

# MALAYA

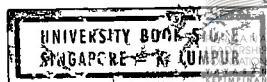
## A POLITICAL AND ECONOMIC APPRAISAL



Lennox A. Mills

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# MALAYA: A POLITICAL AND ECONOMIC APPRAISAL

Lennox A. Mills

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## PREFACE

POSTWAR Malaya has in general been typical of Southeast Asia politically and economically. Among the resemblances have been hostility to colonial rule, a widespread demand for expansion of social services, and the usual difficulty in finding adequate revenue to pay for them. Malaya also shares with, for example, Indonesia and Burma the risk that political independence may be imperiled by inability to satisfy the popular desire for better living conditions. Owing to its multi-racial character, however, the development in Malaya has been somewhat different from that of the neighboring countries. There was the usual growth of nationalism and demand for self-government among the politically conscious minority, but contrary to the general rule nationalism was a divisive and not a unifying force, since there was not one Malayan people but three. Communal antagonism was aggravated by the appearance of three nationalisms, Malay, Chinese, and Indian. This made it much more difficult to carry out the standard British policy of acclimatizing parliamentary democracy as quickly as possible. There was not only the normal problem of how quickly power could be safely transferred to inexperienced hands, but also the necessity of creating a Malayan people who could exercise it. "The citizen of Malaya is still a synthetic dream of puzzled politicians, and only the slow chemistry of goodwill and self interest can produce him."

Unification of the three races was all the harder since the Chinese were the largest single element in the population, and after the war

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there was an intensification of nationalism and sympathy for the Peking government especially among the younger generation. At the same time that the Colonial Office was trying to establish self-government it had to cope with Communist imperialism, using its customary methods of subversion from within and rebellion. Malaya was unique in South-east Asia in that communalism made it impossible for the Communists to make effective use of one of their favorite gambits, that they were fighting to liberate the Malayan people from colonial rule. In Singapore, which was three quarters Chinese, they could appeal to Chinese nationalism. In the Federation, however, the Malays were the largest single minority, and despite their desire for independence they actively supported the British since the Communists were overwhelmingly Chinese. Most of the Chinese were anti-Communist but neutral, and the attempt of the British government to win their active cooperation by political concessions was tempered by the realization that if it offered too much it might alienate the Malays whose support was essential. The Colonial Office had also to remember that what happened in Malaya concerned other countries besides Great Britain. It was of the first importance as a link in the sea and air communications of the British Commonwealth and as a base for the South East Asia Treaty Organization. These wider considerations could not be ignored, and somehow domestic autonomy must be combined with the safeguarding of Commonwealth and Western strategic interests.

The solution of the political problem had no parallel in the rest of Southeast Asia. Three communal political parties arose in the Federation of Malaya — Malay, Chinese, and Indian — and the leaders formed an alliance in order to destroy the only non-communal party. They then demanded complete self-government and arranged a compromise settlement of the principal communal differences. To date they have upheld it successfully against the objections of part of their followers. It is not possible to predict whether union at the top will eventually create a single Malayan people. This probably depends on whether men who have shown shrewd moderation and ability to compromise are able to maintain their control over their parties. At any rate this companionate marriage represented the best hope for racial cooperation which had appeared. In addition the leaders of the three parties were anti-Communist and realized that the Federation needed the help of Commonwealth armed forces to maintain its independence, and of

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British capital to carry out the plans for economic development. And so two years after the first national election in its history the Federation of Malaya attained complete self-government.

The separate colony of Singapore resembled the Federation in the hostility toward British colonial government and the demand for independence. It differed in the overwhelming predominance of the Chinese and the absence of a strong Malay party which though not pro-British was certainly not pro-Chinese. Communist penetration into the trade unions and Chinese schools was more extensive than in the Federation, and the anti-Communist parties were weaker. The risks were greater both to the successful growth of democracy and the retention of Commonwealth strategic interests. The British solution was to grant complete internal self-government after two years of popular government.

On the economic side Malaya was typical of the underdeveloped countries in the strong popular demand for a higher standard of living, combined with the inability to pay for it except by Western governmental aid such as the Colombo Plan and the taxation of the investments of overseas capital. Outside grants were limited in amount, and the governments of Malaya recognized the necessity of attracting further investments. They were confronted with the unwillingness of new capital to risk investing in Asian and African countries which were approaching self-government. Investment since 1945 has largely taken the form of the ploughing back of profits by prewar companies. In Malaya this has meant mainly rubber and tin, and the former is increasingly threatened by the competition of synthetic rubber. The most hopeful way of meeting it is by replanting with high-yielding trees, and this confronts the Federation with the problem of how heavily it can tax without discouraging reinvestment through replanting. Its chronic problem is that it never has as much revenue as it needs to carry out its plans. In the background is the certainty of a rapid growth of population caused by a high birth rate combined with a falling death rate due to improved medical and health services. Europe had this problem a century and a half ago and solved it by the combination of industrialization, new continents to colonize, and eventually birth control. The opportunities for industrialization are limited, there are no new lands to settle, and birth control is a long-range remedy. Also people today want the amenities of life and are not sat-

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isified with the bare necessities, and there are always the Communists to take advantage of their discontent. Malaya presents in miniature the question whether Western social services with an Asian birth rate can be financed by inadequate local resources and limited grants from Western governments. The best hope of success would be subsidies on a scale which it is doubtful whether a large part of the taxpayers of the United Kingdom and the United States are willing to provide.

I am very grateful to all those in the United Kingdom and Malaya who gave me so generously of their time. One interview which I shall never forget lasted for nearly five hours, with four authorities keeping up a continuous cross fire of comments and explanations. They sedulously restricted themselves to supplying information and I alone am responsible for the opinions expressed in the book. Individual acknowledgment is not possible in most cases, but I hope Sir George Maxwell will allow me to say how much I enjoyed our long afternoons in Worthing. I am much indebted to Dr. Victor Purcell for many interesting discussions. Finally I would like to acknowledge my obligation to the Guggenheim Memorial Foundation and the University of Minnesota, whose grants made it possible for me to carry out the research on which this study is based.

L. A. M.

*University of Minnesota*  
*October 1, 1957*



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**MALAYA: A POLITICAL AND  
ECONOMIC APPRAISAL**



# I



## PREWAR MALAYA

**MALAYA** is only 52,528 square miles, rather smaller than Florida, but before World War II it had no fewer than eleven separate governments. It was the only country of Southeast Asia where the immigrant races, the Chinese and Indians, together outnumbered the original inhabitants, the Malays. It was also the only country where there was no indigenous nationalism and no demand for self-government, and where three totally dissimilar races and cultures lived intermingled in outward harmony. Furthermore it was the only European dependency where the people welcomed the return of their former rulers after the war.

The original cause of the British interest in Malaya was trade. For this reason the island of Penang was rented on perpetual lease in 1786, the island of Singapore was bought in 1819, and the decayed seaport of Malacca was obtained by treaty from Holland in 1824. These three territories were combined to form the crown colony of the Straits Settlements. Between 1874 and 1909 the nine Malay states, which had fallen into a condition of semianarchy and chronic misrule, were brought under British control. Each sultan signed a treaty by which he agreed to accept a resident or adviser, and to follow his advice in all matters except those that concerned Malay custom and the Muslim religion. This made the British the real rulers of the peninsula, even though legally every act of government was done in the name of the sultan. In return he was guaranteed the permanence of the dynasty, his pres-

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tige was carefully preserved, and he received an assured income that was probably more than his ancestors had been able to count on for a couple of centuries.

In 1896 Perak, Selangor, Negri Sembilan, and Pahang, the first four states to come under British influence, were combined in the Federated Malay States. The remaining five were the Unfederated Malay States. Each of the rulers retained his own separate government and refused to join the federation because he had greater independence and more authority than the sultans of the Federated Malay States. Since control over the peninsula was established by treaty and not by conquest, the British felt that they could not compel federation, although the anomaly of so many separate administrations in so small a country became increasingly troublesome. There was also the legal difference that only the Straits Settlements were British territory, and those who were born there British subjects by birth. A Malay state was a protectorate and its inhabitants were subjects of the sultan. In actual practice there was little difference between the administration of the crown colony and the protectorates, and British authority was much the same in both.

Originally the British government did not intend to reduce the sultans to the position of figureheads. The resident was to carry out his policies through persuasion and not by giving orders. Before acting he was to secure the cooperation of the sultan and his council of Malay rajas, and carry them with him in his reforms. During the first years of British rule this practice was followed, at least to some extent. It was feasible as long as change took place slowly, but it broke down when an economic and racial revolution began that transformed Malaya within about twenty years. Chinese and Indian immigrants poured into the territory in such numbers that eventually they outnumbered the Malays and altered the whole racial character of the peninsula. Simultaneously there was a heavy investment of British, and to a much lesser extent Chinese, capital in tin and rubber. It was estimated that by 1914 the value of foreign, chiefly British, capital in Malaya was \$194,000,000.

In the 1880s Malaya was a museum piece of Asian feudalism, roughly similar to twelfth-century France or Germany. The chief concerns of the governing class were war and piracy, and the peninsula was only remotely affected by events outside it. By the 1900s Malaya had become inextricably involved in the economic life of the modern world. The state of the country was determined by the price of tin and rub-

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ber, and not by civil wars between rival claimants to a throne. The Malays had become an agricultural minority in the developed areas, and the peninsula was dominated by the British and Chinese. In a generation the Malays had been catapulted from the Middle Ages into the twentieth century. They were unable to adapt themselves to the precipitate change, and their point of view continued to be feudal and conservative. This is not surprising since Europeans took five or six centuries to carry out a similar mental development.

The result was that the British residents had no time to act through persuasion. Urgent problems kept crowding on them thick and fast, and settlement could not be deferred until medieval-minded sultans were convinced of the necessity of twentieth-century solutions. So especially in the economically developed Federated Malay States the residents took a short cut, issuing orders which the sultans were bound by treaty to accept. Politically the Malays were pushed out of their own house onto the doorstep. Economically they suffered the same fate at the hands of the Chinese. In their own words they used to be poor men in a poor country, and now they were poor men in a rich country. It is difficult to see how this could have been avoided, given the character of the Malays and the totally unexpected development of tin and rubber, but it left the British government with an uneasy conscience.

The Malays continued to be rice farmers and fishermen, as they had always been, and took no part in the economic transformation of their country. They were hampered by lack of capital and executive experience, but this by itself was an inadequate explanation. There were too many Chinese peasants who landed in Singapore with nothing but the clothes on their backs and ended their careers as millionaires. The Malays seem to have lacked desire and aptitude for a business career: late in the period between the two world wars there were only seven who could be classified under this category. Politically they had a strong aristocratic tradition. "We like the government to consult our wishes, but when the government gives an order we like to obey." They believed that it was for the sultan and his British resident to govern, while the duty of the common man was to be loyal to his ruler and obey orders. Even as late as 1939 there was no desire for democratic government among the people apart from a tiny minority of English-educated Malays. During the interwar period a few of the sultans who had re-

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ceived an English education and understood twentieth-century problems began to take an active part in the government of their states. The majority, however, were as feudal minded as their people, so that the blind led the blind and authority was exercised by a handful of British officials.

The Chinese had come to Malaya because they could make more money there than at home, and the majority were migrants who eventually returned to China. They looked upon Malaya as a country of exile; most of them felt that they were citizens of China temporarily living abroad. Quite naturally most of them felt no loyalty toward Malaya or the British Empire. Equally they had no desire for democracy, for two cogent reasons. They did not miss what they had never had at home, and they did not wish to be distracted from their main purpose in life, money-making, by involving themselves in Malayan politics. Moreover they approved of British rule: they felt it had done a good job of holding the Malayan cow while the Chinese milked it. Since all things worked together for good, the sensible course of action was to let well enough alone. As for the Indians, the majority were laborers who returned home with their savings after a few years in Malaya. From their point of view Malaya was an El Dorado where far more money could be made than in India. They too were not interested in Malayan self-government, and moreover they were only 14.2 per cent of the population in 1931.

The British government was under no pressure from Malays, Chinese, or Indians to change the form of government, and it believed that the establishment of democracy before the Malays were ready for it would put them under the control of the Chinese. Furthermore it had twinges of conscience since it had never intended that the Malays should be pushed into the background in their own country. It felt that it had a special responsibility to them, since they alone were the genuine "people of the country," from whom Britain had taken over control at their request and not by conquest. For this reason the Malays were granted special privileges. Reserves were created where only they could obtain ownership of the land; rice growing was confined to them; special attention was paid to their education; and only Malays and European British could be appointed to the Malay civil service which carried on the administration of the whole country. Chinese and Indians were excluded, since the Malays disliked and looked down upon

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them and would have bitterly resented being placed under their rule. The British government felt that democracy could not be established until the Malays had acquired a twentieth-century mentality and were able to hold their own. Until that took place self-government would merely mean that the Chinese, who were far more aggressive, astute, and mentally mature than the Malays, would run the country politically as they already did to a large extent economically.

### THE GOVERNMENT

Prewar Malaya had eleven separate governments — the crown colony of the Straits Settlements of Penang, Malacca, and Singapore; the Federated Malay States of Perak, Selangor, Negri Sembilan, and Pahang, with a federal government in addition to the four state governments; and the five Unfederated Malay States of Perlis, Kedah, Johore, Trengganu, and Kelantan. Perak, Selangor, and Negri Sembilan contained the greater part of the tin mines and rubber plantations, and were the most developed and populous part of the peninsula. By 1931 the Malays were only 26 per cent of the population of these three states. Of the Unfederated Malay States Johore and to some extent Kedah were important centers of rubber production, while Perlis, Trengganu, and Kelantan were largely undeveloped. These latter together with Kedah and Pahang were the only states where the Malays formed the bulk of the population.

The government of the Straits Settlements was composed of the governor, an executive council, and a legislative council. In each council the majority of the members were officials, and a minority were unofficials or popular members appointed by the governor to represent the European, Chinese, Malay, and other communities. Measures were discussed in the executive before being introduced in the legislative council, the assent of which was required to all bills. There was complete freedom of debate, and an unofficial member could introduce a bill on any subject. Since, however, the official majority was required to vote in accordance with the governor's instructions, the legislative council was really an advisory body. It enabled the governor to learn the wishes of the different communities, but legally he could reject their advice and act as he deemed best. The governor was also high commissioner of the Malay states. In the Federation there was an advisory federal council, the composition and powers of which were similar to

