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OWNERSHIP

AND

CONTROL

IN THE

**MALAYAN
ECONOMY**

A study of the structure of
ownership and control and
its effects on the development of
secondary industries and economic growth in
Malaya and Singapore

Afterword by Jomo K.S.

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Introductory Summary

This is a study of the ownership and control of wealth in Malaya.

The main year of study is 1953. There is no special reason for choosing this year except that the first copy of Zorn and Leigh-Hunt's *Manual of Rubber Companies* that I saw was for 1953. It was however impossible to keep the study strictly to the situation in 1953. Some of the data I was able to collect were for different years. I don't think that these variations in time make any important difference. Changes in the structure of ownership and control from year to year are very small. Therefore the study remains substantially a study of the situation in 1953, though not all the figures are for that year.

I have done little primary research for this study. For the most part I have collected and re-arranged published information. Published information generally deals with the larger units in the economy, so I have been able to go into more detail over the larger units than the small.

It is usual in a work of this kind to express the size of ownership and area of control in money terms, i.e. the capital of certain units in relation to the total capital employed in an industry; another way to express it would be to show the capital of certain units in terms of the total investment in the country. I could not do this because there is not enough published information.

So I have to measure different industries in different ways. I have made no attempt to assess in precise terms the relative importance of the different groups of ownership and control in the economy as a whole. Such assessment, if any, exists only by implication.

The distribution of ownership and control in agriculture is examined in terms of acreage; manufacturing by the number of workers; trade by the number of agencies and export-import annual values; and mining by annual output.

Subsistence Activities

Because I have to use different methods of measuring different activities, I felt it very necessary to make a distinction between those areas of the economy where output requires wage labour and those areas where wage labour is not used. If one does not make this distinction for the very many producers who are 'own account workers' one is in danger of understating the positions held by the larger units in the different industries.

Separating these 'own account workers' from the rest of the economy posed peculiar problems. The important thing about these people is that they are very small producers. They are producers who exist at the subsistence level. For this reason I have called this whole area of the economy, made up as it is of parts of the different industries, *subsistence activities*.

It has been suggested to me that this is a misleading use of the term. Subsistence activities usually mean those activities that lie outside the market economy. But the value of 'subsistence' for me is that it shows very sharply that there are a large number of producers in all sectors whose output is so small that they live at subsistence level. If we do not separate them from the large producers when evaluating the importance of the various classes of owners, we will get a distorted picture.

Therefore, to mark out the area of the economy which is composed of small producers, I have collected together all those who are unlikely to use wage labour and called them *subsistence producers*. They are subsistence producers in the sense that they exist at subsistence level; not in the sense that they are outside the market economy. So I have kept to this term and use it in this special sense because it expresses the essential character of this part of the economy.

Medium-Scale Producers

Between the subsistence producer and the large-scale capitalist there is a big group of medium-scale producers. They are least important in agriculture; agriculture appears to be divided between small producers and big capitalists. The big estates cover some two million acres, the small producers two and three-quarter million acres, and medium

holdings only about half a million acres. Medium-sized operators are most important in commerce; they are important, though to a lesser extent, in manufacturing and mining. There is almost no information to be had about the part the medium sized operators—mainly Chinese—play in the economy; therefore I have not tried to discuss the part they play in the general structure of ownership and control. I would have to do considerable research before I could describe with any precision the part played in Malaya's economy by Chinese capital.

The Agency Houses

Of the various institutions of ownership and control, the most important are the agency houses. Their activities are spread throughout the economy. There are about a dozen of them; they are active throughout the country and they participate in most of the industries. Their commanding position is most obvious in agriculture. They control about 75% of the nearly two million acres under plantations. Their control is further strengthened by an intricate interlocking of directorships of the various rubber companies they manage. A simplified picture of this interlocking pattern is given in Chart II.

The next most important activity of the agency houses is commerce. Because they own and control the production of so much of Malaya's most important exports, they have a dominant position in the country's export trade. The agency houses also control part of the export of small-holders' produce; they export about half of Malaya's agricultural produce, and between a quarter and third of all Malaya's export of domestic produce.

The agency houses also have a share in the import trade, though this is more difficult to assess. Of the 3,500 agencies held by firms in Malaya, 900 are held by twelve agency houses. In money terms the proportion may be even larger, as far as the import of 'branded' goods is concerned. It is safe to assume that the agency houses, who have been in the import trade for such a long time, would have the agencies for a large number of popular lines.

But the proportion of total imports controlled by agency houses may not be as large as the proportion shown by