

**COLONIAL LABOR POLICY
AND ADMINISTRATION**

*A History of Labor
in the Rubber Plantation Industry
in Malaya, c. 1910-1941*

J. NORMAN PARMER

COLONIAL LABOR POLICY AND ADMINISTRATION

A fundamental purpose of western colonial rule in recent times has been to create those conditions in which private capital could thrive. In Malaya, private capital prospered extraordinarily in the rubber plantation industry. Rubber planting became so important that it significantly shaped Malaya's society, economy, and political institutions. The object of this study is to set out and evaluate colonial labor policy in the rubber plantation industry, to find the sources of policy, to study the relations between government officials and rubber planting employers as they concerned labor and to indicate briefly some of the effects of British labor policy and administration in Malaya. The basic labor policies of the Malayan governments in the 20th century were the acquisition of a large and cheap supply of labor, the abolition of indentured labor and the assurance of the laborer's freedom of movement, and the provision of a limited amount of protection for the laborer. These objectives were shared, more or less, by the planting employers. Differences occurred mostly over details and on the means of achieving these goals. Immigrants from South India, who were shepherded to Malaya by official machinery, fulfilled the labor requirements of most European planters. Chinese were the other major component of the estate labor forces. They came by their own devices. Until the late 1930's, the Malayan governments had almost no policy toward the Chinese; legislation and administration were designed for the Indian Immigrant and his employer.

Labor policy was determined in Malaya by British officials in consultation with planting employers. As corporate ownership increased and planters became salaried managers for company directors overseas, it became necessary for the employers to strengthen their representation in Malaya. This they contrived to do. Government authorities nevertheless retained the initiative in making policy. The Colonial Office did not take a major part in making labor policy. It was content to have labor questions settled in Malaya and generally supported Malayan officials on important issues. The Colonial Office's influence was felt only in certain broad matters such as the abolition of indentured labor, the application of International Labour Organization Conventions in Malaya, and the introduction of trade union and industrial courts legislation. The Government of India significantly influenced labor policy in respect to its own subjects. Its paternal interest in wages, medical care and the right to free repatriation was needed as long as Indian laborers were leaderless and inarticulate. India's demands were useful to Malayan authorities when dealing with planting

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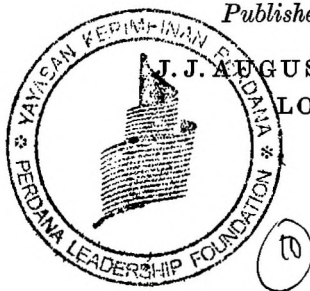
Associate Professor of History, Northern Illinois University

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PREFACE

Professor Rupert Emerson published his classic *Malaysia: A Study in Direct and Indirect Rule* in 1937. Obviously influenced by the work of J. A. Hobson and others on imperialism, Emerson observed that complementary interrelationships existed between colonial governments and capitalist enterprises. The basic function of imperial rule, whatever its form, was to establish and maintain the conditions under which the dynamic forces of capitalism could flourish. Emerson believed, however, that this fundamental role of colonial government did not preclude other functions. In modern western civilization, government was in theory and in practice separate and distinct from business. The personnel of government although linked to the business community by common race and culture took up their careers with different motives, values, training and experience and responsibilities. Emerson showed how, in several ways, the colonial authorities in Malaya and Indonesia provided services not linked to the promotion of capitalist interests or encouraged forces which were fundamentally at odds with capitalist enterprise. Besides occasional evidence that 20th century western liberal ideas on the role of government had not been left entirely at home, humanitarian considerations and the spirit of the Dual Mandate were no doubt at work.

The subject of labor policy and administration was, however, within the principal function of colonial government, and Emerson made a number of general observations about labor in Malaya and Indonesia. Labor legislation seemed scanty and not much enforced. Wages were quite low. The Indian laborer fared better than the Chinese laborer because of the pressure of the Indian government. Overall, colonial government seemed not to have gone much beyond establishing the working conditions which a large private enterprise would have established out of enlightened self-interest.

In this study, some of these generalizations are examined closely in respect to Malaya's rubber plantation industry. The establishment and the growth of the industry has been the most important and dramatic development in twentieth century Malaya. More than any other single factor, the rubber industry has shaped the economic, social and even political structure of modern Malaya. It will continue to have a vital importance even though British rule has now come to an end.¹ Because of its preeminent position over many years and

¹ Independence was formally attained on August 31, 1957.

because labor was a large and continuing problem for it, the rubber plantation industry qualifies as a good medium for studying colonial labor policy and administration. Specifically, in this study the object is to set out and evaluate official labor policy and to find the sources of policy. An effort is also made to examine and appraise the conduct of labor administration, to study the relations between government officials and employers and briefly to indicate some of the effects of British labor policy and administration in Malaya.

Studies of European imperialism do not currently seem much in vogue in western countries. Most new volumes concerned with the existing or former subject territories deal with contemporary problems and future plans. Studies of the recent past mostly emphasize the enlightened and constructive aspects of European rule and often attempt to show that the present radically different and still changing relationships between Europe and Asia are really not so new but are part of a continuum. Implicit is the notion that the old idea of a civilizing mission has given way to the concept of a moral responsibility of the rich nations to help raise the living standards of the poor nations. All of this is to the good, and the present work by returning to examine in some detail what may be regarded as an old theme is not in any way meant to detract from these positive efforts. On the contrary, besides making a small addition to the fund of scholarly information on European imperialism in Asia, it is hoped that this study may make a modest contribution to a better understanding of current economic and social problems.

The newly independent countries of Asia have economies and societies which were created or strongly influenced by European rule. These legacies of imperialism are probably more firmly rooted than the political structures which have been more recently and sometimes hastily erected. In any event, the new political structures set around the old colonial economies and societies have brought to the fore or have helped to create numerous difficult economic and social problems. Broadly, the task of the new governments is to try to turn colonial into national institutions. The problems involved can be better understood by a thorough study of the origins and workings of the colonial economies and societies. This is particularly true in Malaya and wherever else economic and social change is being attempted by peaceful and equitable means. Malaysians are presently studying, modifying and adopting or rejecting institutions developed to serve the ends of British rule.

This study may be of some use to those engaged in that work. Conclusive arguments for or against nationalizing the rubber industry cannot be found here. But the perspective offered may be useful in

planning and developing a national ministry of labor, in drafting new labor legislation, or in the expansion and improvement of labor administration. Wages, unemployment and workers' welfare are questions of actual or potential national importance. The present sustained efforts to establish employer-worker relations on a basis of equality through the introduction of western trade union organization and industrial relations' techniques may be aided by the background information provided here. Perhaps this work will also be of interest to economic planners in that it deals historically with the mobilizing and disciplining of an industrial-type labor force in a new enterprise. Finally, this study will shed light on the origin and development of the plural society which is a fundamental consideration in seeking solutions to most Malayan problems.

Other persons have written on the subject of Malayan labor. In particular, P.T. Bauer in his *The Rubber Industry, A Study in Competition and Monopoly* has dealt with plantation labor in the 1930's in connection with rubber regulation, and Virginia Thompson has covered the subject generally in her *Labour Problems in Southeast Asia*. The present effort differs from the good work of these and other authors in that it attempts to treat the political and economic aspects of plantation labor in Malaya rather more thoroughly and in one historical perspective. This study has also had the advantage of substantial new source materials.

The primary sources have been the published and unpublished official records of the prewar governments of the Federated Malay States and the Straits Settlements, of the United Planting Association of Malaya and of the office of the Agent of the Government of India in Malaya. Other primary sources have been certain unpublished papers in the Colonial Office and miscellaneous records and documents of the Rubber Growers' Association in London. Important additional sources have been Malayan newspapers and journals, the miscellaneous papers of organizations and individuals and the personal recollections of persons—several of whom were associated with the industry in its first years and who are still active in its affairs today.

Source materials are often fragmentary chiefly because of the Japanese invasion and Occupation, 1941-1945, and some unfortunate destruction during the first months of the British return in 1945. Even certain basic records, such as the *Proceedings of the Federal Council of the Federated Malay States*, appear not to be complete in any one place. The valuable minutes of the Conference of Residents of the Federated Malay States, which are comparable to the executive council records of a crown colony, appear almost entirely lost. Incomplete copies are found in archives in Malaya, and the Colonial Office pos-

sesses the minutes for only a few meetings to 1907. Most of the pre-1941 files and routine papers of the Labour Department have disappeared, but fortunately some of the most important documents, such as the original minutes of the Indian Immigration Committee, have been salvaged. The Chinese Affairs Department is happily in possession of many pre-Occupation records due to a concerted and scholarly attempt to collect and preserve the Department's papers. Such statistics as are available have been collected in the appendix. They are mainly illustrative since most of the data are inaccurate or unreliable and do not lend themselves to meaningful interpretation.

The research involved travel to Malaya and Great Britain between 1952 and 1955. Deeply appreciated were fellowships provided by the New York State School of Industrial and Labor Relations, Cornell University, for overseas travel and residence and by the Cornell University Southeast Asia Program for a year of writing largely free of other responsibilities upon return to the United States. Heartfelt thanks are due to the many individuals who treated the author with kindness and courtesy and gave him valuable help either in locating source materials or in suggesting procedures and methods of presentation. The author should like specifically to express his gratitude to the Governments of the Federation of Malaya and the State of Singapore, the United Kingdom Colonial Office, the office of the Agent of the Government of India in Kuala Lumpur, the United Planting Association of Malaya, the Malayan Planting Industries Employers' Association and the Rubber Growers' Association of London for their kind permission to make extensive use of their records and papers. Special thanks are also due to the help given by the faculty and students of the history and economics departments of the University of Malaya, the officers of the Raffles Museum and the officers and staff of the Malayan Trade Union Council in Kuala Lumpur.

The study was first prepared as a doctoral dissertation in 1956 and rewritten in 1958 for publication. The Cornell University faculty who gave advice and criticism in the initial preparation of the manuscript are gratefully acknowledged. They are Frederick G. Marcham, Goldwin Smith Professor of English History; Knight Biggerstaff, Professor of Chinese History, Chairman of the Department of History and past-Chairman of the Department of Far Eastern Studies; George McT. Kahin, Associate Professor of Government and Associate Director of the Southeast Asia Program and, in Cornell University's New York State School of Industrial and Labor Relations, Professor Leonard P. Adams, Director of Research, N. A. Tolies, Professor of Indus-

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NOTE ON TERMINOLOGY, ABBREVIATIONS AND CURRENCY VALUES

The term Malaya (or British Malaya) became popular during the twentieth century and before the Japanese invasion in 1941 was used to refer to all the territories and governments under British rule or protection in the Peninsula. It is used in this work in that sense. Malayan is an adjective used to describe all or parts of the Peninsula and the various peoples who live there. Malay, Chinese and Indian or Tamil are ethnic terms. European is used to refer to Caucasian persons generally, as is the practice in Malaya, although most Europeans were actually British by nationality. Except where a government is specifically named, reference to the Malayan governments or simply to the government means the several governments in Malaya—all of which were under the effective control of the Governor/High Commissioner and his advisors.

The terms employer, planter and manager are used frequently and interchangeably as also are estate and plantation. The following abbreviations are used:

C.I.A.M.	Central Indian Association of Malaya
E.M.S.	Federated Malay States
N.E.I.	Netherlands East Indies
P.A.M.	Planters' Association of Malaya
R.G.A.	Rubber Growers' Association
Secretary of State	Secretary of State for the Colonies
S.S.	Straits Settlements
U.P.A.M.	United Planting Association of Malaya

Prior to 1906, the Sterling value of the Straits or Malayan dollar varied. Thereafter one Malayan dollar was equal to 2s. 4d. In the 1920's and 1930's, the Malayan dollar was equivalent to about US 58 cents. After 1939, the Malayan dollar was equal to about US 47 cents.

CHAPTER I

BACKGROUND

The British acquired the three territories of Penang, Malacca, and Singapore in the Strait of Malacca between 1786 and 1824. Commerce, based on Thomas Stamford Raffles's principle of free trade, was the chief livelihood of these places.¹ They offered convenient and relatively secure opportunities for trading—free from vexatious regulations and taxes. Singapore was by far the best situated and most prosperous. From a few Malay fishermen's houses in 1819, it quickly became a busy and populous town and later became one of the world's great port cities. In all three, there developed a merchant class composed mainly of British and Chinese British subjects. The Straits Settlements (S. S.), as they were collectively known, were governed as a part of India—first by the East India Company and then by the India Office. In 1866, largely on the urging of the merchants, the Settlements were transferred to the Colonial Office and constituted as a Crown Colony in the following year.²

The government of the Straits Settlements consisted of a Governor, a Colonial Secretary, an Executive Council and a Legislative Council. As in other British Crown Colonies, the Governor was all-powerful although he had generally to seek the advice of his Colonial Secretary and Executive Council. The latter was a small body made up mostly of officials. Its deliberations were secret. The Legislative Council was composed of the Governor and, from 1924, of 26 members equally divided between officials and unofficials. Among the unofficials, British were in the majority. Legislative Council meetings were public and the body's chief function was to provide a forum for the exchange of views between the government and the influential members of the British and Asian communities. All unofficials were appointed by the Governor, and prior to the Japanese conquest of Malaya early in 1942, the Settlements experienced virtually no popular demand for a measure of self-rule.³

¹ Good biographies of Raffles are: C. E. Wurtzburg, *Raffles of the Eastern Isles* (London: Hodder & Stoughton, 1954) and Sir R. Coupland, *Raffles of Singapore*. 3d ed. (London: William Collins Sons & Co., Ltd., 1946).

² For the history of the Straits Settlements to 1867, see: Lennox A. Mills, "British Malaya 1824-1867," *Journal of the Malayan Branch, Royal Asiatic Society* (Singapore), Vol. III, Part II, November 1925.

³ For discussions of the working of the Straits Settlements government, see: Rupert Emerson, *Malaysia, A Study in Direct and Indirect Rule*. (New York:

Britain in the Malay States

Relations between the Straits Settlements and the neighboring Malay States in the middle years of the nineteenth century were mostly commercial. While Britain had no inclination to extend British rule over the States, the merchants in the Colony increasingly looked upon them as a British reserve. They believed the Malay States to be great storehouses of wealth capable of development. The chief known attractions were tin mines, especially in the State of Perak, and, of lesser importance, agricultural enterprises such as pepper, gambier and tapioca plantations in Johore and the hinterland of Malacca. From the 1840's, Chinese and British residents in the Settlements urged extension of British rule to the States for the purposes of establishing law and order and promoting trade.

Political conditions within several of the Malay States throughout most of the nineteenth century were unsettled and at times chaotic. After the fall in 1511 of the Malay empire based on Malacca, the evolution of Malay political institutions ceased.⁴ Relations with European powers in the Strait and incursions by Siamese and other local powers contributed to Malay disunity. Commercial contacts with the Settlements led to the influx of large numbers of Chinese to work the tin mines in the 1850's. The Chinese tended to be factious and belligerent and helped to break down such order and security as did exist.

British rule was first extended to the States of Perak and Selangor in 1874 by treaties which gave British protection in exchange for the Malay Sultans' acceptance of British advisers. The latter were styled Residents and their advice on administration had to be accepted in all matters except those concerning Malay custom and the Islamic religion. The British explain their intervention in the States as prompted by the designs of rival European powers and of Siam on the States, the general chaotic condition of the Peninsula and the desire of Straits merchants and entrepreneurs to develop the States. The expansionist outlook of the Strait's merchant capitalists can hardly be overemphasized. British protection was soon extended to the territories of Negri Sembilan and to the State of Pahang in 1888. The States of Perlis, Kedah, Kelantan, and Trengganu exchanged Siamese for British suzerainty in 1909 in consideration for a British

Macmillan, 1937), pp. 273ff. and S. W. Jones, *Public Administration in Malaya* (London: Royal Institute of International Affairs, 1953), pp. 78ff.

⁴ For a description and analysis of Malay political institutions in the 1870's, see: J. M. Gullick, *Indigenous Political Systems of Western Malaya* (London: The Athlone Press, 1958).

loan to Siam for railway construction. British relations with the State of Johore were regulated by a treaty written in 1914.

British rule in each of the States was to be indirect. But Malay political and administrative organization was not very sophisticated. In fact, it was the inadequacy of Malay rule for governing the alien immigrants, especially the Chinese, that had invited British intervention in the States. Moreover, early British administrators apparently did not regard the Malay structure as a suitable framework within which to work the economic plans they envisaged. In the States of Perak, Selangor, Negri Sembilan, and Pahang, the British Residents almost from the first actually wielded executive power. Direct rule was the practice and it increased in scope and effectiveness as the years passed.

The four States were joined in 1896 in a nominal federation called the Federated Malay States (F.M.S.). A Federal Capital was established at Kuala Lumpur in Selangor, and Federal departments were gradually formed. A Resident-General was appointed as the head of the F.M.S. Each of the State Residents was responsible to him and he in turn was responsible to a High Commissioner. The High Commissioner was also the Governor of the Straits Settlements. As the High Commissioner remained in Singapore much of the time, the Resident-General came to possess considerable independence and power. The State Residents meeting with the Resident-General from time to time served as a kind of weak executive council. A legislature, called the Federal Council, was formed in 1909. It was a small body composed mostly of British official and unofficial members. The un-officials were appointed by the High Commissioner, and no element of popular election was ever introduced.

Thus was created a highly centralized administration above and separate from the earlier Malay indigenous political and administrative structure. The new structure was purely British in conception and operation and differed little from that of a Crown Colony. Its origin as well as justification was the need for a larger and more rational governmental framework within which to promote economic progress in the form of capitalist enterprise.

Until 1927 the Malay Sultans or Rulers of the four States sat in the Federal Council. Standard works on Malaya usually explain the establishment of the Council as an attempt by the High Commissioner, Sir John Anderson, to give the Rulers a larger role in affairs. The Sultan of Perak had, in fact, earlier complained that the joining together of the four States was a kind of usurpation of Malay powers. While this explanation has some validity, the major impetus for the Federal Council came from British capitalists in the States who were

anxious for a forum on which to make their views known to the government. The Planters' Association of Malaya first requested a council in 1907;⁵ subsequent official and private correspondence has virtually no reference to any official desire to give the Rulers some of the substance of power. Introduction of the Federal Council also derived from the desire of the High Commissioner to reduce the independence and power of the Resident-General.

When the five other Malay States came under British rule in the twentieth century, they chose to remain outside the Federated Malay States. Each Sultan accepted a British Adviser (in Johore, a General Adviser) responsible to the Governor of the Straits Settlements. Collectively the Unfederated Malay States, as they were known, experienced less capital investment but more of the substance of indirect rule. Uniformity in legislation and administration between each of the unfederated States and with the Federated Malay States and the Straits Settlements was obtained by the enactment of similar statutes and by the use of British administrative officers seconded from the Federated Malay States or the Straits Settlements.

The idea that the F.M.S. was a usurpation of Malay authority was revived in the early 1920's. Now it was stated more clearly, elaborately and effectively than before. The general charge was that British administrators in their haste to facilitate economic development had unfairly, although perhaps unwittingly, failed to work within or to adapt the indigenous political and administrative structure. Insufficient attention had been given to the Malay people to help them to share in the rapid economic advances. Fundamentally, this was a conflict of interests—of the Malays on the one hand and of alien, chiefly Chinese and European, capitalists on the other. Paradoxically the strength of the new criticism derived from the Association of British Malaya in London. This body was composed chiefly of retired British civil servants and businessmen some of whom were responsible for the political and economic changes that had occurred. A constitutional controversy ensued in which attempts were made to reduce the powers of the F.M.S. and to increase the powers of each of the four States, where Malay authority was thought to lie. The decentralization policy of the 1930's inaugurated by High Commissioner Sir Cecil Clementi climaxed the controversy. The ultimate object of transferring F.M.S. powers to the States was to overcome the reluctance of the five unfederated States to join in a Malayan union.

Decentralization met with two kinds of criticism. Coupled with other policies considered discriminatory, prominent Chinese and

⁵ Planters' Association of Malaya, *Minutes*, October 5, 1907.

Indians charged the British with being pro-Malay and practising a policy of divide and rule. The antipathy between the major ethnic communities which emerged during and after the Japanese Occupation is traced by some observers to this policy.⁶ Planting and mining interests were also critical. They were very reluctant to see dismantled the structure which administered to their needs. They successfully opposed decentralization of the basic economic and financial powers of the Federated Malay States although it is doubtful that the government ever really intended to transfer such powers to the States. Decentralization was still in progress when the Japanese invaded Malaya in 1941, but such important departments as Labour and Chinese Affairs remained pan-Malayan. The hoped for Malayan union had not come to pass.

Economic Policy and Early Agricultural Enterprise

The economic development of the Malay States, particularly Perak and Selangor, progressed rapidly after the establishment of British protection. Immigration was unrestricted and large numbers of Chinese entered the States to swell the already substantial Chinese population at work in the mines and in related occupations. Government revenue was derived mainly from taxes on tin exported and on those enterprises engaged in satisfying the needs of the Chinese mining population. The first British Resident in Perak levied tolls on roads; let opium, gambling, and other tax farms; and taxed exports of tin and imports of rice, tobacco, spirits, opium, salt, and fireworks. His principal expenditures were on public buildings, roads, bridges, salaries for his staff, and political pensions to the Malay chiefs. In nearly all the States revenue grew by leaps and bounds, and in 1895 the revenue of the four federated States was more than twenty times that of 1875.

Economic policy in the Malay States was mostly a matter for individual British Residents to decide. By virtue of their isolation and substantial authority, they were able to do much as they pleased. Most of the Residents were, however, of like mind on economic matters. They may be said to have favored a modified laissez faire policy and to have had a view of the British Empire later described by Joseph Chamberlain as the "undeveloped estate." Realistically facing the circumstances of the States, they believed it proper that prospective capitalists should be encouraged by spending

⁶ For a statement on this question by a British Malayan civil servant, see: Sir George Maxwell, *Problems of Administration in British Malaya* (New York: Institute of Pacific Relations, c. 1943); Emerson, *op. cit.* Chapters 7, 10 *passim*.

government revenue to develop public works and railways, to promote research and experimentation, to provide loans at low rates of interest and to give easy terms in respect to alienation of land and taxes on new enterprises. Some Residents even opened plantations and engaged tin prospecting, later turning the properties over to European capitalists who were thus spared the initial risks of development.⁷ Most of the early British administrators gave themselves wholeheartedly and enthusiastically to their work, and at times their descriptions of the advantages of the States to potential investors were almost lyrical. Those who introduced British rule in the Malay States were able and persevering individuals.

As the early Residents were men a little ahead of their time, their actions did not always have the full approval of their superiors in Singapore and London. The latter sometimes felt that the Residents exceeded the proper role of government in economic affairs. London and Singapore would have been less free with revenues and would have preferred orthodox liberal policies.⁸ But the Residents had the greater authority of men on the spot, and once European capitalists had entered the States, they rallied to the support of the Residents. A kind of parochialism developed which resented interference by Singapore or London in the affairs of the States.

A fundamental economic policy vigorously pursued by the Residents and approved by higher authorities was the encouragement of commercial agriculture over other forms of enterprise. Mr. Chamberlain, in the first days of his tenure as Secretary of State for the Colonies in 1895, wrote to the Governor of the Straits Settlements in regard to the Malay States as follows:

... The point of greatest importance appears to me, as to my predecessor, to be the encouragement of agriculture in order that the prosperity of these States, which has hitherto depended so largely upon the plentiful supplies of tin, may still be assured, if, and when, their mineral resources in course of years show signs of depletion.⁹

Chinese mine owners and developers apparently made little comment on the government's preference for agriculture. But the few Europeans engaged in mining felt strongly that the government was biased and ungrateful. They correctly pointed out that planters were being subsidized with the revenues which the mines produced.

⁷ Perak, *Annual Report*, 1880's.

⁸ *Ibid.*, 1894, p. 20.

⁹ Letter from Secretary of State to Straits Settlements, September 12, 1895, printed in Straits Settlements, *Proceedings of the Legislative Council*, 1895, Paper No. 36, p. C127.

The planting of crops for export began soon after the British established themselves in the Straits Settlements. Pepper and spices were planted in Penang about 1800 and similar crops were later attempted on Singapore island along with sugar and gambier. Sugar was reportedly grown by Chinese in Province Wellesley, on the mainland opposite Penang, even before the founding of Penang in 1786. Gambier and pepper planting was begun in Johore and possibly in the hinterland of Malacca in the 1840's by Singapore Chinese.¹⁰ At the end of the nineteenth century, Chinese cultivation and packing of pineapples in Johore was an established industry and a valuable export. Most of these early planting efforts, particularly spices, experienced uneven success. Poor soils, blights and lack of sufficient planting knowledge seemed to be characteristic.

Sugar became an important crop in Province Wellesley in the 1840's, and when British rule was extended to neighboring Perak in 1874, Penang Chinese opened sugar plantations in that State. New sugar lands were still being planted there as late as 1898, and in the following year some 40 Perak sugar estates comprised more than 50,000 acres and employed a labor force of between 8,000 and 9,000 workers. The value of the crop exported was well over one million dollars.¹¹

The Chinese predominated in all of the planting enterprises of the nineteenth century. The Perak sugar estates were entirely Chinese-owned except for one large British plantation. As late as 1891, only four European estates of all kinds could be found in Perak—one planted in sugar and three in coffee. The Residents were disturbed by the reluctance of British capital to invest in the States, especially when it seemed that every inducement was offered. While anxious to promote investment generally, they appeared partial to European capital. Chinese capital required little encouragement.¹² Significant investment of European capital in the Malay States awaited the development of coffee plantations.

Coffee was first grown commercially in the Malay States in the 1880's. The planters were British, mostly from Ceylon where a leaf disease and bad times had caused them to move further east. In the 1890's, coffee became a fairly important crop with the largest production in the State of Selangor. Good coffee prices in 1894-1895 furnished an impetus to the extension of coffee planting, and at the

¹⁰ An interesting account of the methods of Straits Chinese entrepreneurs in opening Johore to planting, their commercial and guild organization and their relations with the Malay government of Johore is found in *The Straits Chinese Magazine*, Vol. VI, September 1902, pp. 91ff.

¹¹ Perak, *Annual Report*, 1899, pp. 14-15.

¹² See Perak, *Annual Report*, 1889, p. 15.

