Indians, Chinese and Malays to make use of Government hospitals. Among the reasons were distrust of western medicine; inappropriate diet; distance from home; absence of relatives and friends; stories of staff abuse, bribery and neglect; and the reputation of the hospitals as 'dying houses.' The last was partly because many sick persons would delay going to the hospital until it was too late to do much about their illness. It was not uncommon for a patient once in a hospital to be so unhappy as to 'escape' at the first opportunity.

The hospitals were a matter of gossip as well as newspaper debate in the 1920s. Patients or their relatives and friends reported tardy attention at admission, wrong diagnoses, inadequate attention after admission, overcrowding, wards swarming with mosquitoes, antiquated ceiling fans, poor food, bureaucratic errors, stray dogs, and decaying buildings. Deaths occasionally occurred unnecessarily. But the hospitals had their defenders, too, and such criticisms were said to be unfair and exaggerated.

A major public controversy erupted mostly among Europeans in 1927 when the Penang hospital visiting committee reported the General Hospital to be 'a scandal and a disgrace to the Colony' where 'human lives are being endangered without excuse.' The committee, whose membership included prominent British Penang residents, declared that the staff was inadequate, the equipment unsatisfactory and the building antiquated. When Dr Hoops publicly implied that the visiting committee had overstepped its authority by questioning two doctors, his 'subordinate officers,' who were on duty when the committee visited, the committee resigned *en bloc*. The scandal deepened.[67] Parochial jealousy was probably a factor in that Singapore was proudly acquiring a much publicized modern hospital. The Government subsequently announced that the Penang General Hospital would be rebuilt.

The Health Branch

The realization seems slowly to have come about that most of the diseases were preventable. By *c.* 1920, some persons in authority in the F.M.S., notably Maxwell, had begun to take an interest in preventive medicine and to give more attention to the Health Branch as contrasted to the 'hospital branch' of the Medical Department. The Health Branch had been established in 1911 primarily in response to stunning mortality among Indian estate workers. It was unpopular with employers who accused it of having only one solution to overwhelming disease among 'coolies,' viz., to close the property. But now hope was expressed that the Health Branch could obtain some improvement in conditions.

As a result the Branch's responsibilities grew in the 1920s. To the enforcement of the health provisions of labor legislation and the administration of immigrant quarantine facilities at Port Swettenham were added: supervision of food and drugs, school inspections, infant welfare, supervision of the health aspects of new building construction, the licensing and inspection of buildings, inspection of water supplies and drainage, antimalarial activities, estate health boards, public health education, the collection of vital statistics, and a home for Chinese decrepits.

The staff of the Health Branch had always been very small, a fraction of the number of staff assigned to hospitals. Then, in 1919, the Branch was authorized an increase to fifteen health officers and eight sanitary inspectors.[68] But the positions were not soon filled. The Estates Health Commission observed in 1924 that there were only five health officers and that the Branch's capacity to carry out its assigned responsibilities was 'clearly hopeless.'[69] Major expansion did not come until 1927. In that year, the Branch was authorized a total of 84 positions including 19 European Health Officers and 53 Asian staff. In addition, the title of Senior Health Officer was changed to Chief Health Officer, and three Senior Health Officers were appointed each for Perak, Selangor and Pahang, and Negri Sembilan. In 1928, authorized staff was raised to 121, including 28 Health Officers and 69 Asian staff. Actual positions filled in 1928 were 93 of whom 26 were British or European and 67 were 'Asiatics.' Of the latter, 61 were 'Health Inspectors.'[70]

Medical and Health Officers did not get along well at times. The causes of ill-feeling were several. The Medical Officers who were far more numerous had a strong curative bias and were hospital oriented. Health Officers, by contrast, saw their work as preventive and were field oriented. Like Medical Officers, Health Officers were doctors but with an additional credential, a diploma of public health. The latter gave them a significantly higher starting salary. The Health Officers had a certain zeal which was frequently articulated by Dr A. R. Wellington, Senior Health Officer of the F.M.S. During most of the decade, he was a vigorous champion of preventive medicine.

More than once he appears to have raised opposition to himself and his cause by his style. A Government commission in 1922 found that Dr Wellington's enthusiasm sometimes led him to be illogical and to draw 'unwarranted conclusions from statistics.'[71] Overall, Medical Officers were resentful, viewing the Health Officers as overly zealous and unfairly privileged. Health Officers, on the other hand, often appear to have regarded themselves as an embattled minority in possession of the true message.

The Health Officers formed their own professional association about 1923. The purposes of the Society of Medical Officers of Health were to promote public health and 'sanitary science.' It sought affiliation with the parent body of the same name in Great Britain. A doyen of British public health, Professor Bostosk Hill, visited Malaya in 1924. He was then Emeritus Professor of Public Health, University of Birmingham. He had served for 30 years as a county public health officer and was a past president of the Society of Medical Officers of Health of Great Britain. His visit to Malaya was at least partly motivated by a desire to see his son who was in private legal practice in Seremban, Negri Sembilan. But he made sanitary inspections, was feted at dinners, and spoke publicly and often about what public health could achieve if the prejudices of the traditionally trained doctor could be overcome! In Malaya '. . . little good work had been done . . . because the Health Department (*sic*) had not emancipated itself and been afforded a proper status . . .' He noted that '. . . in large towns like Kuala Lumpur cleanliness the basis of public health was so little understood, that conservancy of filth prevailed. . . .'[72]

Actually there was no Health Department, but it was not for want of trying. Wellington and his doughty band made several attempts to secede from the Medical Department. It was argued that Health Officers could not be recruited into a department with a curative bias and in which there was no opportunity to rise to top positions of responsibility. The idea of a separate health department was much discussed in Government and was sometimes spoken of as if it was an accomplished fact. At least one Government report had made such a recommendation in 1918. Dr Wellington for years spoke of the 'Health Department' in his reports and correspondence. But, secession did not occur.

Some observations

The 1920s witnessed the most ambitious efforts ever made on the part of British authorities to improve general health conditions and reduce sickness and death in Malaya.

In regard to malaria, the revival of the Malaria Advisory Board and organization of local Mosquito Destruction Boards in much of the F.M.S. together with the many anti-malarial projects completed must certainly have been beneficial to many communities. The Government also did come to

understand that the incidence of malaria rose with the opening of new land and the launching of construction projects. Thus, it began to take anti-malarial measures in advance of large public works projects. In 1929, for example, Government claimed that careful preparations had kept labor forces healthy on such projects as the Cameron Highlands road, the Ulu Sleh waterworks, and the Sungei Buloh leprosarium.[73] Still, in spite of much effort and some progress, malaria continued to be a very serious problem and by far the principal cause of illness and death. The F.M.S. Principal Medical Officer, remarked rather abjectly in 1930, that 'In spite of nearly thirty years of concentrated effort to combat this disease, malaria and the group of fevers of undefined origins continue to take a heavy toll of human life in the Federated Malay States.'[74]

The single most ambitious of the Government's several health initiatives was the Estate Health Boards Enactment of 1926 in the F.M.S. It was the only one to challenge powerful private economic interests, and the only one which attempted to place much of the responsibility and cost of health projects on employers. It was hailed as the first attempt '. . . ever made to place the work of estate health sanitation and treatment on a satisfactory and sound basis . . .'[75] The scheme failed in the sense that employers persuaded the Government to give it up, although a few projects initiated under it did survive.

The Rural Health Sanitation Campaign in the S.S. appears to have had an impact on public awareness of hookworm infection, and the beginning of the manufacture of inexpensive Malayan rubber shoes was one important means of eventually curtailing the spread of hookworm. The Foundation's work with the S.S. authorities had other good results.

At the end of 1926 and early in 1927, the Straits Settlements Legislative Council approved funds to install modern toilet facilities in every Government building in the Colony, including schools.[76] Having taken the first step, the Government could now '. . . without embarrassment . . . urge private individuals to build latrines.'[77] The Government also fulfilled its agreement to develop rural health organizations. The first 'district health centre' was opened in Jasin in Malacca in 1926. Other centers were opened in 1927 in Singapore, Tanjong Tokong in Penang, Butterworth in Province Wellesley, and Alor Gajah in Malacca.[78] Supervised on a part-time basis by an Assistant Surgeon serving as a Health Officer, each center employed male and female health and nursing staff. Although this initial staffing seemed quite minimal, the Foundation was pleased.

> The health sisters and nurses particularly are supplying a warmth of friendly spirit that is thawing out the well-known shyness of the Malays . . . There can be no doubt about their value or about the response of the rural people.[79]

Other Government programs (in both the F.M.S. and S.S.) for venereal disease, yaws, and infant welfare gave aid and treatment to thousands of individuals. The Infant Welfare Centers in the F.M.S. did much good work. Yet they only reached a small part of the population. Infants and mothers in most rural areas and on most estates apparently benefited not at all. Through the decade of the 1920s, annual infant mortality in the F.M.S. varied little from about 180 in one thousand. Still-births were numerous but were not included in infant mortality data. The *Straits Times* observed editorially in September 1929 that '. . . we have a long way to go in this country before we can rest assured that the care of young children is as thorough and as hygienic as we could wish it to be. . . .'[80] By the end of the decade more than one thousand schools were being visited annually and many thousands of children were receiving simple physical examinations.

Little was done with respect to beri-beri and tuberculosis other than efforts at public education. Scant attention seems to have been paid to pneumonia and dysentry. Cholera was occasionally a serious problem. It appears to have been both imported and indigenous although the latter was vigorously denied. The principal actions taken were to improve quarantine procedures and to provide clean, fresh water on a temporary basis in cholera districts.

While the Government undertook numerous health measures in the 1920s, it failed to act with vigor and timeliness in the F.M.S. to recruit doctors and other medical staff. This may have been, and probably was, an aspect of the Guillemard–Maxwell rivalry. More positions and better pay were needed but Maxwell, in spite of his many initiatives to improve health, seemed very reluctant to act. He may have been sensitive to Guillemard's criticisms of his fiscal management skills. But Guillemard, too, was slow to improve pay, his public remarks on this subject notwithstanding. In any event, salaries and staff positions only grew after Maxwell's retirement in 1926. The Government also appeared to delay making peace with the British Medical Association whose attitude towards Malaya influenced potential recruits. A color bar operated so that Asian doctors mostly educated at the King Edward VII Medical College in Singapore were not permitted to rise to positions where white medical and health officers might be their subordinates. It influenced both the availability and quality of medical and health services.

As the years passed, the F.M.S. Medical Department increasingly took on a health orientation. Some of the duties of Health Officers were assumed or shared by Medical Officers, and Medical Officers were sent to school to acquire public health credentials. Departmental reports gave more space to health and preventive activities. A series of dinners was begun on a quarterly basis in an attempt to improve relationships between Medical and Health Officers. The outspoken Dr Wellington went to Hong Kong at the end of 1928 where he became Director of Sanitary and Medical Services.[81]

Notes

1 J. G. Reid, 'Maternal Mortality Among South Indian Estate Women', *Journal of the Malaya Branch, British Medical Association*, vol. 4, no. 1, June 1940, p. 20.
2 This essay is a revised and edited version of a paper of the same title given at the Asian Studies Association of Australia Sixth Biennial Conference in Sydney in May 1986.
3 For example, Lenore, Manderson. 'Health Services and the Legitimation of the Colonial State: British Malaya 1786–1941,' in *International Journal of Health Services*, vol. 17, no. 1, 1987.
4 Two examples are: Malcolm Watson, *The Prevention of Malaria in the Federated Malay States. A Record of Twenty Years' Progress* (London: John Murray, second edition, 1921), and Y. K. Lee, 'Singapore's Pauper and Tan Tock Seng Hospitals,' in *The Journal of the Malayan Branch of the Royal Asiatic Society*, pp. 79–111 in no. 228, October 1975; pp. 113–33 in no. 229, August 1976; pp. 164–83 in no. 230, December 1976; and pp. 111–35 in no. 232, December 1977.
5 This phenomenon has been discussed by William H. McNeil in *Plagues and People* (Garden City, New York: Anchor Press/Doubleday, 1976).
6 Proceedings of the Federal Council of the Federated Malay States (PFCFMS), 13 April 1920, p. 822.
7 *Ibid.*, November 1920.
8 *Ibid.*, 13 April 1920, p. 820.
9 *Proceedings of the Legislative Council of the Straits Settlements* (PLCSS), 25 October 1920, pp. C149–C150.
10 See Yeo Kim Wah, 'The Guillemard–Maxwell Power Struggle, 1921–1925,' in *The Journal of the Malayan Branch of the Royal Asiatic Society*, vol. 54, pt 1, 1981, pp. 48–64. Also Yeo, *The Politics of Decentralization. Colonial Controversy in Malaya, 1920–1929* (Kuala Lumpur: Oxford University Press, 1982).
11 Heretofore outdoor dispensaries had been set up on the grounds of Government hospitals. Dispensaries in typical 'shop houses' in the town center were thought likely to be better attended.
12 Federated Malay States (F.M.S.), *Report of the Chief Secretary to the Government for the Year 1921*, pp. 6, 15–16.
13 F.M.S., *Medical Report for the Year 1920*, p. 30.
14 *Ibid.*, p. 1.
15 F.M.S., *Annual Report for 1929*, p. 41.
16 Straits Settlements (S.S.), *Annual Departmental Reports of the Straits Settlements for the Year 1929*, p. 35.
17 *The Straits Times*, 1 November 1923, p. 9.
18 *The Planter*, vol. 1, no. 4, November 1920, pp. 41–3.
19 F.M.S., *Annual Report for 1925*, p. 31.
20 *The Straits Times*, 22 June 1926, p. 3.
21 F.M.S., *Annual Report of the Medical Department for the Year Ending 31st December 1928*, p. 91.
22 *The Straits Times*, 9 November 1923, p. 3; *ibid.*, 23 November 1923, p. 15; *The Malay Mail*, 15 May 1924, p. 10; *ibid.*, 21 March 1925, p. 10.
23 *The Straits Times*, 1 September 1923, p. 3; *ibid.*, 23 November 1923, p. 15.
24 *Ibid.*, 23 November 1923, p. 25.
25 *The Straits Times*, 10 June 1926, pp. 9–10.
26 F.M.S., 'Report of the Chief Health Officer, Federated Malay States, for the Year 1928,' p. 94, in *Annual Report of the Medical Department for the Year Ending 31st December 1928*.
27 *The Straits Times*, 23 November 1923, p. 15.

28 *Ibid.*, 10 June 1926, pp. 9–10.
29 See F.M.S., 'Annual Report of the Institute for Medical Research for the Year 1928,' p. 32 in Appendix A, *Annual Report of the Medical Department for the Year Ending 31st December 1929*.
30 F.M.S., *Annual Report for 1930*, p. 35.
31 'Enactment No. 13 of 1926,' in F.M.S., *Enactments Passed During the Year 1926*, pp. 31–8.
32 F.M.S., *Report of the Commission to Enquire into Certain Matters Affecting the Health of Estates in the Federated Malay States together with a Memorandum by the Chief Secretary to Government, Federated Malay States*. Hereafter referred to as 'Commission.'
33 Planters Association of Malaya (P.A.M.), *Circular No. 16*, 28 August 1929, pp. 31–5.
34 *The Straits Times*, 9 June 1925, p. 9.
35 S.S., 'Preliminary Survey of Hookworm Infection and Rural Sanitation in the Straits Settlements, 1925' by Paul F. Russell, M.D., pp. 624–7 in *Annual Departmental Reports of the Straits Settlements for the Year 1925*.
36 *Ibid.*, p. 643.
37 'Extracts from the Straits Settlements Rural Sanitation Survey and Campaign Final Report and Tables, 1925–1928,' p. 766 in S.S., *Annual Departmental Reports of the Straits Settlements for the Year 1928*. Hereafter referred to as 'Extracts.'
38 'Extracts,' p. 777.
39 *Ibid.*, p. 775.
40 *Ibid.*, p. 781.
41 *Ibid.*, p. 782.
42 S.S., 'Straits Settlements Medical Report,' p. 851 in *Annual Departmental Reports of the Straits Settlement for the Year 1927*.
43 'Extracts,' p. 783.
44 PLCSS, 21 November 1921, p. B225.
45 F.M.S., *Report of the Chief Secretary to Government for the Year 1925*, p. 33.
46 F.M.S., 'Report of the Chief Medical Officer, Social Hygiene, Federated Malay States for the Year 1929,' pp. 114–18, Appendix III in *Annual Report of the Medical Department for the Year 1929*.
47 F.M.S., 'Annual Report of the Work Done in Combating Venereal Diseases in the Federated Malay States, 1925,' pp. 96–100 in *Annual Report of the Medical Department for the Year Ending 31st December 1925*.
48 F.M.S., 'Annual Report of the Chief Medical Officer, Social Hygiene, Federated Malay States for the Year 1930,' pp. 221ff in *Annual Report of the Medical Department for the Year 1930*.
49 Pahang, *Administration Report for the Year 1919*, p. 23.
50 Negri Sembilan, *Administration Report for the Year 1919*, p. 16.
51 Lenore Manderson has researched aspects of infant welfare in Malaya. See her: 'Blame, Responsibility and Remedial Action: Death, Disease, and the Infant in Early Twentieth Century Malaya,' in N. Owen (ed.), *Death and Disease in South East Asia: Explorations in Economic, Social and Demographic History*, forthcoming.
52 F.M.S., *Annual Report of the Medical Department for the Year Ending 31st December 1925*, p. 15.
53 *The Straits Times*, 13 February 1925, p. 11.
54 *The Malay Mail*, 19 October 1927, p. 7.
55 *The Straits Times*, 27 April 1926, p. 10.
56 *Ibid.*, 6 February 1925, p. 9.

57 *Ibid.*, 29 April 1926, p. 9.
58 *Ibid.*, 6 February 1925, p. 9.
59 *Ibid.*
60 *The Malayan Daily Express*, 6 September 1927, p. 6.
61 *Ibid.*
62 Agent of the Government of India, *Annual Report 1928*, p. 6.
63 F.M.S., *Annual Report of the Medical Department for the Year Ending 31st December 1929*, p. 27.
64 F.M.S., *The Chief Secretary's Report for the Year 1920*, p. 11.
65 F.M.S., *The Chief Secretary's Report for the Year 1919*, p. 15.
66 *The Malay Mail*, 10 August 1927, p. 8.
67 *Ibid.*, 28 October 1927, p. 13 and subsequent issues.
68 F.M.S., *Medical Report for the Year 1920*, p. 27.
69 Commission, p. A16. In 1924, the Medical or 'Hospital Branch' of the Medical Department had 745 staff actually employed while the Health Branch had 42.
70 F.M.S., 'Report of the Chief Health Officer Federated Malay States for the Year 1928,' Appendix B, pp. 86–9 in the *Annual Report of the Medical Department for the Year Ending 31st December 1928*.
71 F.M.S., *Interim Reports of the Retrenchment Commission*. Paper no. 5 of 1923 laid before the Federal Council 30 October 1923, p. 29.
72 *The Malay Mail*, 19 April 1924, p. 13.
73 F.M.S., *Annual Report of the Medical Department for the Year Ending 31st December 1929*, p. 10.
74 F.M.S., *Annual Report of the Medical Department for the Year Ending 31st December 1930*, p. 4.
75 F.M.S., *Annual Medical Report for the Year Ending 31st December 1924*, p. 9.
76 'Extracts, p. 779.
77 *Ibid.*
78 'Extracts,' pp. 782–3.
79 *Ibid.*
80 *The Straits Times*, 13 September 1929, p. 10.
81 *The Sunday Mirror*, 18 November 1928, p. 2.

56

IMMIGRATION AND PERMANENT SETTLEMENT OF CHINESE AND INDIANS IN MALAYA: AND THE FUTURE GROWTH OF THE MALAY AND CHINESE COMMUNITIES

T. E. Smith

Source: C. D. Cowan (ed.), *The Economic Development of South-East Asia: Studies in Economic History and Political Economy*, London: Allen & Unwin (1964), pp. 174–85.

Those who are familiar with the country's history of economic development will know that Malaya received a large-scale influx of migrants from China, India and Indonesia in the last decade of the nineteenth century and the first three decades of this century. The migrant stream consisted predominantly of male labourers during this period, and many of the Chinese and Indian immigrants ultimately returned to their native country. The first part of this paper traces the settlement of the population of non-Malaysian origin and argues that the increase of permanent Chinese settlement was in fact quite rapid some time before official policy was shaped to an acceptance of Malaya as a country with a permanently settled multi-racial population.

The majority of the old Chinese 'Straits-born'[1] families of Malaya were living in the former Straits Settlements (Singapore, Penang and Malacca) in the early years of the century. In 1911 as much as 23.5 per cent of the Chinese population of the Straits Settlements were local-born, but the corresponding percentage in the former Federated Malay States (Perak, Selangor, Negri Sembilan and Pahang) was only 8.3 per cent. Of the China-born population in 1911, males exceeded females in the ratio of 4.6:1 in the Straits Settlements, and by nearly 7:1 in the Federated Malay States. In these early years of the century there was a higher ratio of local-born to foreign-born and of females to males in the towns than in the countryside. The Cantonese, who were more willing than the other Chinese communities to

bring their women to Malaya, supplied a large proportion of the Chinese female population. About one Chinese adult female in every twenty-five was a prostitute,[2] but the great majority of Chinese women were housewives without any paid occupation, reputable or disreputable.

The picture which emerges from a study of the older Malayan census reports and census statistics is of Chinese permanent settlement largely concentrated in and around the ports of Singapore, Panang and Malacca and, in the Federated Malay States, in and around the town of Kuala Lumpur and the towns of the Kinta and Larut tin-mining fields such as Kampar, Ipoh and Taiping. In 1911, more than half of the total Chinese population of the F.M.S. and nearly two-thirds of the total Chinese female population lived in the tin-mining districts of Kinta in Perak and Kuala Lumpur in Selangor. Tin mining was, in the early years of the century, a labour-intensive industry and nearly half the Chinese population of the F.M.S. were directly dependent on mining for their living; the demand for Chinese labour on rubber estates did not begin to affect the Chinese occupational structure to any degree until late in the first decade of the century.

The Indian population grew more rapidly than the Chinese population in the first decade of the century, mainly as the result of the large-scale development of European-owned rubber estates. The percentage increase of the Indian population in the F.M.S. between 1901 and 1911 was 195.4 per cent compared to 43.7 per cent for the Chinese population. As a result of opportunities for employment of Indian female labour on rubber estates, the ratio of females to males for the Indian population was, unlike the Chinese, lower in the towns than in the country – in the F.M.S. as a whole there were over 30 females for 100 males, but in towns such as Kuala Lumpur, Klang, and Seremban only about 25 females to every 100 males. For the same reason – that is because most of the Indians came to Malaya to work on rubber estates – the proportion of the Indian population living in the F.M.S. was, at about 60 per cent of the total Indian population of Malaya, much higher than the corresponding proportion of the Chinese population, which was little more than 25 per cent. The number of Straits-born Indians was very low (less than 30,000 in the whole of Malaya) and those in the Straits Settlements were rather more numerous than in the F.M.S.

Between 1911 and 1921 a number of economic factors had their effect on the volume of immigration and the growth of population. In the first place there was a big decrease in the use of manual labour in tin mining as a result of the great increase in the use of machinery. There was a switch from mining to agriculture as the main area of employment opportunity for the Chinese population of the F.M.S. The development of rubber estates spread from the F.M.S. and the rural areas of the Straits Settlements to Kedah and Johore (two of the five former Unfederated Malay States), and the Chinese took an increasingly large share of estate ownership and management. During the second decade of the century, the Chinese male population remained almost

stationary in numbers – partly due to the decreased size of the mining labour force – but the Chinese female population increased rapidly, and the sex ratio rose from 241 females per 1,000 males in 1911 to 384 females per 1,000 in 1921 in Malaya as a whole. This increase in the proportion of women in the total Chinese population was due partly to the increase in the percentage of Malaya-born (among whom the sexes were approximately equal in number) and partly to an increase in the female component of Chinese immigration. The proportion of females among immigrant Indians also rose between 1911 and 1921, but the contrast between Chinese and Indians persisted in so far as the proportion of Chinese women remained far higher in the towns than in the country, whilst for the Indians the excess of males was most pronounced in the urban population.

By 1921 the Chinese had already gone some way towards becoming a permanently settled community. The majority of the adult Malaya-born Chinese at that time were, almost certainly, traders and shopkeepers rather than mining and agricultural labourers, but it is clear from the census statistics and the birth registration records that a growing proportion of the Chinese adult population as a whole were settling down to family life in Malaya. The Chinese stake in the land was also increasing and the Malaya-born element was spreading from the towns over a wide area. The Superintendent of the 1921 census in his report said that:

> 'The return to their native country is easier, quicker and less expensive for the Indians than for the Chinese, and political conditions in India and China may have encouraged the Indians to return and deterred the Chinese, but, whatever be the cause, there can be no doubt that the ideal of a settled Malaya-born community is far nearer realisation in the case of the Chinese than of the Indians.
>
> 'Probably not one Indian labourer in 1,000 comes to British Malaya with the idea of making this country his home; in two or three years he must answer the call of his village in India, though poverty may keep him here longer.'[3]

Subsequent events proved the accuracy of this assessment. The Chinese immigrant less and less frequently left his wife and children in China and ultimately even the Hailams (from Hainan Island) brought their womenfolk to Malaya. In the adult age-groups, the percentage of female to total Chinese population continued to increase. The following figures for Perak and Singapore[4] illustrate the growth in the proportion of women in the Chinese population:

PERAK

Females as percentage of total Chinese population in age-group

	15–19	20–24	25–29	30–34	35–39	40–44
1911	26.9	15.9	12.1	11.9	10.6	10.7
1921	38.2	30.5	23.6	21.0	19.7	18.4
1931	41.0	32.4	28.7	27.9	26.1	23.6
1947	46.3	48.7	51.3	48.5	44.4	40.8
1957	48.8	51.5	52.8	52.9	54.3	50.7

SINGAPORE

Females as percentage of total Chinese population in age-group

	15–19	20–24	25–29	30–34	35–39	40–44
1911	30.2	22.1	18.0	16.7	17.3	20.8
1921	35.1	27.1	24.3	23.2	24.8	26.2
1931	29.2	31.9	31.4	31.5	31.7	32.3
1947	46.3	46.7	47.5	46.2	43.7	44.1
1957	48.5	50.0	50.6	50.3	50.6	48.5

Moreover, the proportion of children in the Chinese population was rising. The trend is shown in these figures for Perak and Singapore:

Children under 15 as percentage of total Chinese population

	1911	1921	1931	1947	1957
Perak	11.2	20.4	25.6	39.3	44.1
Singapore	16.2	20.9	26.5	37.4	43.8

If families with children are considerably less mobile than individual adults (this is as true of the Chinese as any other race), the increase in the ratio of females to males in the adult population and the increase in the proportion of children to total population pointed fairly clearly in 1921 to an increase in the amount of permanent settlement. The figures given for 1931, 1947 and 1957 confirm the continuation of these trends.

The proportion of Malaya-born in the Chinese population provided supporting evidence for the view that the Chinese were settling permanently in Malaya in large numbers. In Perak and Singapore the percentage of Malaya-born in the Chinese population grew as follows:

	1911	1921	1931	1947	1957
Perak	9	20	31	65	76
Singapore	20	25	36	60	73

Unfortunately the 1957 Census Report was the first to make use of the answers to census questions in order to tabulate separately the age and sex structure of the local-born and foreign-born Chinese population. Had the earlier Census Reports provided this information the resulting analysis

would have shed further light on the tendency to permanent settlement on the part of the Chinese community. But in view of the weight of evidence produced above, it is surprising to find the Superintendent of the 1931 Census writing as follows in his Report:

> 'The outstanding fact to be constantly borne in mind of all the non-Malaysian immigrants into Malaya is that they are, in the main, mere sojourners who come to Malaya to seek their fortunes with no intention of colonisation or permanent settlement . . . the increase in formation of a settled population of non-Malaysian origin is very slow, if indeed it is appreciable . . .
>
> 'While the Chinese population of Malaya has increased by over 800,000 in the past two decades, and is now over 1,700,000, the proportion of those who have been many years in the country is relatively small, and the proportion who were born and expect to end their days there is smaller still. The human turnover is exceedingly rapid, and the average duration of the stay of an individual Chinese in Malaya is far shorter than seems to be commonly supposed. The same is true of the Indian immigrant, and it has been calculated that the average stay of the South Indian labourer is under three years.'[5]

This statement cannot be accepted without important reservations. In the first place there was in 1931, so far as the writer has been able to ascertain, no sound statistical backing for the statement that 'the human turnover [in the Chinese population] is exceedingly rapid'. In the first three decades of the century, the migration statistics (which were reasonably accurate in respect of arrivals but grossly deficient in respect of departures) did not differentiate between new arrivals and re-entries among those passing through immigration control, and it is not therefore possible to determine what proportion of the migrational flow from China to Malaya and back at this period covered multiple trips between the two countries. If there was little or no duplication of personnel in the figures of arrivals and departures the statement that 'the human turnover is exceedingly rapid' could perhaps have been justified. If, on the other hand, a large number of immigrant Chinese working in Malaya revisited their mother country every few years and then returned to Malaya, the statement would not be true. The following extract from the *Social Survey of Singapore, 1947*,[6] is, in the opinion of the writer, valid for the Chinese community of Malaya as a whole for the period in between the two world wars:

> 'It is easy, however, to exaggerate by considerations which are largely speculative the transitoriness of immigrants. There is ample evidence that even though there are immigrants who are truly birds of passage, substantial numbers have remained here during the last two or

> three decades, reared families, and formed strong economic attachments difficult to break. Whatever their future course of action may be (and this is largely unpredictable since it depends on unknown future trends of local business, conditions in the homeland, etc.) there is a strong case not to regard them as temporary sojourners. This is particularly true of the Chinese and Malaysians.'

Secondly, the 1931 census was taken and the Report written two years after Malaya had plunged into deep depression. The fall in the demand for Malaya's main exports – rubber and tin – was catastrophic. Production of these raw materials was drastically reduced and there was widespread unemployment. Chinese and Indians were offered repatriation to their own countries at government expense. Had the bulk of the Chinese immigrants been 'mere sojourners who come to Malaya to seek their fortunes with no intention of colonisation or permanent settlement', surely a larger number would have accepted the offer of repatriation. The tide of migration did admittedly swing during the depression and the number of emigrants exceeded the number of immigrants, but the great majority of the Chinese population endured the depression years in Malaya. Before the Malayan economy had recovered from the depression, a quota was imposed on adult male Chinese immigration. A similar quota was ultimately imposed on female Chinese immigration, but not until shortly before the start of World War II. In the middle 1930's female immigration, whilst still unrestricted, far exceeded male immigration in volume.

Clearly there was a failure in 1931 to sift the growing statistical evidence pointing to an extension of permanent Chinese settlement in Malaya, though it is easy to look back from 1961 to 1931 and demonstrate tendencies which could conceivably have been the subject of different interpretations in the earlier year. The tempo of permanent Chinese settlement in Malaya naturally increased in the 1930's and 1940's after the imposition of immigration restrictions and particularly during the Japanese occupation of the South China seaboard and World War II. But the Report of the Superintendent of the 1931 census could not fail to find an echo in official policy, and it is necessary to consider some of the effects which the underestimate of the rate of permanent settlement of the Chinese population had on political and economic developments in the country.

In the first place, the Chinese were encouraged to build their own schools and recruit their own school teachers from China. If most of the children who attended the Chinese primary schools in Malaya had ultimately returned to China, this would have been an understandable policy. In fact, the majority of the children born in Malaya in this century have remained in the country, and educational policy in the colonial period certainly did nothing to encourage any sense on the part of Chinese children of belonging to the country rather than belonging to an outpost of the larger Chinese com-

munity. Whether educational policy would have been different if the demographic facts of the situation had been fully realized in the 1930's may be doubted; certainly the policy adopted towards immigrant Asian communities making permanent homes for themselves in colonies such as Fiji and Kenya does not suggest that any real attempt would have been made to attempt to integrate Chinese education with any single system of Malayan education.

Secondly, it was still officially assumed – although the assumption was becoming progressively less and less in accord with the facts – that Chinese of the entrepreneur and professional classes formed the bulk of the local-born, and that Chinese employees and the Chinese working classes generally were China-born. The role of the Chinese business community in economic development had, of course, long been recognized. Chinese business interests were represented on the Legislative Councils, the Town Boards, etc. Rubber and tin restriction applied to all nationalities but no impediment involving racial discrimination was placed in the way of the growth of Chinese mining and large-scale Chinese estate production of rubber, coconuts and other agricultural products on land outside Malay reservations. The Chinese working classes in Malaya, however, had no form of political representation before World War II and it was far harder for them than for Malay peasants to obtain a long-term title to agricultural land. The average small-scale Chinese agriculturalist had to be content with a 'temporary occupation licence' often grudgingly given and valid for a single year at a time.

It would be wrong to suggest, however, that official recognition in the 1930's of the Chinese as settlers on a large scale rather than sojourners would have led rapidly to a high degree of assimilation of the Chinese in the general Malayan population. The ways of life and attitudes of the Malays and Chinese differ too widely for that to have happened.

The 1957 figures in the tables above, showing that for the Chinese community in Perak and Singapore there are slightly more women than men in the age-groups 14–45, that children form more than 40 per cent of the total population, and that some 75 per cent are now Malaya-born are a clear indication that the process of settlement is nearly complete. The foreign-born Chinese in 1957 were largely the middle-aged and the elderly, and the percentage of Malaya-born decreased with age from virtually 100 per cent for very young children. Figures for the Chinese communities in other states of Malaya reveal much the same story. In general the percentage of Malaya-born among the Chinese is now higher in North and Central Malaya than in Singapore and Johore, but everywhere in the country the Chinese have come to stay.

In contrast with the Chinese, the permanent settlement of the Indian population has proceeded fitfully and the Indians in Malaya appear to have retained closer contacts with their mother country. Using the same indices and the same geographical areas as we have used above to illustrate the

progress of permanent settlement of the Chinese population, we find that the Indian population of urban Singapore still retains the demographic features of an expatriate temporary population (features such as a high ratio of males to females in the adult age-groups and a low ratio of children to total population) whilst the mainly rubber-planting Indian community in the state of Perak has, according to the indices, made more progress towards a permanently settled group. Unlike the Chinese, the Indians do not possess the age and sex structure of a permanently settled population; such a community would show approximate equality of numbers of each sex in all age-groups, together with children under 15 forming 40 per cent or slightly more of the total population, in view of the known high level of fertility.

PERAK

Females as percentage of total Indian population in age-group

	15–19	20–24	25–29	30–34	35–39	40–44
1911	24.6	13.0	20.9	20.7	17.3	18.7
1921	34.6	31.2	27.7	23.2	20.6	22.2
1931	43.8	38.8	32.8	26.6	22.7	21.3
1947	45.8	45.5	44.2	40.6	35.7	33.0
1957	48.5	48.8	43.7	40.9	38.9	36.4

SINGAPORE

Females as percentage of total Indian population in age-group

	15–19	20–24	25–29	30–34	35–39	40–44
1911	16.0	11.1	10.5	12.2	11.8	16.4
1921	19.3	12.8	10.1	10.6	10.4	13.1
1931	18.7	9.9	9.5	9.7	9.2	11.1
1947	43.9	25.6	16.5	12.9	12.0	12.6
1957	38.0	37.3	24.9	18.4	15.8	13.1

Children under 15 as percentage of total Indian population

	1911	1921	1931	1947	1957
Perak	16.7	22.8	26.9	36.6	43.0
Singapore	13.3	13.6	13.5	22.6	33.0

Percentage of Malaya-born in the Indian population

	1911	1921	1931	1947	1957
Perak	11	14	24	55	69
Singapore	16	17	18	36	46

The Indian community in Malaya have, in fact, shown a far greater migratory reaction than the Chinese to political and economic factors both in Malaya and in their respective homelands. The world depression in the

1930's sent, proportionately, many more Indians back to India than Chinese back to China. The attainment of independence by India signalled another exodus of Indians from Malaya. There was, moreover, until recently, much more restrictive control of emigration of Indians from India than of Chinese from China. The main centres of Indian permanent settlement in Malaya are still the large rubber-producing areas.

The broad conclusions reached in the first part of this paper can now be stated as follows:

(*a*) The Chinese in Malaya have made fairly continuous progress towards permanent settlement throughout the first 60 years of the twentieth century. Permanent settlement started in the towns and spread to the rural areas. In 1957 the Chinese community had the age and sex structure (up to age 45) of a high fertility settled population.

(*b*) The Indians started later than the Chinese in making Malaya their permanent home and their progress has been rather slower and less continuous. In the urban areas the Indian community still possesses the demographic characteristics of a largely migratory population. Greater progress towards settlement has been made in the rural areas.

II

In 1957 the population of the three major communities in Malaya – that is the Malays (including immigrant Indonesians), the Chinese and the Indians – was as follows (figures in thousands):

	Malays	Chinese	Indians*	Total
Federation of Malaya	3,127	2,333	696	6,279
Singapore	197	1,091	124	1,446
Total – Malaya	3,324	3,424	820	7,725

* The Singapore Indian figures include a small number of Pakistanis.

In Singapore, the Chinese grip on both politics and the economy is inescapable. In the Federation of Malaya, the Malays are the dominant community politically and the Chinese economically. Both on numerical grounds and because, as we have seen, a part of their peoples are still expatriates, the Indians are relatively an unimportant part of the political and economic scene.

The political domination of the Malays in the Federation of Malaya is due not only to their numerical superiority but also to the fact that many adult Chinese (and Indians) are not Federal citizens. If our statement that the Chinese are a permanently settled community is accepted, it will be a matter

of time only before the very great majority of adult Chinese inhabitants of the Federation of Malaya are Federal citizens; birth in Malaya is now a sufficient qualification for citizenship. The future growth of total population and of the Malay and Chinese communities separately will now be examined, looking ahead as far as 1980.

At first sight, there would appear to be little difference between the current rates of natural increase of the Malay and Chinese populations. In the Federation of Malaya, the rate of natural increase of the Chinese community was 3.35 per cent in 1957 and 3.1 per cent in 1958 and the figures for the Malay community were 3.32 per cent in 1957 and 3.26 per cent in 1958. If, however, the female segment of the population alone is considered, the Chinese figures were 3.55 per cent in 1957 and 3.30 per cent in 1958 and the Malay figures were 3.23 per cent in 1957 and 3.20 per cent in 1958; the Chinese female figures have in fact been consistently higher than the Malay figures. The rate of natural increase of the Chinese population as a whole is in fact being reduced at present by the gradual elimination of the older generation of predominantly male immigrants.

The main reason for the effectively higher rate of natural increase of the Chinese population is not hard to find. The infant mortality rate for the Chinese is now typically at around the 50 per 1,000 births level and the Malay infant mortality rate is approximately double this figure; and the crude death-rate for the Chinese of all ages in the Federation of Malaya is now around the 9 deaths per 1,000 population per annum mark, whilst the Malay crude death-rate is around 14. Moreover, Chinese *marital* fertility rates are higher than those for Malay women, though, owing to the 5-year difference in mean age at marriage between Chinese and Malay women, there is now little difference between *total* fertility rates for the two communities. In 1957, the mean age at first marriage[7] was 18.4 years for Malay girls (18.0 years in 1947) and 23.4 years for Chinese girls (22.4 years in 1947).

As an illustration of the contrast between the two communities in martial fertility rates, there were 62,160 married Chinese women in the state of Perak between the ages of 15 and 45 in June 1957 and there were 23,262 births of Chinese children registered in that year, or one birth per 2.7 such women. For Malay married women between the ages of 15 and 45 there was one birth per 3.3 women. If, however, births are considered in relation to *all* women, single, married, widowed or divorced in the 15–45 age range, the ratio of births to women in Perak in 1957 was almost identical for the two communities, the Malay birth-rate being very slightly higher.

On the basis of the maintenance of the present levels of fertility and a continued gradual decline in levels of mortality, we have estimated that the Federation of Malaya will contain about 6,820,000 Malays and 5,320,000 Chinese in 1980. We have assumed in this estimate that the net effect of migration on each community will be nil. On the same assumptions Malaya as a whole, including Singapore, will contain about 7,250,000 Malays and

7,810,000 Chinese. If these immense increases of population are in fact realized, it is doubtful whether the Straits of Johore will successfully confine the expansion of Singapore's largely Chinese population to the island. It is true that there was a net flow of Chinese migration from the Federation of Malaya to Singapore in the period 1947–57, partly as the result of emergency conditions in the Federation, and partly as the result of higher wage levels in Singapore in the 1950's, but more recently there has been growing unemployment in Singapore and a reversal of this flow seems very possible now that conditions in the Federation of Malaya are more settled. Even if the population of Singapore does spill over into the Federation, however, it is likely that, in the Federation, Malays will exceed the Chinese in numbers by more than one million in 1980. In other words, the Malay community will retain their numerical advantage, but, on the basis of continued high fertility rates, almost certainly not their present proportionate advantage over the Chinese community. Percentage-wise the change in the proportion of each community in the total population over the next twenty years will not be more than a point or two. In so far as communalism remains a factor of real importance in politics, the balance of political power will continue for the next twenty years and more to lie with the Malays. If, however, Singapore joins the Federation of Malaya,[5] there will be a growing Chinese numerical preponderance on the basis of our assumptions regarding the future levels of fertility and mortality.

It is obviously desirable that the rate of natural increase of the population should be less than the projected multiplication of numbers by about two and a quarter between 1957 and 1980. Although there is still plenty of room for economic development in Malaya, it will certainly be difficult for the economy to expand rapidly enough to provide improved standards of living for a population increasing by well over 3 per cent per year. During the last decade it is estimated that the national product of the Federation of Malaya increased by between 2.5 per cent and 3.2 per cent per annum. During the next five years the Federation's New Development Plan provides for an expansion at the rate of 4 per cent per annum.

If there is a decline in fertility in the next twenty years, it will almost certainly be most marked in the Chinese community. There are at least three good reasons for this statement:

(*a*) The Family Planning Association clinics in Singapore and the Federation of Malaya have a mainly Chinese clientele (drawn from all classes of the Chinese community).

(*b*) The Chinese-dominated government of Singapore actively encourages family planning; on the other hand the Malay-dominated government of the Federation of Malaya has no population policy.

(*c*) Traditionally the small family movement starts in the towns. The Chinese are a more urbanized community than the Malays (or the Indians).

The extent of the decline in fertility, if any, is obviously mere guesswork, but it may be suggested that a moderate decline in fertility would result in the Chinese section of the population of Malaya just about doubling its size over the period 1957–80 instead of an increase of 128 per cent which is our estimate on the more conservative basis of maintained fertility and slowly declining mortality. If there is such a decline in fertility among the Chinese, and Malay fertility rates are maintained, the figures for the two communities in Malaya as a whole in 1980 might be of the order of 7¼ million Malays and 7 million Chinese.

The United Nations population estimates for South-East Asia[9] suggest upper and lower limits of about 18 million and 14 million for the population of Malaya (including Singapore) in 1980. These figures compare with a 1957 population of 7,725,000. In the words of the United Nations Report (speaking of South-East Asia as a whole, but equally applicable to Malaya in isolation):

> 'A large potential for economic development still waits to be used to the full. But soon, with the further increase in population, this potential will be greatly depleted. The best possible use, therefore, must be made of those years in the nearest future when population growth can still be turned to good advantage. The task faced by the countries of South-East Asia is immense. It presents a challenge to the enthusiasm of the younger generation which, in that part of the world, comprises nearly one-half of the total population.'

Notes

1 The term 'Straits-born' includes those born anywhere in Malaya, and not merely in the former Straits Settlements.
2 There were also in Malaya at this time a large number of Japanese prostitutes.
3 1921 Census Report, p. 98.
4 Perak and Singapore have been used to illustrate the relative progress of permanent settlement of (i) a Chinese community economically dependent largely on tin, rubber, and other agricultural products and (ii) an urban Chinese community.
5 Report on the 1931 Census, p. 9.
6 p. 113.
7 Calculated according to the methods described by John Hajnal in 'Age at Marriage and Proportion Marrying' in *Population Studies* (November 1953).
8 This essay was, of course, written some time before the creation of Malaysia.
9 ST/SDA/Series A/30.

BRITISH BORNEO

57

THE STATE OF NORTH BORNEO 1881–1946

George McT. Kahin

Source: *The Far Eastern Quarterly* 7(1) (1947): 43–65.

Until June 26, 1946, the inhabitants of the State of North Borneo could claim the distinction of being the only population in the world still subject to chartered company rule. On that date an area of nearly 30,000 square miles inhabited by over 300,000 people ceased to be governed by the British North Borneo Chartered Company and became a British Crown Colony. Not only was the British North Borneo Chartered Company the last of the chartered companies to survive, but it was distinct in character from its predecessors. It is the purpose of this article to describe within the limits of available information the unique political and economic pattern developed by the Company in North Borneo.

The constitutional basis of government

The charter. The legal inception of the State of North Borneo dates from the British order in council of August 26, 1881,[1] which approved the draft of a charter to the British North Borneo Company. However, as the preamble of the charter indicates, the Crown was merely confirming title to land over which sovereignty had already been granted in 1877 and 1878 by the Sultans of Brunei and Sulu to Alfred Dent and his associates, later organized as the British North Borneo Chartered Company.[2]

In their treaty of December 29, 1877, with the Sultan of Brunei, Dent and his associates had received title to three adjoining territories in return for an annual payment of 12,000 Straits dollars to the Sultan, his heirs or successors. In consideration for these annual payments, the Sultan of Brunei appointed Dent and his associates or successors (i.e., the British North Borneo Company) as Maharajah of Sabah (North Borneo) and Rajah of Gaya and Sandakan, 'with power of life and death over the inhabitants, with

all the absolute rights of property vested in the Sultan over the soil of the country, and the right to dispose of the same, as well as the rights over the production of the country . . . with the rights of making laws, coining money, creating an army and navy, levying customs . . . and other dues and taxes on the inhabitants . . .' On the same day a treaty was made with the *Pangeran Tumongong* (chief minister) of Brunei whereby two small additional provinces which had been his private property were transferred to Dent and his associates or successors 'to hold for their own exclusive and absolute uses and purposes' in consideration for which the *Pangeran Tumongong* and his heirs were to be paid Sts. $3,000 yearly, and it was further promised to 'protect the *Pangeran Tumongong* with kindness.'[3] For the sum of Sts. $5,000 annually the Sultan of Sulu signed a treaty on January 22, 1878, granting Dent and his associates title to his claims over territories in North Borneo, the same wide power accompanying the grant as was the case in the treaty with the Sultan of Brunei.[4]

The charter empowered the British North Borneo Company to acquire full benefit of these grants of territory and bound it to fulfill the promise of payment made to the grantors. In addition, the Crown turned Labuan island[5] over to the Company for purposes of administration. However, the Crown imposed certain restrictions upon the exercise of the wide powers which the local Sultans claimed to have had authority to transfer to the Company. In some cases the ultimate right to exercise powers was reserved to the Crown. Thus, the chartered authority of the Company, though very extensive, was somewhat less than the almost unlimited powers bestowed by the Sultans of Brunei and Sulu.

The Company was authorized by the charter to improve, develop, and cultivate any lands in the areas granted and to acquire additional tracts if desired. It was further authorized to settle any such territories, to promote immigration, to grant any lands therein for terms or in perpetuity, to grant mining and timber concessions, to farm out for revenue purposes rights for sale of spirits, tobacco, opium, salt, and other commodities, to acquire and hold personal property, to deal in merchandise, and the produce of the Company's territories, 'to carry on any lawful commerce,' trade or dealing whatever in connection of any of the objects of the Company,' and to act as agent in North Borneo for any company, body, or person. Finally, it was given blanket authority 'to do all lawful things incidental or conducive to the exercise or enjoyment of the authorities and powers of the Company' as expressed in the charter.[6]

The Company was, however, by the terms of the charter prohibited from setting up or granting monopolies of trade, and customs duties might be levied for revenue purposes only.[7] Foreigners, whether European, Chinese, or others, were prohibited from owning slaves, and the Company 'to the best of its power' was to 'discourage and, as far as practicable, abolish by degrees' slavery among the indigenous inhabitants. The Company was bound not to

interfere with the religion of the inhabitants, and in its administration of justice it was to exercise careful regard for their customs and laws, especially as regarded property rights.[8]

The important remaining sections of the charter bore upon the Crown's power of control over certain aspects of the administration of North Borneo. The nonalienation principle was explicit; there could be no transfer of territory without the consent of the British Secretary of State. Should a dispute arise between the Company and the Sultans of Brunei or Sulu, it was to be submitted to the decision of the Secretary of State.[9] However, the most important power of control by the Crown over North Borneo's foreign relations was found in section 6, which stated: 'If at any time our Secretary of State thinks fit to dissent from or object to any of the dealings of the Company with any foreign Power, and to make to the Company any suggestion founded on that dissent or objection, the Company shall act in accordance therewith.' Appointment of the Company's principal representative in Borneo was subject to approval by the Secretary of State.[10] The Crown, also, reserved the right to establish extraterritorial jurisdiction in North Borneo by order in council with the expense of maintenance of courthouses and payment of judicial officers to be met by the Company.[11] Should the Secretary of State object to the exercise by the Company of any authority or power on the ground of there being adverse claim to such authority or power, the Company was to defer to his objection.[12] Finally and most important, by right of blanket powers reserved to the Secretary of State, the Crown's power of control over internal affairs was rendered as complete as it was over external affairs.

Section 10 of the charter stated:

> If at any time our Secretary of State thinks fit to dissent from or object to any part of the proceedings or system of the Company relative to the people of Borneo, or to the inhabitants thereof, in respect of slavery or religion or the administration of justice or other matter, and to make to the Company any suggestion founded on that dissent or objection, the Company shall act in accordance therewith.

Despite these extensive powers of the Crown for intervention in the internal administration of the state, it was from the very first clearly understood that sovereignty lay with the Company and not with the British Crown.[13]

British North Borneo was not formally proclaimed a protected state until the agreement of 1888.[14] Nevertheless, from the foregoing analysis, it would be reasonable to conclude that the terms of the charter of 1881 had already given the Crown the right to assume the powers of control over foreign relations requisite for such a status.

The agreement of 1888 between Great Britain and North Borneo formally created the protected state status of the latter. In effect, a status already *de*

facto was thereby rendered *de jure*. Though no pledge of British protection occurs in the charter, Britain had actually assumed the role of protector with the beginning of North Borneo's chartered status in 1881. The best proof of this is found in the active efforts of British diplomacy in the years preceding the agreement in 1888 in championing the Company's claims against those of Spain and the Netherlands.[15]

By this agreement the Crown was not bound to refrain from intervention in the state's internal affairs as some writers have indicated. Article II of the agreement specifically stated that 'such protection shall confer no right on her Majesty's Government to interfere with the internal administration of the State *further than is provided herein or by the Charter of the Company*.'[16] The italicized qualifying phrase is of paramount importance for, as we have already seen, the charter gave the Crown very considerable powers to interfere with the state's internal administration.

That the wide powers available to the Crown for intervention in North Borneo's internal administration were never exercised was apparently due to indifference on the part of the Colonial Office rather than because of perfection of administration on the part of the Company. Public opinion in Britain was little concerned with what went on in the northeast corner of Borneo. On the one occasion when a section of it did become aroused over alleged abuses by the Company, the Secretary of State for the Colonies was content to dismiss the complaints on the grounds that the President of the Company's Court of Directors had assured him that they were unfounded.[17]

Administration

Final political control of the State of North Borneo lay with the Company's Court of Directors in London, subject only as we have seen to a potential review by the British Secretary of State for the Colonies. In general, the Court of Directors delegated its authority to a Governor who resided at Sandakan, capital of North Borneo, and who was advised by a Legislative Council. Ordinances were ordinarily enacted by the Governor with the advice of this Council, but the Court of Directors reserved the right to repeal or amend ordinances and to enact them directly itself if it so wished.[18]

The Legislative Council, created in 1912, had nine official and five unofficial members, all of whom held office for three years. Official members included the Governor, the Government Secretary, the Chief Justice, the Commandant, the Residents of the East and West Coasts, the Financial Controller, the Principal Medical Officer, and one other person designated by the Governor. Unofficial members included one representative each from the East and West Coast planting communities, one from the 'European and Mercantile' community, and two representatives of the Chinese community. Unofficial members were nominated by the communities which they represented subject to the approval of the Governor and ultimately the Court of

Directors.[19] It was the function of this Council to 'place before the Governor the views of the various sections of the Community in connection with proposed or existing legislation, and to assist him when necessary in considering new legislation for submission to the Court of Directors . . .'[20]

In practice, the nature of the Council's membership precluded any dispute between it and the Governor. However, on a purely legal basis the latter's power could not be challenged by the Council, for the Governor could refuse assent to any proposal of the Council unless he was over-ruled by the Court of Directors.[21]

For the purposes of administration the state's 29,500 square miles of territory were divided into four residencies[22] until shortly before the war when these were apparently consolidated, leaving only two: the East Coast and West Coast residencies.[23] The residencies were subdivided into a total of nineteen districts each with a Government Station under the charge of a British District Officer or, in certain cases, of Asiatic officials known as Deputy Assistant District Officers.[24] In 1939, two Chinese were appointed to the latter position.[25] However, by far the largest part of the important civil service officers were British, who numbered in all about sixty.[26] In communities inhabited by natives and 'Asiatics other than natives,' indirect rule through Chiefs and Headmen was the practice. Chiefs were appointed by the Governor and the Village Headmen by District Officers with the approval of the Resident. Apart from exercising extensive powers relative to the judicial system, to be discussed shortly, those native Chiefs and Headmen played important administrative roles. Aside from their responsibility for maintenance of order in their territory or village, it was their duty 'generally to assist all Government Officers in the execution of their duties,' 'to aid in the collection of revenue and moneys due to the Government as and when required by the District Officers' (this undoubtedly refers to land-use fees and the head tax of Sts. $1 due the government annually from all adult male natives and 'other Asiatics'), 'to furnish transport for the purpose of facilitating movements of Government Officers or for the transport of Government stores . . .'[27] In addition, Chiefs and Headmen acted in their own territory as the government's land agents with the power 'to allot unoccupied land for house building or cultivation up to such limits and on such conditions as the District Officers with the sanction of his Resident . . .' might direct.[28]

The Chinese population in North Borneo constituted by far the largest nonindigenous element, amounting to almost 18 per cent of the total population in 1931, while in urban areas it invariably formed the majority.[29] Their number and distribution, combined with their economic importance and the government's consequent desire to encourage Chinese immigration, created special problems of administration. In addition to allocating two out of the five unofficial seats on the Legislative Council to the Chinese, a Government Secretariat for Chinese Affairs was created to give advice and assistance to Chinese. At Sandakan and Jesselton, the two largest towns, Chinese

Advisory Boards sat regularly during the year. Matters affecting the Chinese community were referred to them and their opinions submitted to the government. In addition, in Sandakan, where the Chinese numbered 10,962 out of a total population of 13,723, a Chinese Assistant Officer was employed as interpreter and as advisor on matters affecting Chinese custom.[30]

The judicial system

Prior to 1938, the Indian penal, civil, and criminal procedure codes along with the Indian evidence and contract acts formed the entire basis of the legal system insofar as they were 'applicable to the circumstances of the Territory.'[31] With the adoption of the civil law ordinance of 1938, however, civil law came to be based upon 'the common law of England and the rules of equity as administered in England.'[32] The Governor was President of the High Court, which also comprised the Chief Justice and such other Sessions Judges as might be added by the Governor upon approval of the Court of Directors.[33] Right of appeal from the High Court to the British Privy Council lay (1) with cases involving more than £500, or (2) at the discretion of the High Court if in its opinion the question involved was of sufficient general or public importance, or (3) 'in pursuance of special leave to appeal' granted by the Crown 'upon a petition in that behalf presented by the intending applicant.'[34]

Cost of administering the judicial system was greatly reduced by making wide use of native courts as the principal component of the base of the judicial hierarchy. These courts were made up of all Chiefs within a district and such Headmen as were chosen by the Resident. Their jurisdiction extended to 'the hearing and adjudication of all actions arising exclusively from the breach of laws and customs (religious, sexual, or general) of the natives of the District . . .' Jurisdiction was specifically limited to cases in which both parties were Asiatics.[35] Native courts were empowered to award fines and imprisonment of a maximum of Sts. $25 or one month. However, all their proceedings were subject to scrutiny by the District Officer, to whom appeals could be made. From him appeal was allowed to the Resident and finally to the Governor.[36] It should be noted, however, that the cost of appeal was Sts. $2 to the District Officer, Sts. $5 to the Resident, and Sts. $25 to the Governor.[37]

The administration of criminal justice in the native areas was greatly simplified by a system rather far removed from Anglo-Saxon legal concepts, namely, of *collective responsibility*. In the case of criminal offenses within the immediate neighborhood of any village, its residents were deemed to have committed the offense unless they could prove that they were 'ignorant of the offence or had no opportunity of preventing it or arresting the offender' or had 'given information to a Magistrate or Police Officer and used all reasonable means to bring the offender to justice.' In addition, any Chief or

Headman was empowered 'to search for, arrest, and investigate the case of any person accused of any non-compoundable offense and to forward him in custody to the District Officer . . .'[38]

General economic policy

The economic role played by the British North Borneo Company differed significantly from that of the other great chartered companies such as the earlier East India Company and the recent Royal Niger (1886–1900) and British South African (1889–1923) Companies. Though by the terms of its charter the Company could hold no trade monopoly it was granted extensive rights for carrying on trade and engaging in the direct economic development of the country. However, almost nothing was done in this direction, trade and economic development being left almost entirely to private capital.[39] It was in this respect that the North Borneo Company was unique in comparison with the other companies.[40] In general, the Company's policy as to the economic development of the country remained the same as it was during its early years when its first governor, W. H. Treacher wrote:

> . . . though entitled to do so by the Royal Character the Company has elected to engage neither in trade nor in planting, deeming that this desire to attract capital and population to their territory will be best advanced by their leaving the field entirely open to others, for otherwise there would always have been the suspicion that rival traders and planters were handicapped in the race with a Company which has the making and the administration of law and the imposition of taxation in its hands . . . I presume that the source from which shareholders are to be recouped is the surplus revenues which a wisely administered Government would ensure, by judiciously fostering colonization, principally by the Chinese, by the sale of vast acreages of 'waste' or Government lands, by customs duties and the 'farming out' of the exclusive right to sell opium, spirits, tobacco, etc., and by other means of raising revenue in vogue in the Eastern Colonies of the Crown. In fact, the sum invested by the shareholders is to be considered in the light of a loan to the Company—its public debit—to be repaid with interest as the resources of the country are developed.[41]

Thus the Company realized its income by virtue of its control of the North Borneo government. Profits came from the excess of government income over expenditures. Budgetary surplus meant Company profit. To understand the pattern of North Borneo's government it is essential to appreciate this fact. For governmental policies were apparently dominated by

this consideration. Indeed, our understanding of the remaining aspects of North Borneo's government will be facilitated if we first consider the general structure of its economy and particularly the economic policy followed by the company.

The more adequately financed economic undertakings the government could attract, the larger would be its income. Thus, a maximum *long-run* budgetary surplus was not to be achieved merely by minimum yearly expenditures, but by spending government income where it counted most. This was to be done not necessarily in terms of the whole population's welfare but primarily in terms of creating material conditions calculated to attract investors from outside such as railroads, port facilities, and an efficient and dependable supply of labor. Thus the Company's directors found it expedient to earmark a sizable part of government revenue for capital investment. Despite the fact that it was necessary to meet payments on the Company's 5-per-cent first mortgage debentures the amount available for capital investment was considerable. Thus for the period 1915–38 alone capital investments by the North Borneo government totaled Sts. $12,568,771.[42] In the early years of the Company's development of North Borneo the government's capital investments were in general larger, especially in relation to its total revenue, than they have been following the middle of the third decade of this century after such basic requirements as railroads, harbor facilities, and a telegraph system had been built.[43] Undoubtedly the Company's decision to keep capital expenditures low despite a considerable increase in revenue was the principal reason for its ability to pay relatively high dividends in recent years; 4 per cent was paid 1937–39[44] and 5 per cent, the highest dividend in the Company's history, was paid in 1940.[45] From the statistics available it is difficult to judge just what was the prewar financial position of the Company. Its authorized capital stood at £2,000,000 and it had issued 5 per cent first mortgage debentures amounting to £1,154,000. Its £1 shares ranged from 7 to 9.75 shillings.[46]

The chief sources of the state's revenue were from customs and excise taxes, the sale of government land and timber rights, and the government opium monopoly.[47]

In 1938 revenues as expressed in Straits dollars[48] came from the following sources.[49]

Land revenue	Sts. $ 341,156
Forest revenue	204,615
Licenses	38,246
Customs	1,370,222
Excise	413,611
Municipal	117,346
Posts & telegraphs	117,090
Railways	224,876

Rent ex. land	85,036
Other heads	254,082
Reimbursements	83,155
Total	Sts. $3,249,435

Unfortunately, there are few available details of expenditures. A partial breakdown of regular expenditures for 1938 showed the following:[50]

Personal emoluments	Sts. $ 990,313
Other charges	528,913
Public works:	
(I) Upkeep of works and buildings	67,394
(II) Upkeep of roads, streets and bridges	90,240
Railways	149,328
Miscellaneous	35,185
Total	Sts. $1,861,373

In addition, capital expenditures in 1938 amounted to Sts. $226,244, divided as follows:[51]

Works and buildings	Sts. $ 75,247
Roads, streets, and bridges	114,250
Plant	4,273
House and office furniture	4,455
Railways	11,861
Instruments	4,633
Sandakan water works	9,210
Total capital expenditures	$ 226,244
Total of all government expenditures:	Sts. $2,087,617

Thus in 1938 there was a net surplus of revenue over total expenditure of Sts. $1,161,818—sufficient to pay the Company's stockholders a dividend of 4 per cent.

Balance of trade and general economic structure

The colonial character of North Borneo's economy was reflected by its balance of trade, which since 1905 consistently showed a large excess of exports over imports. During the years 1934–38 average yearly exports topped imports by Sts. $4,774,938, exports averaging Sts. $10,423,001 per year and imports only Sts. $5,668,063.[52]

The chief imports and exports in 1938 were:[53]

Imports	*Value* (*Sts.* $)
Rice	1,145,285
Provisions	701,738
Textiles & apparel	667,831
Tobacco, cigars, cigarettes	455,003
Ironware & metalware	430,349
Sundries	352,775

Exports	*Value* (*Sts.* $)
Rubber	4,737,701
Timber	2,177,178
Dried salt fish	507,787
Tobacco	459,196
Copra	406,834
Cutch (sago)	271,374
Hemp	263,247

These import figures take on more meaning when considered in relation to the character of the population. The last census, that of 1931, showed a total population for North Borneo of 270,000. Of this number, 206,444 were classified as natives of Borneo, 47,799 as Chinese, 9,854 natives of Netherlands East Indies, 1,298 natives of India and Ceylon, 953 Malays, 450 Japanese, 236 Eurasians, and only 340 Europeans.[54]

Of the 133,000 acres planted to rubber at the end of 1940, 74,000 were on estates (mostly British but partly Chinese), and 59,000 acres were grown by natives.[55] Logging and sawmills were largely in British and to a lesser extent in Chinese hands. The fishing industry was in Chinese and Japanese hands, while the rapidly growing hemp industry was almost completely controlled by the latter.[56]

In general the economic structure of North Borneo was not dissimilar to that of most other South East Asian countries. Enterprise requiring relatively large outlays of capital—estate agriculture and lumbering in particular—were chiefly in the hands of Europeans, with a few wealthy Chinese also participating. Some of the labor for these undertakings was indigenous, but the greater part of it was performed by Chinese and Javanese imported specifically for such work. The Chinese constituted by far the majority of the commercial and artisan sections of the community, while the majority of the natives pursued a subsistence agriculture.

Agricultural policy

All land other than native lands was held on lease from the government. Leases were for 999 years in the case of country land and 99 years for town land and were subject to annual rent and cultivation clauses. Surface rights only were conveyed by these leases, all subsoil wealth remaining the property of the government. Terms varied with the amount of land and the use to which it was put. Lease of agricultural land by small holders could be had on better terms than was the case for large holders, the most favorable terms of all being granted those who grew rice and pepper.[57] The following schedule indicates the terms for lease of country land to be used for agricultural purposes (expressed in Sts. $):[58]

	Peasant Terms (15 acres or less)	*Proprietor Terms* (16–100 acres)	*Company Terms* (over 100 acres)
Premium	0 per acre	$1–$3 per acre	$1–$3 per acre
Rent for first 6 yrs.	10¢ annually	10¢ annually	50¢ annually
Rent for next 4 years	50¢ annually	50¢ annually	$2 annually
Rent for next 5 years	$2 annually	$2 annually	$3 annually
Rent thereafter	$3 annually	$3 annually	$3 annually

The government's desire to reduce the heavy import of rice led it to provide especially favorable terms for those who cultivated it. Such persons were granted 'peasant terms' regardless of whether the area of land cultivated exceeded 15 acres. After the tenth year rebates of rent were granted whereby the rental was maintained at Sts. $0.50 per acre so long as rice was cultivated. Similar terms were granted for every acre planted with pepper, and an additional half acre was allowed the same favorable terms whether planted with pepper or not.[59] To encourage the immigration of Chinese agriculturists, especially with the object of increasing rice production, the Government granted free passage from Hong Kong to North Borneo to the relatives or friends of any Chinese landholder within the State.[60] The government's policies for encouragement of rice cultivation resulted in its increasing importance as a major crop. By 1938, the area planted in rice was 90,195 acres, second only to the area planted in rubber, 126,640 acres.[61]

As in other areas of South East Asia, the impossibility of obtaining credit on reasonable terms was apparently one of the peasant's greatest problems. Legislation designed to fix maximum interest rates was apparently as far as the government went to meet this need. Its ability to control the ubiquitous Chinese money-lender through such laws was not likely to have been greater than that of other Southeast Asian governments. Even so, the maximum legal interest rate of 10 per cent per month on loans of Sts. $1 or less, and 7 per cent per month on loans of Sts. $10 or less was not reduced until 1939 when the maximum legal rate of such sums was made 4 per cent per month.[62]

Unavailability of reasonable credit terms was reflected in the fact that, in 1938, 16 per cent of all landowners were in arrears on payment of rents to the government, despite the fact that 1937 had been a 'boom' year.[63] The criticalness of this situation was emphasized by the fact that Government collectors were authorized to attach and seize any movable property of defaulters including their crops and sell them at public auction in order to recover arrears of rent. If this action failed to produce enough to recover the full amount in arrears, the land itself was then disposed of at auction.[64]

Natives were able to acquire land on the same basis as others, but in addition had rights to certain lands originally left them by the government.[65] *Customary tenure* conferred upon native holders of such land 'a

permanent heritable and transferable right of use and occupancy' subject to certain conditions. These included the obligation actually to work the land, and 'the liability to give his labor free, when required by the Collector or Native Chief or Headman, for the performance of such works and duties for the benefit of himself and neighboring land holders as may be prescribed.'[66] Among these works of *common benefit* were 'the repair of dams and water courses; the clearing of rivers, streams and water courses,' and 'any other work which the Native Chief or Headman may, with the approval of the District Officer impose as being of common benefit.'[67] Rivers rather than roads being the principal means of transportation in most of North Borneo, it is not hard to understand this rather unconventional use of corvée labor. In the whole of North Borneo there existed in 1938 only 232 miles of road and 127 miles of railroad.[68]

Finally it should be noted that the government's desire to protect the country's valuable timber resources brought about legislation imposing a severe restraint upon those natives who had traditionally practiced *ladang* cultivation—a shifting, slash-and-burn agriculture. *Ladang* cultivators were obliged to pay a fee of between Sts. $0.50 and Sts. $3 annually for every acre cultivated, and if the trees cut were over six years old the cultivators were subjected to a fine of Sts. $25 for every acre or part thereof so felled.[69]

Labor and immigration policy

W. H. Treacher, the state's first governor, declared in 1891:

> Experience in the Straits Settlements, the Malay Peninsula and Sarawak has shewn that the people to cause rapid financial progress in Malayan countries are the hard-working, money-loving Chinese, and these are the peoples whom the Company should lay themselves out to attract to Borneo . . . Once get them to voluntarily migrate and the financial success of the Company would, in my opinion, be secured.[70]

Treacher's views have dominated the country's labor and immigration policy from his time down to the present. The character and ability of most native labor has remained unsuited to efficient development of a predominantly plantation economy. The success of economic enterprises in the state has been largely dependent upon outside sources of labour—chiefly Chinese and, to a lesser extent, Javanese.

From 1924 through 1930 an average of 6,928 Chinese, 6,810 Javanese, and 3,866 natives were employed annually out of an average total of 17,606 laborers working in those enterprises employing twenty or more laborers.[71] Most of these Javanese had been recruited under the permit of the Netherlands Indies government for three-year terms. Since this contract was last

renewed in 1930,[72] it is not surprising that by 1933 the proportion of Javanese labor to the rest had sharply dropped. In that year out of 8,695 laborers employed in the 46 enterprises using more than 20 laborers, 3,368 were Chinese, 3,345 were natives, and only 1,982 Javanese. Approximately the same proportions continued from 1933 to 1938 regardless of economic fluctuation. Thus in 1937, a relatively prosperous year, out of 18,480 laborers (16,142 males and 2,338 females) in the sixty-two enterprises of the same class, 8,688 were natives, 7,302 Chinese, and 2,490 Javanese.[73] With a slight economic recession in 1938, the numbers for the fifty-nine enterprises then in this category were 6,326 natives, 6,222 Chinese, and 2,314 Javanese.[74]

No difficulty was encountered in attracting Chinese immigrants for the labor force. In 1937 a total of 7,912 Chinese arrived, most of whom were laborers. Obviously, this rate of immigration was more than labor requirements necessitated. Thus in 1938 the minimum sum required to be in the possession of immigrant Asiatic aliens was raised from Sts. $10 to Sts. $70 for each adult and from Sts. $3 to Sts. $10 for each dependent minor. Even so the number of Chinese immigrants arriving in 1938 totaled 3,342.[75]

A mounting apprehensiveness over the continuing heavy tide of Chinese immigration was reflected in increasingly broad powers for deportation granted to government labor officials.[76] The 1937 amendment to the labour ordinance allowed for deportation of an immigrant laborer and his dependents on any of the following grounds:

a. the state of his health;
b. that the work which he is required to do is unsuited to his capacity;
c. that he has been unjustly treated by his employer;
d. unemployment, owing to circumstances over which he has no control;
e. that he has been discharged by his employer for economic reasons;
f. for any other sufficient reason.[77]

In addition the law stated that 'those foreign born who because of physical or mental impairment or being destitute' were unable to show that they were 'in possession of or in a position immediately to obtain the means of decently supporting' themselves and their dependents were 'subject to deportation to port of original embarkation by a Magistrate.'[78] To escape the charge of being 'destitute' each adult European or American was required to possess Sts. $500 and Sts. $200 for each dependent. The respective sums for adult Eurasions were Sts. $150 and $50, and for Asiatics Sts. $70 and $10.[79] Since naturalization was open only to persons having lived five years in North Borneo a large portion of the Chinese population was subject to deportation under this law.[80]

Indentured labor was abolished in North Borneo in 1933, probably as in Netherlands India because it was no longer necessary in order to maintain a satisfactory labor supply. Beginning in 1936, the state passed a large amount

of labor legislation which, for a colonial economy, was in many respects relatively progressive, though it is, of course, difficult to know how far it was actually put into practice. This legislation authorized the government to set minimum wages for laborers. Employer-operated or controlled stores were outlawed, and the price of rice sold to laborers was set at 9 cents (about 4½ cents U. S.) per *kati*. All laborers were entitled to free medical care and hospitalization during the full period of their illness, the cost to be paid by the employer. In the case of immigrant laborers, their dependents were entitled to the same care. Minimum equipment was prescribed for employers' hospitals and periodic inspection of them by government officials provided. A maximum nine-hour day was established, with the employer obliged to pay time-and-a-half for overtime. Employers were required to provide minimum housing and sanitary facilities which were also subject to government inspection. Families were not to be separated without their consent, and a husband and a wife's contract had to be determined together. No laborer could be held liable for advances made to him exceeding Sts. $5, and the indebtedness of any immigrant laborer was deemed to be abated by 25 per cent for each calendar month (20 days of labor) during which he worked at the place of employment for which he was recruited.[81]

Despite the above provisions, the laborer was in a very weak position, vis-à-vis his employer. He was authorized to complain against ill-treatment by his employer to the local Magistrate or Protector of Labor. However, the law held that should one of these officers 'deem the complaint to be malicious or vexatious he may fine the complainant any sum not exceeding ten dollars, the same to be recoverable as an advance.'[82] The law also stated that 'any employer on sufficient grounds and when satisfied that an offense has been or is about to be committed may personally or by deputy cause any labourer in his employ to be arrested without warrant within his own premises or in any public place and thereupon cause him to be taken without delay before the nearest magistrate.'[83]

With regard to those parts of the 1936 labor legislation providing medical care, hospitalization, and sanitary facilities, it cannot be claimed that sickness and death-rate statistics for 1937 and 1938 encourage one to believe that these provisions had been immediately and completely put into practice.

SICKNESS AND DEATH RATE IN PLACES OF EMPLOYMENT[84]

Year	*Sick rate per cent*	*Death rate per mille*
1934	1.61	14.20
1935	1.41	14.80
1936	3.25	10.94
1937	1.49	18.92
1938	2.67	19.78

The absence of organized labor in North Borneo may well have been ascribable to the following two reasons: (1) the weak bargaining position of local labor in the face of constant pressure from outside sources of labor, always ready to come in and take its place, and the fact that local labor had no control over the government's immigration policy; (2) existing legislation made the forming of labor unions extremely difficult. All societies of ten or more persons, unless specifically exempted, were required to register with the Governor. The latter could refuse to register any organization which in his opinion was 'likely to be used for unlawful purposes or for purposes prejudicial to the peace, good order or welfare of the State.' If it was felt that any registered or exempted society was being used for such purposes, the government could order it to be dissolved. Moreover, Magistrates had 'complete power of search of installations or persons belonging to either Registered or un-registered societies.'[85]

Social services

In addition to hospitals maintained by a number of estates, there were five government civil hospitals and seven sick-rest-houses, the latter of temporary construction. Any person without means might obtain admission to a government hospital on order from the local administrative officer. In addition, thirteen outstation dispensaries were maintained by the government under the charge of locally trained native or Chinese dressers who travelled extensively in their respective districts. As late as 1938, however, two entire districts, Kinabatangan and Marudu Bay, were without such medical service—though a dispensary was under construction in the former.[86] Vaccination and quarantine legislation was enforced, and hook-worm was being greatly reduced following the 1921 campaign instituted by the Rockefeller Foundation.[87] The death rate in 1938 for North Borneo was 28.3 *per mille*.[88]

Though there was a strong desire on the part of the native population for increased education facilities,[89] only Sts. $32,568 was spent by the government in 1938 on education. This sum was considerably under 2 per cent of all government expenditures, which totaled Sts. $2,087,617.[90] This government expenditure on education went largely to supporting eighteen Malay vernacular primary schools and one Chinese school. In 1938 the total number of students registered in the government schools was 1,347 (average daily attendance 1,274) for the eighteen Malay vernacular schools and sixty-nine for one government Chinese school.

Sts. $7,800 of the government's expenditures on education went as grants-in-aid to mission schools. These schools totaled 49 and constituted the most important part of the educational system for the non-Chinese community. They enrolled a total of 3,720 pupils and had an average daily attendance of 3,282. In addition there were 72 unaided schools with 3,776 pupils. Most of

these were Chinese schools supported by the Chinese community. The total enrollment for all of North Borneo's schools in 1938 was thus 8,912. Apparently educational facilities were almost exclusively devoted to a very basic form of primary education, no secondary education being available outside of the Chinese schools and one or two of the mission schools.

Though the government did little to support the educational system it did not hesitate to exercise considerable control over it in the form of censorship of what was taught. The Governor was empowered to 'make rules providing for the prohibition in schools of the use of any book the use of which appears undesirable to him.'[91] For a breach of such rules the supervisor or teacher of a school could be fined up to Sts. $250 or given six months' imprisonment.[92] This interference may have been largely limited to the Chinese schools, but with them it was very severe. In 1935, alone, the government black-listed over 100 Chinese school books.[93]

Post-war conditions and the end of company rule

North Borneo is reported to have been one of the most completely devastated of all the areas overrun by the Japanese. Nearly every important town was demolished, largely by Allied bombings. In addition, almost all industrial equipment, lighters, launches, and native craft were destroyed.[94] In fact, the material condition of the country is described as having reverted to that at the beginning of chartered rule. Its inhabitants suffered greatly. In October 1943 they organized an unsuccessful rebellion in the West Coast residency which was suppressed with great savagery by the Japanese, some 3,000 to 4,000 Chinese and natives losing their lives.[95]

In the face of these conditions and the uncertain future of natural rubber, the chief prop of North Borneo's economy, the Company's decision to sell its sovereign rights and assets to the British Crown is not hard to understand. Perhaps the decision is even more easily understood when one considers that the Company's directors expect to get more than £2,100,000 from the sale. This was the top figure which the Colonial Office was prepared to recommend to the British Cabinet. It would have been sufficient to pay off the Company's debenture debt and all other liabilities and in addition pay stockholders approximately 13 shillings 4*d* per share.[96] When it is considered that these shares are reported to have ranged between 7 and 9.75 shillings before the war[97] it doesn't appear that the Company would be faring too badly. However, its directors have rejected this amount as being too small, feeling that through arbitration they may receive a larger payment.[98] Thus, the agreement of June 26, 1946, between the Company and the British government did not settle on the exact amount to be paid. It provided that the Crown would make an initial payment of £860,000 to the Company by December 30, 1946, in consideration for which the latter was to have redeemed all of its outstanding debentures. The agreement stipulates that the

final award to the Company will be determined by an arbitrator, appointed by the Crown, who shall ascertain the fair price 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.' The arbitrator is to 'add nothing as compensation to the Company for any effect on the condition of the Borneo Assets of damage or deterioration consequent upon the war of 1939–1945.'[99]

It appears then that the Company has expectations of recovering the major portion of the £2,000,000 which was originally invested, and that the stockholders will receive something above 13 shillings 4*d* on the £1 shares. However, the terms of the agreement make it clear that little or nothing can be expected in the way of compensation for the North Borneo government's capital investments, which, though amounting to over £1,500,000 in the period 1915 to 1938 alone,[100] were to a large extent destroyed during the war. Probably the difference between the prewar range of the Company's shares of from 7 to 9.75 shillings and the 13 shillings 4*d* figure represents the allowance the Colonial Office felt should be paid on those capital investments yet intact. If after the payment of all debentures and debts the Company should recover the full £2,000,000 of its original investment, then any assessment of its long-term financial success will have to be looked for in the total dividends that it was able to pay. Unfortunately these statistics are not all available to the writer. But when it is considered that during the period 1923 to 1940 inclusive an average yearly dividend of only 1.18 per cent was paid[101] it would appear that the Company was not an outstanding financial success. It should be emphasized, however, that had it not been for the destruction caused by the war, the story might well have been quite different. For as has been indicated, the prewar assets of the Company as represented by government capital investments were very considerable.

The inhabitants of North Borneo have certainly not come out as well as the Company's stockholders promise to do. The war not only caused them great misery but has left them dependent for support upon a disrupted economy which, even when resuscitated, is largely built on rubber—a crop with none too bright a future. The population, especially its Chinese elements, is just as dependent upon outside sources of rice as before the war, and until exports are rebuilt it is difficult to see where the necessary foreign exchange will come for its purchase. By mid-July 1946 the daily rice ration for North Borneo had been reduced to two ounces per person, with labor troubles being experienced as a consequence.[102]

Estate rubber production is making a rapid comeback and is expected to approach prewar levels by early 1947. However, the European rubber estates are apparently the only producers able to move their crops to market, for they control what few river craft remain. The native producer is greatly handicapped by lack of transport for his crops, and it is reported that the loss of native craft on Borneo rivers may more seriously affect rubber

production than the damage to towns. As late as the middle of July 1946 the movement of native rubber down river to port of shipment was still an 'unsolved problem.'[103]

By the agreement of June 26, 1946, North Borneo became a British Crown Colony. To what degree its population's welfare will be benefited by this new status it is, of course, too early to tell. However, the British Colonial Secretary has announced that the new colony will be provided a grant-in-aid towards the cost of its administration owing to the loss of its revenue-earning capacity resulting from war damage. In addition, he stated that something out of the reserve fund of the Colonial Development and Welfare Fund would be made available to North Borneo.[104]

Except for its status as a Crown Colony the future political structure of North Borneo is still uncertain. Its first Governor, Edward Francis Twining, was appointed in November, 1946.[105] Labuan island, formerly administered as part of the Straits Settlements has been incorporated in the new colony.[106] Undoubtedly North Borneo will be under some sort of control by the Governor General of whatever political pattern emerges in Malaya. In the British statement of policy on the proposed Malayan Union it was anticipated that its Governor General would have 'power of coordination and direction and power to convene conferences on any subject' relative to all British colonies in Borneo.[107] Whatever the final plan for Malayan government is, this relationship with British Borneo will probably be included.

As to the internal administration of the new colony, the Colonial Secretary has announced that during an interim period an Advisory Council would be set up with unofficial representatives nominated by the Governor. He hoped 'that it may be possible to arrange for the Advisory Council to be rather more representative in character than was the [Company government's] Legislative Council.' He added that there would be 'full consideration and consultation with all interests concerned' before a final decision was taken on the future constitution of North Borneo.[108]

Notes

1 Great Britain, *Accounts and papers, LXXXI, 1882* (C. 3108). 'Papers relating to the affairs of Sulu and Borneo and to the grant of a charter of incorporation to the British North Borneo Company,' part I, Correspondence respecting the claims of Spain, p. 191.

2 Britain's confirmation of this grant was immediately challenged by Spain and the Netherlands, which both insisted that they had valid claims to this area. Britain countered these assertions by emphasizing her own rights. The treaty of 1761 between the East India Company and the Sultan of Sulu had given the British wide trading rights (article VI), extraterritorial jurisdiction (article II), and the right to purchase and develop land (articles I and V). These rights had been reaffirmed by a treaty in 1849, and similar rights had been granted in a treaty in 1845 with the Sultan of Brunei (*ibid.*, pp. 205–17).

3 *Ibid.*, pp. 192–94.

4 *Ibid.*, p. 194.
5 Labuan, a small island at the mouth of Brunei bay, important because of coal mines and its use as a coaling station, had become a Crown Colony in 1848. It was administered by the Company until 1905 at which time its administration was transferred to the Straits Settlements.
6 Sections 1, 2, and 15 of the charter, *ibid.*, pp. 196–98.
7 Section 17, *ibid.*, p. 198.
8 Sections 7, 8, 9, *ibid.*, pp. 196–97.
9 Sections 4, 5, *ibid.*, p. 196.
10 Section 13, *ibid.*, p. 197.
11 Section 11, *ibid.*, p. 197.
12 Section 16, *ibid.*, p. 198.
13 *Proceedings of the Royal Colonial Institute*, 16 (1884–85), 294–95.
14 Great Britain, *Accounts and papers, LXXIII, 1888* (C. 5617), 'Papers relating to North Borneo,' p. 4.
15 Great Britain, *Accounts and papers, LXXXI, 1882* (C. 3108), pp. 125–205; Great Britain, *Accounts and papers, LXXXI, 1882* (C. 3109), part II, Correspondence respecting the claims of Holland, esp. pp. 24–26, 41–43.
16 Great Britain, *Accounts and papers, LXXIII, 1888* (C. 5617), p. 4. Italics mine.
17 This occurred in 1919 and 1920 when the Anti-Slavery and Aborigines Protective Society pressed allegations against the Company to the Colonial Office, charging ill-treatment of natives and Chinese coolie labor, debt-slavery, and seizure of native lands without adequate compensation. The Colonial Office, was, however, content to base its judgment as to the validity of these claims on the report of the President of the Company's Court of Directors who, regardless of the facts, was not likely to report unfavorably on the actions of his own organization. Upon the basis of this report the Secretary of State replied to the Society that the evidence which they adduced in their allegations would not justify the Crown's interference in the Company's administration of North Borneo (Great Britain, *Accounts and Papers, XXXIII, 1920* [Cmd. 1060]. 'Correspondence on the subject of allegation against the administration of the British North Borneo Company,' pp. 3–25).
18 G.N. (government notification) 281 of 1912, sections 3–5, State of North Borneo, *Ordinances and rules of the State of North Borneo, 1881–1936* (Revised ed., Sandakan, 1937). *NOTE.* Unless otherwise stated, all ordinances, rules, and government notifications (G.N.) cited in this paper may be found in this official compilation, where they are listed in chronological order. All those referred to have been checked against the *Official gazette* of the State of North Borneo through 1939 and unless so indicated were found to remain unchanged. Subsequent issues of the *Gazette* not being available, it was impossible to check against the years 1940 and 1941.
19 *Ibid.*, sections 2, 7: 'The Legislative Council ordinance, 1912' (ordinance 1 of 1912), section 3.
20 'The Legislative Council ordinance, 1912,' section 3.
21 G.N. 281 of 1912, section 6.
22 British North Borneo (Chartered) Company, *Handbook of the State of North Borneo* (London, 1934), 45 (This was the last Handbook issued.) The four residencies were Sandakan, West Coast, Interior, and Tuwau.
23 'Britain's newest colony in the Far East,' *The Crown colonist* (Sept., 1946), 629.
24 *Handbook*, p. 45.
25 State of North Borneo, *Official gazette* (April 4, 1939), Notification nos. 125, 126.
26 *Handbook*, p. 43.

27 'The village administration ordinance, 1913' (ordinance 5 of 1913), sections 2, 9; 'The poll tax ordinance, 1902' (ordinance 9 of 1902).
28 'The village administration ordinance, 1913,' section 11.
29 *Handbook*, p. 46. The last regular census, that of 1931, gave a total population of 270,000 of which nearly 48,000 were Chinese.
30 State of North Borneo, *Administration report, 1938* (Sandakan: Government Printing Office, 1939), 31; *Handbook*, pp. 38, 39, 46.
31 Proclamation of 1881, *Handbook*, p. 130.
32 *Administration report, 1938*, p. 18.
33 *Handbook*, p. 43.
34 'The procedure ordinance, 1914' (ordinance 18 of 1914).
35 'The village administration ordinance, 1913,' section 10 (II). In Moslem areas the *Iman* or *Kadi* of the district was deemed to be a Chief for the purposes of this ordinance.
36 *Ibid.*; State of North Borneo, *Official gazette* (Sandakan, 1937). 'The native administration ordinance, 1937' (ordinance 2 of 1937), sections 18, 20 (This supplemented but did not supersede the 1913 ordinance).
37 G.N. 112 of 1917. The Straits dollar on the average equaled approximately 50 per cent of the U.S. dollar.
38 'The village administration ordinance, 1913,' sections 4, 11.
39 There were only two important exceptions to this. The first was the North Borneo State Rubber Company in which the Chartered Company held the controlling interest. Its original capitalization of £150,000 was reduced to £62,500 in 1931 (*Handbook*, p. 5). The second exception was the government's monopoly of opium sales ('The opium and chandu ordinance, 1927' [ordinance 4 of 1927]).
40 Despite the antimonopoly provisions in its charter, the Royal Niger Company obtained a virtual monopoly of external trade in its area. It was the complaints of rival British and foreign traders that were in large measure responsible for the abrogation of its charter (Lord Hailey, *An African survey, a study of problems arising in Africa south of the Sahara* [London: Oxford University Press, 1938], 1397–98).
41 W. H. Treacher, *British Borneo* (Singapore, 1891), 128–29.
42 *Administration report, 1938*, p. 33.
43 *Ibid.*, p. 33.
44 Royal Institute of International Affairs, *Problems of post-war settlement in the Far East, E-Borneo, Sarawak, and Brunei*, Interim report (mimeographed) (London: Chatham House, 1942), 5. Dividends of 2¼ per cent and 1½ per cent were paid in 1923 and 1928 respectively. No dividends were paid in 1924–27 and 1929–36 (*ibid.*).
45 Sir Neil Malcolm, 'North Borneo, past and future,' *United empire* (Sept.–Oct., 1944), 165.
46 Royal Institute of International Affairs, *op. cit.*, p. 5.
47 The sale of opium except on medical certificate was to have been abolished in 1950 (Malcolm, *op. cit.*, p. 165).
48 The Straits, or Singapore, dollar, equaled on the average approximately 50 per cent of a U. S. dollar. The State of North Borneo issued its own treasury notes and coinage, the unit of currency being the Straits dollar.
49 *Administration report, 1938*, p. 2.
50 *Ibid.*, p. 3.
51 *Ibid.*, p. 4.
52 *Administration report, 1938*, pp. 11, 33.
53 *Ibid.*, p. 11.
54 *Handbook*, p. 38; British Information Services (ID. 605), *British territories in*

Borneo, 1945, p. 4. Population was estimated at 304,000 in 1939 (*ibid.*, p. 2) and at 67,062 in 1890 (*Administration report, 1938*, p. 33).

55 U. S. Department of Commerce, *Report on the British North Borneo rubber industry* (Singapore, July 16, 1946), prepared by E. G. Holt, Rubber Adviser (Washington: U. S. Government Printing Office, [1946]), 1.

56 *Administration report, 1938*, p. 11: 'Britain's newest colony in the Far East.' *The crown colonist* (Sept. 1946), 629.

57 'The land ordinance, 1930' (ordinance 9 of 1930).

58 *Ibid.* In 1938, land rent revenues yielded the government Sts. $352,842 (*Administration report, 1938*, p. 28).

59 *Handbook*, p. 92.

60 *Administration report, 1938*, p. 32. Free passage arrivals numbered 493 in 1937 and 345 in 1938. However, in 1928, when the labor supply was less adequate, a total of 1,187 Chinese entered the state under the free-passage system at a total cost to the government of Sts. $22,105 (State of North Borneo, *Administration report, 1928* [Sandakan: Government Printing Office, 1929], 22).

61 *Administration report, 1938*, p. 4. This was an increase of almost 20,000 acres over 1928 (*Administration report 1928*, p. 6). An acreage of 53,029 acres was planted in coconuts, 14,023 in sago, 4,812 in Manila hemp, and 416 in tobacco, in 1938.

62 Ordinance 8 of 1915, 'The pawnbrokers ordinance, 1915,' schedule, section 8; *Official gazette*, April 4, 1939.

63 *Administration report, 1938*, p. 28.

64 'The land ordinance, 1930 (ordinance 9 of 1930), sect. 135–39. See *Official gazette*, May 18, 1939.

65 All the land which was not claimed or to which the claim had been rejected by the government was held to be government property. 'The land ordinance, 1930,' (ordinance 9 of 1930), section 84.

66 *Ibid.*, section 66.

67 G.N. 505 of 1930, section 5.

68 *Administration report, 1938*, p. 16.

69 'The ladang ordinance, 1913,' (ordinance 6 of 1913), articles 5, 6.

70 Treacher, *op. cit.*, p. 148.

71 Computed from figures appearing in *Administration report, 1928*, p. 20, and *Administration report, 1930*, p. 23. The figures for natives in these years included a few Malays from outside North Borneo.

72 At least not up until 1939, though the government was apparently anticipating use of Javanese contract labor under agreement with the N.E.I. government again in the future. See 'Javanese immigrant labour regulations, 1939,' G.N. 368, *Official gazette*, Oct. 4, 1939.

73 State of North Borneo, *Administration report, 1937* (Sandakan: Government Printing Office, 1938), 30. Out of the 46 enterprises employing 20 or more laborers in 1933, 36 were devoted to estate agriculture and 5 to timber cutting (State of North Borneo, *Annual report, 1933* [Sandakan, 1934], 32).

74 *Administration report, 1938*, p. 30.

75 *Ibid.*, p. 32. 'Chinese immigrants' included Chinese from both China and Singapore.

76 Aside from the officer known as Protector of Labour, all Residents and District Officers as well as those Assistant District Officers so appointed by a Resident were made exofficio Assistant Protectors of Labour (G.N. 353 of 1936).

77 *Official gazette, 1937*, notification no. 303, 'The labour (amendment) ordinance, 1937,' section 77.

78 'The decrepit and destitute aliens ordinance, 1915,' (ordinance 1 of 1915).

79 G.N. 182 of 1932; *Administration report, 1938*, p. 32.
80 'The naturalisation ordinance, 1931' (ordinance 1 of 1931): G.N. 34 of 1932. In 1938, 116 'destitute' were repatriated—81 to Hongkong, 20 to Malaya, and 15 to Java. Seventy-three of this number were repatriated at the expense of the government's pauper fund (*Administration report, 1938*, p. 31).
81 'The labour ordinance, 1936' (ordinance 1 of 1936); G.N. 353 of 1936; *Official gazette, 1937*, notification no. 303, 'The labour (amendment) ordinance, 1937.'
82 'The labour ordinance, 1936' (ordinance 1 of 1936), section 46.
83 *Ibid.*, section 51.
84 *Administration report, 1938*, p. 30. These figures are based on the average labor force strength as calculated from the quarterly labor returns. It is, of course, possible that these were abnormal years.
85 'The societies ordinance, 1915' (ordinance 7 of 1915).
86 *Administration report, 1938*, p. 21.
87 British Information Services (ID. 605), *British territories in Borneo, 1945*, p. 4.
88 *Administration report, 1938*, p. 20.
89 *Ibid.*, p. 24; *The Crown colonist* (Sept. 26, 1946), 629.
90 *Administration report, 1938*, pp. 26, 3, 4.
91 'The school book ordinance, 1931' (ordinance 4 of 1931), section 2.
92 *Ibid.*, section 3.
93 *Official gazette, 1935*, notification no. 340. See also notification 41 and 90 (1934), 34 (1933), and 331 (1932).

Apparently all of these books were printed in China, mostly in Shanghai. It is difficult to ascertain from their titles alone whether or not the 'dangerous thoughts' they contained were of a purely nationalistic character, or whether they might have tended to upset the social and economic *status quo* in North Borneo.

94 *The times* (London), July 16, 1946; *Washington post* (A.P.), Nov. 3, 1946; W. A. Casterton Smelt, 'The State of North Borneo,' *Asiatic review* (Jan. 1947), 83.
95 Smelt, *op. cit.*, pp. 83–84.
96 *The times* (London), July 11, 1946.
97 Royal Institute of International Affairs, *Problems of post-war settlement in the Far East, E-Borneo, Sarawak, and Brunei*, Interim report (mimeographed) (London: Chatham House, 1942), 5.
98 *The times* (London), July 11, 1946.
99 *Agreement for the transfer of the Borneo sovereign rights and assets from the British North Borneo Company to the Crown, 26th June, 1946*, Colonial no. 202 (London: His Majesty's Stationery Office, 1946).
100 *Administration report, 1938*, p. 33.
101 Derived from figures appearing in Royal Institute of International Affairs, *op. cit.*, p. 5, and Sir Neil Malcolm, 'North Borneo, past and future,' *United empire* (Sept.–Oct., 1944), 165.
102 *The straits times* (Singapore), Sept. 14, 1946.
103 U. S. Department of Commerce, *Report on the British Borneo rubber industry*, prepared by E. G. Holt, Rubber Advisor (Washington: U. S. Government Printing Office, 1946), 4–7.
104 Great Britain, *Parliamentary debates* (Hansard., 5th series), vol. 424 (June 19, 1946), p. 178.
105 *The straits times*, Nov. 16, 1946.
106 'Britain's newest colony in the Far East,' *Crown colonist* (Sept. 1946), 629.
107 Great Britain, *Statement of policy on future constitution—Malayan Union and Singapore* (Cmd. 6724) (London: His Majesty's Stationery Office, 1946).
108 Great Britain, *Parliamentary debates* (5th series), vol. 425 (July 9, 1946), p. 242.

58

ADMINISTRATIVE POLICY AND PRACTICE IN SARAWAK: CONTINUITY AND CHANGE UNDER THE BROOKES

Jon M. Reinhardt

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> In a semi-barbarous country, governed in conjunction with the old native authorities by a knot of foreigners, who are in advance of those they govern in knowledge and experience, it is hardest of all to judge impartially what has been done or is in progress.[1]

The early twentieth century in South East Asia has often been characterized as a period of rising nationalist sentiment and increasing paternalistic colonial rule. The inauguration of the Dutch Ethical Policy in Indonesia and British administrative "reforms" in Burma, followed by the many-faceted nationalist movements in both countries, are cases to point. Taken as a whole, however, all of South East Asia at that time was not seething with political ferment. In some areas, European rule was scarcely questioned and appeared to be accepted in somewhat the same passive spirit as would any benevolent Asian despotism. Indeed, it should be noted that even in Indonesia and Burma, nationalism prior to the Japanese occupation was largely an urban phenomenon and somewhat limited and ephemeral in its impact.

The one-hundred years of Brooke rule in Sarawak particularly seem to present a stark contrast to the social disruption and political disorder in Burma so graphically chronicled by J. S. Furnivall in his *Colonial Policy and Practice*. Set against the Burmese experience, one finds little with which to quarrel in Spenser St. John's turn-of-the-century characterization of Sarawak as

> ". . . a kind of mild despotism, the only government suitable to Asiatics, who look to their chief as the sole repositary [sic] of supreme power. The influence of the Old Rajah still pervades the whole system, and native and European work together in perfect harmony."[2]

In addition, the governing policy shared by the three Brooke Rajahs offers an impressive rebuttal to Furnivall's indictment of the excesses of British colonial policy and support for his contention that "colonial practice is conditioned by economic environment."[3] James Brooke, the first Rajah and a follower of a Rafflesian philosophy of overlordship, had a skeptical view of contemporary European colonialism which is borne out by the following excerpt from his diaries:

> "I must mention the effect of European domination in the Archipelago. The first voyagers from the West found the natives rich and powerful, with strong established governments, and a thriving trade with all parts of the world. The rapacious European has reduced them to their present condition. Their governments have been broken up; the old states decomposed by treachery, by bribery and intrigue; their possessions wrested from them under flimsy pretences; their trade restricted, their vices encouraged, their virtues repressed, and their energies paralyzed or rendered desperate, till there is every reason to fear the gradual extinction of the Malay races . . . Let these considerations, fairly reflected on and enlarged, be presented to the candid and liberal mind; and I think that, however strong the present prepossessions, they will shake the belief in the advantages to be gained by European ascendancy as it has heretofore been conducted, and will convince the most sceptical of the miseries immediately and prospectively flowing from European rule, as generally constituted."[4]

In a later period, under his nephew Charles, the government still adhered to a protective, governmental policy. When it was announced in 1878 that a private company (The North Borneo Company) had gained a concession from the Sultan of Brunei to develop the northeastern corner of Borneo, the *Sarawak Gazette*, a semi-governmental publication, printed a rather defensive and pained editorial stating that

> "Such a policy at so early a stage of a government which, to stand at all, must have the good will of the people, augers badly for the future. This powerfully illustrates the danger of an attempt to combine government with trading. The former should be benevolent, aiming at the good of the people for whom it exists, the latter must in its essence be selfish. A government which by its very constitution exists

> but to obtain the means to pay dividends to shareholders, is in its nature vicious . . . The cruel exactions, the unscrupulous oppression, the fraudulent pretexts for obtaining money, the grossly unjust trafficking in the liberties of the people which stains the early annals of British India have resulted from the unnatural union of opposing and divergent elements."[5]

Again, in 1910, the *Gazette* stated that the Rajah had declined tempting offers from five companies for large concessions of land for rubber planting since rubber speculation was "a mania at the present which did not suit the quiet non-speculative spirit of the country."[6]

These rather general theoretical tenets were reflected in the land tenure policy, first established in 1863, and with subsequent minor modifications, continuing in effect throughout the rule of the Brookes.[7] Every inhabitant was entitled to three acres of free land, the sale of which was prohibited,[8] and no one could own more than 100 acres without special government authority.[9] A few land concessions were granted to westerners (most notably to the Borneo Company[10]) for the development of rubber, timber, oil, coal and antimony, but the vast majority of the land was (and is) in small-holdings (see TABLE 1). There was no forced labor—except that provided by prisoners on public works and road repair—and no payment-in-kind system like that established by the Dutch *Culturstelsel*; the indigenous peoples paid only a small door tax and a token land rent.

It is necessary, however, to go beyond a discussion of the explicit policy that guided Sarawak's "knot of foreigners" if one is to "judge impartially" the impact of their government on that "semi-barbarous country." A close analysis of Brooke rule reveals that while both native and European did work together in "relative harmony," changes in the administrative structure during and after the First World War make it necessary to qualify St. John's classic description of Sarawak.

On the surface, the Brooke administrative structure seems not to have undergone any radical departure from the pre-European era. In many instances, European residents simply replaced Brunei governors and nobles

TABLE 1 LAND HOLDINGS IN 1938[11]

	Number	Total Acreage	Average Size
Holdings of under 100 acres			
Native	78,250	113,767	1.45
Non-native (mostly Chinese)	18,544	107,782	5.81
Holdings of over 100 acres			
Native	nil	nil	nil
Non-native	44	18,008*	——

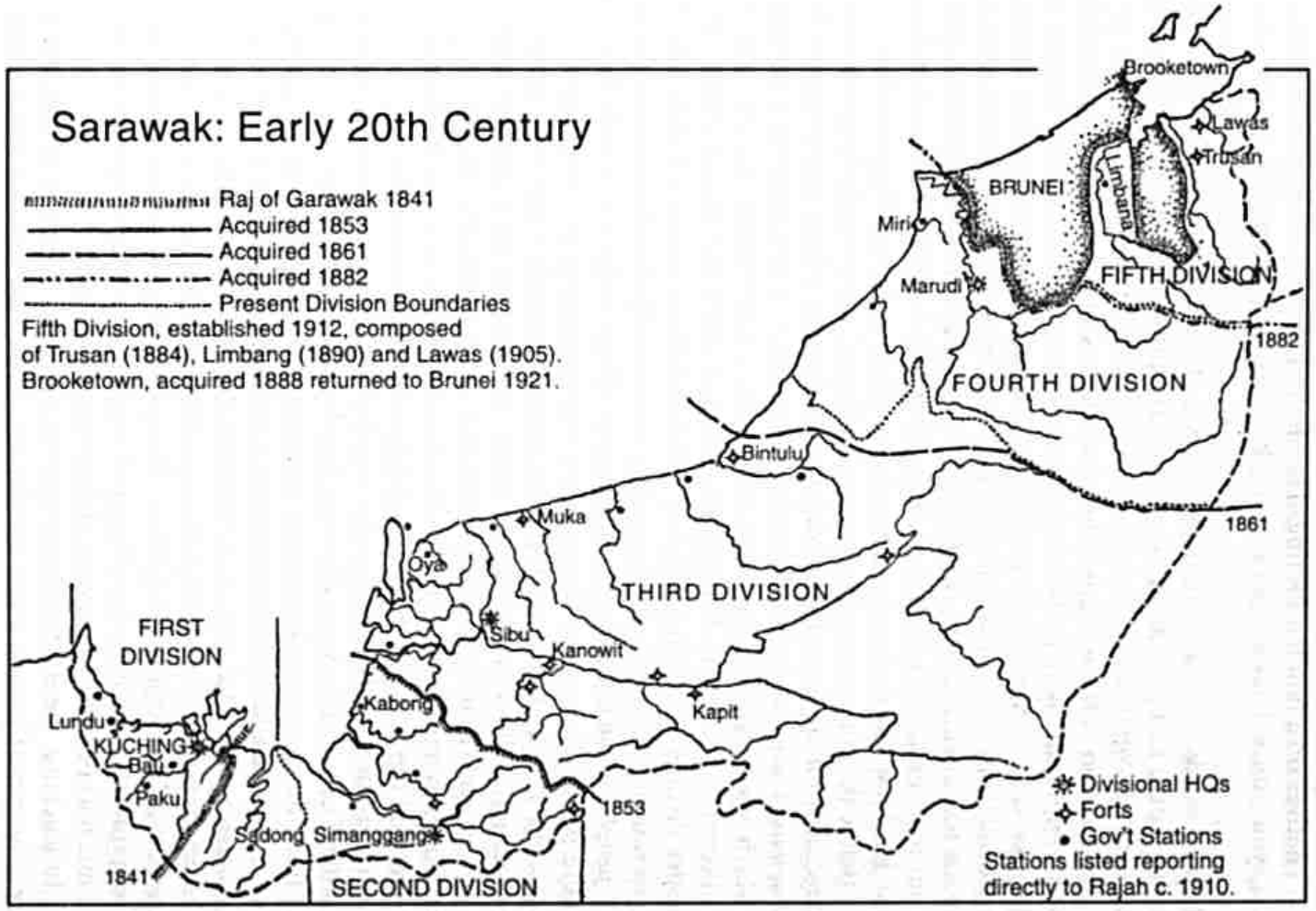
* Figure includes 6 estates with a total area of 12,580 acres.

as the regime gradually took over administration of large grants of land from the slowly crumbling Brunei empire.

In 1873, the state was divided into three divisions under the jurisdiction of a resident—without exception a European. A fourth division was added in 1885 after the acquisition of Baram, and a fifth was established in 1912 after Sarawak achieved its final territorial grants from Brunei. As the system gradually evolved, each division was theoretically composed of residencies staffed by residents of the second class, with assistant residents and other junior officers under them. The development of an orderly, rationalized administration on this model, however, came only after the death of Rajah Charles in 1917. Government prior to that time was still carried out by and large on a personal basis.[12] In practice, only the first and the third divisions had divisional residents, and while all subordinate officers under these residents were supposedly responsible to them, outstation officers in strategic—and oftentimes remote—locations, no matter what level, wrote their monthly reports directly to the Rajah (see map).

Due to their isolation—and in a time before the widespread introduction of the telegraph put the stations in constant contact with Kuching or their divisional headquarters—the officers were by necessity largely on their own. If practice in the second division provides any standard of measure,[13] the resident was required to preserve order, punish crimes, hold court to settle disputes, be accessible at all times to the natives, and in general, "to gain the confidence of the chiefs of the wilder tribes and to lead them to accept the Sarawak flag and the benefits of the Rajah's government."[14] To carry out his responsibilities, it was necessary for the officer to patrol the division frequently traveling to the less accessible settlements to cement, through the personal contact, good relations between the tribal chiefs and the Kuching government. It cannot be overemphasized that, given the small number and isolated location of the outstation European, the essential prerequisite of a good officer was to maintain the proper decorum and diplomacy in dealing with the natives. The Rajah's instructions to new cadets along these lines were explicit:

> "Proper deference should be showed to the chiefs; and in any case of difficulty it is well to ask the advice and opinion of the head man. It satisfies them and strengthens you. You are not obliged in all cases to follow their advice, but the fact of asking is a compliment to them and gives them an interest in what is being done by the government . . . There are [in addition] certain personal dangers to be avoided by those who have to occupy positions of trust when young. The danger is in allowing any relapse of right principle or sense of duty which an English gentleman is supposed to have instilled in him from childhood. Also the avoidance of becoming overbearing and despotic. The best manner in the long run with natives is to be thoroughly


Sarawak: Early 20th Century
Raj of Garawak 1841
Acquired 1853
Acquired 1861
Acquired 1882
Present Division Boundaries
Fifth Division, established 1912, composed
of Trusan (1884), Limbang (1890) and Lawas (1905).
Brooketown, acquired 1888 returned to Brunei 1921.
Brooketown
Lawas
Trusan
BRUNEI
Limbang
Miri
Marudi
FIFTH DIVISION
1882
FOURTH DIVISION
Bintulu
Muka
Oya
1861
THIRD DIVISION
Sibu
Kanowit
FIRST
DIVISION
Kabong
Kapit
Lundu
KUCHING
Bau
Paku
1853
Sadong
Simanggang
1841
SECOND DIVISION
Divisional HQs
Forts
Gov't Stations
Stations listed reporting
directly to Rajah c. 1910.

natural and in no way patronizing. A mixture of kindness and freedom with severity when required without harshness or bullying. Joking to be limited to the comprehension of the people. Never put natives on a familiar footing. They hold their position in society and you, yours. They are not inferior, but they are different."[15]

In the words of one long-time observer, the residents were expected to behave like, and for the most part did function as, "transplanted English Devonshire Squires."[16]

In addition to the scattered European officers, at every major station, there were important native officials who contributed greatly to the success of Brooke rule in Sarawak.[17] In addition, there were many stations manned indefinitely by non-Europeans.[18] These lower level outstation officers received much less attention than the Kuching *Datus*, but often played more significant roles in the administration since, after James Brooke's time, the role of the Kuching Malays was increasingly one of ceremony and legitimation.[19]

Below the permanent officers was the "hinge" upon which the government depended for support. Every Malay and Melanau village had its chief (*Tua Kampong*) who was elected by the people and, if approved by the Rajah (which was normally the case), was given a commission on the taxes he collected.[20] The Ibans, Kayah, Kenyahs and other indigenous people were under distinct chiefs (*penghulus* or sometimes *orang kayas*) appointed by the government; except in rare cases, they were usually the choice of the people. A *penghulu* usually had more than one village under his jurisdiction and more power than a *Tua Kampong*; he was responsible for minor civil cases, tax collection and raising temporary military forces if needed for a punitive expedition. The system worked better among the hierarchically ordered Kayahs and Kenyahs than among the more egalitarian Ibans, but not infrequently residents would have to pay diplomatic visits to the longhouse to remind the *penghulu* of his tax obligation to the government.

Government under the Brookes was perhaps most "indirect" in reference to the Chinese. The *Kang Chew* or *Kapitan China* had a relatively free hand in functioning as a broker for the community, and was often given gambling, pawn, arrack and opium concessions. Government measures concerning the Chinese were limited almost exclusively to the control of secret societies and the separation of the Chinese in geographically exclusive areas. In some districts, e.g., the Rejang river valley, Malays and Dyaks occupied land apart from tracts set aside for the Chinese; it was felt desirable to separate the races as much as possible to prevent "difficulties and quarrels."[21]

In Kuching, the Rajah was assisted by a number of European officials and by a Supreme Council, established in 1855, which consisted of two European members (usually the resident of the first division and the treasurer) and four prominent Sarawak Malay *Datus*. A larger institution, the Council Negri, was established in 1865 and included the members of the Supreme Council,

residents of the second class, the treasurer, the commandant, the principal medical officer, and the leading native chiefs from all over Sarawak. By law, it met every three years for the "purpose of settling any serious question or dispute relating to the welfare of the country." The Rajah thought that "it was always a good thing that [the native chiefs] should at least once in three years meet each other, exchange thoughts and views, and renew acquaintanceship."[22] The Council Negri has maintained an unbroken existence since its establishment and has evolved, as a result of Rajah Vyner's 1941 constitution and British colonial tutelage, into Sarawak's present state legislature. There was a third group, the Committee of Administration, that governed the country in the Rajah's absence. Meeting for the first time in 1873, it was roughly a duplicate of the Supreme Council, but it is probable that the Rajah was reluctant to allow the Supreme Council to become accustomed to wielding independent power so he preferred to set up a separate constituent body. The acts of the committee were subject to the scrutiny of the Rajah and it was automatically dissolved when the Rajah returned from his European leaves. Finally, there was a Supreme Court in which, according to Runciman, the Rajah administered justice "partly according to the custom of the people involved, partly according to the codified Indian law and partly according to his own common sense."[23] Malay civil cases were heard by the Datu's Court, and in 1911, a Chinese civil court was established.

It is important to note, as Doering has pointed out, that authority of the Rajah did not percolate downward in an orderly fashion.[24] The somewhat neat, rational, three-tiered picture of the administration that is described in some accounts is rather misleading.[25] First of all, by his very presence and due to his forceful character, Charles dominated administration in Kuching and in the first division. This often put the resident of the division in a difficult position; although his was the highest position in the administration, he often had less discretionary power than many outstation officers, even in many minor details. Rajah Charles also kept a close interest in the second division—as well as the title of resident—due to his early experience as an officer at Simanggang under his uncle James. It was not until 1916, shortly before his death, that Charles turned over Dyak affairs to the charge of his son Charles Vyner. On the other hand, central control over the other areas decreased proportionately to the distance—often measured in days or weeks—upriver from Kuching, and it was not until after the introduction of the telegraph and the Rajah's death in 1917, that central control over the country was exercised in a more or less regular manner down through the senior divisional officer to the various outstation districts.

All things considered, the almost fifty years of Charles Brooke's rule earned a great deal of respect, if not genuine devotion, for the Brooke Raj. If one can believe most contemporary commentators, the annexation of Limbang in 1890 came about through a popular revolt against Brunei and a clamor for the extension of Brooke rule into the area. The government was

not exploitative, and repressive only in the gradual elimination of head hunting and "piracy." While Brooke's "pacification" of the interior regions might have been resented in the short run—especially when some tribes were resettled downstream for easier control[26]—it seems likely that most native groups ultimately supported, if not welcomed, the elimination of intertribal warfare and raiding with all its "decapitational" aspects.

The internal security of the state had to be maintained as cheaply as possible. The police force was limited mainly to the first division, and taking 1909 as a fairly typical pre-war year, consisted of 178 men—83 Malays and 95 Indians, only 54 of whom were stationed outside Kuching.[27] The well-trained "Army," the Sarawak Rangers, was, in the same year, 469 strong, composed of 15 Filipinos, 45 Malays, 284 Dyaks, 101 Indians and 24 Javanese—only 110 of whom were garrisoned in the outstation forts.[28] The government did, of course, depend on volunteers to support the Rangers when it was necessary to make occasional punitive expeditions against a raiding tribe, but the necessity for these actions decreased after the turn of the century. Only the Ulu Ai and Skrang Dyaks (Ibans), long-time traditional enemies, offered any persistent problem to the government after that time.[29]

After Charles's death, a number of factors brought about a change in the nature of the civil service. The introduction of the telegraph and telephone certainly was a factor in the erosion of the personal initiative of the outstation officers, but advances in communications alone cannot account for the qualitative change in the administration. The economy of Sarawak became increasingly complex in the twentieth century and gradually began to outstrip the capacities of personal rule. The introduction of rubber cultivation after 1910 and the discovery of oil in and around Miri were instrumental in moving Sarawak away from a purely subsistence agriculture.[30] The importation of rice rose steadily as a result of the increasing dependence of the small holdings on rubber. Orders and directives became more complex and detailed after 1915, and the incidence of paper work in the outstations increased inexorably.[31] The need to regulate the price of food stuffs after the outbreak of World War I and the passage of a codified Legal Code in 1911 and a detailed Land Act in 1920 accelerated the need for uniformity in the administration. The central departments in Kuching developed under Charles—Post Office, Police and Prisons, Treasury, Lands and Survey, Public Works, Medical, Education, Military and Naval—as well as the newer Trade and Customs and Monopolies Offices, increased their scope of activities, many opening offices in the divisional headquarters.[32] The concept of a peaceful, orderly, self-sufficient land ruled on the basis of respect for native tradition coupled with a European rule of law that had been so zealously nurtured by Rajah Charles soon came into conflict with the realities of dealing with an ever-increasing modern economy. Pressures mounted, for example, to open the country to foreign investment and to introduce reforms for establishing a Western-oriented educational system.

Editorials and letters to the editors in the *Sarawak Gazette* in the early 1920's graphically reflect the stresses that were taking place within the country.[33]

The character and attitudes of the third Rajah, Charles Vyner Brooke, were also of importance. Whether he was diffident concerning his office, or lacked the strong will and drive of his father, or simply was prevented from exerting tight controls by the pressures of the times, a "depersonalization of rule" occurred after 1917.[34] It should also be added that Vyner hardly had the full confidence of his father who outwardly favored his second son Bertram, and the last Brooke ruler labored under important legal limitations placed on him by Rajah Charles. In 1912, the Rajah elevated Bertram to the official position of Tuan Muda and made him next in line to succeed to the Raj if Vyner had no male heirs. He also decreed that Bertram be given full honors at all ceremonial functions and be accorded the same respect as Vyner.[35] The following year, Bertram was appointed to the newly established Sarawak State Advisory Council which was to oversee treasury expenditures, manage the investment of surplus funds, negotiate with the British government on matters relating to the transfer or sale of the country, and act as agent for Sarawak in London.[36] In addition, Charles' will specified that Vyner had to spend at least eight months of the year in Sarawak, and in his absence, Bertram was to administer the government. Under the circumstances, it is hardly surprising that the two brothers virtually shared rule—the Rajah remaining in Kuching usually from late fall to early spring and Bertram most of the other time. As a consequence, because of a lack of continuity in the month-to-month supervision and direction of the government, a situation was created in which the bureaucracy developed a mind of its own.

These changes, subtle though they may be to the casual observer, were rather sadly noted by A. B. Ward who for eight years occupied the highest administration post in the country. His resignation in 1923 as the last resident in the first division in many ways is symbolic of the end of an era. His successor was confirmed as chief secretary, and soon after, the Committee of Administration, an organ that Ward was frank to admit he had let atrophy,[37] was resuscitated. The ultimate clash between administration and Raj did not come until 1939,[38] but the basic source of this "bureaucratic revolt" in the Sarawak government can be traced to the changes that had taken place in the few crucial years immediately following the end of World War I.

It may ultimately be impossible ever to assess the impact that European administration had on Sarawak. Despite the fact that a cash economy was introduced only gradually and that the Brooke government with its limited resources was geared for maintaining "order" not "economic development," the European interlude in north Bornean history may have been more of a "deviation" than is generally assumed. Although Brooke rule has been characterized in the early pages of this paper as "mild Asian despotism," it is

necessary, insofar as possible, to attempt an "autonomous" evaluation of Sarawak administration.[39] The chief considerations in making such an evaluation revolve around an analysis of the pre-European political structure of the Brunei Sultanate and a discussion of Brooke's suppression of Brunei-sanctioned "piracy" in the area.

Brunei's political decline in the eighteenth and early nineteenth century was accompanied by a widespread incidence of political intrigue among the Brunei *pangirans* and *sharifs* (local chieftains, often of mixed Arab blood) who had carved out spheres of influence for themselves along north Borneo's many rivers. With the possible exception of the Melanau and Land Dyak regions, however, political control diminished upriver away from the shores and larger settlements. The dynamic and aggressive Ibans (Sea Dyaks) of the Skrang, Saribas, Kanowit, and Rejang rivers were, for all practical purposes, independent, following their nominal overlords on marauding forays or punitive expeditions only when suitable or profitable. An occasional Brunei *panglima* (military leader) might exercise periodic control, but in general, Brunei power in Iban, Kayah and Kenyah areas was scorned. The situation became even more explosive when, in the early 1830's, the Brunei Sultan installed a *pangiran*, Makota, as the governor of the Sarawak river, a heretofore relatively autonomous territory under control of local Malays. Makota brought with him a number of Brunei Malays, and when James Brooke first visited Sarawak in 1838, the whole region was in revolt. He was instrumental in bringing about a reconciliation between the warring factions and was rewarded, after some vacillation on behalf of the Sultan, by being made Rajah of Sarawak in 1942. The Sarawak Malay *Datus*[40] were then reinstated in privileged positions in the Rajah's government, and the history of most of the remaining nineteenth century deals with the gradual expansion of Brooke authority throughout northwestern Borneo at the expense of the declining Brunei state.

The political decline of Brunei and other harbor Sultanates in the South East Asian islands was linked in the minds of many Europeans—most notably Stamford Raffles—with the rise of what was considered to be "piracy." In this view, the prevalence of native marauding was inimical to "orderly" trade patterns and indicative of political "decay."[41] Following Raffles, James Brooke tied the suppression of "piracy" to the "restoration" of a friendly Brunei government which would invite British aid in abolishing marauding and encouraging trade.[42] After the "pro-British" faction of Brunei *pangirans* was wiped out in the great court purge of 1846, however, Brooke thought more along the lines of order and reform emanating from Sarawak, not Brunei.[43] In conjunction with his "anti-piracy" policy, Brooke also became involved in maintaining internal order—first among the Ibans in the Batang Lupar river system and later along the Rejang and Baram rivers. All these areas were under Brunei suzerainty and outside the original grant of land given to Brooke in 1842. As a result of imposing law and order in these

regions, the Sultan was forced to cede to Sarawak first the Batang Lupar in 1853, then the Rejang in 1861 and, finally, the Baram in 1882.

This process had several important results. First, it halted the natural northwestern expansion of the Iban peoples.[44] The Ibans might well have dominated all of northwestern Borneo had it not been for the coming of the Europeans.[45] The Brooke-imposed law and order in the second division area pushed many Ibans into the relatively uninhabited Rejang area which in turn drove the Kayan and Kenyah tribes further up the Balleh and Rejang headwaters.[46] Also, the virtual eradication of headhunting among the inland tribes certainly altered many longstanding social patterns; it should be mentioned, however, that the pragmatic and adaptable Ibans seem to have taken to litigation and legal procedures with much the same "ferocity" as they had earlier shown in headhunting.[47]

The second effect that European administration had was to alter "trade patterns" in the area. If "piracy," or selective marauding, can be seen as a form of luxury trade—the "golden thread" described by van Leur—then suppression of piracy as a prerequisite to the introduction of unhampered, large-scale commodity trade represents a break with the more traditional, normal patterns of commerce. The chief economic beneficiaries of this "break" were the Chinese who now dominate retail trade in the country. A European rule of law and order allowed the Chinese to grow and prosper, although the state always held the community in some suspicion and persisted in referring to them as "non-indigenous."[48]

The chief political beneficiaries of the European "deviation" were, of course, the Sarawak Malays. It is quite probable that the combined pressure of Iban expansion and "outside" Brunei domination would have made it difficult for Kuching *Datus* ever to have gained as much political influence as they were given under the Brookes. In this context, it is interesting to note that, as a result of the European withdrawal, the historical pattern of the 1830's may be repeating itself in Sarawak, only in the present period, the mainland Malays are the "outside" Malays and the Alliance party politics the form of domination.[49]

In this light, how must one evaluate Brooke rule? There are those who would argue that the ultimate worth of foreign—or even domestic—overlordship is how well a polity is prepared for economic and political viability in a "modern" industrialized world. If this is correct, Brooke rule suffers from obvious drawbacks in view of present-day problems in Sarawak. Although the European administration may have been little disruptive of native society in the short run, in Toynbeean terms, it failed to offer a strong enough "challenge" to generate internal "response" to achieve economic self-sufficiency. If it is also the case that all countries must make social and economic sacrifices as the price for the creation of valuable industrial capital necessary for development, then Sarawak did not pay the price under the Brookes.

It may be, however, that in a "modern" world, a rule of law, not industrialization *per se*, is the essential ingredient for political viability. It is difficult to believe that nineteenth-century headhunting and marauding trade patterns could have long survived without crucial alternations. In the long run, it is quite possible that history will support the contention that the one hundred years of Brooke rule in Sarawak made a significant contribution to the political viability of northern Borneo by fostering a "civilized" way of settling disputes.[50] In this context, the future political disposition of Sarawak, and all of northern Borneo, is of great interest. The current Federation of Malaysia, based on the idea of a "Malay Malaysia," may, in the event of increasing racial tensions, prove too fragile to survive as the post-colonial successor to "British Malaysia." If this is true, certain vestiges of the Brookes' "Pax Sarawakia" may serve as the rationale for reviving ideas of a Brunei Golden Age and function as a viable basis upon which to build a separate north Bornean political entity. South East Asia is, after all, a region that has selectively absorbed many cultural influences in its creative adaptation to historical change.

Notes

1 *Sarawak Gazette*, September 2, 1872, p. 1.
2 Spenser St. John, *Rajah Brooke* (London: T. Fisher Unwin, 1897).
3 J. S. Furnivall, *Colonial Policy and Practice* (New York: New York University Press, 1956 ed.) p. 277.
4 *Journals* (London: John Murray, 1848), vol. I, pp. 70–71.
5 *Sarawak Gazette*, No. 141, Apr. 24, 1878, p. 25.
6 *Sarawak Gazette*, Vol. III, No. XLVII, May 16, 1910, p. 98.
7 See for example B. A. St. J. Hepburn, *The Handbook of Sarawak* (Singapore: Malaya Publishing House, 1949) pp. 65–68.
8 The state also refused to countenance the alienation of land for debts. See order No. IX, 1910, *Sarawak Gazette*, Vol. III, No. XLVI, July 15, 1910, p. 131.
9 See for example Order No. XXV, 1910, *Sarawak Gazette*, Vol. III, No. LIX, November 16, 1910, p. 175; and an earlier instruction from the Rajah to the Resident at Rejang, *Sarawak Gazette*, Vol. II, No. XXIV, August 16, 1909, p. 135.
10 For a history of the Borneo Company, see Henry Longhurst, *The Borneo Story* (London: Newman Neame Limited, 1956).
11 *Handbook of Sarawak*, p. 68.
12 See Otto C. Doering III, "Government in Sarawak Under Charles Brooke," *Journal of the Royal Asiatic Society, Malay Branch*, 39, Pt. 2 (1960), pp. 95–107.
13 The life of an outstation officer in the Second Division has been described first by Charles Brooke himself in *Ten Years in Sarawak* (London: Tinsley Brothers, 1866), and after the turn of the century, by A. B. Ward in *Rajah's Servant* (Ithaca: Cornell University Data Paper, No. 61, 1966).
14 See description of a district officer's duty in S. Baring-Gould and C. A. Bampfylde, *A History of Sarawak Under Its Two White Rajahs* (London: Henry Sotheran & Company, 1909) p. 312.
15 Cited in A. B. Ward, *Rajah's Servant* (Ithaca: Cornell University Data Paper, No. 61, 1966), p. 34. Charles, however, did argue that an "infusion of native blood [was] essential" for the growth of an enlightened and physically vital administra-

tive class. See *Queries: Past, Present and Future* (London: The Planet, 1907), pp. 3–4.

16 I am indebted for this insight to Tom Harrisson, former Curator of the Sarawak Museum, and now Professor of Sociology at Cornell University.

17 Many were former enemies of the first Rajah or their descendants, demonstrating the Brookes' policy of leniency and amnesty towards the inhabitants. The senior native officer at Simanggang, Tuanku Putra, was the son of Sharif Sahap, former satrap of Sadang before he was defeated by James Brooke in 1844.

18 Most of the non-Europeans were Malays (chiefly Sarawak Malays), but a few important stations—Sibu in the 1880's and Kalaka after 1900—were manned by Chinese. Prior to World War I, almost all the minor stations in the Second Division and those in the Kanowit and Balleh regions of the Third Division were staffed by Malays. See Doering, p. 102.

19 Ward's *Rajah's Servant* stresses this point. See account of how the senior Malay at Simanggang aided in the judicial process, p. 34.

20 In later years, the tax commission was replaced by a regular salary to lessen the likelihood of extortion.

21 See the Rajah's instruction to the president at Rejang, *Sarawak Gazette*, II, Aug. 1, 1909, p. 135.

22 Baring-Gould and Bampfylde, p. 311.

23 Stephen Runciman, *The White Rajahs* (Cambridge: Cambridge University Press, 1960) pp. 203–204; and Ward, p. 137.

24 Doering, p. 106.

25 See for example Runciman, p. 203; and Charles Hose and William McDougall, *The Pagan Tribes of Borneo* (London: Macmillan and Co. 1912), II, pp. 268–276, both of whom describe a conical structure consisting of a lower level of native chiefs, an intermediate European administration, and the Rajah at the apex.

26 See Ward's account of the attempt by Bailey, the Second Division Resident, to resettle some Ulu Dyaks nearer Simanggang, p. 122.

27 *Sarawak Gazette*, Vol. II, No. XXV, June 16, 1909, p. 114.

28 *Sarawak Gazette*, Vol. II, No. XXXVIII, Jan. 17, 1910, p. 13.

29 See, e.g., Baring-Gould and Bampfylde, pp. 374–375.

30 By 1925, oil royalties amounted to over 14% of the state's total revenue; correspondingly, income from head or door taxes had decreased from 8% in 1900 to only 1% in 1925. Government monopolies consistently provided a large percentage of the state's income: 31% in 1900, 27 in 1910, 21 in 1920 and 26 in 1925—opium alone accounted for 18% of the total in 1925. Custom duties, both from imports and exports, was the other larger source of revenue: 32% in 1900, 38 in 1910, 40 in 1920 and 27 in 1925. During the period from 1900 to 1925, state revenue increased over 5½ times. All data is gathered from the yearly financial reports in the *Sarawak Government Gazette*.

31 See Ward, p. 133, who speaks rather disparagingly of the necessity for "annotating innumerable minute papers."

32 The percentage of funds spent in the Medical, Health, Post Office, Land, Education and Treasury departments increased from 16% in 1900 to 27% in 1925; during the same period, Public Works expenses rose from 14% of the total to 25%. After 1925, expenditures continued to rise, and by 1930, in the wake of the general world depression, the state had experienced its first two budget deficits since the turn of the century. Due to a decline in rubber prices and a general drop in revenue in 1930, the Rajah called for an immediate policy of austerity in his address to the meeting of the Council Negri. See the text prefixed to the *Administrative Report for 1930* (Kuching: Sarawak Government Printing Office, 1931).

33 See for example the editorial in LII, Feb. 1, 1922, p. 31 and letter, p. 45; and the editorial in LIII, Mar. 1, 1923, pp. 13–14 and letter, pp. 66–67.
34 See Otto C. Doering III, "The Institutionalization of Personal Rule in Sarawak" (unpublished M. A. thesis, London School of Economics and Political Science, 1965), especially pp. 98–107 and 164–165.
35 See *Sarawak Government Gazette*, V, June 7, 1912, p. 118.
36 See *Sarawak Government Gazette*, VI, Jan. 2, 1913, pp. 1–3.
37 See Ward, pp. 168–169.
38 In that year a disagreement between the new Rajah Muda, Anthony Brooke, Bertram's son, and the Committee resulted in the "retirement" of five senior civil servants, including the Chief Secretary. See Doering, "The Institutionalization of Personal Rule," p. 133, who characterizes the issue as being one between a "rule of caprice" and a "rule of law."
39 The arguments from an "autonomous" history, avoiding the application of European categories to Asian social and political phenomena, are now well documented. See the pioneering work by J. C. van Leur, *Indonesian Trade and Society* ("Selected Studies on Indonesia by Dutch Scholars," Vol. I; The Hague and Bandung: W. van Hoeve, 1955); and two later volumes, one by Soedjatmoko, *et al.*, *An Introduction to Indonesian Historiography* (Ithaca: Cornell University Press, 1965), and the other by D. G. E. Hall (ed.), *Historians of Southeast Asia* (London: Oxford University Press, 1961). See also Hall, "On the Study of Southeast Asian History," *Pacific Affairs*, XXXIII (September, 1960) pp. 268–82; John R. Smail, "On the Possibilities of an Autonomous History of Southeast Asia," *Journal of Southeast Asian History* II, No. 2 (1961) pp. 72–102; and Harry J. Benda, "Decolonization in Indonesia: The Problems of Continuity and Change," *American Historical Review*, LXX, No. 4 (July, 1965) pp. 1058–1072.
40 In Sarawak, *Datu* was the highest title except for Rajah; in Brunei it was the position below *pangiran*.
41 Raffles seems to equate the "decay" of Malay government with the rise of piracy, an activity forced on the Malays by Dutch monopolistic policies and commercial restrictions. He also thought that piracy was "innate," enhanced by the "intolerant spirit of the religion of Islam." See Sophia Raffles, *Memoir of the Life and Public Services with Some of the Correspondence of Sir Thomas Stamford Raffles*, etc. (London: John Murray, 1830), particularly pp. 63 and 78. For a discussion of the "decay" and "innate" theories of the origins of piracy, see Anne Lindsey Reber's excellent study, "The Sulu World in the Eighteenth and Early Nineteenth Centuries: A Historiographical Problem in British Writing on Malay Piracy" (unpublished M. A. thesis, Cornell University, September, 1966), especially pp. 1–28.
42 See Nicholas Tarling, *Piracy and Politics in the Malay World* (Canberra: F. W. Cheshire, 1963), p. 126, n. 33; and John C. Templer, *The Private Letters of Sir James Brooke*, etc. (London: Richard Bentley, 1853), I, pp. 2–33.
43 *Ibid.*, p. 131, n. 51, and p. 133.
44 See in particular Benedict Sandin, *The Sea Dayaks of Borneo Before White Rajah Rule* (East Lansing: Michigan State University Press, 1968).
45 Of course, the other side of the argument is that the Ibans would have assimilated themselves to the Malays and become "Islamized" as many already have. Tom Harrisson notes in *The Peoples of Sarawak* (Kuching: Sarawak Museum, 1959), p. 6, that "at least ninety-five percent of Sarawak's Malays are people previously pagan Dayaks who were converted to Mohammedans and *Masok Melayu* in the process . . . "
46 See *The Peoples of Sarawak*, pp. 11–12.

47 See Ward's comments on Iban proclivity to litigation, p. 87. It is also interesting to note that James Brooke was concerned that "piracy suppression" might interfere with the right of native states to make war upon one another. See Henry Keppel, *The Expedition to Borneo of H.M.S. Dido for the Suppression of Piracy* (London: Chapman and Hall, 1846), II, p. 153.

48 The Brookes never quite seemed to know what to make of the Chinese. They admired their enterpreneurial skills and even imported a number of Chinese settlers into the Rejang area. But the regime never forgot the Chinese uprising in 1857 in which a *kiongsi* (community) near Bau sacked and burned Kuching. See the *Sarawak Gazette*, XLI, 582, June 11, 1911, p. 109 for a most illuminating comment.

49 For a brief, but good discussion of recent politics in Sarawak along these lines, see Gordon P. Means, "Eastern Malaysia: The Politics of Federalism," *Asian Survey*, VIII, No. 4 (Apr., 1968), 289–308.

50 Again, I am grateful to Professor Harrisson for first calling this conclusion to my attention.

FRENCH INDOCHINA

General
Economy

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FRENCH INDO-CHINA

Lennox A. Mills

Source: R. Emerson et al., *Government and Nationalism in South East Asia*, New York: Institute of Pacific Relations (1942), pp. 107–12.

The French territories collectively known as Indo-China comprise the colony of Cochin China, the protectorates of Tonkin, Annam, Cambodia and Laos, and the small territory of Kwangchowwan which was leased from China. The total population was approximately 23,500,000 in 1938 and includes some 400,000 Chinese.

The dependency is under the ultimate direction of the Ministry of the Colonies in France. Comparison with the British Empire shows some important differences in the extent of central control and the methods by which it is exercised. The Governor General is allowed far less local independence than, for example, the Governor of the Straits Settlements. The Ministry of the Colonies has a very important department, the Direction of Control, which has no parallel in the British Empire. Members of the staff, known as Inspectors of the Colonies, periodically visit the dependencies and make searching investigations into their affairs. They report directly to the Department in France, and the colonial authorities are not informed whether their criticisms are favorable or the reverse. The theory is excellent: the Ministry is constantly apprised of colonial conditions by a perambulating corps of professional critics. The result in practice is to discourage initiative: colonial officials adhere closely to their instructions whether they are really suited to the colony's needs or not, since any deviation from them will be reported upon adversely to headquarters. The Ministry of the Colonies is also assisted by a very elaborate organization, the *Conseil Supérieur des Colonies*, composed of ex-Governors and colonial experts and of persons with important colonial interests. It advises the Minister on political, military, economic and legal questions. Unfortunately it is seldom consulted and the membership is far too large for an effective consultative body. The closest analogy in the British Empire is the Colonial Office Conference, a meeting of

colonial governors which has been held periodically since 1927 to discuss problems of tropical administration, economic development and scientific research.

One of the most striking differences between the two empires is that the British Governor is usually a professional colonial administrator, the only exceptions being that important figures in English public life are appointed to a few positions such as that of Governor General of India. The typical Governor begins his career as a probationary cadet in one of the tropical colonies, and some twenty-five years later has risen to the Colonial Secretaryship, the position which stands next to that of Governor in the British colonial service. For a capable official the next step is the governorship of one of the smaller colonies, the Bahamas for example; and ultimately the most successful may be appointed to one of the principal tropical dependencies such as Malaya or Nigeria. By contrast the Governor General of Indo-China has usually been a French politician with no personal knowledge of the problems of tropical administration. The shortness of his term of office—frequently about two years as compared with five under the British system—means that he is replaced just as he is beginning to understand the local situation. Legally his powers are as sweeping as those of a British Governor; but in practice the inevitable result has been that control has lain very largely with his subordinates, the permanent officials of the dependency.

The British and French attitude towards colonial self-government is also strikingly different. British policy during the past twenty years has been that the ultimate goal is autonomy within the Empire, and that self-government will be introduced in installments as rapidly as is advisable. The tropical dependencies are in varying stages of evolution, from the Straits Settlements, which are still a Crown Colony of the traditional type, to Burma or Ceylon, which have extensive powers of control over their internal affairs. The development of colonial self-government has no place in French policy. The powers of the legislatures in Indo-China are much more limited than in Malaya or Hongkong; and the intention has been that the dependency should be drawn progressively closer to France as an integral part of a closely-knit empire dominated by the mother country. In pursuance of the same policy the colony of Cochin China was represented in the Chamber of Deputies in Paris by one deputy elected by the French citizens in the colony. They are only a small fraction of the 3,800,000 in Cochin China, the majority being French officials and merchants. Few natives are French citizens and have the franchise; and no deputies are elected from the other divisions of Indo-China. In the British Empire no colonial representatives are returned to the Imperial Parliament. On the other hand, in a Crown Colony like the Straits Settlements, which corresponds to the Colony of Cochin China, all persons born there are equally British subjects by birth whether they are Europeans or Asiatics. There is not the distinction which France makes between French citizens and subjects. As Asiatic British subject is eligible for

election to the House of Commons: during the 1920's the solitary Communist in Parliament was Mr. Saklatvala the member for Bermondsey, a Parsi from Bombay.

At the head of the administration in Indo-China is the Governor General. His powers are very extensive and he exercises general supervision and control over the governments of the colony and the protectorates. He is assisted by the Grand Council of Economic and Financial Interests, an advisory body with an annual session. Half of the members are officials of high rank or representatives of the Colonial Council of Cochin China and of the Chambers of Commerce and Agriculture, and the remainder are Indo-Chinese who are chosen by a limited number of natives holding high positions. This Council merely gives advice on such economic and financial subjects as are referred to it by the Governor General. He must, however, submit to it the budgets of the General Government and of the various divisions of Indo-China, as well as all proposals for taxation. Unlike the practice in the British Legislative Councils, the unofficial members are not free to introduce any subject for debate. The government retains effective control of revenue and taxation; and the legislative powers of the Council are more limited than in a British colony, since many of the laws are enacted by the French Parliament or are extended to Indo-China by presidential decree, i.e., by the permanent officials of the Ministry of the Colonies, a method which has its British counterpart in the legislation passed by Order in Council. There is, however, the difference that in the British Empire only a minor part of the legislation is enacted in this manner, the bulk being passed by the colonial legislatures; while in the French Empire the proportions are reversed.

The Colony of Cochin China is under a Governor who is responsible to the Governor General. He is usually appointed for five years and has, generally speaking, the same authority as a British Colonial Governor. He is assisted by a Privy Council which closely resembles the Executive Council in a British colony, and by a Colonial Council which corresponds to the Legislative Council. The Privy Council has an official majority and also includes two French citizens and two native notables appointed by the Governor General. It is purely advisory but is consulted on all important questions, particularly financial ones. The Colonial Council is composed of twenty-four members of whom ten are elected by French citizens, two each by the French Chambers of Commerce and Agriculture respectively, and ten by an electoral college of French subjects. These are native merchants, landowners, officials and local notables. The Council virtually controls the direct taxes of the colony but otherwise is an advisory body for the expression of unofficial views, and its decisions can be overruled by the Privy Council. In the intervals between its brief annual sessions it is represented by a permanent advisory commission of five members of whom two must be natives elected by the Council. The Chambers of Commerce and of Agriculture, composed

of French and native merchants and planters, are frequently consulted by the government on economic matters and their representations carry great weight. The colony is divided into provinces at the head of each of which is an administrative officer who closely resembles a British District Officer save that he rarely combines judicial and executive duties. The subordinate officials include a much larger number of French than would be found in a Dutch or British colony, where most of the minor posts are filled by natives of the country.

Cochin China is under the direct control of French officials; but the other four subdivisions of Indo-China are protectorates. In Tonkin, Annam and Cambodia the chief executive officer is a *Résident Supérieur*, while in Laos he has the title of Administrator. In each of the three first there is a Privy or Executive Council and a Protectorate Council, the composition and duties of which resemble those of the similar bodies in Cochin China. The traditional native administration continues to exist alongside the French. The rulers of Annam and Cambodia still maintain their courts and the old hierarchy of officials. In Tonkin the former viceroy of the Emperor of Annam has been replaced by the French *Résident Supérieur*. Laos had never been brought under a single government prior to the French occupation; but the native prince of Luang Prabang still reigns over part of the country. The distinction between direct and indirect rule in Indo-China is more legal than actual. The mandarins or traditional officials are not entirely figureheads; but the powers of the French administrative officers are much the same whether they are exercised in the Colony of Cochin China or in one of the protectorates.

Cambodia may be taken as an example of the French form of indirect rule. The King of Cambodia placed his dominions under French protection in 1863; and in 1884 he accepted a treaty by which he virtually handed over all effective power to France. He agreed to accept whatever reforms might be introduced and to transfer the control of taxation and public works to French officials. French administrative officers were to be responsible for the maintenance of order and to supervise and control the actions of the Cambodian officials. The King was given an ample salary, the elaborate ceremonials of the court were maintained, and the Cambodian mandarins continued to hold office. Superficially the facade of the old monarchy was preserved. The substance of power was transferred to the *Résident Supérieur* and to the French *Résidents* who administer the residencies or provinces of Cambodia. The powers of the *Résident Supérieur* are very similar to those of a British Governor and the duties of a *Résident* resemble those of a Resident in Malaya. The *Résident Supérieur* is assisted by a Consultative Native Assembly, most of whose members are elected. The franchise is carefully restricted to Cambodian officials and others whose loyalty to French rule is assured. The Assembly is not allowed to debate political subjects, but may express its wishes on other matters if the

Résident Supérieur has agreed to the debate. The budget estimates are also laid before the Assembly.

Alongside the French is a staff of Cambodian officials, rising in gradations from the official who superintends the elected headmen of a group of villages to the governor of a province who is the Cambodian equivalent of the *Résident*. They are never allowed to forget that they owe their positions and prospects entirely to their French superiors, although the King of Cambodia is the titular head of the state. The French administrative officers rule the country indirectly through these native auxiliaries, who are entirely under their control and guidance. The relations between the two corps of officials are reminiscent of those existing between the Dutch and the native officials in Java. The French administrative officer limits himself as far as possible to the role of guide and private director, strengthening the public prestige and position of his Cambodian colleague, and taking the settlement of a question into his own hands only when it is unavoidable. The French justification of the system is that it has combined the advantages of direct and indirect rule. It has given the country a more efficient and less corrupt form of administration—the venality of the mandarins in the old days could almost be described as monumental—and at the same time it has provided a camouflage for French control which has made foreign rule much more palatable to a very conservative people.

Native Cambodian judges trained in the School of Law at Pnom Penh decide cases between Cambodians, in accordance with the traditional code which has been somewhat modified to bring it more into accordance with French law. Their decisions are supervised by French judges, who also try cases involving Europeans or those where the parties concerned are of different races. The legal department of Indo-China is under the Director of Judicial Administration who is one of the chief advisers of the Governor General.

Each of the five subdivisions of Indo-China has its separate budget and in 1935, the latest year for which statistics are available, the total expenditure was 54,747,000 piastres (one piastre equals ten francs). Local receipts come from income and poll taxes, charges for concessions, land taxes, fishery taxes, etc. The Government General has its own separate budget, the expenditure in the same year being 55,000,000 piastres and the revenue 51,422,000 piastres. The revenue is derived chiefly from customs duties, government monopolies of alcoholic liquors, opium, salt, tobacco and matches; registration and stamp duties; and receipts from the post and telegraph departments. The principal items of expenditure are debt charges (27 per cent of the total), administration (47.6 per cent), public works (7.6 per cent), and subsidies to the local budgets (11 per cent). These figures do not include the large loans floated in 1931 to 1936 to cover public works and other expenditures.

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INDO-CHINA: ECONOMIC DEVELOPMENT

Stephen H. Roberts

Source: Stephen H. Roberts, *The History of French Colonial Policy*, 1870–1925 (1st published 1929), Essex: Frank Cass & Co. (1963), pp. 479–96.

Up to Doumer's time, Indo-China had been little developed, save for the rice-industry in Cochin-China and, to a lesser degree, the exploitation of the Tonkin delta. Trade had been set back by the "assimilation" of the colony to France in 1892,—an especially heavy blow in a country which depended on a local Oriental market and which could under no conditions be made a commercial dependency of France. Rice was practically the only crop: industry was non-existent; commerce was not progressing. There were only 800 European civilians in the land, and these had failed to settle down to agricultural pursuits: over against them were twenty million natives, sullen and unprogressive, living as their ancestors did and seeing no reason why they should change their methods of production. Their minds wallowed in inertness just as their bodies did in the rice-swamps. Even Doumer's five years of reorganization left this position little changed in its essentials. He created credit, it is true, and thus cleared the way for a doubling of commerce, but, to counteract this, he discouraged industry and neglected agriculture. He failed to make alienation of land mean settlement, in so far as the Europeans were concerned, and worst of all, left the native body, by reason of his taxes and political changes, more disaffected than when he came.

Under these conditions, it was his successors who had to bear the brunt of the situation. When Beau followed him in 1901, for instance, he had a sound financial position, a growing trade, and a progressive policy of communications; but all of these had adversely affected the native and passed over the country's primary production. Public works had gone on at the cost of agriculture instead of concurrently with it: hence, Beau had not only to carry on Doumer's ambitious programme of railways, but also to revive agriculture

and industry to keep pace with the general progress of the country. Doumer had tended to make the economic state of the country unduly artificial and to divorce his public-works from the facts of the situation. Beau, for his part, had to perform the graceless task of bringing all these sets of facts into line again.[95]

By 1901, therefore, if the railway-issue had been decided, that of agriculture was just beginning. Emphasis was on new crops, fresh methods, irrigation, agricultural schools, and a turn to the experience of India and Java,—and point was given to this position by the bad harvests that followed Doumer's five good years and by the disquieting fall of the piastre. Indo-China was slipping back,—back from Doumer's forced progress to the position of agriculture which, at that time, was the direct gauge of the country's welfare. The federal budget had deficits from 1902 to 1906, and, at the same time as the agricultural quiescence that this presupposed, the era of unproductive expenses was at hand.

After Doumer left, the metropolitan Government stepped in once more, and each increase of direct interference meant a larger *personnel*. Expenses thus went up at the very moment when the country's productivity was declining. This was the period when France had no definite colonial policy, and emphasized only interference. Despite the return to budgetary prosperity after 1907, the drift went on until the attacks of Messimy and especially of Viollette in the French Parliament.[96] In 1911, the latter showed the contrast between the richness of Indo-China and the detrimental *tracasserie* of the administration. The young attorney was astonished by what he found and, though unduly emphasizing the weaknesses of the situation, forced the apathetic Parliament to do something. His staccato explosions could not be lightly passed over. Each native paid a quarter of his revenue in taxes! Cochin-China's Lieutenant-Governor cost 720,000 francs, while the Minister of Colonies in Paris absorbed only 830,000 in all! Indo-China had a debt of 474,000,000 francs! Annam voted 85 per cent. of its budget for officials, ten per cent. for public works, and yet was supposed to be only indirectly administered! And all of the States were "in the grip of that frightful vampire that officialdom is out there!" This attack, probably because French colonial policy had never before been turned upside-down by the vehemence of a young man, led to the loan of 80 million francs in 1912, and to the appointment of Sarraut to reorganize the administration from top to bottom.[97] The drift from 1902 to 1912 was thus ended, and economic progress was once more possible.

Products

Indo-China is obviously not a geographical unity. It divides into three dissimilar regions, each demanding a different policy. All of the south, the region centring on Saigon, is entirely agricultural and practically limited to

rice-production, and to 1901 was the only developed region. All of the north, the area round Haiphong, is far more varied, but with a future resting on industry and mining rather than agriculture. Between these two extremities is the Annamite region proper, radiating from the port of Tourane. This is also almost entirely an agricultural zone, but varies from Cochin-China in not depending primarily on rice. Both of these regions are still mainly agricultural, and so too was the third, until the development of Tonkinese industries in recent years. Indo-China is thus a country of rural industries,—one might almost say, of rice. Rice and its derivatives formed 72 per cent. of the exports in 1900, 62 per cent. in 1924; and nine-tenths of the cultivated area is still devoted to this plant. The economic life of the country rests on rice, with all of the uncertainty that a monoculture land must be subjected to by its dependence on one staple, as was evident in the bad years after 1902. If the abnormal development of one crop simplifies economic problems in ordinary years, it complicates them to a corresponding degree in times of crisis.

Nevertheless, there is something attractively simple about Indo-China's dependence on rice. All of the natives live on it. All of the peasant-proprietors, save in Central Annam, grow it. All reckon in terms of it. It is the be-all and end-all of existence, and there would even seem to be a certain quaint connection between rice and the monotonously docile temperament of the native! In Cochin-China in particular, there is nothing else in native life and thought except rice. Fifteen of its twenty-two provinces know no other culture; Saigon is the great rice-emporium of the Far East; and Indo-China itself the second rice-producing country of the world. It is symbolical of the changes coming over the land to note, however, that the north is breaking away from this absolute rule of the rice-king, and that, already by 1921, only 180,000 tons out of a total production of 1,720,000 originated in Northern Annam and Tonkin.[98]

Cultivation is still practically limited to the deltas of Cochin-China and Tonkin, with a little by primitive means round the Cambodian lake and the coastal districts of Annam. This is due partly to the wonderful richness of the delta-lands, partly to a regional egotism which keeps the Annamite from the highlands of the interior unless he is actually forced there. How important these deltas are is readily evident. It might appear on the surface that the French stress on the deltas was due to their inability to penetrate to the mountains, but this was not so. The truth is that, from an agricultural point of view, the peninsula narrows itself down to the two deltas. That of the Red River in Tonkin, for instance, includes a fifth of the area and four-fifths of the population. The land really resolves itself into two deltas separated by a huge mountain ballast. The alluvial matter brought down by the rivers carries the mountain to the sea, the interior in this way being the raw material of the deltas. Hongyen, for example, a port much frequented by the Dutch in the seventeenth century, is now 35 miles inland![99]

These facts seem obvious, but it was not until about 1910 that they were satisfactorily realized by the French. Up till then, there had not been sufficient progress. With such a rich country and a culture like rice, it is not the aggregate production that counts, so much as the relation this amount bears to what might reasonably have been expected from the country. Up to 1910, to the contrary, the French reckoned in terms of what they were getting, not what they should have been getting, and were thus not facing the real problem.

This was chiefly due to certain erroneous emphases on their part. As usual, they had tried to set up a European farming-population, although this was clearly opposed to their general colonial theory. When it comes to *peuplement*, here as elsewhere, the French forgot their theory and sought the unattainable. They neglected the fact that Indo-China was destined by nature for native colonization, not European, and tried to reverse the normal order of things. Free grants were thus readily given to Europeans, and, to 1902, included 192,000 hectares in Tonkin alone.[100]

But the results were uniformly disappointing. Most of the newcomers thought that they could rival the tea-planters of Java or Ceylon, and, ignoring the relatively small yield from rice, turned to the so-called "rich" cultures. When disappointed in this direction, they either abandoned their holdings or simply installed natives on them on a share-basis, thus changing the position not at all for the better, and taking a part of the natives' livelihood. European colonization in the peninsula came to mean failure for the settlers and a burden for the natives. By 1905, therefore, the colonists were uniformly discouraged. Indeed, the Lieutenant-Governor of Cochin-China told his Colonial Council in that year that, even in his rich province, he did not know of one free-grant that had been successful! By this time, too, the element of dispossession involved in the scheme had become obvious. The population of Indo-China is concentrated on the Deltas, where the density is as great as that of Brabant; yet it was only here that the new-comers would settle.[101]

As this fact gradually became evident, French settlement was confined to the richer settlers, who were investors of capital rather than direct farmers. The result was some improvement. Up to 1905, only 27,000 hectares of land were cultivated by Europeans: by 1914, 169,150 hectares of a total granted area of 490,000 were improved, mostly in Cochin-China, with rice in the west and rubber in the east. After the original *métayer* experiments, therefore, it was in the direction of introducing rubber to Cochin-China and coffee to Tonkin that the French settlers were of service.[102]

But this was only a by-product of French settlement, and the basic fact remains that Indo-China is a native-land and rice is a native-culture. The native alone can live directly from the soil, he alone can carry on the garden-culture of the rice-fields. If the European provides capital on the *métayer*-basis, that would be better done by agricultural banks in Government hands: if he directly produces rice with native labour, he is performing no service and is merely retarding the development of peasant-proprietorship. It is only

in introducing the newer cultures that there is any scope for him, and the predominance of rice prevents Indo-China rivalling Java or Ceylon in this regard. It is not European settlement, but native, that counts in such a land: so that the emphasis has come to be on the improvement of native culture in the delta-regions already occupied, and, since 1910, on the extension of settlement to the hill-country of the interior.

Peasant-proprietorship is thus the order of the new era. France had to build on the basis of what was already there, in this land of small native settlers, instead of trying to change the entire structure. The natives would not work for Europeans, and, even if they did so, the most stringent punishments the Government could devise did not prevent breaches of contract. Gentleness and force alike made no appeal to them, and they refused to leave their communes or even to work continuously in their home-regions. A perfect insouciance was their most marked characteristic. They had always grown rice and lived on rice: so why should they labour for foreigners or dabble with new crops? They *might* be desirable, but the native felt himself well off as he was: and, besides, who was he to desert the ways of his revered ancestors, and, by change, imply that *their* methods had been inadequate? This heedlessness and conservatism for long remained the greatest obstacles of the French in the land, and it was not until the increased prosperity after 1912 that the change came of its own volition.[103]

Once the French had determined to institute peasant-proprietorship as the basis of the economic life of the peninsula, the temperamental difficulty was reinforced by the land question,—always an acute problem in densely populated native lands. How could holdings be defined and divided in such a country of confused traditions? Yet how could the Government know where it stood without such a definition? The problem was attacked haphazardly, the result being that certain rules emerged for the French, others for the Annamites, yet none for the land as a whole. The Torrens system, which had been adopted in Tunisia, was viewed charily in such a land, because the native, an inveterate gambler and heedless of the morrow, might too easily lose his lands altogether. Immatriculation on the Torrens model was therefore limited to two provinces, and the difficulties encountered there prevented its extension elsewhere.[104] Experience here, as well as in Tunisia and West Africa, clearly showed that making land easily transferable might lead to all manner of social evils and dispossession. As a result of this lesson, the French adhered to the older compromise in Indo-China. That is, they retained native customs for the natives and introduced the *Code Civile* to regulate land matters for the Europeans: but this dualism led to confusion. If it prevented the disruption that might have accompanied the Torrens Act (though surely the increasing sophistication of the natives after 1910 would have largely prevented that), it certainly involved an economic evil. The confusion of land-titles prevented the offering of ready securities for loans and mortgages, and thus did much to keep native methods backward. Boudillon,

who has investigated this problem in detail, holds that the present confusion can be brought to an end without placing the native at the mercy of speculators, and that local usages and French law can be combined to produce a system that is at once uniform and suited to the needs of the country. This can be obtained by means of a public register which simply clarifies the native tenure without bringing about the changes the Torrens system would involve. Native ideas are retained, yet made orderly; and thus the French system can be brought into play where Frenchmen are concerned, without confusion and without upsetting the natives. This compromise, somewhat reminiscent of the Algerian system, has been adopted as the basis of reform by de Lanessan's "Commission of Indo-Chinese Legislation," and, though limited to Cochin-China, where the need is greatest and the obstacles fewer, is clearly the system of the future and a distinct aid to peasant-proprietorship.[105]

The next prop necessary for any such scheme is an adequate system of rural credit. In this field, practically nothing has been done, although it has been recognized that the land depends on small native cultivators. A law of 1894 provided for local agricultural banks on a co-operative basis, but, by 1922, the eleven syndicates so set up numbered only 3,045 adherents out of an agricultural population of three millions, and were not easily accessible to small or even average proprietors! Governor-General Merlin promised in 1923 to redeem this situation, as it was clear that progress on native lines was automatically stopped unless credit was provided for extension. "It is undeniable," said Merlin, "that provincial banks must be created for the provision of agricultural credit." The Administration therefore resolved to institute a Central Bank which would be the nerve-centre of credit for the whole country and which would operate through advances to district and provincial banks. But all of this remains theory, and the methods of the native proprietors remain very much as they have been through the centuries.[106]

This explains the tardiness in introducing new crops. Old methods do not hinder the production of rice, but, once the new cultures are attempted, both capital and new methods are indispensable. Much agricultural land is awaiting development all over the country, but there are signs that a change is coming. There has been a significant breach in the defences of that aggressive localism which has hitherto characterized the natives. The coming of a greater degree of individualism at once weakened the old social life of the village and tended to force the enterprising individual out to new lands where he could find a wider scope. The railways started this tendency. Annamite labourers settled where the railways took them, and others made the railways arteries for penetrating the hill-country hitherto closed to them, both by their own regionalism and by the lack of communications. Then, the increasing pressure of population in the deltas forced them out to a larger and larger degree, and, in particular, an exodus started from Annam

and Tonkin towards the south, where Cochin-China had an inadequate labour-supply.

This movement coincided with a vigorous attempt to introduce new crops. Up to 1910, save for maize and a little coffee and wild rubber, rice absorbed all attention, but after that, the future of rubber and coffee began to attract notice. Plantation-rubber in Cochin-China absorbed twenty million francs of capital by 1920, and other crops followed,—sugar-cane all over the south, cotton in Cambodia, coffee in Tonkin. Agriculture was becoming capitalized, over and above the basic rice-culture. The result is that to-day Cochin-China is becoming a land of varied cultures, and each of the other provinces is becoming associated with a distinct agricultural staple other than rice. Methods, too, are keeping pace with this expansion, and motor-culture is more and more replacing the water-buffalo. Hence too, the emphasis on irrigation since 1910. Canals were necessary to regulate the waters of Cochin-China, conservation-schemes to offset the irregular rains of Cambodia, irrigation-works to cultivate the innumerable little deltas along the Annamite coast, and dams to minimize the vagaries of the Red River and to prevent famine in Tonkin. Indeed, these schemes are said to be as important for the era after 1912 as railways were after 1898. At present, 236,000 acres are irrigated, but these works are limited to the two northern provinces, and, despite the proposed expenditure of 76¼ million piastres, irrigation-works still remain in the world of theory.[107]

Nevertheless, the main agricultural battle has been fought, with the realization that Indo-China must in the main be left in native hands and that progress means an improvement of native methods. This is the main point. The European part is confined to direction and education, with that capitalistic experimentation which is needed for the introduction of new cultures which are costlier and more technical than rice-production. With this limitation of objective, such facilities as an adequate land-*régime* and credit, irrigation and communications become only incidentals to be realized as opportunities offer. The basic point is that the agricultural policy since 1910 has been brought once more into harmony with the needs of the situation.

Industry

Side by side with this, the north of the peninsula has been literally transformed by the growth of industry, the result being that Tonkin is to-day the most industrialized possession the French have. Up to 1902 a development along these lines was not even thought of. Only the Hongay coal-mines were in operation (1885 on), and the distinctive local industries of the natives were despised by the French. The cotton of Tonkin went to China to be spun and came back to be woven; rice was so treated by hand-turned machines that it could not be sold even in the Oriental markets; cane lost much of its sugar-content in being crushed; and naturally any suggestion that the raw materials

of Tonkin might be manufactured to compete on the European market was crushed by a France that was convinced that colonies existed only to turn against the mother-country on the slightest pretext. Doumer, though he did more for the land than perhaps any other man, only reflected current opinion in saying that the industrialization of Tonkin was a form of treason and that it would be a dereliction of his duty not to suppress industrial concerns at the outset.

Against this attitude stood the undoubted facilities for industry in the country. The presence of iron and coal in large quantities made metallurgical industries possible, and with these went the textile trades. As has been seen in the case of West Africa and Madagascar, it is the trade in cheap cotton-goods that is the main element in the commerce of a native country: so too it was in Indo-China, but here the colonists endeavoured to solve the problem by manufacturing the cloth themselves. A cotton-mill was established at an early date at Hanoi, and two more added in the industrial revival between 1898 and 1901: but the difficulties encountered were typical of those met by industries in French colonies. France was either openly or passively antagonistic: British cottons continued to enter through Hong-Kong, despite the tariff: the dependence on American raw material meant continued uncertainty (in 1904, for example, the American crisis halved the value of cotton and ruined distant markets like Indo-China, that had bought in advance): general manufacturing costs were high: and labour, though plentiful, was undependable. But these difficulties were all surmounted, and gradually Haiphong became the industrial centre of Indo-China, and Tonkin became more and more industrialized. The water-communications, the coal, and the abundant labour-supplies combined to effect this; and cement-works and distilleries, silk-mills and electrical undertakings began on a large scale.

Further south, where the natural advantages were not so marked and labour not so plentiful, there was no kindred development, save for the rice-mills of Cholon, in Cochin-China, which to-day turn out 18,000 tons of husked rice a week. Industrialization in Indo-China is really limited to Tonkin, save for the secondary industries connected with rice in the south. Perhaps this rapid modernization of Tonkin after 1903 did much to explain the growth of the port of Haiphong and the moving of the federal capital north to Hanoi, implying as this did that the nerve-centre of Indo-Chinese affairs had left the agricultural south, and gone to the industrial north, because, after all, agriculture was stationary, while industry had unlimited possibilities in a land so richly endowed with minerals and labour. Whatever the cause, there is now no doubt that Indo-Chinese affairs centre on Hanoi.

Communications

Such a transformation in a French colony naturally involved many difficult questions. The most obvious of these was communications. Indo-China was

a scattered land of nearly six million hectares, with difficult mountain-barriers separating the centres of population. Therefore, when the question arose of colonizing the hill-lands, or of bringing labour and raw materials together, or of transporting manufactured goods to the port, it was the difficulty of effective communications that threatened to be the limiting factor. The development of the land from every point of view necessitated cheap and rapid transport. The isolation of the deltas had to be overcome; hence the emphasis on railways, even at that early epoch in French colonization when railways were viewed by Paris as needless luxuries. The groundnut railway in the Senegal had shown, however, that a railway could create new provinces out of desert country, and this was the standpoint from which the French administrators approached the question in Indo-China.

The first railways were either short local lines in Cochin-China (1880) or military lines in Tonkin (1890), but effort in general was spasmodic until the loan of 80 million francs which was obtained by the law of December, 1896.[108] This loan, indeed, had a significance for Indo-China far wider than economic. It was subscribed twenty-eight times over, and was the first indication of the credit of Tonkin on the home market. As a result of the optimism thus engendered, the Lang-Son railway to the Chinese frontier was pushed ahead and completed by 1902.

At that moment, and largely as a result of the birth of the country's credit, came Doumer's programme of 1898. This was a vast project to connect Tonkin and Cochin-China by a trunk line, with numerous arteries for the intensive development of the two boundary States. A loan of 200 million francs was secured by the law of December, 1898, and the execution of the scheme commenced.[109] The Hanoi line was run down the coast to Vinh in Annam by 1905, and, at the same time, a start was made to work north from Tourane and effect a junction. But the actual work of construction was slow, because, after it had reached Hué (and thus linked Annam's capital with a port), it was a hopeless economic proposition and was only of strategic importance as forming part of the main trunk-line. Hindered by typhoons and floods, and at an exorbitant cost, it came only to Kwang-tri by 1908, and lingered there. It was clearly uncalled for, and due to the French passion for constructing symmetrical schemes on a map. It was not the relatively poor Annam but the rice-lands of Cochin-China and especially the industrial regions of Tonkin that needed the railways. The same objections applied to the railway eastward from Saigon in Cochin-China. The original project was too ambitious, and the railway never reached the terminus of Lang-Biang, but stopped in 1913 at Khan-hoa—nor was there the slightest reason why it should go on, save that Doumer had linked the two places on his vacant map in 1898!

It was the northern line that was far and away the most important,—that from Haiphong up the Red River to Lao-kai on the frontier and beyond to the capital of Yunnan. This was to realize the old dream of Garnier and

Dupuis and Ferry, and was to link Tonkin and South China by a dependable communication. Here, as in Annam, economic and political reasons blended. The railway was certain of heavy traffic in the Delta, but beyond that it was comparatively useless in the mountain-regions, and, if the expected Chinese trade from beyond Lao-kai did not develop, would be another white elephant, as was the coastal-line in Annam. Through the Delta by 1903, it was then held up by its costliness in the unhealthy desert region, and it was not opened till 1906, and did not reach Yunnan's capital till four years later. Even then, it was rendered uncertain by continual landslides in the rainy season, and cost 165 million francs as against the original estimate of 94 millions![110]

By 1911, the vital sections of Doumer's programme were thus completed, although it required a new loan of 80 million francs in 1912 to round off the work.[111] Part of this was to go to the coast-line which still remained an obsession with the administration. A line connecting Hanoi and Saigon is a dream of the French, although for what reason, except for running a pretty red ribbon across the map, is not clear. This is one of those cases where the French cannot help following a general plan, despite the fact that it is the extremities, and not the centre, of Indo-China that are important. But they see only the fragment in the north, the fragment in the south, and the fragment in the centre, and yearn to connect them. Governor-General Long, for instance, said that this is a main line to tap the colony and to give an economic unity to the federation; but it is clear that Annam does not offer very much for the tapping and that the federation has no economic unity! And the other arguments that it would bring the needed labour to Cochin-China and rice to Annam are surely based on a myopia that refuses to see other means of achieving those ends! Nevertheless, Long raised a local loan of 6,180,000 piastres to complete the Vinh-Dong Ha section and thus at least connect Hanoi and Hué,—a project which continues to attract attention in Indo-China.

As a result of this emphasis on railways since 1898, the peninsula now has 1,288 miles of line; and, what is unusual in a French colony, they followed a preconceived scheme from the first. In view of this achievement, it would appear that railway development is somewhat over-emphasized at present, and that a corresponding expenditure on the waterways of the land would produce a more than commensurate return. Despite this, however, Indo-China is perhaps the most favourably situated of all the French colonies as regards communications, although it might be suggested that future needs should be determined rather by a study of the distribution of the population and its concentration in the delta regions than by a perusal of the sprawling map of Indo-China.

The currency problem

Indo-China's next difficulty was perhaps even more pressing,—the intricate currency question, which also was more urgent here than in any other French colony. It has been seen that labour, except in Cochin-China, did not present a vital problem, that communications were adequate, that all the necessary raw materials were to be found in the land, and that, since 1903 at least, there was no shortage of capital. Where the difficulty came from was in Indo-China's dependence on an essentially Oriental market,—in other words, her well-being came to be determined more by the vagaries of the silver currencies of the Orient than by any other single factor. This problem did not arise in so acute a form in the other French colonies, and certainly in none of them was it the determining factor of the country's prosperity.

The whole question is very confused, but the gist of the matter is that the silver piastre (normally about 2*s*.) is the currency-unit and that notes of the Bank of Indo-China are legal tender. But, owing to the fact that silver may not be exported or imported, the country suffers when it has a credit-balance, because then, unless it can keep its exchange normal by opening foreign-credits, the rate of exchange of its paper-money tends to rise. That at once places an exporting country at a disadvantage, and, since Indo-China has generally had a credit-balance since the early years of the century, and since her exports are mainly to countries with depreciated silver-currencies, the rate of exchange is usually at a premium,—indeed, so much so at times that a crisis comes. That is, any undue degree of prosperity, owing to the peculiar currency-system, walks hand-in-hand with a crisis. There is a continual exchange-crisis in the land.[112]

To this is joined a monetary crisis due to the silver position. Everything went well as long as silver remained constant, but, when Germany demonetized its silver thalers in 1873, the Mexican piastres which were the coinage of the Far East began to depreciate. By November, 1902, therefore, their worth had fallen from 5.43 francs to 1.925, and this inevitably meant a rise in prices and a blow to the import-trade from France. On the other hand, the colony enjoyed all of the temporary advantages of depreciation in fostering its export-trade towards the gold-countries of Europe, although, since her main trade was with the Chinese market, this offset was more theoretical than real. Stabilization was out of the question so long as the Mexican piastre was in use, so these were demonetized from the beginning of 1906, and French piastres alone used. But to keep out the changing Mexican piastre from surrounding countries meant that Indo-China became an artificially isolated economic unit, with the constant exchange-crises referred to above.

Indo-China, in a word, became too prosperous, and was exactly situated towards its Chinese market as the United States were towards the world-market after 1918. The worst crisis was in 1919–1920, when the fever of

buying caused by the world rise of prices combined with a poor rice-harvest to swell Indo-China's credit, without any opposite commercial balance. The position became absurd. The value of the piastre rose from 2.40 francs in 1914 to 6.50 in 1920,—that is, the value of silver had appreciated more than 100 per cent in relation to gold, and, even so, paper was at an actual premium of 15 per cent. over this![113] This meant that Indo-China was indulging in a very debauch of currency-prosperity,—a prosperity which was, of course, immediately weakening. In December, 1919, therefore, the Government not only removed the restriction on the imports of precious metal, but positively enforced such imports to the value of a fifth of the rice-crop. There was not enough silver to correspond to the country's prosperity, hence its value rose. To prevent a panic-rush by the natives, the Government also set up a "Forced Currency" in 1920, fixing the value of the piastre by decree, and relieving the Bank of the necessity of converting notes. By January, 1922, this drastic regulation had removed the premium that paper had over metal, and so limited the variation of the currency's value to the fluctuations in the price of silver.[114]

But the real problem remained, and Berrué's Commission of Monetary Reform in 1920 recommended stabilization on a *gold* basis.[115] Yet this was rendered impossible by reason of the continued fall in the price of silver and the depreciation of the franc: and, moreover, it is by no means certain that this is not unduly arguing from European conditions. The silver standard, whatever its theoretical disabilities, is the medium of exchange in the Orient, and it is in the Oriental market that Indo-China's destinies are determined. Then again, the prosperity of Indo-China to-day is in no small measure due to this silver standard. It *did* secure a stability of prices in the land after the war, and, save for a rise in prices for a few months, had left the natives scarcely affected by the post-war crisis. Wages in piastres in Tonkin were only ten or twenty per cent. higher in 1922 than they had been in 1914, and prices were relatively stable in the home market. That accounts for the absence of a post-war collapse such as every other French colony had to face: it also explains why Indo-China, *too* prosperous within in comparison with her neighbours, had to suffer, in so far as her export-trade was concerned. It is not to any colony's interest to have an exceptional monetary standard. It cannot be exceptionally good both inside and outside of Indo-China: hence, there is again a pronounced move towards a gold-basis. "We cannot get away from the fact that in a world of gold-standards, payments in silver take on something of the nature of barter, and are not very practical, as the limitations of the silver-standard render stable exchange very difficult in this metal."[116] Indo-China has still not reached a settlement of this difficult issue, which, by reason of its very paradoxes, enabled her safely to pass the various crises since 1914. Had it not been for the local nature of her market, however, the tale would have been very different: and the country has learnt that even prosperity is relative to the world in which it lives.

Trade

All of these influences were alike reflected from time to time in the trade of the country.[117] The tariff of 1892, the rice-question, the industrialization of Tonkin, the changing demands of the natives, the growth of communications, and especially the currency issue, all blended to affect trade. How important the last-mentioned is in particular may be seen from the fact that trade has to be reckoned in "arbitrated" francs,—that is, as converted by a permanent customs commission to coincide, with the real position of the piastre. But, over and above this, when both the franc and the piastre commenced to vary, and not in unison, a comparative study, even within Indo-China itself, became out of the question. For instance, the values of 1919 showed a difference over those of 1911 of 253 per cent. for the imports and 252 per cent. for the exports, whereas it was clear that, in reality, commerce had not increased to this abnormal extent. Yet to calculate in gold-values would only make the position still more confused, because this ignores both the changing value of gold in Europe and the unreality of such a conversion in Indo-China. All that can be said is that it is impossible to compare trade at different dates since 1911, for even the tonnage does not give a real view of the situation, because much, especially with such variations both in Europe and Indo-China, depended on the return as well as the actual output.

Even a computation in gold-values, however, shows a rise of 67.6 per cent. in the general trade of the country between 1911 and 1920, so that there was a real increase over and above that due to the monetary position. The solidity of growth can also be implied (though not actually reckoned) from the following table:—

	Imports.	Exports.	
	(Millions of Francs.)		
1900 . . .	185.8	155.5	
1902 . . .	215	185	— Doumer left after good years.
1903 . . .	204.1	120.4	— crop failures, drought.
1907 . . .	294.9	253.3	— exceptional rice-harvest.
1912 . . .	273.0	260.7	
1919 . . .	532.0	846.2	rise in value of "arbitrated"
1920 . . .	848.1	982.0	franc, therefore increase
1921 . . .	807.7	1284.0	artificial.
1922 . . .	839.3	1112.0	
1923 . . .	1093.5	1154.8	
1924 . . .	1388.5	1771.5	

The only permissible deductions from this table are that trade has undoubtedly increased, and that the favourable balance of exports over imports has been more and more accentuated since 1912. To that date, indeed, imports outweighed exports, but exports so increased from then

onwards that, as has been seen, they became almost a menace in giving the country unduly large credit-balances.

The other striking feature of the country's trade-position is how unsuccessful France has been in the competition. Such a rich colony was naturally assimilated to the mother-land in 1887, for, however much the productivity of the colony was affected, France simply had to reserve this rich import-trade for herself.[118] As Prince Henry of Orléans wrote:

> "We had not been masters of Tonkin for two years before we surrounded it with a thick wall of customs-duties, and, in order to gratify a few French traders, we arrested the commercial development of the country, not reflecting that a budding colony needs a maximum of liberty and free action, and that the greater the trade, the greater the profits."

Not content with this, France even placed export-duties on certain goods going from Indo-China to foreign countries, and Doumer went still further in making customs-receipts one of his fundamental sources of revenue. Despite this ultra-protection, however, the French share in the colony's trade was only 22.5 per cent. in 1900, 20 per cent in 1913, and 18.1 per cent. in 1922 as regarded exports, and, for imports, 40 per cent. in 1900, 46 per cent. in 1913, and 42.4 per cent. in 1922. France had not increased her share in Indo-China's exports in the slightest, and, during the war, had even lost her imports to Hong-Kong.

At present, therefore, it is realized that French control must be limited to the import side; and, even there, the local industrialists are vigorously protesting that the *régime* of 1892 is "illogical and inequitable," especially for a colony that has developed as much as Indo-China has. Indo-China is a nation, it is argued, and hence should decide her own tariff-system: moreover, it is largely an industrial nation, and an industrial nation, to survive, must manipulate its tariffs with this end alone in view, and not the consideration of rival manufacturers on the other side of the world: and lastly, they argue, even if their patriotism makes them accept the existing system, equity demands that they should obtain a reciprocity. French goods enter the colony free, yet some colonial goods are taxed on entering France. The Indo-Chinese argue that their geographical position and the threatened economic invasion of neighbouring Powers, especially Japan, necessitate a special *régime*: but so little do their arguments avail that decrees of March and June, 1921, made the Indo-Chinese tariff prohibitive to foreigners.[119] The old ideas of 1892, disguised as they were in Sarraut's scheme, were once more in the ascendant, and this handicap was placed on the colony, even in the difficult post-war years, in order to exclude the English. It is true that the French share in imports recovered from 29.6 per cent. in 1920 to 42.4 per cent. two years later, but this was only at the cost of draining away from the colony

capital needed for its industries and railways. It is significant, however, as showing the reactionary nature of French colonial policy since the war, and as denying, not only tariff-autonomy, but even an adequate tariff-reciprocity. The colony has to be subordinated to France: that is all. The position, therefore, is that Indo-China continues to send its goods to other than the French markets, but is forced to buy half its imports from France, and thus to submit to a perfectly uncompensated Imperial taxation.[120]

Despite this burden, the general prosperity of the colony remains undoubted. Just as before, Indo-China met tariff-assimilation by paying the added tax and going on as usual, so now it continues in the same way. It is far and away the most flourishing French colony. It is the second colony from the point of view of trade: it has cost France little since the early days in Tonkin: it has a consistently favourable trade-balance: its trade is increasing, both from the agricultural and industrial stand-points: it has had no post-war crisis in the sense that the other colonies had: it has 200 million francs in its reserve banks: its currency was at times more valuable than the French franc: it is, alone of the French colonies, raising internal loans for purposes of development: it gave almost 200 million francs for war-loans: it had an average budget-balance of thirteen million piastres in the crucial years of 1920–1922: it gets twelve million piastres a year from customs and 44½ million from the State monopolies (1922), and it is developing in every direction. It has the land, the labour, and the capital for an indefinite expansion, and, since 1911, no legacies of past failures to militate against future advance.

Notes

95 A full account of his work is in *Situation de l'Indo-Chine de 1902 à 1907*, 2 vols., 1908; or Gaisman (1906), *op. cit.*, p. 108.
96 *Journal Officiel*, Deps. 4–7/4/11; Senate, 1/7/11–2/7/11, for debate.
97 *Ibid.*, Deps., 4–6/7/12.
98 *L'Indo-Chine*,—special number of *La Vie Technique et Industrielle* (Paris), 1922, p. 46.
99 British Parliamentary Paper, Cd. 324, 1901, pp. 12–13.
100 Brenier, *Essai d'Atlas Statistique de l'Indo-Chine Française* (1914), p. 193 *et seq.*, for details. For early position, see *La Quinzaine Coloniale*, 1900, p. 472.
101 For causes of failure, see Gaisman in *Revue Politique et Parlementaire*, 10/6/05, or his *L'Œuvre Française au Tonkin* (1906), pp. 136–138.
102 Brenier in supplement to *L'Asie Française*, Dec. 1923, pp. 4–5; Néton (1904), *op. cit.*, p. 101 *et seq.*
103 Néton (1904), *op. cit.*, pp. 72–73; J. Devallé, *La main d'œuvre en Indo-Chine* (1905).
104 *L'Asie Française*, Jan. 1924; Nov. 1920, p. 369.
105 This matter is examined in Boudillon, *Le Régime de la Propriété Foncière en Indo-Chine* (1915), or his article in Dareste, *Recueil Colonial*, 1914.
106 *L'Asie Française*, Feb. 1924, p. 77.
107 *L'Indo-Chine*, 1922, *op. cit.*, pp. 51, 63 *et seq.*
108 *Journal Officiel*, Deps., sess. ext., 1895, docts. parl., p. 1608 (Krantz).
109 *Ibid.*, Deps., docts. parl., sess. ext., 1898, p. 341 *et seq.*

110 *Journal Officiel*, Deps., docts. parl., sess. ext., 1898, p. 25 *et seq.*—a good survey.
111 *Ibid.*, 4–6/7/12.
112 A good account of this question is in *L'Indo-Chine*, 1922, *op. cit.*, p. 5 *et seq.* The successive stages of the controversy may be followed in *L'Asie Française*, Jan. 1920–Feb. 1922, or J. H. Adam, *L'Argent-métail et la Question Monétaire indo-chinoise* (1922).
113 J. H. Adam (1922), *op. cit.*, p. 240 *et seq.*
114 *L'Asie Française*, March 1922, p. 100; *Colonies et Marine*, 1922, pp. 573–576.
115 The report is in full in *Bulletin Economique de l'Indo-Chine*, Sept.–Oct. 1921, or *L'Economiste Français*, 19/11/21. A summary is in *L'Asie Française*, Sept.–Oct. 1920, p. 320.
116 *L'Indo-Chine*, 1922, *op. cit.*, p. 9.
117 The sources for this section are the annual trade-reports of Indo-China and the reports on the "special commerce" of France every year.
118 See debate in *Journal Officiel*, Deps., 12, 19/2/87; or *Recueil des Délibérations du Congrès Colonial National*, 1889–1890, Vol. II, p. 345.
119 *L'Asie Française*, Jan. 1922, p. 25.
120 Protest of Saigon Chamber of Commerce in *L'Asie Française*, Feb. 1924, p. 69; *Congrès du Régime Douanier Colonial. Compte Rendu et Rapports* (1925), p. 133, or the Sambue Report on pp. 470, 485 *et seq.*

61

INDO-CHINA—FRANCE'S GREAT STAKE IN THE FAR EAST

Virginia Thompson

Source: *Far Eastern Survey* 6(2) (1937): 15–20.

Neither the attention which has been focused on the latest conflagrations in the Far East nor the more general interest in colonies, which the recent German demands have engendered, has succeeded in raising French Indo-China from the limbo of forgotten countries. Yet this land covers an area over a third larger than the mother country, has a population numbering some twenty millions, and is rich in partially exploited raw materials. In addition, it is situated close to several of the leading centers of dispute in the Far East, and lies at the crossroads of Asia's two great civilizations. There can be little doubt that Indo-China will herself play an important if secondary role in future developments of world as well as Far Eastern politics. France's "balcony on the Pacific" places the mother country in the front rank of "interested" Far Eastern powers. And if the colony has helped make France an important participant in Oriental affairs it can be said with equal force that France has brought the colony within the orbit of world politics.

As in most cases where the economy of the colony is at all complex and where such noneconomic or borderline economic factors as prestige are involved, it is extremely difficult to draw up anything resembling a balance sheet. Has it paid France to hold this great stake in Southeastern Asia? From the viewpoint of administrative costs the answer must be in the affirmative. When to this is added the colony's established position as one of the leading rice granaries of Asia, the relatively large resources of such commodities as high quality coal and wood, a probable French-controlled rubber supply, a potential market for industrial France, and an outlet for surplus French capital and human energy, Indo-China must be considered the most successful French overseas effort and one of the most successful of all colonial experiments. As an important by-product, the natives' standard of living as well as their psychology has been markedly altered, and the colony has enjoyed a

period free from any major conflict almost unparalleled in that section of the world. If an analysis of Indo-China's present economy and lines of probable development does not in itself give us a tabular balance sheet to French success, it at least throws light on the potentialities of this overlooked corner of Asia.

The Chinese used to refer picturesquely to Indo-China as a pole balanced by two baskets of rice. The pole is the Annamite range which parallels the coast and expands in the North to high peaks along the Chinese frontier. These sparsely settled mountains are not only physical but spiritual barriers, for they separate the countries of Indian culture—Cambodia and Laos—from the three Annamite or Sinicized peoples of Cochin-China, Tonkin and Annam. The baskets of rice are the two great deltas formed by the Mekong and Red Rivers which support an abnormally dense population, as does the connecting coastal strip between the Annamite range and the sea. Indo-China's two mighty rivers are vital factors in the culture and economy of the peninsula. The fertilizing inundations of the Mekong are as beneficial to Cambodia as the floods of the Red River are disastrous for the Tonkinese; neither one of these arteries is satisfactory as a means of communication.

Indo-China was conquered piecemeal by the French. A century and a half's intermittent interference in the affairs of Annam, brought on by a medley of Annamite commercial and missionary persecutions, culminated partially by accident in the conquest of Saigon in 1859. Current interest in trade with Southern China and the coal deposits of Tonkin, as well as the perennial colonial rivalry with Great Britain, induced France to remain in the peninsula and even to augment successively her holdings there by a Protectorate declared over Cambodia and Annam, and part of Laos. In France, the war with Prussia and transition from Empire to Republic, and in the East an unofficial war with China and military threat to Siam, only retarded the French advance. A costly and difficult ten-year campaign in Tonkin alienated French sympathies from the new colony, but it eventually gave France control of the North, some thirty years after the conquest of Cochin-China. Historical accident and different administrative systems have accentuated already existing regional differences in Indo-China, but the federal framework given the colony in 1898 brought a new unity and peace to that part of the world. The result was inevitably artificial, but Indo-China's geographical barriers have always failed to coincide with her political frontiers. This is as true nowadays of the economic and spiritual affinity of Cambodia and Laos with Siam, as it was of China's thousand-year political and cultural domination of Annam.

Indo-China is rich in natural resources; it is one of the most richly wooded regions for its size in the world. Two fifths of its entire surface, 31,000,000 hectares, are covered with a great variety of fine woods, notably teak. Only 34% of these forests are accessible and now exploited under state auspices—a necessary precaution against the natives' wanton destructiveness. Most of

the wood is consumed locally. High freight rates and competition with African woods have prevented Indo-Chinese products from monopolizing the French market, but they and their by-products are capable of expansion as exports to Far Eastern countries which suffer from such a dearth of timber.

Though Indo-China is predominantly an agricultural country, the rich mineral deposits of the North mark Tonkin and Laos for an industrial future. Almost all of the existing mines were worked for centuries and then abandoned by the Annamites and Chinese, but the present mining development of Indo-China is wholly a French activity. Before the War spasmodic and generally unsuccessful attempts at mining were made; in the twenties minerals rose to second place among Indo-Chinese exports. Coal, largely anthracite, is the most important mineral, and with zinc and tin forms 96.5% of the total production. Over 90% of the mines are concentrated in Tonkin, Laos has almost all the tin, Annam the phosphates, Cambodia precious stones, and Cochin-China nothing. Mineral production quadrupled from 1920 to 1929, and has risen in value in the last decade from over four to nearly nineteen million piastres. (In 1930 the piastre was stabilized at 10 francs.) Indo-China produces only 2% of the coal mined in Eastern Asia, but by selling abroad two thirds of its output, the colony has become the largest coal exporter in the Far East. Despite the fluctuating currency and tariff situation of her Far Eastern clientele, the future of Indo-China's coal is more certain than that of her more precarious metal market.

In analyzing the economy of Indo-China it would be hard to over-estimate the importance of rice. Rice forms three fifths of all the colony's agriculture, four fifths of native diet, and about two thirds of the export trade. For the masses, rice is the sole product, both for consumption and as a means of exchange. It is the barometer of the country's prosperity, the keystone to its economy. It is in terms of the fall in the price of paddy that the natives have felt the depression.

The cultivation of rice is almost wholly in native hands, for the peculiar conditions of rice-growing do not lend themselves to large-scale, machine-run production, but are suitable to periodically intensive family labor. The dense population of Northern Indo-China needs more rice than it can raise, even with the remarkable dyke-irrigation system by which the French have succeeded in almost wholly controlling the Red River. In the more sparsely settled South, on the contrary, the vast rice surplus is exported, chiefly to China. The completion of the Trans-Indochinese Railroad will have the important economic effect of relieving and adjusting the internal market; indirectly it will also have important political repercussions, for the great famine regions of the North have for centuries corresponded to the areas of most violent political discontent.

Despite China's tariff barriers, fluctuating silver currency, and recent ten-year plan for economic self-development, Indo-China's proximity gives her a privileged position in supplying China's perennial rice needs. The conces-

sions granted by the colony in its 1935 treaty with China reveal the overwhelming importance of that market to Indo-China. Measures to attract new clients, like the standardization and amelioration of rice exports, have been the object of official and private solicitude, particularly since the depression has made clearer than ever the dangers of monoculture. Indo-China must vary her exports and her clients, must depend less upon native-raised rice of variable quality, and upon the Chinese middlemen who control its collection, husking and export. The production of rice has not kept pace with its importance nor with the meteoric development of French enterprises like rubber and mining—a factor extremely important for the native standard of living, and one long disguised by the rising price of paddy.

Fishing is a secondary but important native occupation. It forms a principal element in native diet and the large surplus is exported to neighboring countries. The coast of Cochin-China, and even more Cambodia's great lake, the Tonlé Sap, yield an annual catch of about 260,000 tons.

Animal raising, chiefly for exportation, was formerly an important native industry in Cambodia. But Buddhism has prevented its growth for native consumption, the Philippines have shut out imports of livestock by high tariff walls, and in 1935 Malaya prohibited their entry because of the outbreak of the cattle pest in Indo-China. Despite the lack of good pasturage and adverse climatic conditions, cattle raising in the colony has great potentialities, but at present it is markedly declining. The colony's Veterinarian Service could do far more than it has done in improving the breeds and in fighting the epizootic.

With the exception of mining, Indo-China's other industries date back only to the beginning of the twentieth century. A large percentage are devoted to transforming agricultural or forest products, like rice-milling, silk and cotton-weaving, sugar refining, the manufacture of matches and paper. Chemical industries like those of glass, soap and cement, are fairly numerous but financially unsuccessful. Public works industries, electrical power, transportation and building have expanded, largely owing to French capital and technical assistance. The French are, however, primarily interested in agricultural developments like rubber, coffee and tea.

Thanks to special conditions of soil, climate and labor, Indo-Chinese rubber has now passed from the experimental stage and has successfully demonstrated its potential parity with that of the Dutch East Indies and Malaya. Private capital and initiative, more than the state's insufficient and spasmodic experimentation, have been responsible for ultimate success. Only just before the War were the redlands of Cambodia and Cochin-China discovered to be suitable for the hevea plant. Rubber plantations, formerly expanding at the rate of 15,000 hectares a year, now cover over 100,000 hectares. Since 1925 they represent an investment of more than a billion francs—about half of the total French agricultural investment since that time. Indo-China's rubber exports rose from 3,000 tons in 1920 to a

peak of 11,000 tons in 1929, as against 108,000 from the Dutch East Indies.

These amounts, however, do not give the whole present picture since during the twenties many young plantations were started which did not produce for six years. Rubber has also had to face a shrinkage of 25% in the plantations caused by the depression and a restriction plan, effective for the first time in 1936—for Indo-China did not participate in, though she benefited by, the earlier Stevenson Plan. It was solely thanks to state subsidies that the Indo-Chinese rubber planters were able to survive the depression, the unproductive interim between planting and tapping, and the uncooperative rivalry between big and little planters. On the other hand, the state's paternalism fostered carelessness in the cost and quality of production.

Etatisme in this case was not only part of general French colonial policy, but the desire to wean the colony away from monoculture and to emancipate France from dependence upon foreign rubber. By 1935, when the subsidies ceased, the state had dispensed 7,500,000 piastres to planters as well as offered a bonus on rubber exports—an effort without parallel in Ceylon or Java where the governments impassively witnessed the agonies of their depression-struck plantations. Despite the boom and speculation of the twenties, rubber has up to now played only a small role in the colony's economy compared with rice. Since the depression, it has sunk from second to fourth place in Indo-China's exports, behind corn and coal, but this is regarded as a temporary phenomenon.

In the North, French effort has been concentrated principally upon coffee and tea. Tonkinese coffee is of exceptionally good quality but the local climatic hazards and Brazil's domination of the market make its future uncertain. Tea, originally a native product and French now only by virtue of its recent development as an export, is found in innumerable varieties and is generally of a mediocre quality. Its success in the local market is due to a special flavor which makes it unpopular as an export, and this has been particularly noticeable in Indo-China's efforts to wrest from China the provisioning of France and her North African colonies. Cotton, silk and tobacco are other promising, though at present only moderately successful, exports. Here government encouragement, as with all of Indo-China's exports, has not been sufficiently persevering along the lines of a general plan, notably in regard to standardization and low cost of production in order to win a special clientele. This is of course always difficult with native family culture, but it is essential in competing with rival products of longer standing in the world market.

Though Indo-China has proportionately a denser population than any other French colony, its resources could easily support many more inhabitants than at present, provided they were more evenly distributed. Three fourths of the people live on the plains near the sea, on a tenth of the whole surface, while the mountain mining regions have fewer than five inhabitants

to the square kilometer. Not only is the population unevenly concentrated and reluctant for religious reasons to migrate, but the different regional groups have widely varying productive capacities. The Cambodian and Laotian, though robust physically, are as a result of successive defeats too indolent and resigned to make any sustained effort. The Annamite, especially the Tonkinese, is considered to have excellent qualities as a laborer. He is industrious, sober, skillful, adaptable, tractable and above all prolific.

The recent completion of an easy transportation system has made the Northern Annamites more willing to migrate, in spite of the abuses to which earlier labor conditions gave rise on the rubber plantations of the South. The situation has been improved almost wholly thanks to the government's intervention. In the regulation of labor, the state has played the role of labor's defender and arbiter, much to the irritation of both French and Annamite planters, and has endowed the colony with a labor legislation far in advance of the social evolution of the laborers there, or in any other Oriental country, for that matter. Contract labor has forced out requisitioned labor, and it has paved the way for free labor—but the depression has left the whole labor problem in abeyance.

The Chinese are considered by far the best laborers in Indo-China, and the high wages they demand are evidence of their self-appraisal. Annamite labor, though lacking in the Chinese virtues of thrift, cooperation and perseverance, is because of its cheapness steadily displacing the Chinese. Moreover, the latter, once in the colony, do not long remain coolies, but become merchants in the Annamite countries, and farmers in Cambodia and Laos. The Chinese have built up immense fortunes, notably in Cochin-China, through the rice trade and their monopoly as middlemen. The Chinese and their profits, however, are transient in the colony, for both tend to repatriate themselves, though this has been in recent years curtailed by the disorders in South China. The heavy head tax and strict immigration regulations required by the French have given the Chinese a special position in the colony. The Annamites both admire and dislike their former political and present economic masters, and this has caused an economic nationalist reaction of periodic violence. The French fear the closely organized Chinese as a state within a state, but find them at present indispensable to the colony's economy. This is one of the main causes for the important concessions made to China in the 1935 agreement which is markedly changing their legal status in Indo-China.

It was the prospect of a backdoor, trade entrance to South China, even more than millions of Indo-Chinese purchasers, that first induced the French to take Tonkin. After time had proven both the Red and Mekong Rivers to be dubious means of penetration, further investigation showed the adjacent Chinese province of Yunnan to be a poor country, decimated by the recent Moslem insurrection, and without the labor necessary to develop its latent mineral resources. Opium, its other important export, lent itself more readily to contraband than to commerce. The railway from Hanoi to Yunnanfu,

which was completed in 1910 and was designed to open up that province to French exploitation, has flourished more through its passenger than its freight traffic; it did not resolve Yunnan's unproductivity, although it gave her for the first time egress to the sea. Widespread hostility to foreigners in Yunnan, as well as the growth of communism there and in the adjacent provinces, has made the French authorities nowadays keep close watch on their frontier, and has retarded their economic penetration of the neighboring regions. It is central China, through Shanghai and Hongkong, which continues to be Indo-China's most important client. In spite of all efforts to avoid monoculture, the colony's welfare depends upon selling its rice to China, and this is becoming increasingly difficult.

Indo-China's exports are few in number and almost wholly raw materials. Because rice so outdistances its rivals—coal and corn—Cochin-China has the predominant position in the Union. Fifteen of its twenty-two provinces have no other crop. France and China are the colony's best customers. Exports to the former, despite the great distance and high freight rates for Indo-China's bulky and perishable products, have risen steadily from 7 to 37%, due to progress made in French production in the colony and even more to the tariff. Exports to China, on the other hand, have remained stationary at about 40% of the whole. Fifty-eight per cent of the colony's imports—chiefly foodstuffs and beverages, perfumes, textiles, medicines, machinery and petrol—come from France. France, in short, sells more to the colony than she buys from it. China, an equally important client, is in exactly the reverse position.

The great majority of natives are unaffected by imports from France. French manufacturers make no effort, nor could they succeed if they tried, to cater to their needs, and only rich Asiatics have developed a taste for European goods. Native purchasing power is very limited, and the articles in demand can be supplied only by an Asiatic producer. Indo-China's optimistic commercial statistics reflect a rise in prices and exchange rates, not an increase in native production or purchasing power. This main cause of the colony's commercial malaise is so fundamental that it revealed itself prior to the depression by the number of bankruptcies in Saigon, the colony's economic nerve center. A subsidiary cause was the widespread speculation and currency fluctuations affecting both French and Chinese houses. The year 1924 witnessed the beginning of the influx of new capital into the colony and 1928 marked the highest point in Indo-China's foreign trade; from then to 1932 it declined 62%. Since that time, due to the state's efforts to relieve commercial indebtedness and to open new markets, the colony's commerce has shown a slow but steady improvement. It is still, however, too dependent upon monoculture and the Chinese market, and too tied to France by the tariff, to be able to give proof of permanent improvement.

The Free Trade which had just come into vogue when France conquered Cochin-China did not long survive the wave of industrialization and protection

which swept over Europe and the newborn Third Republic. It was the prospect of markets in Indo-China and trade with South China that made the French Parliament and industrialists willing to finance Ferry's conquest of Tonkin. If Yunnan so soon proved disappointing, at any rate the millions of Indo-Chinese should perforce become exclusive clients of the mother country. When it became obvious that France could not produce articles needed by the natives, a very limited list of exceptions, principally Chinese products, were permitted in the otherwise rigid French tariff.

This tariff permitted only French goods to enter the colony free of duty but it taxed colonial products upon entering France. In other words, the colony was wholly French when a purchaser, but half foreign when trying to sell—and in both cases the colony was the loser. Naturally contraband flourished and the fisc was deprived of revenues that would have permitted it to lighten the tax burden. Moreover, the increased cost of articles necessary for the native masses sent up the cost of living, and consequently had important repercussions on native policy. Indo-China's naturally advantageous position, as well as her obvious economic orientation in the Far East, was sacrificed to pleasing a group of French industrialists intent on realizing their investment in the conquest of the colony. Yet France has succeeded in becoming her colony's chief provisioner and client, and Indo-China as a unit has undeniably prospered, at least relatively. This was due, however, to the existence of natural resources in the colony which permitted her to develop an industrial life of her own, and which saved her from the fatal consequences of the drastic in grown economy forced upon her by France, and reprisals from her neighbors.

The War shifted the emphasis from colonies as markets for French goods to colonies as sources of raw materials. The result has been only to make them appear more valuable and consequently has led to the erection of higher tariff walls binding the whole empire. Tariff agitation in Indo-China has always taken the form of demanding not free trade, but that the old exceptions list be amplified into a tariff personality for the colony. The new privileges gained through the tariff law of 1928 have been used by the colony to raise duties rather than to lower them. Though the idea now is nominally to protect Indo-China's infant industries, the practical result has been to protect certain colonial industrialists. The same selfishness prevails, and the same sacrifice of mass to personal interests, though the scene has changed from France to the colony. The depression has accentuated what is considered the essential flaw in Indo-China's whole tariff and commercial conception—the lack of balance between the colony's purchases and sales to her neighbors, and the artificiality of its tariff ties, albeit now more supple, with France. Ironically enough it is now the French producers themselves who are repudiating the tariff ties and protesting against the free entry of Indo-Chinese rice into France. This, more effectively than anything else, is forcing the colony to seek new markets through trade

agreements with her natural clients and provisioners—her Far Eastern neighbors.

The colonial government's all absorbing preoccupation with fiscal measures is characteristic of French colonization because it reflects the reluctance of the French people to become involved in distant and expensive enterprises. The cost of Tonkin's pacification made it particularly unpopular, so the young colony was forced from the beginning to fend for itself financially. The burden this imposed was needlessly aggravated by administrative expenses, notably an army of French functionaries. They were underpaid yet expensive from the budgetary viewpoint and for the services they were supposedly rendering to the colony. Indo-China did, however, win financial independence out of it, far outstripping her political privileges, as the price France was willing to pay to be rid of subsidizing a burdensome colony.

Unfortunately there was a bad side to this financial independence. It necessitated overtaxing the miserable natives, although there was and could not be for long an accurate land survey or census on which to base taxation. The old Annamite tax register was only an inaccurate clue, and the villages and mandarins alike notoriously falsify reports on the amount of land under cultivation. The Annamite government unwittingly taught its people never to give accurate information about their possessions, and to see an inquisition in any inquiry. The government's action, therefore, was necessarily arbitrary, and fiscal pressure led to an unjust increase in taxation. Not only was the amount of direct taxes too great, but their distribution unjust as between rich and poor. The Cochin-Chinese were called upon to furnish 40% of all the revenues. Increasing the state's income became, for a long time, an end in itself and not the means of furthering the colony's productivity.

To finance the colony's new federal government in 1898, France transported to Indo-China her favorite revenue-bearing device of indirect taxation. This took the form of the state monopolies of salt, alcohol and opium, two of which are still the chief revenues of the general budget. The first mentioned were by far the most important as they affected native religious rites, health and living, as well as two very important by-product industries—fishing and pig-raising. The government's distribution was unintentionally faulty, its products expensive and not adapted to native standards. Enforcement of the monopolies and the prevention of contraband necessitated maintaining a costly personnel whose wages largely offset the revenues obtained. Their inquisitorial and violent methods added fuel to the flame of native discontent. Just before the War and several times later, important improvements were made, notably in 1932 when the alcohol monopoly was finally abolished, but monopolies are still a great grievance as shown by the nationalists' program.

From 1927 to 1930, the whole budget was forced rapidly up from about 80,000,000 to 113,000,000 piastres. Even without the depression this would have necessarily been checked. In estimating this increase, however, one must

remember the fluctuations in currency, the stabilization of the piastre in 1930, and the general rise in prices. Over 17% of the general revenues went to paying French military expenses, an unjust burden taken on during the War and one of which only the depression ridded the colony. Draconian economies enforced by the strong hand of Governor Robin have in the last two years stayed and reversed the serious deficits which first became apparent in 1931. The budget was balanced in 1936, but the fundamental evils of an over-padded bureaucracy, unproductive expenditures, and fiscal interests triumphing over good native policy, have as yet been only too lightly attacked.

Five major public loans have represented a form of official French investment in the colony. The first of these loans in 1898 was authorized but not guaranteed by Parliament, and its oversubscription by the French public showed their faith in the eventual prosperity of the then faltering colony. All the loans have been oversubscribed. The most interesting was the 1921 loan which was raised entirely in the colony, for it marked Indo-China's financial and diplomatic coming of age. The latest loan, authorized in 1931, was the government's move to counteract the depression by launching an intensive public works program. These loans have left Indo-China with a comparatively light public debt.

Although the Bank of Indo-China was founded with private capital, it almost immediately took on a quasi-official character. It used brilliantly privileges that were unusual for a private bank in a French colony to become one of the world's leading colonial banks. Unfortunately for Indo-China, it has seemed to function principally outside of the colony which has given it its name, notably in China where it has a virtual monopoly of French banking. Though it may plead that caution is essential to its existence, particularly in a colony where there are no sure guarantees for personal loans since everything is communally owned, it has not served the colony as expected. The establishment in 1935 of a Colonial Credit Organization, attached to the French National Credit and designed to be the informed intermediary through which capital may be invested in the colony, is an attempt to supplement the too scanty credit efforts of the official bank.

More important than this are the numerous credit organizations designed to drive out usury from the rural districts. Private attempts in the pre-War era were generally faltering and unsuccessful. Though the state's credit system began to function in 1907, it was only in the twenties that its efforts were effective. The "native propensity for deception," and the lack of understanding of the state's aims have been almost fatal handicaps. Although these credit organizations have not yet reached down to help the poorest of the rural proletariat, and though the depression has shown their organization and methods to be somewhat defective, nevertheless they are playing and probably will continue to play an extremely important role in extirpating the usury which gangrenes the native peasantry. Productive public works and

rural credit organizations are beyond doubt the state's two most constructive investments.

The capital invested by the French in Indo-Chinese companies has been estimated at 8,000,000,000 francs, of which about half was subscribed in the colony. Again only half of that sum has been used towards the development of the country, the remainder being dissipated in commissions to middlemen, graft, and the waste perhaps inseparable from all operations in a new country. French capital has not only shown itself chary of colonial investments, but equally adamant against permitting foreign capital to supplement it. When France recovered from the 1920–21 crisis and prices of colonial commodities like rubber and tin were soaring, there was an additional stimulus to investing in the colony by the flight from the franc in 1926. The stabilization of the franc and the ensuing withdrawal of some of this capital was scarcely noticed in the wave of speculation in Indo-Chinese stocks that swept over France. When the depression came, the small French capitalist was particularly hard hit, and all colonial enterprises fell into violent disfavor. French capital is only now beginning to recover from its fright, but colonial investments have not as yet appreciably returned to public favor.

The selection of enterprises for French investment gives by far the largest place, in value, to real estate; then rubber, rice, mines, and electrical energy. It is interesting to compare this with all native investments which give first place to agricultural crops, then real estate, animal husbandry, industry and commerce, amounting in all to 20,000,000,000 francs, or five times as much as the French investment. A corollary to the problem of private investment is the percentage of capital made in the colony which is invested there. It has been estimated that the annual income of a French family in Indo-China averages about 5,000 piastres, and the postal service shows that almost all of it is sent out of the country. The only part of the colony where native capital exists is Cochin-China, and here the average income of a wealthy Annamite family has been computed at 6,000 piastres. These savings are almost wholly absorbed in buying articles of immediate use, and the surplus, if any, is eaten up in paying off interest on loans. Companies must naturally export a good proportion of their earnings to pay stockholders.

Foreign resident creditors in Indo-China also occasion an exportation of capital. They are either Indian or Chinese usurers. The Indian bankers have loaned approximately 50,000,000 piastres—about the same sum as the Annamite usurers. The vital difference here is that the Annamites reinvest their profits in the colony whereas the Indians export theirs in large measure. Chinese profits, too, have been mostly reinvested in the country, though manipulation of the exchange has given the Chinese investments a speculatory character. Some capital is still exported to China, probably about 5,000,000 piastres annually. In a normal pre-depression year, like 1931, the colony's possibilities of self-enrichment approximated roughly only 30,000,000 piastres, as contrasted with 40,000,000 piastres sent out of the

country. Because of her political relations with France, Indo-China is obliged to regard such a loss of capital as normal.

In regard to individuals it may be said that all the Indo-Chinese are indebted in varying degrees. At the beginning of the farming season, notably, there is a universal call upon credit. Besides financing the new crop, the Annamites of every social class must have ready money to pay interest on old loans and taxes, carry out family rites, share in the village festivals, and make gifts to the mandarins.

In old Annam, land owning was the only form of capital. Money was extremely rare and the legal rate of interest—3% a month—was much higher in actuality. Both as cause and effect of this state of affairs, a middle class was conspicuous by its absence and commerce and industry were in a most rudimentary state. Credit was organized in a collective form by the state, as rice granaries, and by the commune in lands which supported the village paupers and infirm. Private capital's function was never the development of wealth, but the acquisition of new land or a few articles of primary necessity.

The conquest by the French has changed this picture entirely. Their investment of public and private funds has given birth in Cochin-China to a native bourgeoisie, or rather plutocracy. Annamite capitalists, however, have retained the usury conception of business, and this psychology applies to the humblest peasant who will loan his first spare ten piastres at the same usurious rates as the Indian banker. The rich Annamites may still complain with justice that the French do not allow them a share in financing lucrative enterprises, but what the French reply is that the Annamites lack professional integrity as well as initiative and imagination in their business undertakings. An Annamite stockholder is ever prone to remove his capital at short notice from a business which shows no signs of immediate profit. Possibly only the Chinese can excel the Annamites in a duel of wits, but the latter regard business as a method of getting the immediate better of individual opponents. Moreover, they are charged with being the worst exploiters of their fellow countrymen; the resentment the poorer classes feel towards the wealthier Annamites was shown in the damage done to their property in the 1930–31 uprisings.

How far the French conquest has affected the vast native peasantry is a matter of speculation. Usury still honeycombs Indo-China's rural economy. In spite of heroic efforts by the state's credit organizations, the majority have not been raised from their laborious misery. In large part responsibility for this has been traced to the Annamite aversion to thrift, lack of foresight and perseverance, and propensity for gaming. Be that as it may, half of the population lives in a perpetual state of semi-employment. Taxes are much too high. The proportion of the individual's income absorbed in taxes, both federal and local, is 35% in Cochin-China, 17% in Tonkin, 16% in Annam, and 18% in Cambodia. Too slight concessions have been made in taxing areas

subject to typhoons and drought, too mild a remission of back taxes unpaid because of the depression.

The depression has, nevertheless, forced upon the administration economies which should lessen the tax burden, and the principle, at least, of an income tax has been accepted. There has also been an improvement in the public works program. Formerly all the emphasis was laid upon developing the means of communication in a country that was already moderately well endowed with navigable waterways. France had, partly accidentally, got possession of one of the Far East's granaries and for too long contented herself with passively absorbing its revenues without troubling to improve their source of supply or to develop other means of production. The outbreaks of 1908 brought a realization of the importance of raising the native standard of living—to develop purchasing power, if for no other reason. This could be done principally by a program of hydraulic agriculture. From 1900 to 1930, 650,000,000 piastres were spent on public works, of which 62% went into railroads, roads and bridges, 19% into hydraulic agriculture, 7% into maritime ports, 7% into civil edifices, and 2% into city sanitation. The 1931 loan showed a better reorientation towards irrigation works in the distribution of electrical energy to the provinces, city sanitation and improvement of the medical service.

Unfortunately there has not been a parallel trend to lower the tariff; rather the tendency has been to raise it, and this has had the effect of pushing up still higher the cost of native living. The colonists' formula of devaluing the piastre as a panacea for the depression has been officially rejected. The communist uprisings of 1930–31 have brought about a healthful taking of stock, and a realization that the betterment of native standards of living are the primary requisite to the continuation of France's colonial sovereignty.

In estimating the value of Indo-China for France, one must first note its military importance as a strategic post in the Far East. More important, however, is its value as a source of raw materials, particularly since the War accentuated the trend towards national economic self-sufficiency. The Indo-Chinese will for many years not be important as customers for French goods, though they are far more so today than when France came to the peninsula with such an aim in mind. A tropical country like Indo-China has always been impractical as an outlet for French population, but its revenues do support a large group numbering about 40,000 persons. Much more important is Indo-China viewed from the capitalist angle, for colonial investments are as a rule safer than foreign enterprises and certain colonial stocks are tax-exempt. Capital and technical direction are the two indispensable elements France furnishes to Indo-Chinese development.

The new Governor-General, Jules Brévié, is about to take office in an Indo-China where the outlook is more encouraging than at any time since 1931. The government has pulled the colony through the depression by accelerating a public works program far better adapted to the country's

needs than heretofore, by subsidizing agricultural and commercial enterprises that would otherwise have succumbed, by economies in a formerly extravagant administration, by extending credit to the rural peasantry, and by reasserting through commercial treaties Indo-China's natural economic ties with the Far East. On the debit side, the tariff is still almost wholly artificial in binding Indo-China too much to the French market, and by being fiscal rather than protectionist in character. The repression of the communist uprisings was too severe, especially when it was not offset or supplemented by sufficient measures to better native conditions. Now more than ever before the French government is practicing colonization in the better sense of the word. It is principally a question as to whether the tempo is fast enough to keep pace with developments elsewhere in the Far East and within the colony itself.

The future of Indo-China lies with the Annamite people. Charming as are the Cambodians and Laotians, their inertia and declining numbers mark them for extinction and the hated Annamites are even now flooding their lands. The colony's natural resources are beyond question and the labor problem has been, in its main outlines, resolved. The French Medical Service is permitting the Annamites, whose numbers were formerly held static by the terrible mortality rate, to multiply by leaps and bounds. Contact with Western ideas is loosening the rigid ties of family, commune and ancestral spirits. The conquest of nature by Western science has had an enormous psychological effect of emancipation. But there is still too great a disparity between the arrogant, Occidentalized intelligentsia and the conservative, poverty-stricken masses to produce, as yet, a genuine nationalism, even though its elements are all present. There is a third gift, which France has given to Indo-China, which ranks above nationalism and Western science, and that is peace in a storm-ridden Orient, and unity in a country formerly devastated by warfare.

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THE PHILIPPINES

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THIRTY YEARS OF AMERICAN–FILIPINO RELATIONS, 1899–1929

J. W. Wheeler-Bennett

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The thirty years of American occupation of the Philippine Islands fall naturally into two periods: the first of seventeen years (1899–1916), from the beginning of organised government under military control to the passing of the Jones Act by the U.S. Congress; and the second, of thirteen years' duration, from that date to the present. Alternatively the same thirty years may be regarded as falling into three sections—before, during and after the Governor-Generalship of the Hon. Francis Burton Harrison (1913–20), for it was under his administration that the events occurred, notably the first four years of government under the Jones Law of 1916, which have brought forth the present political situation in the Islands.

The first contact between Americans and Filipinos took place almost immediately after the outbreak of the Spanish-American War in April 1898. Anxious to utilise the spirit of insurrection which existed in the Philippine Islands, United States consular officials in Singapore and Hongkong approached the Filipino political exile, General Aguinaldo, with a view to his reorganising his revolutionary army (disbanded after the abortive rising of 1896–97) as a support for Admiral Dewey's squadron, then about to attack Manila. Aguinaldo agreed to this plan, firmly believing that therein lay the hope of Philippine independence, and on May 19th, just nineteen days after the destruction of the Spanish fleet off Cavite in Manila Bay, he returned to Manila on board a U.S. warship, and at once set about gathering his former followers around him. In a short space of time General Aguinaldo had an army of some twenty well-equipped regiments which inflicted several considerable defeats on the Spaniards, and completed the investment of Manila by land while Dewey blockaded the town from the sea. Up till the arrival of the American land forces commanded by General Anderson in July,

Aguinaldo, together with his army and government, worked in perfect harmony with Admiral Dewey, rendering him, on his own admission, very valuable assistance.

In so doing General Aguinaldo was convinced that he was paving the way not only for the liberation of the Filipino people from Spain, but for their immediate independence. He alleged that the U.S. consuls who had first approached him in Singapore and Hongkong had given him assurances to the effect that a Filipino Government would be recognised and that Admiral Dewey had confirmed this promise on board his flagship on the day of Aguinaldo's arrival. All three officials subsequently categorically denied the allegations, but there is little doubt of the impression which their remarks, whatever they may have been, had made upon the mind of the Filipino leader. In full confidence, therefore, of American support, Aguinaldo, concurrently with his campaign against the Spaniards, proceeded with the organisation of his government and of the administration of the country. Filipino independence was proclaimed on June 5th, 1898, "under the protection of the Mighty and Humane North American Nation," and Aguinaldo was later elected President of the Philippine Republic.

The first blow to the sublime confidence of the Filipinos in American recognition was on August 12th, 1898, when, in the Protocol of Peace signed at Washington between the United States and Spanish representatives, no mention was made of the independence of the Philippine Islands, the "control, disposition and government" of which was to be determined by the subsequent treaty of peace. Two days later Manila surrendered, but under the articles of capitulation the Philippine army received no recognition, nor was it allowed to occupy the city.

It gradually dawned on President Aguinaldo that the United States Government were going back on what he conceived to be their solemn pledges of independence, and he despatched his ablest lieutenant, Señor Agoncillo, first to Washington and later to the peace conference in Paris in October–December, to make good the claim of the Filipinos. Agoncillo's mission failed signally; he was not officially received either in America or in France. American diplomacy and commerce had been awakened, the first to the importance of a base in the Far East, the second to the potential economic resources of the Islands. President McKinley declared the mission of the United States to be "to educate the Filipinos and uplift and civilise and Christianise them." As a result, the United States, by Article III of the Treaty of Paris (December 10th, 1898), received the cession of the Philippine Islands from Spain, who received the sum of $20,000,000 as purchase-money.

The treaty met with violent opposition from the "anti-imperialist" party in the United States Senate, and an amendment disclaiming all intention of maintaining permanent control over the Islands met with a tied vote, the Vice-President giving his casting vote against it. However, on February 4th,

1899, the tension between the American and Filipino armies, which ever since August had faced one another across the city boundaries of Manila, finally snapped altogether. Outpost firing occurred which developed into something of an engagement, and hostilities definitely opened next day. This event made certain the passage of the treaty through the Senate and destroyed for ever Aguinaldo's dream of an independent republic.

The hostilities which thus broke out in February 1899 continued in the form of open warfare until the end of that year, when the Filipino defence was broken down. Aguinaldo then issued an order for guerilla warfare, and this was maintained in a more or less desultory fashion until his capture by General Funston in March 1901. Aguinaldo then took the oath of allegiance to the United States and advised his followers to do likewise.

Meanwhile the American Government was taking steps to transfer the government of the country from the military to the civil authorities as soon as the insurrection should have been suppressed. In March 1899 there arrived from Washington a Commission headed by President Jacob Gould Schurman of Cornell University (later Minister to China and Ambassador to Berlin), charged with the task of facilitating "the must humane, pacific and effective extension of authority throughout these islands, and to secure, with the least possible delay, the benefits of a wise and generous protection of life and property to the inhabitants."

The Commission was greatly hampered in its activities by reason of the insurrection; it did, however, help to enlighten the Filipino people on the motives of the American Government. It further conducted certain abortive negotiations with the *insurrectos*, gathered a wealth of information on the situation in general and furnished a valuable report to the President, wherein it recommended a territorial form of government with an elective lower house and an upper house half elected and half nominated. The Commission added further:

> "The United States cannot withdraw from the Philippines. We are there and duty binds us to remain. There is no escape from our responsibility to the Filipinos and to mankind for the government of the Archipelago and the amelioration of the conditions of its inhabitants.
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> "The Filipinos are wholly unprepared for independence, and if independence were given to them, they could not maintain it."

In April 1900, President McKinley appointed the second Philippine Commission, of which the Hon. William Howard Taft, later President of the United States and Chief Justice of the Supreme Court, was president, and Messrs. Luke E. Wright, Henry C. Ide, Dean C. Worcester and Bernard Moses were members. Of these latter, the two first later succeeded Mr. Taft as Governor-General, and Mr. Worcester had been a member of the first

Commission. This Commission was empowered gradually to assimilate the executive functions of the military administration already established. It was granted full legislative powers.

In his instructions to the Commission President McKinley emphasised the fact that the government which they were about to establish

> "is designed not for our satisfaction, or for the expression of our theoretical views, but for the happiness, peace and prosperity of the people of the Philippine Islands."

The Filipino people themselves were to be granted as much voice in their local government as could be safely given them, thereby implementing President McKinley's previous statement, that

> "The Philippines are ours, not to exploit but to develop, to civilise, to educate in the science of self-government."

The Commission assumed its legislative power on September 1st, but for the time being the executive functions of government were retained by the military governor. A year later, however, in June 1901, by Presidential Executive Order, these functions were handed over to the Commission, and on July 4th Mr. Taft was inaugurated first civil governor of the Philippines. On the first anniversary of the assumption of the legislative powers by the Commission (September 1st, 1901), a further step was taken towards giving the Filipino people a share in the government of their own country by increasing the membership of the Commission from five to eight, the three additional members being Filipinos. At a later date a fourth Filipino member was added.

Up till 1902 all appointments to the Philippines had been made by the President of the United States by virtue of his office as Commander-in-Chief, but in that year Congress voted a Philippine Organic Law, ratifying the action of the President, but stating that in future the appointments of Governor-General, Vice-Governor, members of the Philippine Commission and heads of Government departments should be made with the advice and consent of the United States Senate. The Philippine Act further provided for the creation of a lower house of Legislature to be known as the Philippine Assembly. This provision was to come into force at the discretion of the President of the United States, the necessary conditions being general and complete peace throughout the Islands, the taking and publication of a census, and the lapse of two years after such publication. President Roosevelt considered that these conditions were established and complied with in 1907, and on October 16th the Assembly, having been duly elected in the preceding July, was inaugurated. At the same time the Assembly received the right to appoint two resident Philippine Commissioners to Washington, who should sit and speak, but not vote, in the House of Representatives.

Thus whereas from 1901 to 1907 the Islands had been administered by the Philippine Commission alone, a form of bi-cameral government was now introduced, the Commission, five Americans and four Filipinos, forming the upper house, and the Assembly, composed entirely of Filipinos, the lower. This system continued until the election of the democrat-candidate, Woodrow Wilson, to the Presidency of the United States in 1912.

Ever since Mr. Bryan's "anti-imperial" campaign at the elections of 1900, the Democratic Party had included a Philippine Independence plank on their electoral platform. In November 1912, Mr. Wilson's policy declared that—

> "We condemn the experiment in imperialism as an inexcusable blunder which has involved us in enormous expense, brought us weakness instead of strength, and laid our Nation open to the charge of abandonment of the fundamental doctrine of self-government. We favour an immediate declaration of the Nation's purpose to recognise the independence of the Philippine Islands as soon as a stable government can be established, such independence to be guaranteed by us until the neutralisation of the Islands can be secured by treaty with other Powers."

It is one of the gravest features of the Philippine problem that it has been made a subject for American party politics. There is no American policy towards the Philippines. The fact that a continuous policy of gradual participation in government was maintained in the Philippine Islands during the years 1900–12 is due solely to the fact that the Republican party won the presidential elections of 1900, 1904 and 1908. They lost in 1912, and the brake adjusted was at once released by the Democrats, and the Filipino people immediately precipitated into the dangers and temptations of an advanced form of self-government.

President Wilson's first act in pursuance of his new Philippine policy was to remove Governor-General Cameron Forbes at eight days' notice and to replace him by a New York Congressman, the Hon. Francis Burton Harrison, who for years had been a prominent supporter of Filipino independence and who, on his arrival in Manila, publicly described himself as "Filipino in all but race." Mr. Harrison was the first of the six governors-general to have seen no previous service in the Philippine Islands, and it is interesting to note that of his five predecessors, all appointed by Republican administrations, three, Wright, Smith and Forbes, had been Democrats. At the same time all the five American and three of the four Filipino members of the Philippine Commission were removed and replaced by new men.

Governor-General Harrison's inauguration was taken as the opportunity to announce that in future the Filipinos would be given the majority on the Philippine Commission, thereby giving them control over both Houses of Legislature. The Governor-General on the day of his arrival initiated his

policy of "Filipinisation" of the Government by calling for the resignation of the Americans in the Government offices. To such an extent was this policy maintained that whereas on January 1st, 1913, there were 2623 Americans in Government service, on July 1st, 1921, there were but 614. During the same period the number of Filipino Government servants increased from 6363 in 1913 to 13,240 in 1921. The successors to the American heads of departments were not always chosen with the necessary amount of care as to their qualifications.

While Governor-General Harrison was engaged in "Filipinising" in Manila, the United States Congress, firm in its Democrat majority, gave loose rein to the anti-imperialists and the supporters of independence. The first attempt was made in 1914, when Congressman William A. Jones of Virginia introduced a Bill in the Lower House granting Philippine independence in 1921. This Bill failed of passage, but two years later Mr. Jones returned to the charge with a re-drafted Bill, which on August 29th, 1916, became the new Organic Law of the Philippine Islands, superseding the Philippine Act of 1902.

Historically, the most important part of the Jones Act was its preamble, for it contained a definite declaration of purpose of the United States towards the people of the Philippine Islands.

> "Whereas it is, and always has been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to reorganise their independence as soon as a stable government can be established therein, and
>
> "Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of the popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence . . ."

The Jones Law did away with the Philippine Commission and Assembly, substituting for them the Governor-General and his cabinet, an elective Philippine Senate and an elective House of Representatives. Right of election was limited to the civilised peoples, the Moros and other non-Christian tribes being represented in both houses of legislature by senators and representatives appointed by the Governor-General. The right of appointment to Government posts, which had hitherto been vested in the President of the United States with advice and consent of the American Senate, was now vested in the Governor-General, the Philippine Senate having the right to confirm, or decline to confirm, any such appointments. The only appoint-

ments now made by the President are those of Governor-General, Vice-Governor, the Justices of the Supreme Court, the Insular Auditor and the Deputy Auditor. The Governor-General has the right of veto over any Act passed by either the Senate or the House. Measures passed over his veto by the Legislature are subject to the veto or the approval of the President of the United States.

The form of government established under the Jones Law was modelled to a large extent upon that of the United States. The Governor-General corresponds to the President, the Vice-Governor to the Vice-President, and so on. In these latter offices, however, there is an important difference; for, whereas the Vice-President of the United States is *ex officio* the presiding officer of the Senate, this is not so in the Philippines, where the office of President of the Senate is elective in that body. The Vice-Governor is, however, *ex officio* Secretary of Education in the Governor-General's cabinet.

In other respects, however, the two forms of government closely resemble one another. The Philippine Cabinet is chosen by, and is responsible to, the Governor-General, but neither they nor he can initiate legislation. Bills can be introduced by any individual member into either House of Legislature, and it can be made known that the Government is in favour of any particular measure. As in the United States Congress, matters are largely dealt with by Committees of the two Houses, to whom Bills may be referred for a favourable report before being considered by the full house.

The new Legislature was inaugurated on October 16th, 1916, with Manuel Quezon as President of the Senate and Sergio Osmena as Speaker of the House of Representatives. Thus with the actual putting into force of the Jones Law the government of the Philippine Islands became practically autonomous.

Almost immediately the Legislature began to carry out a series of progressive encroachments on the executive power, and in this they received no opposition from Governor-General Harrison, who on no one occasion made use of his power of veto to protect his executive prerogatives. In 1918 he gave the encroachers further assistance by creating by executive order a Council of State, comprised of the Governor-General, the President of the Senate, the Speaker of the House and the Secretaries of the executive departments. The purpose of this body was "to advise the Governor-General on matters of importance affecting the welfare of the country," but following its creation the general trend of legislation was to vest in it powers which had previously been in the hands of the presiding officers of the two Houses.

During the administration of Governor-General Harrison the Government entered into business on a large scale by successive purchases of corporations, such as the railroad and the Manila Hotel, and the creation of a number of National Companies, including the Philippine National Bank, chartered by special legislation, the Government holding fifty-one per cent of the stock, and offering the balance for sale. The control of the stock of

these corporations was originally in the hands of the Governor-General, but soon passed into those of a Board of Control consisting of the Governor-General, the President of the Senate and the Speaker of the House.

The case of the National Bank was described in the subsequent Wood-Forbes Report as "one of the most unfortunate and darkest pages in Philippine history." Established in 1916, its loans in four years were estimated at $22,500,000; the banks of Japan and North Borneo received instructions not to honour its notes and drafts, and it was only saved from bankruptcy through the backing of the insular treasury. An examination of the bank's position was undertaken by a certified accountant of New York, who stated among other things:

> "Our examination thus reveals the fact that the bank has been operated, during almost the entire period of its existence prior to the appointment of Mr. Wilson as manager, in violation of every principle which prudence, intelligence or even honesty dictates."

Subsequently the president and various of the officials of the bank were prosecuted and convicted of embezzlement and other criminal charges, while the manager of a large provincial branch confessed his guilt and committed suicide.

By 1919 the Philippine Legislature was so satisfied with the progress of the Government and the country under the Jones Act and the benevolent administration of Mr. Harrison, that they determined to send a Mission to Washington to ask the President to make good the promises put forward in the preamble of the Jones Act; the country having achieved that degree of enlightened government deemed necessary for its independence. This, the first of six Missions to Washington, was headed by Senate-President Quezon, and in due course presented its memorial. President Wilson was at that moment at the Peace Conference in Paris, where his doctrine of self-determination of small peoples had not been overlooked by the Filipino politicians. The mission was received by the Secretary of War, who conveyed to them an ambiguous message of felicitation from the President and sent them away with the advice to wait a little longer. On the eve of his departure from office Governor-General Harrison recommended to the President that a stable government had been established and urged that immediate independence be granted. President Wilson, therefore, in his message to Congress in December 1920, after the defeat of his party at the presidential elections and with a Republican majority in both Houses, made the following appeal:

> "Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have

therefore fulfilled the condition set by the Congress as precedent to a consideration of granting independence to the Islands.

"I respectfully submit that this condition having been fulfilled, it is our liberty and our duty to keep our promise to the people of these Islands by granting them the independence which they so honourably covet."

The suggestion thus made was not acted upon by that session of Congress, mainly because all the evidence at the disposal of Congress was not of the same tenor, but in March 1921 President Harding appointed General Leonard Wood and former Governor-General Cameron Forbes as a commission of inquiry to make a complete study of the situation, and to furnish a report upon which the President could base his recommendations to Congress for their future action.

The report of the Wood–Forbes Commission is one of the important documents in the history of American–Philippine relations, for it forms a natural epilogue to the administration of Governor-General Harrison and a fitting prologue to the new policy begun in October 1921 when General Leonard Wood was inaugurated as his successor.

The Commission found everywhere among the Christian Filipinos a strong desire for independence, and among the non-Christian tribes and the Americans for continuance of American control; but they felt that with all the excellent qualities of the Filipinos, which they enumerated, the experience of the past eight years had not been such as to justify the relinquishing of supervision by the United States. It would, they said, be

"a betrayal of the Philippine people, a misfortune to the American people, a distinct step backward in the path of progress and a discreditable neglect of our national duty were we to withdraw from the Islands and terminate our relationship there without giving the Filipinos the best chance possible to have an orderly and permanently stable government."

In criticism of the Government the Commission reported that it was not reasonably free from "those underlying causes which result in the destruction of government," that there was "a disquieting lack of confidence in the administration of justice, to an extent which constitutes a menace to the stability of the Government;" and that questions might arise in regard to the confirmation of appointments which would bring about a deadlock between the Governor-General and the Philippine Senate.

In view of the general situation as they saw it the Commission concluded their report with four recommendations:

1. That the status of the Islands should remain unchanged until the people had had time to absorb and master the powers already in their hands.

2. That the Governor-General should have authority commensurate with his responsibilities, and that, in case the Philippine Legislature failed to pass the necessary corrective measures the United States Congress should declare null and void all legislation which had been enacted "diminishing, limiting or dividing the authority granted the Governor-General" under the Jones Act.
3. That the President of the United States should give a final decision in the event of a deadlock between the Governor-General and the Philippine Senate on the matter of appointments.
4. That in no case should there be allowed to be established in the Islands "a situation which would leave the United States in a position of responsibility without authority."

President Harding accepted the first recommendation, disregarded the second and third, and took note of the fourth. In September 1921 he appointed General Leonard Wood as Governor-General.

Throughout the six years of his administration (1921–27) General Wood laboured untiringly, and in the face of fierce and bitter opposition, first to restore the executive powers and prestige of his office which had been lost by his predecessor, and, secondly, to get the Government "out of business." In this work he was greatly hampered by the fact that under the Jones Law he was without power to initiate remedial legislation, and that Congress had taken no steps to implement the recommendation which he and the Hon. Cameron Forbes had made on the subject.

In 1922 a second Mission visited Washington with the object of taking up the negotiations where they had lapsed in 1919. To the memorial presented by the Mission President Harding replied that he was not yet ready to recommend to Congress the granting of independence, but he gave assurance that under his administration no backward step should be taken and that the autonomy already enjoyed by Filipinos should be respected. Senate-President Quezon, using this statement as a weapon wherewith to combat General Wood, returned to Manila to join battle with the Governor-General in the Legislative session of 1922–23. At the same time a widespread campaign for independence was launched in the United States, through the Resident Commissioners, the Philippine Independence Commission in Manila, and the Philippine Propaganda Bureau in Washington.

A year later, in July 1923, there occurred that very event which General Wood had foreseen from the beginning—a deadlock between the Governor-General and the Philippine Senate. The cause was the reappointment by General Wood of a secret service officer who had been fully acquitted of two charges of graft. In protest against his reinstatement and against the policy of General Wood in attempting to regain the authority of his office which

had been surrendered by Mr. Harrison, and by using his veto to prevent further encroachments, the Council of State tendered their resignations *en bloc*, and somewhat to their surprise found them accepted. The Senate refused to ratify the Governor-General's appointments to the vacancies in the cabinet, and these departments were administered by the Under-Secretaries for the next four years. In his action General Wood was upheld by the War Department in Washington, to whom the dispute had been referred, and who had taken legal advice in the matter. A fierce personal attack on the Governor-General followed both in the Philippines and in the United States by means of the Propaganda Bureau, and in October the two Houses of Legislature in joint session adopted a resolution to the effect that "the continuation of Governor-General Wood in the post which he occupies at the present time is to the detriment of public welfare, and that the mutual interest of the United States and the Philippines require his immediate removal"; the resolution further asked for the appointment of a Filipino as Governor-General.

The situation in Manila was not without its repercussion in Washington. In 1924 a number of Bills and resolutions were introduced, but only two reached the Committee stage in the House of Representatives; the Cooper Bill, for immediate independence, and the Fairfield Bill, for the creation of a "Commonwealth of the Philippines," in which all officers were to be elected, including the Governor-General. The only American appointed by the President was to be a High Commissioner with certain emergency powers; the President also had certain powers of intervention. At the end of twenty years the Commonwealth was to be recognised by the United States as an independent Philippine Republic. The House Committee on Insular Affairs reported by a majority in favour of the Fairfield Bill; a minority report was, however, presented describing the Bill as "a camouflage for a real independence Bill," and declaring in favour of the Cooper measure.

A third Philippine Mission visited Washington in 1924 for the dual purpose of guiding the passage of some independence measure through Congress and of presenting to President Coolidge a list of charges against Governor-General Wood with the purpose of securing his recall. In both these aims they were singularly unsuccessful. Neither the Fairfield nor the Cooper Bill passed the House of Representatives, and the President in an open letter to Speaker Roxos, Chairman of the Mission, stated that the American Government had information which justified it in the belief that a large proportion, and possibly a majority, of the substantial citizenry of the Islands did not support the claim that there was ground for serious grievance, and that "the Government of the United States has full confidence in the ability, good intentions, fairness and sincerity of the present Governor-General." With regard to independence, Mr. Coolidge said that if the time came when it was apparent that independence would be better for the Filipinos both from the point of view of their domestic concerns and of their

world status, and if then they desired complete independence, it was impossible to think that the American Government and people would not gladly accord it. He concluded, however, "Frankly, it is not felt that that time has come."

In 1925 a fourth Mission, headed by Senator Osmena, came to Washington with a request to the President and Congress for permission to draw up a constitution, which, if approved by them, should be submitted to a referendum, and if ratified should come into force. This petition was not granted.

The year 1926 marked the highest point of tension in the relations both between the Governor-General and the Legislature, and between the United States and the Philippines in general. The first point of discord was the movement in the United States for the segregation of the Moro population of the Islands. As early as 1921, the Moro population of the Sulu Archipelago, Moslem by religion, had petitioned the Wood–Forbes Commission to the effect that whatever measures of independence were granted by Congress to the Filipinos, they, the people of Sulu, wished to see their territory made permanent territory of the United States. As reasons they stated that the Philippine Legislature had failed to pass any laws for the benefit of the Moro people, and that they found that Philippine independence would impose upon them such heavy taxation as would occasion open revolt. They further cited various injustices which they alleged they had suffered. In 1926, therefore, Congressman Bacon of New York introduced a Bill for the separation of the Sulu Archipelago and the Island of Mindanao from the rest of the Philippine Islands, and their government by a commission on different lines from those of the rest of the country. Mr. Bacon said openly that he hoped that his measure would result in the development of the rubber industry and would provide the United States with a rubber-growing country within its own territory.

The Bill provoked the gravest opposition in the Islands, and a general movement on the part of all parties to draw together for the protection of Philippine integrity. In the spring of 1926 President Coolidge appointed Colonel Carmi Thompson to proceed to the Islands to report to him on the administration and economic development. When Colonel Thompson reported in the following December, he covered carefully the question of the political deadlock, and, while he supported the view that the Philippine Legislature had consistently tried to exercise powers vested by the Jones Law in the Governor-General, he reported also that General Wood had surrounded himself with a group of Army officers "who evidently lack training and experience in the duties of civil government and in dealing with legislative bodies and civilian officials." Colonel Thompson recommended, therefore, that such steps as might be necessary should be taken to re-establish co-operation between the executive and legislative branches of the Government and that the Governor-General should be provided with the

necessary civil advisers in order to relieve him of the necessity of selecting such advisers from the United States Army.

With regard to the granting of absolute independence, the Thompson Report recommended that it should be postponed for some time to come and reconsidered at a future date when the Islands were sufficiently developed to maintain an independent government, but that further autonomy in the control of internal affairs might be granted from time to time. Colonel Thompson advised against the separation of Sulu and Mindanao, but reported that "conditions in the Moro Provinces are so bad that the control and direction of their governments should be placed in American hands."

Colonel Thompson's final recommendation was that the Philippine Government should withdraw from private business at the earliest possible moment, but before his report had been written, General Wood had taken a long step towards so doing, and at the same time restoring one of the most important executive powers surrendered by Governor-General Harrison. On November 9th, having previously sought the legal advice of the Attorney-General of the United States and the Judge-Advocate-General of the Army, General Wood issued an executive order abolishing the Board of Control (established by Governor Harrison in 1916 for the management of the Government Corporations and National Companies) and vesting all its powers in the Governor-General.

In the inevitable storm of protest which followed this action, support for the Governor-General came from an unexpected quarter. General Aguinaldo, once President of the Philippine Republic, wrote to General Wood in the name of the Association of Veterans of the Philippine Revolution, congratulating him on abolishing the Board of Control, "an illegal body," and expressing the hope that this step would enable him to carry out an overhauling of the Government enterprises. This act of General Aguinaldo's resulted in his being included in many of the personal attacks which were levelled against General Wood. General Aguinaldo, however, did not withdraw his support of the Governor-General and refused to join the Supreme National Council—a body consisting of members of all political parties and organised by Senate-President Quezon to co-ordinate and carry out a definite plan for independence.

But perhaps the most important of the many crises which arose during the period of deadlock was concerning the proposed independence plebiscite. In certain quarters in America it had been said that the Philippine people as a whole did not desire absolute independence. In order to disprove this the two Houses of Legislature passed a resolution providing for a plebiscite by which public opinion should demonstrate its desire for independence or the contrary. General Wood vetoed the Bill, and the Legislature, exercising their right under Section 19 of the Jones Law, repassed the measure and appealed against the Governor-General's veto to the President of the United States. On April 6th, 1927, President Coolidge upheld General Wood's veto and

returned the Bill without his approval. In so doing he gave as his reason the fact that as the form of the vote was an answer of "Yes" or "No" to the question, "Do you desire the immediate absolute and complete independence of the Philippine Islands?" a large majority of the Filipino people who desired ultimate but not immediate independence, and that smaller, but not inconsiderable part, who desired to remain under the ægis of the United States, though with an increased measure of autonomy, would not be able to express their desire. The plebiscite would not, therefore, accomplish its stated purpose, as the result of the vote would be unconvincing. The President further enumerated the many advantages, both economic and political, that is to say in matters of military protection, which the Philippine Islands enjoyed under their present connection with the United States and which would be inevitably forfeited if that connection were severed.

This was the final round in the contest between the Executive and Legislative branches of the Government and General Wood had won it. Worn out with his efforts, he left the Islands in June 1927 for a period of leave and died in Boston two months later.

At once a fifth Philippine Mission headed by Senator Quezon was despatched to Washington to endeavour to influence the President's choice of a new Governor-General. A rumour arose that Vice-Governor Gilmour was also retiring, and the Mission were anxious to secure if possible the appointment of a Filipino to this office. In the end this contingency did not arise, since Mr. Gilmour remained in his former position.

In the winter of 1927 President Coolidge appointed Colonel Henry L. Stimson, fresh from his diplomatic success in Nicaragua, to the vacant Governor-Generalship, and his inauguration took place in Manila on March 1st, 1928. Colonel Stimson's policy may be said to lie between those of his two immediate predecessors. He was less plastic in the hands of the *politicos* than Mr. Harrison, and at the same time more tractable than General Wood. It is claimed for his administration that he secured the complete co-operation of the Filipino leaders, Señores Quezon and Osmena, but it is a matter of some doubt whether the co-operation was not somewhat unilateral—and that on the part of Colonel Stimson.

The new Governor-General refused to discuss the independence issue at all, claiming that in any case he could do nothing, since the matter was entirely in the hands of Congress. He further refused to intervene, even when appealed to, in matters which normally came within the sphere of any of the Government's departments. In accordance with the recommendations of the Thompson Report, Congress had passed the Kiess Act, providing for a number of civilian advisers to the Governor-General in place of General Wood's staff of military aides. The counterpart of this Act, in Philippine legislation, is the Belo Act of 1928 making an annual appropriation of 250,000 *pesos* (£25,000) for the salaries of these civilian advisers.

Colonel Stimson re-established the Council of State, which had not func-

tioned since the crisis of 1923, by including the Majority Floor Leaders of the two Houses of Legislature. In addition to the formation of a party Cabinet, the Governor-General introduced some innovations somewhat on the lines of parliamentary government in European countries. By securing an alteration in the rules of procedure of both Houses, he gave the Cabinet ministers the privilege of the floor, so that they can now make statements at their own free-will in either house. Formerly the procedure had been as in the U.S. Congress, when a member of the Cabinet only comes before the Houses when called upon by some Committee.

It must be remembered that Colonel Stimson's period of office only lasted eleven months (he left in February 1929 to become Secretary of State in President Hoover's Cabinet), and it is most uncertain whether he would have been able to maintain this conciliatory policy had he remained for a longer time. The mental process of the Filipino politician is such that he is apt to take advantage of the least relaxation of authority on the part of the Executive, and there were already indications of this before Colonel Stimson left Manila.

In 1928–29, however, there appeared a new—an economic—factor in the Philippine problem. The American Federation of Labour began to agitate for the application of the Asiatic exclusion clauses of the Emigration Law against the Filipino labourer who had for some years been coming into the country and working at low salaries on the West Coast, mainly in California. The Federation desire to see no labourer of non-Caucasian origin enter the United States even if he owe allegiance to the United States and is a citizen of one of its dependencies. So far this agitation has not brought forth legislation, but it is growing in strength and may well have important effects.

The more important part of the economic factor is that which deals with the export of Philippine sugar to the United States. By the Underwood Tariff Law of 1913 unlimited free trade was established between the Philippine Islands and the United States. The export of sugar to America grew rapidly, until in 1927 it exceeded 500 million kilos in quantity, and more than $95,000,000 (£9,500,000) in value. By 1928 the Americans in the sugar trade of Cuba and Hawaii were seriously concerned at this competition, and in the "short" session of Congress (December 1928–March 1929) Representative Timberlake introduced into the House a resolution placing duty on all sugar imported from the Philippine Islands in excess of 500,000 tons (an amount which is already exceeded by the 1928 exports).

This proposed imposition on the export of sugar to the United States is a very vital question for the Philippine Islands, for it strikes at the heart of their main industry. In his report of 1926 Colonel Thompson had advanced as one of his reasons for not granting complete and immediate independence to the Islands, the fact that it would involve the termination of free trade, and that consequently "the sugar industry would not be able to compete with Cuba and other countries nearer to the American market." So serious was

the threat felt to be that in March 1929 a sixth Philippine Mission was despatched to Washington under Speaker Roxas and Senator Osmena, partly to guide President Hoover in the choice of a new Governor-General and partly to organise opposition to the proposed tariff duties. The President appointed a former Secretary for War, Colonel Dwight Davis, to succeed Colonel Stimson, on May 24th, 1929, and, in consequence of agitation, no tariff was placed on Philippine sugar.

By a curious turn of circumstance, the Independence Party in Manila were greatly cheered by these new manifestations on the part of the sugar-growers and the American Federation of Labour. If both the capital and labour of the United States, they argue, can be persuaded to look upon the Philippine Islands as a liability instead of the asset which they have been considered heretofore, there is considerably more chance of their granting independence. There is, however, considerable doubt as to whether this view will prevail in America. There is every indication that the independence of the Philippine Islands is not yet in sight.

Bibliographical note

Two works on the Philippines are particularly to be recommended:

1. *The Philippine Islands*, by Hon. W. Cameron Forbes. (New York: Houghton Mifflin. 1929.)
2. *The Philippines: Past and Present*, by Dean C. Worcester. (New York: Macmillan. 1914.)

The former contains an excellent bibliography.

Apart from official documents, consisting of the reports of the Philippine Commission, 1900–8, and of the Governor-General, annually, which may be obtained from the Government Printing Office at Washington, there exist certain interesting books written from both sides of the question. Among those giving a decided American view, *The United States and the Philippines*, by D. R. Williams (New York: Doubleday and Page, 1926), deserves mention; whilst the following give the point of view of the Filipinos themselves:

1. *The Conquest of the Philippines by the United States*, by Moorfield Storey and Marcial P. Lichaneo. (New York: Putnam. 1926.)
2. *Philippine Government under the Jones Law*, by Maximo Kalaw. (Manila: Oriental Commercial Company, 1927.)
3. *The Present Government of the Philippines*, by Maximo Kalaw. (Manila: McCullough Printing Co. 1921.)

For a defence of the policy of the Democratic party's Philippine policy during 1913–20, *The Corner Stone of Philippine Independence*, by

Francis Burton Harrison (New York: Century Co., 1922), will be found of interest.

Two useful books on the Philippine Revolutionary Movement of 1896–97 are:

1. *The Philippine Revolution*, by Theodore Kalaw. (Manila: Manila Book Co. 1925.)
2. *The Philippine Republic*, by Leandro H. Fernández. (New York: Columbia University Press. Longmans, Green & Co. 1926.)

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NATION BUILDING

Peter W. Stanley

Source: Peter W. Stanley, *A Nation in the Making: The Philippines and the United States, 1899–1921*, Cambridge, Mass.: Harvard University Press (1974), pp. 81–113.

By common consent, there were almost countless aspects of Philippine life at the turn of the century in which reform, revision, or modernization were badly needed. Filipinos themselves had felt this in the last decades of Spanish rule; and the testimony before the Schurman Commission is filled with appeals for secularization of the state, reform and extension of education, improvement of government services, and development of infrastructure. Americans, if anything, felt these needs even more. Daniel Williams, the Commission's sometimes arch secretary, wrote to his family that the tasks at hand were enormous: "Not only did we inherit an insurrection, and a church problem upon which [the Spanish] government was wrecked, but the whole administrative machinery is so antiquated and disorganized as not to admit of patching or repair. Questions of municipal and provincial law, of revenue and currency, of courts, sanitation and police, of education and transportation, of land titles, forestry and mining—of everything in fact essential to organized society—are clamoring for attention and must needs be solved with few, if any, precedents to guide."[1]

Meeting these needs was critically important not only to Filipinos, but to the United States. To the latter, it was important partly for basic reasons of administrative coherence and efficiency and also because this was a means by which to provide what Calderón had called "actual deeds." Rectification of the inadequacies, anachronisms, and corruption of the Spanish governmental structure complemented political conciliation by demonstrating American good will and solicitude and drawing Filipinos into cooperative endeavors from which a recognition of shared interests might emerge. Americans in the insular service approached these challenges with an almost evangelistic fervor. Ten months after writing the passage quoted above, Williams surveyed the progress achieved in the interval and added: "I doubt if in the world's history anything similar has been attempted. . . . The whole fabric is

being made over; scarcely anything is left as it was. Having started to mend the machinery, we have found that all the parts must be replaced in order to make the thing move." He exaggerated, of course; but in a very real sense Americans in the Philippine government during the first decade of this century conceived of themselves as engaged in building the foundations of a modern nation. Few, however, had any sympathy for the notion that the result would be an independent Philippine nation; and many hoped that what they were doing would extend the process of conciliation well beyond anything needed simply to pacify the people, so that in the end Filipinos would wish not only to cooperate with American tutors, but to form permanent bonds with them. In this context, American efforts at reform and development became retentive political acts, amounting to a policy of nation building without regard to nationality.[2]

Perhaps the most fundamental reforms carried out by the Americans were the secularization of the government and of education. With the blessing of liberal American Catholics, the near identity of church and state was ended. Separation was proclaimed and, more important, secular schools were established and protestants and schismatic Aglipayans tolerated. That such a change was inevitable under American government did not in the least detract from its potency as a political act in the Philippines. "The fact that Aglipai has been permitted to proclaim himself as Archbishop Maximus and to parade the street in that garb," wrote Taft, "has taught them more of the real principles of American government than any one thing. As a consequence, the agitation about independence etc. seems to be largely settled." At the same time, the Roosevelt administration undertook politically hazardous direct negotiations with the Vatican to acquire the friar estates and secure the removal of the Spanish orders from the islands, if possible. In December 1903, after months of irritating and often evasive exchanges, 410,000 acres on which there lived approximately 60,000 tenants, were purchased for $7,239,000. The Commission subsequently surveyed the estates, appraised the tenants' holdings, and instituted a program leading to ownership after 25 years.[3]

At the same time, the government was moving to meet Filipinos' wishes for reform and expansion of the islands' schools. Compulsory education and creation of a system of free public schools under secular control had been provided for in the Malolos constitution; and even while fighting for its survival, Aguinaldo's government had both maintained its schools and begun plans for extending and modernizing them. American military authorities, impressed by this appetite of the people for education, had allowed local officers to detach soldiers from their commands to help establish and run schools in the areas behind American lines. General Otis himself selected and ordered some of the textbooks to be used. By the arrival of the Taft Commission, the Army had organized in Manila 39 schools, with a total daily attendance of between 4,500 and 5,000 pupils; in the islands as a whole,

it opened approximately 1,000 schools before giving way to civil government in 1901. Recognizing the value of such steps as an aid to pacification, the military nevertheless had found itself engaged by more pressing matters and had left major planning and curricular reforms for the period after the insurrection should have been suppressed. The Commission, entering, as it believed, when the military phase of the insurrection had all but passed, quickly took up where the Army had left off. Its first act aside from basic organizational measures was to appoint a civilian superintendent of public instruction; and on May 8, 1900, even before reaching the islands, Taft wrote his new appointee to read Trevelyan on education in India.[4]

The reference to India is suggestive, for the commissioners had Britain's experiences there and in Egypt much in mind. Aware of the risks involved in arousing ambitions and introducing a subject people to modern western thought, they found themselves impelled by Filipino desires and by their own logic of tutelary retention to embark upon a program of educational reforms that would have important social and cultural effects upon Philippine life. A government conceiving itself to be acting for the best interests of the Filipinos, and believing the people "ignorant, superstitious, and credulous in remarkable degree" and their society "a kind of quasi slavery"—a government advised by its most respected Filipino associates that the previous educational system had been a cruel farce and that social regeneration was essential—could do no less. Accordingly, modern education came to the Philippines with an aura of *noblesse oblige* and goals that were frankly reformist. It sought to dignify the *tao* of the fields, to spread skills, and to instill democratic and bourgeois values; and by so doing to break through traditional patterns of dependence, promote individual initiative and mobility, and reduce the economic imbalance between rich and poor. Popular, constructive, and reformist, education served actually to strengthen American control by conciliating Filipinos and weakening established patterns of social organization. In this one sees once again the ambiguities of attempting to attract the populace through established leaders. For having once used the networks of elitist influence for its own ends, the Commission was intent upon denying them to others. "On political grounds alone, without reference to general humanitarian considerations," wrote a later commissioner and justice of the islands' supreme court, "the new government felt justified in . . . giving the Filipino people a common-school education which would render them less liable to be led by political leaders into insurrectionary schemes."[5]

The proper tasks for education in these circumstances seemed to be to end illiteracy and spread English as a *lingua franca*; to provide all schoolchildren with enough basic arithmetic to enable them to defend themselves in the market place and in making credit arrangements or disposing of their labor; to teach at least a little history and geography as an aid to developing less parochial and tradition-bound attitudes than currently existed; to develop healthy bodies through programs of instruction in health and

physical training; and to teach the dignity of labor and develop vocational skills. Primary emphasis would be placed upon reaching the largest possible number of children, and elementary schools would take precedence in the allotment of teachers and funds over intermediate and secondary schools. It was a program calculated to bring at least a little of the modern, secular world to the mass of Filipinos and effect certain changes in attitudes and social relationships, while minimizing the risk of promoting assertive nationalism.[6]

For at least a decade after establishment of this curriculum in the years 1901–03, the Commission was agreed that its central features were instruction in English and vocational training. The use of English as a *lingua franca* for the islands followed logically from the reality of American sovereignty and from the lack of alternatives. (Spanish, the language of the past, was known by few people; and those who knew it best were the people from whose control education was supposed to emancipate the average Filipino. The Filipino dialects were regionally exclusive, inconvenient to Americans, and impoverished of modern literary or scientific works.) However, the Taft Commission, directly contradicting its instructions, went farther and introduced English not just as a subject, but as the language of instruction. In doing so, it was concerned in part to ease the job of American teachers and supervisors in the schools; but its primary design was to intensify the exposure of Filipino children to the English language. From this there would follow two benefits: English, the natural vehicle for conveying American ideas about government and society, would acquaint Filipinos with values and a literature that would simultaneously stir them to social reforms and increase their receptivity to the relationship with America. "If we can give the Filipino husband-man a knowledge of the English language," wrote the superintendent of public instruction in 1903, "and even the most elemental acquaintance with English writings, we will free him from that degraded dependence upon the man of influence of his own race which made possible . . . insurrection." The vocational training program was designed to have two cultural effects beyond the obvious economic one of creating skills: it was hoped that among children of the upper classes and others with aspirations in that direction compulsory vocational training would break down the inherited Spanish contempt for manual labor; among ordinary folk, it would break through indolence and establish habits of industry. These cultural goals, having about them an aura of democratization, seem to have been more important to most American officials than any direct economic results. Years later, the Monroe Survey Report of the 1920's revealed that for some time the vocational programs had been an end, not the means to an end, and had in fact been creating skills for which there was little demand. The commissioners and educational officials of the first decade of civil government, were they here, probably would not resent our concluding that vocational training was a counterpoint to expanding horizons, a moral lesson in the virtue of working in one's calling.[7]

The development of public education was one of America's most notable achievements in the Philippines, a nation-building act which by honoring the wishes of Filipinos did credit to the United States. In keeping with the notion of tutelage, however, not only the curriculum, but also the values and goals of the schools were defined by Americans; and the interests and justifiable pride of the Americans involved were transmitted to Filipino students. As with the case of religion, the reform of insular education became at least indirectly a political act. Manuel Quezon doubtless exaggerated several years later when he wrote that American teachers had "endeavored to instil into the mind of their pupils the belief that it is the destiny of the Filipino people to remain forever under the control of the Government of the United States and that with the realization of this destiny are bound up their well-being, their prosperity, and their individual liberty." But Dan Williams, reminiscing in the 1920's, frankly recalled that "there was a belief . . . that the Filipino, with a wider range of knowledge, would better appreciate his natural limitations and hesitate before demanding that he be cut adrift." And Cameron Forbes ingenuously sprinkled through the journal he kept while serving in the Philippines examples of the Americanization of Filipino children. A group of boys watching Forbes' train in Batangas province proved to be "about as well up in the matter of [American state] capitals as were the members of our own party"; at Bokod, in Mountain province, a group of Igorot schoolgirls serenaded the governor with "Good Night, Ladies" and "A Hot Time in the Old Town Tonight," sung, as the journal puts it, "in fair English." Several years earlier, in 1905, during a trip through a disaffected province, Forbes had noted approvingly that "the scholars are coming to understand their true condition and realize their only hope is a continuance of present conditions. At a . . . debate held last week on the question, "Resolved, that the Filipinos be given their independence immediately" the vote of the scholars was two to one against adopting the resolution."[8]

After religion and education, the great surface irritants of the late Spanish period, the most striking needs for reform were in the economy. As we have seen, the foreign commerce of the Philippines had expanded immensely in the last century and a quarter of Spanish rule. In effect, an extractive colonial economy had grown up, dominated less by the moribund rulers of the islands than by agents of foreign—particularly British and American—commerce and industry. As a result, growth had been unbalanced. Those parts of the economy dependent upon public policy lagged behind parts susceptible to direct stimulation by private sources. By common consent, the infrastructure, currency, and legal system of the archipelago were inadequate to support the existing level of overseas commerce; and this, compounded by difficulties arising from an archaic, discriminatory tariff system and a shortage of credit, not only made foreign trade needlessly erratic and risky, but also distorted the domestic economy.

Righting the balance made sense. The Commission had been deeply

impressed by reports of the natural wealth of the islands, particularly their mineral deposits and forests. Naturally, it was interested, as well, in the potential market for imports from the United States. In both respects, expansion and improvement of infrastructure and rectification of currency and the legal system would be important enabling steps. Besides, there was a demand for economic reforms from Filipinos in general and from leaders of public opinion. There was Pardo de Tavera, of course, with his notions of social regeneration; and at the local level there were men like the *presidente* of Calasian, Pangasinan, who button-holed a visiting American reporter in January 1900 and lectured him on the need for railroads, wagon roads, and the general promotion of commerce. The Spanish editor of a Manila newspaper told Taft that the construction of public works and the attendant increase in employment would do more than any other thing to aid in pacification. Taft, passing along this advice to Root, endorsed it wholeheartedly: "All the members of the Commission are convinced that this is one of the most important things that we can do . . . [T]aking steps practically to improve this country would aid us much, and that taken with the re-election of President McKinley, will bring about pacification without difficulty."[9]

There was a tendency in the Commission to view education and economic development as the cutting edge not only of pacification, but of tutelage. Taft informed a friend that "making internal improvements and giving a good school system" were "the most important agencies in bringing about contentment, and law, and order throughout the islands." And Luke Wright, speaking at Canton, Ohio, on McKinley's birthday in 1903, put the issue succinctly: "The schoolteacher, American and Filipino, with American capital and enterprise, are needed to leaven the lump. In my judgment, the building of railroads . . . would not only open up a country phenomenally rich in soil, minerals and timber, and now inaccessible, but would be more valuable in the way of education to the masses than the schools we are establishing, not in the least minimizing their importance."[10]

Although the government of the Philippine Islands had been able to act in religious and educational matters under the President's authority as commander-in-chief, it could not address itself to solving the economic problems of the islands until Congress had passed enabling legislation. The Spooner bill, in addition to authorizing the establishment of civil government, had in its original form granted the Commission power to award franchises and dispose of the public domain. Taft had been urgent in his requests for its passage. Citing particularly the importance of building railroads and chartering new banks, he peppered Washington officials with incitements to early action. "If the bill which bears your name has not passed when this letter reaches you," he wrote to Spooner at the end of November 1900, "for Heaven's sake press it to a passage. It is this which we need now to assist us in the development of this country and make these people understand what it is to have American civilization about them."[11]

Taft and his colleagues were disappointed. Consideration of Spooner's bill was put off for months in the Senate owing to Republican leaders' fear of a Democratic filibuster; and when the measure finally was called up, as an amendment to the Army appropriation bill of 1901, Senator Henry Cabot Lodge, chairman of the Committee on the Philippine Islands, inadvertently delayed passage still further by introducing a controversial resolution to prohibit the importation and sale of intoxicating liquors in the islands. Moreover, the administration had more limited desires than those of Taft and Spooner. Secretary Root considered it America's moral obligation to develop the Philippines economically, but as a lawyer he had qualms about doing so under the authority of the President's war powers. The Spooner bill, though it would if passed afford Congressional sanction for the President's actions, was not an organic act; and until such an act should have passed, Root insisted on caution. Consequently, he wrote into the Spooner bill as it finally appeared before the Senate prohibitions upon the sale or lease of public lands or of mining and timber rights on them, and qualifications of the power given the Commission to grant franchises. They were to be awarded only with the approval of the President, in cases where "great public mischief" would result from postponement, and in any event were to terminate one year after the establishment of permanent civil government (that is, under a Congressional organic act) and to be subject in the interval to amendment or repeal. Root's changes struck a responsive chord in Congress. Anti-imperialists and most Democrats approved them in principle; some congressmen backed them on the ethical grounds that it was improper to speed up the granting of franchises at a time when some members stood to profit personally. The bill passed with the reservations in it.[12]

This outcome was a blow to the Commission in Manila. Daniel Williams complained that it "effectively ties the hands of the Commission so far as developing the resources of the islands is concerned." Taft, while acknowledging that exploiters of various sorts were eyeing the Philippines, wrote to Theodore Roosevelt that "the danger on that side cannot outweigh the fact that the happiness of these people and their prosperity are dependent on a tremendous investment of capital here in railroads, steamship lines, agriculture and in manufacturing and mining". Lodge's management of the bill struck Taft as bungling and cowardly, and this impression of the chairman of the Senate committee seems never thereafter to have left him.[13]

Actually, the episode may have been a blessing in disguise for the commissioners; for out of it there came a clear shift in the location of initiative in legislative matters from Washington to Manila. In the months that followed passage of the Spooner bill, both Lodge and Root decided—apparently independently—that the forthcoming organic act for the islands should be drafted by the Commission. In response, Taft, believing that the commissioners' informed opinions had been given insufficient attention in the past,

not only outlined their wishes for the new act, but also traveled to the United States to argue the case personally before Congress.[14]

Taft's aims were of two sorts. Politically, he sought continuation of the Commission and the structure of government elaborated around it during the past year, and the early addition to this government of a popularly elected assembly as lower house of the legislature. Economically, he wanted a variety of powers for the Philippine government: power to grant franchises and dispose of the public domain, to reform banking and coinage, and to control the Philippine tariff. He also wanted—and very urgently—a reduction of from 50 to 75 percent in the American tariff upon imports from the Philippines. By 1902, however, tutelage and development in the Philippines were no longer good politics in America. Accounts of brutality and tortures by both Filipino and American forces during the insurrection had spread widely and dimmed the luster of benevolent assimilation. For five months from January to June 1902, during the time when it was considering the Organic Act, the Senate Committee on the Philippines was also holding secret hearings to determine whether Americans had been guilty of duplicity, aggression, and atrocities in their conduct towards Filipinos. To the opponents of American presence in the Philippines—the anti-imperialists of principle, and those worried over competition from Philippine imports or immigration of Filipino laborers—were now added others who were defensive or cautious. Some Republicans such as Lodge and Albert J. Beveridge remained proud and unabashed imperialists. But the tenor of the times was shown by the decision of other members of the administration's party to back setting a low limit upon the size of landholdings in the islands and cite this as evidence of their party's and nation's purity of motives.[15]

Harried on all sides, Taft concentrated his efforts upon the assembly and tariff provisions, both of which he thought crucial to attraction and pacification, and both of which Lodge opposed in the Senate. His success was limited. As we shall see, the Organic Act did provide for an assembly, though not at so early a date as Taft had desired; and a separate act on March 8 lowered the Dingley tariff rates in the case of imports from the islands, but only by 25 percent. Moreover, the economic powers granted the Commission were sharply restricted. Although given power to dispose of public lands, it was prohibited from leasing or selling them in amounts greater than 40 acres in the case of individuals and 2,500 acres in that of corporations. The sale of timber lands was restricted and various reservations imposed upon the disposition of mineral lands, including a provision that no party be permitted to hold more than one claim on the same vein or lode. The power to grant franchises, which was finally awarded to the Commission, was qualified by Congress' reserving to itself the power to alter or repeal them. Under the influence of domestic progressivism, stock watering was outlawed and, in the case of public service corporations, provision was made for regulation of rates, government access to books and accounts, and payment of an earnings

tax to the government. Conservative limits were placed upon the borrowing power of both insular and municipal governments. So much debate arose over provisions affecting currency and banking that they were put over to the next session as the price of getting action on the rest of the bill.[16]

Much of what was done within these limits had about it more the air of correcting past inadequacies than that of building a new nation. At the Commission's insistence, a census was taken in 1903, providing the first reasonably reliable and inclusive compilation of hard data concerning geography, resources, and population in the islands' history. That same year, direct cable service to the United States was inaugurated, breaking down the Philippines' awkward dependence upon Hong Kong for communication with the outside world. The islands' code of civil procedure, which the Commission had characterized scathingly in its first report, was withdrawn and replaced by one based upon the state codes best known by the commissioners; and the courts themselves were reorganized. (The code of criminal procedure had been rewritten under the military government, and the liberties in the American bill of rights—except for trial by jury and the right to bear arms—had been extended to the islands by McKinley's instructions.) By its Act No. 98 (March 9, 1901) the Commission equalized the rates of common carriers, thus acting against the extortionate and irregular character of inter-island shipping; and by acts 829 and 1090 (August 7, 1903, and March 22, 1904, respectively) it went further, authorizing government vessels to carry private passengers and freight. Subsequently, it rejuvenated private inter-island shipping by awarding subsidies to lines willing to adhere to government standards as to rates, frequency and punctuality of service, and maintenance of vessels.

In the same spirit, the Commission acted to improve the islands' major harbors. Conditions in Philippine ports at the turn of the century were primitive. At Manila there was no sheltered anchorage for vessels drawing more than 13½ feet of water forward. Ocean steamers lay at anchor in the bay, two or three miles off shore, loading and unloading by lighters. Handling cargo in this way was hazardous in rough weather and impossible in the typhoon season; and many lines refused to call at Manila. At the end of the Spanish period only one, the Compañía Transatlantica, had provided direct scheduled sailings to Europe on a regular basis. Of Iloilo, the second-ranking port of the archipelago, one observer wrote: "The port has neither wharves, cranes, moorings, or lights. The coasting steamers drawing up to 13 feet enter a muddy creek and discharge their cargo on the banks as best they can, whilst the ocean going ships lie out in the bay and receive their cargoes . . . from lighters."[17]

One result of these conditions had been the development of a captive carriage trade in Philippine imports and exports between the islands and ports of transshipment that was risky, time-consuming, and costly. The Commission discovered that "freight rates from Manila to Hong Kong, a

distance of about 700 miles only, are as much and sometimes more than from San Francisco to Hong Kong, a distance of about 8,000 miles." Having inherited from the Spaniards an incomplete sea wall at Manila, the Commission promptly appropriated $1,000,000 to speed the work forward. In due course, three large breakwaters were built and the sheltered area inside them dredged to a depth of 30 feet. A new commercial district with deep-water piers was created south of the Pasig River. At Iloilo, a breakwater was constructed and a channel dredged; 1,300 feet of reinforced concrete wharf replaced the mudbanks at which steamers had previously tied up. At Cebu, harbor improvements provided almost 2,400 feet of wharfage, dredged to a depth of 22 feet, and ten acres of reclaimed land, upon which a new commercial district was built, complete with railroad tracks to the water's edge.[18]

Some reforms, such as that of currency, proved difficult. Familiar for generations with Mexican currency, Filipinos preferred large silver coins to small gold ones. At times during the nineteenth century gold currency had circulated in the islands at up to 33 percent discount from its face or exchange value. In 1857, attempting to regularize the currency of the archipelago, the government had authorized the establishment of a Philippine mint. The mint, which commenced operation in 1861, produced a Philippine currency consisting of gold coins of one, two, and four dollars, and silver coins of less than a dollar's value. Foreign silver coin, which had theretofore circulated freely, was called in and purchased for reminting into Philippine fractional currency. The archipelago theoretically adopted the gold standard. But there remained a shortage of silver coins, especially in the provinces, where they continued to be preferred. Therefore, in 1876, at a time when the value of the Mexican silver dollar or peso was very nearly the equal of a gold dollar in international exchange, the government had permitted the importation of Mexican silver coin and authorized its circulation at parity with Philippine gold coin. By the late part of the 1870's, however, silver was already beginning its long decline in international exchange value. From the beginning in 1876, and in increasing measure as time went on, Mexican silver imported into the Philippines was used to buy Philippine gold at its artificially maintained parity. The gold thus acquired was then shipped out of the country at a profit, leaving the Philippines with coin significantly less valuable in foreign exchange. In 1883, restrictions had been placed upon the importation and use of silver coins, and in 1886 all foreign coin had been called in. But it was too late. By 1884 gold currency had virtually vanished from the islands, and the government's decree of 1886 was unenforceable in the absence of gold coin with which to redeem the foreign coins called in. For the remainder of the Spanish period the Philippines, nominally on a gold standard and with foreign silver barred from entry, had functioned de facto on a silver standard, dependent for its circulating medium upon coins theoretically withdrawn from use in 1886 and upon regular infusions of foreign silver smuggled into the country at a premium of perhaps 10 to 15 percent.[19]

Such conditions discouraged investment in the islands from outside and accentuated the element of risk in all business dealings. As Benito Legarda, identifying himself as "a capitalist," said to the Schurman Commission, "there is no security in business." In addition, the de facto reliance upon silver benefited exports at the expense of those who produced them. Filipino producers, preferring the less valuable silver to the more valuable gold coin, accepted Mexican silver at its face value; and exporters found themselves able to pay for the products of the country in depreciated silver and have it accepted on a parity with gold. Thus little or no increase in commodity prices resulted from the depreciation of the islands' currency. (There was, apparently, a rise in prices attributable to a growing demand in the market for Philippine produce, but witnesses agreed that it was not large.) For this reason, exporters, selling overseas in the much more valuable gold coin, were able to price Philippine products low enough to ensure them a large world market. Conversely, the price of imports purchased in gold overseas and sold in silver in the Philippines rose markedly. The testimony of Edwin H. Warner, a Manila merchant, before the Schurman Commission on the subject of imports is suggestive.

Q. You buy for gold and sell for silver?—A. Yes.

Q. You can't sell it at the same price in silver you buy for gold?—No. Suppose a piece of stuff costs you 25 cents a yard, then you sell it for 50 cents a yard silver plus the duties.

Q. Imports are diminished?—A. Imports are diminished, but you must take into account that this is a country where there is a large balance in trade in favor of the country itself.

. . . . .

Q. The former wages he [the native] received in gold would purchase more for him in the way of food and clothing than the same wages would purchase for him on a silver basis at present?—A. Just about the same, because the native has taken to wearing a cheaper quality of clothing than he did before.

Q. Then, as a matter of fact, in quality of the clothing or in some respects, he is getting less in the way of wages on a silver basis than he did get on a gold basis?—Yes.

Economies of production and of transportation served no doubt to ease this situation with regard to European imports; and of course China, another major source of Philippine imports, was itself on a silver standard. Nevertheless, it is notable that for the last thirteen years of the Spanish period for which we have complete and reliable statistics, 1883–95, there was an unbroken surplus of exports over imports. This was precisely the time when the growing number of Filipinos drawn into the exchange of exports for imports typified in the Chinese distribution system was looking to

imported goods to meet needs such as clothing which had formerly been met locally.[20]

To almost everyone's surprise, the configuration of the currency problem briefly reversed itself in the first years of American control. Rising demand for Mexican silver in China, and a sudden increase in its use in the Philippines owing to the needs of the American Army, pushed up the value of silver relative to gold. In August 1898 the military government authorized the islands' three principal banks to import Mexican silver free of duty in return for their agreeing to defend a ratio of 2:1 between the Mexican silver dollar and the American gold dollar. In July 1900 only a month after the Taft Commission's arrival, this ratio broke. The banks began to exchange American gold dollars at $1.98 Mexican. Panic and speculation promptly drove the price lower still, until in some places the value of American dollars amounted to only $1.50 Mexican. Early in August the military government, acting to bolster confidence, announced that it would accept United States currency at 2:1 in payment of taxes or customs duties and concluded an agreement with the Hongkong and Shanghai and Chartered banks to reimburse them in Mexican silver at 2:1 for all the American gold currency they would accept at that rate. The Commission, for its part, ordered payment of the civil service in United States currency. All this came to nothing, however, since the banks refused to accept deposits or checks in any currency other than Mexican and used the silver they received from the government not to strengthen their future ability to maintain the 2:1 ratio but rather for export to China for profit. Between August 27 and November 1 the two banks in agreement with the military authorities exported $2,087,500, while, as the Commission angrily reported, "the deposit of Mexican money belonging to the Government in those two banks was, during that same period, depleted nearly the same amount."[21]

As if this were not sufficient to convince the commissioners of the need for action, an easing of the demand for silver, which began in November and December 1900, was followed within the next year and a half by a return to conditions of the late Spanish period. The price of silver fell rapidly, and the 2:1 ratio (banks were now cooperative about maintaining it) began to cause an export of gold. At the end of May 1902 Acting Governor Wright was compelled to cease making contracts payable in United States currency. In November Taft raised the ratio of gold to silver to 1:2.60 and in January 1903 increased it again to 1:2.66.[22]

"It is apparent," the Commission wrote in its first report, "that as long as the principal currency of the islands is Mexican money, the ratio of exchange between it and the United States money will be subject to constant fluctuations, not only as the market value of silver changes, but . . . [as the] demand for Mexican dollars may increase or decrease in the great contiguous Chinese markets." To solve this problem, it appealed to the Japanese model, recommending the creation of "a theoretical United States-Filipino gold

peso" valued at $0.50 American as "the standard of value" and a circulating silver peso "receivable in business transactions as the equivalent of 50 cents in United States money" but having an actual silver content marginally less than that of the Mexican dollar. Such a coin would not be exported, since its intrinsic value would be less than that of Mexican coin, but would be unimpaired as a medium of domestic transactions because of its convertibility to gold. Foreign trade would be figured and transacted in gold. Initially confident that this plan could be effected under the authority anticipated from the Spooner bill, the Commission quickly shifted to the view that only specific authorization by Congress and a guaranty of support from the United States Treasury would make the new currency workable. Two American experts—Charles A. Conant, a prominent New York banker and propagandist for the importance of Asian empire and trade, and Jeremiah W. Jenks, an authority on economic conditions in the British and Dutch colonies in Asia—refined the concept of a dual peso; and with their plan in hand, Taft set out to secure currency legislation as part of the Organic Act in 1902.[23]

He failed. While the House passed a bill establishing the gold standard in the Philippines, the Senate, influenced by members from silver-producing states and by the arguments of conservative easterners that maintenance of a gold reserve would prove very difficult at that time, favored creating a Philippine silver dollar coined freely on private account from American silver. Anxious to avoid imperiling approval of a legislative assembly, Taft considered accepting the Senate plan but held out in the end. "When you strike coinage or banking," he wrote to Wright, "you strike the territory of a lot of cranks and are likely to encounter discussion." In the end, legislation on currency was put over to the next session in order to facilitate passage of the rest of the Organic Act.[24]

Meanwhile, conditions in the Philippines were worsening. By autumn 1902 Taft had determined that there could be no compromise. "A large majority of the business transactions between these islands and the rest of the world is in gold," he wrote to Congressman Henry A. Cooper, "and with the fluctuations in silver the merchants never can know at what price they will be able to sell their goods in silver; they mark them up to the highest rate possible and the effect is to increase all the expenses of living to the poor of these islands." Existing conditions were also a grave discouragement to investors. By unanimous vote, representatives of the English, Spanish, and American banks of Manila, the merchants' association, and the Manila Chamber of Commerce decided to support the campaign for a gold standard and a ratio of 2:1, and petitioned Congress to that end. At the same time, Charles Conant passed the word to silver men in American banking circles that with silver bullion declining in price, another year's delay in establishing the Philippine currency would be harmful to their interests. By act of March 2, 1903, a dual system was at last established, with a gold peso of 12.9 grains,

900 parts fine, as the unit of value and a circulating silver peso of 416 grains, 900 parts fine. An elaborate dual reserve fund was simultaneously created—a reserve of token silver pesos to back paper currency issued against them and a reserve of gold to ensure convertibility of the token silver peso at 2:1. Cumbersome it all was, and slow in coming; but the system worked, and for the first time in decades the islands had a stable currency of predictable value.[25]

By the time this had occurred, it was already clear that America's role in the economic life of the Philippines would necessarily involve much more than the mere correction of past inadequacies and righting of structural imbalances. Years of warfare, the disruption of the distribution system and sudden contraction of established Spanish markets, and then, after the turn of the century, severe epidemics of cholera among humans and rinderpest among carabaos had devastated the economy. By October 1902 it was estimated that 75 percent of the carabaos in the islands had died; and at the end of November Taft himself placed the figure at 90 percent. With a famine approaching, the Commission imported both animals and rice for sale at cost, put its laboratories at work on a crash program to develop a serum effective in combatting animal diseases and in December passed a law requiring the *presidentes* of municipalities to promote the planting of quick-growing nutritious crops such as corn and sweet potatoes, the seeds for which the government provided free. In a personal letter to President Roosevelt, Taft urged a congressional relief appropriation of $3,000,000. For a time, it seemed nothing would work. The serum, once developed, proved unreliable; newly imported animals caught the disease and died. An extraordinary drought decimated the special planting of food crops; and locusts appeared and destroyed much of what did grow. The congressional relief fund was not voted until March 1903. By that time, ladronism and general disorder had begun to spread. Coming when government officials were convinced that even vestigial political and military opposition to the United States had finally died, this economic convulsion altered American priorities. For economic concerns thrust themselves most terribly to the attention of the government just when attraction and tutelage through politics had lost their urgency. Receptive anyway to the idea that the political progress of the Filipino people would be both slow and risky, American officials upon whom responsibility fell during 1902 and the next several years shifted their primary attention to a full-scale economic regeneration of the Philippines.[26]

The central thrust of this overt concern with nation building was a determination to open the country through extension of roads and railroads. Here, too, there was an element of reform, for transportation facilities had been notably deficient under the Spaniards. The islands had but one railroad, a narrow-gauge line from Manila to Dagupan built by British capital in the years 1887–91; and their roads, few in number, were often impassable. Sir John Bowring, writing in the 1850's, had put the point eloquently: "The

seasons bring their floods, and the mountain torrents create their gullies; but the water escapes into the sea, and the labourer brings his produce, as best he may, amidst the rocks and sand and mud which the cataracts have left behind them. I have seen beasts of burden struggling in vain to extricate themselves, with their loads, from the gulf into which they had fallen, and in which they were finally abandoned by their conductors. I have been carried to populous places in palanquins whose bearers, sometimes sixteen in number, were up to their thighs amidst mire, slough, tangled roots, loose stones and fixed boulders." Forty years later, in the last decade of Spanish rule, John Foreman estimated that of the roads in existence 20 percent could not take a vehicle at any time and 60 percent could not do so in the wet season.[27]

The inadequacy of land transportation distorted the Philippine economy. Prices varied widely throughout the islands, and famine is said to have occurred in provinces quite close to regions having a surplus of food. Land near Manila yielding an average of twenty-one tons of sugar cane per acre was accounted nearly four times as valuable as land in Nueva Ecija yielding thirty-five tons per acre. Gold, coal, and copper mines, some of them promising, stood abandoned for lack of transportation; and Max Tornow, himself involved in the German import-export trade at Manila, pronounced that lack of such transportation would probably prevent the successful establishment of any other form of large-scale rationalized production. It is suggestive of the economic potential being frustrated by lack of transportation, that the opening of the railroad from Manila to Dagupan was said at the time to have doubled the production of rice in the great central valley of Luzon.[28]

What had most concerned the military authorities in this was that it made many parts of the islands all but inaccessible to modern armies, creating de facto sanctuaries where Filipino insurrectionary forces held sway and from which they sortied. By General Orders No. 15 (March 25, 1901), the Army command directed quartermasters throughout the archipelago to report upon roads, bridges, navigability of rivers, and availability of labor in their districts with an eye to creating a system of transportation that would facilitate the Army's task. Beyond this, it was felt in some quarters that the condition of transportation in the islands was an effectual barrier to the further civilization of the Filipino people. The Taft Commission, mindful both of the military's need for access to remote parts of the islands and also of its own interest in breaking through regional isolation and reaching the people with its tutelary and pacifying message, adopted a road program designed to link provinces and open up new country. It is indicative of the importance the Commission attached to these goals that its first legislative act was an appropriation of $1,000,000 for roads. In the meantime, however, existing Spanish roads in the more developed, commercially active parts of the islands fell into disrepair.[29]

With the passage of time and the consolidation of American rule, priorities shifted. As organized opposition faded and education replaced the

Army as the cutting edge in America's contact with ordinary Filipinos, the importance of physical inaccessibility declined. The new agents of the American government—one or two teachers, a constabulary officer with a platoon of Filipino policemen—did not need roads suitable for the movements of units of a regular army. And as with other aspects of the American-Philippine encounter, so with roads: once the urgency of political attraction and pacification had passed, emphasis turned to economics.

The great figure in the history of Philippine road building—as indeed in the history of many other aspects of the United States' efforts to rebuild the Philippine economy—was W. Cameron Forbes. A multi-millionaire accountant and investment banker, grandson of John Murray Forbes and Ralph Waldo Emerson, Forbes served as insular Secretary of Commerce and Police from 1904 until 1909 and as Governor General from then until 1913. He was a complex figure. A bachelor, intensely loyal to his family, his friends, and his widowed mother, he had a precarious temperament, driving and authoritarian on the surface and warm almost to the point of sentimentality just beneath. He cherished nature, books, and the poetry of Rudyard Kipling; unwound through strenuous athletics, stiffened in light society, and revelled in the camaraderie of vigorous and purposeful men. Forbes seems to have felt a compulsion to measure up in his own time to the dynamic pattern set by his ancestors. Although his business career had been successful, it apparently had not been fulfilling. He had sought in the government service constructive work of large scope that he could make his own. A post in the Philippines, although it had not been his first choice, suited him perfectly. Forbeses and Perkinses had been partners in Russell & Sturgis and active in oriental trade for decades; in a sense, he would be part of a great family tradition. On the other hand, the work before him would be altogether new, not a mere extension of the labors of great forebears. Moreover, it would be work appropriate to his interests, for Forbes was very much a man of the age of steel and machines. He was a man who valued getting results, who believed unquestioningly that things modern were things progressive and would work towards the amelioration of man's lot. His journals abound in celebrations of the new, the speedy, the mechanical, and, perhaps above all else, the efficient. Returning from the Philippines in 1913, he paused briefly in India and noted in his journal: "If I wanted to see the sights of India I'd go on the great irrigation works, the schools and the colleges, and see things doing and growing, and leave out the temples and historic spots where people did things creditable or otherwise many years ago."[30]

Predictably, Forbes was impatient with the frailties of man. Although he was a generous and affectionate man with some, and showed on occasion a delightful wit, he suffered fools badly. One infers that he had a tendency to view man at his highest as a unique type of machine, splendidly equipped for getting results in fields as varied as polo, architecture, and high finance, and conversely to see those who couldn't get efficient results as misfits in the

modern world. The standards he set himself are suggested in his jubilant descriptions of "slashing away," "crashing through," and "blasting out of the way" problems of government. "I have been messing things by being in too much of a hurry . . ." he confessed a few months after reaching the islands. "They aren't used to people who do things any how and find out if they're right afterward." His difficulty reconciling such values with a respect for the dignity of opponents and fools—they were often equated in Forbes' mind—was great. In 1905, at Governor Wright's request, Forbes headed a committee that studied the organization and operations of the insular government and recommended reforms. Its work was a striking success in reducing expenses and increasing efficiency but made Forbes so unpopular as to jeopardize his continued membership on the Commission. Recounting at the time one of the committee's sessions, he wrote: "Oh, what a raking down we gave the Auditor! . . . Barre, assistant auditor, felt dazed and said he felt as though something had hit him when we finished today. We ripped him up and down and raked him fore and aft. The Property Auditor Smith came in, and after he'd been on the rack about two hours, he owned up that there was a flaw in the system. He was told that the flaw was so big that the system had got lost inside of it. I said if I had a floor as big as that in my house, I shouldn't be able to find a billiard table on it."[31]

Intelligent, energetic, intolerant, and paternalistic, Cameron Forbes in a real sense adopted the Philippines. As he wrote years later, "I considered one of my most important functions in this world to be looking after the interests of the Philippines wherever found and in the manner that I felt was best for them, regardless of whether they liked it or not." Originally, he had asked for a post on the Panama Canal Commission. That had fallen through. But Roosevelt, who had told Forbes candidly that he liked young businessmen of family and status to enter the government service, remembered this prematurely bald, but superbly conditioned former Harvard football coach. In 1904, when Taft informed him that the Philippines needed a businessman with experience in railroads to succeed Governor Wright as Secretary of Commerce and Police, the President summoned Forbes to the White House and offered him the portfolio. "I don't like to intrude advice," he concluded at the door, "but I advise you to take this place; it is doing some of the world's work; it is more important work than you can get otherwise."[32]

Family and business responsibilities prevented Forbes from giving a prompt acceptance, but from the beginning he knew this was what he'd been looking for. To test his judgment, he called upon prominent Boston business and professional men and sounded out their opinions. Henry Lee Higginson, at first lukewarm, reconsidered and sent a messenger after Forbes with a note urging acceptance; Richard Olney said that while he disapproved of the country's being in the Philippines and thought the government's position probably illegal, the Philippine Commission was a vastly better position than canal work and Forbes shouldn't think of declining it. Another strode his

office, exclaiming "You asked him for bread and you got a plum pudding," then added that he regretted America's ever having mixed in Philippine matters. A cousin, who hated Roosevelt, "shook with a rather scornful laughter," but agreed with the observation of a visitor: "Of course it's all very un-American; but it's rather good fun to be one of the five despots." Amid all this ambivalence mixed with class and family pride, only William James expressed concern. "You are showing the highest patriotism in going," he wrote to Forbes, "as well as philanthropy. But nurse no extravagant ideals or hopes, be contented with small gains, respect the Filipino soul whatever it prove to be, and try to educe and play upon its own possibilities for advance rather [than] stamp too sudden an Americanism on it. There are abysses of crudity in some of our popular notions in that direction which must make the Almighty shudder."[33]

Like Taft, Forbes formed his ideas of the Philippines and Filipinos quickly and largely from second-hand information. On the long voyage out he read the past reports of the Commission and Milner's *England in Egypt*. He arrived in Manila, August 8, 1904, moved in with Secretary Ide, and took dinner that night and the next with Ide and Governor Wright. Then he sat down and confided to his journal a lengthy indictment of Filipino agitation for independence, complete with examples of ingenuousness, credulity, and opportunism.

> They want independence [he concluded], but they want it very much as a baby wants a candle because it is held out for him to seize at. People who tell them they should have it are doing the same kindness they would do by holding a flame to a baby and telling him to take it. The intelligent men who want it all modify the statement by saying that they want it under American protection. What they want is the honor, the patronage, and the salaries, while America goes to the expense of keeping an army here to suppress the wild tribes, the Moros, and the insurrections, to keep off the Japanese and Germans, and generally to do the work and they to get the pay.

Governor Wright had an amusing story he enjoyed telling, about a committee of Filipinos who had come to him demanding independence and, when asked by Wright how long they thought an independent government would last after the Americans had left, replied that they wanted an independent government under American control. Forbes heard the story on one of his first two nights in the Philippines and never forgot it. From time to time over the years he would cite it as epitomizing Filipino ambivalence towards independence. Twenty-four years later, he included it in his book. A month to the day after his arrival, Forbes had settled into the new economic emphasis. "The problem instead of being very complex is comparatively simple," he wrote to Olney. "The islands are peaceable, the people are pretty

well content, and, as far as I can see, unusually well governed . . . The real demand here is for a commercial revival, and 50 or 100 first-rate American business men with ample capital coming in and developing the transportation, manufacturing and agricultural interests of the Islands would do more towards real civilization than I can express."[34]

By November 1904 Forbes had become convinced that an entirely new road policy was necessary. No system of maintenance existed, and one by one the hastily constructed roads built into the back country in the early years were becoming impassable. This raised two questions: whether the government could afford to build cheaply, with poor designs and low-grade materials (as, for example, in bridges), and whether it ought to continue to place its emphasis upon long-distance, interregional highways. Forbes answered both in the negative. Mortified that American public works were proving less durable than those of Spain, and disgusted with the treadmill effect of redoing projects at short intervals, he pushed through the Commission a policy of using only permanent building materials for public works and secured the creation of a systematic program of maintenance. Simultaneously, he developed a new, economic, rationale for road building.

Conceiving of roads as wealth-producing, he insisted that the government should give its first attention to those that would stimulate the stricken Philippine economy. Under Forbes' direction, a technique was devised whereby

> The number of wheels passing over a road in its unimproved state was counted, and a value placed upon the road of two cents per kilometer traversed by each cart per day. It was thus easy to compute the value of the road and from this figure the annual cost of maintenance was deducted and the resulting figure was assumed to be the annual income earned by the road to the community. This figure was taken to indicate four per cent of the capital value of the road. This was compared with the cost of building the road, and, if the estimated service which the road could perform justified the cost, it was undertaken.

Highest priority was given to roads carrying most traffic. This meant, in effect, shifting emphasis away from inter-provincial roads with their great length and low density of traffic, and concentrating instead upon creating intra-provincial networks of short or intermediate length roads linking key population or market centers with regions already commercially active. Roads of proven usefulness, many of them neglected since before the revolution, were restored or improved. Mileage of first-class roads increased from 303 in 1907 to 1,303 in 1913, Forbes' final year in the insular government. Total mileage of first-, second-, and third-class roads (that is, all improved roads) grew from 3,476 in 1910 to 4,505 in 1913. New territory was still opened up—when its commercial potential was such as to promise economic

benefit commensurate with the cost or when pressure was applied by an important local politician—but the conception behind road building had changed from one informed by goals of pacification and tutelage to one shaped to intensify economic development.[35]

Roads built in this way were to be complemented by the construction of long-distance railroads linking the various regional centers. It would be difficult to overemphasize the importance the commissioners attached to this. Thus, Luke Wright, in a cable of April 1904, began by pronouncing the construction of railroads "especially necessary to prosperity and development of Filipino people," and then, warming to the topic, continued:

> Will open up and furnish market to large areas of Luzon now practically inaccessible. More valuable in educating people even than schools. Will increase taxable values and thus enable us to reduce rate of taxation. At the same time will furnish increased revenues and enable us to reduce if not completely break down tariff barriers to trade between United States and the Philippine Islands which we earnestly desire. Will furnish needed employment at fair wages. Will end chronic ladronism which has existed for centuries, thereby enabling us to reduce number of American troops and native constabulary.

Apparently, the commissioners were not alone in their enthusiasm. Later that same year, Forbes observed: "The people I meet of every station ask immediately for railroads; they are crying for them, and from all sides I am pressed with questions as to their probability, how soon they can have them, etc."[36]

As early as 1901 the Commission had mapped out systems of 1,000 miles in Luzon and 500 miles in Mindanao to be built by private parties with a government guarantee of 3 percent return upon capital invested. All such plans stumbled over the existence already in the islands of the narrow-gauge line from Manila to Dagupan. Poorly and expensively built, subject to repeated wash-outs during the wet season, it excited little admiration. "Truly Spanish," was Forbes' verdict: "ponderous stations and light rails." Moreover, it had been badly damaged by warfare, and for several years after the American annexation was not capable of meeting even its own low standards of operation. Nevertheless, there it was, an existing railroad on the most valuable route in Luzon, right up the length of the central valley. Any comprehensive system of the future had either to duplicate it or absorb it. Taft's first impulse was towards the latter course, which involved a commitment to narrow gauge and to dealing with the English owners, who at the time were pressing large claims for war damage upon the government. But the attractions of new ownership and better engineering were manifest. In December 1902 Root and Wright sounded out Sir William Van Horne, American-born builder of the Canadian Pacific, who was then constructing a line in Cuba.

Van Horne was enthusiastic. He thought that an integrated network of railroad and steamer lines could be built, tapping all the major islands, and was confident that such a system would generate enough traffic to be profitable.[37]

At Van Horne's request a survey was made by trained engineers in 1903. They reported favorably on four lines in Luzon, but warned that Filipino labor would have to be supplemented by Chinese. The War Department's Bureau of Insular Affairs circulated this report privately to prospective backers of Philippine railway construction, and at one or another time received expressions of interest from E. R. Harriman, J. P. Morgan, James J. Hill, the Guaranty Trust, and Lee, Higginson & Company. Belgian investors offered to build without any guarantee at all. One by one, however, these prospects faded. Van Horne lost interest as time stretched out, Morgan after discovering that stock watering would not be allowed. In the meantime, Clarence R. Edwards, the garrulous chief of the BIA, jestingly told another prospective investor, one of the Speyer brothers, that if he wanted to get a franchise for new lines he should buy the old ones first. Speyer took him up on it, acquiring an interest not only in the existing railroad but in its numerous claims against the United States government. Whatever system was built would have to have a Manila to Dagupan link, and Speyer was on the spot with one. Anyone else would have to duplicate its existing trackage.[38]

By the Cooper Act of February 6, 1905, Congress empowered the insular government to guarantee 4 percent interest on first lien bonds of railroads authorized to build along routes approved by the Manila authorities. The guarantee was applicable only in the case of corporations organized under the laws of the Philippines, the United States, or a state of the union; and the total obligation of this type was limited to $1,200,000 annually. A prospectus was issued in June 1905 and bids were called for. It was already clear, however, that the bidders would be Speyer Brothers for lines in Luzon, and a group headed by J. G. White & Company for lines in the Visayas. The Commission in Manila, which would have preferred not to deal with the Manila & Dagupan for future railroads, was won over by the Speyers' willingness to build at least some additional lines on Luzon without a guarantee of interest, thereby increasing the mileage which the government could potentially hope to obtain with its limited resources. As we shall see, this was a period when the insular government was experiencing a revenue shortage and when two of the three Filipino commissioners were intriguing for removal of three of the five American commissioners largely on grounds of their advocacy of increased taxes. Economy had a strong appeal. As it happened, the insular government found itself so embarrassed for funds that it accepted no bid for Luzon railroads, except the portion of the Speyers' bid for which no guarantee was required. A bid from the White syndicate was accepted for lines on the islands of Cebu, Negros, and Panay, with full guarantee.[39]

This was in some respects an inauspicious beginning. Besides the White and Speyer bids only one other was received, and it was later withdrawn.

The total mileage of the routes finally awarded was roughly 725, on four islands, as opposed to estimates of 1,500 miles on two islands in the beginning. It was all a far cry from Van Horne's idea of an integrated rail and water system covering the archipelago. Nevertheless, even this was a notable advance. Between 1907 and 1913, operational railroad mileage grew from 122 to 608.

The programs that have been described—pacification, political attraction, religious and educational reforms, regeneration of the economy—were demanding upon those who conceived and executed them. Inevitably, one asks why they did all this, what their goals were for themselves and their nation. The answer, of course, is that their goals and motives were various. Some wanted to secure the Philippines as a trading base for American penetration of the China market. Thus Senator Beveridge, predicting that "our largest trade henceforth must be with China," called the islands "a base at the door of all the East." And years later, in 1921, Governor Forbes noted in one of his scrapbooks: "I always considered the great argument in favor of our retention of the Philippines was the control it gave us of the approach to China and the Chinese markets, a future asset of inestimable value." Some were interested in the Philippines for their own economic potential. Lodge, in a superbly Hobsonian mood, informed Taft: "It has been my firm belief that the Philippines would not only become an important market to us for our finished goods but what is still more important would furnish a large opportunity for the investment of surplus capital, and thus reduce the competition of accumulated capital at home, which is tending to lower very much the rates of interest and to create, in many places, needless competition by the establishment of plants which cannot hope to earn any decent return." And James J. Hill, the railroad and shipping magnate, filled the young Forbes with apocalyptic predictions of "a war (possibly bloodless) between capital and labor," after which the Philippines in particular and the Orient in general would be the nation's "refuge." After returning from a trip to the Philippines, where he was the object of intensive evangelization by retentionists in government office, William Redfield, a Democratic congressman from New York who was later Wilson's Secretary of Commerce, went up to the Lake Mohonk conference and told an applauding throng: "Ten years ago it might be said our great productivity was sufficient only for our own needs; today it is no longer true . . . We must have markets abroad—we shall wither in our industrial life without them. Amid great contending forces it is absolutely necessary that some kindly, generous, strong power shall hold as precious a prize as the Philippines lest it become prey to the wolves of the world."[40]

To others, economics of all sorts were beside the point. Frank Carpenter, the executive secretary of the insular government for years and a personal confidant of governors Smith, Forbes, and Harrison, confessed in later years that he had been concerned with building a Philippine model of occidental values, in order to effect "the political reconstruction of Asia upon the basis

of our institutions, the saving of the world of Occidental civilization and thereby, we may hope, the survival of our race." The Right Reverend Charles H. Brent, Episcopal bishop of the Philippines, and an intimate friend of Taft and Forbes, was worried over "the dawn of nationalization" among Oriental peoples and pointed out that Filipinos, already partly westernized, might by an act of "moral regeneration" be made a bulwark of western civilization in a region otherwise pregnant with threats.[41]

Others, more bullish about the future of western civilization, felt a responsibility to progress and world order. Latin America was a negative model for them. Protecting the independence of such governments, according to Taft, was "protecting nothing but chaos, anarchy and chronic revolution." A government under the control of some enlightened power such as England "would be vastly better for the people there." In its grosser forms, this was an idea very popular among the American residents of the islands. Wrote the editor of the *Cablenews*: "All of us who have lived in the Far East know that in practice these yellow and brown peoples must be guided and often driven in a forward direction so that they do not obstruct the progress of the world nor infringe on the rights of other nations . . . [I]f a race, through ignorance or perverseness, will not heed the advice of civilized nations about, it must be cared for as is a child by its stepmother or a wild beast by the keeper who cages it but treats it humanely." Forbes, who also was given to invoking Latin America as a negative model for the Philippines, worked out a near science of stewardship. Positing something vaguely akin to Alexander von Humboldt's isothermal zodiac, and crossing this notion with the traditional American belief in the westward course of empire, Forbes predicted that in time the United States would overflow and form a "sister republic" in Siberia. "With England, this would make a belt right round the world, at the dominant latitude as though a hand were placed over the top of the world . . . One can thus imagine the control extending in parallel lines south as though the fingers stretched south—Philippines and Australia one, India another, Egypt and Africa a third, South America." The ideal society of nations would be like the society of individuals: one could enjoy independence so long as one adhered to the rules of the community. Or, better yet, nations would be like corporations: "I think a nation, whether large or small, ought to have some sort of a franchise to do business such as is granted to corporations. They must conform with certain rules, pay their debts, fulfill certain obligations, maintain their property so that it shan't be a menace and nuisance to the world. If the corporation does these things the state does not interfere. If it doesn't do these things . . . the management of the thing is taken out of the hands of the people who made a failure of it."[42]

Above all, the major participants felt a sense of responsibility for the well-being of Filipinos. It was, of course, the official faith. The martyred McKinley had spoken of an "unsought trust" to provide "fostering care" for "the wards of the nation." And his successor avowed that "the justification

for our stay in the Philippines must ultimately rest chiefly upon the good we are able to do in the islands." But it went much deeper than that. As vice-president Roosevelt had written privately to Taft that the nation "should count itself fortunate, because of the chance to do well its share of the great world work." The commissioners agreed. In 1901 Taft wrote to a friend: "The position that it would have been better for the United States not to come out here, I have never given up for I think that the United States can invade the world with her trade without further territorial aggrandisement, but I must recognize a responsibility which has been thrust upon us by circumstances and must hope that there may be found no restrictions in the constitution which will prevent us from being . . . a blessing to the people of these islands." Shortly thereafter he grumbled to Root about foreign capitalists who were merely "investors of money" and lacked interest in "the uplifting of the people." Forbes, in a letter to former President Eliot of Harvard, exulted: "We are of the belief that we are doing God's work here; that we are giving the people the benefits of a century or so of experience of free institutions, and of those measures which are necessary to secure a real freedom in a normal manner for the future." Writing his impressions of the islands for the *Boston Evening Transcript*, the Harvard historian Albert Bushnell Hart put things in a nutshell. "You cannot stay in the Philippines a week," he wrote, "without realizing that the Insular Government is in reality a big mission, the bishop of which is the governor general."[43]

Diverse and even ambivalent as the men who held them, these motives were alike in their long-range character. Whether it was a trading base for China or a social reformation within the islands, the ends sought by the early makers and executors of American policy were intended to be lasting. Their goal was to implement permanent changes of their own definition in at least certain aspects of the Philippines and Philippine life. Accordingly, their conception of reform, development, and nation building contained built-in restraints upon the scope of self-determination permissible to Filipinos. This, of course, was the essence of tutelage. Complemented by discretion, sensitivity, and countervailing restraints upon Americans' freedom of action, as Root had originally prescribed, it was potentially a sophisticated and discriminating way to transmit what was universally relevant in the American experience without unnecessary cultural paraphernalia. In practice, this determination to assure permanence and fidelity to American definitions reduced in many American minds to a need permanently to retain formal sovereignty and at least some measure of active political control. A common denominator because it seemed the requisite means to various ends, permanent retention became the pivot of American Philippine policy—an end in its own right.

Circumstances led to the adoption of indirect tactics to achieve this end. In Congress, where an issue of this sort would normally be fought out, a stand-off of retentionist and antiretentionist forces prevented action of any

kind on the issue of Philippine independence until the Wilson administration had come into power. On the one hand, there was no possibility of precipitate withdrawal from the islands. The question of annexation had been decided in 1899, and since then a dreadful war had been fought to make good America's claim to sovereignty. Possession of the islands was the status quo; and the Democratic minority, despite the help of anti-imperialist Republicans, was unable to challenge the existing order of things even to the extent of enacting a promise that independence would ever be given. On the other hand, Congress showed little inclination to improve upon simple possession. As we have seen, the administration had great difficulty securing approval for its economic programs, and sometimes failed. Having already the mandate it needed for indefinite retention of the Philippines, it would have been rash indeed to provoke a major Congressional battle of uncertain outcome by asking for a definitive statement that the acquisition was to be permanent.

Making the best of an ambiguous situation, influential and intelligent retentionists like the first five civil governors of the Philippines decided simply to do their job well, and to do it if possible in such a way as to leave open the option of permanent association. In effect, having ruled out the possibility of obtaining a quick decision for retention in America, they pinned their hopes upon producing slowly and in due course a decision to the same effect in the Philippines. For if the Philippines were to be governed well and their exposure to America made profitable and beneficial, it was conceivable that Filipinos themselves might come to recognize something of value in the relationship. It might be that they would be the ones to seek retention of at least some links with the United States. And if such were to be the case, perhaps Americans, freed from the pangs of conscience, would agree.

Since the turn-of-the-century antagonism between the two peoples was political in character and expression, hopes for such an outcome depended upon the Commission's de-emphasizing politics and accentuating other forms of contact. This, in a sense, it did. It ended armed conflict, placed the control of insular politics in the hands of friendly conservatives, and established local and provincial governments in such a way as to ally to itself natural leaders among the men of property and standing in the countryside. Having acted in these ways to pacify and attract the people, and to establish, as the commissioners hoped, a conservative political order, the Commission had turned to ostensibly apolitical matters. It had embarked upon a program of attractive reforms and undertaken to renovate the economy; and in so doing it had drawn attention to the beneficent potential in American sovereignty and dramatized the power, the wealth, and the technological sophistication of the United States. It has been suggested since, that actions such as these made Filipinos psychologically dependent, presumably by filling them with awe for American power and knowledgeability. Certainly one is tempted to feel that in some measure they diverted Filipinos' attention from political

questions and were meant to do so. Professedly neutral and open-ended as to Philippine independence, they were intended to bind Filipinos ever more closely to the United States and dissuade them from seeking an independent existence.[44]

"When we shall have made a successful government," Taft wrote to the Episcopal bishop of Massachusetts; "when we shall have developed and educated the people, when we shall have created an independent public opinion—then the question what shall be done may well be left to both countries; for if America follows her duty, as I am sure she will ultimately, I do not think that the Filipino people will desire to sever the bonds between us and them." Several months later, in an unusually detailed statement, he told the Harvard College Alumni Association:

> Our policy in the Philippines must be "The Philippines for the Filipinos." This duty we have assumed and it is the duty which we shall doubtless discharge. It is fortunate that this policy is also the best policy from a selfish standpoint, for thus we have additional assurance of its being maintained. The more we develop the islands, the more we teach the Filipinos the methods of maintaining well-ordered government, the more tranquility succeeds in the islands, the better the business, the greater the products, and the more profitable the association with those islands in a business way. If we ultimately take the Philippines in behind the tariff wall . . . it will have a tendency to develop that whole country, of inviting the capital of the United States into the islands, and of creating a trade between the islands and this country which can not but be beneficial to both. Now, under these circumstances, is it impracticable, is it wild to suppose that the people of the islands will understand the benefit that they derive from such association with the United States and will prefer to maintain some sort of bond so that they may be within the tariff wall and enjoy the markets, rather than separate themselves and become independent and lose the valuable business which our guardianship of them and our obligation to look after them has brought to them.

Representative Peter Hepburn of Iowa—brought to Manila at the Commission's expense by Taft in 1905—addressing a banquet in Manila, denied that "sordid ideas or motives" had led to acquisition of the islands and pledged his support for Filipino participation in the government and for ultimate independence when the people were capable of maintaining it, then added: "When that time will come, I do not know; but I believe that whenever it does arrive, the Filipino people, learning our principles, will love our government, will believe that there is nothing better under the sun, nor ever has been, and they will be as loth to sever their relations with it as

some of them, I am told, now are to join their forces more closely with it."[45]

Hepburn's formulation—the attractive power of the excellence of American institutions—was less common than Taft's. Most of the Americans who were active participants in the American-Philippine encounter during its early years seem to have felt that the great influence in promoting receptivity to the retention of links with the United States would be economic. John Hord, who was insular collector of internal revenue and had contributed to the authorship of Philippine tariff legislation, epitomized this point of view in a 1908 speech on the value of free trade with the Philippines: "The familiar thought that a bloody war of occupation is usually succeeded by a more enduring conquest through the peaceful arts of mutual beneficial commerce appeals with peculiar force to those who have lived any length of time in countries . . . new to Western civilization." The most persistent advocate of this approach, after Taft himself, however, was Forbes. Identifying himself with economic development and the spread of infrastructure, he ostentatiously refused to discuss the islands' political future and urged Filipinos to devote their energies to creating prosperity. Questioned about political privileges while visiting a region still under military government, he replied:

> The real problem before the Philippine people is not their political status; that is fixed both here and in other parts. The real problem is the industrial development and by industrial I mean agriculture, manufactures, and commerce. What we want to do is to increase the product of the Islands, and my advice to . . . people who have been thinking about political changes, is to get busy and devote their attention to the practical questions confronting us—things where there is something to be done. I have come here to do what I can to help the people to better their conditions, to increase the products, of rubber, hemp, coconuts, sugar, tobacco, lumber, and other things, by which money can be made. I want to have, when I come again, Filipinos crowd 'round me and present suggestions of ways to enable the people to live better, have better houses, better food, and better clothes. No change in the civil status of the government will do that. The government is good enough now, it is all right.

To which the semi-official *Manila Times* added, "Personally we have always been for more rice than reasons, more meat than manifestoes, more hemp than harangues, more potatoes than politics." In 1913, Forbes candidly advised Woodrow Wilson's personal emissary, Henry Jones Ford, that "a temporary form of government may be better for the present than a more permanent one, as the economic relations between the two countries have not yet developed to a point where we can get an ultimate line on their

magnitude and nature, and it has always been my belief that the political relationship should follow and conform to the economic necessities."[46]

In effect, Taft, Forbes, and their colleagues abandoned simple, unitary notions of imperialism as control and distinguished between types of control, segregating overt political imperialism, on the one hand, and what mid-century man calls cultural and economic neoimperialism, on the other. Primarily interested in retention simply as a means to other ends, they perceived the irony that certain of those ends, considered good in themselves, might be construed in such a way as to promote retention. Needless to say, so circular a proposition did not originate as a philosophical premise. It was a pragmatic response to Philippine conditions and, in its implicit merging of means and ends, a reformist stance broadly characteristic of domestic American progressivism.[47] Coming on the scene after the decision to annex had already been made, these officials had been appalled by the backwardness, as they saw it, of both the country and the people. This led them to assume, whatever their other interests, an obligation to themselves, the Filipinos, and the world to enlighten and uplift the people. Doing this would require modernizing and developing the economy, which in turn, they realized, would bring profit to Americans. Conceived in this light, the American-Philippine encounter was mutually beneficial; and many Americans had difficulty discerning what there might be in the appeal of nationality that would justify terminating this symbiosis at some future date. Therefore, finding themselves required by Root's formulation of America's mission in the islands to work through the people and involve Filipinos promptly in the government, the commissioners improved upon this for their own ends, using politics in such a way as to neutralize Filipino opposition and facilitate economic and cultural reforms, in order that, having established their credibility, they could pursue the goal of retention by means of building a Philippine nation.

Notes

1 Williams, *Odyssey*, p. 110.

2 *Ibid.*, p. 321.

3 Taft to Luke E. Wright, January 24, 1903 (TP, series 3, box 75). For more detailed treatment of these questions, see Frank T. Reuter, *Catholic Influence on American Colonial Policies, 1898–1904* (Austin, Texas, 1967), chs. 2, 4–7; and two articles, Peter G. Gowing, "The Disentanglement of Church and State Early in the American Regime in the Philippines," and Sister Mary Dorita Clifford, "*Iglesia Filipina Independiente:* The Revolutionary Church," in Anderson, *Studies in Philippine Church History*, pp. 203–222 and 223–255, respectively. The evolution of policy toward the friar lands may be followed in BIA file 1644.

4 Taft to Root, April 21, 1900 (TP, series 8); Taft to Fred W. Atkinson, May 8, 1900 (TP, series 3, box 62). Hayden, *Philippines*, pp. 465–466. Forbes, *Philippine Islands*, I, 420–425.

5 Charles B. Elliott, *The Philippines to the End of the Commission Government* (Indianapolis, 1917), pp. 224–225.

6 The best introduction to the subject remains Hayden, *Philippines*, chs. 18–20. See also James A. LeRoy, *Philippine Life*, pp. 213–226.

7 The quotation is from *Report of the Philippine Commission* (1903), III, 701. Concerning the English language, see Hayden, *Philippines*, pp. 589–604, and Williams, *Odyssey*, pp. 54–55, 132–133. On vocational training, see Hayden, *Philippines*, pp. 519–527, and Forbes, *Philippine Islands*, I, 429, 449–454.

8 The Quezon quotation is from Maximo M. Kalaw, *The Case for the Filipinos* (New York, 1916), pp. vii–viii. Daniel R. Williams, *The United States and the Philippines* (Garden City, N.Y., 1924), p. 125. Forbes' observations are in the journal of W. Cameron Forbes, III, 377, 381–382, and I, 56–57, respectively. Copies of the journal—hereinafter cited as Forbes, Journal—are deposited in the Houghton Library, Harvard University, and in the Library of the Congress.

9 *Report of the Philippine Commission* (1900), pp. 48–61; *Senate Document No. 432*, 56 Cong., 1 sess., pp. 29–30; Taft to Root, August 11, 1900 (TP, series 8).

10 Taft to J. G. Schmidlapp, June 15, 1900 (TP, series 3, box 62). An extract from Wright's speech is filed as BIA 1956–12.

11 Taft to John C. Spooner, November 30, 1900 (TP, series 3, box 64).

12 Concerning the delay, see Lodge to Taft, October 25, 1900 (TP, series 3, box 63) and Root to Taft, January 21, 1901 (TP, series 3, box 64). For Root's role, see Jessup, *Root*, I, 358–360. For the ethical motivation of congressmen, see Taft to Lodge, May 12, 1901 (TP, series 3, box 65).

13 Williams, *Odyssey*, pp. 163–164; Taft to Roosevelt, May 12, 1901 (TP, series 4, box 681); Taft to Root, March 17, 1901 (TP, series 8). I have found little indication that Lodge had initiative to shaping Philippine legislation. Many of his ideas, such as retention of a high tariff on Philippine sugar and tobacco, were directly opposed to those of Taft and Root. Lodge frequently introduced legislation of his own; but the Roosevelt and Taft administrations generally worked through Cooper and Payne in the House. Taft's correspondence with Lodge on legislative matters is devoted for the most part to arguments in support of bills already prepared in the BIA or introduced in the House.

14 Lodge to Taft, June 17, 1901 (TP, series 3, box 66); Jessup, *Root*, I, 361–362; Taft to Lodge, October 22, 1901 (TP, series 3, box 67); Taft to Root, November 17 and December 9, 1901 (TP, series 8).

15 The decline of support for territorial imperialism is discussed in Ernest R. May, *American Imperialism: A Speculative Essay* (New York, 1968), ch. 9. Concerning the limitation on land holdings, see Taft to Nelson W. Aldrich, May 6, 1902 (TP, series 3, box 71).

16 Garel A. Grunder and William E. Livezey, *The Philippines and the United States* (Norman, Okla., 1951), pp. 79–82; Dale Hardy Peeples, "The Senate Debate on the Philippine Legislation of 1902" (Ph.D. diss., University of Georgia, 1964). Taft to Wright, February 21, 1902 (TP, series 3, box 70); Taft to Legarda, February 14, 1902 (TP, series 3, box 69).

17 Sawyer, *Inhabitants*, p. 297. Concerning the ports in general and Manila in particular, see *Report of the Philippine Commission* (1900), pp. 57–58, 76–77; Foreman, *Philippine Islands*, pp. 398–400, 466–467; and Max L. Tornow, "A Sketch of the Economic Condition of the Philippines," *Senate Document No. 62*, pt. 2, 55 Cong., 3 sess., pp. 617, 623.

18 *Report of the Philippine Commission* (1900), p. 76. Frank McIntyre, Report to the Secretary of War, March 1, 1913 (BIA 119–72) gives a detailed account.

19 *Report of the Philippine Commission* (Schurman), I, 142–149, testimony of Bernancio Balbas, Edwin H. Warner, H. D. C. Jones, and A. Kuensle in *ibid.*, II, 152–154, 191–192, 209–212, 215, 225–227; Legarda, "Foreign Trade," pp. 206–207. For

a scale of the depreciation of Mexican silver, see the tables of its average annual value in U.S. gold coin, in BIA, *Monthly Summary of Commerce of the Philippine Islands* (December 1904), p. 607, and Benito Legarda, Jr., "The Colonial Economy," in *Philippine Perspective: Lectures on the Pre-history and History of the Philippines* (Manila, 1964), sess. 1, pt. 2, ch. 6, table 4.

20 Legarda's testimony is in *Report of the Philippine Commission* (Schurman), II, 176–177; for complementary testimony from other businessmen and financiers, see *ibid.*, II, 185, 203, 211, and 338. Cf. Legarda, "Colonial Economy," *Philippine Perspective*, sess. 1, pt. 2, ch. 6, pp. 31–35. The quotation from Warner is in *Report of the Philippine Commission* (Schurman), II, 193, 197–198. The effect upon imports and exports is described in testimony of Bernancio Balbas, Charles Ilderton Barnes, Edwin H. Warner, A. Kuensle, J. T. B. McLeod, and Harold Ashton, *ibid.*, II, 154–160, 182–187, 191, 193–198, 226–227, 306–307, 338–340; and in Legarda, "Foreign Trade," pp. 207–208. The surplus of exports over imports ranged from a low in 1884 of ₱1,426,592 in a total trade of ₱43,919,074, to a high in 1895 of ₱11,256,929 in a total trade of ₱62,054,525; the average annual surplus for the entire period amounted to just over ₱6,330,000. Foreign trade statistics are from *Statistical Bulletin No. 3 of the Philippine Islands* (1920), pp. 125ff.

21 *Report of the Philippine Commission* (1900), pp. 85–90.

22 *Report of the Philippine Commission* (1903), pt. 3, 281–290; Wright to Root, cable, May 22, 1902, and Root to Wright, cable, May 31, 1902 (TP, series 3, box 72, copies filed with letter from Root to Taft, June 9, 1902); Taft to Root, November 22, 1902, and January 25, 1903 (TP, series 8).

23 *Report of the Philippine Commission* (1900), p. 91; Taft to Root, December 27, 1900 (TP, series 8). The commissioners may have been influenced by observing that during the summer of 1900 British Indian silver dollars of the same weight and fineness as the Mexican were 2–4 percent less valuable in exchange in Manila than Mexican dollars. The Commission toyed with the idea of making British Indian silver receivable at par with Mexican as a way of freeing the government from its difficulties. Taft to Root, August 11, 1900 (TP, series 8).

24 Taft to Wright, February 21, 1902 (TP, series 3, box 70).

25 Taft to Cooper, September 15, 1902 (TP, series 3, box 73); Manila Chamber of Commerce to Lodge, cable, January 27, 1903 (copy, TP, series 3, box 75). Currency matters are discussed in the reports of the Commission; in Edwin W. Kemmerer, *Modern Currency Reforms* (New York, 1916); and in Charles A. Conant, "The Currency of the Philippine Islands," *Annals of the American Academy for Political and Social Science, 20* (November 1902), 44–59. For amplification: Taft to William B. Allison, May 21, 1902 (TP, series 3, box 72); Taft to Conant, November 23, 1902 (TP, series 3, box 74); Conant to Taft, March 2, 1903 (TP, series 3, box 76).

26 The evolution of Taft's thought under the impact of the crisis is shown in Taft to Henry A. Cooper, September 15, 1902 (TP, series 3, box 73); Taft to Root, August 25, 1902, and October 4, 1902 (TP, series 8); Taft to Lodge, October 4, 1902 (TP, series 3, box 73); Taft to W. B. Allison, November 24, 1902 (TP, series 3, box 74); Taft to Theodore Roosevelt, November 9, 1902 (TP, series 4, box 681); and Taft to Clarence H. Edwards, June 5, 1903 (TP, series 3, box 77).

27 Bowring, *Visit*, p. 144; Foreman, *Philippine Islands*, p. 239.

28 *Ibid.*, pp. 301–307, 378ff.; Tornow, "Sketch," pp. 608, 624; Victor Clark, *Labor Conditions in the Philippines* (Washington, 1905), pp. 792–794; *Report of the Philippine Commission* (1900), pp. 71–73. For a general survey, see Legarda, "Colonial Economy," *Philippine Perspective*, sess. 1, pt. 2, ch. 6, pp. 33–36.

29 BIA memorandum, May 1901 (BIA 2893–0); Forbes, *Philippine Islands*, I, 369–370; Forbes, Journal, III, 285; Forbes to Leonard Wood, October 5, 1921 (Forbes

Papers, Houghton Library, Harvard University—hereinafter cited as FP—fMS Am 1366.1, vol. 4).

30 Forbes, Journal, V, 348–349.

31 Forbes, Journal, I, 98, 233.

32 Forbes, Journal, series 2, I, 377–378; Journal, I, 2.

33 *Ibid.*, I, 5–7; William James to Forbes, February 21, 1904 (FP, fMS Am 1364).

34 Forbes, Journal, I, 32–36; Forbes, *Philippine Islands*, II, 387n; Forbes to Olney, September 8, 1904 (FP, fMS Am 1366, vol. 1).

35 The quotation and the statistics are from Forbes, *Philippine Islands*, I, 376n and 383, respectively. For Forbes' analysis, see also Forbes, Journal, II, 279–281; III, 285n; IV, 335n; and Forbes to Wood, October 5, 1921 (FP, fMS Am 1366.1, vol. 4).

36 Wright to Carmack, cable, April 26, 1904 (BIA 4325–with 25); Forbes, Journal, I, 41.

37 The quotation is from Forbes, Journal, I, 65. For an introduction to the problem, see *Report of the Philippine Commission* (1900), pp. 71–75; *ibid.* (1901), pp. 60–66; Taft to Root, July 14, 1900 (TP, series 8); Wright to Taft, December 26, 1902 (TP, series 3, box 74); "Powerful Interests Behind Philippine Railway Project," *Washington Post*, January 26, 1906 (BIA 9057–37).

38 Contacts with prospective investors are treated in BIA 6805 and BIA 5012; S. M. Felton to Taft, January 30, 1904 (TP, series 3, box 91); Forbes to Taft, November 12, 1904 (TP, series 3, box 93); Edwards to Taft, September 20, 1904 (TP, series 3, box 91); and "Powerful Interests . . ." (BIA 9057–37).

39 For the narrowing of bidders, see cables from Taft to Wright, April 27 and May 5, 1905 (BIA 5012–after 112 and 113). For the Commission's opposition to the existing line, see Wright to Taft, cables, February 26, 1904 (BIA 5012–60), March 28, 1904 (BIA 749–75), and April 21, 1904 (BIA 4325–24); for its change of heart, see Wright to Taft, cables, March 22, 1905 (BIA 5012–111), April 22, 1905 (BIA 5012–112). The final acceptance of bids is covered in a variety of documents: BIA 12939–13/16. The Speyers formed an American holding company, the Manila Railroad Company, and transferred both the franchise and their stock in the English company to it.

40 The quotations are drawn, respectively, from *Congressional Record*, 56 Cong., 1 sess., p. 704; FP, fMS Am 1192.1, XVI, 4526 over; Lodge to Taft, November 22, 1900 (TP, series 3, box 64); Forbes, Journal, I, 14; *Annual Report of the Lake Mohonk Conference on the Indian and Other Dependent Peoples* (1911), pp. 113–119 (BIA 14840–40).

41 Carpenter to Leonard Wood, July 30, 1921 (BIA 22639–A–57 [B–1a]); *Mohonk Report* (1910), pp. 80–85.

42 Taft to Bellamy Storer, March 23, 1902 (TP, series 3, box 76); *Manila Cablenews*, August 8, 1907; Forbes, Journal, V, 145; Forbes to Charles W. Eliot, September 13, 1916 (FP, fMS Am 1366.1, vol. 3).

43 The examples of the official rhetoric are from *Message of the President of the United States to the Two Houses of Congress*, 56 Cong., 2 sess., p. 41, and *ibid.*, 58 Cong., 3 sess., pp. 44–45. The private views are from Roosevelt to Taft, March 12, 1901 (TP, series 4, box 681); Taft to Aaron A. Ferris, April 25, 1901 (TP, series 3, box 65); Taft to Root, August 25, 1901 (TP, series 8); Forbes to Eliot, August 13, 1910 (FP, unfiled, awaiting disposition in Houghton Library or the Harvard University Archives); *Boston Evening Transcript*, May 29, 1909.

44 Psychological dependence is suggested in Rōyama and Takéuchi, *Philippine Polity*, p. 73.

45 Taft to William Lawrence, February 14, 1904 (BIA 364–58). This was considered a model statement of American policy, and copies were sent to Governor General

Wright and former Secretary Root for their guidance. For the Alumni Association speech, see BIA 3862–72, pp. 35–36. Hepburn's remarks are reported in the *Manila Cablenews*, August 13, 1905. Opponents of retention understood the argument perfectly. Senator Thomas M. Patterson wrote to Taft reprovingly: "Once American capital becomes largely invested in the Islands those who oppose the policy of retention might as well retire from the field." (April 4, 1904, TP, series 3, box 85). Senator Newlands told Forbes in 1905 that he opposed free trade with the Philippines, because he didn't want ties that would be difficult to break. (Forbes, Journal, I, 295).

46 Ford is quoted in BIA 7488–42. Forbes' statement is in FP, fMS Am 1192.4, VII, 2295. *Manila Times*, March 16, 1910; Forbes to Ford, May 2, 1913 (FP, fMS Am 1366.1, vol. 2).

47 Concerning the tendency of progressivism to confuse means and ends, see Robert H. Wiebe, *The Search for Order* (New York, 1967), ch. 6, esp. pp. 154–155.

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PHILIPPINE ECONOMIC DEVELOPMENT AND AMERICAN POLICY: A REAPPRAISAL

Norman G. Owen

Source: Norman G. Owen (ed.), *Compadre Colonialism: Studies on the Philippines under American Rule*, Ann Arbor: Michigan Papers on South and South East Asia, no. 3 (1971), pp. 103–15, 124–8.

In the political history of the Philippines, 1898 is a clear turning point, the end of three centuries of Spanish rule and the inauguration of the "American period." It has often been assumed by both the critics and defenders of American intervention that the same date also marks the beginning of significant changes in the economic sphere, and that American policy was directly responsible for the development of the Philippine economy over the next forty-odd years. Certainly the United States, by asserting sovereignty over the Philippines, assumed a major share of the credit or blame for the society that emerged. Clearly American rule was intended to affect the economy; the first Philippine Commission proclaimed, as one of the "regulative principles" of American policy: "Domestic and foreign trade and commerce, agriculture, and other industrial pursuits, and the general development of the country in the interest of its inhabitants will be constant objects of solicitude and fostering care."[1] But it remains to be asked whether specific governmental programs actually shaped (or "distorted") the Philippine economy, or whether the United States merely allowed it to develop in the direction it was already heading under the Spanish. Too much attention may have been paid to the transfer of sovereignty, and too little to the continuity of development and the passivity or ineffectiveness of American rule which allowed it.[2]

The economy of the Philippines in 1898 was predominantly agricultural. Despite some pockets of estate tenantry, which included large holdings by

religious orders in the rice lands of central Luzon, the agrarian landscape remained predominantly smallholder; there were few plantations on the Malayan or Caribbean model.[3] Four crops—sugar, abaca, tobacco, coconuts—accounted for nearly 90% of export value; six crops—these four plus the major food crops, rice and corn—covered nearly 90% of the cultivated land.[4] The islands imported manufactured goods, especially textiles, and enough rice to make up the recurrent food deficit. The direction of trade had been far more dependent on world demands and prices than on the political connection with Spain, which accounted for less than 10% of the total trade of the Philippines as late as 1890.[5]

When the United States intervened in the Philippines in 1898, most Americans hardly knew where the islands were, much less the state of the local economy. But the economic structure which the first Philippine Commission discovered was very much to their liking. The Commissioners were concerned to increase the magnitude and efficiency of production, they were anxious to divert Philippine trade towards America, but they showed no real commitment to alter the basic shape of the economy. The underlying assumption of the United States, assiduously fostered by those Filipinos who had the ear of the Commission or Congress, was that the interests of the Philippines were identical with the interests of existing agricultural producers. In the interminable hearings on insular policy from 1898 through the Philippine Trade Act of 1946 and beyond, this assumption permeated both sides of every debate. The few voices raised in protest—Americans interested in plantation development or protection of domestic agriculture, Filipinos objecting to closer trade relations with the United States—were dismissed as acting in self-interest, or were simply ignored.[6] Despite the vague rhetoric of change, official policy during the American period can be characterized generally as ratification and rationalization of the *status quo*.

Land was the most important single factor in the Philippine economy, and American land policy was conservative in almost every respect. The Philippine Commission, hoping to see a profitable plantation economy develop, asked Congress for permission to make large grants of public land; Congress, however, refused, limiting grants to 1024 hectares (per corporation), well below the optimum envisaged. But, on the other hand, no effective legislation to reduce the size of existing holdings was ever passed by Congress or the Philippine Legislature. Expropriation and redistribution of the Friar Lands would not have solved all the agrarian problems of the Philippines, but at least it would have pointed the way to a radical solution. Instead the land was purchased, and most of it eventually went not to the cultivators but to wealthy speculators, in violation of both the original aim of the endeavor and the spirit of the Public Land Law. By the Commonwealth period there was a growing rhetorical commitment to land reform, but little actual redistribution of land occurred, and tenancy apparently worsened under American rule.[7] Those interested in tracing the motives for land policy will

find a complex web of sincere principles and crass self-interest, but those interested in results will find a simpler picture: the overt formation of new plantations was discouraged, but old estates were allowed to remain.

To make Philippine agriculture more efficient and equitable, the United States attempted to introduce homesteading, regularize land titles, and encourage migration to the "frontier," especially to Mindanao. Programs for agricultural credit were devised, and advanced agrarian technology (irrigation, fertilizers, machinery, pest and disease control) was introduced. But most of these programs were ill-planned, all were under-funded, and none of them made substantial impact.[8] At the end of the American period, the average *tao* lived where his grandfather had lived,[9] was deeper in debt, remained without land title, and grew his crops as inefficiently as anywhere in the world.[10] By the standards of 1898 there had been some slight progress (in land registration, frontier development, and crop yields), but meanwhile the rest of the world had moved past the Philippines in harnessing the opportunities of twentieth century agrotechnology.

Fiscal and monetary policies in the American period were also designed to produce stability rather than change. The revenue system was essentially the Spanish system with the obvious inequities removed; it was hardly progressive, much less redistributive. The tax structure did not force people into agriculture nor automatically create inequality, but neither did it encourage industry or destroy inequities. By tying the peso to the dollar, the Americans stabilized Philippine money, but they also removed the possibility of autonomous currency manipulation. A balanced budget was required; severe restrictions were placed on the level of bonded indebtedness. In all these respects the Philippines was no worse off than most independent non-socialist countries of the time; those that were not restrained by law were restrained by fear of losing their international fiscal reputation. Nor is there any reason to assume that a Spanish or Filipino administration would have pursued an essentially different policy. But American policy in this area clearly did not attempt any grand innovations or foster any noteworthy economic developments, beneficial or otherwise.

Outside the narrowly "economic" sphere, the American period saw many developments whose impact on the economy has yet to be assessed—population growth, exclusion of Chinese immigrants (but removal of many restrictions on resident Chinese), mass media, mass education, vastly improved transportation, the ideology of progress and democracy. Some direct connections between American policy and socio-economic developments can be posited—public health programs led to the acceleration of population growth, the rapid Filipinization of the government gave power to an elite which would have fought against fundamental reforms had the United States ever proposed them. Yet most of these developments fall largely under the rubric "modernization" rather than "Americanization." Despite all the shortcomings of Spanish rule, the late nineteenth century had seen great

changes—a high rate of population growth, expansion of the transportation network, administrative reforms, new commercial institutions, industrial investment, more newspapers, wider circulation of modern ideas, and the rise of a new Filipino agro-commercial elite. The United States obviously changed the weight and rate of these factors, but in the search for the distinctive role of America (in contrast to the twentieth century) in Philippine economic history, we must examine tariff policy.

American tariff policy toward the Philippines has been the subject of numerous studies, most of them focussing on motives rather than consequences.[11] Within the American period, tariff relations fall into three distinct stages. In the first, the United States retained (largely because of treaty obligations) most of the Spanish system of tariffs and export taxes, somewhat rationalized, while applying the rates of the 1897 Dingley Tariff (or a substantial percentage thereof) to Philippine products entering the United States. With the Payne-Aldrich Tariff of 1909 and the Underwood Tariff of 1913 came virtual free trade between the United States and the Philippines, except for quotas (which were never met) on sugar and tobacco from 1909 to 1913, and a continuing prohibition on the export to the United States of manufactured goods containing more than 20% non-Philippine raw materials. There were no further restrictions on trade for over twenty years, although the American (and world) agricultural crisis of the late 1920's and 1930's prompted a series of bills, beginning in 1929, proposing import quotas, often in conjunction with swift political separation. In 1934 the first such quotas were passed (in the Tydings-McDuffie Act and the Jones-Costigan Amendment to the Agricultural Adjustment Act); there were soon duty-free or absolute quotas on sugar, cigars, cordage, and coconut oil, which was also subject to a processing tax. Though this quota system was designed to be reduced until it disappeared with the coming of independence, in fact it has persisted in various forms to the present.

The Congressional hearings throughout the period lay bare the politics of the tariff and reveal the crude self-seeking of most of the parties involved. The three major interest groups which regularly spoke loudest and longest were American domestic agriculture, American manufacturing, and Filipino export agriculture, which was generally assumed to speak for the Philippines as a whole. The compromises among these interests, complicated by domestic politics on both sides of the Pacific, within the framework of a colonial relationship with which no one was truly comfortable, make fascinating political reading; this has often been to the detriment of economic analysis. It cannot be assumed that just because small-minded men framed the tariff it automatically had a baneful effect; we must attempt to assess to what extent it actually altered the Philippine economy, with what results.[12]

One general tendency of tariff policy after 1909 is quite evident: the discouragement of potential investment in Philippine industry. The free entry of

American goods into the Philippine market left the local entrepreneur with only shipping costs as a comparative advantage against the greater experience and capital of established American firms. The prohibition on the export to America of manufactured goods of over 20% non-Philippine materials prevented the development of a Japanese-style re-export industry. When restrictions on trade were re-established in the 1930's, they fell most heavily on processed products, such as cordage (exports of which had increased 500%, 1920–1930) and coconut oil, while the agricultural raw materials (abaca, copra) remained on the free list.

It is easy to see in this the most blatant type of imperial exploitation; certainly a reading of the tariff hearings can support this interpretation. Yet in a sense the United States showed restraint, in that she was generally careful not to violate perceived Philippine interests. Except for a few firms such as Tabacalera and San Miguel, there was very little Filipino manufacturing when the Americans arrived. From the beginning most Filipinos who spoke for the country encouraged, if indeed they did not create, the definition of Philippine interests as perpetually agrarian; in the absence of a significant Filipino industrial sector there was no political faction to represent and fight for such a sector. The tariff policy was predicated not just on American capitalism, but on a joint Filipino-American assumption that the exchange of American manufactures for Philippine raw materials was an equitable quasi-permanent relationship.

Furthermore, it is not yet proven that the tariff did in fact retard Philippine industrialization. The country was, in 1938, almost as "agrarian" as it had been in 1902 (*ca.* 70–80%, although the definitions are too imprecise for exact comparison), but there was a perceptible shift towards manufacturing and processing in the non-agrarian sector, and in absolute terms there was substantial growth. Moreover, developments since World War II give no indication that there had been a critical mass of Filipino capital and potential entrepreneurship which was ready to explode into industrialization had it not been thwarted by American policy; the evidence suggests rather that a long-term unwillingness to tax or tamper with agriculture has been the chief obstacle to development. Americans might indeed have invested more in the Philippines, or the government might consciously have promoted industrialization; but that they did not is a sin of omission rather than of active exploitation.[13]

The free entry of Philippine products into the American market, on the other hand, unquestionably had a substantial impact on certain sectors of the Philippine economy. It was intended as a developmental measure, a boon the Philippines could derive from the colonial relationship;[14] it was attacked on selfish grounds by American agricultural interests and on theoretical grounds by critics of imperialism. Yet it can be argued that its effect on the Philippine economy as a whole was less profound, less sharply defined for better or worse, than either its proponents or critics have assumed.

A tariff, of course, is of most commercial significance when it creates a sharp price differential between the goods protected and competing unprotected goods. Some historians have (seemingly) assumed that the introduction of mutual free trade in 1909 automatically benefited all Philippine products at once. But the Payne-Aldrich Tariff of that year began a slight downward revision of American duties on the produce of all countries, a process which was carried much further by the Underwood Tariff of 1913. If Philippine products had easier access to the American market, so did most competing products from the rest of the world. Sugar was the major Philippine commodity that remained "protected" at this time, and in 1913 a provision to eliminate even that tariff was passed, although the abolition was never put into effect. Not until the Fordney-McCumber Tariff of 1922 were tariffs raised against coconut oil and cordage, and the differential between American and world market prices for agricultural products did not reach its peak until the Smoot-Hawley Tariff of 1930—by which time Philippine independence was clearly just around the corner. Such major Philippine exports as abaca and copra never received preferential treatment at all, staying on the American "free list" throughout the period; if they were imported to the United States, it was because that was their natural market. It is one of the implicit ironies of colonialism that precisely those Philippine products which competed with American goods benefited most from the imperial tariff relationship.

Direct tariff advantage, then, was limited to sugar after 1909, plus coconut oil and cordage after 1922, and such lesser exports as tobacco and embroideries. Available export and acreage statistics show that most of the Philippine agricultural economy responded primarily to world market prices and local demand, while these protected industries prospered in correlation to tariff preference. Abaca flourished in the first quarter century of American rule (particularly in the first decade, although it was subject to export taxes retained from the Spanish system), slumped in the 1920's under the international competition of other hard fibers (such as sisal) and wire rope, and recovered slightly as the Japanese began to develop interest and investment in it. The rise of coconut acreage and copra exports was continuous from the 1890's onward, as the international market in vegetable oils expanded with technological breakthroughs in the manufacture of soap, margarine, and nitroglycerine. Rice acreage kept pace with population growth, while the great expansion of corn acreage reflects increased population pressure, as corn was a distinctly less preferred grain, but one which could be grown on inferior land. The sugar industry, on the other hand, really took off after the passage of the Payne-Aldrich Tariff, and cordage and coconut oil followed suit in the 1920's, when they were favored by the Fordney-McCumber Tariff. Philippine tobacco, primarily used for cigars, grew less rapidly, due in part to a secular shift of consumer preference towards cigarettes.[15]

It is possible then to make some very rough estimates of the "distortion" in the Philippine economy caused by American tariff policy. Sugar was the commodity most obviously affected; the Philippine cost of production in the 1930's was estimated at more than twice that of Java, its natural competitor, at a time when Javanese production fell 80% in five years because of the world sugar crisis. The New York (protected) sugar price was from 30% to 150% above the London (world) price, whereas copra, for example, usually obtained a higher price in London than New York. On the other hand, Philippine sugar had competed successfully on the world market in the nineteenth century, and the United States had purchased as much as 66% of Philippine sugar in 1883–87, with no tariff preference; certainly not all of the Philippine sugar industry owed its existence to American policy.[16]

Yet even if one assumes for the sake of argument that the entire sugar and tobacco industries, plus the processing/manufacturing of coconut oil, cordage, and embroideries, were attributable to the imperial relationship, these "distorted" sectors hardly represent a majority of Philippine society. Nearly all statistics for employment or investment by industry are speculative, but the most educated guess is that those directly favored employed approximately 500,000 Filipinos in the 1930's, or some 15–20% of the population (assuming family sizes of 5–6 members).[17] Sugar and tobacco, the two crops directly affected, occupied only 8% of the total area in cultivation, although this was mostly prime land. More land and people, of course, were indirectly involved, in coconut and abaca growing, in trade and transportation of these commodities, etc.; on the other hand, a good share of this production went to domestic markets, and more might have been sold, if necessary, to other foreign markets. One can reasonably conclude that most Filipino farms and farmers were only indirectly and distantly affected by American tariffs, although there were certain regions where the investment in favored industries was very great, enough to cause severe local dislocation if the protection were abruptly withdrawn.

The share of available Philippine capital invested in these industries (*ca.* $250 million in 1938, 80% of this in sugar) must have been more substantial, although the absence of adequate definitions of or data on the total "capital" in the country makes percentages meaningless. But this was more than compensated for by the immense profitability of these industries; sugar alone, in the peak year of 1934, produced an estimated 40% of total crop value, 65% of export value, 30% of national income, and, directly or indirectly, 40% of total government revenue. The investors in these industries, presumably rational men, had plenty of time to recover their investments, and, from at least the Jones Act of 1916 onward, clear notice that an end to the largesse would eventually come. (In fact, when restrictions were imminent in 1929–30, sugar production was actually expanded, 80% in the next four years.) Even if independence had forced complete disinvestment in these industries, it is by no means clear that the initial investments would

have been proven unsound, from either an individual or national viewpoint. In 1955 a distinguished economist could still assert: "As long as the Philippines have access to the sheltered United States market, sugar production is undoubtedly an economically efficient way to earn foreign exchange."[18] Critics of imperialism who suggested that, in view of the Philippines' chronic food deficiency, sugar land could have been more beneficially planted to rice were flying in the face of the facts; sugar was far more profitable per unit area.[19]

From a strictly economic standpoint, therefore, American tariff policy should have been beneficial rather than deleterious. There would always have been some problems of adjustment surrounding the reallocation of resources at both the opening and closing of mutual free trade, but there was ample time to prepare for both events, and a farsighted government could have set aside some of the increased revenues generated to cushion the shocks of transition. The fact that the United States took over 75% of Philippine exports was of no great economic consequence in itself, so long as these provisions for transition were made. There is no evidence that the protected industries produced greater social tensions than the unprotected ones; if working conditions were bad on the sugar estates of Negros, they were better than on the rice plains of central Luzon, where the agricultural technology, the system of land tenure, and the pattern of peasant revolts all antedated the arrival of the Americans.[20] And although agricultural productivity for most crops remained low by world standards, there is evidence that the sugar industry was investing more in agrotechnology and was improving yield more than non-protected industries were.[21] Tariff policy created, in effect, an American consumer subsidy, a "bounty,"[22] for certain sectors of the Philippine economy. This can be seen as a form of foreign aid; even though it was not as clearly oriented towards general economic development as the carefully structured direct grant programs of today, it certainly should have been better than nothing.

This argument might well lead to an apology for colonialism, an assertion that up to World War II the Philippine economy was doing well, that American policy had worked. But such a conclusion would be patently false. In 1941, the Philippine economy was troubled, social tensions were increasing, and even before the war there were serious questions as to how well the country could face the shock of independence. The documentation is extensive and damning, both for the 1930's and for the essentially unchanged conditions of the 1950's. Overdependence on a few exports, tenantry, indebtedness, low productivity, corruption and inefficiency, undercapitalization, miserable working conditions—all the symptoms of economic backwardness were present at the end of the American period as they had been at the beginning. Some of them had been mildly alleviated, others were much worse. Something had obviously gone wrong; the United States had fallen far short of her noble principles and dreams. But the crucial defect was not so much in what she did, as in what she failed to do.

Some of the omissions of the Americans have been suggested already—effective land reform, extensive private investment in industry, adequate governmental investment in agricultural credit and technology, etc. But the most symptomatic and profound *failure* of the American period was an inability or unwillingness to curb the Filipino agricultural elite, and to redefine Philippine interests as progressive rather than static. The tariff preference provided a windfall to the sugar planters and millers; this should have been tapped for the benefit of the whole country, to prepare for the day when that windfall would cease. But the Americans refused to allow export taxes (after 1909) and the Filipino legislators continually battled against any significant increase in taxation of agricultural lands or income. So the money remained in the hands of the wealthy. Some of it they spent on luxurious living; that is a privilege allowed in most societies. But some was also spent in obtaining and expanding political leverage—directly and illegally through bribery, as well as indirectly and legally through lobbying. The wealthy agriculturalists succeeded in defining their own interests as those of the Philippines. They spoke for the Philippines, and neither American administrators nor Filipino "public opinion" ever successfully contested this right. Some of these plutocrats achieved economic ascendancy as a direct result of American largesse, but others inherited fortunes founded under the Spanish, and dealt in products unaffected by the tariff; there was no essential difference between them. The crushing inequality of wealth and power in the Philippines was not created during the American period, but neither was it removed or even reduced.

The political clout wielded by some of the wealthy has been abundantly documented; they kept down wages, oppressed workers, used local militia or constabulary to suppress dissent, and ignored all efforts at reform. Even Quezon, whose attitude towards landed wealth was far from radical, was frustrated when his Commonwealth reform programs, such as the Rice Tenancy Act, were consistently thwarted in practice by local barons who felt themselves above the law. Through their influence in the legislature, they prevented any serious attempt (throughout the American period, and since) to tap the immense agricultural wealth provided in part by the American tariff/subsidy. And there is some locational correlation between concentrated agricultural wealth and peasant discontent; in the *Census of . . . 1939*, five provinces accounted for 40% of all "farm equipment" by value, and four of these (Negros Occidental, Nueva Ecija, Pangasinan, Tarlac) were among the provinces most notorious for agrarian disturbances.[23] The problem of Philippine agriculture under American rule was not that it was economically unprofitable, but that the profits increased problems rather than solved them.

There is no single point in time within the American period of which one can say, "Here the economic battle was lost." The Philippines did not then face the kind of population pressure which made economic modernization seem hopeless in such areas as India, China, or Java. Even after the sugar

barons had spent most of their profits unprofitably, it was perhaps not too late in 1941 to plan for a Philippine economy that could compete in the world economy, one marked by increasing equality and diversification rather than by inequality and agricultural overspecialization. But the political will was lacking on both sides of the Pacific. The joint reaction to the devastation of the Philippines in World War II illustrates this perfectly. The economy had been virtually dismantled, which should have created a golden opportunity to rebuild it on a more rational basis. Instead the Filipino representatives insisted—as they had nearly half a century before—that subsidizing existing agricultural interests was the best way to benefit the Philippines as a whole. And once more the Americans bought this argument, renewed the preferential quota, and helped a shattered sugar industry, which could not compete in the world markets of the 1930's, grow into a major industry which could not compete in the world markets of the 1970's.

It may well be argued that the Filipinos, knowing how badly rehabilitation was needed, fought for the only kind of substantial relief they were likely to get. After all, a tariff preference is a subtle levy on the consumer through prices, politically far more palatable than a direct levy on the taxpayer—although it should be remembered that Congress approved massive aid for Europe under the Marshall Plan just two years later. The key to the Philippine question, however, is not that such substantial direct aid was not granted, but that it was never seriously proposed. In the long and acrimonious debates on the Bell Trade Act, the participants all focused their energies on such issues as how long the transition period should be, or whether the quotas should be in long tons or short tons, rather than on what kind of Philippine economy they were trying to (re)build. The economic battle may not have been over, but the political issue had long since been laid to rest. Perhaps as early as 1898–99, probably no later than 1909, the Americans had decided they would accept the Philippines as they found it, and Philippine interests as defined by existing Filipino leadership. So by mutual consent, American and Filipino leaders attempted to expand and to rationalize the economy, but not to change it.

One result of this policy has been that in Philippine economic history the "American period" is not very different from either the late Spanish period or the early Republican. In 1937, as in 1894, as in 1950, the same four crops accounted for nearly 90% of all Philippine exports, although the relative proportions had changed.[24] Specifically American inputs—tariffs, homesteading, etc.—had less impact on the economy than such international phenomena as population growth[25] and fluctuations in world prices. There is no accurate way of measuring whether or not the Filipinos were actually "better off" in 1941 than they had been in 1896; production had increased, probably average income had as well, but so had tenantry and population pressure.[26] The state of the economy in 1941 was certainly not good, but neither was it

hopeless, and it is not reasonable to blame all the economic problems of the Philippines today on the colonial legacy. What the Republic of the Philippines has done and may yet do with the economy it inherited is another story. But the American failure to transform the economy, to produce the kind of change that might have justified intervention, is history. It was a failure to see beyond the Filipino elite definition of the society as static, irrevocably agrarian; a failure as much of politics as of economics; a failure born less of exploitation than of inertia.

Notes

1 Proclamation, "To the people of the Philippine Islands," April 4, 1899, *Report of the [Schurman] Philippine Commission to the President* (Washington, 1900), I [January, 1900], 5. It may be significant that this "principle" is only ninth in a list of twelve, well below (# 1) enforcement of "the supremacy of the United States," (# 2) the promise of "the most ample liberty of self-government" reconcilable with good government and American authority, and (# 3) the guarantee of "civil rights of the Philippine people." The priority of political over economic goals can be reasonably inferred.

2 A growing number of socio-economic historians and geographers are framing their research across the apparent "discontinuity" of 1898—e.g., the dissertations of Jo Ann Roland, Canute VanderMeer, and Frederick Wernstedt, and the works in progress of John Larkin and David Sturtevant. (See bibliography.)

3 In 1902, six of seven provinces in which tenants occupied over 30% of all "farms" were in central Luzon; the rate for the whole country was 18%; in many agricultural areas it was below 10%; in the rich abaca region of Albay-Sorsogon it was only 1½%. *Census of . . . 1903*, IV, 190. Precise figures on the area of the "Friar Lands" do not exist, but the total was on the order of 172,000 hectares (6% of total Philippine "farm" land in 1902/3), of which nearly two-thirds was in the "immediate neighborhood" of Manila.

4 See Appendix III, IV.

5 In 1891, new protective regulations raised Spain's share of Philippine import trade considerably (from less than 10% to 37% by 1894), although her share of total exports remained below 10%. Great Britain, British colonies in Asia (especially Hong Kong), and the United States took 80–85% of Philippine exports (1880–94), with a definite shift after 1890 away from the U.S.A. towards the U.K. Great Britain and British colonies dominated the import trade, with America supplying less than 5%. Benito F. Legarda, Jr., "Foreign Trade, Economic Change, and Entrepreneurship in the Nineteenth Century Philippines" (unpublished Ph.D. dissertation, Harvard, 1955), pp. 215–39.

6 In 1909, the Philippine National Assembly protested the mutual free trade provisions of the Payne-Aldrich Tariff, which, they stated, "in the long run . . . would be highly prejudicial to the economic interests of the Philippine people and would create a situation which might delay the obtaining of independence." José P. Apostol, in a series of articles on "The American-Philippine Tariff," *Philippine Social Sciences Review*, III (1930–31), 42–47, 190–97, 254–63; IV (1932), 142–51, stresses such Filipino opposition to American policy. But this resolution was dismissed by the Commission as insincere and frivolous opposition for its own sake; the recent study of Bonifacio S. Salamanca, *The Filipino Reaction to American Rule: 1901–1913* ([Hamden, Conn.], 1968), pp. 121–33, tends to substantiate this view. In any

case, it should be contrasted with Filipino testimony in hearings before the Philippine Commission, Congressional committees, etc., which shows a persistent interest in prolonged and increased preference within the American market.

7 Although the figures are not directly comparable (see Appendix I), census enumerations of tenantry are indicative: in 1902, 18% of all "farms" were occupied by tenants, in 1938, 35%. See also James S. Allen, "Agrarian Tendencies in the Philippines," *PA*, XI-1 (1938), 52–65.

8 Karl J. Pelzer, *Pioneer Settlement in the Asiatic Tropics* (New York, 1948), pp. 93–110. Irrigation had been known in the Philippines for centuries, yet in the *Census of . . . 1939* only 13% of the cultivated land was reported as benefiting from any type of irrigation (gravity, pump, etc.) at any season of the year.

9 By 1939, only 11–12% of the population lived outside the "ethnic area" of their birth. Stephen Low, "The Effect of Colonial Rule on Population Distribution in the Philippines: 1898–1941" (unpublished Ph.D. dissertation, Fletcher, 1956), pp. 254–55. Low, however, regards this as an "imposing" figure.

10 Philippine agricultural yields for most major crops ranged from 5% to 60% below world averages in the 1930's; see Appendix V.

11 ". . . the tug of war between conflicting interests, between idealism and a considerably narrower policy—between immediate advantage and ultimate benefit." Pedro E. Abelarde, *American Tariff Policy towards the Philippines: 1898–1946* (Morningside Heights, N.Y., 1947), p. 1. See also José Apostol; Amado A. Castro, "Philippine-American Tariff and Trade Relations, 1898–1954," *Philippine Economic Journal*, IV-1 (1965), 29–56; and José S. Reyes, *Legislative History of America's Economic Policy towards the Philippines* (New York, 1923), on this subject; all these works cite the principal Congressional hearings extensively.

12 Cf. Frank H. Golay, "Economic Consequences of the Philippine Trade Act," *PA*, XXVIII-1 (1955), 55, on the Bell Trade Act of 1946:

> The present article reflects the belief that the adverse economic consequences of the Trade Act upon the Philippine economy have been relatively small and bear little relationship to the economic effects generally attributed to the Trade Act. This analysis should not be considered in any sense a defense of the Act since, in my opinion, the Trade Act was a hapless United States excursion into economic imperialism which has made American relations less smooth than they should have been, and has been made the excuse for propaganda damaging to the United States throughout the Far East.

13 *Ibid.*, p. 60; Golay, *The Philippines: Public Policy and National Economic Development* (Ithaca, N.Y., 1961), pp. 183–86, 206–13; Stephen A. Resnick, "The Decline of Rural Industry Under Export Expansion: A Comparison among Burma, Philippines, and Thailand, 1870–1938," *Journal of Economic History*, XXX-1 (1970), 62n; A.V.H. Hartendorp, *History of Industry and Trade of the Philippines* (Manila, 1958), pp. 18–59.

14 After the devastations of both the Fil-American War and World War II, tariff preference was urged as a *relief* measure for the Philippines, by such disparate types as Taft, McNutt, Osmeña, and Carlos Romulo; in both cases it was proposed in conjunction with direct rehabilitation/relief aid from the United States to the Philippines. Reyes, pp. 94–99; Shirley Jenkins, *American Economic Policy Towards the Philippines* (Stanford, c. 1954), pp. 42–63.

15 See Appendix II, III, IV. On the correlation between corn and population pressure, see Canute VanderMeer, "Corn on the Island of Cebu" (unpublished Ph.D.

dissertation, Michigan, 1962), and Frederick L. Wernstedt, "Agricultural Regionalism on Negros Island, Philippines" (unpublished Ph.D. dissertation, UCLA, 1953).

16 Miriam S. Farley, "Sugar—A Commodity in Chaos," *FES*, IV-22 (1935), 176; Charles O. Houston, Jr., "The Philippine Sugar Industry: 1934–1950," *UMJEAS*, III-4 (1954), 372; *International Yearbook of Agricultural Statistics: 1939–40* (Rome, 1940), "Summary"; Legarda, p. 229; Thomas R. McHale, "Sugar in the Seventies," *Solidarity*, VI-5 (1971), 6–10.

17 Statistical data for this and the following paragraph are drawn from the *Census of . . . 1939*; Catherine Porter, "Philippine Industries Today and Tomorrow," *FES*, VII-3 (1938), 144–45; Miriam S. Farley, "Philippine Independence and Agricultural Readjustment," *FES* V-8 (1936), 71–77; Houston, pp. 370–72; Grayson L. Kirk, *Philippine Independence: Motives, Problems, and Prospects* (New York, 1936), p. 67; and Theodore W. Friend, "The Philippine Sugar Interests and the Politics of Independence, 1929–1935," *JAS*, XXII-1 (1963), 179–92. Figures for "crop value" and "national income" tend to be particularly gross estimates.

18 Golay, "Economic Consequences," p. 64.

19 According to figures in the *International Yearbook . . . 1939–40*, the average yield of Philippine sugar was 40 quintals per hectare, worth over 440 gold francs at New York prices; rice yielded only 11 quintals per hectare, an amount which could be purchased in Saigon for 72 gold francs. (Shipping and handling costs would, of course, decrease this differential.)

20 Friend, p. 181. Coconut farming, which enjoyed a boom in the American period second only to sugar (600% acreage increase 1902–1938) continued to be a smallholder industry relatively free from agrarian unrest; according to the *Census of . . . 1939*, tenants occupied only 21% of coconut farms, as opposed to 40% for rice and tobacco, and 60% for sugar.

21 See Appendix V; Houston, pp. 370–407, *passim*.

22 F. W. Taussig, *The Tariff History of the United States* (8th ed.; New York, 1964), pp. 398–99.

23 *Census of . . . 1939*, Vol. II, Part II, p. 1093. The fifth province, Davao, represents largely Japanese capital and labor; see Grant K. Goodman, *Davao: A Case Study in Japanese-Philippine Relations* ([Lawrence, Kansas], c. 1967). For general discussions of agricultural wealth and political power in the Philippines, see Houston, pp. 382–97; James Allen; and Akira Takahashi, *Land and Peasants in Central Luzon: Socio-Economic Structure of a Bulacan Village* (Tokyo, 1969), pp. 73–81.

24 See Appendix IV.

25 Although the population growth in the American period was quite high (2.0% *p.a.*, 1903–1939), it was almost as high in the late Spanish period—nearly 1.7% for much of the nineteenth century. For comparable developments elsewhere in the region, see C.A. Fisher, "Population Growth in South-East Asia," in *The Economic Development of South-East Asia*, ed. by C. D. Cowan (London, 1964).

26 "Nutritional density" (population per cultivated hectare) seems to have decreased only slightly between 1902, when agriculture was still disrupted by disease, drought, and the aftermath of the Fil-American War, and 1938; furthermore, some of this is accounted for by the expanded area planted to corn, which provides less nutritional value per unit area than rice. Although the area cultivated in rice increased from 600,000 to 1,800,000 hectares, the Philippines remained a net importer of grain. See Appendix II, III, IV.

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PHILIPPINE INDUSTRIES TODAY AND TOMORROW

Catherine Porter

Source: *Far Eastern Survey* 7(13) (1938): 143–9.

The Philippine Commonwealth has reached a point where, for better or for worse, a larger degree of industrialization seems inevitable. For the days of free trade with the United States are rapidly passing; export taxes on Philippine goods destined for the United States will be levied after 1940; after 1945, when the Commonwealth is scheduled to attain its political freedom, its goods coming into the United States will pay American duties on a gradually rising scale. In 1960, when presumably the trade agreement now being arranged between the two countries comes to an end, the Philippine nation will have to stand on its own feet economically.

On first consideration, it is not immediately apparent why this period of transition should cause concern to the Filipinos and to other nationals with business interests in the Islands. The financial condition of the country is sound; the great depression was hardly felt in the Philippines; there has been a gold boom of considerable proportions; large sums of money have been pouring into the Commonwealth Treasury from the United States coconut oil excise and sugar processing tax refunds; and the natural resources of the country, agriculture, mining, fishing, forestry, are known to be bountiful. If the country cannot sell its sugar, why not sell some of its other agricultural produce? If it cannot sell enough to pay for purchases abroad, why not produce more of those goods at home? If agriculture no longer pays, why not industrialize?

The answer is that these things must be done, but they take time and money and intelligent planning. They call for confidence in the men in public office; they call for close cooperation between the government and the people, between labor and capital, between all branches of industry. Given money and confidence and cooperation, it will take a long time to work out the reorientation of the country's economy—but all during that period a

nation of over 14,000,000 people still has to be fed and clothed, furnished with employment, schools, public services, protection.

Foreign trade has been the source of the country's prosperity during the American regime; and a rapid dwindling of that trade, which has been directed largely to the American market, is inevitable now that the period of free interchange of goods is drawing to a close. A semi-colonial country, such as the Philippines has continued to be, might be expected to raise enough food for its population. But the big money crops—sugar, coconuts, hemp and tobacco—have taken precedence over corn and wheat, fruit and vegetables, to such an extent that a large part of the imports into the Islands—18% in 1937—is made up of food products many of which could be supplied at home. A thoughtless queen might say, Let them eat sugar, and indeed there is a drive on to increase domestic consumption of the big crop which will soon have little or no outside market. The national ambition now is to improve the national diet, become self-sufficient in food, and attain a larger degree of self-sufficiency in other lines, especially manufactured goods.

It might be well to remind ourselves, at the start, of one of the principal snags in the industrial development of the Philippines. They are now exporting iron, copper, manganese, all valuable metals in making iron and steel. Why not, then, build up heavy industries, to take care of the $30,000,000 yearly import of iron and steel manufactures, cars, machinery and other apparatus? The immediate answer is that the country lacks coal; it imports nearly $1,000,000 worth of coal annually, chiefly from Japan. Both the quality and quantity of its iron, also, are too doubtful to form the basis of heavy industry. Although coking coal is known to be present in north China, uncertainty about the future of the region and control of its resources is such as to discourage hopes of building an industry in the Philippines on coal from that source—and experience has shown, moreover, that iron moves towards coal, because it is easier to transport. Japan is one of the outstanding examples of a country poor in natural resources that has been able to build up heavy industry by importing a large part of the necessary raw materials. The Philippines shows as yet no eagerness to follow that example. For the time being, at least, the country proposes to concentrate on light industries to which it is more naturally adapted.

Lacking coal, the question of petroleum resources and their method of exploitation not having been completely explored, the Commonwealth must depend on water power as its chief source of energy. The plans that are being made to develop water power have been described in 'Steps Towards Economic Planning in the Philippines,' (*Far Eastern Survey*, Apr. 6, 1938, pp. 73–79), but operations have not advanced far beyond maps and diagrams. It is apparent that industrialization on a large scale is not yet possible, and must proceed slowly for some time.

It is difficult to arrive at anything but rough estimates with regard to the extent of actual industrialization in the Philippine Commonwealth. The

paucity of data is in itself indicative of the situation. The best single compilation is to be found in the special report of the United States Tariff Commission, 'United States-Philippine Trade' (1937), from which a large part of this material is drawn.

In terms of industrialization as the West understands the term, the face of the country has changed little during the last forty years. In 1903, there were in the Islands some 5,000 industrial establishments capitalized at $85,000,000, employing 64,000 people. According to the 1918 census (and there has been none since) there were 8,500 industries, with an approximate investment of $110,000,000, employing 143,000 workers. The backbone of the country's industry was the little home shops in which all kinds of materials were worked and a wide variety of products offered for local consumption and in a few cases for export. Since then, there has been a concentration of industry about the agricultural export crops, at the expense of some of the home industries, but very little large-scale organization of manufacturing such as is common in western countries, in Japan, and in the coast cities of China.

On admittedly incomplete data, it appears that there are less than 250,000 persons today employed in manufacturing industries of any size in the Philippine Commonwealth, chiefly in Manila, Cebu and Iloilo. Out of a total population of between 14 and 15 million, this would not seem too startlingly small a proportion if it were not for the fact that a great deal of this employment is part-time, seasonal. Probably ten times as many people are engaged in strictly agricultural pursuits; and moreover there is a wide overlapping of the two groups, because many farm and field laborers turn to some kind of industrial occupation in the periods between harvest and planting.

It is even more difficult to decide with any accuracy the actual investment in industrial plants and equipment in the Islands. It is well over $200,000,000, as compared with an investment of nearly $600,000,000 in the four major export agricultural industries alone. The Filipinos themselves control the larger share of the sugar centrals, their capital representing $38,000 of a total investment of $84,000. They also have the controlling interest, 43%, in the shoe manufacturing business; 40% of the cordage; one fourth of the embroideries; over 20% of the sawmills; and they own one large and four small coconut oil plants.

The American investment is large, about a fifth of the total; American capital controls the major part of gold production and chromium; two of the largest coconut oil plants and six of the desiccated coconut factories; nearly half of the sawmills; about one third of the sugar centrals; practically all of the pearl button business, three fourths of the embroidery, over half of the cordage investment; nearly a quarter of the shoe business; and one large soap factory, among others. Rice-growing is practically all in the hands of the Filipinos, but the Chinese control the milling—and there are nearly 2,500

rice mills scattered about the Islands. Chinese control almost one fourth of the shoemaking, 10% of the sawmills, 6% of the cordage business, some of the smaller coconut oil plants as well as one of the large ones, a large number of the smaller soap factories, and some of the candy making. The Japanese have long been identified with the fish industry, are entering the textile field, and are also interested in shoemaking, some of the coconut plants, and in iron and manganese mines. Their interest in the hemp industry in Davao has been widely discussed. Of other foreign capital in the Commonwealth, Spanish is the most important, controlling 60% of the tobacco business (the rest being shared largely by Filipinos and Americans), and some of the goldmining.

Today the country's wealth, equipment, organization, labor and technique are concentrated in a few great industries, many of which are threatened with serious loss or complete ruin when free trade ceases. This aspect of the situation has been considered at some length in previous issues of the *Far Eastern Survey*. What we shall consider here is the chance that some parts of these industries have of surviving, either by holding part of their present export market or by becoming adapted to some domestic need; what part other infant industries may assume in saving a part of the export trade or answering local wants; and what the prospects are for developing new industries for internal or external trade.

Take sugar, for instance: a $200,000,000 industry, occupying 750,000 acres, running 46 sugar centrals and 4 refineries, employing 330,000 men. It has accounted for 50% or 60% of total exports in recent years. Already that export is being curtailed, and as taxes are imposed upon its export or upon its import into the United States, its position becomes more and more unfavourable. How far producers will be able to limit and intensify production, and lower costs, thus putting their sugar in a better competitive position vis-a-vis the Cuban product; how far they will be able to increase domestic consumption—these things are highly problematical. But there is no great optimism in the Commonwealth about the future of sugar.

The coconut industry, too, faces the complete loss of one of its important enterprises, that of oil-expressing. The whole industry represents a total investment of $220,000,000, occupies about 1½ million acres, and furnishes employment to some 800,000 persons. It is considered likely that copra will be able to survive the transition period, for it has other important markets, and may also continue to find a market in the United States. (Copra from all sources is now on the United States free list.) Desiccated coconut, which goes almost exclusively to the United States, may survive also. This branch of the industry operates 11 factories. But the coconut oil industry, which operates 18 oil plants, representing an investment of $12,000,000, is considered doomed because of the United States excise tax. Therefore exports of copra cake and meal, by-products from oil-expressing, will disappear.

Less important industries that are threatened with complete loss under the payment of duties are cigar-making, embroideries, and pearl buttons. Cigars

are the most important product of the $30,000,000 tobacco business. There are in all 92 cigar factories, 17 cigarette factories, and 23 other tobacco plants, in which are invested $14,000,000, employing 20,000 workers. It is not considered likely that low-priced Philippine cigars will be able to pay the graduated taxes into the United States, their chief market. Therefore this branch of the industry faces partial or complete collapse. The embroidery industry, loosely organized and carried on largely in the homes, is not expected to ride out the transition period. That means the end of a $4,000,000 enterprise, the extinction of 32 factories, and the end of employment, some part-time, for 30 to 50 thousand workers. It is the part-time home industries that have made it possible for a large part of the population to eke out a living. The pearl-button business, too, will probably go over the dam, with its three factories, its investment of $100,000, and its jobs for 600 workers.

These are the branches of present industries which, because of their relationship to the American market, face a dubious future even during the period of transition, unless the present scheme outlined by the Joint Preparatory Committee is adopted. This provides for duty-free quotas on certain of these commodities entering the United States. It is significant that, while total exports in this group made up nearly three fourths of the total value of exports in 1934, their share had fallen to 58% in 1937. But the present export trade is not completely doomed. A large part of the basic coconut industry may survive, and there are other important products which world markets need and the Philippines can provide.

Although hemp and cordage are suffering from general world conditions (see *Far Eastern Survey*, June 1, 1938, pp. 131–2), steps are being taken to help them weather the storm. In view of the country's practical monopoly in hemp-growing, this industry has a fair chance of maintaining its position. It employs about 600,000 workers, and the total investment amounts to approximately $185,000,000. In the 5 cordage factories, over 1,000 persons are employed, and the investment is some $3,000,000. The lumber industry is a steady backlog. It operates largely for home consumption, but has a substantial foreign market as well in the United States and Japan. It employs some 35,000 persons; the 108 sawmills represent almost the total investment of $15,000,000. A new industry in this field is that of furniture-making. There are now about 100 furniture shops in the Commonwealth, employing 1,000 workers. The investment is estimated at about $350,000.

Leaf tobacco, which goes largely to Spain as well as to Japan, China, France and Belgium, may continue to find a market. Production of cigarettes, which are manufactured largely for domestic use, may increase, for the import of American cigarettes is destined to fall off, and the home product may have an opportunity to regain part of its domestic market which it has lost in the last decade to popular American brands. The Joint Committee will recommend, in this connection, free importation into the United States

of a gradually declining number of Philippine cigars, corresponding to a gradually reduced number of American cigarettes to be admitted into the Philippines. Tobacco imports into the Philippines in 1937 were valued at $3,600,000, exports at $5,000,000.

An off-shoot of the sugar industry, which is classed among the most promising 'shock absorbers,' is that of candymaking. This has had an uncertain growth since the first factory was established early in the century. There are now some 15 candy factories in Manila, representing an investment of $50,000, and employing some 2,000 workers. The only ingredient produced locally, however, is sugar, everything else being imported. There is now a small export of 'penny candy,' bubble gum and similar products. The confectionery and candy import, on the other side of the ledger, amounts to about $250,000, in the better grades.

Besides candy manufacture, there are other possible uses for the sugar crop. Bagasse, the pithy material that comes from the crushers after the juice has been extracted, has been found to have a comparatively high cellulose content. Its conversion into paper pulp might require mixture with a stronger chemical pulp from abaca and bamboo fibers, to improve its tensile strength. However, some of the sugar mills are now using all of the waste material possible for fuel, so that conversion of this waste into still other products might entail unwarranted cost in securing substitute fuels.

The production of alcohol from molasses, an old industry, is now becoming an important one, with an output of 70 million liters. Filipinos point to its increasing use as motor fuel, to help offset the annual imports of gasoline and kerosene which run into several millions annually. Other sources of alcohol are cassava and sweet potato. The production of Philippine rum has been increased as a result of repeal of the United States Prohibition Law; the import into the United States was valued at over $50,000 in 1937. In fact, it is thought that the distilling business may reach a point of substantial export; there are now some 170 alcohol distilleries, as well as 54 wine and liquor plants, and 3 breweries. They represent an investment of about a million dollars, and employ over 3,000 workers. In addition, there are 150 mineral water plants, employing 10,000, the estimated investment amounting to $750,000.

Several older industries are now branching out, and promise to divert more and more of the coconut product to domestic use. Already there are nearly 200 soap factories employing about 5,000 people, besides some 500 home plants. There are 5 vegetable butter and 4 vegetable lard plants, representing a total investment of nearly $300,000. Prospects for supplying home demand and of developing an export supply for Far Eastern markets are considered good. At present, however, the export is almost negligible, while soap to the tune of over $500,000 was imported in 1937.

A home industry for which expansion is foreseen is that of hatmaking. Its fate is thought to depend on the whims of fashion and the growth of

competition in South China (from hats made from imported Philippine buntal), rather than on the United States tax. A variety of raw materials is available, bamboo, straw, abaca and buntal fiber. The 40 to 60 thousand weavers are employed for the most part in homes, but there are also 16 plants which finish the rough product for export. The total capital represented is about $2,000,000.

Mining is of course an industry of increasing importance, and one which is expected to have a stabilizing effect on Philippine economy. Although gold shipments (all to the United States) are not classed as exports, we shall consider them here along with the other mineral products which are so classified. The total investment in all mines in the Commonwealth amounts to about $55,000,000. Of 375 gold companies incorporated up to the end of 1937, 25 are producing, 11 others are nearing that stage. Over 20,000 laborers and miners are employed in that industry alone. Output is increasing yearly, amounting to over $25,000,000 in 1937. A substantial amount of capital in recent years has been diverted from sugar to gold mining—a significant indication of the position it is expected to assume. In the last few years, exports of other ores have begun to figure in trade returns—iron, chromium, copper, manganese, and lead in the order of their importance—making up nearly 2% of total exports in 1937.

The enterprises in this second group, which are already going concerns and for which the prospects are reasonably good, have already forged ahead in importance in the total picture of the Commonwealth's trade. In 1934, they accounted for 24% of the Islands' exports; in 1937, for 40%, the largest comparative increases being recorded in abaca, copra, desiccated coconut, mineral products, and hats. Therefore, in the first group of industries which are dropping off, and in the one just considered, we have accounted for 98% of the Commonwealth's total exports in 1937.

In recent years, there has been a revival of interest in producing goods for home consumption, but on a somewhat larger scale than in the old cottage crafts. Textile weaving is one industry which is commanding a large share of attention, because of its traditional importance as a Philippine home industry, because of the wide variety of raw materials available for use, and because textiles form one of the largest groups of imports ($21,000,000 in 1937, or nearly 20% of the total). Cotton is imported in raw form, in yarns for weaving, and in piece goods. It can be and is grown in the Islands to some extent, and may occupy part of the area which is eventually to be recovered from sugar and coconuts. But it will be a long time before local production can furnish domestic needs for the raw product. Moreover, some skepticism is being expressed about the country's entering a field which is already threatened with overproduction in almost every corner of the world. There is now one mill in Manila turning out coarse cotton goods, equipped with 323 looms and 8,000 spindles. The Japanese have installed factories for

underwear and hosiery, and according to an announcement a few months ago, they are importing 400 looms from Japan for cotton cloth weaving.

Only modest schemes are under consideration for cotton manufacture, compared with the extent of the industry in other great textile centers. The National Development Company recently signed a contract for textile machinery to be delivered by the end of 1939. This calls for spinning and weaving mills with the necessary equipment for cotton bleaching, dyeing, printing and finishing. The deal involves over $850,000 and has been referred to as one of the largest business deals of the year. As against this, one estimate has put at $72,000,000 the cost of installing the necessary buildings and machinery and furnishing the power to produce cotton goods at the rate they are now imported.

The strength of the Philippine textile industry of the future is seen in the home industries, weaving distinctive Philippine goods largely from domestic raw materials; sinamay, from abaca; piña cloth from piña alone or mixed with abaca, cotton or silk; just made from silk yarns imported from China and Japan. The home weaving industries need some such kind of organization as has characterized the Philippine embroidery business, for furnishing the workers with equipment and material, for standardizing the products and marketing them. An improvement has recently been made in the native loom which should make for greater efficiency and larger output, but capital and perhaps government aid will be necessary to make the improved loom widely available.

Sack-making is one branch of the textile industry which has received little attention, in spite of the wide use of bags for sugar and rice. Annual imports are valued at about $2,000,000. Plans are being considered for forming a corporation capitalized at $1,000,000, to manufacture burlap bags for local use, from abaca and maguey. The cost of establishing a factory is estimated at about $450,000. Since the market is more or less assured and steady, the enterprise is considered a sound one.

Shoe manufacturing looks like one of the most promising among those industries which have taken on a new lease of life in the last five years. About $4,000,000 is invested in the business today, giving employment to 15,000 people. There are five shops manufacturing rubber shoes, four making leather footwear, and some 350 smaller shops in some of which shoes are turned out much as they were 100 years ago by the first Chinese shoe-makers in the Philippines. One interesting branch of the rubber-shoe business is that which makes use of old auto tires, which can be purchased for less than $1.00 each. From one tire, the workers can get 60 pairs of slippers which sell for 8 to 15 cents a pair. The work is done entirely by hand, as is much of the work in the other smaller shops. The annual output of shoes is now close to two million pairs. The import of shoes in 1937 was valued at $235,000, marking an increase over 1934; but the increase was in leather shoes, and is part of the measure of the increasing use of footwear throughout the Islands.

This is one of the enterprises, however, for which most of the material must be imported. Leather comes from the United States, Japan and British East Indies (valued at $1,275,000 in 1937). There are 60 tanneries in the Commonwealth, but their leather is not yet considered satisfactory for all purposes, although it is said to make excellent soles. The rubber import, largely from Japan and Java, was valued at $850,000 in 1937.

Domestic production of rubber is increasing steadily, reaching nearly 900 tons in 1937. Almost half of this goes into the local rubber-shoe industry and a few minor rubber products, the rest into export. Over 1,500,000 acres in the Islands are considered ideal for the growth of rubber trees. One American firm has already been successful in its experimental plantation in Basilan, the National Development Co. plans to undertake rubber growing, and a local shoe factory also has ambitions to plant rubber trees.

Industries connected with food production are receiving considerable attention. The milling of rice and cassava flour from local products has been considered, for wheat flour costing some $4,000,000 is the largest single item of food imported. Wheat is grown in a few localities, but it is not likely to supplant to any great extent the older crops of rice and cassava which are more easily grown and more readily adapted to food uses. Cassava may be expanded, for use along with wheat flour, thus cutting down to some extent the import of wheat, and for use in starch-making which has already been begun in one factory with a large measure of success.

The dairy industry must start almost from scratch. Manila, Iloilo and Cebu have dairy farms furnishing fresh milk to the cities, but they are all small, too small to permit of butter making or milk canning. Dairy products valued at $3,700,000 were imported in 1937, a large part from the United States. Meats may in time be supplied locally; a few small plants are producing ham, bacon and sausages. The lack of refrigeration for developing the meat and dairy industries constitutes an enormous obstacle, for there are less than 200 ice plants in the Islands, and electric refrigeration is still beyond the reach of small industries.

Fish is so common an item of food that it is difficult to estimate even roughly the annual catch. Annual consumption has been estimated at $50,000,000—and there was an import of $1,780,000 in 1937. The Japanese of course figure in this industry, both in the local catch and in supplying canned imports. The government is taking steps to protect and encourage the fish industry, to stop illegal practices. The National Development Co. is establishing a fish-canning factory in Pampanga, and has signed contracts for the construction of a can-manufacturing plant, to cost $115,000, the tin to be imported from the United States or Germany. There are now 3 fish canneries, with an investment of $40,000, employing 800 persons in the largest plant.

This list by no means exhausts the possibilities of the country. Other miscellaneous industries for which some data are available are: a factory

manufacturing cutch extract for tanning, with a $250,000 investment, employing 150 people; a match factory; 4 shellcraft factories; 4 paint and varnish factories, representing an investment of $50,000. Attention has been drawn to the valuable source of varnish oil in the lumbang bato tree, which is now grown on nearly 800 acres, the annual value of the oil output being about $150,000. There is one modern plant in Manila extracting this oil, which Filipinos claim is in a class with Chinese tung oil, and for which they see an assured market in the United States. One brewery has recently installed a bottle factory which will furnish, from local raw materials, half the annual needs of the company. A modern factory to manufacture high-grade glassware and tiles is nearing completion. There is also a new plant about to begin the manufacture of nails, bolts, screws and similar articles.

There are a number of almost untouched fields which offer great promise. A special committee studying the industrial possibilities of the country has recommended the following projects, among others: manufacture of glass and clay products, the one from rice husks, the other from the clay of the rice fields; totaquina, from cinchona bark; chemicals, cosmetics, fertilizers; paper, from sugar bagasse, abaca, rice straw and wood. A number of these undertakings would call for only modest investments; and the raw materials and markets for the products lie at their doors.

Incomplete as this picture is, it outlines the principal smokestacks along the skyline of Manila and the other industrialized towns. Whether they will increase to any measurable extent depends on a great many more factors than can be considered here, or answered anywhere: world conditions; competitive aspects of a number of the industries upon which the country may embark; the future of the Philippine tariff; the ability of Commonwealth officials so to guide their country's development that it will attract foreign capital; the release of capital in other parts of the world for construction rather than destruction.

An ominous note—or a cheering one, depending upon the point of view—is struck in one of the latest announcements, that the National Assembly's committee on national defense has reported favorably a bill providing for the establishment of a $2,500,000 munitions plant under the control of the Philippine army. Perhaps this step is a necessary one, to enable a nation to take its place in assured maturity along with the rest of the world which has enjoyed for a longer period the blessings of modern industrialization!

Situated as it is in a quarter of the world characterized by a comparatively low standard of living, the Commonwealth has enjoyed a higher standard largely because of its relationship to the United States. But it requires only a brief inquiry to disclose that many of the advantages of higher standards have not permeated to the tenants, the field laborers, the unskilled workers in the factories, in fact to the great mass of the population. Consider their minimum daily wages: 15 to 25 cents, with board and lodging, on sugar plantations; 70 cents to $1.00 for miners; a 40-cent minimum in cordage

mills; 30 cents in tobacco factories; 25 cents in the lumber industry, even less in the smaller household industries.

Production of goods for home consumption will require a higher standard, increased purchasing power for the forgotten Filipino. And where is it to come from? The reduced government income, which seems inevitable over a considerable period, will narrow the scope of governmental aid or subsidy. If plans for industrialization now being considered—and many of them are still in the gray-matter rather than the blueprint stage—throw the Filipino into direct competition with neighboring Far Eastern countries, the day of the sweatshop will be prolonged. The social justice program of President Quezon, efforts to enforce a minimum daily wage of 50 and 75 cents, are being followed by widespread labor agitation which may result in chaotic industrial conditions, or which may eventually see industry established on a sounder base of a decent wage and better working and living conditions. Much depends upon both labor and the government.

It will be interesting to watch the development of the Commonwealth today and the new nation tomorrow, under changing conditions. If the country is able to profit by mistakes in its own past development, as it now seems to be doing, and by lessons which are to be learned in other countries which have adopted a greater degree of industrialization, it may be able to carry out a significant experiment. The 'distributive state' is the term which President Quezon has chosen to describe his objective. The natural resources of the Philippines are such that a decent livelihood would seem to be within the reach of every Filipino, even though for some time he may have to be content with a simple economy and one still based largely on the products of the soil and of his own handiwork.

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THE PHILIPPINES AS AN AMERICAN INVESTMENT

Catherine Porter

Source: *Far Eastern Survey* 9(19) (1940): 219–25.

The general confusion and disagreement with regard to the bearing of the Philippines upon the whole Far Eastern policy of the United States makes it difficult to define the American stake in the Philippines per se. It has never been quite clear whether the Philippines was the dog or the tail, or which one was responsible for the wagging. At the present time, it is obvious that both dog and tail are being wagged by cataclysmic forces beyond their immediate control. As matters stand, the United States is responsible for the defense of the Philippines until July 1946. If, as a good many people believe, there is no threat to the security of the Commonwealth within the immediate future, any definite stand which the United States may take in connection with Japanese moves in other parts of the Far East may be aimed primarily at upholding our treaty rights with regard to that part of the world, or, in the broader sense, at preparing to defend the democratic from the totalitarian way of life. Implied in the latter is the moral duty, the sense of which is strong in some quarters of the United States, not only of safeguarding the Philippines now but of providing some assurance of the existence of that country as an independent state after 1946.

Yet Americans, especially those permanently residing in the Far East, are acutely aware that the Philippines lies far outside the scope of new United States defense plans—at least to date. The Burke-Wadsworth Military Service Bill includes the Philippines in the fields of service, but with that exception the Commonwealth appears not only far out on a limb, but on a limb which is now being sawed off at Guam. The gesture of making a small appropriation for harbor drainage at Guam seems to emphasize the isolation of the Philippines, rather than to provide any assurance that that area is included in any long-term defense preparations.

As far as the Philippines itself is concerned, there is nothing inconsistent in this general policy. The United States did not go into the islands on a

permanent basis, but merely to establish a government designed, so it was proclaimed, "for the happiness, peace and prosperity of the people of the Philippine Islands." No special incentive was offered to Americans to invest in the country's development, beyond the natural advantages accruing to the citizens of the sovereign state. In fact, the land laws with their rigid restrictions on both private and corporation landholdings prevented agricultural development, American or otherwise, on a large scale. And the penalty which American citizens have paid in double taxes, while other nationals have been taxed only in the Philippines and not by their home governments, has to some extent outweighed any other natural advantages which Americans might have been expected to enjoy. Moreover, the knowledge that the United States intended to withdraw at an early date from the islands heightened for Americans the risk of embarking on long-term business enterprises. Both leading political parties in the United States were committed to granting independence to the country whenever it should be deemed ready for it. Since 1934, by the terms of the Tydings-McDuffie Act, it has been an accepted fact that the United States would withdraw from the Commonwealth in July 1946.

Both United States government expenditures and American private investment in the Philippines have been made within the limitations of this unique policy. This helps to explain the comparatively meager outlay of some $1,060 million by the United States on account of the Philippines in the last 42 years. It helps to explain the small American investment of $200 million in the islands, and the relatively small volume of trade between the two countries since 1899. Whether the total return has been in any way commensurate, either for the sovereign nation or for individual Americans, is a matter of individual bookkeeping and individual point of view.

From the point of view of defense, it is one thing to add up columns of figures and discover what the islands have cost the United States under this heading; it is another thing to determine what the returns have been, or are likely to be in the next five years. We may estimate roughly that, of the total expenditure of $1,060 million since 1898, by far the greatest part, nearly $800 million, has been for the army. (In the same period, the total ordinary expenses of the United States War Department have amounted to some $30 billion.) Proportionately, the very large share of $185,321,000, which includes an $8 million item for the navy, is reckoned as the cost of pacification of the islands between May 1898 and June 30, 1902. Not to be overlooked is the longstanding argument over the relative strength of the army if the United States had not maintained forces in the Philippines. If we assume the standing army would have been kept at approximately the same strength in the United States, then the charge against the Philippines would be even smaller.

United States forces in the Philippines, reduced from over 71,000 American troops in 1900 at the height of the insurrection, to 11,000 or 12,000 in 1920,

have numbered only 4,000 or 5,000 in recent years, plus a total of some 6,000 or 7,000 Philippine Scouts. (The Philippine Scouts are still part of the United States Army in the Philippines, their annual salary, paid by the United States, averaging about $1 million.) In the words of ex-Governor Cameron Forbes, "Since 1913, American troops have not been required except for garrison duty and as a moral force representing the sovereignty of the United States in the Orient."

Naval expenses have been quite insignificant, something over $100 million. This has been only a small part of the total outlay for the Asiatic fleet, whose presence in Far Eastern waters can hardly be attributed in any large measure to defense of the Philippines—although here again, as in the case of the army, there is division of opinion. The United States has maintained fortifications at Corregidor and Subic Bay, a naval yard at Cavite and a naval station at Olangapo, a minimum of army posts in Luzon and Zamboanga, and a hospital, in addition to Department Headquarters. By the terms of the Independence Act, all military and other reservations of the Government of the United States, except such naval reservations and fueling stations as may be reserved, are to be released to the government of the Philippines at the end of the ten-year Commonwealth period.

Now, when defense has taken on a more realistic meaning than it has had before during this century, at least where the Far East is concerned, it is plain that the small outlay in the Philippines has hardly prepared the United States, if the need should arise, to operate successfully from that base against an enemy armed to the hilt and equipped with modern war machinery. Only small assistance could be expected from the Filipinos, who have just recently embarked on their modest program for defense. The fortifications at Corregidor and Subic Bay might, under a crucial test, prove to be the Maginot Line of the Philippines, for the rest of the country is admittedly lacking in fortifications and even Manila itself is without anti-air defense. The naval yard at Cavite and the naval station at Olangapo provide inadequate facilities for a large battleship, much less an operating base for a fleet. Whatever symbolic value the United States army and navy in the Philippines may have had in the last twenty-five years, today symbols provide small comfort and scant protection.

Towards the cost of civil government in the Philippines, the point has been stressed many times that the United States' contribution has been almost negligible. In 1903, an appropriation of $3 million was made for relief, following a great cholera epidemic; and in the same year an item of some $350,000 was appropriated for the taking of the first census. Practically all other civil expenditures were met from the Insular Treasury. Expenses of the former Bureau of Insular Affairs and of the High Commissioner's office under the Commonwealth have totalled nearly $4 million. Here it should be noted that the salary and expenses of the former Governor General of the Philippine Islands were paid by the Insular Government, while the cost of

the High Commissioner's office is now a charge on the United States Government. In the expenses for the latter is included an appropriation made in 1936 of $750,000 for buildings, which are to be retained for the use of American representatives in the Philippines.

The United States Coast and Geodetic Survey has spent nearly $6.5 million, in addition to small amounts expended by the Commonwealth Government which has maintained a similar bureau cooperating with that of the United States. Expenses under public health have been over $1 million. The United States Department of Agriculture has spent altogether a few hundred thousand dollars, plus $16 million in benefit payments to Philippine sugarcane planters made by the A.A.A. in the period 1934–36. Returns on customs charges and services, and internal revenue duties on Philippine goods collected in the United States, have been made to the Philippine treasury, averaging roughly $500,000 annually. The only other large item in recent years has been the refund by the United States Treasury of the excise tax on coconut oil produced from Philippine copra, which in trust funds and actual payments totalled about $100 million by the end of June 1940. Included in the grand total of $1,060 million mentioned, is the sum of $20 million which the United States paid Spain under the terms of the Treaty of Paris (1898), Article III ceding the Philippine Islands to the United States.

Returns on the above expenditures, which will cease after 1946, can hardly be reckoned in cold cash. The guarantee of peace, the opportunity for the Filipino people to develop their own and their country's resources, the assurance of protection to Americans residing in the islands and earning their livelihood there, the high standard of international health control, and the effect of all of these things upon general conditions in the Far East, cannot be neatly measured.

One measure of returns can be found in the field of commerce. Not only did the foreign trade of the Philippines expand greatly under American rule, but free trade with the United States threw the bulk of commerce into those channels. Between 1899 and 1939, the United States sold to the Philippines goods valued at over $1.7 billion, and bought from that source goods valued at $2.3 billion. The visible balance of trade has therefore been greatly in favor of the Philippines, but this has been returned to the United States in the form of service items, shipping and insurance, interest and dividends on invested capital and payment of loans. Shipments of gold to the United States between 1899 and the end of 1938, amounting to well over $100 million, plus small shipments of silver, have helped to keep the balance of trade favorable to the Philippines.

So much has been written in these pages and elsewhere about United States-Philippine trade relations, especially in the light of the Independence Act, that it is unnecessary here to enter into a detailed account of the provisions of that Act and their meaning for the whole trade of the two countries. Suffice it to say that, because of quotas on such leading items as

sugar, coconut oil, tobacco and cordage, plus export taxes on sugar and other important commodities, coming into the American market, the vital industries in the Commonwealth are facing dark days. For our present purposes, we are limiting our concern to the effect which these provisions will have upon the American share of the trade and of the industries thus affected.

The United States buys less than 5% of its imports from the Philippines, but the leading items in the trade are those which are now being gradually forced from the American market. This country can secure identical goods or satisfactory substitutes elsewhere, as in fact it shows every intention of doing by the terms of the Independence Act. If the United States reduces its purchases, the Commonwealth, and later the independent Philippine state, must perforce reduce its imports of American goods and turn to less expensive products. Small as the Philippine market is, taking only 2% or 3% of United States total exports, it is now an important one for certain individual American industries, such as cotton textiles, cigarettes, rubber goods, steel sheets, wheat flour, dairy products, fertilizers, and two dozen others, for most of whose products it is the principal foreign buyer. Some of these things the Philippines can produce, and plans to do so; others it can secure from Japan, which is only too eager to encourage a broader two-way trade with the islands. This course of events is regarded as inevitable, unless some kind of preferential trade agreement can be worked out at the conference to be called in 1944. It seems likely that, under normal conditions, the United States would have less difficulty in replacing its imports from the Philippines than in finding another market for the goods it now sends to that country. Here is an annual item of some $60 to $100 million to be considered in the total balance.

What the United States has waived in duty on Philippine goods since 1909, when free trade was instituted (except for a few minor exceptions removed in 1913), would present a figure for politicians to lose sleep over. For instance, if duty had been charged in 1930, four of the principal imports from the Philippines, coconut and tobacco products, sugar and cordage, would have paid over $110 million in duty. However, toying with computations like these is hardly realistic, since without free trade the amount and nature of the commerce between the two countries would have been quite different. For instance, the United States would probably have purchased little Philippine sugar in recent years, and the Philippines would have been able to purchase far less from the United States.

In this connection, it is interesting to note that many important American industries felt it worth their while to appear before or present briefs to the Joint Preparatory Committee on Philippine Affairs in 1937, asking for some kind of preferential trade agreement with the Philippines so that their exports to that market might be continued and protected from Japanese competition, which was foreseen in a majority of cases. These companies

were selling a wide range of goods to the Commonwealth, including fertilizers, leather, canned fish and other canned foods including milk, cotton goods, paper, plywood, rubber goods, motorcycles, automobiles, office machines and wheat flour. How to balance the loss which these industries are facing in the disappearance of their largest market against the gain which sugar and farm groups are looking forward to as a result of the operation of the Independence Act, which will shut out competitive or so-called competitive products from the Philippines, is a task which calls for more imagination and acumen than the writer possesses.

American shipping services have benefited from the relationship between the Philippines and the United States. Between 1926 and 1931, for instance, American vessels carried from 44% to 49% of the total value of goods entering and leaving Philippine ports. Their share has dropped since, reaching a low of 25% in 1937 and a still lower point, 16%, in 1938. Comparable figures are not available for all years, but in 1934, when American ships were carrying 32% of the trade, over $4 million in freight on goods going to the United States was paid to ships under American registry. The decrease already indicated in this field of American enterprise will probably continue, unless some form of preferential trade between the United States and the Philippines is established. Not only does Japan stand to profit by increased trade; her share of the carrying trade, which is already substantial, will likewise increase proportionately. There is of course the possibility that the attainment of a greater degree of self-sufficiency within the Philippines will serve to reduce foreign commerce to some extent, and a small beginning is being made in building up a Philippine merchant marine, a movement which is being spurred by the war.

In terms of total investments, both direct and portfolio, the American share in the Philippines, estimated by the United States Tariff Commission at $200 million in 1935, represented a little over one fourth of American investments in the Far East, or slightly over 1% of total foreign investments of the United States. Of this total, some $36 million, or nearly 20%, consisted of investments in bonds issued by various Philippine political entities, private companies, and religious organizations; the remainder, direct investments in industries. Of the portfolio investments, $31 million were in Philippine government bonds; nearly $2 million in bonds of the Manila railroad; $2.7 million in notes of religious institutions; and the remainder in corporate bonds issued by sugar centrals.

For purposes of comparison, according to estimates in "America's Stake in International Investments" by Cleona Lewis (Brookings Institution, 1938), American portfolio investments in the Philippines, exclusive of repatriations and market purchases, are as follows for the specified years (in million dollars and in percentages of total American portfolio investments abroad): 1908, $21.7, or 2.20%; 1914, $26.3, or 2.78%; 1919, $40.1, or 1.40%; 1924, $88.4, or 1.81%; 1929, $100.2, or 1.23%; 1935, $88.8, or 1.26%. In the

last year, 1935, the total cash receipts on the principal and income accounts of American long-term investments in the Philippines amounted to nearly $6.5 million.

Comparable figures for later years are not available. However, it was estimated by the United States Department of Commerce that some $42.8 million of Philippine bonds were held in the United States at the end of 1938, of which $38.1 were government. This may be compared with figures given in the Third Annual Report of the President of the Philippines, which give the Philippine bonded debt at the end of 1938 as $74.5 million, of which $33.8 was covered by sinking funds. Most of the outstanding debt of $40.7 was held in the United States. Total cash receipts in the United States on American portfolio investments in the Philippines in 1938 amounted to over $4 million.

The greater part of this investment is comparatively safe, for the Constitution of the Philippines provides that where bonds have been issued under authority of an Act of Congress of the United States by the Philippine Islands, the Government of the Philippines will make adequate provision for the necessary funds for the payment of interest and principal, and such obligations are to be a first lien on all taxes collected. Further safeguard is provided by the terms of the Independence Act, by which the export taxes collected on goods shipped to the United States in the last five years of the Commonwealth must be applied to retirement of the public debt.

In banking, American capital in 1938 controlled slightly less than 10% of the country's banking resources, represented by a Manila branch of a New York bank with resources of over $11.8 million, and a local bank and trust company, with resources of $5.3 million controlled by capital of resident American citizens.

The analysis of direct American investments made by the Tariff Commission in 1935 gave the American net investment in Philippine industries as $163.5 million, with total fixed assets placed at $111.2 million, on the basis of depreciated book value in most cases. The net investment is larger by reason of including inventory and accounts receivable; also, by including under mining the appraised value of ore reserves ($37.9 million) controlled by capital stock in the value of $7.4 million owned by Americans. The main items in the net investment, besides mining, are, in millions of dollars: public utilities, $31.85; sugar centrals, controlling interest, $20.4; plantations, $19.7; general merchandising, $15; truck and bus and other transportation, $6; lumber, $6; coconut products, $5.5; and lesser investments in general manufactures, engineering, embroidery, and so on.

A year later an estimate of direct American investments made by the American Trade Commissioner in Manila gave the American share of total investments in 172 business enterprises (apart from mining) as $86.6 million, of which $33.3 represented land and buildings and $53.3 machinery, equipment, and so on. This, and later figures published in the *Bulletin of Philippine*

Statistics, give a high figure for American investments in public utilities, $52 million. The latter includes investment in the Philippine Railway, which was omitted from the Tariff Commission totals because the outstanding bonds of $8.5 million are of very uncertain value.

Discrepancies in these estimates are accounted for partly by the fact that the larger sums include investments of Americans resident in the Philippines. For instance, American capital comprises over two thirds of the total invested in bus transportation, and the greater part of this was contributed by American residents. Investments by residents, of course, represent not an outflow of capital from the United States but an accumulation of earnings in the Philippines, invested and reinvested in local industries. If the private property of these residents were likewise included, the total would be larger.

As for possibilities of recovery on direct investments, the American Trade Commissioner in 1936 considered it probable that investments in sugar would have been regained, with a good return on the investment, before 1946. It seemed that the fixed investment in coconut oil plants could hardly be written off, but the possibility of transferring machinery to the United States would reduce losses somewhat. Investments in coconut, hemp and rubber lands, estimated at some $4 million, could hardly be liquidated. A pineapple plantation in Mindanao, valued at $1 million in land, machinery and growing crops, expected to liquidate in 1946 as a matter of policy. There has been a rumor that the National Development Company might take over this enterprise. How much of the Philippine embroidery business could continue was considered doubtful; $3 million of the $4 million investment in this is American. Lower wages might enable the business to continue for some time. A year ago, plans were being considered for moving some of the shop machinery to China, where lower wages were thought to promise a future for the business. No developments along this line have been reported. The prospects for mining are still considered good, and the rich dividends that have been already returned by the large American-controlled mines suggest that few tears will be shed over original investments. Reserves, in all but a few cases, promise comparatively long life for the mines. One shadow that hangs over this promising industry is the fear of increasing taxes, as other big revenue producers such as sugar dwindle in importance.

The prospect of general decrease in living standards and increasing taxes and government regulations augurs ill for the returns on investments in public utilities. Among those in which American capital predominates are three radio, one cable, one telephone, one gas and three electric and power companies. In addition, there are investments of $14 to $15 million in firms, some half dozen each dealing in retail goods, auto agencies, machinery, tire and movie distribution. Liquidation of these enterprises offers no particular difficulties. One or two firms are preparing to withdraw before 1946; most of the others will doubtless reduce operations considerably. The large American steam laundry and the American-owned newspaper will be hard hit, but will

probably continue to operate as long as possible. There is an investment of $1 million or more in hotels and real estate, the greater part in Manila. It is possible that Manila real estate will not depreciate as much as that in the provinces and that investors will realize a fair return, whether they retain their holdings or sell out. Some have given assurances of continuing operations. The recent improvements in the largest American hotel in Manila, and the erection of one of the finest office buildings and department stores in the Far East by an American in 1939, are signs that all American enterprise is not preparing to withdraw.

With no complete details available for late years, however, it is a safe guess that there has been some reduction in the total of American investments, as some American business is withdrawing slowly from the islands and new private United States investments can hardly be expected to make up for such withdrawals. A slight measure of the decrease of American investment is given in the latest figures for annual investments in the City of Manila. The American share has fallen steadily from nearly $4 million in 1935 to less than $100,000 in the first half of 1939.

An important point is that all of these American investments, small though they are in comparison with total American investments abroad, are of vital importance in Philippine economy. A 1932 estimate of the Bureau of Insular Affairs gave the American investment figure as about half of the total capital investment in the Philippines, exclusive of investments by governmental agencies. In 1935, in three of the leading industries, American capital represented 10.5% of the total in the sugar industry, 6.2% in coconuts, and 4.8% in abaca, the major part of American interest being in mills, refineries, etc., and only a small part in land, where Filipino investment naturally predominates. In 1937, $4.2 million of the total $6 million invested in bus transportation was the investment of United States citizens; Americans controlled in 1938 nearly 44% of public service enterprises, including transportation, electric plants, ice plants, telephones, water systems, and gas; their investment represented 42% of the total in the sawmill industry; and their stocks controlled about 60% of the total gold reserve of the islands.

There are certain borderline American interests in the Philippines which, though small in the aggregate, are of immense importance to the individuals concerned. Of the 8,639 Americans listed in the Philippines in the 1939 census, the majority are dependent upon earnings rather than dividends for their livelihood. There are few Haussermanns, Gaches, and Ponds in the American community. In 1936, there were over 1,000 American employees in enterprises largely controlled by American capital, drawing an aggregate annual salary of over $4 million. In 1938 there were nearly 300 American missionaries. (The value of land and buildings of Protestant churches in the Philippines was estimated at about $1 million.) About 800 of the Americans are veterans under the jurisdiction of the United States Veterans Administration. Those dependent on Philippine and other sources,

rather than American, for their livelihood include a number of higher-bracket technical advisers to various departments of the Commonwealth Government, and lesser employees in a variety of enterprises. There are 61 retired American teachers, receiving annual pensions averaging over $1,000 from the Commonwealth Government. In the public school system are 88 American teachers, their salaries averaging at least $100 monthly. There are professional men, doctors, dentists, engineers, lawyers, in most of the larger towns and cities. Some of the doctors came out in real missionary spirit, as did some of the teachers, but most of them came to make a living, with a little adventure thrown in.

The position of Americans in the Philippines during the Commonwealth and thereafter has been protected. They still enjoy under the Commonwealth rights which are denied to other nationals as a result of constitutional provisions and new legislation aimed at reserving the country's natural resources and domestic trade for the Filipino people. The Independence Act and the Constitution of the Philippines provide that, pending the final and complete withdrawal of the sovereignty of the United States over the Philippines, citizens and corporations of the United States shall enjoy in the Commonwealth all civil rights of the citizens and corporations respectively thereof. The Constitution further provides that, when the Philippines shall have been proclaimed independent, the property rights of the United States and the Philippines shall be promptly adjusted and settled, and all existing property rights of citizens or corporations of the United States shall be acknowledged, respected, and safeguarded to the same extent as property rights of citizens of the Philippines. However, in view of the none too rosy prospects for the country under the provisions of the Independence Act, and in view of the steadily worsening political situation in the Far East, the status of Americans in the Philippines is not quite as secure as might have been expected ten years ago.

Most Americans, in spite of complaints about provisions of the Independence Act which hit their special interests, and about their unfair double taxation, admit that they took a gambler's chance in the Philippines and fared far better than they might have elsewhere. If they leave the islands with as little capital as they brought, they have at least had many years of pleasant living at a much higher standard than they would have been able to afford at home. If they lose money in some of their investments, they may look at the record of the depression years in the States and conclude that investments nowhere are shockproof.

In the larger sense, it may be many years before it will be possible to judge whether the whole Philippine venture has paid. As an entrepôt to the Far East, the Philippines has been almost a complete failure; but again it is not clear whether this should be charged up against the Philippines. As an outlet for investment, it has been quite insignificant, due partly to handicaps emanating from tax bureaus in Washington and from the American-controlled

government at Manila. As a military and naval base in the Far East, it may create more problems in the future than it has prevented in the past. Still, if returns have been small, the total outlay has been likewise small. If this country is forced into war in the Far East, it will hardly be because of what the Philippines represents to the United States in dollars and cents.

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INITIATION OF AMERICAN EDUCATION AND EDUCATION POLICY

J. S. Furnivall

Source: J. S. Furnivall, *Experiment in Independence: The Philippines* (edited posthumously by Frank Trager), Manila: Solidaridad Publishing (1974), pp. 55–65.

Every colonial power in modern times since the first overseas expansion of Portugal and Spain has proclaimed benevolent aspirations for the welfare of its colonial subjects, and, in the name of welfare, has taken measures to promote education and improve public health.

Initiation of American education and educational policy

During the revolution and the war of independence in the Philippines

> school buildings were often used as barracks or stables, the furniture destroyed, and habits of school attendance broken up. The strong anti-friar sentiment removed the last vestige of intelligent control and, under the lazy and ignorant municipal officials of insurrectionary times, were often far from representing the best class of Filipinos; the schools of the Philippines fell into a sad state of neglect.[1]

The situation began to be remedied during the period, when American control was being established since President McKinley's humane aspiration to "uplift and educate and Christianize" the Filipinos, struck a responsive chord in the military command. A remarkable man, General Otis, applied himself to the task with typical American enthusiasm and efficiency. He "urged and furthered the reopening of the schools, himself selecting and

ordering the textbooks," and detailing officers as school superintendents and soldiers as teachers.[2] Ready support was forthcoming from the Commander-in-Chief, General Arthur MacArthur. It was "the conviction of the military leaders that no measure would so quickly promote the pacification of the islands."[3] A schoolmaster was worth a regiment of soldiers. Military funds were appropriated to education "primarily and exclusively as an adjunct to military operations, calculated to pacify the people and to procure and expedite the restoration of tranquility throughout the archipelago."[4] The army, although actively engaged against the insurrectionary forces in the field, found time to establish and supervise the public schools, much to the surprise of the Filipinos. A thousand schools were opened under the military regime. Yet,

> the change from church to government control after American occupation did not at first prove as beneficial as was anticipated. The personal influence of the priest was no longer as potent and acted often as an obstructive force. Interest and attendance fell off and the work in the remoter and smaller villages particularly suffered.[5]

In due course the soldier pedagogues were replaced by teachers from America. These had to work as best as they could with such material as they could make. "Some of them built their own school-houses, made the benches and then taught the children for months without books, slates or maps. Others taught under a spreading tree or in their own houses."[6] They were expected to discharge "the many-sided functions, other than religious, formerly the prerogative of the Spanish friar."[7] At the same time,

> they were obliged to conciliate the native priest or Spanish friar, to prod a lethargic municipal president (mayor) and town-council into action, and sometimes to go from house to house persuading the parents of the children to send them to school . . . they . . . drilled and equipped boys' brigades and organized gala processions of children to increase the interest of the community in the schools. They have written plays and staged them, arranged athletic contests, aided unjustly oppressed peasants to secure justice, fought bandits, persuaded the natives to build trails and bridges, exercised a judicious influence in local politics; in short, fulfilled, officially and unofficially, a variety of functions foreign to the position of a schoolteacher in America, but of the utmost advantage in securing the loyalty of the inhabitants to the sovereignty of the United States and implanting the ideals of western civilization among them.[8]

During the last half of the nineteenth century, Americans had been teaching loyalty to the United States and their ideals of western civilization in

their public schools at home to millions of Italians, Greeks, Poles, Czechs and Russians. They had turned all these strangers into Americans. Now they thought to do the same for Filipinos. Obviously, if Spanish influence was to be rooted out, the first aim must be to prevent them from growing up as Spaniards, and this required the substitution of English for Spanish in the schools. It might seem that the new rulers would have substituted the vernacular. But this raised a problem that did not exist in the States. You cannot have schools without teachers. American teachers did not know the vernacular and Filipino teachers did not understand American ideals. The Americans decided that it would be less trouble for the Filipinos to learn English than for Americans to learn the vernacular, and that English should be used as the medium of instruction.[9] Accordingly, they applied the methods of mass production to Filipino education by packing off a hundred lads to California where they could learn English "in pleasant private families;" they also imported about a thousand American school teachers.[10]

The idea of teaching Filipinos the English alphabet before they knew their own might seem fantastic, but it had many practical advantages. It rendered the old Spanish textbooks useless and obviated the need for producing new textbooks in the vernacular; American textbooks could be imported along with the teachers. But the schools were useless if the children could not come to them, so they attracted pupils and at the same time undermined Spanish influence by associating education with patriotism. The teachers, almost without exception, joined the Filipino leaders in spreading the doctrine of Filipino nationality and patriotism. Portraits of Aguinaldo and other heroes adorned the schoolroom walls, their lives were related in the school books, and the Filipino national anthem was sung daily in all the schools. Thus, the use of English in the school had the political advantage of rooting out the strong Spanish and clerical influence in education, and it had the economic advantage of providing English-speaking subordinates for administration and commerce. Also, it attracted Filipinos to the schools as the only means of getting "a decent job;" instruction in the vernacular would have had little, if any, drawing power.

Although English was prescribed as the medium of instruction in the public schools, Spanish was still used in the private religious foundations which survived from the previous regime. These continued to attract pupils, partly because some parents did not subscribe to the American doctrine of divorcing instruction from religion, and still more because for some years these schools alone provided the secondary education that was essential to finding well-paid employment. Then at a later stage, with the growing demand for secondary and higher education, private individuals began to open schools, colleges and universities as a profitable speculation.

Progress of education

The educational system recognized three grades: elementary, with seven standards; secondary with four standards; and the collegiate course lasting four years. In all three grades the progress was remarkable. By 1903 the number of pupils in the elementary public schools had risen to 263,974.[11] It was then found that pupils were resuming their study of Spanish in order to obtain a secondary education and secondary public schools were opened in twenty-three provinces. Provision had to be made for graduates from these schools, and when the earliest secondary students were completing their course in 1908, the University of the Philippines was founded so that they could continue their studies.

The prospect, though very remote, of attaining a university degree with pay commensurate to its dignity encouraged school attendance and so also, and far more effectively, did the nationalist belief in the school as an instrument of national advancement. The number enrolled in elementary classes rose to over a million in 1921, was only just below two million in 1939 and over three million in 1948, although many had to be refused enrollment for lack of accommodation. On closer examination the situation gives less cause for satisfaction. The Education Act of 1940 cut out the VIIth Standard but made attendance in the primary course, Standards I to VI, compulsory. According to a pre-war survey, however, of every 100 pupils that entered Standard I, only 72% went on to Standard II, 58% to Standard III and 45% to Standard IV. After this the wastage was more rapid and only 62% continued to Standard V and 18% to Standard VI.[12] Standard IV is regarded as the minimum for permanent literacy. The wastage of pupils involved a waste of money since teachers were provided for children who would not profit by their schooling and there were insufficient funds to provide teachers for all who wanted to go to school. There was wastage also through the number who failed to pass the annual examination. Children do not go to school in order to fail in their examination, but in 1947 11.5% of the pupils in the elementary grades were unable to earn promotion.

The attendance in public secondary schools made comparatively slow progress at an average of about 400 a year until new opportunities for students arose from the opening of the university in 1908 and the rapid expansion of commerce and industry consequent to the Tariff Act of 1909 and World War I. Between 1909 and 1919 the number rose from 2,393 to 16,899, an average of nearly 1,500 a year. During the next ten prosperous years the average annual increase exceeded 5,000, reaching a maximum of 79,054 in 1930, followed during the lean thirties by a recession. The schools did not fully recover until the outbreak of war in Europe in 1939 brought new prosperity to the Philippines, and the number in public secondary schools rose to 90,579. In the fervor of reconstruction it attained 186,271 in 1947.

Meanwhile, private secondary education was increasing from about 25,000 in 1920–21, to 185,547 in 1947. Taking both public and private schools together there were over 370,000 in the secondary schools.

These figures do not include the pupils in secondary schools who were receiving collegiate education. A school may give collegiate instruction but it cannot attain the status of a university with the privilege of conferring degrees upon its students unless it complies with the specified requirements. It must provide a four-year undergraduate course in Liberal Arts and Sciences together with three professional colleges where doctors, engineers or other candidates for the learned professions can complete their studies, and at least one post-graduate course for the degree of Master or Doctor in Arts or Science; it must also maintain a professionally administered library of at least ten-thousand bound volumes of collegiate books. In 1947, there were 309 colleges and universities comprising 216 private and fourteen public junior colleges with a two-year course, sixty-six private colleges with a complete four-year course, and twelve private and one state university. Most of the colleges were very small and two-thirds of them had less than 200 students: many small colleges dotted the country. The total number of students was more than 75,000, about three times the pre-war total, but the state university could provide accommodation for only about 5,000, rather less than before the war.

Another remarkable feature of education in the Philippines has been the progress of professional and vocational instruction. In 1903 when public secondary schools were opened to wean the public from the Spanish schools, the policy of transforming Filipino boys and girls into Americans was applied with renewed vigor. In these new schools the children read Evangeline, learned the history of the United States and sang the Star Spangled Banner. When it appeared that pupils committed the crime of talking the vernacular among themselves the authorities published a new regulation: "English is the only language approved for use in school work, in public school buildings and on public school grounds. The use of English by the pupils outside of the school should also be encouraged in every possible way."[13] "Teachers and pupils were forbidden to speak the dialect anywhere in the school premises. Posters were placed in the classrooms, corridors, halls and other places in the school building warning the children and the teachers against speaking the native dialect."[14] Even in convocations a distinguished visitor had to obtain permission if he wanted to speak the vernacular in order to be better understood. The children wanted to learn English for the same reason that formerly they had wanted to learn Spanish: It was a passport to a job. "Upon the implantation of the American regime a great need arose in the government service for young men who knew English. Thousands of young men were needed as clerks, typists, stenographers and teachers. The public schools were operated as a mill to supply the demand for such help."[15] The system was designed to turn Filipinos into Americans;

but they did not become Americans; they became clerks. The schooling was strictly utilitarian, vocational.

With the stimulus to trade and industry consequent to the Tariff Act of 1909, the war in Europe, and the opening of the Philippine National Bank, the change in the environment created a demand for businessmen and engineers. By 1930 there were 1,647 students in private colleges taking courses in commerce and business administration and 1,193 training as engineers. The subsequent depression changed the pattern of economic life by the substitution of Filipinos for Americans in concerns that could no longer afford high salaries, and the numbers rose to 2,103 and 1,800 respectively in 1934. The creation of the Commonwealth in the following year gave a new impetus to Filipino enterprise and by 1937 there were 4,063 students of commerce and 2,637 students of engineering. During the same period the number of students in these courses in the state university was doubled. Post-war reconstruction opened up much wider opportunities and by 1947 the private institutions contained 7,052 students of commerce and 4,093 students of engineering. In respect of vocational education the Philippines presents a striking contrast to most tropical lands in that legal studies are comparatively unpopular; there are more students of commerce and engineering than of law and almost as many students of medicine. If dentistry, pharmacy and optometry are included, the number of medical students greatly exceeds the number training as lawyers. The state and private universities offered a wide variety of courses and almost the only courses that failed to attract numerous students were agriculture and fine arts.

These figures suggest that the Philippines suffered little from the most pernicious form of wastage in tropical education, the production of an unemployable intelligentsia. One hears of a superfluity of lawyers and of doctors and dentists having to seek employment as clerks because their own professions were overcrowded. But in comparison with the large numbers receiving vocational instruction the misfits were very few. It is significant that the misfits seemed to be most numerous in the courses which attracted the least number of students; many pupils attended the farm schools with no intention of practicing agriculture, but because that was the easiest and most economical way of obtaining a high school education (Curzon noticed the same thing in India in 1900). Most educational authorities in the tropics came to realize that one cannot create an industry by training men to practice it, and they began to understand that one cannot create welfare by training men to teach it. Too often, however, they were so fearful of creating an unemployable surplus that they restricted educational facilities with a view to adjusting the supply to the demand. The history of education in the Philippines is instructive as an illustration of the principle that the only way to promote education is to mould the environment so as to create a demand for it. In the early days when Americans encouraged Filipino patriotism in the schools, the children did not go to school to learn patriotism; it was because

of patriotism that they went to school. In the elementary schools, attempts to teach gardening, industrial arts, and home economics have been barren of result because these things had no meaning in Filipino homes. Young men would go to farm schools in order to get cheap higher education, but they did not become farmers. The course of education in the Philippines has not been determined by educational theory or policy but by the successive changes in the environment: the introduction of American rule creating a demand for English-speaking clerks and schoolteachers; and the succession of changes consequent to the Tariff Act of 1909, the depression of the thirties, and the attainment of Commonwealth status; and finally independence. These were the causes of the progress of education.

Education was in such demand and so profitable in some cases that it became a thriving business concern. Beauty culture education is an example of this phenomenon.

> The beauty culture course is designed to train beauticians. It includes treatment of the skin and scalp, the technique of make-up, eye-brow arching and trimming, manicuring and pedicuring. Each school is required to have such equipment and supplies as ultraviolet ray vaporizer, sterilizing cabinet, shampoo chair, vanity dresser, hair brushes, manicuring table, and manicuring trays. The course in hair science includes the methods of making permanent waves and the technique of finger waving and coiffuring. The course in permanent waving starts with the teaching of the nature of the hair and its properties. It includes the methods of shampooing, hair-cutting, trimming and thinning.[16]

One could make money by learning beauty culture, but not by learning agriculture. So the beauty culture courses could demand a premium tuition, whereas men had to be tempted to learn agriculture by the prospect of cheap higher education.

Both agriculture and beauty culture and all other forms of western education required a knowledge of English. But the insistence on English as the medium of instruction met with increasing criticism and opposition on the part of Filipinos and would probably have been abandoned long before the end of direct American rule if the Education Department had not been reserved for the American Vice-Governor. The original purpose of the policy was to foster loyalty to the United States and to facilitate the permeation of the American conception of western ideals. It certainly failed in the former and it is doubtful how far it succeeded in the latter. It was usually defended on the ground that no dialect common to the whole people could have been substituted, that the use of English fostered national unity and political and economic advancement, and that the cost of making a change would have been prohibitive. Critics recognized the importance of English as an asset in

the spheres of culture and commerce, but claimed that it could have been taught equally, if not more effectively, as a second language and that the chief dialect, Tagalog, could have been adopted as the medium of instruction or adapted as the basis of a common national language. They argued also that the insistence on English retarded the progress of education by making it more costly, was largely responsible for the wastage in the schools, and that it hindered the cultural and economic progress of the people as a whole by the neglect of the vernacular as a vehicle for the diffusion of new ideas. Some of these criticisms were certainly mistaken. It is true that there was much wastage in the primary course, but there was even greater wastage in countries where the vernacular was used as the medium of instruction. It is almost beyond question that under foreign rule the vernacular would have been less successful in attracting into the primary schools the children of illiterate parents. Only under some religious or quasi-religious impulse will parents send their children to school unless it opens up the prospect of material advantage. Under foreign rule, patriotism will not draw the children to schools conducted in the vernacular, but they can be attracted by the prospect of learning the language of their rulers so as to rise above their state. It is certain also that at the beginning of American rule, instruction through the vernacular would have involved the use of at least two or three different dialects: Even now the attempt to adapt one dialect for general use encounters opposition, and the cultivation of different dialects might have tended to hinder rather than to cement national unity. On the other hand, it is certain that Americans failed in their project of making English the common means of intercourse among the people. From a survey conducted in 1925 it appeared that, outside the school, not more than two or three per cent of the population made any use of English, even mixed with the vernacular, and inquiries at the end of the 1940s suggested that only about one per cent used English in their ordinary conversation at home. It seems also that one result of the educational system has been to stimulate and not to stunt the development of the vernacular. The more important newspapers and periodicals have been in English but alongside these, numerous vernacular papers have had a wide circulation; before the war there were eighteen in Tagalog alone with a circulation of 301,026 and fifteen in Visayan with a circulation of 154,830.

Under Spanish rule the Filipinos in general were remote from the outer world and such contact as they had with it was mainly cultural through the acceptance of Christianity. American rule transformed the environment by bringing the people into economic contact with the outer world. The new environment demanded a considerable English-speaking class and this was provided by the system of public instruction. Whether a knowledge of English can best be imparted by using it as the medium of instruction or by teaching it as a second language is a matter of educational technique but, given the demand for English created by the environment, it is probable that

either plan would have had much the same result in producing a supply adequate to meet the demand. Conditions favored the emergence of a numerous class whose schooling gave them some knowledge of the outer world, and who were brought into contact with it in the sphere of industry and commerce. Aspirations after independence diffused among this class a theoretical knowledge of certain aspects of the art of politics, and from the creation of the Commonwealth there were opportunities for practice in the art. But in the cultural sphere, progress was more doubtful. Under Spanish rule music and the fine arts were cultivated in the service of the Church and spread among the people. It is not perhaps without significance that in the Conservatory of Music and the School of Fine Arts the number of students declined after 1931 and especially after the inauguration of the Commonwealth. Presumably, employment was more profitable in jazz bands or in beauty establishments.

In this connection it should be noted that in their aspirations to implant the ideals of western civilization, Americans did not confine their endeavors solely to the schools. We have remarked that on first arrival they sent a hundred young men to California. After that many thousands were given opportunities in America to study the modern world, not merely from books, but through personal experience. From the standpoint of social education, the scholastic courses that they attended in the United States were probably the least valuable part of their training. Moreover, there was a very considerable emigration of Filipino laborers to the United States and especially to Hawaii. From 1906 up to the depression of 1913, the Hawaiian Sugar Planters Association alone imported 120,000 laborers. Like the returning students, these all brought back to their countrymen some knowledge of the real working of the modern world. The pupils in the schools and colleges learned enough English to pass their examinations, but in a tropical environment, book learning had little more relation to real life than the pictures in the movies. What men brought back from abroad, even if it were only a taste for chewing gum and Coca-Cola, diffused through the community in which they lived and was an instrument of social education that made its due contribution towards changing environment.

One encouraging feature in the new Philippines, however, may certainly be attributed to the progress of English education.[17] This is the demand for books. In Manila, there seems to be almost as many book shops as beauty parlors and drugstores. The stipulation that a college must have a library of at least 10,000 bound volumes in order to acquire the status of a university must also encourage a respect for books. Before the war the National Library maintained a Central Library and four branches in Manila in addition to fifteen branches up country and possessed over 300,000 volumes with nearly one and a half million readers. It deserves note also that among Filipinos there are not a few authors of distinction, including those to whom I am indebted for much of the material in this study. Another striking incident in

daily life is the large number of newspapers in English of which some are up to the high standard of the American provincial press, and with a circulation commensurate to the cost of their production. The Manila *Sunday Times*, for example, following the American tradition, contains seventy-eight pages with all the features of an American Sunday paper from the weekly review of world events down to the comic supplement. Before the war the total number of periodicals in English was 167 with a circulation of nearly a million.

Notes

1 1903 Census, *op. cit.*, p. 639.
2 *Ibid.*
3 *Ibid.*, p. 640.
4 *Ibid.*
5 *Ibid.*, p. 639.
6 *Ibid.*, p. 644.
7 *Ibid.*, pp. 644–45.
8 *Ibid.*, p. 645.
9 *Ibid.*, p. 669.
10 *Ibid.*, p. 645.
11 Statistics in this chapter, unless otherwise cited, were obtained from the *Yearbook of Philippine Statistics*, 1946 (*op. cit.*).
12 Isidro, *op. cit.*, p. 102.
13 *Ibid.*, p. 308, citing the Bureau of Education *Service Manual* published after the appointment of F. R. White as Director of Education.
14 *Ibid.*, p. 308.
15 *Ibid.*, p. 339.
16 *Ibid.*, p. 358.
17 Furnivall writes of the "new Philippines" – that is, several years after independence.