

Small Steps, Large Outcome: A Historical Institutional Analysis of Malaysia's Political Economy

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Abstract

The research attempts to explain the character of Malaysia's political economy. By adopting a historical institutional analysis the research explains that British colonial administration persistently made rational choices within a short-term horizon that encouraged the growth of two autonomous groups – Malays and Chinese - whose political, economic and social organisation, at the point of Malaya's independence in 1957, had made it inevitable for them to embark on some form of consociational arrangement. British policies engendered two processes; first, a less-than-full incorporation of Chinese as new actors in Malaya's political economy and second, a less-than-full retrenchment of Malay political dominance by preserving Malay *de jure* power. In sum, the British decision to preserve Malay *de jure* power while at the same time incorporating a Chinese economic and political presence created two communities with mutually exclusive institutions that increasingly competed for access to political and economic resources. The self-reinforcing nature of these exclusive institutions and the flux that came with the demands for Malaya's independence made it necessary for these two communities to attempt various institutional options that could best reconcile exclusive institutions and negotiate competing political and economic demands. Three institutional options were tried: consociationalism, integration and partition. The research will explain that among the three, the path-dependent nature of Malaya's political economy had necessitated a particular institutional logic, the consociational logic. Integration failed because attempts to establish common institutions and do away completely with longstanding mutually exclusive ones proved over-ambitious. Partition also did not materialise as it proved politically and financially costly. In sum, the research highlights Malaysia's consociationalism as a product of small incremental policy steps which proved to be no less than transformational in the long run that gives Malaysia's political economy a quite different character than it had had at the start of British official rule in 1874.

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List of Abbreviations

AMCJA	All-Malaya Council of Joint Action
ACCC	Associated Chinese Chamber of Commerce
CCP	Chinese Communist Party
CO	Colonial Office
FELDA	Federal Land Development Authority
FMS	Federated Malay States
GLU	General Labour Union
IMP	Independence of Malaya Party
JMBRAS	Journal of the Malayan Branch Royal Asiatic Society
KMM	Kesatuan Melayu Muda
KMT	Kuomintang (Chinese Nationalist Party)
KRIS	Kesatuan Rakyat Indonesian Semenanjung
MAS	Malay Administrative Service
MCA	Malayan Chinese Association
MCP	Malayan Communist Party
MCS	Malayan Civil Service
MDU	Malayan Democratic Union
MIC	Malayan Indian Congress
MNP	Malayan Nationalist Party
MPAJA	Malayan People Anti-Japanese Army
PETA	Pembelan Tanah Ayer
PKMM	Partai Kebangsaan Melayu Muda
PUTERA	Pusat Tenaga Rakyat
RISDA	Rubber Industry Smallholders Development Authority
SCBA	Straits Chinese Business Association
SITC	Sultan Idris Training College
SS	Straits Settlements
UMNO	United Malays National Organisation
UMS	Unfederated Malay States

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1: Introduction

The convincing victory posted by the Alliance of two of Malaya's largest political parties, the United Malay National Organisation (UMNO) and the Malayan Chinese Association (MCA), in the country's various municipal elections between 1952 and 1953 had caught the British administration by surprise. In the elections, the UMNO-MCA Alliance won 94 out of 119 seats on contest. Of greater concern to the British administration was the Malayan public rejection of the British-endorsed non-communal party, the Independence of Malaya Party (IMP), which won only 3 seats.¹ Reacting to the results, the new British High Commissioner Sir Donald McGillivray wrote to the Colonial Office expressing his concern that "the present diversity of political parties in the Federation was extremely unfortunate and had a bad effect on inter-communal cooperation."² He added that the UMNO-MCA Alliance "is not a helpful movement" and that the UMNO and the MCA should as "far as possible be non-political" and be primarily concerned with social welfare activities.³ In an earlier letter to the Colonial Office, McGillivray expressed his intention to reduce the number of political parties to curtail communal politics, reiterating that "our policy is to build a united Malayan nation (and) we cannot endorse the communal motives of either group."⁴ McGillivray also made clear his support for the IMP, noting that the "IMP has the right spirit and aims."⁵

1 (Heng 1988) p. 169

2 Note by Donald McGillivray for the Colonial Office, CO 1022/86, no.20, enclosure c, 6 April 1953

3 Note by Donald McGillivray for the Colonial Office, CO 1022/86, no.20, enclosure c, 6 April 1953

4 Letter from DC McGillivray to JD Higram. CO 1022/298 no. 30, 18 October 1952

5 Note by Donald McGillivray for the Colonial Office, CO 1022/86, no.20, enclosure c, 6 April 1953

British officials' apprehension with regards to the UMNO-MCA brand of communal politics, however, was not misplaced. Race was clearly an issue in all of British colonies. British colonial experience in Canada, South Africa, Jamaica, Palestine and the partitioning of India following India's independence and Malaya's own ethnic strife following the end of the war were all ample evidences of the potentially fractious and non-sustainable nature of communal politics.⁶

Understandably, there were attempts by the colonial administration to stem public support for the UMNO-MCA alliance. In 1952, British High Commissioner General Templer issued the Lotteries Ordinance Act forbidding any organisation involved in political activities to run lottery activities.⁷ The Act was clearly targeted at the MCA whose lottery activities had become the party's main source of funding. Templer also asked the UMNO and MCA members to participate in the National Conference in 1953, as part of an effort to make the UMNO-MCA alliance concede to postponing Malaya's federal election. The conference aimed to allow for majority British appointed officials to the federal council, as opposed to the UMNO-MCA alliance's demand that elected members make up three-fifths of members in the Federal Council. This is crucial because the federal election and possible independence cannot be sought if elected members formed the minority in the Federal Council. UMNO and MCA leaders felt that the conference was an attempt to delay the election for another year. Understandably, the alliance refused the invitation and organised its own conference instead.

⁶ Read (Ferguson 2002) various pages. p 163 pp 217-219 also pp 297-298

⁷ (Van Vorys 1975)p. 110 taken from (1953)

Unlike its treatment of the UMNO-MCA pact, the British authority gave its approval to Onn Jaafar's IMP non-communal platform. Onn was made the "Deputy Leader of the Government" in the Federal Council, despite the IMP's heavy defeat in various municipal elections.⁸ Onn was also appointed the elected member for Home Affairs. And in the British proposed National Conference, Onn was made a key organising member.⁹

British efforts to stem the UMNO-MCA partnership were in fact aided by division within the UMNO's rank. The UMNO's political future was much in doubt after it lost key members following the resignation of its president Onn Jaafar.¹⁰ When Onn left the UMNO to set up the IMP in June 1951, months before Malaya's first municipal election, many British officials touted the UMNO as a spent force suffering as it did from a leadership void and having in its new President, Tunku Abdul Rahman, a political novice.¹¹ In 1953, UMNO membership in the state of Perak dipped from 35,000 to less than 5,000.¹²

Despite the odds, the UMNO-MCA pact won convincingly in the various municipal elections. As mentioned above, the Malayan public gave a resounding vote of approval to the alliance in the various municipal elections held between 1952 and 1954. More importantly, the UMNO-MCA alliance obtained wide public approval in the crucial federal election held in 1955. In the

8 In ("Report of the Malayan National Conference" August 1953) Taken from (Heng 1988) P. 182

9 Read (Heng 1988) p. 182

10 Malays were new to political organisations and boundaries between political bodies were yet to be drawn. (Harper 1999) pp 320 - 321

11 The first municipal election was held in February 1952, seven months after Onn's resignation from the UMNO

12 (Harper 1999) p. 329

election the UMNO-MCA alliance won 81 percent of the vote and took up 51 out of 52 seats contested.¹³ The election results clearly showed that the Malayan public had other ideas.

Clearly the UMNO-MCA partnership arrangement went against the grain of British expectations and wishes. What is also fascinating is the commitment shown by the UMNO and the MCA to make the alliance work. Given its rising popularity, as demonstrated in the various municipal elections between 1952- 1954, the UMNO could well contest on its own ticket during the federal election since 84 percent of the electorates were Malays with the Chinese voters making up only 11 percent. UMNO however chose to stay with the alliance. In fact, the MCA contested 15 out of the 52 seats, almost 30 percent of all seats and far in excess of the percentage of Chinese voters. Equally impressive is that, in the election, MCA candidates won in areas where Malay voters formed the majority.¹⁴ The UMNO not only continued to partner the MCA but also partnered another communal party, the Malayan Indian Congress (MIC).

It is apparent, that despite British's support for non-communal politics, the Malayan public was more convinced of the UMNO-MCA power-sharing arrangement. The Malayan public approval is also proof that the UMNO and MCA had the organisational capability to mobilise support from their respective population. It can be argued that both ethnic-based political parties were highly internally organised by their respective elites to such an extent that both parties managed to forge a consociational system of government along the lines described by Lijphart.(1968) It is not surprising that the outcome of the elections forced Britain to submit to

¹³ Read (Andaya 2001) p. 276

¹⁴ Read (Heng 1988) p. 102

the Malayan consociational logic even when the “new political language was abhorrent to many Englishmen.”¹⁵ We will discuss in greater detail the term consociationalism in the next chapter.

The Malayan story invites interesting questions. How can one explain Malaya’s consociational logic? Why was the Malayan public so convinced of the value of the UMNO-MCA alliance and not the non-communal formula proposed by IMP, a formula highly endorsed by the colonial administration? More interestingly, after almost 150 years of presence, did the colonial administration not see the coming of such a consociational arrangement? What then guided British colonial policies in Malaya? Were British policies in Malaya in fact working towards the formation of two well organised and autonomous groups with mutually set of institutions?

Core Argument

In attempting to answer the above questions, this thesis argues that British colonial policies had engendered the growth of two autonomous groups – Malays and Chinese – whose political, social and economic organisation, at the point of Malaya’s independence in 1957, had made it inevitable for them to embark on some form of consociational arrangement. Adopting a historical institutional analysis, the research argues that the formation of these two autonomous groups must be seen from the context of path dependence, self-reinforcement mechanism and timing and sequence, and that in seeking low-cost exploitation of Malaya’s resources British administration persistently made rational choices within a short-term horizon

¹⁵ (Harper 1999) p. 362

that did not take into consideration the path-dependent nature of policy choices and their long-term consequences.

The thesis will describe how British policies at managing Malaya's significant actors to serve its overarching objectives set off two processes; first, the less-than-full incorporation of Chinese as new actors in Malaya's political economy and second, a less-than-full retrenchment of Malay political dominance. It will further argue that though British policies were rational and logical, they overlooked the path dependent nature of policy choices and hence their long-term economic, social and political consequences. For instance, in trying to mitigate the financial and political costs of dismantling the incompatible Malay feudal political economy, British policies helped preserve *Malay de jure* power while at the same time incorporate Chinese economic and political presence in Malaya. And over the long duration, these policy choices to preserve Malay *de jure* power while at the same time incorporating a Chinese economic and political presence created processes that led to the consolidation of two large autonomous communities, with mutually exclusive sets of institutions, that increasingly competed for access to political and economic resources that made it necessary for these two communities to attempt various institutional options that could best reconcile exclusive institutions and negotiate competing political and economic demands. Three institutional options were tried: consociationalism, integration and partition. The thesis will explain that among the three, the path-dependent nature of Malaya's political economic process had necessitated a particular institutional logic, the consociational logic. Integration failed because attempts to establish common institutions and do away completely with longstanding mutually exclusive ones

proved over-ambitious. Partition also did not materialise as it proved politically and financially costly. In sum, the research highlights Malaysia's consociationalism as a product of small incremental policy steps which proved to be no less than transformational in the long run; it gives Malaysia's political economy a quite different character than it had had at the start of British official rule in 1874.

In explaining the consociational logic, the thesis will describe how the British colonial administration introduced Chinese communities to the Malay Peninsula for the purpose of economic development and resource exploitation. British facilitation of Chinese migrants was rational, encouraged by the need to tap organised Chinese labour and capital. These took the form of Chinese *kongsis* or secret societies and a liberal migration policy. The ready availability and influx of Chinese labour and capital also coincided with a conjuncture of events: the discovery of tin in the Malay States in 1850, increased global demands for the metal in the 1840s, and the end of China's opium war in 1842 which opened the ports in China and encouraged large numbers of Chinese labour migrants to make their way to the ports of the Straits Settlements. Over time, British encouragement and accommodation of Chinese labouring and capitalist classes gave rise to a powerful Chinese economic community that became increasingly incorporated into the political and economic structures of the Malay States. Such incorporation, however, slowed towards the late nineteenth century. But, even when British administration rolled back its incorporation of Chinese in Malaya's political economy and relied less on Chinese capital in the twentieth century – due to the presence of more sophisticated European capital – the colonial administration's earlier policies that had

encouraged the formation of an important Chinese community had already created a path-dependent trajectory that only reinforced the continued functioning of the community. This eventually led to expanding and indispensable Chinese business networks and institutions and a politicised and settled Chinese community that would form an integral part of the Malayan political economy.

On the flip side, British policies towards the Malays involved the constant management of Malay political power to maximise Malaya's economic potential. Throughout the nineteenth century, British policies were geared towards the emasculation of the role of Malay rulers and Malay feudal arrangement, which were incompatible with the demands of capitalism. These policies however did not go far enough. The colonial administration retreated from a complete removal of Malay *de jure* power after the administration realised that a complete dismantling of Malay feudal structures would result in considerable financial and political costs. The failure of the colonial administration, to fully eradicate Malay political and administrative role, set into motion further demands by Malay elites as they acquired new political and economic capacities afforded by British policies. These new capacities were manifested in the form of demands for greater administrative roles and greater access to educational and more equitable economic opportunities. By the middle of the twentieth century, the self-reinforcing nature of Malay capacity building led to new forms of Malay institutions and gave rise to Malay nationalism.

In sum, the research hypothesises that Malaysia's political and economic complexion, characterised by a variant form of consociationalism, can be better understood by tracing the

sets of institutions that Malaysia inherits as a result of its colonial experience. The thesis' contribution lies in its giving centrality to the historical process. In explaining institutional development, the thesis places emphasis on the slow-moving nature of political and social processes whose impact may be viewed as insignificant in the short term but would prove to be transformational when viewed from a long-term perspective.¹⁶ .

Method of Analysis

British policy is a large part of this thesis argument. Chapter four will provide a detailed description of the Colonial Office and British policies, but to put briefly here, British policy decisions were perfectly rational. These rational decisions however had short-term horizon that did not take into account long-term consequences. Many reasons can be put to this. Some of these include: the career structure of top British officers that did not go beyond a 5-year term, the constant change in government at Whitehall that affected continuity of policies, British public aversion of war and unnecessary spending on British territorial expansion, the non-strategic role of Malaya vis a vis other British acquisitions that made the administration not willing to incur undue risks and take on financial costs and the quality of British officers in Malaya (Malaya was not regarded by top British colonial officers as a preferred posting).

It is this combination of factors combined with applying the historical institutional argument that give the basis to this thesis. Chapter two will describe this further but for now, suffice it to say that it was from applying British colonial policy rationale with Paul Pierson's (2004)

¹⁶ (Carmines 1989)

argument on increasing returns and slow moving processes that the thesis has managed to piece together a coherent explanation of Malaya's political and economic character. Pierson (2004) gives a very convincing argument on path dependence, increasing returns, timing and sequence. He emphasises the idea of long term and slow-moving causal processes stressing that "failure to recognise the extent to which public policy outcomes are cumulative and slow moving can easily lead social scientist astray."¹⁷ As the next chapter will describe, Pierson's deliberation on the collective nature of politics, institutional density of politics and the complexity and opacity of politics, is most useful as they explain, for instance, British officers' disposition to take a short term policy outlook, adopt tried and tested policies and avoid unnecessary risks in their tour of duty. It is no surprise that British policies in Malaya involved choosing what was economically and politically expedient and avoided taking unnecessary political and financial costs. British policies thus involved on one hand, managing Malay feudal rulers to facilitate trade and on the other, mobilizing Chinese labour and capital to spur the economy. In so doing, the administration kept Malay and Chinese political and economic institutions separate which in the long term served only to accentuate the creation of mutually exclusive institutions. British policies in Malaya and Pierson's emphasis on slow and long term processes fits with Darwin's (2009) assessment of British policies. As Darwin (2009) puts it "the imperial system that the Victorians made emerged by default not from design" and that "however clear-sighted the prophet, it would not have been easy to foresee the path followed by British expansion."¹⁸

¹⁷ (Pierson 2004) p. 91

¹⁸ (Darwin 2009) p. 23

Contribution of Study

This thesis believes that there is a case to be made for explaining Malaya's political economy and that Malaysia's consociational logic can best be understood by adopting a historical institutional analysis. The thesis sees its contribution in the following ways. First, it hopes to start a discussion on Malaysia's state - building process and the state's consociational logic. Existing works on Malaysia, varied as they are, pay more attention to the Malaysian polity in the post-independent period. In reference to Karl Van Vory's work on *Democracy without Consensus*, Cynthia Enloe (1977) laments that Van Vory has written a "wrong" book, saying that the work is not unlike the works of Milne (1967), Ratnam (1965), Vasil(1971a), Esman(1972) , Roff(1967; 1965) , Wang (1981) in that they all essentially try to answer the same analytical question of "how the elites have held together a polity with such deep ethnic cleavage."¹⁹ Given the *ex post* nature of these works, Enloe suggests that "at this point [on] Malaysia there are other questions that need asking" and other "approaches that need trying."²⁰

There is truth in Enloe's (1997) critique. Indeed, literature on Malaysia's political economy has largely centred on discussions of the mechanisms that sustain Malaysia's post-independent political and economic character. Besides Van Vory's, there are two other major works that focus primarily on Malaysia's consociationalism (see Mauzy (1978), Ramasamy (1980)). These works, however, mirror that of Van Vory's as they fall short of explaining the rationale behind Malaysia's consociational logic. Both works instead focus on mechanisms that have been put in place to ensure a consociational arrangement in post-independent Malaysia.

¹⁹ See (Enloe 1977)

²⁰ (Enloe 1977)

The thesis also hopes to raise the importance of the institutional argument in analysing Malaysia's political economy. In making the institutional case, the thesis reasons that Malaysia's consociationalism is not a contrived act, hatched on the eve of Malaysia's independence. Rather, Malaysia's consociationalism is the result of deep institutional processes centred on the idea of path dependence, self-reinforcement mechanism, timing and sequence. It is worth noting that Lijphart's (1969) consociationalism, which will be discussed in the next chapter, requires a sustained commitment by all significant actors. This sustained commitment would be impossible had the state not gone through a deep institutionalisation process. Lijphart's definition is especially attractive in the Malaysian case because the durability of Malaysia's power-sharing arrangement suggests the need to undertake a study to explain the state's institutional formation and character.²¹

The thesis institutional argument is also motivated by recent works on Malaysia that provide references to the important role of institutions. The works by Barraclough (1985) and more importantly Horowitz (1985, 1993) highlight the need to appraise Malaysia's institutional qualities. Barraclough (1985), for instance, highlights the importance of Malaysia's state institutions, which continue to be used and retooled to entrench ethnic policies through coercion. Horowitz (1993) singles out Malaysia's federal arrangement and its grand political coalition as an important institutional feature of the Malaysian polity.²² In comparing Sri Lanka

21 Lijphart mentions that consociationalism can work given four conditions: that elites have the ability to accommodate the divergent interests and demands of the subcultures; that elites have the ability to transcend cleavages and to join in a common effort with the elites of rival subcultures; elites are committed to the maintenance of the system and to the improvement of its cohesion and stability; and that elite understand the perils of political fragmentation. This Lijphart (1969) work is reproduced in his latest publication (Lijphart 2008) p. 32

22.(Horowitz 1985)) cites Malaysia's federal system as one instrument to diffuse inter-ethnic tension. In a separate article (Horowitz 1993) he states that political bargaining, entered before every election between the various ethnic parties in Malaysia's grand coalition helps mitigate ethnic conflict

and Malaysia, Horowitz (1989) attributes Malaysia's success in managing ethnic conflict as due to the set of institutions that Malaysia possesses which he describes as an "interplay of conflict-fostering conditions and conflict-reducing processes and institutions"²³. Crouch (2001) also admits that ethnic peace and development in Malaysia are made possible because of the existence of an institutional arrangement, manifested in the tacit contract that non-Malays entered with Malays in exchange for security and peace. These works naturally beg the need to look at Malaysia's institutional quality.

Finally, this thesis hopes that this work may trigger more works on state formation of post-colonial Southeast Asian nations. Until now, there has not been little work on the state-building process concerning Malaysia or other Southeast Asian countries, in the mould of works on state formation carried out by Ertman (1997), Tilly (1975) and Collier and Collier.(1991)

The thesis will be divided into four main periods and each of which will be discussed in four chapters. These periods are chosen because they act as markers in highlighting important events and processes that shape Malaya's political economy. The first of these chapters will describe the period between 1800 and 1874. The next chapter will discuss the period 1874 – 1930. The last two chapters will deal with the period 1930- 1957. Here, we briefly discuss the main highlights of these periods.

23 (Horowitz 1989) pg.21

Start of British Influence in the Malay States: 1800 – 1874

This period set the stage for British economic and political influence in the Malay States. The growth of British influence in the Malay States came in three stages: the founding of the Straits Settlements culminating in the Anglo-Dutch Treaty of 1824; British soft diplomacy in the form of various treaties that increased British influence in the Malay States; and Britain's role in the mobilisation of organised capital and labour into the Malay States from 1850.

British policies with regard to the Malay States were consistent with the East India Company's priority at that time, which was to do trade at minimal political cost. In fact, until the early 1860s, there was no indication of any British intention to intervene in the Malay States. However, increasing presence in the region raised expectation. British interest in the region grew as the East India Company became more invested in the region. This brought about two main developments. First, growing acceptance on the part of the Colonial Office allowed the Straits government to manage relations with the Malay rulers that facilitated the introduction of labour and capital from the Straits. Second, the British growing influence precipitated the large influx of labour and capital into the Malay States that would alter the economic production system in the Malay States, which was then run along feudal lines. The two processes brought into play new political and economic relationships involving Malay rulers, British officials and Chinese capital. Taking into account the concepts of path dependency, timing and sequence, these new political and economic relationships paved the way for new forms of relationship between Malaya's new and old actors.

The founding of the Straits Settlements (Penang in 1786, Singapore in 1819 and Malacca in 1824), which were all tiny settlements on the fringes of the Malay Peninsula, played an important role in the propagation of British political and economic influence in the Malay States. The founding of Penang in 1786, Singapore in 1819 and Malacca in 1824 gave the East India Company a foothold in the Malay Peninsula.

The pace of British influence in the region quickened with the signing of the Anglo-Dutch Treaty of 1824, a treaty which involved a territorial swap between two European powers.²⁴ More importantly, the treaty conveniently divided the Malay Archipelago into Dutch-controlled East Indies (present-day Indonesia) and British-controlled East India (the Malay Peninsula). Effectively it gave Britain *de facto* control over the Malay Peninsula and gave Straits officials added license to engage the Malay States.

The Anglo-Dutch Treaty opened the way for more British diplomacy with the Malay States and with it British trade. In spelling out his relations with the Malay States, Stamford Raffles pointed out that the engagement with the Malay States was intended “to secure the British interests and remove obstructions in the way of a free commercial intercourse” and that British authority would “avoid all interference which may involve our government in their [Malay States] internal disputes.”²⁵

²⁴ The Dutch agreed to give up Malacca in return for British-controlled Bencoolen in Sumatra.

²⁵ Cited from (Madden 1953) pp 74 - 76

British keenness to establish trade ties was aided by the Malay rulers' willingness to court British power. The Malay rulers at the time needed a counterweight to ward off regional powers and in Britain they saw a benign power uninterested in outright intervention.²⁶ British diplomacy and influence came in two main forms. The first was the series of treaties entered between the Straits Government and the various Malay States – well before the Pangkor Treaty of 1874 that marked official British rule. In 1824, Robert Fullerton, governor of the Straits Settlements signed treaties with the states of Selangor and Perak. For the British, the treaty helped ensure the security of the Malacca Straits for trading purposes; for the Malay rulers, the treaty helped ensure British protection against potential Siamese attack. There was also the Burney Treaty in 1826. The treaty was in response to a request from the State of Kedah for a British presence. As a result of the treaty the Kedah ruler agreed to cede a strip of land adjacent to the island of Penang, later called Province Wellesley to the East India Company which gave the Straits government added foothold on the Malay hinterland.

Second, British diplomacy and influence came in the form of the incorporation of British ideas in the administration of the Malay States. The various treaties helped reinforce confidence on the part of Malay rulers for British law and order.²⁷ The 1830s, for instance, saw the State of Johor, incorporating many elements of British administrative practices. Administration of Johor was carried out from Singapore where the *Temenggong*, the ruler of Johor, resided until 1866. The Straits government was also instrumental in promoting economic development in Johor,

²⁶ Read (Miller 1965)

²⁷ (Abraham 1977) p. 53

entering into a partnership with the Johor government in the 1830s by setting up opium revenue farms called the *Kangchu* system²⁸.

With time, greater density of engagement allowed for greater British influence in the political economy of the Malay States. By the middle of the nineteenth century, the growth of the Straits Settlements as a commercial hub and the discovery of large tin deposits in the Malay States made it increasingly difficult, if not impossible, for the Malay States to remain impervious to British political and economic influence. This period then saw a large movement of capital and labour, particularly Chinese, into the Malay States. This movement of capital and labour was helped by a conjuncture of events. First, the increase in global tin prices in the middle of the nineteenth century (after the 1840s) coincided with the discovery of large deposits of tin in the Malay States of Perak, Selangor and Sungei Ujong (Negeri Sembilan). Britain's reduction of duties on imported tin in July 1842 also helped trigger interest in Malayan tin.²⁹ The favourable demand for the metal also coincided with the end of China's Opium War in 1842 that opened the ports in China which encouraged Chinese labour migrants from southern China to the *Nanyang* (South Seas or Southeast Asia). By the late 1840s, the ports of the Straits Settlements became launching pads for the movement of Chinese labour into the Malay States. Growing Straits interest in the Malay States was also aided by the intense regional trading competition after faced by Dutch-controlled East Indies French-controlled Cochinchina and Spanish controlled Philippines imposed high duties on imported goods from the Straits. The intense regional trade competition saw Straits merchants calling on the Straits

²⁸ The setting up of opium, alcohol and gambling tax farms Chinese communities along designated rivers in Johor.

²⁹ (Tregonning 1962) p. 28

government to assume some form of control over the Malay States. Some even called for Britain's full annexation of the Malay States.

The unprecedented economic rush witnessed greater collaboration between local Malay territorial rulers, Chinese capitalists and Chinese organised labour. The new development in the Malay States also gave rise to increased political tension as Malay rulers fought for control of economic resources. Indubitably, the political and economic flux that the Malay States were going through helped consolidate British influence in the Malay States. British growing influence over the Malay States was palpable. In these early years, British influence took the form of managing the relationship between Chinese (Straits) capital and labour, and the Malay rulers. The Straits government would intervene in the political and economic affairs of the Malay States whenever Straits merchants (some of whom were British-protected) and Chinese secret societies faced difficulties in conducting business transactions. Intervention came in the form of arbitrating trade disputes between Malay rulers and disputing parties. At times, the Straits government called on the Malay States to keep their major waterways and the Straits of Malacca safe for trade. In 1862, for instance, Colonel Cavenagh, then Governor of the Straits forced Perak's Mantri of Larut to pay compensation to a Chinese secret society (Ghee Hin) for contravening a mining contract, failing which the British authority threatened to impose a blockade off the coast of Perak.³⁰ In 1862, both Johor and Pahang also signed treaties with the

30 (Purcell 1947) pg. 106

Straits government where both states agreed not to engage foreign powers without the consent of the Straits government.³¹

The period 1800 – 1874 lays the groundwork of what was to come for Malaya's political economy. This period saw the beginnings of Britain's management of Malaya's new and old actors that would be a consistent feature of British colonial policy in Malaya. The difference is that the degree of management intensified after British official rule in 1874 and led to the formation of two autonomous groups with exclusive sets of institutions.

Off with the Old, In with the New: 1874 - 1930

The signing of the Pangkor Treaty in 1874 marked the start of official British rule in the Malay Peninsula. This period sees Britain's more involved role in facilitating economic growth with the constant management of Malaya's significant actors. This management of Malaya's important actors brought about two processes.

First, it led to the incorporation of new actors, specifically Chinese, into Malaya's economic and political processes. The Pangkor Treaty altered the relationship between Malay rulers, British administrators and Chinese businesses. Prior to the Treaty, Chinese involvement was mainly at the discretion of Malay rulers as these rulers needed Chinese economic agents to mobilise the economy. Chinese agents would pander to Malay power to gain access to resources. The Chinese – Malay rulers' nexus weakened after the Pangkor Treaty. Chinese entrepreneurs

31 (Sadka 1968) p. 59

would now increasingly turn to British regime for access to resources and promotion of their business. This is demonstrated by the presence of a strong colonial state-Chinese business nexus.³² Second, economic modernisation led to the emasculation of Malay political power as the new British administration attempted to reduce the transaction cost imposed by an incompatible Malay feudal arrangement. The colonial administration however could not fully reduce Malay political dominance realising that doing so would come with financial and political costs. The attempt by Perak's first British Resident JW Birch to annex the state put it under direct rule of London and strip the Sultan of any role led to Birch's murder and cost the colonial administration some £71,074 to bring peace to Perak.³³ The Perak episode plus other political skirmishes in Selangor and later in Pahang put paid to further British plan to completely remove Malay political structures and dominance. After the Birch episodes, the Colonial Office made frequent calls for governors and Residents not to overstep their capacity as advisors to the Malay rulers.

This inability to completely remove Malay power saw Malay rulers still holding the highest leadership within the state's power structure(*de jure* power), even when *de facto* rule had shifted from the Malay rulers to British administrators. With time, such preservation of Malay *de jure* power built expectations on the part of Malay actors. This less-than-full retrenchment of Malay political dominance, created a path dependent process that saw the consolidation of Malay political power in the years to come. The preservation of Malay rulers as President of state legislature and head of state paved the way for the consolidation of Malay political

32 Read (Wu 2010) pp 177 – 179. Also read Chinese business dealing before Pangkor by (Trocki 1997) pp 61 - 70

33 (Kennedy 1962) pg. 171. See chapter four for details.

dominance as rapid economic development helped build Malay capacity. By taking into account the need to preserve Malay *de jure* British policies created a growing number of Malay intelligentsia, produced new forms of Malay political and social organisations and in the aggregate gave rise to Malay nationalism that called for, among others, more educational opportunities, more Malay appointments in the civil service and preferential land policy. And by the close of the 1930s, there was already a firm formation of a powerful Malay community that increasingly demanded political as well as economic resources.

British management of the expectations of Malaya's new actor, the Chinese, was also guided by short term rationale that minimising costs and ensuring maximum economic returns. British policies towards the Chinese were utilitarian in nature. Chinese labour and capital provided the best means to improve the economy. Given British unfamiliarity with the Malay States, Chinese compradors were needed to spur the economy. Shortage of indigenous labour also made Chinese labour indispensable.

By the mid-nineteenth century, the Chinese had become an indispensable part of Malaya's economy that required the administration greater effort at managing Chinese expectations. One important policy move was to incorporate Chinese business interests in states legislative structures. In 1876, the British authority made an unprecedented move when they appointed two Chinese headmen from contending secret societies to become members of the Perak State Council. This provision was a departure from Perak's traditional law which prohibited non-Malays from taking legislative role and from owning lands. The appointment of new actors

(Chinese) in the legislative body was replicated in Selangor. The incorporation of the Chinese into the state legislative bodies was also an acknowledgement of the special business links between European officials, Chinese Secret Societies and wealthy Chinese *Towkays* ³⁴ and lent further support to the cosy relationship between the colonial state and Chinese businesses. The British authority also established the Chinese Protectorate office in 1877, an office to manage Chinese labour and capital. The office was also peculiar to British colonial rule in Malaya. The colonial administration also tolerated Chinese secret societies even when the administration was aware of criminal elements linked to Chinese Secret Societies. It was only in 1890 that the colonial administration outlawed Chinese Secret Societies under the Societies Ordinance of 1890. Other policies that incorporated Chinese business interests include: the amendment to Chinese labour contract in 1890 to encourage migration and to protect new Chinese immigrants (*Sinkhehs*) from being abused;³⁵ the introduction of the Chinese Agricultural Labourers Protection Ordinance in 1891 to protect Chinese labourers;³⁶ and the setting up of Chinese agricultural colonies in the Malay States.³⁷ As an inducement to retain Chinese labour, the colonial administration also allowed Chinese communities in the late nineteenth century to establish their own forms of social and educational organisations mirroring those in China. Schools were funded from the community and teachers were brought in from China. Their syllabus followed that of China's and textbooks were imported from Shanghai. ³⁸ .

34 The coming chapters will discuss his relationship. For more detail on Chinese merchants and secret society please refer to (Trocki 1990) and (Song 1902). Read also (Daniel 2010) p. 490

35 (Mills 1960) pp 212- 213, pg 209

36 (Chai 1967) pg. 112

37 There were policies that favoured the importation of Chinese capital and labour. For detailed account please refer to (Sidhu 1980) pp 8 - 10

38 (Purcell 1948) pg 231 - 232

The twentieth century however saw British retrenchment of favourable policies towards Chinese labour and capital. Chinese businesses suffered from a new set of British policies that included: the abolishment of gambling and opium revenue farms in 1902 and 1912 respectively; the outlawing of Chinese secret societies; a change in mining code in 1895 that caused the eventual closure of many Chinese tin mining enterprises.³⁹ The change was largely due to a more confident British administration that now wanted a more sophisticated economy and new economic production system. British policies were also guided by growing calls from British and European business interests that wanted greater access to Malaya's resources, especially tin and rubber.⁴⁰ The twentieth century then saw large British agency houses taking a hold in businesses previously monopolised by Chinese business especially tin mining.⁴¹

The retrenchment of favourable policies toward the Chinese community, however did not spell the end of Chinese incorporation within Malaya's political economy. The British administration still needed Chinese labour and unwinding such dependence would prove impossible. Also, increasing returns suggest that it became costly, perhaps impossible for Chinese capital and labour to unwind their positions in Malaya. It is this path dependent process that allowed the Chinese community to consolidate their political and economic position which was manifested by the creation of exclusive Chinese institutions.

39 The failure to comply by such code and burdened by high production cost caused the eventual closure of many Chinese tin mining enterprises. See (Yip 1969) pp 150 - 151

40 In the 1890s for instance, the British administration was criticised by European business interest who claimed that the administration was more concerned at promoting Chinese enterprises (Yip 1969) pg. 151

41 . The result of these changes was staggering. If in 1920, European firms produced 36 percent of total tin output with Chinese making up 64 percent of total tin production, but the 1930s, European companies took up nearly 63 percent of total tin output with Chinese mining companies producing the remainder. See (Yip 1969) pp 164 - 165

British need for Chinese labour also saw the British administration tolerating the growth of Chinese transnational ties. It allowed the Manchu government to set up Consul General Office in Malaya. The setting up of a Manchu Consul in Singapore in 1877, helped trigger the setting up of Manchu-linked organisations that would later pave the way for the setting up of other Chinese transnational organisations in the twentieth century. The coming years saw the setting up of the Kuomintang (KMT) and the Nanyang Communist Party (later called the Malayan Communist Party (MCP)), organisations that were highly focussed on China's political struggles. By the 1930s, it was obvious that the density of Chinese transnational organisations had caused the bulk of the Chinese community to remain fixated on China's political struggle. More importantly, transnational organisations contributed to a repertoire of Chinese-based institutions and an autonomous and exclusive Chinese community.

In sum, the period 1874 – 1930 exemplifies how rational British short-term policies that attempted to manage Malaya's important actors for the purpose of economic development ended up creating long-term social and political consequences. These short-term policies created two autonomous communities with distinct political, economic and social institutions. On one hand, the British's less-than-full retrenchment of Malay political dominance precipitated a condition where old actors began to demand more control over the political and economic resources, helped no doubt by the creation of a dense network of Malay-based institutions. At the other end of the scale, British incorporation of new actors in the nineteenth century and British tolerance of the growth of Chinese-based institutions in the twentieth

century led to new actors demanding better distribution of Malaya's political and economic resources.

Divided Affiliation, Indispensable Negotiations and Common Destiny: 1930 – 1957

This period will be divided into two chapters (the years 1930 – 1942; and the years 1942 – 1957). For brevity it will here be described as a single period. The first part of this period (1930 – 1941) saw the continued formation of two autonomous communities with deepening cleavages in the form of mutually exclusive institutions. This pre-war period also saw the British administration attempting to revive a dwindling economy. The administration was also coping with excess capacity, while at the same time trying to manage the rise of Chinese transnational political organisations and of Malay nationalism. Some of these policies however ended up enhancing the formation of Malaya's two autonomous groups.

The 1930s saw the colonial administration continuing to struggle with Chinese transnational politics. Belated policies to stamp out the rise of Chinese transnational organisations had little effect. In fact, Chinese transnational activities became more intense in the 1930s as a result of the Sino-Japanese war. The 1930s saw both the KMT and the MCP attempting to woo Chinese support by setting up various social and political organisations. The colonial administration in fact aided Chinese transnationalism. During the Japanese war, in order to save the cost of overseas troops, British funded and armed the KMT and the MCP, after both offered to form resistance movements. The Japanese Occupation raised their profiles and lent greater

legitimacy to the MCP.⁴² The war turned the MCP into a militarised outfit, contributed no less by British funding of the MCP's military unit, the Malayan People's Anti-Japanese Army (MPAJA) during the war. In the early years after the war, the MCP mounted a serious political challenge to the administration where it had a hand in Malaya's first ethnic strife, created labour unrests, and had a major influence in the setting up of many left-wing organisations.

The economic depression years in the 1930s also saw, for the first time, Britain's efforts to roll back its liberal migration policy. The colonial administration's series of immigration policies in the 1930s were attempts to reduce Malaya's excess labour by repatriating and curbing male Chinese immigration. But such rational policies meted out to address a short-term economic problem set off processes that had long-term consequences. British immigration policies for instance allowed for unrestrained female immigration which led to a large movement of Chinese females into Malaya, encouraged in no small way by China's economic and political woes. This development brought about a huge demographic shift in the Chinese population. In twenty years, the Chinese male to female ratio came to near parity. And, by the 1950s, this large increase in the Chinese population contributed to a more settled Chinese community.⁴³

The 1930s also saw the growing Malay political expression which was already on an active mode in the late 1920s. The 1930s saw a growing Malay intelligentsia, beneficiaries of an improved economy who were now demanding Malay education and for Malays to have greater

⁴² In 1943 the MPAJA was approached by the British government which agreed to supply arms, ammunition and explosives and training to the MPAJA. In return the MPAJA would accept the training of its officers by British liaison teams. Read (Purcell 1948) pp 258 - 260

⁴³ Read (Kaur 2006; Jackson 1961)

access to the civil service. The period also saw an active Malay journalism, where newspapers were not mere “news” papers but more of “viewpapers”, that dealt on Malay development.⁴⁴ This period also saw the rapid growth of Malay political and social organisations, sparked by the setting up of the first Malay organisation in Singapore.

The Japanese Occupation and the post-war period changed Malaya’s political landscape. For the first time, the Japanese Occupation and the end of war exposed, the extent, perhaps the potency, of an existence of exclusive set of institutions inherited by Malaya’s two autonomous communities. The post-war years revealed the impact and complications that came with British past policies that had by now created two parallel communities. Three episodes in the post-war years revealed the gravity of the presence of two autonomous communities; the ethnic strife at the end of Japanese Occupation, the Malayan Union proposal and what Harper (1999) describes as the Malayan Spring.

The end of the war saw Malaya’s first ethnic strife, with the Malayan Communist Party (MCP) at the centre of the clash. The ethnic strife was a product of different expectations among Malaya’s various communities and it was accentuated by the power vacuum that existed and MCP’s show of military force. Whether real or perceived, the clash was viewed by the Malay public as bearing ethnic undertones given the MCP’s Chinese orientation. This ultimately sparked intense Chinese-Malay rivalry.

44 (Emmanuel 2010)

The Malayan Union proposal also saw unprecedented display of Malay political expression. It brought to bear the existence of sharp institutional divides between Malaya's various communities with exclusive interest. To start the proposal was yet another challenge to Malay *de jure* power as the Union would put Malaya under direct British rule and strip the Malay rulers of executive power. But it was the issue of common citizenship under the Malayan Union, where all races would enjoy equal rights as Malaysians that created the greatest discomfort among Malays. The timing of the Union proposal was also wrong, coming as it did at the height of Chinese transnational politics and at a time when Malay memories were fresh from the ethnic chaos mounted by the MCP. The confluence of events surrounding the Malayan Union saw intense Malay nationalism, the scale of which took the British administration by surprise. The resistance to the Union was so intense that Britain had to abandon the plan. They called on the United Malay National Organisation (UMNO), which had spearheaded the movement against the Union, to join in a working committee to draft an alternative proposal, a proposal that resulted in the creation of the Federation of Malaya.

The "Malayan Spring", as Harper describes(1999) is yet another period that exposed the sharp distinction between Malaya's autonomous communities. The "Malayan spring" saw heightened political expressions which were more eclectic in nature with an increasing number of leftists/progressive voices. Given the political contention, a class struggle seemed eminent but as chapter five will describe Malaya's class struggle failed to transcend ethnic boundaries. More importantly Malayan class struggle took on ethnic considerations that only added to the density

of exclusive institutions and enhanced the existence of Malaya's two autonomous communities.

The ethnic strife, the Malayan Union episode and the "Malayan Spring" exposed the potency of having mutually exclusive institutions and which then forced Malaya's two autonomous communities to design various institutional permutations to reconcile the existence of mutually exclusive institutions. The first permutation was the consociational logic. The MCP for instance tacitly understood the power-sharing logic by attempting to shed its Chinese image by recruiting non-Chinese into its ranks. The MCP made the first effort at power sharing when it attempted to strike up a partnership with the left-wing Malay Nationalist Party (MNP). However the partnership however failed given the irreconcilable demands made by both parties. The consociational logic was also apparent when the All Malayan Council for Joint Action (AMCJA) - a group of non-Malay political organisations - joined hands with the Pusat Tenaga Rakyat (PUTERA), a coalition of left-wing Malay civil society groups to form the AMCJA – Putera. Again, this left-wing coalition failed as the extreme demands made by partners made such a coalition untenable. There were other institutional permutations, attempts to do away with consociationalism. One attempt was to form a non-communal political platform and eliminate exclusive institutions. This integrationist arrangement would make for an ideal political solution but the formation of the multi-racial Independent Malayan Party (IMP) and the Parti Negara which was meant to fuse Malay and non-Malay interest through an ambitious program of common citizenship, did not gain traction. In fact, both parties stopped adopting a multi-ethnic platform and ended up becoming a communal party.

Another, a third institutional permutation was both neat but potentially fractious. It involved creating partitions that would ensure that each autonomous group keep their mutually exclusive institutions without the difficulty of a consociational arrangement. It involved the sectioning of Malaya into two parts; separating the majority-Chinese Straits Settlements of Singapore, Penang and Malacca from the rest of the Malay States. This idea was aggressively pursued by Penang and Singapore in the period 1948 – 1957 but it did not materialise. The bid failed to impress the colonial administration that was still caught up with the Emergency and the problems involving the MCP. The movement was also not able to obtain the approval of members of the Federal Council and the Legislative Council.

Amid the failed attempts at power sharing conducted by the left leaning MCP-MNP and the AMCJA-PUTERA coalition, the consociational logic was relived through the setting up of the Communities Liaison Committee (CLC). The CLC was composed of members of the UMNO and Chinese members like Tan Cheng Lock and H S Lee, who would later be key figures in the Malayan Chinese Association. Unlike previous arrangements hatched by the MCP-MNP and AMCJA-PUTERA, the demands made by CLC members were more centrist in nature and carried out without the glare of publicity, which allowed members to make difficult compromises without interference. The CLC would turn out to be a nursery for Malaya's elites as it would later gave birth to an UMNO-MCA political partnership.

Conclusion

It is apparent that after 150 years of British presence, the path-dependent nature of events had transformed the Malayan polity completely and provided for a unique Malaysian political economy. Britain's economically driven policies and British management of Malaya's two largest communities pursuant of these policies, helped trigger an institutionalisation process that gave form to Malaysia's consociational logic. Before we delve into the historical narrative, we will first turn to review some of the literature and discuss the background to various concepts used in this thesis.

2: Literature Review

This chapter is set out as follows. It will first describe the historical institutional approach. It will then describe the method of inquiry used and the process of data collection. The chapter will then discuss the various theoretical tools used in explaining Malaysia's political economy, the purpose of which is to identify gaps in the study of Malaysia's political economy. The chapter will end by explaining the limitations of the research.

Institutions and Historical Institutionalism

What are institutions? North (1990b) defines institutions as “humanly devised constraints that structure political, economic and social interaction” and that institutions include both “informal constraints” like sanctions, taboos, tradition and codes of conduct and “formal rules” like law and property rights.”⁴⁵ He makes the analogy that institutions are the rules of the game and organisations are players that give meaning to institutions. North sees the “kinds of information and knowledge required by the entrepreneur are in good part a consequence of particular institutional context.”⁴⁶ As such the key to understand institutions and institutional change lay in analysing state's institutional qualities.⁴⁷

There are other definitions on institutions. Taking a slightly different perspective, Hall (1990) describes institutions as “formal rules, compliance procedures and standard operating practices

⁴⁵ (Institutions 1991) p. 97

⁴⁶ (North 1990b; North 1994) p. 77

⁴⁷ (North 1990b) p. 4 - 8

that structure the relationship between individuals in various units of the polity and economy.”⁴⁸

Streeck and Thelen (2005) define institutions as “building-blocks of social order.”⁴⁹ These building blocks of social order are social sanctions that collectively enforce expectations on actors with regard to behaviour and performance. Institutions then create “mutually related rights and obligations for actors, help distinguish between appropriate and inappropriate, right and wrong, possible and impossible actions and thereby organising behaviour into predictable and reliable patterns.”⁵⁰

The thesis adopts North’s (1990) definition of institutions because it encompasses a broad definition of institutions. Public policy, according to North, is a form of institutions because they structure, modulate and give stability to interaction between actors. This is important because British colonial policy is central to this thesis. By applying the historical institutional argument, the thesis will show how public policies (British colonial policies) remained persistent over time and helped create two autonomous communities with mutually exclusive sets of institutions.

What then do we make of historical institutionalism, the framework that this thesis adopts? Historical institutionalism pays attention to the historical process and places emphasis on the

48 (Hall 1986) p. 19

49 (Streeck and Thelen 2005) p. 9

50 (Streeck and Thelen 2005) p. 9

concepts of path dependence, increasing returns, timing and sequencing.⁵¹ There are three key premises to historical institutionalism. First, the historical institutional analyst believes that “political processes can best be understood if they are studied over time.”⁵² Second, a historical institutional analyst treats “structural constraints” on actors, especially those that emanate from the government as “important sources of political behaviour.”⁵³ Third, the historical institutional analyst believes that “detailed investigation” of carefully chosen case studies provides a “powerful tool for uncovering the sources of political change.”⁵⁴

Given such characteristics, works on historical institutionalism seek to explain large outcomes and tend to ask “big” questions⁵⁵ and ask questions like: How does a state develop certain institutional features; Why are some countries stable democracies; or Why are some states prone to revolutions and others not?⁵⁶ Works on historical institutionalism takes the element of time seriously and believes that social science research should be grounded by historical accounts.⁵⁷ Hence in explaining outcomes, a historical institutional analysis often looks at processes that may stretch over decades, or even centuries.⁵⁸

A major work that discusses the historical institutionalist approach in great detail is Pierson’s (2004) *Politics of Time*. Pierson explains that a state’s differentiated political, social and

51 See for instance (Mahoney 2000), (Pierson 2004, 2000a) and (North 1990b)

52 (Pierson 1993) p.596

53 (Pierson 1993) p.596

54 (Pierson 1993) p. 596

55 (Goldstone 2006) p. 9

56 (Skocpol and Pierson 2004) p.3

57 See various works by (Thelen 2004), (Skocpol 1979; Tilly 1984)

58 (Pierson 1993) p. 596

economic character is a product of the state's peculiar historical experience. Pierson argues that a state's social, political and economic change is the result of gradual or incremental change. He elaborates that social processes undergo small changes which may be insignificant when viewed from a short duration but could prove no less transformational when viewed from a longer time horizon. Pierson's argument is tied to concepts like path dependence, increasing returns or self-reinforcement mechanism, sequence and timing. We will turn to these terms below.

Path Dependence, Timing and Sequence

A central concept in historical institutional analysis is path dependence. The term is subject to various definitions. Sewell (1996) defines path dependence thus: "that what happened at an earlier point in time will affect the possible outcomes of a sequence of events occurring at a later point in time."⁵⁹ Mahoney (2000) sees path dependence as "specifically those historical sequences in which contingent events set into motion institutional patterns or event chains that have deterministic properties."⁶⁰ Levi (1997) perhaps provide a more lucid description of path dependence:

(Path dependence has to mean) if it is to mean anything, that once a country or region has started down a track, the costs of reversal are very high. There will be other choice points, but the entrenchments of certain institutional arrangements obstruct an easy reversal of the initial choice.⁶¹

59 (Sewell 1996) pp 245 - 80

60 (Mahoney 2000) p. 507

61 (Levi 1997) pg. 265

Despite the various definitions, a path-dependent analysis subscribes to three main features. First, the term implicitly involves the study of causal processes that are highly sensitive to events that take place in the early stages of an overall historical sequence.⁶² Second, path-dependence analysis subscribes to the idea that initial conditions do not guide the predictability of the final outcome.⁶³ Third, a path-dependent analysis takes the view, that once a contingent event takes place, the event sets into motion a series of processes and tracks a particular outcome.⁶⁴ In other words, once a choice is made, a self-reinforcing mechanism sets in where “each step in a particular direction makes it more difficult to reverse course.”⁶⁵

The idea of path dependence then raises obvious questions. How does path dependence work? Why do social, political and economic processes get stuck in a path dependent mode? There are two pioneering works by economic historians David (1985) and Arthur (1994) that attempt to deconstruct the logic of path dependence. Using the example of the QWERTY typewriter David (1985) highlights that users continue to exercise path-dependent tendencies, even when there are alternative and more efficient technologies. David’s work highlights how initial choice gets hard wired making it harder for actors to adopt competing technology.⁶⁶ Arthur (1994) elaborates further, attributing path dependence to self-reinforcing effect. He describes four

62 (Mahoney 2000) p. 510

63 (Goldstone 1998) p. 834 also cited in (Mahoney 2000) p. 511

64 (Mahoney 2000) p. 511

65 (Pierson 2004) p. 21

66 (Krasner 1988), (Thelen 2006);(Pierson 2000a) and (North 1990b) all discuss path dependence to varying degrees and to varying level of emphasis.

self-reinforcing mechanisms that encourage path dependence: large set up costs, learning effects, coordination effects and adaptive expectations.⁶⁷

David's (1985) and Arthur's (1994) works on the logic of path dependence have been extensively borrowed by the field of political science and political economy. Scholars argue that the field of politics and political economy involves agency and choices. And just like the adoption of technology, economic, social and political decisions incorporate elements of path dependence. Perhaps one of the best efforts that imported David's (1985) and Arthur's (1994) works to political science and public policy is the one carried out by Pierson (2004). In arguing his case, Pierson (2004) explains that the source of path dependence and reinforcing mechanism, lies in the nature of the public good.⁶⁸ He explains that the non-excludable and non-rival nature of public good give rise to collective action dilemma, opacity in political decisions and the development of institutional density that encourage self-reinforcing mechanisms. We briefly discuss these characteristics.

The Collective Nature of Politics

The collective nature of politics interferes with the optimal allocation of resources and encourages path dependence. This is because the nature of decision making in a "political" market is different from decision making in an "economic market." Unlike an "economic market" where individual decision is independent of others' decision, the nature of a "political

⁶⁷ The four features highlighted by (Arthur 1994) pg 112 are large set up or fixed costs. Given the large amount of investments and high fixed costs, individuals and organisations have higher incentives to stay on a particular technology or stick to a particular options; Learning effects is a phenomenon to show that once we are good at something we tend to better at innovating it rather than seek something entirely new; coordination effects relates how current adoption of techniques would encourage the tying up with other related techniques to make to make it more attractive; adaptive expectations relates to how the adoption and prevalence of an option will limit our future choices, as we tend to not want to pick future 'wrong' choices and would hatch our bet on choices that would be "successful". Read (Arthur 1994) pg. 112

⁶⁸ Pierson makes no distinction between positive feedback, increasing returns and self reinforcement mechanism. Refer to (Pierson 2004) p. 21

market” requires individual’s decision to take into account others’ expectation. Given the case, delivery of public good requires a greater amount of coordination among members that inevitably results in less than optimal decision. More important, there is the fear of picking the “wrong” choice which encourages actors to constantly adjust their behaviour in line to how they expect others to choose that leads to self reinforcing effect and path dependence.⁶⁹ This cumulative expectation on what should be the “right” choice encourages self-reinforcing mechanism. Path dependence sets in because self-reinforcing dynamics associated with collective action process mean that policies have a strong tendency to persist once they are institutionalised.⁷⁰ In the case of Malaya, British colonial policy was hinged on a short-term least cost strategy. Such a stance influenced the colonial administration’s decisions to continue to encourage the importation of Chinese capital and labour and allow the growth of Chinese transnational politics to ensure continued Chinese economic production. These initial policies only encouraged future expectations and allowed for the growth of Chinese-based institutions. To take another example, British experience in the Naning War in 1831, Birch’s murder in 1875 and the Malayan Union in 1946 reinforced British concerns on the need to limit financial and political costs. These episodes influenced British policies that continued to preserve Malay *de jure* power which helped build Malay capacities.

69 (Pierson 2004) p. 33

70 (Pierson 2004) p. 34

Institutional density of Politics

Institutions, public policies included, not only induce self-reinforcement effect but also tend to create a dense institutional network. This is because institutions require high fixed costs, produce learning and coordination effects and encourage adaptive expectations on the part of actors. Creating institutions then encourages individuals and organisations to “invest in specialised skills, deepen relationships with other individuals and organisations and develop particular political and social identities.”⁷¹ These series of processes generate two things. First, they make the cost of reversal increasingly high and second, institutions only encourage continued investment as each process generates a higher return. In other words, institutions make actors invest in specialised skills, create expectations of social and political realities and encourage the growth of institutional networks involving individuals and organisations. In the case of Malaya, British policies that preserved Malay *de jure* power led to continued investment in institutions that contributed to a dense Malay institutional network. This dense network came in the form of a specialised Malay administrative service, the creation of Malay land reservation policies, state provisions for Malay education and the creation and growth of Malay organisations. It is apparent that the increasing returns nature of such institutional formation made any British attempt to reverse such institutional formation costly. At the other end of the scale, British policies also created a dense Chinese institutional network. This dense network came in the form of close state-Chinese business nexus, policies that promoted Chinese labour (e.g.Chinese Protectorate Office) and the establishment of Chinese transnational organisations. Again, the increasing returns nature of such institutional build up would have made any British

71 (Pierson 2004) p.35

attempts to undo such institutions increasingly costly. At the same time it was also increasingly costly for the Chinese community to unwind their position in Malaya.

The Complexity and Opacity of Politics

The complexity and opacity associated with politics and public policy also induce increasing returns and path dependence as actors are encouraged to go for the “tried and tested” ways of making policy solutions. This complexity and opacity of politics is due to the nature of public policy where goals are complex, multifaceted and at times ambiguous. Measuring the effectiveness of policy (reports, surveys, suggestions) remains problematic because performance cannot be easily measured through the price mechanism, unlike the delivery of a private good.⁷² This difficulty only encourages actors to adopt the path dependent mode and apply the “old and tested methods” and to make slight policy changes. Old and tested methods are adopted as actors tend to “filter information into existing mental maps” where “confirming information” will be incorporated and “disconfirming information” filtered out.”⁷³ Works by Berman (2003) and Wuthnow (1989) testify to actors’ tendency to rely on existing policy approaches. They suggest that once views have reached a critical mass they will generate “a set of culture – producing institutions, organisations and specialised actors that greatly facilitate the spread and reproduction of that ideology.”⁷⁴ In the Malayan case, it is evident that, in spite of the emerging plural nature of Malaya in the twentieth century, British policy actors continued to employ “tried and tested” solutions that catered to policies that allowed the

72 (North 1990a) p. 362

73 (Pierson 2004) p. 39

74 Cited in (Pierson 2004) p. 39

growth of Chinese-based institutions and the continued preservation of Malay *de jure* power that led to the growth of autonomous communities with mutually exclusive institutions.

Timing, Sequence and Critical Juncture

Related to the path - dependence argument is the concept of timing and sequence. Timing and sequence have relational effects because it is not only important to know what happened (time) but when the event happened (sequence).⁷⁵ Pierson (2004) sees timing and sequence as the temporal ordering of events or processes that has a significant impact on outcome.⁷⁶ Goldstone (1984) sees timing and sequence rather crudely as “it just happened that this happened first, then this, then that, and is not likely to happen that way again.” Tilly (1984) defines timing and sequence thus: “when things happen within a sequence affects how they happen.”⁷⁷

Separately, timing links “quite separate processes in highly consequential ways” and in linking the processes, emphasis is placed on “conjuncture” moments, which are independently caused sequences of unrelated events and forces whose combined effect produced a historic moment.⁷⁸ Conjuncture moment is significant because the differences in the timing of events can profoundly shape the character of social, economic and political interactions.⁷⁹

⁷⁵ (Pierson 2004) p.55

⁷⁶ (Pierson 2004) pg.55

⁷⁷ (Tilly 1984) pg. 14

⁷⁸ (Pierson 2004) p.55

⁷⁹ (Pierson 2004) p. 56

Sequencing also matters because of its irreversibility. If one adheres to the path- dependent argument, the consequent steps “in a sequence of choices becomes irreversible” because the self-reinforcing nature of events and processes guides the formation of institutions and hence narrows the choices open to actors.⁸⁰ The significance of sequence is much discussed in the game-theoretic argument. In applying game theory, Bates (1998) concludes that sequencing contributes to significant outcomes as sequence “capture the influence of history, the importance of uncertainty, and the capacity of people to manipulate and strategise.”⁸¹ Other works that employ Arrow’s (1963) *Paradox of Voting* also highlight that “institutional arrangements” and “decision making procedures” can play a crucial role in producing stable outcomes.⁸²

There are various works on state building that convey the importance of timing and sequence. In describing the development of western European democracies, Ertman (1997) explains that the prevalence of different types of representational institutions in western European states was due to result of the sequencing of events. He explains that military competition and the different phases in literacy rates, at different historical periods, gave rise to divergent political institutions.⁸³ He also explains that the reason why countries could not adopt superior bureaucratic institutions was due to the self-reinforcing nature of events as “once a network of

80 (Pierson 2004) p.64

81 (Bates 1998) p.18

82 (Pierson 2004) makes reference to several works incorporating Arrow’s Paradox of Voting to convey the arguments that outcomes are determined by the set rules, the manner on which they are applied and the sequencing of how proposals introduced by actors. He discusses at length on the merits and demerits of rational choice argument on sequencing. One of his salient argument is that choice theoretic application are most often too parsimonious, one that incorporates few actors and few options without taking into view “real” conditions given the multitude of players involved and the associated complexities of the various strategic options involved.

83 As an example in the 12th century monarchs had to rely on proprietary systems and tax farming which created a condition where there was greater reliance on such office to raise resources for military competition. There was then a personalisation of the office leading to absolutism. By contrast, countries that faced military competition later, had a developed a high literacy rates and the formation of a professional bureaucracy that involved the separation of office from the person of the office holder. (Ertman 1997) p. 28

institutions and interest developed around tax farming, especially in a context where monarchs often had immediate need for revenues, it became virtually impossible to switch over to more modern forms of financing”.⁸⁴ Along similar lines, Collier and Collier (1991) also show, that despite having common critical juncture moments, Latin America’s political arrangement remains different because of the difference in temporal sequencing of labour incorporation.⁸⁵ In the case of Malaya, the ensuing chapters will elaborate how the timing and sequences of events that led to the preservation of Malay *de jure* power and the incorporation of Chinese economic interest have resulted in the creation of two autonomous communities at the time of Malaya’s independence. The chapter will describe how a dense network of institutions created as a result of path dependence, timing and sequence, made it difficult, if not impossible for Malaya to form an alternative political and economic arrangement other than a power-sharing arrangement.

Another important concept in historical institutional analysis is critical juncture. Junctures are “critical” because “once a particular option is selected it becomes progressively difficult to return to the initial point when multiple alternatives were still available.”⁸⁶ Perhaps one of the best description of critical juncture and how the idea ties with concepts of path dependency, institutions and institutional change is given by Ertman (1997) when he says that

84 (Pierson 2004) p. 4

85 (Collier and Collier 1991) for instance cites how despite having common critical juncture, Latin American countries develop different institutional arrangement due to different sequence of events following the critical juncture moments. This difference in the democratization process is due to the different degrees of political strength of the oligarchic rule. There is an inverse relationship between oligarchic political strength and labour incorporation. Read p. 748

86 (Mahoney 2000) p. 513 also see (Ertman 1997) p. 28

Institutional choices made at “critical junctures” lay down a given state’s course of development for decades and even centuries to come by limiting the range of viable policy options open to future leaders. In effect, states are often unable, due to the burdens of the past, to respond quickly and efficiently to changes in their environment, and are forced instead to operate within the constraints imposed by sometimes dysfunctional institutional frameworks.⁸⁷

In the case of Malaya, the critical juncture “moment” was the start of British colonialism that came with the setting up of the Straits Settlements, first in Penang, then in Singapore and then Malacca. This is a critical juncture moment because British rule on the fringes (Malacca, Penang and Singapore) of the Malay Peninsula set off processes that would change the Malay States’ economic, social and political complexion in the years to come. This critical juncture moment, however, was by no means a “shock” or a drastic transformation. Rather, change took the form of an incipient incorporation of British values over a period of time through the signing of treaties between the British authority and the various Malay States and by the establishment of economic and administrative relationship between British Straits Settlement authority and the Malay States that helped changed the expectations of British and Malay rulers. Before we turn to the various literatures that attempt to capture the character of Malaysia’s political economy, it is best that we address the method employed in the thesis.

87 (Ertman 1997)pg 320

The Method: Establishing the Historical Institutional Argument

The research inquiry had two main concerns. One primary concern was to establish the relevance of path dependence - which is central to the historical institutional argument. As mentioned above, path dependence refers to causal processes that are sensitive to events that take place in the early stages of a historical sequence⁸⁸ and that once a choice is made, a self-reinforcing mechanism sets in where “each step in a particular direction makes it more difficult to reverse course.”⁸⁹

The other concern of this research was to account for the development of Malaya’s plural society after nearly 150 years of British official presence in the Malay Peninsula. This is not wholly a novel question as scholarly works on Malaya or Malaysia all agree on the presence of Malaya’s/Malaysia’s plural society and the existence of ethnic politics. The harder question, and this is where these works differ, is how does one explain the character of Malaysia’s political economy?

To address the above questions, this thesis suggests that “path dependence’ cannot be construed in a simplistic way; that the colonial administration had any sort of long-term coherent policy to enable Malaya’s different communities to develop exclusive governance systems that would have allowed for the creation of autonomous communities. This thesis argues that the British administration did not have a long-term plan for Malaya. The administration had little idea that it was developing two autonomous communities with

88 See (George and Bennett 2005) p. 207 (Mahoney 2000) p.510

89 (Pierson 2004) p. 21

exclusive sets of institutions. The administration did not know that each policy directive it undertook, in the nineteenth century and twentieth century, tended to reinforce an earlier set of institutions. This was not because British colonial administrators were irrational or unintelligent: it reflected their individual short-term horizon and the weight attached – if they were to be seen as successful by the Colonial Office – to avoiding risks which might entail conflict.

In fact, historical evidences of British colonial rule in Malaya suggest that the British administration had no coherent policy to develop Malaya's separate communities; there was no consistent British long term plan to nurture different communities. Some key historical evidences are:

1. Historical documents do not support the premise that British policies were intended to nurture the dominance of a Malay political class. British policies towards the Malay community were incoherent. There were some policies that attempted to curtail Malay political dominance and there were also policies to promote the continuation of Malay political power. The nineteenth century for instance saw British policies that attempted to circumscribe Malay political and economic dominance. These include: the marginalizing the role of the Malay Sultans in the state councils, establishing the Federated Malay States (FMS) that centralized British power. The twentieth century also saw the administration limiting the growth of the Malay political class for instance providing Malays with limited roles in the civil service and providing education aimed to

teach Malays no more than “to be more intelligent fishermen or peasant than his father.”⁹⁰ Even as late as the 1940s, the administration wanted to emasculate Malay political dominance when they proposed the Malayan Union which was an attempt to diminish further the role of the Malay rulers and remove Malay privileges. However, there were also British attempts to preserve Malay political dominance. For instance the colonial administration gave its approval to the Malay land reservation enactment in 1912 that led to more acts that preserved Malay land rights. It also provided for more Malay civil service appointment (7 out of 10 appointments must to Malays). It also did not stop the growth of Malay political and social organizations in the twentieth century headed by Malay bureaucrats. The administration also gave in to Malays’ rejection of the Malayan Union despite the fact that the proposal was egalitarian in nature as it afforded Malays and non-Malays equal political privileges as well as common citizenships.

2. British policies towards the Chinese community were also not coherent. In the nineteenth century, the colonial state developed close nexus with Chinese business communities, worked with Chinese secret societies, co-opted Chinese secret society headmen into the state councils, established a Chinese Protectorate Office and promoted other liberal policies to encourage Chinese migration. The twentieth century however saw the colonial administration treating the Chinese community differently. The administration abolished Chinese secret societies, did away with tax and opium

⁹⁰ Director of Education, Annual Report on the Federated Malay States 1920. P. 13

farming which was a Chinese business monopoly and restricted Chinese migration by establishing various immigration restrictions in the 1930s. However, at the same time, the 1930s and the 1940s also saw the colonial administration introducing policies that favoured the Chinese community. The 1930s and 1940s however saw the colonial administration toying with the idea of granting citizenship to Chinese in the Malay States. And the 1940s saw the administration introducing the Malayan Union proposal that, provided non-Malays equal political privileges as well as common citizenships. These evidences, add to the inconsistent nature of British policies which hardly support the thesis of a colonial administration that was nurturing the creation of an exclusive Chinese community

3. Finally, if indeed the British administration was nurturing two autonomous communities a path dependent explanation would expect a Chinese community to take centre stage and exact the same demands from the British administration, in the same way that the Malays demanded in the twentieth century. If indeed Britain was cultivating an autonomous Chinese community, why didn't the community gave support to the Malayan Union proposal with the same intensity as Malays' rejection of the Union? Chinese non-support of the proposal is even more puzzling when Lau's (1991) work clearly suggests that the drafters of the Malayan Union had the non-Malays in mind.⁹¹ In fact, no literature has convincingly explained why the non-Malays did not give support to the Union proposal.

⁹¹ Read (Lau 1989) and (Lau 1991)

The evidences clearly show that there was no coherent, long-term British colonial policy of nurturing Malaya's communities. They are especially compelling because the above evidences are in historical sequence that clearly highlights the lack of long term British policy outlook in managing Malaya's communities.

British inconsistent policy treatments lead to an obvious question: given the inconsistencies how does one account for the formation of two large autonomous communities in Malaya at the point of its independence? Clearly, Malaya at the point of its independence in 1957, was different politically, economically and socially that what it was in the 1800. How does one account for such a change?

Reconciling the historical evidences and accounting for the formation of Malaya's two communities required moving away from a simplistic version of path dependence. It required questioning current literatures on Malaya regarding state formation. It required a search on wider works on British colonial policy. It required piecing together works from various disciplines viz. history, politics, economics, public policy and even sociology.

It was obvious that if there was a way out of this conundrum, understanding British colonial policy was central. One of the initial stages of this research was to understand British policy. Works by Fieldhouse (Fieldhouse 1976, 1961), Furnivall(1948), Parkinson (1960), Thio (1969) and Huessler (1981) offered initial insights to British colonial policies. However it was on the basis of Darwin's (2009) work on colonial policy, supplemented by further readings on historical

institutionalism, that an explanation began to firm. The argument in the thesis is that, once one understands the *modus operandi* of the British Empire through this long period it becomes clear how these pieces of evidence are perfectly consistent with the gradual build up of the two communities. It became clear from the colonial literature especially Darwin's (2009) work that the core short-term logic of successive British colonial governors and British Residents was to provide a framework which enabled British business to prosper, on the one hand, and avoid any risk or provocative action which might require costly military operations. This meant that removing Malay rulers or attempting to eliminate the internal informal governance systems of the Chinese community was not an optimal policy for the British. As the following chapters will explain it was costly for the colonial administration to remove Malay power just as it was costly for the colonial administration to remove the formation of Chinese informal governance systems in Malaya. And that costs grow over time as both Chinese and Malay invested more heavily in their respective communities.

Darwin's claim on the rationale of colonial policy is well supported. Throughout the early period of British presence in Malaya in the nineteenth century, it was clear to British officials that any expansion should be carried out with little resistance from the local indigenous population with little cost to the administration. Any expansion should be "costless, peaceful and free from any misadventure".⁹² Imperial expansion was not encouraged because the use of troops for intervention would invite unnecessary attention from parliament, the British press and the

⁹² See (Darwin 2009) p. 87

British public. It also did not help that British bourgeoisie opposed the idea of colonial conquest because conquest would unnecessarily raise the cost of production.⁹³

British policies over the affairs of the Malay States, hence, were consistently based on such major principle: that territorial expansion should not come with unnecessary cost. In the 1830s, British retracted from exacting more terms from the Malay States, after the Naning war which cost the East India Company some £100,000. In fact, throughout the nineteenth century, the Colonial Office was “for the most part disinclined to advocate imperial expansion.”⁹⁴ Even as late as 1868, a year after the Straits Settlements came under London’s administration, the Secretary of State, the Duke of Buckingham, gave instructions to Harry Ord asking him to stay away from intervening in the Malay States.⁹⁵ In the years before the Pangkor Treaty case of Malaya, the Colonial Office did not make any attempt to intervene in the affairs of the Malay States despite growing calls by Straits merchants for British intervention. Indeed, the Pangkor Treaty of 1874 was entered into only when the growing benefits of intervention outweighed the growing costs. The Anson Report of 1871, for instance, suggested that British and Straits capital exposure in the Malay States warranted the need for more British control. To add, British intervention in Perak and indeed in the other Malay States (Selangor, Negeri Sembilan, Pahang and later, Kedah, Kelantan, Trengganu, Johor and Perlis) were almost costless as they came with the approval of the Malay rulers. British colonial policy and the important Colonial Office will be described in greater detail in chapter four.

93 See (Fox 2008) p. 20

94 (Allen 1963) p. 8

95 Secretary of State to Governor of the Straits, 22 April 1868, in CO 809/1 cited in (Mills 1960) p. 64

More importantly, it was by applying British colonial policy rationale with Pierson's (2004) argument that the thesis managed to negotiate seemingly conflicting historical evidence. As mentioned earlier, Pierson gave a very convincing argument on path dependence and increasing returns. He emphasised the idea of long term processes and slow-moving causal processes stressing that "failure to recognise the extent to which public policy outcomes are cumulative and slow moving can easily lead the social scientist astray."⁹⁶ Pierson's deliberation on the collective nature of politics, the institutional density of politics and the complexity and opacity of politics, is most useful as these concepts explain why British officers were more disposed to take a short term policy outlook, adopt tried and tested policies and avoid unnecessary risks in their tour of duty. Understanding Pierson's 'increasing returns' theory of institutions explains why Malay and Chinese institutions became progressively more established. It also explains why the cost to the British of imposing change became progressively more expensive.

British policy treatment of Malays and Pierson's (2004) argument were reinforced by Acemoglu and Robinson, work on colonial origins and institutions.⁹⁷ Indeed it was Acemoglu and Robinson's (2006) distinction between *de facto* and *de jure* power that gave a more concrete explanation to the persistence of Malay political dominance. It was evident that despite seemingly conflicting historical evidences, British policies were in fact consistent; they

⁹⁶ (Pierson 2004) p. 91

⁹⁷ (Acemoglu et al. 2001)

continuously maintained Malay *de jure* power while at the same time exercising British *de facto* rule over the Malay states. It was this continued preservation and tolerance for Malay *de jure* power – and this is where Pierson's work was so useful – that allowed for Malay capacity building which was reinforced with time and led to more pronounced Malay political demands and dominance.

The colonial documents lend credence to the argument. The Naning war, the murder of JW Birch and the Malayan Union served to remind the colonial administration of the high costs of removing both Malay *de facto* and Malay *de jure* rule. The administration might have realised that removing Malay power in total held little sway because keeping Malay *de jure* power did not in any way compromise British economic objectives given that there were no attempts by the Malay rulers to subvert British *de facto* rule. Given the case British policies were kept to the tried and tested, consistent with Pierson's argument. British short term rational policies (institutions) however overlooked the path dependent nature of Malay capacity building. It was this colonial administration's inability to completely remove Malay feudal system that led to a less-than-complete retrenchment of Malay political power that over time acquired new capacity and led to more dense Malay-based institutions and the preservation of Malay political dominance. With time, it became increasingly costly for the administration to unwind Malay *de jure* rule.

There are several evidences to support the argument that British policies consistently exercised British *de facto* rule while at the same time preserved Malay *de jure* power. Take for example

the letter by the British governor, William Robinson to British Residents in 1890. In the letter, Robinson stressed that the fiction that the Malay rulers were the highest authority (given their position as Head of State i.e. *de jure* power) must be kept even when real power (*de facto*) lay with the British Resident. Robinson emphasized that “...here is just where the adroitness and the ability of the officer are so important.”⁹⁸ And at the opening of the first Federal Council in 1909- which was another instrument to centralise British control - the Governor, John Andersen reminded the house that “our powers are derived wholly from their [Malays] gift, and that we are here in a Malay country as the advisers and councillors of its Malay sovereigns.”⁹⁹ The following chapter will provide other examples.

Understanding British colonial policy and applying the HI analysis, specifically Pierson’s argument also allows us to understand the development of the Chinese community. Despite historical evidence that suggests inconsistent British treatment of the community, there was in fact constancy in underlying British policies. British policies remained pragmatic but short-term in nature; policies that avoided incurring large costs, refrained from taking undue risks and attempted achieve maximum economic returns. Such rationale helps explain why the British administration worked closely with the powerful Chinese business and political community in the nineteenth century and co-opted Chinese secret society headmen (also wealthy businessmen) into the Malay States’ administrative structure. Understanding British colonial policy helps us understand why the colonial administration tolerated Chinese secret societies in the nineteenth century because curbing these organisations would deprive the administration

⁹⁸ Letter from Governor William Robinson, CO 809/18 quoted in (Cowan 1961) p. 52

⁹⁹ 11 December 1909, Federal Council minutes File no 364/1910, Malaysia National Archives.

of much-needed Chinese labour and capital. It was also in British interest to create a strong state-Chinese business relationship and to continue to provide for a well-functioning self-sufficient Chinese business community because doing so would ensure continued Chinese economic production.¹⁰⁰ Understanding British colonial policy also helps explain why the colonial administration could afford to roll back its preference of Chinese capital in the twentieth century by abolishing tax farming and banning secret societies. This is because European and British capital, by then, provided cheaper alternative. This will be discussed in Chapter four. The rationale of British policy also helps explain why the colonial administration did not interfere with Chinese transnational politics in the early twentieth century. Chinese transnational politics posed little political threat to colonial rule as Chinese politics was China-centred, not Malayan-centred. It was also not in British interest to limit Chinese transnational ties because doing so - which means repatriating or restricting Chinese migrants – would have added further costs to the administration and deprive Malaya of needed labour and capital. Allowing for Chinese transnational politics also helped maintain the exclusive nature of the Chinese community. Finally, understanding British policies and Chinese transnational politics also help us explain the Chinese community's non-response to the Malayan Union proposal.¹⁰¹ British policies and Pierson's argument also help us explain the build up of an autonomous Chinese community. Using Pierson's argument, British pragmatic, short-term policy decisions only added to the repertoire of Chinese-based institutions which over time led to an autonomous Chinese community with exclusive sets of institutions. The law of increasing

¹⁰⁰ Chapter three and four will provide details of strong state-Chinese business nexus.

¹⁰¹ See chapter five for evidences.

returns ensures that it became increasingly costly, perhaps impossible, for the Chinese community and the British administration to unwind Chinese community's role in the political economy. Going by that logic it is easy to understand why the late 1940s and early 1950s saw a more settled Chinese community. Increasing returns also help us explain why Chinese transnational politics began to morph into Malayan-centred one. Going by that logic, it helps us understand why the administration mooted the Malayan Union proposal and toyed with citizenship issues as these were attempts to cut off transnational ties and to accommodate a more settled Chinese community.

Identifying the rationale of British policies and understanding the increasing returns of institutions also allow us to explain some lacunae in existing works on Malaya. First, the colonial policy and the increasing returns argument help make sense of Malaya's class struggle. There was indeed a class dimension to Malaya's political struggle as depicted in many literatures on Malaya. However, these class struggles existed within ethnic silos and failed to develop into a pan-Malayan class struggle. In fact, literatures that explain the class dimension in Malaya all struggle to dissociate Malaya's class struggle with ethnicity. This will be discussed below.

Second the colonial policy and the increasing returns argument put forward in this thesis helps distinguish the different "types" of nationalism in Malaya,¹⁰² when existing works struggle to explain the distinction between Malay and Chinese nationalism. This thesis explains Malay nationalism as a product of the persistent nature of Malay political dominance, the build up

¹⁰² There are literatures that describe Chinese and Malay politics that acknowledge the difference yet could not come up with terminology that describes the difference. Read works by (Silcock 1973), (Ratnam 1965), (Wang 2009) and (Cheah 2012) also (Kua 2011)

Malay capacity building and the increase network of Malay-based institutions. The thesis also sees Chinese nationalism as Chinese ‘transnationalism’ which was a product of Chinese transnational politics throughout the nineteenth and early twentieth century. This distinction helps explain why Chinese politics failed to provide a counter weight to Malay political demands or dilute Malay *de jure* power or force for a truly Malayan political, social and economic arrangement.¹⁰³ Even if there were demands by Straits-born English-educated Chinese, Heng (1988) suggests that the Straits Chinese community was “too small and inconsequential a force” in Chinese politics.¹⁰⁴

It is evident that understanding British colonial policy and applying the increasing returns logic of public policies espoused particularly by Pierson helps explain why small incremental changes could, over the long duration, create transformational change. It helps us understand that British policies were not conscious decisions to create two autonomous communities in Malaya. Rather, the formation of Malaya’s two autonomous communities was due to British colonial policies that over time nurtured the creation of two mutually exclusive communities. Over the long duration, the formation of these autonomous communities with exclusive institutions took a life of its own and remained a prevalent feature of Malaya’s political economy. This exclusive nature of Malaya’s autonomous communities proved difficult to unwind despite British best efforts to form a non-communal political partnership; the first was British attempt to form the Malayan Union and the second was British support for the non-communal Independence of

103 There were demands for non-Malay rights in the twentieth century but these were sporadic and raised by Straits-born Chinese, British subjects that formed a minority of the Chinese community. The

104 In (Heng 1988) p. 45

Malaya Party (IMP) helmed by Onn Jaafar. It becomes obvious that Malaya's consociational logic was never a design that was shaped in the months prior to Malaya's independence. Chapter six will describe the various attempts by the colonial administration and Malaya's actors to negotiate Malaya's unique political economy. The chapter will also provide the reasons why such arrangements failed other than the UMNO and MCA alliance.

This thesis is a result of piecing together works from various disciplines viz. history, politics, economics, public policy even sociology. It was a long drawn effort, a challenge especially because it attempted to detail 157 years of Malayan history. The most difficult part of this research journey was to piece together the different arguments and historical episodes, to address questions that surfaced intermittently, to engage counterfactuals, to make more effort at obtaining evidences and to revisit theoretical arguments. Adopting the historical institutional argument also carried with it the heavy burden of accounting for every historical moment, searching for alternatives choices and raising questions on why these choices were not exercised or foreclosed. This required looking at an assortment of sources, for instance official correspondences, historical accounts of Malaya, newspaper articles and private memoirs of British officers. As much as possible, the research relied on primary data drawn from colonial documents found at the National Archives in Kuala Lumpur, Singapore and London. In addressing the issues it was definitely a big help that libraries in Oxford, Malaysia and Singapore provided ample literatures on Malayan history. It was also a big help that some of the colonial documents could be obtained online; given financial limitations, revisiting the national archives

at Kew, Kuala Lumpur and Singapore would require greater effort both physically and financially.

Historical Institutionalism is a middle-range theory. Unlike grand theories that adopt the concept of “universality and predictive law”, middle range theories are contextual in nature.¹⁰⁵ Hence the nature of inquiry determines that this thesis adopts a qualitative approach to ensure a fit between ontology and methodology.¹⁰⁶ Consistent with a qualitative approach, a narrative method is employed as it provides the best method to bind time, events and processes to fit a historical institutional analysis. It must be added that the narration employed in this study goes further than just a description found in a typical historical study. As much as this thesis is about providing historical accounts, the main objective is to relate the historical narration to the thesis ‘core historical institutional argument.

To sum up, this whole exercise took the researcher to literatures outside Malaya’s history. This was worthwhile. Not only did the researcher develop a deeper understanding of Malaysia’s political and economic history, the multidisciplinary approach required from such a research taught him the need to develop a holistic approach to problem solving. An important point to note is that this project also proved that path dependence can be a misleading term. The historical institutional framework and path dependence may conjure the impression of a clear, perhaps well-beaten path, but this project proved that the terms are everything but. There was

¹⁰⁵ Middle range theories are contextual in nature and emphasise employing overarching theoretical frameworks based on particular cases, space and time. (Hall 2003) p. 374 .

See (Aminzade 1992) p. 457

¹⁰⁶ Ontology refers to the “fundamental assumptions scholars make about the nature of the social and political world and especially about the nature of causal relationships within that world.” (Hall 2003) p. 398

no path to talk about when the author embarked on the journey. The ground was strewn with historical litter, with signs pointing in various directions. The exercise was mentally and physically exhausting that could easily throw anyone off to a path of wilderness. Maybe historical institutionalists should coin another term to replace “path dependence” to conjure its real complications. We look now at the various literatures that attempt to capture the character of Malaysia’s political economy.

Literature on Malaya and Malaysia

This thesis draws upon several genres of works on Malaya/Malaysia. The first genre provides useful historiographical descriptions of the different periods and aspects of Malayan history. Works by Windstedt (1948), Cowan (1961), Parkinson (1960), Huessler (1981) give a state-centred account of Malaya’s development. Others like Sadka(1968), Thio (1969) Emerson (1964), Khoo (1972) and Tregonning(1965) provide good accounts of British intervention in the Malay States.¹⁰⁷ Still others, like Trocki (1990) and Wong (1965) provide historical accounts of Malaya’s economic activities. Works by Roff (1967), Wang (1970) Alatas (1977a), Purcell (1948), Arasaratnam(1970), Stenson (1980), Sandhu (1969) and Enloe (1972) however touch on issues of ethnicity and nationalism. More recent historical works by Harper (1998), Cheah (1988), Wu (2010) and a recent thesis by Wong (2007a) are more eclectic in nature, touching on different aspects of Malayan social, political and economic history and attempting to take account of Malayan history from a societal perspective rather than a state-centred one.

107 There are many works that look at different aspects of British colonial administration and their involvement in the Malay States, read for instance Caldwell(Tarling 1969) (Caldwell 1977), Thio (Thio 1969)Tarling (Tarling 1969), Andaya (Andaya 2001) that look at different aspects of British colonial administration and their involvement in the Malay States

Besides historiographical accounts, there are several works that employ theoretical frameworks, ranging from state-centred, structuralist, functionalist to neo-liberalist/utilitarian arguments to explain the character of Malaysia's political economy. The class argument dominated explanations of Malaysia's political economy in the late 1970s and 1980s (see Hui and Canak (1981); Brennan (1982); Halim (1982); and Abraham (1977)). Abraham (1977) explains that Malaysia's race relations should be understood from the relations between race and class and the colonial structure. He believes that racial differentiation in Malaya was due to a colonial structure where race became "coterminous with the class structure."¹⁰⁸ Along similar argument, Hui (1985) and Halim (1982) describe that post-independent Malaysia continues to see the state playing a dominant role in promoting a sectional interest of capital and the labouring class that takes on an ethnic dimension. In a slightly different vein, Brennan (1982) explains that Malaysia's political economy still perpetuates class contention because of its dependency to the global economic system. He also argues that Malaysia continues to have an overlap of class identification with ethnicity as the state still perpetuates class contention with the aid of a powerful Malay bureaucratic class who is aligned not only with Chinese compradors but also with foreign capital.¹⁰⁹ Hui and Canak (1981) give a slightly different take on Malaysia's political economy. They suggest that Malaysia's political and economic challenges stem from a crisis of hegemony where there exists no dominant class (the Malay governing class, the non-Malay (Chinese) capitalist class and the international bourgeoisie) to determine the

¹⁰⁸ (Abraham 1977) p. 1. Also pp 34-36

¹⁰⁹ (Brennan 1982) p.210

arrangement of capital accumulation.¹¹⁰ This inability sets off a perpetual class contention among the three hegemonic classes.

Among the various works on Malaysia's political economy, Jomo's (1986) *Question of Class* stands out. It is a comprehensive attempt at understanding Malaysia's political economy where he argues that class contention along ethnic lines will continue to define Malaysia's political and economic character.¹¹¹ By selecting aspects of production like capital formation and land and the role of the state in managing capital, he says that the state has played an important role in perpetuating class bias by manipulating issues of ethnicity not only during colonial but also in the post-colonial period where this has been reinforced by the polity's ongoing accumulation of capital.¹¹² Jomo believes that Malaysia's political economy will continue to be dominated by Malay elites mainly because Malay elites continue to obtain support from the Malay peasantry who are being consistently fed with fear of Chinese political domination. Given the ethnic dimension, Jomo (1986) does not see a dominant class-based political movement as likely. Rather Malaysia will see the continued identification of class with ethnicity due to ongoing maintenance of ethnic tension.

In sum, a salient feature of this class/group approach study of Malaysia's political economy is the importance they place on the idea of competition and coalition, and that the resultant

110 (Hui and Canak 1981) p. 209

111 Read (Jomo 1986) p. vii

112 Read pp viii – x, (Jomo 1986)

“range of policy alternatives will then be constrained by the relative balance of class power.”¹¹³

These works also emphasise the role of the state as a dominant agent employing sophisticated and pervasive methods to perpetuate class contention.¹¹⁴

The class/ group theory offers an interesting perspective. This thesis does not dismiss the class argument. But in attempting to explain the nature of power and conflict between competing groups, the class argument raises interesting points. First, the literature all suggest that class formation and class contention ran along ethnic dimension and remains part of the Malaysian character. This is somewhat consistent with this thesis argument. This thesis suggests that, class struggle, in Malaya, was kept within ethnic silos. Chapter five and chapter six will explain how the identification of class with ethnicity remains a persistent feature of Malaysian politics as it helped entrench the continued formation of mutually exclusive institutions.

Second, the group/class theory arguments tend to adopt a cross-sectional rather than a longitudinal approach. In other words, these works take a snapshot view of class arrangement and do not place emphasis in tracing class formation or in explaining the persistence of class conflict. A historical institutional analysis may strengthen the class argument by supplementing the “snapshot” view of class conflict with a “moving picture” of class formation and class persistence by incorporating the concepts of path dependence, self reinforcing effect and sequence. A historical institutional analysis for instance could offer an explanation for the formation, persistence and dominance of the Malay bureaucratic class which led to the group

113 (Hall 1986) p. 14

114 (Halim 1982) p. 274

having “sufficient strength to promote its reproduction.”¹¹⁵ It could also explain that British institutional arrangement that preserved Malay *de jure* power had helped empower Malays, expanded existing institutions, created additional institutional expansion and over time helped strengthen the Malay elites.

Besides the class/structuralist arguments, there are other works that adopt alternative explanation to Malaysia’s political and economic character. Hirschman (1986), for instance adopts a functionalist perspective, suggesting that Malaysia’s plural society and ethnic division is a social construct, a product of British colonialism. Functionalism sees existing institutional arrangement as the best outcome because existing “institutions and behaviour are thought to evolve through some form of efficient historical process.”¹¹⁶ In other words, institutions are produced because they serve a function to the overall system.¹¹⁷ Hirschman(1986) views British policy in Malaya as a response to a competitive economic environment. He sees Malaysia’s plural society as a consequent of British colonial administration that introduced and structured economic order by “race.”¹¹⁸ Such British attitude, according to Hirschman, is based on two factors: the increasing legitimacy of racial theory given the development of social Darwinist thought, and the need for the British authority to justify the “spread and maintenance of colonial rule.”¹¹⁹

Despite the parsimony of the functionalist argument, it can be argued that one cannot guarantee that history is efficient. It can also be said that equilibrium - as functionalists believe -

115 (Mahoney 2000) p. 521

116 (March and Olsen 1984) p. 737 and (Hall 1986) p. 5

117 (March and Olsen 1984) p.737

118 (Hirschman 1986) p.330-331

119 (Hirschman 1986) p. 341 and p.256

may not exist.¹²⁰ This is because there is the possibility that institutions are created and reproduced not because history is efficient but because they follow a path-dependent logic. Inefficient institutions, for example, may thrive so long as they raise expectations that lead to further expansion and consolidation.¹²¹ For instance, Hirschman's (1986) view that identifies economic function with ethnicity (Malays in rural agricultural production, Chinese in urban areas) may well be true in so far as it was a response to conditions at the time - the sparse Malay population and the need for migrant labour and the prevailing feudal structure of the Malay States at time. But Hirschman (1986) may overlook the fact that these institutions could also be subject to path dependence, reinforced over time and hence may not be highly efficient.¹²²

The thesis, however, does not discount the possibility that a functionalist explanation can complement the historical institutional approach. Just like functionalism, historical institutionalism sees the importance of institutions. But rather than treat institutions as a product of an efficient historical process, historical institutionalism believes that institutions are subject to policy choices exercised by officials with a short-term policy outlook and are also subject to factors like path-dependence, self reinforcement effect, sequence and timing.

More contemporary works like Gomez and Jomo (1997), White (2004) and Hui (1985) adopt a neo-liberal/utilitarian perspective. The approach posits that state-society relations and policies

120 (March and Olsen 1984) p. 737

121 (Mahoney 2000) p. 519

122 (Olson 1982)

are a result of competition among individual actors, each of whom attempts to achieve the maximum utility of future outcomes.¹²³ The utilitarian perspective sees outcome as a consequence of deliberate decision making. Political outcomes are hence products of calculated decisions made by individuals and the state.¹²⁴ A utilitarian views policies as outcomes “of a game-like contest in which power-seeking individuals, or institutions acting like individuals, compete for resources and the support of voters who are seeking to maximise their personal resources.”¹²⁵ Unsurprisingly, these works view Malaysia’s political economy as one characterised by high state intervention organised along ethnic consideration with deep consequences to resource distribution.

This thesis does not discount the strength of utilitarian perspective. As Leftwich (2007) rightfully mentions, some of the ‘best studies in the analysis of politics in practice – whether consciously or not – combine varying elements of both rational choice and historical institutionalism.”¹²⁶ In a similar tone this thesis believes that a fuller explanation of the character of Malaya’s political economy is best captured by combining the deductive and objective reasoning of the utilitarian framework with the inductive reasoning that comes from a close analysis of Malaya’s historical experience. This thesis will consistently argue that British colonial policies were rational decisions that were meant to serve immediate British objectives. However, British policies tended to take on a short-term horizon and failed to factor the long-term consequences of short-term policy choices. British tolerance for Chinese transnational activities in the early

123 (Machina 1987) pp 124 - 125

124 (March and Olsen 1984) p. 736

125 See (Buchanan and Tullock 1962) and (Niskanen 1971). Also cited in (Hall 1986) p. 10

126 (Leftwich 2007) p. 23

twentieth century was a rational decision given British dependence on Chinese labour. But the decision also contributed to the creation of a dense Chinese transnational organisations and the growth of exclusive Chinese institutions which the colonial administration found difficult to curb in the years prior to Japanese Occupation. Equally, the British decision to preserve Malay *de jure* power in the nineteenth century was a rational decision due to fear of incurring political and financial costs. However, this inability to completely remove Malay political power led to the growth of Malay nationalism and Malay political dominance that interfered with the British plan for a Malayan Union. Indeed, the clarity and parsimony of the utilitarian approach can greatly improve the historical institutional framework adopted in the study.

Besides the above works, there are two graduate works by Mauzy (1978) and Ramasamy (1980), that directly address Malaysia's power sharing arrangement.¹²⁷ Both give similar assessment of Malaysia's post-independent political arrangement citing the May 1969 ethnic clash as a watershed event that reconfigured Malaysia's consociational arrangement. Both works also view Malaysia's consociationalism as a product of Malaya's independence and concentrate on the mechanisms that sustain Malaysia's power sharing arrangement. Ramasamy however thinks that Malaysia consociationalism lasted only between 1955 – 1969 and that after the race riot of 1969, Malaysia's political arrangement had gone "beyond the consociational framework to assure Malay hegemony."¹²⁸ He however is less exacting in specifying what he means when he uses the term "beyond the consociational framework."

127 (Ramasamy 1980) and (Mauzy 1978) and both discuss consociationalism in post independent Malaysia. Mauzy's work was amended and later published in a book (Mauzy 1983)

128 (Ramasamy 1980)

Mauzy(1978) believes that there was a partial reform in the consociational arrangement. She explains that the formation of the Barisan National – which was a grand coalition of political parties – to replace the Alliance Party led to a new form of elite bargaining, one in which the dominant Malay political party UMNO assumed greater political hegemony within the coalition. Mauzy looks at the maintenance of the grand coalition by studying three Malaysian general elections in 1974, 1978 and 1982 and analysing the management of ethnic tension among the coalition partners after the major ethnic clash in May 1969. Though Mauzy reiterates the enduring nature of Malaysia's consociational character, what is missing in the literature is the question of what are the factors that contribute to such a consociational arrangement. How did such a consociational arrangement become an inherent logic in Malaysia's political economy? Are there alternatives to the consociational logic and why were they not exercised at the point of independence? The thesis believes that a historical institutional analysis could add breadth to these works by highlighting how the set of institutions that Malaysia's inherits have led to modern Malaysia's consociational arrangement.

Varied as they maybe, the above literatures on Malaysia highlight some common issues on Malaysia's political economy. First, all of the works recognise the importance of British colonial presence in the political, economic and social formation of Malaya. These works also make an implicit assumption that British colonial policies were grounded on a utilitarian principle, based on rational and calculated decision. Second, the works also highlight the presence of three important actors in dictating the character of Malaysia's political economy: the existence of Chinese compradors; the presence of a powerful Malay bureaucratic class; and the presence of

British colonial administration in state formation. Third, each of the works recognises important events that have shaped Malaysia's political economy, although these may vary in emphasis. Hui (1981) refers to the start of colonial Malaya in 1874 as a period where British nurtured Malays to become the "comprador administrator" while in the economic sphere British took on the Chinese as the "comprador businessman". In another article, Hui (1985) cites the year 1850, which saw the discovery of large tin deposits in the Malay States, as an important turning point in the accentuation of class formation. Hirschman (1986) also cites the year 1850 as an important one because, after that year, colonial rule "brought European racial theory and constructed a social and economic order structured by race."¹²⁹ Brennan (1982) also cites the introduction of capitalism, which occurred "particularly during the late 19th and early 20th century" as a result of colonialism, which led to the complex nature of social formation in Malaysia.¹³⁰ The noting of these events reiterates that there are important periods in British Malaya that helped shape the political, social and economic dynamics of the polity, events that this thesis pays attention to.

However, even when these works raise important issues none places emphasis on concepts like increasing returns, timing, sequence and path dependence.¹³¹ These literatures neither see institutional formation as a function of time nor do they see the importance of conjuncture of events in shaping policy decisions. These works also, as mentioned above, assume that history is efficient and that existing institutions are the best response to current conditions. Finally,

¹²⁹ (Hirschman 1986) p. 330

¹³⁰ (Brennan 1982) p. 188

¹³¹ (David 1985)

despite the attractiveness of alternatives theoretical explanations, these works also remind us that studying the character of Malaysia's political economy would not be complete without taking note of Malaysia's historical legacies. As Leftwich (2007) again mentions "persistence in traditions of political cultures, practices, ideologies and institutions of power" are strong determinants of state's capacity and growth.¹³²

Given such considerations, there is a case to be made for an alternative explanation to Malaysia's political economy by providing a historical institutional explanation. Although this thesis does not dismiss the theoretical argument put forward by the various works, it feels that there is the need for another conversation that places emphasis on issues of path dependence, timing and sequence. We turn now to discuss an important feature of Malaysia's political economy; its variant form of consociational democracy.

Malaysia and Consociationalism

The term consociationalism gained currency after Arend Lijphart's (1969) work on plural democracy, even though Lijphart was quick to admit that he was not the first to use the term.¹³³

Lijphart describes consociational democracy as "government by elite cartel designed to turn a democracy with a fragmented political culture into a stable democracy."¹³⁴

¹³² (Leftwich 2007) p. 24

¹³³ Lijphart attributes work on power sharing to the David Apter's (1961) work on Uganda and Gerhard Lehmbruch's work on "proportional democracy and Arthur Lewis (1965) work on Politics in West Africa. See these comments in (Lijphart 2008) pp 3 - 5

¹³⁴ (Lijphart 2008) pp 3-5

Lijphart identifies four elements necessary in a consociational democracy. They are: (1) that elites have the ability to accommodate the divergent interests and demands of the subcultures; (2) that elites have the ability to transcend cleavages and to join in a common effort with the elites of rival subcultures; (3) that elites are committed to the maintenance of the system and to the improvement of its cohesion and stability; and (4) that elites understand the perils of political fragmentation.¹³⁵ And to make consociationalism work, states need to subscribe to four mechanisms: grand coalition, proportionality, cultural autonomy, minority veto.¹³⁶

Many works attest to Malaysia's consociational arrangement. Lijphart in fact describes Malaysia's political arrangement as being consociationalism since 1955, "with a temporary breakdown from 1969 to 1971."¹³⁷ Haque (2003) and Brown (1994) describes the Malaysian polity as a variant form of consociationalism, labelling it an "ethnic democracy"¹³⁸ with "consociational variety"¹³⁹. In her later work, Mauzy (1993) defines the Malaysian polity as one of "coercive consociationalism"¹⁴⁰. Nordlinger (1972) gives a more expanded version of Malaysia's power-sharing arrangement, describing the Malaysian polity as an "open regime" where there exist channels of communication for political demands and where government actions are dictated by mixture of competition, conflict and compromises.¹⁴¹

135 Refer to (Lijphart 2008) p. 32 which is a reproduction of Lijphart article at (Lijphart 1969)

136 (Lijphart 1996) consociationalism refers to the presence of multiple ethnic groups of equal proportion of political power that are prepared to come together in a political arrangement despite retaining their ethnic identities through agreements reached between leaders of these groups who have support of their ethnic communities.

137 (Lijphart 2008) Read his article on the The Puzzle of Indian Democracy p. 45. This article initially appeared in (Lijphart 1996)

138 (Lijphart 1977; Haque 2003)

(Brown 1994)

139 (Stafford 1997; Haque 2003)

140 (Mauzy 1993) pg 106

141 Cited from (Barracough 1985)

There is however only two works that focus on Malaysia's consociationalism. As mentioned earlier, the two graduate works by Mauzy (1978) and Ramasamy (1980) view Malaysia's consociationalism as a product of Malaya's independence and both concentrate on explaining the continued relevance of the consociational arrangement in the post-independence period. Both also provide almost similar assessments of Malaysia's post-independent political arrangement citing the May 1969 ethnic clash as a watershed event that reconfigured Malaysia's consociational arrangement.

There are also many other works on Malaysia that hinted on the need to adopt undertake an institutional analysis. Horowitz's various comparative works for instance probe the need to explain Malaysia's consociational character.¹⁴² When comparing Sri Lanka and Malaysia, Horowitz (1989) attributes Malaysia's success in managing ethnic conflict to the set of institutions that Malaysia possesses, which he describes as an "interplay of conflict-fostering conditions and conflict-reducing processes and institutions"¹⁴³ In another article that compares Malaysia with Kerala, Horowitz emphasises the need to explain Malaysia's institutional quality, raising the point that consociationalism works because "idiosyncrasy played a major role in the formation of both the Malaysia and Kerala coalitions," stressing that such accommodative arrangement in "severely divided societies" is found in few other states.¹⁴⁴ In other articles, Horowitz mentions Malaysia's federal system and the political bargaining entered by ethnic parties in the grand coalition before every election as examples of institutional arrangements

¹⁴² See (Horowitz 1989a) and (Horowitz 1993) See (Horowitz 1985; Horowitz 1989b)

¹⁴³ (Horowitz 1989) pg.21

¹⁴⁴ (Horowitz 1993) pp 34 - 35

that mitigate ethnic tension (see Horowitz (1985, 1993)). In both articles, Horowitz however stops short of explaining that both arrangements (the federal arrangement and the political bargaining) are institutional legacies that have their roots before Malaysia's independence.

Horowitz's works and the need to put forward an institutional explanation is further augmented by more recent works by Stafford (1997) and Edwards (2005). Even though both works do not specifically look at the consociational arrangement, they raise the need to pay attention to Malaysia's peculiar institutional arrangement and the need to look into issues of institutional change. The importance of the role of institutions in the works of Edwards and Stafford is also emphasised by Barraclough (1985), who highlights how Malaysia's state institutions continue to be used and retooled to entrench ethnic policies through coercion. Crouch's (2001) work also gives fleeting mention to the importance of institutions and consociationalism. He describes that Malaysia's ethnic peace and development are made possible because of the existence of an institutional arrangement, manifested in the tacit contract that non-Malays entered with Malays in exchange for security and peace - an implicit agreement and accommodation between different ethnic groups.

These works pose the need to explain Malaysia's institutional argument, specifically Malaysia's consociational origins. The above works highlight that there is reason to believe that Malaysia's consociationalism is a result of the deep institutionalisation process that has defined the rules of the game and structure incentives among Malaysia's different stakeholders.¹⁴⁵ It is also

¹⁴⁵ (North 1990b) p. 4

obvious that the adoption of consociationalism in a fragmented, developing and post-colonial Malaysia cannot possibly have been contrived on the eve of Malaya's independence. And, from a policy standpoint, explaining and understanding Malaysia's institutional origin can help us identify key institutions, recognise the sources of institutional persistence and help us make appropriate institutional and policy changes.

Explaining the origins of Malaysia's political economy is a key concern of this research. The research hypothesises that British colonial policies had engendered the growth of two autonomous groups – Malays and Chinese – whose political, social and economic organisation, at the point of Malaya's independence in 1957, had made it inevitable for them to embark on some form of consociational arrangement. Adopting a historical institutional analysis, the research argues that the formation of these two autonomous groups must be seen from the context of path dependence, a self-reinforcement mechanism, timing and sequence. It argues that in seeking low-cost exploitation of Malaya's resources the British administration persistently made rational choices within a short-term horizon that did not take into consideration the path-dependent nature of policy choices and their long-term consequences. In seeking to explain Malaysia's consociationalism, the research will address the following questions:

1. What was the nature of British policies in Malaya?
2. What were the motivations of Malaya's different actors at different points of British colonial rule?

3. How did the different motivations result in the formation of autonomous groups?
4. Are issues of timing, path dependence, sequence important in explaining Malaya's state building process?
5. How are those processes reinforced over time?
6. What were the major institutions (including policies) that contributed to the eventual need for the consociational logic?
7. Were there alternatives to the consociational logic? If so, why did they fail?

These are questions that will be addressed in the following chapters. Indeed, it is hoped that some of these questions may advance new probes into understanding Malaysia's political economy and its historical process. This thesis hopes to trigger new lines of questioning on Malaysia's political and economic process and understanding the nature of Malaysia's institutional change. The study however is not without its limitations.

Limitations of the Study

The research is limited by time and funding. The researcher's limited time spent in Kuala Lumpur, Singapore and London was due to the lack of funding for purpose of travel and accommodation. In all, the researcher spent about 6 months in both Singapore and Malaysia. Though the researcher did manage to obtain extensive articles and primary sources, more time and funding would have allowed him to gain more information from the archives in Kuala Lumpur, Singapore and London. In Malaysia alone, the archival materials may be kept in places other than *Arkib Negara* in Kuala Lumpur. There may be invaluable archival materials in the

museums and archives of individual states in Malaysia, especially those in Perak, Johor, Penang and Selangor.

These shortfalls, however, did not compromise the research in any serious way. The research has adopted various methods to improve its selection and reduce bias and to take note of systematic factors from non-systematic ones. As much as possible, the research tried to source from an eclectic range of works on Malaya and Malaysia - from history, politics, sociology to economics - in order to obtain a better grasp of issues on colonial Malaya and to identify systematic factors that might contribute to the thesis core argument. The length of the period under study (1800 – 1957) and the emphasis placed on sequence and timing also help in reducing selection bias because it forced the researcher to account for major historical episodes and to account for a wide range of British policies. Biasness is inherently reduced because rather than take snapshots of historical events and policies to fit the overarching thesis, the nature of this study forced the researcher to take a “moving picture” to trace important events and policies throughout Malaya’s history (1800 – 1957). To confirm the historical details and reduce bias, the author also conducted interviews with Malaysian historians in Kuala Lumpur and conducted seminar sessions in the University of Malaya’s history department and the Razak School of Government to obtain feedback and to cross-check historical facts.¹⁴⁶

Another limiting factor of the study is that in explaining Malaysia’s consociational arrangement, the study focuses mainly on the interaction and the development of two main population

¹⁴⁶ The researcher wishes to thank Prof Khoo Kay Kim, Joseph Fernando from the University of Malaya.

groups in Malaysia, the Malays and the Chinese. This is due to the following reasons. First, even though Malaysia is a plural society, the Malays and Chinese are the two most dominant groups; 67.4 percent of Malaysia's population are of ethnic Malay stock, 24.6 percent are Chinese, 11 percent are other indigenous groups and Indians make up 7.3 percent.¹⁴⁷

Second, attention paid to these two ethnic groups is due to the fact that Malaysia's political economy during the British colonial period was dominated by the interaction of Malaya's two largest population groups, Malays and Chinese, with British administrators. The dominance of these two groups in dictating Malaysia's political and economic character is obvious. If one looks through historical literatures on Malaya, one will be struck by the dominance of Malaya's three important actors, British, Chinese and Malays. Browsing through the index of archival materials on British Malaya, especially the Krastoka Index, it is easy to see that Malays and Chinese-related issues dominated the colonial administration policy considerations.¹⁴⁸ Even Malaysia's constitutional history reveals Malays and Chinese to be the main actors in Malaysia's consociational arrangement.¹⁴⁹

The focus on the two groups does not, however, mean that other ethnic groups do not play a part in Malaysia's institutional development. Rather, the focus on Malays and Chinese is solely due to the fact that the two groups indisputably dominated the political, economic and social agenda of colonial Malaya. The following chapter will discuss for instance, why migration of

¹⁴⁷ Population Distribution and basic demographic characteristic report 2010. Department of Statistics Malaysia

¹⁴⁸ The Krastoka Index lists all British colonial documents in terms of Subject matter and/or dates. It is a useful index to get access to the important CO 273, CO 717, CO 537 and CO 426 documents.

¹⁴⁹ See for example (Fernando 2002)

Indians, the next big population group in Malaya, did not take on the same scale as Chinese migration especially in the nineteenth century.¹⁵⁰

Another possible limitation of this study is that this study focuses on the political, economic and social development of West Malaysia. It does not cover the historical development of the East Malaysian states of Sabah and Sarawak. At a glance, it may be wrong to use the term “Malaysia” because the research pays attention to the historical development only in West Malaysia and not East Malaysia. But this reference should be immaterial as the study is a historical analysis of consociationalism in Malaya between the period 1800 – 1957, a time when the Borneo states of Sabah and Sarawak were not part of British Malaya. In addition, even if consociationalism is a product of the historical development in West Malaysia, consociationalism is now part of East Malaysia’s political arrangement by default. Being late entrants to the polity, the two states of Sabah and Sarawak were implicitly co-opted into West Malaysia’s institutionalisation process when both states agreed to join Malaya in 1963 to form the state of Malaysia. In fact, current political arrangements in Sabah and Sarawak mirror that of West Malaysia’s political arrangement as political parties are organised around a grand coalition.

¹⁵⁰ See works by (Amrith 2009) and (Amrith 2010)

Conclusion

This chapter has tried to build a case for a historical institutional analysis of Malaysia's political economy. It hypothesises that Malaysia's consociational arrangement can best be understood by looking at the creation of institutions, and by applying concepts of path dependence, self-reinforcement mechanism, timing and sequence. We now look at the unfolding of the consociational argument in the following chapters.

3: The First Period of British Rule, 1800 – 1874

The chapter is laid out as follows. It will first set out the political and economic background of the Malay States on the eve of British presence in the eighteenth and nineteenth century. The chapter will then describe the founding of the Straits Settlements. The establishment of the Straits Settlements is important because their proximity to and their growing trade links with the Malay States played a pivotal role in establishing British influence on the Malay States that led eventually to British forward movement. The chapter will then go through the changes in the Malay States brought on by a gradual introduction of new actors. It will discuss the introduction of organised Chinese capital and labour and how, with time, these new actors alongside Malay rulers, played an increasing role in determining a new political and economic arrangement in the Malay States. The chapter will conclude by describing the political and economic changes that culminated in the signing of the Pangkor Treaty in 1874 which marked British official rule in the Malay States.

Ultimately, the chapter intends to reiterate the point that the onset of British involvement in the Malay States followed a path-dependent process, one which triggered institutional changes to the Malay States and consolidated these changes along a particular trajectory. It also wants to build the case that the character of Malaya's political economy involved slow-moving, incremental processes that would prove to be transformational when viewed from a long-term perspective. Finally, the chapter wants to highlight British colonial policy that remained

consistent throughout Britain's presence in Malaya; a policy that would involve managing the expectations of Malaya's different actors, without having to incur unnecessary cost.

But before we deal with the events that led to British eventual control of the Malay States it is best to deal with the counterfactuals, events that might have put the development of the Malay States on a different trajectory.

Dealing with Counterfactuals

Nineteenth century Malay States were exposed to many factors that could have placed its political and economic development on a different trajectory. This is a critical period in Malayan history that presented the Malay States with numerous choice points. The Malay States for instance could have come under Dutch rather than British influence. The Malay States could have chosen to rely on domestic capital and labour than to rely on foreign capital and labour. Why didn't the Malay states rely on local labour? Why didn't Indian labour migration take on the same intensity as Chinese labour migration in the early nineteenth century? Why didn't the East India Company annex the Malay States just as it did in the case of Singapore, Penang and Malacca? Why were the Malay States willing to work with the Straits government rather than work with other regional powers?

To start, local labour and capital was not employed for several reasons. First, the Malay States were sparsely populated and local labour was not enough to meet the growing demand for labour especially after tin was found in large quantities in the 1840s. Second, there was a need to court external capital due to insufficient local capital. Even though tin production in the

Malay States in the nineteenth century was internally financed, local capital - which lay mainly in the hands of the Malay aristocratic class - proved unable to cope with increasing economic production. Given the case, the Malay States found ready capital from merchants from the newly established Straits Settlements who were ever more willing to supply capital to a frontier economy. Another important reason why foreign labour and capital were courted is that Malay aristocrats were more comfortable with foreign capital and labour. Milner (2011) points out, that foreign labour and capital, mainly Chinese, proved more successful in the Malay states over local labour and capital because “it may have been precisely their foreignness that was most responsible for their success.”¹⁵¹ The Chinese for instance, were generally seen as “operating outside the system” and hence acceptable to the Malay *kerajaan*.¹⁵² The freedom given to foreign capital by the *kerajaan* was unlike its treatment of the local *raakyat*, who was considered an insider, “whose accumulation of wealth was immediately conceptualised as a political move, and a threat.”¹⁵³

Besides the above reasons, there were also other supporting factors that encouraged Chinese labour into the Malay States. Chinese labour, as the section below will point out, came in large numbers after 1840s due to a confluence of factors. Malaya started to see large Chinese migrants after the end of Sino-British opium war in 1842 that allowed large number of Chinese to leave for countries, mainly in the Pacific, via the various treaty ports.¹⁵⁴ This development

151 (Milner 2011) p. 72

152 (Milner 2011) p. 72

153 (Milner 2011) p. 72

154 See (Khoo 1972) and (Purcell 1948) ch 1-3

coincided with the large discovery of tin in the Malay hinterlands in the 1840s.¹⁵⁵ Britain's decision to relax tariff duties on imported tin under the Peel Reform Act in 1842 also stimulated tin production and the promotion of Chinese labour.

The need for labour invites a relevant question: why didn't the Malay states rely on Indian labour, another big source of labour in the nineteenth century? There were Indian labour migration but the number of Indian migration to Malaya was never in the same intensity as Chinese labour migration. This is because whereas Chinese migration benefitted from the relaxation of rules following the end of the Sino-British war, Indian labour migration was impeded due to imposition of several domestic legislations that curtailed Indian labour migration. Between 1837 and 1864 - which was at the height of labour demand in Malaya - there were no fewer than 21 acts in India that placed restrictions on Indian migration. The Act XIX of 1856 for instance gave the Government of India the right to suspend "emigration to any colony which had not taken measures to protect emigrants on arrival."¹⁵⁶ Another Act in 1864 also served further limitation on migration to prevent labour abuse.¹⁵⁷ These acts were especially intended to control abuse to Indian migrants bound for Mauritius, South Africa and Guiana but would nonetheless impose limitations to Indian migration elsewhere. As Amrith (2010) points out "the history of immigration restrictions in Malaya was in part, a response to the debate about the control of emigration from India."¹⁵⁸ Indian migration was highly regulated

155 (Kaur 2006) p. 4; also see (Gullick 1987) p.2

156 (Findlay 1931) p. 596

157 (Findlay 1931) p.596

158 For more Indian migration and restrictions imposed read (Amrith 2010) p. 233 – p. 254

by Indian authorities even as late as the 1930s. In 1938, the Government of India's committee on emigration imposed a ban on Indian emigration to Malaya "for the purpose of labour."¹⁵⁹

Another counterfactual that needs discussion is why did the Malay States accept British influence? The Malay States came under British influence for several reasons. One obvious factor is due to the Anglo- Dutch Treaty signed in 1824. The treaty demarcated British and Dutch spheres of influence where both powers agreed on their territorial control for purpose of access to new markets and trading opportunities.¹⁶⁰ The Malay rulers also chose to court British administration because they saw in Britain a benign power. The Malay States looked to "the "Bengal Company" as an arbiter of local politics"¹⁶¹ and hence readily sought British protection by entering into various treaties with the East India Company to ward off Siamese threat.

Britain's involvement in the Malay States however obviously begs another question: Why didn't the East India Company assume control of the rest of the Malay States after it managed to establish the Straits Settlements? Why didn't it make the Malay States an extension of the Straits Settlements and place these states under the direct control of the East India Company?

To start, Britain did show an ambition to intervene in the Malay States after the Anglo-Dutch Treaty in 1824. But its ambition was thwarted by financial and political setbacks. This chapter will describe how Britain entered into a war with Naning, a town bordering Malacca in 1832.

¹⁵⁹ See (Amrith 2010) p. 258

¹⁶⁰ (Cowan 1961) p.9

¹⁶¹ (Cowan 1961) p. 17

The Naning war cost the East India Company some £100,000 ¹⁶² and the war could have made the East India Company rescind any intention to have direct rule of the Malay States. Such British retraction of any intention of direct rule is perhaps best demonstrated by the remark made by the Straits Governor Ibbetson, in 1833, regarding the boundary between Malacca (Straits Settlement) with the nearby Malay town of Johol (part of Negeri Sembilan and near to Naning). Ibbetson regarded the “frontier delimitations[between Johol and Malacca] as an excellent opportunity for showing that accessions of territory and encroachments upon their rights, is the furthest from our views and intentions.”¹⁶³

It must be said that British restraint from direct control of the Malay States would in turn give confidence to the Malay rulers to sought further British advice and protection. This confidence would contribute to growing political and economic linkages between the Malay States and the East India Company in the coming years. In the end, the Pangkor Treaty was in fact, a combination of Malay rulers’ willingness to accept British indirect rule and Britain’ own concern of maintaining its strategic influence and taking a keener interest in the region especially when there was fear of French naval expansion in IndoChina, Dutch forward movement and German Bismark’s ambition to take interest in Southeast Asia.¹⁶⁴ We turn now to the administrative and governance structures of Malay States.

162 (Kennedy 1962) p. 118

163 (Mills 1960) p. 177

164 (Chee 1971) p. 44

The Malay Administrative System on the Eve of British Rule

The Malay States on the eve of British presence in the late eighteenth century had a feudal administrative arrangement. The political, social and economic institutions of the Malay States were fashioned after the Malacca's Temenggong system.¹⁶⁵ The Malay States were formed along main rivers, with natural watersheds demarcating state boundaries.¹⁶⁶ These states were usually named after major rivers such as Selangor, Terengganu, Perak, Sungei Ujong and Pahang. Towns were built around river mouths and villages were dotted along main rivers. Rivers provided the main source of revenue for these settlements where states imposed various forms of taxes and tolls for people and goods servicing the waterways.¹⁶⁷

Up until the nineteenth century, individual Malay states did not see themselves as part of a larger Malay political entity. The Malay political community did not go beyond the limits of the state or *Negeri* and each state pursued its own political and economic interests. The *Negeri* was headed by a Raja or Sultan who was given the honorific title of *Yang di Pertuan Negeri*. The role of the *Yang di Pertuan* was symbolic in nature and expressed the unity and integrity of the state. Malay Rajas were assumed to have been endowed with sovereign power called *Daulat*. The *Daulat* was a covenant between Malay territorial chiefs and the Sultan where in return for

165. Read (Kennedy 1962) p. 13. Wilkinson also describes that there two types of Malay government. The first type is that of Malacca and Johor. The second type is that of Acheen. (Wilkinson 1971) p. 142. See also (Gullick 1981) p. 17

166 The topography of the archipelago with dense tropical forest saw population concentrating along main rivers. Borders of states were defined by natural watersheds and frontier boundaries of states are undeveloped. Read for instance (Trocki 2009)

167 (Gullick 1958; Andaya 2001)

the unswerving loyalty of the *rakyat* (people), the Sultan would have to ensure that the *rakyat* were justly treated.¹⁶⁸

The Sultan did not have absolute power. In some *negeri*, power was devolved to Malay chiefs.

¹⁶⁹ At times such dispersion of power saw Malay chiefs exercising power far in excess of that of the Sultan.¹⁷⁰ Succession for instance was often decided by Malay nobilities rather than by the Sultan. Also, the appointment of the next Sultan may not necessarily follow the patriarchal line but instead lay at the discretion of the Malay nobilities.

The Malay aristocracy thus formed an important component of the Malay States' governance structure. In a typical Malay administrative structure, the *Bendahara* was the second in command after the Sultan and assumed the role of Chief Executive or in modern parlance, the role of Prime Minister. The *Bendahara* also acted as a Chief Judge and had an influential role in deciding the succession to the throne. Other senior ministers included the *Temenggong*, who would take charge of security and the police force, the *Laksamana* who acted as chief naval officer, and the *Penghulu Bendahari* who assumed the role of chief financial officer, in charge of the state's revenue and the overall upkeep of the Sultan's servants and clerks. Another important officer was the *ulamak*, or Islamic religious chief who ranked equally with the other senior ministers described above. Below these senior ministers were other nobles, either of

¹⁶⁸ (Hooker 2003)

¹⁶⁹ (Gullick 1958; Ahmat 1970)

¹⁷⁰ (Gullick 1958) notes that the inability of the Sultans to obtain more than a small proportion of the total revenue of the states, especially of the taxes on tin, was the main factor which caused a dispersal of power from the central government of the state to the districts."

royal descent or with a title bestowed by the Sultan. Besides the ministers, the Sultan was aided by territorial chiefs, who would take charge of an area in the state, most usually their place of residence. These chiefs had broad territorial power where they had near autonomy over their respective district.

The *Negeri* also had a legislative body known as the *mesyuarat bicara*, an assembly of ministers and nobles. Decisions made at the *mesyuarat bicara* were usually done through *muafakat* consensus rather than majority ruling. This is in keeping with the Malay *adat* (custom practices); Malays believe that *muafakat membawa berkat* which means that blessing comes with consensus.¹⁷¹

The relationship between Malay chiefs and the *rakyat* (people) was based on patronage. A typical chief would have a retinue of about 50 loyal followers who would assist in the running of the chief's household, his fields and mines and the affairs of the district. This retinue of followers could comprise debt bondsmen and bondswomen. The bondsmen would serve as attendants, helping out in the domestic household and serving as boatmen. The bondswomen would take charge of household concerns and provide nursing care. Should extra labour be needed, manpower would be mobilised by the system of *kerah* or corvee labour.¹⁷² The territorial chiefs also had their own deputies, minor chiefs and village headman or *Penghulu*.

171 Hooker (2003) gives an interesting historical account of the Kingdom of Malacca and the Malay administrative structure. See pp 58 – 70. Also refer to (Andaya 2001) and

(Gullick 1987) various pages on Malay administrative system

172 For full description of debt bondage and corvee labour refer to Swettenham assessment in Gullick (Gullick 1958) p. 99 -102.

The *Penghulu* would take charge of collecting taxes and tolls, administer the territories under his care and mobilises the *rakyat* as required by the Sultan.

Malay States Economic System

On the eve of British colonial influence, the Malay States had an economic production system that was based on feudal practices. The Malay States were not self-sufficient; relying greatly on external trade in which these States would trade indigenous products like tin, gutta percha and forest products in exchange for finished products like clothing and food.¹⁷³ During the Malaccan sultanate in the fifteenth century, coins were already in use as a medium of exchange.

Nineteenth-century Malay States also had a land administration system with an elaborate land tenure system based on the *adat* or customary laws.¹⁷⁴ Types of land tenure system included the *tanah mati* or dead land tenure system, where anyone could take up land left abandoned. There was also a land transfer arrangement where the new owner would pay the cost incurred in clearing the land and reimburse the previous cultivator for the crops planted. There were also other land arrangements like the *sewa* or letting and *gadai* or securitisation.¹⁷⁵ Despite the different types of land codes, ownership of the land resided with the state and not the

173 (Gullick 1958)

174. To know more about the land tenurial systems, its implementation in the different states and the juridical rights over such lands, (Jomo 1986) gives a comprehensive account of pre-colonial Malay society. Read (Jomo 1986) pp. 11- 13.

175 Read (Wong 1975) pp 11 – 12. (Jomo 1986) provides an extensive description of the land tenurial system pp 10 - 13

cultivator. The cultivator was only a tenant and hence subject to the terms levied by the *kerajaan* or the state.¹⁷⁶

Taxation formed an important part of the feudal economy. The state's main tax revenue came from land exaction and trade. Taxes were imposed on merchants for the goods traded for export as well as import. Agricultural produce was also subject to tax. In some states the tax was one-tenth of the agricultural harvest.¹⁷⁷ Toll charges were also imposed on the use of waterways. In describing the governance structure of the state of Perak, Wilkinson (1971) provides a glimpse of the revenue structure and the extent of monopoly that the Malay ruling class had over the state's revenue.

The ruler...[d]erived his principal revenue from the duty (chukai Kuala Perak) levied on all produce entering or leaving the state by the mouth of the Perak river. The duty probably varied from time to time...[T]he Bendahara..derived his revenue mainly from a toll station (Batang Kuala Kinta) that levied duties on all produce entering or leaving the Kinta River...[T]he Temenggong derived his revenue from a monopoly of the sale of salt and ataps...[T]he Maharajalela...[d]erived revenue..[f]rom certain customs dues drawn from the Sungei Dedap...[T]he Laksamana..[l]evied tolls on the river Batang

176 The people occupied and cultivated such lands as they chose, and paid nothing for them, but the authorities, Sultan, State Officer, local headman, or anak Raja, whoever had the power and might, dispossessed the occupants at pleasure, or helped themselves to any produce that they thought worth having whenever they felt able and inclined. see (Wong 1975) p. 18. The Malays possessed no proprietary rights over the land, that no land can be said descended to them from their forefather, and that, while the rulers never admitted any claim to the land on the part of the people the land belonged to the Kerajaan. Taken from (Lim 1976) p.28

177 Read (Jomo 1986) where he discusses descriptions by various authors on Malay land code where generally lands worked on were liable to an exaction of one-tenth of the produce of the land.

Padang...[t]he Dato Bandar acted as a sort of harbour master, customer officer, protector of immigrants and superintendent of trade.¹⁷⁸

Tin production was the main component of the economy in pre-British colonial Malay States.¹⁷⁹

In the seventeenth century, the Malay States was the largest exporter of tin in the region before the discovery of huge tin reserves in Pulau Bangka, an island off the coast of Singapore.¹⁸⁰ Dutch records for instance describe an expedition by the Kedah ruler to trade tin on the Indian Coramandel coast in the seventeenth century.¹⁸¹

Before the start of large - scale tin extraction, Malays dominated mining activities. Stamford Raffles and Newbold (1839) commented that, in the early nineteenth century, Malays were the principal miners in the Peninsula¹⁸² and were involved in all facets of the production cycle from the mining of ores to the transporting of the minerals. Tin production was carried out by local Malays using a technique called *lampan*. The tin mines in the Malay States were controlled by members of Malay aristocracies either through direct ownership or through the imposition of a levy on the production and export of the ores.¹⁸³ A report in 1818 estimated that there were only about 400 Chinese spread throughout the Malay Peninsula engaged in mining activities

178 (Wilkinson 1971) pp 133 - 138

179 Malay coinage made of tin was used before the start of Portuguese rule in 1511. During Dutch rule in Malacca tin exports from Malacca was about 6,000 pikuls (350 tonnes). Between the 17th and 18th century, Dutch tried to control tin trade in the Malay States by having treaties with local Malay Chiefs in Perak, Selangor, Sungei Ujong and Kedah. See (Fermor 1939) and (Yip 1969) p. 56.

180 (Yip 1969) p. 56

181 (Sadka 1968) p. 18

182 (Wong 1965) p 17

183 see(Sadka 1968) p.18 and (Jackson 1961) p.30

and these were mainly concentrated in Malacca.¹⁸⁴ Wong(1965) also noted that the mines in Perak, Selangor and Sungei Ujong were operated and funded by Malays unlike the tin mines in the Straits Settlements of Malacca which were purely operated by Chinese.¹⁸⁵

However, the scale of mining production in the eighteenth and early nineteenth centuries in the Malay States was small given the rudimentary mining technique. It is estimated that between 1787 and 1839, Perak produced between 5,000 to 9,000 *pikuls* or about 300 to 540 tonnes of tin ores.¹⁸⁶ Given such a small scale of tin production, it was obvious that the traditional tin mining methods employed in the Malay States could not remain for long. Over time, the Malay States' exposure to the flow of cheap capital from the Straits made local tin mining methods untenable. The discovery of huge tin deposits in Perak and Selangor in the late 1840s, for instance, saw Malay chiefs doing away with the feudal arrangement and incorporating more advanced production techniques.

The above descriptions are intended to demonstrate that there was a pre-existing Malay administrative and economic structure before the start of British influence. Such indigenous political and economic institutions, however, would change during the nineteenth century as a result of the British presence and the introduction of alternative economic and political arrangements. These changes, propelled by new forms of labour and capital arrangements

184 (Yip 1969) p. 58

185 (Wong 1965) p. 28

186(Wray 1894) P. 9

would pose a challenge to Malay feudal arrangement. We look now at the slow demise of Malay feudal regime.

The Weakening of the Old Malay Order

British presence in the nineteenth century exposed the weaknesses of the Malay feudal arrangement and led to the abandonment of feudal practices and the adoption of British-style capitalistic arrangements. This shift - from feudal to capitalist – was, however, incremental in nature. Feudal practices like corvee labour and debt bondage were only abandoned in 1890, almost 100 years after the British set foot on the Malay Peninsula.

The retrenchment of the feudal arrangement was aided by the internal failings of the feudal system. The feudal system did not do much to encourage productivity. It afforded little entrepreneurship and incentive for capital accumulation. The oligarchic nature of Malay feudalism where wealth and power concentrated around the ruling Malay chiefs encouraged patronage, the *rakyat* depended on Malay rulers for political and economic resources, which gave little inducement for the *rakyat* to be productive.¹⁸⁷ The feudal system had property laws that inhibited production and innovation. Land for instance remained with the state not with the individual. Long-term investment thus, was pointless because at any time the state had the right to revoke lands that had been worked.¹⁸⁸

¹⁸⁷ Corvee labour is an obligatory labour imposed by the ruling chieftains on the rakyat.

¹⁸⁸ Read (Jomo 1986) where he discusses descriptions by various authors on Malay land code where generally lands worked on were liable to an exaction of one-tenth of the produce of the land.

Given the existence of such an asymmetrical power structure the feudal arrangement was open to abuse and malpractice. Malay chiefs for instance would force men to work the lands, confiscate productive agricultural lands or take away excess agricultural produce from those who worked on it.¹⁸⁹ There are many examples taken from the nineteenth century that show such an exploitative relationship that retarded productivity and innovation. In his expedition to the eastern coastal states of Pahang and Kelantan, Munsyi Abdullah, a well known scholar and adviser to Stamford Raffles, wrote of how feudalism blunted the *rakyat* desire to be productive. He mentioned that people were impoverished not for the lack of energy but because they lived in continued fear of oppression and cruelty of the aristocracy. He said the *rakyat* felt that it was useless to be productive because

If a man does acquire property or a fine house or a plantation or estate of any size, a Raja is sure to find some way or other to get hold of it, or he may demand a loan or a gift. And if the man refuses, the Raja confiscates his property; if he resists, he and his whole family are killed, fines are levied.¹⁹⁰

Such feudal practices (patronage, debt bondage, forced labour, non-productivity) were found wanting in the face of the new British administration and economic production. The feudal system became gradually irrelevant as Malay actors (rulers and chiefs) increasingly invested in new economic arrangements. The higher returns from such investment

189. Maxwell (1884) was scathing in his remarks of the abusive feudal system. The only respite is that the Malay chiefs were restrained from excessive abuse because the patronage system meant that excessive oppression would result in the cultivator to abandon his land and emigrate, depriving Malay chiefs of followers. In (Maxwell 1884) p.

108. Also read (Roff 1967) p 11

190 The story of the voyage of Abdullah bin Abdul Kadir Munsyi, *Kisah Pelayaran Abdullah*, Translated by A.E. Cooper, Singapore 1949 (Abdullah 1949)

reinforced the change process and made the Malay feudal arrangement increasingly untenable.

The changes brought by the new modes of production were far-reaching and challenged existing state–society relations. If under the feudal system, social, economic and political relations were customary (*adat*), under the new system relationships would have to be law based; if authority under feudalism was personal, under the new system Malay rulers would have to contend with the law in order to establish their authority; and if the social order was based on personal authority and customary obligation, the Malay rulers would now be increasingly exposed to the impersonality of laws or individual rights.¹⁹¹ In short, “contracts”, “wages”, “agreements”, “property” and “individual” rights started to enter the vocabulary of these Malay States.

In sum , Malay feudal societies – which were petty, disparate, agrarian and weak – were made to undergo a sharp learning process which involved the gradual dismantling of the feudal system, the introduction of new economic and political arrangements and the reconfiguration of the role of old political actors. These changes nonetheless generated “a great source of discontinuity” because they “froze the social trends in the antecedent political system” and “implanted a new but alien dimension of order.”¹⁹² Hugh Clifford, High Commissioner to the Malay States, best summed up the transformation that the Malay States were made to undergo

191 (Furnivall 1948)

192 (Almond 1969)

by the end of the nineteenth century saying that “one cannot but sympathise” with the Malays because “we are really attempting... [t]o crush into twenty years the revolutions in facts and in ideas which, even in energetic Europe [took] six long centuries... [t]o accomplish.”¹⁹³

We turn now to the start of the British presence on the fringes of the Malay Peninsula with the founding of the Straits Settlements of Malacca, Penang and Singapore. The setting up of these trading outposts would introduce new forms of economic and political arrangements that would precipitate changes to existing Malay feudal ones.

The Start of British Rule – the Straits Settlements and British influence over the Malay States

To put things into perspective, British initial presence in the Malay Archipelago went as far back as 1592 when a ship, the *Edward Bonaventure* anchored in Penang. Soon after, the British established factories in the northern Malay States of Patani (now part of southern Thailand) and Kedah, where British traders were involved in tin, silver and pepper trading. The factories in Patani were abandoned in the face of rising Dutch competition but trade with Kedah continued until the eighteenth century.¹⁹⁴

The above expeditions were preludes to an eventual British presence in Malaya in the late eighteenth century, a presence that would span almost 150 years. British interest in the Malay

¹⁹³ Taken from (Alatas 1977b) p. 46

¹⁹⁴ (Windstedt 1923) p. 53

Peninsula and the archipelago was driven by trade imperatives. In an age where maritime powers, like the Dutch and later the French, competed for a presence in Southeast Asia, there was a need for Britain to take a strategic position in the region in order to secure one of the world's most important trade route, the Straits of Malacca. In 1785, a merchant and captain, Francis Light, obtained a letter from the Sultan of Kedah that gave the East India Company the lease to the near-uninhabited island of *Pinang (Penang)*. The agreement was in exchange for British protection of Kedah against potential attacks by Siam. In July 1786, Francis Light was appointed Superintendent of Penang; this marked the start of the British presence in the Malay Peninsula.¹⁹⁵

Penang's location, at the entrance of the Straits of Malacca from the Bay of Bengal, aided the East India Company to trade opium and cotton from India and tea and other raw materials from China and Southeast Asia. Its proximity to the Bay of Bengal also made it a convenient careening station; besides Bombay, Penang acted as an alternative port for repairs of British ships plying the Bay of Bengal.¹⁹⁶

The acquisition of Penang was followed by British control of another near-uninhabited island, Singapore, which was founded by Stamford Raffles. Singapore's location fitted Raffles' idea of a trading port.¹⁹⁷ For some time, Raffles was on the look-out to set up a trading factory near the

¹⁹⁵ (Windstedt 1923, 1948)

¹⁹⁶ Read (Tarling 1969) pg. 11 and (Windstedt 1948) p. 54 where he describes how Francis Light did not disclose to the East India Company, Kedah's intention for protection against Siamese rule as it would jeopardise the leasing of Penang, as the British made clear that they did not want to enter into agreement that would lead to war.

¹⁹⁷ In the early years, Raffles earmarked the islands of Bangka and Bintan. He however aborted his initial plans as these islands were under the Dutch influence.

south of the Straits of Malacca as he felt that Penang was too far north to take full advantage of trade between India, China and the Malay Archipelago. Raffles believed that an optimal British station would be down south at the narrowest point of the Straits that would cater to the natural confluence of ships coming from the west and east of the Malay Archipelago.¹⁹⁸

In 1819, the island was secured from the Johor–Riau sultanate, after the Temenggong of Johor agreed to allow the East India Company to set up a small factory at the mouth of the Singapore River. However, in June 1823, British took control of the whole island after British- appointed Sultan Hussain agreed to cede Singapore. In exchange for ceding Singapore, Sultan Hussain received 5,000 Spanish dollars and the Temenggong of Johor received 3,000 Spanish dollars.¹⁹⁹

Singapore turned out to be the East India Company's most important outpost. As Raffles put it, Singapore was the crown jewel in the East as Malta was to the Company in the west. Raffles stated that his object was not territory but trade but he also made a caveat saying that "we may extend our influence politically as circumstances may hereafter require."²⁰⁰

After the founding of Singapore, the East India Company expanded their presence on the fringes of the Malay Peninsula by acquiring another important trading port along the Straits of Malacca, Malacca. Malacca came under British control in 1824 after the signing of the Anglo-

198 Various sources (Windstedt 1948; Gullick 1958; Andaya 2001; Cowan 1961)

199 Read (Purcell 1965) p 67, (Kennedy 1962) p.94 and also (Windstedt 1948) account of how Raffles moved fast in preventing the Dutch any claim to the island by installing quickly a pretender to the Johor Sultanate, Hussain, to be made the Sultan of Singapore, by passing the Sultan of Johor – Riau island, who were then under Dutch surveillance. Pp 58 – 59). Be that as it may, pension payment to Sultan Hussain and Temenggong Abdul Rahman which was promised by the East India Company were made good only during their lifetime as they pensions for which they had ceded died with them..(Wilkinson 1971) p. 72

200 Sir Stamford Raffles to Colonel Addenbrooke, 10 June 1819 in (Buckley 1902) p. 5

Dutch Treaty, where Dutch and British governments agreed to a swap of territories where Britain agreed to give up Bengkulu (Bencoolen) in Sumatra to the Dutch while the Dutch agreed to give up Malacca to Britain.²⁰¹ The Anglo-Dutch Treaty is a classic case of the flag following the trade argument. The Treaty drew up boundaries that had not existed before²⁰² as both powers sought territorial control for access to new markets and new trading opportunities.²⁰³ With Penang, Singapore and Malacca under its control, Britain now had gained a significant presence in the Straits of Malacca. In the coming years, these Straits Settlements would act as launch pads that helped create trade opportunities for the East India Company in the Malay States that would in turn change the political, economic and social complexion of the Malay States. We turn now to a new phase in the political and economic development of Malay States after the establishment of the Straits Settlements.

The Start of British Soft Power 1800 - 1874

The Straits Settlement acted as an important gateway for Britain to establish trade with the rest of Southeast Asia. British presence in the Straits leveraged Britain's control of trade with China, India and the Malay Archipelago against regional maritime aspirants like the Dutch and the French.

201 Malacca was initially under Dutch control in the 16th century but the result of Napoleonic war and French control of Holland prompted the issuance of the "Kew Letters", where Malacca was placed under a joint Anglo-Dutch administration in 1795. Dutch regained control of Malacca in 1818 after the end of the French war in accordance with the Convention of London. Dutch rule however, was short lived as six years later Malacca was handed to Britain after the Anglo-Dutch treaty of 1824. Read (Kennedy 1962) pp 84 -

202 There are numerous works that would attest to the notion that southeast asia was not defined along the notion of the nation state before the advent of colonialism.

Perhaps one of the recent works that depicts the porous nature of southeast region read works by (Trocki 2009) and (Amarjit 2009), (Wong 2007b) and (Trocki 1990)

203 (Cowan 1961) p. 9

In the initial years of British presence in the region, there was little to show of British ambition in the Malay States. In the immediate years after the Anglo-Dutch Treaty, British engagement with the Malay States came at the request of Malay rulers. As Cowan (1961) puts it,

The Malay States looked to the “Bengal Company”... as the arbiter of local politics. To it they reported the accession of new rulers, and from it they asked help when in trouble. Though the company was unwilling to assume this role of paramount power, and tried to keep clear of any official connexion with the Peninsula states, her links with them tended to grow.²⁰⁴

The Malay rulers’ willingness to engage the East India Company was due to British unobtrusive display of power and its lack of ambition for outright intervention. It is not surprising that the first quarter of the nineteenth century saw various Malay states (Kedah, Perak, Selangor, Terengganu, Johor and Pahang) establishing treaties with British (Straits) authority²⁰⁵. The earliest treaty that was entered into between Britain and the Malay States was the Andersen Treaty in 1825. The treaty came after the Malay State of Perak asked for British protection to avert a potential Siamese attack. Despite protest from India and Siam, the Andersen Treaty was concluded by Captain James Low and Sultan Abdullah of Perak, where the Straits authority agreed to provide British support for Perak against Siamese aggression.²⁰⁶

204 (Cowan 1961) p. 17

205 (Buckley 1902) p. 756

206 Cited from (Cowan 1961) p. 18

The Andersen Treaty was followed by the Burney Treaty in 1826 which involved Siam, the East India Company (Straits government) and the Malay states. The Treaty came after Perak, Kedah, Terengganu, Kelantan and Selangor asked for British protection, given renewed fears of Siamese aggression. Under the treaty, the Siamese government agreed not to put Perak and Selangor under its rule.²⁰⁷ The treaty also set the southern boundary of Kedah and made provision for Britain to trade with the northeast and eastern Malay States of Kedah, Kelantan and Terengganu.²⁰⁸

The Burney Treaty extended British foothold in the Malay Peninsula. As a consequent of the Treaty, the Kedah government agreed to grant Britain a stretch of land on the mainland, adjacent to Penang, which was later called Province Wellesley. The acquisition of Province Wellesley gave the British Straits Settlement a contiguous border with Kedah and Perak on the mainland. This common border on the mainland greatly facilitated the movement of people and goods from the Straits Settlements to the states of Perak and Kedah in the coming years.²⁰⁹

Britain's display of benign power and disinterestedness in territorial intervention in the Malay States, however, did not last long. The Andersen Treaty and the Burney Treaty and the willingness of Malay rulers to ask for British assistance could have contributed to British growing ambition for direct intervention in the Malay States. During the year 1831-1832, Britain

207 In fact, the Burney Treaty was not strictly adhered to by Chao P'aya that in 1826 British Lieutenant James Low gave the Perak ruler the assurance of a British protection and not to send the bunga mas (tribute) to the king of Siam. Read (Kennedy 1962) pp. 114 - 115

208 (Andaya 2001) p. 121.

209 (Cowan 1961) pg. 17. Read also (Wong 2007b) and (An 2010) which give a good account of the level of trade relations that existed between Penang, Kedah and Perak.

entered into war with Naning, a town 10 miles from Malacca. The Naning War started after Naning local chiefs contested British demands for a portion of Naning's revenue. Under previous Dutch control of Malacca, Naning agreed to give a fixed amount of tribute - one tenth - from its harvest to the Dutch. When the British took control of Malacca, they exacted the same arrangement from Naning. This, however, was opposed by the local Malay authorities. The impasse led to an 11-month war, with the British East India Company spending £100,000 and sending in 1,400 men to bring Naning under control.²¹⁰

The Naning war effort could serve as a reminder to the East India Company of the cost of intervention. This change in British appetite for direct intervention is demonstrated in the 1832 Rembau Treaty where under the Treaty, the East India Company agreed to renounce all rights over the district, where the Dutch previously had monopoly of Rembau's tin output.²¹¹ At about the same time, Britain also refused to interfere in the affairs of Johol, a town bordering Malacca despite calls from Chinese merchants from Malacca for British intervention to curtail the high levies imposed by Johol Malay chiefs on traders for the use of the Linggi River, a major waterway traversing both Johol and Malacca.²¹² After the Naning war, there was no direct British intervention in the Malay States for the next four decades.

Though there was no outright intervention, it became increasingly difficult, perhaps impossible, for the British authority and the Straits merchants to remain uninvolved in the

²¹⁰ (Kennedy 1962) p.118

²¹¹ Read (Mills 1960)

²¹² (Mills 1960)

political, economic and social affairs of Malay States. British involvement continued to be aided by Malay States that increasingly looked towards the Straits government for solutions to domestic problems. In 1857, the state of Terengganu asked for British protection against possible Siamese attack. This request was augmented by appeals from Straits merchants operating in Terengganu who asked for some form of British support.²¹³ In response to the demands, the Straits government invoked the clause in the Burney Treaty as licence to interfere in Terengganu. In November 1862, Governor Cavenagh sent warships to the Terengganu coast and shelled the fort in Terengganu, which eventually quelled the Siamese intention.²¹⁴ Though Cavenagh's action was condemned by Whitehall as interference, the Terengganu War highlights Malay rulers' increasing willingness to seek British support for political and economic redress. As Mills (1960) points out, British had established a "moral dominance" over the Malays and that Malays rulers were "overawed by the presence of a race the extent of whose perversion (sic) they cannot estimate, and whose civilisation they cannot expect ever to attain to or even to imitate"²¹⁵

One state that displayed willingness to take British advice was Johor. Until the year 1866, the Johor administration operated from Singapore. And until that year, the Temenggong of Johor chose to reside in Telok Blangah which is in the southern part of Singapore and not in Johor on the mainland. So convinced of British authority, the Temenggong fashioned the Johor administration after the Straits government and had a legal adviser from the Straits

²¹³ At the time, the Terengganu's royal house was facing internal power struggle which - under the Burney Treaty - gave the Siamese government a convenient reason to interfere. In the months that followed, Siamese battleship and boats lined coast of Terengganu. See (Kennedy 1962) p. 121

²¹⁴ (Kennedy 1962) p. 121

²¹⁵ (Mills 1960) p. 184

Settlements.²¹⁶ The British administration also went some way to cultivate its relationship with the Johor royal house. British officials gave high regard for the Temenggong of Johor and approved of the Temenggong's attitude towards development. British officials' intimacy with Johor rulers is best reflected by Harry Ord's commendation of the Temenggong, saying that the Temenggong "is deeply attached to the British government and nation" and "he is ready at all times to place the whole resources of his country at our disposal"²¹⁷. Such was the relationship between the Straits government and the Johor administration that Frank Swettenham, Resident and later High Commissioner for the Malay States, felt that the British should have more control over Johor.²¹⁸

British influence over the affairs of Johor extended beyond the political. Economically, Johor was tied to the vicissitudes of the Straits economy, specifically that of Singapore. In the years after the founding of the Straits Settlements, Johor's economic development became the work of the Straits authority, Malay rulers and Chinese capital. In the 1830s, the Johor government together with the Straits government encouraged Chinese migrants from Singapore, specifically pepper, opium and gambier growers to move into southern Johor²¹⁹ where they set up revenue

216 At one time, Thomas Bradell who was the Straits' Attorney General acted as Johor state legal adviser (Sadka 1968) pg. 60 and (Heussler 1981) p. 198

217 Gov. Straits to Sec. State, 10 Feb. 1866, in CO 273/17

218 Refer to Governor to secretariat of state 18th May 1878, 273/93 and Swettenham's memorandum on Johor 5 July 1878, 273/94. Also cited in Huessler (1981) *British Rule in Malaya* p. 197

219 See (Trocki 1976)

farms along riverways. These settlements were called *KangChu* or river settlements.²²⁰ The *Kangchu* turned out to be a lucrative business for both Johor and Singapore. Until 1862, revenue from the tax farms was shared equally between the Straits government and Johor. In 1864 more than \$1 million was invested in the gambier and pepper plantations in Johor.²²¹

Johor's disposition towards British ideas is not an exception. The Temenggong of Johor's affinity for the British administration was matched by Tengku Dziauddin, also known as Tengku Kudin, the Regent of Selangor, who ruled Klang and Kuala Selangor between 1870 and 1874. Dziauddin was highly regarded by British administrators. He was described as "a thoroughgoing admirer of European manners and customs" and retained a European lawyer.²²² Straits Auditor-General, Charles Irving commended Dziauddin's style of administration, saying that he understood the need for development and for Selangor to employ an administration "under a sound footing under the advice of a European lawyer of Singapore of good reputation."²²³

The examples above show that British ideas were becoming increasingly attractive to Malay rulers. Such willingness of Malay elites to incorporate British-inspired institutions eased the way for British management of Malay states and Malay actors in the years ahead. We turn now to

220 The document called surat sungei or river document allowed for farms to be set up along agreed rivers. The Kangchu agreement reflects the level of sophistication of the Johor government and the Straits government's influence in the affairs of Johor. The Kangchu agreement gave the Johor government a reputation of progress. The agreement was innovative and provided for a more systematic and regular administration. See Trocki (1976). Also (Sadka 1968) p.69

221 CO 273/15 – Petition from the Chinese traders in Gambier and Pepper to governor cavenagh, 3 Oct 1864

222 (Sadka 1968) p. 27

223 Charles Irving memorandum relative to the affairs of Perak, 24 July 1872, C.1111, enclosure 6 in no.52, Clarke to Kimberley, 24 February 1874 cited in (Sadka 1968) p. 27

other factors that played an important role in the political and economic configuration of the Malay States.

Britain's Growing Political and Economic Influence in the Malay States

From the late 1830s, there was a confluence of factors that aided the political and economic transformation of the Malay States. Interest in the Malay States grew after Straits traders were squeezed by a series of regional trade restrictions. In 1833, Britain lost its monopoly of the China trade that threatened the status of the Straits Settlements as transshipment hubs.²²⁴ Besides losing monopoly of the Chinese trade, growing regional competition also drew Straits traders to look for new markets in the Malay States. Trading opportunities were further squeezed when Spain began to take greater control of the islands of Sulu in Southern Philippines from 1840s and imposed high tariff duties on foreign traders.²²⁵ Straits traders' access to markets also became harder when, in 1855, the Dutch authority in Batavia (Jakarta) gave trading privileges to the Dutch National Trading Corporation (*Nederlandsche Handelmaatschappij*) that effectively meant that local traders in the archipelago gained better terms of trade from conducting trade through the *Nederlandsche Handelmaatschappij* rather than through non-Dutch trading companies, such as the East India Company.²²⁶ In 1858, the

²²⁴ Before the end of the British monopoly on China's trade in 1833, the Straits Settlements benefitted greatly from such monopoly as goods from and bound for China would usually be transhipped to the Straits Settlements before being distributed to Southeast Asia, India and Europe.

²²⁵ Read (Cowan 1961) pp 20 -23

²²⁶ This preferential trading practice worked because by the second half of the nineteenth century the Dutch East India Company managed to entice local chiefs of islands in the archipelago to conduct external trade through the *Nederlandsche Handelmaatschappij*. The policy also led to these islands to eventually secure treaties with the Dutch

French government also imposed trade restrictions on non-French ships, after it took control of Annam and Cambodia in Indochina. Foreign ships were allowed only in Saigon and the coast of Cochin China was subjected to a blockade.²²⁷

There were other factors in the 1840s that favoured Straits' interest in the Malay States. To start, high global demand for tin in the 1840s coincided with the large discoveries of tin deposits in the Malay States of Perak, Selangor and Sungei Ujong in the 1840s. Interest in Malayan tin also grew after Britain lowered duties on imported tin under the Peel Reform Act in 1842. This was further boosted when in 1853 Britain completely removed duties on imported tin. The demand for tin was matched by large influx of labour migrants into the Malay States. The 1840s saw the establishment of Treaty ports in China as a result of the Sino-British opium war that released large number of Chinese labour migrants. These conjunctures of factors led to an increase in tin production and an influx of cheap capital and labour into the Malay States.²²⁸

The Straits Settlements, especially Penang and Malacca - two settlements that were closest to the tin- production centres of Perak and Selangor- greatly benefitted from the rise in tin

government where they agreed to come under Dutch control. Read (Cowan 1961) pp 20 -23. In fact, between 1843 and 1863 fifty two treaties were concluded with states in Borneo, the Celebes and the other islands eastwards of the Malay Peninsula that fell under Dutch influence.

227 Read (Cowan 1961). The coast of Cochin China between 103 and 106 was subjected to a blockade which was extended to the whole of Cochin China and Cambodia in 1867.

This is the proclamation of the governor of Cochin, China in CO 273/4 and CO 273/11

228 . In the late 1930s and 1940s, tin plate manufacturers in Britain were facing growing erosion of profit margin after Cornish smelters, a primary source for British tin plate manufacturers, demanded a high price for the metal. Given the competition, British tin plate manufacturers demanded the removal or reduction on duty on foreign tin from the British authority. This was accepted and duty on tin was reduced in 1835. Soon after, there was another demand by British manufacturers to reduce duty on foreign tin. This was duly granted in 1842 under the Peel's Tariff Reform. In August 1853, duties on foreign tin were repealed altogether. this time to repeal the duty on foreign tin. (Wong 1965) p.9

production in the Malay States.²²⁹ Exports of tin from the Malay States helped energise Penang, Malacca and to lesser extent Singapore as transshipment hubs. Not surprising, mining sites in Lukut and Sungei Ujong (both close to Malacca) and Larut (close to Penang) attracted great interest from European and Chinese merchants from Malacca and Penang.²³⁰ Between 1846 and 1851, Malacca saw tin mine output increase from 231 pikuls to about 14,000 pikuls.²³¹ Between 1844 and 1858 the volumes of tin exported from the Straits Settlements to Britain doubled. The quality of tin from the Malay States also improved with time. By the late 1850s, Malayan tin could compete with the much prized and high quality Bangka Tin, which was owned by the Dutch India Company. By 1870s, Straits tin was comparable to the finest English tin and commanded a premium price.²³² (See Table 3A and Table 3B).

The economic attractiveness of the Malay States gave rise to growing calls from the Straits Settlements' trading community for Britain to be more involved in its dealings with the Malay States. To the Straits traders, the Malay hinterland was a frontier economy, an untapped market that could not be ignored. As far back as 1844, Straits merchants were building a case for British intervention in the Malay States, with some calling for a full annexation. The Straits business community's sentiment on the Malay State is well captured by an article in 1847 that

229 Given the close proximity to the Straits Settlements, it was inevitable that access to capital and labour could only be provided by Chinese and European merchants from the Straits. (Gullick 1958)

230 The elimination of taxes and the availability of high tin deposits in the Malay States encouraged new capital injection to tin production in the Malay States and helped improve the quality of tin. Before 1850s, tin from the Malay States contained high amount of impurities and could not compete with Bangka Tin which enjoyed greater demand in the European markets due to its fine quality. The Malay States and Straits tin only managed to gain a foothold in the European in the 1860s – a period of mass tin production in the Malay States. (Wong 1965) p. 22

231 In (Wong 1965) p. 29

232 Straits Tin was "always considered as of doubtful quality than the Banka tin." In fact, Chinese tin manufacturers applied some form of sulphur to give Straits tin that lustre associated with Bangka tin and passed it off as "Banca" tin and not "Straits" tin refer to (Wong 1965) pp 14 – 15

urged Straits administrators and capitalists “to deviate a little from the beaten path” because they could find in the Malay Archipelago “almost unbounded stores of the most valuable articles of commerce.”²³³

The economic attractiveness of the Malay States inevitably led to a large movement of Chinese capital and labour from the Straits Settlements. This large movement of Chinese labour and capital into the tin mines of the Malay States would result in a huge transformation of the political economy of the Malay States. We turn now to the presence of a burgeoning Chinese community that would bring deep and lasting changes to the political economy of the Malay States.

The Chinese Community in the Malay States

The large movement of Chinese migrants into the western coastal Malay States of Selangor, Sungei Ujong, and Perak started in earnest from “about the 1840s”²³⁴ and at the time when large tin deposits were being found in Perak and Selangor.²³⁵ Before the 1840s, there were Chinese in the Malay States but these were small in numbers and were concentrated in the Malay States that were rich in resources and which were closest to the Straits Settlements.²³⁶

233 Singapore Free Press, 1847 in (Buckley 1902) pp 462 - 3

234 (Wong 1965) p.21

235 (Khoo 1972) p. 51

236 Chinese labour migrants were initially concentrated in the Straits Settlements. Chinese migration into the Malay Peninsula started in a big way after the founding of Singapore, Malacca and Penang, with the first big ship from Amoy, China in 1823 carrying large number of Chinese immigrants. Read (Purcell 1967)

Chinese labour and capital offered advantages to the political economy of the Malay States. The experiences of the Straits Settlements suggested to the British administration that using Chinese capital and labour was the most cost-effective way of achieving economic objectives. Early British officers like Stamford Raffles and Francis Light had a deep respect for and fascination with Chinese labour and industry. Francis Light saw the Chinese as “the most valuable part of our inhabitants” and Raffles saw Chinese as an important factor to Singapore’s success saying that “from the number of Chinese already settled and the peculiar attractions of the place for that industrious race, it may be presumed that they will always form by far the largest part of the community.”²³⁷

It was just as well that Chinese labour was in abundant supply in the 1840s as the sparse population and the discovery of large tin deposits in the Malay States necessitated a need for labour and capital. As mentioned above, the end of the Sino-British opium war in 1842 had encouraged Chinese labour migrants to make their way to the *Nanyang* (Southeast Asia) and elsewhere from the treaty ports in China.²³⁸

The growth of the Chinese population and the Chinese role as an important economic player in the Malay States were evident after the middle of the nineteenth century. Take the town of Lukut, which borders Malacca. In 1824, there were about 200 Chinese miners in Lukut.²³⁹ By

237 Notices of Singapore, *Journal of the Indian Archipelago*, 1854, vol. vii, p.106 cited in (Purcell 1948) p. 73.

238 (Khoo 1981)

239 See (Blythe 1947) p. 65

1874, Lukut had over 10,000 Chinese miners in Lukut.²⁴⁰ Elsewhere, Selangor also attracted a large number of Chinese entrepreneurs and labours. In 1857, Raja Jemahat of Lukut, took 2 Chinese *taukehs*²⁴¹ to Kuala Lumpur, in Selangor, to prospect for tin. By 1871, Selangor had some 12,000 Chinese miners. In Larut, Perak, when Long Ja'far introduced Chinese miners to the site in 1850, there were no Chinese.²⁴² By 1862, there were about 20,000 to 25, 000 Chinese miners. And, by 1872, the Chinese population in Larut had doubled to about 40,000.²⁴³

The assessment of the political and economic transformation of the Malay States and the role of the Chinese migrant communities would not be complete without mentioning Chinese *kongsis* and secret societies. We turn to this next.

Chinese Business and Chinese Secret Societies

In the nineteenth century, Chinese secret societies played a pivotal role in the economy of the Malay States. Much has been written about the Chinese secret societies, but a key concern here is the central role played by Chinese secret societies as they became locked in a relationship that involved British officials, Malay ruling chiefs and Chinese *taukeh*.

240 John Anderson, Political and Commercial Considerations relative to the Malayan Peninsula and the British Settlements in the Straits of Malacca. (Prince of Wales, Island, 1824) p.202, cited from (Purcell 1948)p. 102

241 A "taukeh" is a wealthy Chinese businessman.

242 (Yip 1969) p. 58

243 (Purcell 1967) p. 102 . And to indicate the scale of Chinese migraton, in the Malay States total migrant population (Chinese population) in the 1830s may have ranged

between 15,000 to 20,000 - about a fifth of the population. But by the 1850s Yip (1969) states that there was a dramatic rise in the Chinese population see Yip (1969) p. 29 and Mills (1960)

Most literatures agree that secret societies in the Straits and the Malay States were offshoots of the *Thien Ti Hui* (the Heaven and Earth League). They were also known as the Hung (Flood) league or the *Sam Hup* (or Three Unities League) or Triad Society.²⁴⁴ It is said that by the 1840s, the *Thien Ti Hui* (the Heaven and Earth League) was purportedly governed by a Council of four officers, where each officer represented the different Chinese tribes: *Amoy (Hokkien)*, *Kheh (Hakka)*, *Teouchoo (Tiuchiu)* and *Macao (Cantonese)*.²⁴⁵

There are, however, several interpretations on the function of Chinese secret societies. One interpretation sees Chinese secret societies as a “range of social and economic configurations that includes everything from business partnerships to clan and regional associations to secret triad societies.”²⁴⁶ Newbold (1841) ,however, sees the formation of Chinese secret societies or *Kongsis* as a coping mechanism to respond to an unfamiliar environment. He sees Chinese *Kongsis* in Malacca, Java, Borneo as a response by Chinese immigrants to bind “themselves together as a means of defence and self protection in a foreign land.”²⁴⁷ Wang (1979) views secret societies as “a vehicle of Chinese autonomy within the colonial rule in Southeast Asia” and describes Chinese *Kongsis* as organisations rooted in Chinese partnership and brotherhood traditions. Wang does not see Chinese secret societies in Southeast Asia as a carry-over of the

244 The Hung League was formed in 1674 in the Southern provinces of China of Fukien and Kwantung. The league was behind rebellions in Formosa (present day Taiwan) in 1787, in Kiangsi in 1814 and at Canton in 1817. It was involved in the Tai Ping rebellion of 1853-1854 where the group held Shanghai for 15 months. There is the possibility that end of the Tai Ping rebellion could also prompt some members of the Hung to move to Singapore and set up a regional hub. See (Purcell 1967) p. 155 and see (Freedman 1960) pp 25 – 48

245 (Freedman 1960) p. 30

246 (Trocki 1990) p. 11

247 (Newbold 1841) p. 130

Chinese brotherhood in China that attempted to overthrow the Ching dynasty. Rather, Chinese secret societies in the Malay Archipelago were ones that were connected with the “rise of overseas mining industry”²⁴⁸ and that generally evolved “from a small partnership, either in commerce or mining.”²⁴⁹

The first record of the existence of secret societies in the Straits Settlement was in Penang.²⁵⁰ The earliest evidence of secret societies in Singapore was recorded in 1824 by Abdullah Munshi, Raffles’ Malay interpreter and teacher.²⁵¹ In 1825, an inquiry into the riot involving Chinese secret societies revealed that there were seven secret societies in Penang. There were also about 4,000 triad members in Malacca in 1826, drawn from the different plantations and tin-mining areas that lay outside Malacca. In 1829, it was reported that there were nine secret societies spread across the Settlements.²⁵²

Membership of secret societies grew in the nineteenth century and became more pervasive in settlements where there were large concentrations of Chinese immigrants. In Singapore, by the 1840s, there were 10,000 Chinese who were members of these societies from a total Chinese population of 20,000.²⁵³ Such a high membership could be due to the aggressive nature of

248 (Wang 1979) p. 103

249 (Wang 1979) p. 103

250 In 1799 a secret society defied local administration and resulted in a riot which was eventually quelled down by the British authority.

251 Abdullah Munshi was brought in by a member of the triad, a Malaccan Chinese, in part to convince Abdullah of the existence of such a triad and to convey to him that the triad in Singapore was given instruction by similar triads in Penang and Malacca to attack Singapore.

252 Purcell provides an extensive description of the prevalence of Chinese secret societies in the nineteenth century. Read (Purcell 1967)p. 157

253 (Freedman 1960) p. 30

secret society recruitment. It was reported that membership into these societies was close to mandatory for newly arrived Chinese migrants. Chinese immigrants who refused to join such societies would be persecuted.²⁵⁴

By the middle of the nineteenth century, Chinese secret societies were divided into two large factions. One was the *Ghee Hin* group whose members were predominantly Cantonese but became increasingly dominated by Hakkas. The other was the *Hai San* group which was dominated by the Cantonese. During the period 1845 – 1860, the *Hai San* was absorbed into the *Toh Peh Kong* (Tokong) Society which assumed various names in the settlements and the Malay States. In Singapore, the *Toh Peh Kong* assumed the name of *Ghee Hock*, rivalling the *Ghee Hin*. In Larut, Perak, the *Toh Peh Kong* took the name of *Hai San*. In the rest of the Malay states, the *Toh Peh Kong* was known as the *Sa Tiam Hui* or Three Dot Society.²⁵⁵ By the mid nineteenth century, rivalry between Chinese secret societies often turned to civil disobedience and lawlessness. There was a series of riots and civil disorders, especially in Penang and Singapore, and this rivalry between the secret societies would spill over to the Malay States.

Of greater relevance to this thesis is the existence of a strong state-business nexus built around the Chinese *kongsis* and the British administration. Trocki (1990) describes the existence of alliance between Chinese *taukehs* and colonialists “in Riau, Singapore and Johor between 1740

254 It was natural for new Chinese immigrants or the “Sin-Khehs” to gravitate towards the secret societies. Most of the workers were brought in by Straits merchants who had links with brokers in mainland China and secret societies. The Sin-Khehs were then recruited as members of Secret Society or Kongsì based on his place of origin in China. Read (Blythe 1947) p. 72, also (Sadka 1968) p. 25

255 (Purcell 1948) p. 157

and 1880” and was repeated “with local variation throughout the Malay world during the eighteenth and nineteenth centuries.”²⁵⁶ He goes on to say that Chinese-British linkages became more pronounced in the later stages of colonisation after Chinese *taukehs* became an integral part of Chinese secret societies. Trocki (1990) also describes that these *taukehs* used their position in secret societies to “establish links with colonial powers” and “establish political and military relations with Europeans which offered them status within the colonial power structure”²⁵⁷

Trocki’s (1990) assessment supports Comber’s (1959) description of the close relationship between between Chinese *Kapitan* and the British authorities.²⁵⁸ As Comber (1959) puts it “it was not long afterwards that the British authorities realised with something of a shock that the very headmen on whom they had been relying were none other than the secret society leaders themselves.”²⁵⁹ Similarly, Wang (1979) also confirms the existence of a close relationship between secret societies and the British administration, describing how secret societies like the *Toa Peh Kong*, which operated in Penang and Singapore, had “business dealings with Europeans and, among the Europeans, they counted friends and business partners.”²⁶⁰

256 (Trocki 1990) pg. 45

257 (Trocki 1990) pg.46

258 The Kapitan system was a Dutch and Malay practice, where a leader was appointed from among each migrant community. The Kapitan acted as a liaison officer between his community and the administration and acted as an authority should there be breaches of the peace and petty crimes committed by their community. In the nineteenth century, most Chinese Kapitans were wealthy Chinese businessmen with mining interests and headed Chinese secret society. See (Tregonning 1965).p. 80 and 105.

259 (Comber 1959) p. 65 and also(Wong 1960) pp 56 – 27

260 See (Khoo 1972) p. 113. It is also cited in (Wang 1979) p. 10

Wang's (1979) Comber's (1959) and Trocki's (1990) works confirm the existence of a symbiotic relationship between the British administration and Chinese secret societies. For the British administration, it needed to manage its relationship with Chinese *taukehs* and Chinese *Kongsis* for purpose of economic production. For the Chinese *taukehs* collaboration with the British authority helped them "establish links with colonial powers and gain access to European capital."²⁶¹ This symbiotic relationship helps explain why the British administration continued to tolerate Chinese secret societies despite the riotous nature of Chinese *kongsis*. Such state – business relationships also explains the colonial administration's willingness to collaborate with Chinese secret societies in Perak and Selangor in the years before the signing of the Pangkor Treaty despite the fact that the colonial administration had numerous run-ins with similar secret societies in the Straits Settlements. Chapter Four will further elaborate the many examples of close state – Chinese business relationships that saw the incorporation of Chinese interests into the political economy of the Malay States which took the form of political appointment and the provisions of loans, grants and preferential treatment to Chinese tax farmers.

To sum, nineteenth century Malaya saw many instances of close linkages between Chinese merchants, Chinese secret societies and British administrators. These linkages between British officials and Chinese *taukehs* and *kongsis* became more pronounced after the 1850s. We turn now to the development in the Malay States and look at the key roles played by Chinese secret

261 (Trocki 1990) p.46

societies, Chinese *taukehs*, British officials and Malay rulers in the political and economic intrigues facing the Malay States after the 1850s.

Malay States: Political and Economic Flux and New Actors

The period between the years 1850 and 1874 saw the tin-bearing Malay States of Perak, Selangor and Sungei Ujong undergoing considerable political and economic changes. These changes were brought on by huge increase in tin production and large influx of capital and labour. The period also saw evident changes in the relationship between Malay rulers, British administrators and the Chinese capitalist class. This period would see the Straits authority taking on a more active role in managing the expectations of Malaya's old actors (Malays) and new actors (Chinese). We turn now to two Malay States that were subjected to intense political and economic challenges – the rich tin-bearing states of Selangor and Perak.

Selangor and the Political and Economic Flux

Selangor opened its tin mines to foreign investment after a Malay chief, Raja Jumahat, introduced Chinese miners to the tin mines of Lukut in the 1840s. These early years saw Selangor's development being heavily tied by capital from the Straits. Selangor's Malay chiefs, for instance, became dependent on loans and advances from Straits capitalists which came in the form of money and supplies like opium and rice. In 1839, Raja Jumahat, the son-in-law of the Sultan of Selangor, obtained loans worth about \$169,000 from Malaccan merchants in which the amount was secured against a prospective tin-mining site.²⁶² In the 1840s, the Sultan

262 Memorandum of Lukut Grant, 17 January 1839, CO 273/93

of Selangor, Muhammad, borrowed money from three Chinese merchants and Messrs Neubronner & Co from Malacca for the purpose of tin production.²⁶³ In 1850s, Raja Abdullah, the Sultan of Selangor's son-in-law borrowed \$30,000 from two Malacca Chinese to prospect for tin in Klang, Ampang and Kanching. The Sultan of Selangor, Sultan Abdul Samad, also collaborated with his financier, Chin Ah Chan, to prospect for tin mines in Ulu Selangor.²⁶⁴

By the 1860s, British involvement in the Malay States took on a more assertive role, far removed from the quiet diplomacy employed in the earlier period. One example that shows Britain's growing involvement in the affairs of the Malay States is the case of a missing Chinese junk boat from the Straits Settlements, *Kim Seng Cheong*. The owner of the boat, Ong Hong Buan, told Governor Anson in Singapore that the missing boat could be off the Selangor coast. Anson then sent a steamer *Pluto* to search for the missing boat. It turned out that the boat had been taken by Chinese pirates who sold the loot to shops in Selangor. The British authority accused Selangor of "sheltering" pirates and declared that the state had contravened the treaty entered between Selangor and the British authority. The Straits authority demanded that the Selangor government hand over to the Straits authority all pirates, robbers and any offenders related to the incident.²⁶⁵ The demands however were rebuffed by Raja Mahdi, a Malay chief

263 (Wong 1965) p. 22

264 References to advances between the Sultan and Chin Ah Yam are in the Selangor Secretariat Papers Sel/Sec 426/1865 cited in (Sadka 1968) p. 31

265 Article IV of the Selangor and Straits Government Treaty of 1825 says " that His Majesty the King of Salangore engages not to permit any pirates to resort to any part of his territory; and in Article V, the King of Salangore engages to seize and return to Pulo Penang any offenders, such as pirates, robbers, murderers and others, who may escape to Salangore. In 1872 [C.466] Papers (with a map) relating to recent proceedings at Salangore consequent upon the seizure by pirates of a junk owned by Chinese merchants of Penang; and the murder of the passengers and crew p. 19 - 20

who, together with his men attacked a British official, Inspector Cox, who then left Selangor in the steamer *Pluto* for Penang. The attack on Inspector Cox caused the British to send two ships *Rinaldo* and *Pluto* to demand Selangor to abide by the agreed terms. In a show of British force, the *Rinaldo* shelled the Selangor fort and burned part of the town.

The shelling of the Selangor fort gave the British authority the bargaining power to exact more favourable terms from Selangor. The Straits Governor Anson then sent J W Birch, and C J Irving, the Auditor General to see the Sultan of Selangor. The British officials made two demands on the Sultan. The first involved the handover of Raja Mahdi and his aide Mahmud, who were responsible for the attack on Inspector Cox. Second, the British demanded that the Sultan install a Malay chief that the British would find easy to work with. In his demands, JW Birch requested that the Sultan “place some person in the office of Governor of Chief over the country about the Salangore River, whom this country can trust to carry out the Treaty between this Government and that of Your Highness.”²⁶⁶ Birch especially wanted the Sultan of Selangor to appoint Tengku Kudin (Tunku Dziauddin), the viceroy of Selangor to take charge of the Selangor coast to replace Raja Mahdi.²⁶⁷ Both Birch and Irving thought that the appointment of the Tengku Kudin would allow the British authority to work closely with Selangor. Irving the Auditor-General, for instance, had a good account of Tengku Kudin, saying

266 1872 [C.466] Papers (with a map) relating to recent proceedings at Salangore consequent upon the seizure by pirates of a junk owned by Chinese merchants of Penang; and the murder of the passengers and crew , Enclosure 1 in No.6, p. 20. See also (Cowan 1961) pp 86 - 90

267 1872 [C.466] Papers (with a map) relating to recent proceedings at Salangore consequent upon the seizure by pirates of a junk owned by Chinese merchants of Penang; and the murder of the passengers and crew. P. 22

that the latter would always “meet the views of the government,” had “European ideas about his government” and would “prove a good ruler and a good neighbour to the colony.”²⁶⁸

More importantly, the manner in which Irving and Birch went about their demands reflects Britain’s growing hold on the affairs of the Malay State and the Malay rulers. Birch for instance gave the Sultan of Selangor an ultimatum, when he sensed that the Sultan was hesitant in reprimanding Raja Mahdi and in appointing Tengku Kudin, saying that ²⁶⁹

[I] informed the Sultan that I required an answer in twenty-four hours, and should expect it to be sent to me before 5 pm the next day and that any neglect to comply with this demand...would be attended by serious consequences.²⁷⁰

The above incident demonstrates that the British relation with the Malay States was no longer based on the quiet diplomacy exercised in the early years. Birch’s “gun diplomacy” and confidence were unprecedented with British past policy of “non-interference.”

The 1860s would increasingly see the Straits authority playing the role of mediator, managing the complex interactions and rivalry involving feuding Malay rulers and Chinese secret societies

268 1872 [C.466] Papers (with a map) relating to recent proceedings at Salangore consequent upon the seizure by pirates of a junk owned by Chinese merchants of Penang; and the murder of the passengers and crew p. 13

269 In 1872 [C.466] Papers (with a map) relating to recent proceedings at Salangore consequent upon the seizure by pirates of a junk owned by Chinese merchants of Penang; and the murder of the passengers and crew . P. 22

270 1872 [C.466] Papers (with a map) relating to recent proceedings at Salangore consequent upon the seizure by pirates of a junk owned by Chinese merchants of Penang; and the murder of the passengers and crew. P 22

as a result of attempts to control resources. This was the period when feuding Malay rulers would align themselves with rivalling Chinese merchants and secret societies who would then provide Malay rulers with arms and finances in return for control of mining resources. A case in point is the rivalry between Raja Abdullah - Tengku Kudin and Raja Mahdi. In March 1866, Raja Abdullah of Selangor gave control of a revenue farm in Klang to a Straits syndicate partnership co-owned by Tan Kim Cheng, the headman of the *Ghee Hin* secret society and W H Read, the Chairman of the Straits Settlement Chamber of Commerce, in exchange for a loan. The agreement was for a period of two years, where the Tan - Read syndicate had the right to receive a commission of 20 percent from the revenue collected.²⁷¹ The granting of the farm to the Read-Tan syndicate however was disputed by another Malay chief, Raja Mahdi. The dispute led to the formation of two warring factions involving the Malay chiefs who were each aligned to rivalling Chinese secret society; Raja Mahdi, who had the backing of a Chinese secret society, the *Hai San* and Tengku Kudin, who had the support of the *Ghee Hin*, whose headman Tan Kim Cheng was part of the Tan-Read syndicate. Both *kongsis* promised to provide the Malay chiefs with funds, weapons and fighting men. In the dispute, the Straits government stepped in and offered support for Tengku Kudin after the latter convinced “the Straits authorities that his rule in Klang would encourage peaceful trade.”²⁷² The Straits authority in fact acknowledged Tengku Kudin as “viceroys” of Selangor.²⁷³

271 Even though the amount collected was not significant, it was reported that the syndicate in reality had a bigger hold on economic opportunities in Klang Straits Settlement
Record, SSR, F7, Sultan Abdul Samad to Cavenagh, 6 March 1866, Raja Abdullah to Cavenagh, 6 Mar 1866

272 (Andaya 2001) p. 148

273 (Andaya 2001) p. 148 Besides Tan Kim Cheng, another prominent Ghee Hin member was Yap Teck Loy, or better known as Yap Ah Loy. Yap, who had control of the Kah Yeng Chew, would later become Selangor's largest tin - mine operator in the Ampang district and would also be appointed as a member of the Selangor State Council during British rule in Selangor.

The same scenario, in Selangor, was played out in another tin - bearing state, Perak, throughout the 1860s and 1870s, emphasising the fragility of the feudal order brought on by feuding Malay rulers.

Perak and its Political and Economic Flux

By the late 1850s, Larut became a theatre for control of political and economic resources involving Chinese secret societies and Malay feudal chiefs which would then see increasing involvement of the Straits authority. By that time, Larut had become a thriving mining town. Ngah Ibrahim, who succeeded his father, Long Jaafar, as the Mantri (Minister) of Larut, inherited not only Long Jaafar's considerable wealth but also Chinese miners who were members of two competing secret societies, the *Hai San* and the *Ghee Hin* group, with both groups having close ties with rich Straits *taukeh*s and Chinese community in Penang and Singapore.²⁷⁴ This competing business interests between the *Hai San* and *Ghee Hin* secret societies put the administration of Perak under strain. It does not help that the *Mantri of Larut* had only 40 men to keep the order, hardly sufficient to contain a growing Chinese mining population.²⁷⁵

The years before the Pangkor Treaty saw Larut becoming a site for control of political and economic resources involving Chinese secret societies and Malay feudal chiefs. Rivalry between the Chinese secret societies for instance grew more intense as both secret societies had the

²⁷⁴ (Trocki 1990) p. 45

²⁷⁵ Read (Jackson 1961) p.36. In 1872, given the severity of the condition in Perak, the mantra employed Captain Speedy as a Chief of Police for the Mantri.

backing of rich merchants from the Straits Settlements, who knew that victory would ensure control of tin mines and revenue farms. In 1861, a fight broke out between the “Five Districts” led by the *Hai San* and the “Four Districts” led by the *Ghee Hin* over the control of a watercourse. The 1861 clash sparked a series of further fighting between these two sides throughout the 1860s and 1870s that destabilised Perak. The clash between the two secret societies saw British involvement in settling disputes. In the 1861 clash, the *Ghee Hin* sought British assistance which saw the Straits Governor Cavenagh asking the *Mantri of Larut*, Ngah Ibrahim - who was sympathetic to the *Hai San* – to pay compensation to *Ghee Hin* for the loss of mining rights. Cavenagh further warned the Mantri that failure to comply would see British authority putting a blockade off the coast of Perak. Under pressure, the, *Mantri* agreed to pay the compensation.²⁷⁶

And just like Selangor, Perak’s Malay chiefs were also caught in the fight for power and control over lucrative resources. The rivalry within the Malay royal house saw both Malay factions courting Chinese secret societies and the Straits government for support. The first faction was led by Raja Abdullah and Raja Yusuf who wanted to take control of Perak’s throne. The second faction was led by Raja Ismail, who was third in line but who was made the Sultan by Perak by ruling Malay chiefs. The first faction led by Abdullah aligned themselves with the *Ghee Hin* group who would later meet Tan Kim Cheng, a rich Singapore merchant and a *Ghee Hin* headman, to ask for finance and fighting men. In return for the

²⁷⁶ Governor Cavenagh from the Straits took part in the negotiations and demanded the Mantri of Larut compensation amounting to 17,000 to Ghee Hin, failing which he would impose a blockade of the Perak coast

Ghee Hin support, Abdullah promised Kim Cheng that he would grant him rights to Larut's tax farms.²⁷⁷ Kim Cheng also exacted further terms to the deal where he asked for five-elevenths of all duties between Telok Serah and Krian for the next decade.²⁷⁸ The second faction was led by Raja Ismail and Ngah Ibrahim, the *Mantri of Larut*. Both men allied with the *Hai San* who agreed to supply fighting men and two steamships to act as blockade in the event of a war.²⁷⁹

With the different royal factions aligning with two feuding Chinese secret societies, Perak was embroiled in serious civil war. The standoff between the Malay rulers saw the involvement of the Straits authority which was urged to intervene in Perak affairs by Straits merchants. More importantly, British intervention gained greater momentum after Raja Abdullah travelled to Singapore, in 1873, to seek the help of Governor Andrew Clarke to put an end to Perak's civil war and to support Abdullah's bid for the Perak throne.²⁸⁰ Abdullah said he would prefer Perak to be "under the sheltering protection of the English flag" and wanted Britain to "show us a good system of government" that would bring more prosperity to Perak²⁸¹. Abdullah's request was taken up by the colonial administration which led to the Pangkor Agreement of 1874 which we will describe below.

277 Raja Abdullah also promised Ghee Hin lease of the Larut mines and to pay the secret society half of Ghee Hin's expenses incurred during the fight. Statement of the

Master, S.S. Fair Malacca, 13 December 1872; Governor of Straits to Sec. State, 24 July 1873 CO 273/68 cited in (Cowan 1961) p. 114

278 (Parkinson 1960) p. 121

279 (Cowan 1961) p. 114

280 (Kennedy 1962) pg 151-154

281 Raja Abdullah to Clarke, 30 December 1873, C.1111, enclosure 12 in no. 39, Clarke to Kimberley, 26 January 1874 cited in (Sadka 1968) p 54

The examples of Selangor and Perak demonstrate the firming of British management in the affairs of the Malay States. Consistent with the path-dependent argument, the 1860s and 1870s would see increasing calls for British management of the Malay States. We turn to this next.

Increasing Expectations, Self-Reinforcing Mechanisms

As the previous section has pointed out, the 1860s saw more turbulence within the Malay royal house, with Malay rulers competing for greater control of resources. The period also saw Malay rulers collaborating with an increasingly important Chinese entrepreneurial class for control over resources. In the event, the period also saw increased British presence in managing the expectations of Malaya's different actors, old and new.

Over time, calls for the Straits authority to take a more aggressive stance with regard to the Malay States grew louder. The 1860s saw growing calls by the Straits business community for British intervention in the Malay States, the very community that had contributed in no small way to the political and economic flux that enveloped the Malay states. Cases were made for British intervention and possible annexation of the Malay States, given the inability of the Malay feudal regime to cope with the political and economic flux.²⁸²

In 1870, the *Penang Gazette* carried a report that mirrored this view. In fact it was an open challenge to the British authority to intervene for commercial ends. The article suggests the

²⁸² Straits Observer (1869)

need to revise existing relationship between Britain and the Malay states as treaties that were entered into 30 or 40 years ago were now useless. It went on to suggest that

In plain words these states must be brought under European control. If England fears to assume the responsibility of doing so then let the Dutch, or any other nation that wishes for the extension of colonial territory, come to the front.²⁸³

In 1873, 243 Chinese traders from Penang, Singapore and Malacca drew up a petition claiming that as “subjects of Our Most Gracious Majesty” they asked for protection in the half-civilised states of the Malay Peninsula and a “moral intervention and a determined attitude in respect of the affairs of territories now in a state of anarchy.”²⁸⁴

Adding to the momentum, a Straits Council member, during a Straits Settlement Legislative Council session in 1874, pointed out:

[T]o open up that country you must introduce the Chinese element and that Malay States, with a large Chinese population must be under the influence of the British flag.²⁸⁵

283 The Pinang Gazette dated 12 July 1871, cited from (Cowan 1961) p. 127

284 Petition of Chinese Traders in Singapore, Penang and Malacca, 28 March 1873, C1111, enclosure in no.12, Ord to Kimberley, 10 July 1873 cited in (Sadka 1954) p. 45

285 Speech by W.R. Scott in Proceedings of the Legislative Council, 15 September 1874, C.1111, enclosure in no.72, Clarke to Carnarvon, 5 November 1874 cited in (Sadka 1968)

The series of demands by the new actors for some form of British intervention led to the Pangkor Treaty in 1874, which marked British official rule in Perak and other Malay States. The Pangkor Treaty will be described in the next chapter.

Conclusion

The chapter has shown how British involvement in the political economy of the Malay States followed a path- dependent process. It has shown how the various treaties between the Straits authority and the Malay States built up expectations on the part of both Malay and British actors that were reinforced over time.

Besides path dependence, the chapter has also highlighted the importance of timing and sequence. It has described how the start of political and economic changes in the Malay States coincided with a conjuncture of independent events. The aggressive introduction of Straits capital and labour into the Malay States in the late 1840s for instance coincided with a series of events that supported the promotion of capital into these states. They include: the discovery of large tin mines in Perak and Selangor in the 1840s; the end of the British China trade monopoly; the end of Sino-British opium war in 1842; and the signing of treaty ports in China which provided a platform for large Chinese migration in the 1840s; the intense pressure faced by British tin miners in the 1840s to source for cheap tin ores; the increased global demand for tin; and the growing regional trade protection in Southeast Asia which forced the Straits traders to look for new markets.

Finally, the chapter has reiterated British colonial policy that would set the tone for future British administrative policies in the Malay States; a colonial policy that attempted to achieve its economic objectives by managing the expectations of Malaya's different actors, while avoiding unnecessary cost. The coming years would see the colonial administration attempting to manage Malay expectations by working with existing Malay feudal arrangement. It would also see British incorporation of new actors, particularly Chinese labour and capital for purpose of economic objectives which would give rise to the emergence of a new power centre. In the coming years, British management of the different expectations of new and old actors would see the formation of autonomous communities with exclusive sets of institutions.

To sum up, in just about forty years after the founding of the Straits Settlements, the British administration became inevitably drawn to the political economy of the Malay States. This process would be consolidated in the coming years. We turn now to events that would signal the start of British official rule in Malaya, the Pangkor Treaty of 1874.

Appendix

Table 3A				
Amount of Tin Imported from the Malay Peninsula into the Straits Settlements, 1844 - 1873 (in Tons)				
	Singapore	Malacca	Penang	Total
1844	269	429	173	871
1845	379	1170	0.2	1549.2
1846	261	597	224	1082
1847	264	634	183	1081
1848	590	544	230	1364
1849	386	554	245	1185
1850	343	760	179	1282
1851	552	871	182	1605
1852	505	718	233	1456
1853	486	629	210	1325
1854	604	498	230	1332
1855	505	416	351	1272
1856	536	439	289	1264
1857	520	371	167	1058
1858	464	670	485	1619
1859	Na	Na	na	Na
1860	Na	Na	na	Na
1861	Na	Na	na	Na
1862	Na	Na	na	Na
1863	494	690	647	1831
1864	524	700	744	1968
1865	475	1169	486	2130
1866	405	1320	376	2101
1867	Na	Na	na	2030
1868	515	1261	2321	4097
1869	517	2458	1650	4625
1870	511	1807	2321	4639
1871	686	1625	2402	4713
1872	530	1465	1653	3648
1873	575	1344	416	2335
Source: Taken from the Straits Settlements Commerce and Shipping 1844 – 58 and the Annual Trade Returns Straits Settlements 1867-73. cited in (Wong 1965) p. 12				

Table 3B						
Tin Exports from the Straits Settlements, 1844 – 73 (Figures in Tons)						
Year	Europe	United States	India	China	Other Countries	Total Exported
1844 – 48	4099	1072	4824	1255	978	12228
1849-1853	8124	3486	5081	1044	554	18289
1854 – 58	8563	4714	1766	2734	973	18750
1859 – 63	Data not available					
1864 – 68	21817	6707	2820	7675	574	39593
1869 – 73	21884	13907	4441	9282	830	50344
Source: Taken from the Straits Settlements Commerce and Shipping 1844 – 57 and the Annual Trade Returns Straits Settlements 1867-74. cited in (Wong 1965) p. 12						

4: Out with the old and In with the New: The Post - Pangkor Years and the Managing of Expectations

The chapter is laid out as follows. The first part will describe the events that led to the signing of the Pangkor Treaty. It will also highlight the changing political and economic complexion of the Malay States following the treaty. The second part will discuss Malaya's economy between 1874- 1930. This is to provide an overview of Malaya's economic development and the changing nature of Malaya's economic structure. The next part of the chapter will describe the British Colonial Office and its role in influencing policies in Malaya. The fourth and final part of the chapter is its crux; it will describe British policies that attempted to manage the expectation of Malaya's old actors (Malays) and new actors (Chinese) in serving British overarching objectives, and how such management contributed to the formation of autonomous communities. Before we describe the above it is best that we deal with the counterfactuals to detail the several choice points that could have produced a different political and economic trajectory for the Malay States

Dealing with Counterfactuals

This period presented Malaya with numerous possibilities that could have given its political economy a different character. For instance, why didn't the British administration do away completely with Malay power? In fact, doing so could pave the way for a more egalitarian Malayan society and produce a Malayan polity of a different nature. Indeed one would expect the British administration - given its sophisticated administration and military prowess - to

assume complete control of the Malay states and to remove altogether Malay political power.

Why was the option not exercised?

Second, why didn't a politically and economically powerful Chinese community exert greater influence over the affairs of the Malay States? This is indeed puzzling because the last chapter clearly described the influence Chinese capitalists and *Kongsi* had on the Malay and British administration. In fact, a powerful and indispensable Chinese political and economic voice would have curbed the limit of Malay dominance and Malay privileges. Why didn't a powerful Chinese community give an alternative political voice? Why didn't the British administration promote an alternative Chinese voice?

Third, why was it not in British interest to curb the spread of Chinese transnationalism at this early stage? Doing so would allow for a more integrated Malayan society. Why did the colonial administration allow the setting up of China-based organisations, like the Kuomintang, the Reformist Party and Manchu Consul general, in Malaya in the twentieth century?

In answering the above questions one must bear in mind that keeping financial and political costs down to serve short term economic objectives was a decisive factor in British policy calculations and in its management of Malaya's significant actors. As will be pointed out below British officers were on short-term tenure in Malaya and were more disposed to take a short-term policy outlook, adopt tried and tested policies and avoid taking unnecessary risks in their tour of duty. Indeed, the Naning War as mentioned in the previous chapter and the murder of

Perak's first British Resident, J W Birch, would have served as reminders to British officials of the cost of war. JW Birch, attempted to remove the political power of the Malay sultan and to annex the state of Perak and bring it under direct British rule. The attempt cost Birch his life. And Birch's murder by Perak chiefs cost the administration some £71,000 to quell the rebellion.²⁸⁶ Following the Perak episode, there were several despatches by the Colonial Office that urged governors and British residents not to overstep their role in the Malay States. This will be described below. It is this colonial administration's inability to completely remove the incompatible Malay feudal system that led to a less-than-complete retrenchment of Malay political power; British only removed Malay *de facto* power but preserved Malay *de jure* rule.

This inability to completely remove Malay power help explains why Malay dominance persisted in spite of British efforts to weaken Malay political order(for instance, eclipsing the Sultans mere figureheads in state council, weakened sultan control over the state with the formation of the Federated Malay States(FMS) and reducing Sultan's role only to matters involving Malay customs and Islam). Little did the administration realise that preserving Malay *de jure* rule meant maintaining Malays latent capacity to exert more demands as provided by the law. Using Pierson's argument, British inability to remove Malay *de jure* power set off processes that raised Malay expectations, consolidated Malay political position, contributed to the growth of a dense Malay-based institution and gave rise to Malay political expression.

With regards to the Chinese community, it was in the British interest to have a powerful Chinese business community, to create a strong state-Chinese business relationship and to

²⁸⁶ See (Sadka 1968) p. 96

provide for a well-functioning self-sufficient Chinese community to ensure continued economic production.²⁸⁷ This means co-opting the Chinese business community in the political economy of the Malay States when necessary. It also means working and tolerating Chinese secret societies and their leaders in the nineteenth century and not interfering in the cultivation of Chinese transnational ties later in the early twentieth century.

As the chapter will describe, Chinese transnational ties posed no little danger to the colonial administration as it kept Chinese politics China-centred, not Malayan-centred. Chinese transnational ties also maintained the exclusive nature of the Chinese community which helped ensure continued economic production. Understandably, it was not in British interest to limit Chinese transnational ties because doing so - which means repatriating or restricting Chinese migrants – would be costly and deprive Malaya of needed labour and capital.

However, little did the colonial administration realise that in maintaining Chinese transnational ties, Chinese transnational organisations only served to add to the repertoire of Chinese-based institutions which over time only helped maintain an autonomous Chinese community with exclusive set of institutions.

Understanding the nature of British policies and Chinese transnational politics helps explain why a more organised Chinese polity did not provide a counter weight to Malay political demands or dilute Malay *de jure* power or force for a truly Malayan political, social and

287 Britain has never ceased to look at the Malay States as a source for reaping economic resources. Jervois' various visits to the east coast states of Kelantan, Terengganu and Pahang, for instance highlight the economic benefit the states could contribute to the colonial administration. Read correspondences relating to the affairs of certain native states in the Malay Peninsula in the neighbourhood of the Straits Settlements 1876 C. 1505, C1505-1, C.1510, C.1512. pg 23

economic arrangement;²⁸⁸ Chinese politics, at the time, remained China-centred. There were demands by non-Malays for better rights in the twentieth century but these were sporadic demands and were raised by Straits-born English-educated Chinese who formed a minority in the Chinese community. As Heng(1988) points out the Straits Chinese was “too small and inconsequential a force” in Chinese politics.²⁸⁹

Identifying Chinese transnationalism also helps explain some lacunae in existing works on Malaya. It helps us distinguish between Chinese politics and Malay politics when other works lump them as one.²⁹⁰ Understanding British policies and Chinese politics in Malaya also help us explain why Chinese transnational politics began to morph into Malayan-centred one in the late 1940s. A primary reason is because it became increasingly costly, given the law of increasing returns and the idea of institutional density, for the Chinese community to unwind their position in Malaya. The late 1940s and early 1950s, for instance, saw a more settled Chinese community and unwinding their positions would be costly, perhaps impossible. Political events in China after the Second World War that saw the start of Communist rule also made it increasingly unlikely for Chinese to hold transnational ties.²⁹¹ Understanding Chinese transnational links also helps us understand why the citizenship issue - which was a main feature of the Malayan Union proposal and much discussed throughout the 1940s and 50s - became a key negotiating concerns in Malaya. This will be discussed in the following chapter.

We turn now to the Pangkor Agreement and the start of British official rule.

288 There were demands for non-Malay rights in the twentieth century but these were sporadic and raised by Straits-born Chinese.

289 In (Heng 1988) p. 45

290 There are literatures that describe Chinese and Malay politics that acknowledge the difference but could not describe the difference. Read works by (Silcock 1973), (Ratnam 1965), (Wang 2009) and (Cheah 2012) also (Kua 2011)

291 Read (Godley 1989) work that describes how Chinese returnees from Malaya were put in concentration camps for rehabilitation. Some escaped to Taiwan and Hong Kong.

The Pangkor Agreement and the Start of British Residential System

As mentioned in the previous chapter, the landmark Pangkor Treaty of 1874 came on the heels of a build-up of events that favoured British intervention in the Malay States viz. political and economic flux experienced by the Malay States that forced Malay rulers to increasingly look upon the Straits administration for solutions and pressures from the Straits business community who increasingly sought British assistance to safeguard their business exposure. British appetite for intervention was also boosted after the administration of the Straits Settlements was transferred from the East India Company in Calcutta to London.²⁹² British intervention was given an added push after a report by the Anson committee in 1871 that warned that instability in the Malay States could exact a huge cost to the Straits administration and Straits' economic interest.²⁹³

Given the above factors, it is no surprise that the Colonial Office gave its endorsement to the Straits Governor to look into possible intervention. In March 1873, the Colonial Office State Secretary Kimberley wrote to Governor Ord "to put a stop" to disturbances involving Chinese secret societies in Perak and hinted on the inevitability of intervention when he added that the "difficulty is how to do anything without direct interference with Perak, which is very undesirable."²⁹⁴

The pace of British intervention quickened after the appointment of a new Straits Governor, Andrew Clarke. In late 1873, Clarke was instructed by the Colonial Office to look into the problems of the Malay States.²⁹⁵ Clarke took the despatch as a carte blanche and made proactive steps to intervene in Perak. In trying to quell the dispute in Perak, in November 1873, Clarke sent an officer, Mr W.A. Pickering, to Penang to discuss with leaders of two Chinese

²⁹² See (McIntyre 1967) pp 372 - 373

²⁹³ (McIntyre 1967) pp. 186 - 187

²⁹⁴ 7 July 1873, CO 273/61

²⁹⁵ Straits Government Despatch 20 September 1873 cited from (Purcell 1948)

secret societies, the *Ghee Hin* and the *Hai San* to allow for British mediation. When both secret societies agreed, Andrew Clarke then approached Perak's feuding Malay chiefs. After the Malay Chiefs agreed to negotiate, a cease fire was called and a conference in Pangkor Island was scheduled for the 14 January 1874.²⁹⁶

The Pangkor Treaty 1874

The Pangkor Treaty is symbolic as it exhibited Malaya's new power arrangement that now involved three significant players – the old actors (the Malays) and the new actors, British as well as Chinese. This new political and economic reality came in the form of two documents, the Pangkor Engagement and the Chinese Engagement - two documents that appealed to the different political and economic interests of Malaya's actors. Under the Pangkor Engagement, the Sultan would have to receive a British Resident who would take charge of all affairs of state, and whose advice would be asked for and acted upon in all matters except those touching on Malay religion and customs. The Resident would implement a taxation system and supervise on matters of revenue collection and state expenditure.²⁹⁷ Under the Chinese agreement, the two secret societies, the *Ghee Hin* and the *Hai San* must agree to end their feuds; failing which they would incur a fine of 50,000 dollars. The mines would be equally distributed among them and there was to be a decommissioning of arms supervised by members of the two secret societies and British officials.²⁹⁸

²⁹⁶ Before his appointment as Chinese Protector, William A. Pickering was a Chinese Interpreter to the Straits Government in 1871

²⁹⁷ Engagement entered into by the Chiefs of Perak at Pulau Pangkor, 20th January 1874, cited in (Sadka 1968) p. 48

²⁹⁸ Read (McIntyre 1967)also (Kennedy 1962) p. 157

After Perak, British control over the other Malay States followed in quick succession; Selangor in 1874, Sungei Ujong (Negeri Sembilan) in 1885 and Pahang much later in 1895.²⁹⁹ The circumstances that led to British intervention in these states were similar to those of Perak. As in the case of Perak, British intervention in the tin-bearing states of Selangor and Sungei Ujong came at the tail-end of a series of political, economic and social changes that had put stress on the Malay feudal administrative system. They involved: the discovery of mineral resources; the movement of a large influx of mainly Straits capital and labour into the Malay States; the establishment of new state-business linkages between Chinese entrepreneurs from the Straits and Malay rulers; the feuding among Malay rulers over resources; and the alignment of Chinese business interests with different Malay factions that ultimately put pressure on the Malay traditional administrative system, which resulted in an eventual British intervention.

British administration in the Malay States of Selangor, Perak, Sungei Ujong and Pahang was also largely similar, involving the introduction of a British Residence, a civil service and the introduction of a new taxation system. In the coming years, the states of Perlis, Kedah, Terengganu, Kelantan and Johor would also come under some form of British protection.

Before discussing British policies in the Malay States, it is important at this juncture to briefly provide the economic changes in the Malay States during the British administration. Understanding the changes in the Malayan economy will help us first, understand the changing relationship between Malaya's economic agents/actors and the state and second, to highlight

299 British control of the nine states that make Negeri Sembilan occurred in stages. 1885, the appointment of British collector in Jelebu and later in Rembau raised state revenue which attracted other states to want to adopt similar system that culminated in all nine states agreeing to form Negeri Sembilan.

the issue of timing and sequence that would allow us appreciate the expectations of Malaya's key actors.

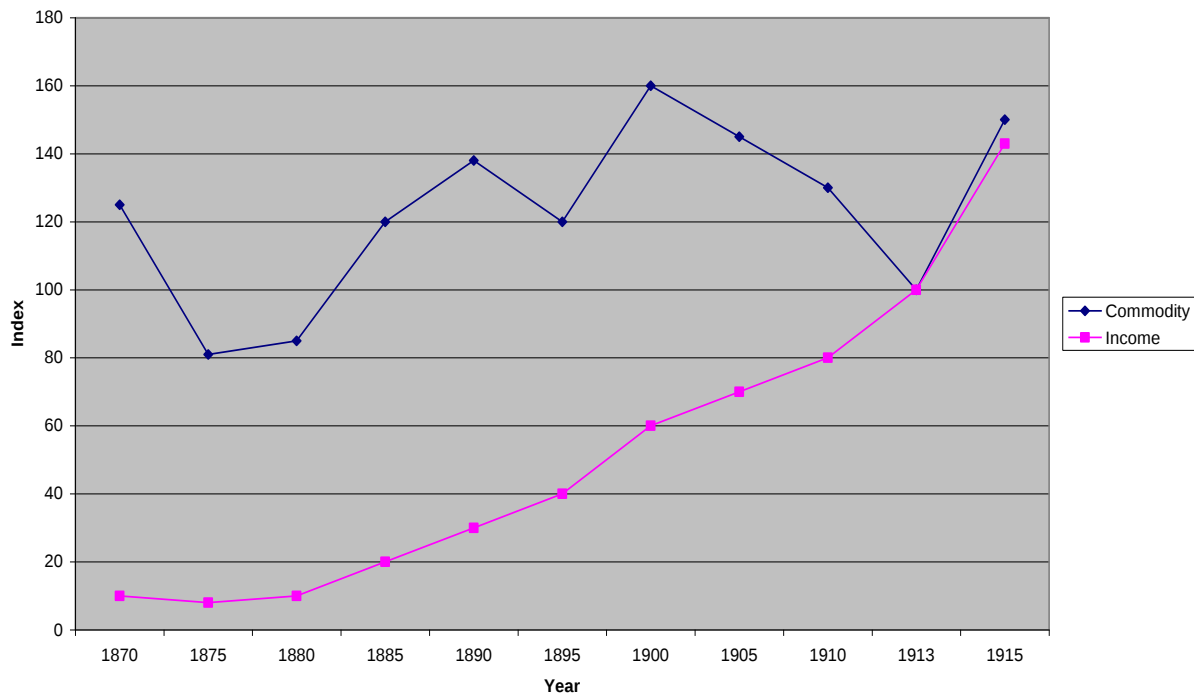
Malaya's Economy, 1870 – c. 1930

The Malayan economy in the period 1870 – 1930 saw two types of economic production. In the nineteenth century the Malay States economy was pre-modern and this involved traditional mining production, trading of forest products, and revenues from opium and gambling receipts. . The second half of the nineteenth century saw the Malay States enjoying rapid economic growth with tin-bearing states like Perak, Selangor and Negeri Sembilan benefiting greatly from the opening of the Suez Canal in 1869 and their closer trade ties with the Straits Settlements. The Pangkor Agreement and British rule also encouraged further trade links between the Malay States and the Straits Settlements. For the Straits Settlements, British rule in the Malay States boosted their position as transshipment hubs as they became important conduits for the exports of major produce like tin, rubber and agricultural products from the Malay hinterland. By 1900, Straits Settlements' trade links with the Malay States outstripped their trade with the Dutch East Indies. The Malayan economy also enjoyed consistent improvement in its terms of trade in the period 1870 – 1920.³⁰⁰ (See Figure 4A)

³⁰⁰ Terms of trade is ratio of (Price of Exports)/(Price of Imports). .

Figure 4A

Malaysia Terms of Trade (Commodity and Income) between 1870 - 1915



Source: Drabble (2000), calculated from the Straits Settlement Blue Books, various years; Tables X, XII

Towards the close of the nineteenth century, Malaya's traditional economy made way for modern economic production. The early twentieth century saw Malaya doing away with opium and gambling tax farms which, for a long time, had been the major revenue driver for the colonial economy, and incorporating a modern economy that involved large-scale mining, rubber production and the introduction of large-scale agricultural plantations. In the twentieth

century, coal, tin and rubber became the main bulk of Malaya's trade.³⁰¹ (See Tables 4A and 4B).

The changed economic structure also changed the make-up of Malaya's commercial enterprises.³⁰² In the twentieth century British administration relied less on Chinese capital. Chinese's near dominance of the economy of the Malay States was increasingly challenged by European business interests which began to take a firmer footing in mining, rubber and the shipping business.³⁰³

The diminished role of Chinese business in Malaya was a result of two factors. First, the need to reduce costs of production drove the colonial government to call for more sophisticated economic production which proved advantageous to European business interest. Second, European businesses lobbied for better trade terms making the case that the British government was providing too much incentive for Chinese businesses.³⁰⁴

The new business landscape in the twentieth century proved difficult for Chinese businesses to compete. It was especially hard after the administration decided to abolish opium and gambling

301 Traditional products refer to products such as rice, gutta percha, opium, rattans, pepper, gambier, sago, hides, sarongs; modern products refer to coal, tin, petroleum, rubber, cotton

302 Malaya's commercial actors in the nineteenth and twentieth century can be divided into three groups. The first group consisted of large scale exporters and importers, the majority of these traders were Europeans, mainly British bulk traders who capitalised on their global trading connection. The second group consisted of medium scale traders who were mainly Chinese. They acted as middlemen, setting up retail networks in selling primary producers and distributing imported manufactured goods. The third group consisted of small scale petty traders who dealt business at the local level, by exchanging imported manufactured products with local goods. Initially this was dominated by local population but increasingly dominated by Chinese petty traders in the nineteenth century.

303 During the early period of the nineteenth century European mining interest failed despite having a technologically superior mining techniques. This was largely due to European business unfamiliarity with the local mining production. The nature of tin deposits (alluvial tin mining) made European mining practices uncompetitive when pitted against Chinese companies whose labour intensive mining technique fitted with the nature of tin deposits. Read (Drabble 2000) p. 43. Read Perak Annual Report 1890 pp 22 - 23

304 Read (Wong 1964) p. 149. Also (Yip 1969) p. 151

revenue farms - two businesses that Chinese had near monopoly of. It was also around this period that the colonial administration banned Chinese secret societies, under the Societies Ordinance in 1890, which clearly deprived Chinese businesses of organised cheap labour that had been a backbone of Chinese industry. The imposition of the Perak Mining Code in 1895 also gave European mining companies the competitive edge as the code called for more sophisticated mining technique.³⁰⁵ The depletion of surface tin deposits also made Chinese labour-intensive mining method uncompetitive. Chinese businesses did reinvent themselves by moving into modern economic activities like banking and finance but not many made a successful transition.

The favourable factors saw European and British companies breaking the Chinese preserve in mining and agricultural production. European business expanded along the mining product chain, moving into areas of smelting and transportation of tin ores. One successful European was the Straits Trading Company, a British-German partnership. Established in 1887, the company set up centralised smelting facilities that effectively bypassed smaller scaled Chinese-owned smelters. The company's control of Malaya's tin market was also boosted after the British government granted it monopoly to export tin ores from Selangor and Sungei Ujong. The concession allowed the Straits Trading to become one of the largest operators of the tin trade, garnering 30 to 54 percent of the market.³⁰⁶ In 1890 another European enterprises, Straits Steamship Company embarked on an ambitious business strategy that attempted to control the entire mining production chain. The company not only took control of the shipment of tin ores,

³⁰⁵ See (Drabble 2000) pp 43 – 44; read (Wong 1965)

³⁰⁶ See (Drabble 2000) pp 43 - 44

it also vertically integrated its operations with Straits Trading.³⁰⁷ European firms also moved into large-scale agricultural production. European companies capitalised on the Perak government's land banking rule in 1901. The State's land banking favoured better capitalised British and European companies and led to the growth of large European rubber and other agricultural plantations in the twentieth century.³⁰⁸

It is apparent that the Malayan economy in the twentieth century was far removed from the feudal economy and driven largely by commodities like tin and rubber. Between 1870 - 1930, Malaya, on average, contributed to a third of the global tin output and, between 1900 – 1930, Malaya's GDP per capita increased three-fold. (See Tables 4C and 4D).

Of greater relevance to this thesis is that twentieth century saw Britain's reduced preference for Chinese business interests. This was in contrast to British policies in the nineteenth century that saw a strong state-Chinese business nexus. However, even when the twentieth century saw a lesser need for the British administration for Chinese capital, the twentieth century nevertheless continued to see the consolidation of an autonomous Chinese community. Two reasons can be given. First, British incorporation of Chinese interest in the political economy of the Malay States in the nineteenth century had created a path- dependent process that made it increasingly costly for the Chinese to unwind their stake in Malaya's development process. Second, the colonial economy still needed cheap labour and capital. This meant allowing for Chinese community to self-rule so long as it ensured continued Chinese economic production. It

307 (Tregonning 1967) pp 17 – 19, pp 46 – 7 and (Drabble 1974) p. 44

308 Read (Yip 1969) p. 152

is no surprise that the British administration tolerated the growth of Chinese transnational politics in the twentieth century which, over time, contributed to the formation of an autonomous Chinese community with exclusive institutions. We turn now to understand the organisation that played a huge part in shaping British colonial policy in Malaya in the nineteenth and twentieth century – the Colonial Office.

The Colonial Office and the Early Years of British Rule

Understanding British colonial policy is central to this thesis and appreciating British policies will not be complete without a description of the Colonial Office. How did the Colonial Office view the affairs of the Straits Settlements and the Malay States? How did it operate and what influenced the Colonial Office policy decisions with regard to the Malay States?

The “Colonial Office” was established institution only after 1812; before this date Britain’s dealing with its overseas territories came under several organisations.³⁰⁹ The Office was headed by the Secretary of State, also called the Colonial Secretary. The Secretary of State was a political appointee and effectively acted as a minister in charge of Britain’s overseas territories and was answerable to the crown and parliament. He was aided by the permanent under- secretary who was a bureaucrat. The Permanent Under-Secretary in turn was assisted by two Deputy Under- Secretaries of State.

309 (Jeffries 1956) p. 25. In 1827, the Colonial office operated from 14 Downing Street

Given the political nature of the appointment of the Colonial Secretary, the office of the Secretary of State suffered from frequent changes in government. Long periods in office were the exception, not the rule. The usual term in office was about two years. In 1855, the Colonial Office saw four Secretaries of State. Such a high turnover naturally meant that colonial policies were highly disposed to a short-term policy horizon.

The Colonial Office's policies were centred on the following features: First, British colonial policies avoided as much as possible from taking unnecessary political risks. Second, any colonial ventures pivoted on getting maximum economic returns and with as little costs as possible. As Lord Eggerton remarked, "whatever may have been the aspirations of Elizabethan adventures and statesman, [it] was first and foremost a business proposition."³¹⁰ Indeed, British administration was cautious when it came to colonial expansion. The Colonial Office was "for the most part disinclined to advocate imperial expansion" and "this was as true under the Tory's as under Liberal administration."³¹¹ Imperial expansion must be "costless, peaceful and free from any misadventure"³¹² because the use of troops for intervention would invite unnecessary attention from parliament, the British press and the British public. British official policy was "peace at any price and against colonial expansion."³¹³ It also did not help that the British bourgeoisie opposed the idea of colonial conquest for the reason that conquest would unnecessarily raise the cost of production.³¹⁴

³¹⁰ (Eggerton 1919) p. 18

³¹¹ (Allen 1963) p. 8

³¹² See (Darwin 2009) p. 87

³¹³ See (Fox 2008) p.20

³¹⁴ See (Fox 2008) p. 20

In the case of the Malay States and the Straits Settlements, there are many instances that demonstrate the colonial administration's concern with costs. British acquisitions of Singapore, Penang (both near-uninhabited islands) and Malacca, all came with minimum cost and with no resistance.³¹⁵ In fact, the Naning War of 1831 which saw Britain spending £100,000 served only to remind the East India Company of the cost of intervention in the Malay States, so much so that the colonial administration did not show any indication of wanting direct intervention in the Malay States in the years before the Pangkor Treaty.³¹⁶ Even as late as 1868, a year after the Straits Settlements came under London's administration, the Secretary of State, the Duke of Buckingham, gave instructions to Harry Ord, the first governor of the Straits Settlements, to stay away from intervening in the Malay States saying that,

... [I]t is generally undesirable that you should enter into formal negotiations with native powers, still less you should conclude any agreement with them.³¹⁷

Indeed, the Pangkor Treaty of 1874 was entered only because the benefits of intervention outweighed the costs. The Anson Report of 1871, for instance, suggested that British and Straits capital exposure in the Malay States warranted the need for more British control. It is also important to note that British intervention in Perak and indeed in the other Malay States (Selangor, Negeri Sembilan, Pahang and later, Kedah, Kelantan, Terengganu, Johor and Perlis)

315 In the case of Penang and Singapore the East India Company carefully deliberated the merit of such acquisition. Read (Kennedy 1962) pp 78-79 & 94 - 96

316 (Huessler 1981) p. 4

317 Secretary of State to Governor of the Straits, 22 April 1868, in CO 809/1 cited in (Mills 1960) p. 64

came at little cost or no cost to the administration as British rule came with the approval of the Malay rulers.

To further highlight British preoccupation with costs, the Colonial Office continually warned British officials against making excessive administrative overtures that would be costly after the Pangkor Agreement. In a letter dated 13 September 1875, days before the murder of Perak's first resident, Lord Carnarvon, the Secretary of State, warned Jervois against making too radical a change in the Malay States saying that:

...[I] desire to see our present system something more consolidated, and the results of it somewhat more clearly ascertained and understood before we make the next move.³¹⁸

The Birch murder and the Perak unrest in 1875 cost the administration some £70,000 and served to remind the administration on the heavy cost of intervention.³¹⁹ Soon after the Birch murder, the Secretary of State warned William Jervois that British troops were allowed only as "punishment of outrage" and should not be used for "annexation or any other large political aims."³²⁰

318 Carnarvon to Jervois, 13 Sept 1875 in PRO 30/6 – 40, cited in (Cowan 1961) p. 232

319 10 February 1876 CO 273/83, letter from Governor Jervois to Earl Carnarvon

320 Secretary of State Papers no. 94, 2 December 1875 quoted in (Parkinson 1960) p. 253

Indeed, after the quelling of the Perak unrest, the colonial office constantly reminded Governors and officials on the need to avoid unnecessary costs. On the occasion of the formation of the Federated Malay States (FMS) in 1896, Joseph Chamberlain, the Secretary of State, reminded officials that:

[T]he growth of Federation may well be gradual and any attempt to prematurely hurry a closer union would ...[i]nvite suspicion and mistrust.³²¹

Why was cost a main consideration of colonial policy in Malaya? One possible answer is that the Malay State did not figure as a strategic acquisition for the British administration. As Allen (1963) describes the affairs of the Straits Settlements “were very small fry” for the Colonial Office and that issues pertaining to the Straits Settlements’ “petty neighbouring states[Malay States] still more so.”³²² So “insignificant’ was Malaya at the time, that - among British officials - not much was known about the Malay States. Darwin’s latest work (2010) classified the Straits Settlements and the Malay States as the last tier of British strategic concerns.³²³ To add, there was general ignorance of the geography of Malaya. As one ex-British official Cowan remarked there was “almost complete ignorance of the [geographical] position of the Malay States other than Johor.”³²⁴ In fact, the Straits Settlements and the Malay States were not mapped until after William Jervois became Governor of the Straits in 1875. In 1863, Sir John Hay, in discussing the

321 Despatch from Secretary of State, Joseph Chamberlain to Frank Swettenham in 1895 CO 882/10. . This was quoted in a confidential letter by Clementi to the Secretary of State in 1932. Refer to 18 Feb 1932, CO 717/88/2

322 (Allen 1963) p.1

323 (Darwin 2010) p. 130

324 The Colonial Office was only interested in securing trade relationship and not quite ready for the appointment of a British political representative in the Malay States (Cowan 1961) p. 159

affairs of the Straits and the Malay States, described Terengganu as “the capital of Johore, the southern province of the Kingdom of Siam.”³²⁵ Before the Pangkor Treaty, British officers - even those in the Straits Settlements - knew very little of the development in the Malay States and were dependent on pieces of information from Straits traders and the contact British officers had with Malay rulers from time to time. When the Secretary of State, Earl of Kimberly, was questioned about German interest in setting up a naval base in the state of Johore in 1870, he said that “that the first step is to ascertain distinctly where the Maharajah and his islands are.”³²⁶ Before the report of the Anson Committee on Relations with Native States was published in 1871, the papers on Johor were the only ones concerning the internal affairs of a Malay State that had reached the Colonial Office.³²⁷

Besides cost consideration, British colonial policy in Malaya also suffered from short term policy horizon. British officials tended to adopt short-term policy horizon due to their career incentives structure. British officers usually spent no more than 5 years in any given postings. For Whitehall, a five-year tour of duty was long enough, as it feared that officer’s greater attachment to an assigned place could lead to political complications and add to administrative costs. Such short-term stint meant that officers were more disposed to tow the line of previous policies and adopt measures that match Colonial Office’s expectation. Indeed, the career structures of British officers plus Whitehall’s priorities on having minimum political and

325 Hansard, 3rd Series, Ch.xxii, 586 quoted in (Allen 1963) p. 4

326 CO 273/42, minute dated 21 Jul 1870 on Foreign office to colonial office quoted in (Allen 1963) p.4

327 (Cowan 1961) pg. 159

financial cost made it difficult for British officers to look beyond the 3 or 5 years that they were in Malaya.

Britain's short-term policy horizon in Malaya could also be due to the lack of talented pool of officers. Malaya did not draw top British officers; it was not the preferred choice for talented British officers. For top British officers and would-be governors, "the [Straits Settlements] were seen as the end of the line, a place with no future."³²⁸ Added to that, for most of these governors, Malaya was their last posting before retirement. And for some other officials, Malaya was another assignment, part of their tour of duty and a short stop, at that. In fact, recruitment for the lower ranked officers was done in an ad hoc manner and, as Huessler's (1981) puts it "the new colonial government in Singapore was prone to slapdash methods, which allowed virtually anyone to land jobs that London wanted reserved for "educated gentlemen."³²⁹ And until the last quarter of the nineteenth century, the majority of British officials came from a "mixed group in background, in character, and in personal relations with the colonial office" with little experience in colonial administration.³³⁰

Finally, Britain's short-term policy outlook could be the result of constant change in the British government and inevitable changes in the appointment of top officials in the Colonial Office. In the nineteenth century Britain, long terms in office were the exception, not the rule.³³¹ This continual change in the British government meant frequent changes to the Colonial Office's

328 (Huessler 1981) p. 25

329 (Huessler 1981) p. 33

330 (Huessler 1981) p. 28

331 Read (Cell 1970) especially pp 3 – 45. Also (Huessler 1981) account of the civil service in pp 24 - 48

Secretary of State who was a political appointee and the minister- in-charge of Britain's overseas territories which would only translate to frequent changes in policies.³³² To add British officials had an unusually short stint in Malaya. Between 1867 and 1900 - which arguably was the most critical period of Malaya's development - Malaya saw 7 governors which meant an average term of less than four years in office.³³³

Taken together, it is safe to conclude that British colonial policies were rational, had short-term policy horizon and riveted on keeping cost down. But of more significance to this research is that by focusing on short-term rational decisions, British administration did not realise that their policies could, over the long-term, trigger political, social and economic processes that would far exceed their short-term calculations. As Darwin (2009) puts it "the imperial system that the Victorians made emerged by default not from design" and that "however clear-sighted the prophet, it would not have been easy to foresee the path followed by British expansion."³³⁴ We turn now to the early years of British rule and British engagement with Malaya's old and new actors.

The Early Years after the Pangkor Treaty - British Administration and Malay Actors

The early years after the Pangkor Treaty tested Britain's commitment to achieve economic objectives with minimum costs. The early years saw British policies attempting to temper not

332 Read (Heussler 1981) and (Kennedy 1962) pp 153 - 166

333 In 1867, the first Straits Governor was Harry Ord. This was followed by Andrew Clarke, William Jervois, Frederick Weld, Cecil Clementi, William Robinson and Charles Mitchell

334 (Darwin 2009) p. 23

only Malay *de facto* but more importantly, Malay *de jure* power. These attempts to retrench Malay political power, however, ended up fulfilling British fear of incurring unnecessary costs. The less-than-full retrenchment of Malay power forced the administration to rethink its policies with regard to Malay actors which then set off processes that - with time – improved Malay capacity and created a Malay autonomous community with exclusive institutions.

British costly inability to remove completely Malay power could be due to policy missteps. To start, the new British administration did not have a clear blueprint on how to administer the Malay States.³³⁵ Early British officers wrestled with the idea on how best to engage the old actors and this was made worse by the appointment of British officers who had no prior knowledge of the Malay States.³³⁶

British officers' unfamiliarity with Malaya was also not helped by the ambiguous nature of the Pangkor Agreement; an agreement that reflects an inherent tussle between effecting British *de facto* rule and maintaining Malay *de jure* power. On one hand, the Agreement seemed to keep Malay political power as the terms of the treaty spelt out that the new government of the Malay States would be a "government by advice". This clause effectively meant that the British Resident would play a supporting role. On the other, the Agreement also stipulated that the Malay ruler would have to seek the advice of the British Resident and that the Resident's advice "...must be asked and acted upon on all questions other than those touching on Malay religion

335 Read (Cowan 1961) and (Kennedy 1962)

336 British officers who were appointed had short stint with not enough time to understand the complexity of the Malay States. These officers were on normal tour of duty for e.g. Harry Ord (served in the West Indies and Africa before Malaya, J W Birch (served in Sri Lanka), and Andrew Clarke (served in Goldcoast, Australia and New Zealand before Malaya).

and custom.”³³⁷ This clause effectively meant that the Resident's administrative power would far exceed that of the Malay ruler.

Such ambiguity gave rise to the mismatch in expectations between British and Malay actors. For Perak's Sultan Abdullah and the Malay Chiefs, the Agreement meant that Perak would only be provided with British advice and that the existing feudal arrangement would be left intact. Abdullah and other Malay rulers did not realise that the Pangkor Treaty and the start of British administration would mean the beginning of a process that would spell the end of the Malay feudal arrangement. British officials however had different expectations. For them the Pangkor Treaty meant the imposition of a new political and economic arrangement in place of the old. To British officials like Governor Jervois and Perak's first Resident, JW Birch, the agreement was viewed as a *carte blanche* to introduce a new British system of administration.

The conduct of JW Birch, demonstrates the extent of the mismatch in expectations. In his first few months as Resident, Birch introduced a new system of administration that aimed to completely remove Malay feudal practices.³³⁸ State revenue and expenditure, for instance, were now to be handled by the British administration, erasing overnight Malay district chiefs' long-standing revenue sources. Taxes and the use of riverways were also now administered by British-appointed officers and police force. Birch also introduced unified taxation for opium, spirits and gambling and implemented new custom duties on tin and other commodities.³³⁹

³³⁷ Eastern No. 35, CO 882 – 4/773

³³⁸ Birch was made Perak's first Resident after having spent 30 years in Ceylon (Kennedy 1962)p. 170

³³⁹ Ibid. 171

Birch however did not take into view that the Malay rulers were still stuck on feudal arrangement; to force them to change overnight would be difficult. It did not help that Birch was reprimanding in his treatment of Sultan Abdullah, akin to that of "schoolmaster towards a delinquent boy."³⁴⁰ Birch's no-nonsense manner toward Abdullah is reflected in his memo to Governor Jervois. He wrote:

I see that nothing but decision is necessary with these people...and firmness...with Abdullah, one must be firm and even peremptory... but he will only be a puppet and, I believe, do all that one advises.³⁴¹

Birch's approach obviously did not go well with Sultan Abdullah who thought that Birch would continue to take orders from him. At times, Abdullah retaliated against Birch's new administrative rules and continued the previous practice of exacting revenue and taxes through his office.

Birch's relationship with Malay ruling elites worsened with time. He remained resolute with his reform agenda and to bring about change in the shortest possible time, despite knowing the controversy he was creating.³⁴² Birch's next move at undoing Malay feudal arrangement, however, proved costly. The straw that broke the camel's back, as far as Birch's treatment of

340 (Purcell 1967) p. 75

341 see (Parkinson 1960) p. 219

342 Lord Stanley to the Secretary of State, 14 August 1874, CO273/78. cited in (Huessler 1981) p. 35

Malay rulers is concerned, was when he forced Sultan Abdullah to sign an agreement that would annex Perak and put the state under direct British rule, i.e. not that of the Sultan.³⁴³ The annexation of Perak would mean that Perak would function as a British colony, similar to the Straits Settlements. Birch's move irked Sultan Abdullah who knew that signing the new arrangement would mean an end to not only Malay *de facto* but also to Malay *de jure* rule. Abdullah, with several other Malay chiefs, plotted to assassinate Birch. Birch was murdered on the 2 November 1875.

The Birch episode came at huge cost to the administration. To bring peace to Perak, some £71,074 was advanced by the British government to maintain British and Indian troops.³⁴⁴ In the wake of Birch's murder and the unrest in Perak, Lord Carnarvon reprimanded Governor Jervois' for bypassing the Colonial Office. He wrote:

"...[I] am at a loss to understand how a careful and experienced observer should fail to recognise... the nature and extent of relations which the British residents had been permitted by her Majesty's Government to hold with the native authorities....those relations had been violently interrupted...[and] the signal for resistance and attack was in opposition to the whole tenor of my directions..."³⁴⁵.

The Perak crisis affected British policy outlook on the Malay States. The episode prompted the administration to take stock of the pace of administrative change to the Malay States. There

343 Jervois to Carnarvon, 10 July 1875 (Private) PRO 30/6/40 cited in (McIntyre 1967) pg. 207. Read also (Cowan 1961) pp 238 - 242, where he describes the colonial office displeasure of Jervois's initiative to annex Perak.

344 It emptied the Straits Treasury and caused the colonial office to tap the Colonial Fund. Cited in (Sadka 1968) p. 96

345 10 December 1876, No. 218, Lord Carnarvon to Jervois in (Parkinson 1960) p. 271

was concern in the Colonial Office that any repeat of the Perak incidence would be costly.³⁴⁶ Frequent calls were made by the Colonial Office urging Governors to remind Residents to play the proper role of advisers and to work closely with native rulers. In the Perak and Selangor annual report, Sir Robert Herbert, Under Secretary in the Colonial Office, stressed to Residents the need to preserve Malay *de jure* rule, pointing out that the Resident's exercise of power should not go beyond what was spelt out in the treaties. In 1878, soon after reversing an earlier decision by the Selangor Resident to suspend a Malay State council member, Straits Governor William Robinson warned Residents saying they

...[h]ave been placed in the Native states as advisers, not as rulers, and if they take upon themselves to disregard this principle they will most assuredly be held responsible if trouble springs out of their neglect of it.³⁴⁷

But more importantly, the Birch episode underlines British continued preservation of Malay *de jure* power without compromising British *de facto* rule. In the coming years Britain's less-than-full retrenchment of Malay political role would set into motion the creation of institutions and the consolidation of Malay political influence and demands. We turn now to some important British designed institutions that catered to Malaya's different actors.

British- Designed Institutions: The State Council and Malaya's New Actors

346 Minute by Herbert Meade on Jervois to Carnarvon, 17 December 1876, CO 273/81; see also (Sadka 1968) p. 95

347 Hugh Low to Robinson, 28 May 1878, CO 273/94 cited in (Sadka 1968) pg. 103

One prominent British-designed institution that marked the new political and economic landscape was the state council. The council acted as a legislative and executive body similar to the legislative council in the Straits Settlements. In the early years of British rule, the council mirrored that of Malay feudal arrangement where it performed the role of an advisory body for Malay chiefs to sense and act on public opinion.³⁴⁸ The Perak state council consisted of a British officer and five members of the Malay royal family; the British-appointed Sultan Abdullah, Raja Ismail, Raja Yusuf and Raja Idris and Raja Bendahara. .³⁴⁹

In 1876, the Perak state council arrangement was modified. If previously membership of the council consisted of the Sultan as President of the Council, the British Resident and selected Malay Chiefs, the new council now included a new actor, in this case, two Chinese headmen from Perak's competing Chinese secret societies, the *Ghee Hin* and *Hai San*. The incorporation of the two Chinese headmen as members of the State Council was unprecedented. In fact, the Colonial Office was not comfortable with Governor Jervois' move to elect non-Malays into the council, reminding Jervois that his move departed from Perak's constitution where non-Malays "had no rights at all, not even the right to possess land."³⁵⁰ Jervois however insisted on incorporating non-Malay members emphasising that the two Chinese headmen represented important Chinese business interests.³⁵¹

348 Under the Malay traditional system an assembly comprised of the Sultan and chiefs would decide on matters concerning foreign diplomacy, issues of succession and royal ceremonies. The *mesyuarat bichara*, was based on consensus where Sultan took into view the advice of the chiefs.

349 Jervois to Carnarvon 291 of 16 October 1875, C.1505, no. 49 and Jervois to Carnarvon, 62 of 10 February 1876, CO 273/83

350 In CO 273/83, CO 273/90 and CO 273/91. See also (Windstedt 1948)p. 69

351 See Windstedt, Richard (1969) p. 69. Also Carnarvon to Jervois, 135 of 1 June 1876, C1512, no. 70; Jervois to Carnarvon, 62 of 10 February 1876, CO 273/83; Jervois to Carnarvon, 88 of 22 March 1877, CO 273/90; Anson to Carnarvon, 201 of 23 June 1877, CO 273/91

In 1877, both Perak and Selangor had Malay and non-Malay members; Perak State Council had eight members, four Malays, two Chinese and two Europeans, and Selangor had seven members, four of which were Malays, one Chinese and two Europeans. In Perak, the two Chinese councillors were Chung Keng Kwee, the headmen for the *Hai San* and Chin Ah Yam, the headman for the *Ghee Hin*. In the case of Selangor Yap Ah Loy who was the headman of the *Hai San* group was made the first Chinese councillor in 1877.³⁵²

If one takes the path-dependent argument, Jervois' decision to appoint Chinese headmen as council members was not a random act. It would be obvious by now that Jervois' move to incorporate Chinese secret societies headmen to the State's highest legislative body merely reflects the close state-business relationship between British administrators and Chinese businesses that had been in the works for many years.³⁵³

More importantly Jervois' short term rational decision would have repercussions far beyond his term as a Governor. This is because British policies and the self-reinforcing nature of Chinese business involvement in the political economy of the Malay States only ensured that the Chinese community, as economic agents, be factored into the state's policy decisions in the future. In short, Jervois' unprecedented decision set off a path - dependent process that would see the involvement of new actors in Malaya's political and economic structures in the coming years.

352 See (Sadka 1968) pp 179 -182

353 For more on secret societies in the Straits and the Malay states please see (Blythe 1947; Freedman 1960)

In the coming years, increasing returns suggest that not having Chinese representatives in the state council would be a non-option. Such built-in expectations were aided by British increasing investment and dependence on Chinese enterprises and labour that made it difficult, if not impossible, not to incorporate Chinese interest in policy calculations. Indeed, throughout the nineteenth century, the British administration introduced other policies to facilitate and promote the role of the Chinese as important new actor in the political economy; policies that would, inadvertently, contribute to the formation of an autonomous community. One such creation was the office of the Chinese Protector.

The Chinese Protectorate Office

The Chinese Protectorate Office is another British endorsement of the Chinese as an important economic actor.³⁵⁴ The office is peculiar to British rule in Malaya; nowhere else under British rule was there such an institution.³⁵⁵ Even in Malaya, there was no similar institution that catered to another of Malaya's new actor, the Indians.

The urgency for such an office was sparked after the big riot in 1876 in Singapore involving Chinese secret societies. Despite the administration's running battles with Chinese secret societies, the administration did not opt to seek alternative sources of labour. Rather, British dependence on Chinese labour and capital, prompted the Straits government to set up a commission to look into the issue of labour abuse, migration and Chinese secret societies. The

³⁵⁴ Legislation was passed in 1876 and a Chinese Protectorate Office was established in Singapore and Penang (Huessler 1981) p. 151

³⁵⁵ (Purcell 1948) p. 151. If there was a precedent to the Chinese Protectorate in the Malay States, it was in the form of Chinese Kapitan. Kapitan Cina was first introduced by the Portuguese in the 16th century, after its conquest of Malacca and the Dutch to allow the Chinese Headmen to maintain their own community. These were Chinese merchants, usually linked to Chinese secret society and who were employed by Malay rulers to manage Chinese migrant population.

result of the commission saw the establishment of the Chinese Protectorate Office and the appointment of a Chinese-speaking officer, known as the Chinese Protector. The first Chinese Protector was William Pickering who spoke Chinese dialects and Mandarin.³⁵⁶ Pickering played a mediating role, settling squabbles between the Chinese and ensuring that migrants were not exploited by working closely with Chinese community leaders, and invoking the community's social and family law.³⁵⁷

The Protectorate Office consolidated Chinese concerns within the colonial administration. Increasing returns also suggest that role of the protectorate be extended to the other Malay States. A Commission of Inquiry Report 1890 that looked into providing liberal immigration policies recommended that the role of Chinese Protectorate be extended to include the Malay States. Selangor obtained a Chinese Protector in 1890, Negeri Sembilan in 1914, Kedah and Johore in 1914 and Pahang in 1938.³⁵⁸ In 1899, the Secretary for Chinese Affairs Enactment was established. The Enactment gave wide-ranging powers to the Secretary for Chinese Affairs and the Protectors of Chinese in the Straits Settlements and the four Federated Malay States. In 1934, the office was consolidated into a single appointment, the Secretary for Chinese, Malaya.³⁵⁹

Without doubt the creation and expansion of the Chinese Protectorate Office entrench Chinese role within the Malay States' political and economic institutions. We turn now to other British

³⁵⁶ William Pickering was familiar with Chinese societies and business having been peace maker in Perak, Selangor and Sungei Ujong.

³⁵⁷ The Chinese protector had the power to decide on: custody and guardianship of women and children; divorce and separation; adoption and betrothal; disputes as to charities and trust. In (Purcell 1948) (Huessler 1981) p. 151

³⁵⁸ (Huessler 1981) p. 154

³⁵⁹ (Purcell 1948) pp 152 - 153

policies that encouraged the introduction of Chinese labour and capital to the Malay States that only added to a repertoire of Chinese-based institutions and the creation of an autonomous Chinese community.

British Policies on Chinese Migration and Enterprise

It would be apparent by now, that Chinese labour and capital were an indispensable part of the colonial economy. Even though, Indian labour was also brought in to work at agricultural plantations through the *kangany* (head of coolies) system,³⁶⁰ it was obvious that no British officer who was familiar with the economic realities of the Malay States would compromise on Chinese labour.

British's preference for Chinese capital and labour was well grounded. Chinese involvement in the economy had a proven track record. Since the tin rush of the 1840s, there had existed a well-organised Chinese business network, spun by Chinese merchants and Chinese secret societies. By the 1870s, Chinese companies had a big stake in the economy having had a near monopoly of the lucrative tin-mining business in the Malay States of Perak, Selangor and Negeri Sembilan. Chinese enterprises also had a near monopoly of Malay State's tax-farming businesses, mainly opium and gambling.

360 For instance, the period between 1879 and 1891, Perak saw a large surge in Indian immigration. In 1879 there were only 937 Indians. By 1891, the number of Indian migrants rose to about 14,885. In 1886, a Tamil agriculture colony was set up in lower Perak with twenty four families and by 1889 there were 101 families working on 450 acres of agricultural land. By 1895, indentured labour through the Kangany system ceased except for Perak, which needed Indian labour to work in the sugar cane estates. see Annual Report, Protected Malay States 1874 – 1895. cited in (Sadka 1968) p. 327

Given the case, the late nineteenth century continued to see British administration introducing policies that would help ensure the continued supply of Chinese labour and capital. In 1877, British Resident Hugh Low encouraged the migration of sugar planters from southern China into Perak. These sugar planters were given land, rent-free, to operate along the Krian River. In 1883, Hugh Low also appointed a Secretary for Chinese Affairs in Perak to look into the interests of Chinese capitalists and to oversee a registration system for Chinese migrants.³⁶¹

There were other concessions made by the colonial administration to encourage Chinese labour.³⁶² In 1877, an Ordinance on Chinese labour and migration saw the setting up of transit centres in the Straits Settlements to transfer newly arrived immigrants from the Straits Settlements to the thriving mining centres of Perak and Selangor; this centres also doubled up as detention centres.³⁶³ In 1889, J P Roger, the British Resident in Selangor initiated several proposals to encourage the importation of Chinese labour. These included introducing chartered steamers to service the ports in southern China and Malaya, collaborating with steamships in China to ferry migrants from ports in China to Malaya, assisting companies by granting them loans to import Chinese labour, and giving bonuses to those who imported Chinese migrants.³⁶⁴ Such was the demand for Chinese labour that, in 1889, Frank Swettenham, then Resident General formed a syndicate with several Chinese merchants to operate a steamship company specifically to import Chinese labour.³⁶⁵ In 1903, the colonial government

361 (Sidhu 1980) pg. 8

362 The number of indentured Chinese labourers dropped drastically between 1896 and 1897 due to depression in the Malayan tin mining industry. Read Reports on the Federated Malay States for 1897 C.9108 p.12 and p.19.

363 The ordinance came a report that there needed a proper transit centre for Chinese labour to prevent labour abuse by coolie brokers. (Sidhu 1980) p.8

364 Despatch from Resident General to High Commissioner, 2nd February 1899 Desp. No. 26, CO 273/1899

365 CO 273/245 Swettenham to CO, 13 March 1898

also approved the proposal for the large importation of Chinese agricultural communities from Foochow, China to Setiawan, Perak. Facilitated by American D H Leuring, 363 immigrants were shipped from China with the government providing these agricultural families with 2,700 acres of land.³⁶⁶

British liberal policies did indeed bore results. Between 1881 and 1899, there was a near 100 percent increase in the number of immigrant to the ports of Singapore and Penang (see Table 4E). Although there are no given statistics of Chinese migration to the Malay States, it is obvious that ports of Penang and Singapore acted as transit points, as “the attraction for most Chinese immigrants to the Malay Peninsula was not the Straits Settlements but the rich Malayan hinterland.”³⁶⁷ The largest increase in Chinese labour migrants was registered in the Federated Malay States, especially in tin-bearing areas of Perak, Selangor and Negeri Sembilan, and it correlated with the boom years in the tin-mining industry of the late nineteenth century.³⁶⁸ (See Table 4F)

Of relevance here is that the colonial administration did not foresee a permanent Chinese population and had little concern on the long-term impact of migration. To the administration, Chinese labour migration only served the immediate need of a growing economy. British officials continued to view migrants as birds of passage who treated Malaya as a transit point

366 31 December 1903, Acting Governor Straits Settlement to Colonial Office, Despatch No. 698, CO 273/1903

367 (Yip 1969) p. 67

368 A substantial number of Chinese migrants to the tin bearing Malay States worked in the tin mines; in Perak 51 percent, in Selangor 52 percent, in Negeri Sembilan 48 percent and in Pahang 44 percent (Pountney 1911) p. 64 cited from (Yip 1969)

even as late as the twentieth century. In 1902, for instance, during an address to the Royal Colonial Institute, Sir Hugh Clifford said:

...[t]hose who fancy that the Chinese are anxious to rule the communities to which they belong... [a]re, I believe mistaken... [t]here is only one female to every 10 males among the Chinese population....[t]he bulk of the Chinese inhabitants cannot be regarded as belonging to the permanent population of the states...³⁶⁹

Even in the 1930s and despite a burgeoning migrant population, Brigadier General Wilson, the Permanent Under-Secretary in the Colonial Office, wrote of a transient Chinese population mentioning that

... [I]n general it is true to say that the bulk of the Chinese and Indians like the Europeans go to Malaya not to make it their home, but in the hope of making a living and possibly amassing wealth with which to return to their native lands.³⁷⁰

Given their short-term policy outlook, British officials did not appreciate that social processes like demography have a long gestation period, the consequence of which would only be felt over the long-term. Little did the British officials realise that the impact of satisfying short-term labour needs would profoundly change Malaya's political, social and economic complexion, one that would exceed British officials' short-term time horizon.

369 (Krstoka 1982) pp 268 - 269

370 Report of Brigadier-General Sir Samuel Wilson, Permanent Under Secretary of State for the Colonies on his visit to Malaya 1932 p. 26 Parliamentary Command Papers 1932 – 1933[Cmd.4276] p.40

British liberal immigration policies are just one of the many British policies that contributed to the growth of a strong Chinese autonomous community. The nineteenth century would also see a strong state-Chinese business nexus. We discuss this next.

State-Chinese Business Relations

The years after the Pangkor Treaty saw increased linkages between British administration and Chinese business. So reliant was the administration on Chinese labour and capital, that in Perak, Resident Hugh Low made several concessions to appease Chinese tax farmers. On one occasion, Low was forced to temper his initial plan on a new leasing procedure on opium taxation, after it was opposed by Chinese tax farm operators that sparked a riot in Taiping, Perak. The disapproval forced Low to come up with a watered - down version of his initial plan. What is even more significant is Low's willingness to reverse his plan without going through proper legislative procedures. Low negotiated his new tax deal outside the state council after his meeting with the headmen of two Chinese secret societies. This reversal in decision (outside the state council) was improper given that Low's earlier tax reform measures were made in the state council and with state council approval.³⁷¹ Nonetheless Low's gesture bore dividend. His revised tax structure brought in revenue of about \$360,000 thousand in its first year.³⁷²

³⁷¹ Low made amendments to the tax structure outside the State Council after his meeting with two Chinese secret societies headmen, both of whom were members of state council. (Sadka 1968)p. 193

³⁷² (Sadka 1968) p. 193

Perak was not the only Malay state that accommodated Chinese capital. Selangor for instance, awarded opium and gambling farm concessions to a Penang Hokkien syndicate in an effort to attract capital from outside the state.³⁷³ In 1892, the British Resident in Negeri Sembilan (previously Sungei Ujong) revamped the tax farming system to boost investment in the state, by collecting taxes directly from tax farmers in a bid to attract Chinese enterprises. In 1895, Selangor also employed similar methods, collecting revenue directly from tax farms to prevent leakage, which helped to attract investment to the state.

The colonial administration was also prepared to bail out Chinese businesses in financial distress. In 1876, Selangor approved an advance of \$10,000 to Selangor *Kapitan Cina*, requested by the Selangor Acting Resident, to cushion the loss incurred by tax farmers.³⁷⁴ In 1885, the State of Perak provided a loan of \$8000 to Chin Ah Yam, who was also a member of the State Council, to allow him to continue operating the tax farm. The loan was eventually written off with the Straits Governor's consent.³⁷⁵ In another instance, Governor Maxwell approved a loan of about \$50,000 to *Kapitan Cina* in 1890 to assist miners to tide over financial difficulties.³⁷⁶ In 1896 the governor also approved a loan of \$50,000 secured to the Selangor *Kapitan Cina*.³⁷⁷

Perhaps one of the most glaring, if not notorious, examples of close collaboration between the state and Chinese business was the case involving the Selangor British Resident Bloomfield Douglas and the Chinese *Kapitan* over the release of opium and gambling farms. The case had

373 Annual Report Selangor 1885, Sel/Sec. 2012/86

374 Colonial Secretary's Office to Acting Resident Selangor, 9th June 1876, Selangor State Secretariat. References 74/76

375 (Sadka 1968) p. 335

376 Selangor Secretariat Papers 32/90 and 385/90

377 Selangor Secretariat Papers 1208/90

elements of insider dealing and abuse of state power. Douglas' dealings were revealed in a letter by a certain Koh Boon Hock to the Straits authority, where he lamented on the Selangor administration's unfair bidding practices that favoured the Selangor Chinese *Kapitan*.³⁷⁸

The above examples demonstrate yet again the importance of Chinese labour and capital to the colonial economy. The British administration, however, overlooked the fact that its encouragement of Chinese businesses not only incorporated new actors into the economic sphere, it also built Chinese expectations and created exclusive Chinese-based institutions that would complicate the distribution of resources in the years ahead. Indeed, British short-term desire to incorporate Chinese into the political economy would set off processes - slow and incremental they may be - that would prove transformational to the political economy of the Malay States in the long term.

If British management of the Chinese community involved co-opting Chinese interest into Malaya's political and legislative structures, British management of Malay actors involved diminishing Malay *de facto* rule while preserving Malay *de jure* power. We look now at the changed political and economic role of the traditional actor, the Malays.

New Institutions and the Role of Traditional Actors

The political unrest in Perak following the murder of JW Birch demonstrates and the political and financial costs incurred provided reasons for the administration to continue to factor Malay

378 In a letter to Bloomfield Douglas, a certain Koh Hoon Bock, laments about unfair bidding practices. Selangor State Secretariat Papers, 9th December 1881 528/81

de jure power in its policy decisions even when *de facto* rule lay with the British administration. This is clearly demonstrated by the role of British and Malay actors in the state council.

The state council's operation and membership would convince anyone that the 'government by advice' was only as good as the paper it was written on. Even though the Sultan assumed the role of President of the council and the British Resident as adviser, in actuality, the role of the adviser (the Resident) increasingly became that of the President (Sultan). In effect, the state council saw the British Resident (adviser) taking on *de facto* rule, while the Sultan maintaining *de jure* role.

During state council meetings the Resident would conduct and prepare the details of each meeting, carried the measures agreed in the meeting and then advised the Sultan to assent to the minutes of the meeting.³⁷⁹ The Sultan could only come to a decision with the approval of the council members and, in most cases the decision of council members was influenced by the opinion of the Resident.³⁸⁰

The Resident, rather than the Sultan, also increasingly influenced the appointment of council members as the Sultan merely endorsed the advice of the Resident. Even the appointment of Malay representatives to the Council, which was usually a Sultan's prerogative, was at the behest of the British administration. In 1877, for instance, Perak Resident Hugh Low refused the nomination of a Malay chief, *Panglima Kinta*, as a member of the State Council even when the

³⁷⁹ Resident of Selangor to CS, 27 December 1879, Sel/Sec. 390/79 cited from (Sadka 1968) pg. 186

³⁸⁰ (Purcell 1965)p. 79

Sultan sounded his approval.³⁸¹ The succession issue involving the Malay royal house also increasingly came under British influence when before British rule, it was decided by Malay chiefs. Though on most occasions customary law was observed, there were times when British authority objected to the appointment of a ruler and promoted its own candidate. In Negeri Sembilan, the new *Dato Klana* was installed by the Secretary of State despite the objection by the *Dato Bandar*, a Malay chief.³⁸² In 1905, in Negeri Sembilan, the British Resident Campbell refused to agree to the *Yam Tuan* candidate for the new *Dato Penghulu*. Campbell then appointed more acceptable candidate by invoking a clause in the Rembau Treaty.³⁸³

The state council assumed a more secondary role from the late 1880s when decisions were increasingly made by the Governor of the Straits Settlements, who also assumed the position of High Commissioner of the Malay States. In July 1891, the Perak Council's decision to impose brothel registration fees was overruled by the High Commissioner who issued a draft order for the abolition of Brothel Registration Fees. In June 1894, the Governor Cecil Smith revoked the death sentences passed by the state council. There were also times when important matters were only given mere mention in the state council for the purpose of information. At times important matters were excluded altogether from the State Council's purview. Two matters, the State's annual estimates and matters involving non-Malay establishment, came under the sole charge of the Governor, and the Colonial Office.³⁸⁴ Given the secondary role assumed by the Sultan, it was no surprise that the Sultan of Selangor made known to Governor Weld that

381 This came after the Panglima Kinta refused to meet during Low's first week as Resident. (Sadka 1968) p. 178

382 Demonstrating the growing influence of new actors, British appointment of Yusuf as the Sultan of Perak, was initially objected by one Khoo Boo Ann, a Krian Sugar planter who cautioned against the return of old times marked by the misgovernment of Rajas. In (Windstedt 1948) p. 69.

383 Read (Sidhu 1980) p. 119

384 (Sadka 1968)pp 178 – 189

he did not want to be encumbered by the State's administration and would leave the affairs of state to the Governor and the Resident.³⁸⁵

The above examples demonstrate diminishing Malay *de facto* power as real authority increasingly rested with the colonial administration. The British administration however understood the need to balance British *de facto* rule with preserving Malay *de jure* power. This management is well demonstrated by William Robinson, the Straits Governor. In his reply to Hugh Low's memo Robinson wrote:

...[t]he fiction(if such you prefer to call it) that the Resident are merely advisers, must be kept up; and here is just where the adroitness and ability of the officer are so important.³⁸⁶

The inability of the British administration to assume both *de facto* and *de jure* power, however, proved crucial. Despite a diminished Malay *de facto* power, the continued preservation of Malay *de jure* power was enough to encourage a path- dependent process that would raise Malay expectations over time. By preserving Malay *de jure* power, the colonial administration inadvertently continued to ensure Malays' latent ability to influence the political economy of the Malay States. In the twentieth century such preservation of Malay *de jure* role created new capacities which resulted in the Malays making greater political, social and economic demands. It was during this time that Malay actors began to leverage on their "special" political position, which would see the colonial administration creating institutions that became platforms for

385 Governor Weld to Kimberly, Secretary of State Colonial Office, 27 October 1882, CO 273/116

386 Letter from Governor William Robinson to Hugh Low, 9 June 1878, CO 809/18 in (Cowan 1961) p. 52

Malay political and economic expression. One important administrative change to the Malay States that provided a platform for the build-up Malay capacity, was the British centralisation policy that led to the formation of the Federated Malay States(FMS). We turn to this next.

Formation of the Federal Malay States

The formation of the Federated Malay States (FMS) in 1896 was another British attempt to consolidate British *de facto* rule. But, in attempting to consolidate British rule, the colonial administration also helped preserve Malay *de jure* position as the FMS gave the Malay actors an institutional platforms to make more demands.

The move to amalgamate the four Malay States of Perak, Selangor, Negeri Sembilan and Pahang into a federation was first mooted by Frank Swettenham in 1893. Swettenham's proposal was economically motivated. He saw in the FMS a means to improve administrative coordination and communication between the Malay States. Also, the FMS would consolidate an expanding Malayan bureaucracy and help ease the administrative burden of the High Commissioner - who doubled up as the Governor of the Straits Settlements - from having to keep tabs on four separate Malay States, each of which had its own set of codes. With centralisation there would be a common taxation and land settlement codes that would make it easier for the colonial government to design and implement policies. Another reason for the formation of the Federation was the administration's aim to offload the financial burden of the state of Pahang.³⁸⁷ Pahang failed to live up to its economic potential. Such was the extent of

387 Read (Huessler 1981) p. 92 and (Andaya 2001)p 185

Pahang's financial woes that members of the Straits Legislative Council in Singapore refused to provide further loans to the state.³⁸⁸

The Federated Malay States (FMS) was formed on 1 July 1896 with Frank Swettenham being made the first Resident-General. The FMS had a Secretariat in Kuala Lumpur headed by the Resident-General. With the formation of the FMS British Residents from the four states now had to report to the Resident-General. They must also work out administrative details in consultation with the Resident-General in Kuala Lumpur. The Resident-General would in turn report to the High Commissioner in Singapore.³⁸⁹

More importantly, the FMS acknowledged Malay *de jure* power while at the same time provided for British *de facto* rule. This balancing of British *de facto* power with Malay *de jure* power is embedded in the Federation agreement which clearly reflects the administration's careful management of enhancing British *de facto* power without injuring Malay *de jure* power. For instance, the document stipulated that Malay Rulers would have "to follow his [Resident-General] advice in all matters of administration other than those touching the Mohammedan religion." However the sixth clause of the document stated that "nothing in this Agreement is intended to curtail any powers or authority now held by any of the above-mentioned Rulers in their respective States, nor does it alter the relations now existing between

388 (Huessler 1981) p. 95 see minutes on Governor to Secretary of State on the 6 September 1892, CO 273/182; also Pahang Annual Report 1892

389 The creation of the FMS was justified. Between 1889 and 1900, total revenue of the Federated Malay States rose 200 percent. (Andaya 2001) p. 184

any of the States named and the British Empire.”³⁹⁰ This careful management of Malay *de jure* against British *de facto* rule was reflected in a letter by the Secretary of State Joseph Chamberlain to Swettenham, where he reminded Swettenham that:

... [n]o pains should be spared to safeguard the position and dignity of the Native rulers, ...[a]nd that by this agreement, the Rulers will not in the slightest degree be diminishing the powers and privileges which they now possess, nor be curtailing the right of self government which they now enjoy³⁹¹

British continued preservation of Malay *de jure* power proved critical³⁹² because by allowing the continuation of Malay *de jure* power, the administration ended up raising Malay expectations and increasing Malay political and social capacity over time. As will be described below, such processes created a dense Malay-related institutional network which in the aggregate, gave rise to Malay political expression and generated distributional consequences in the twentieth century. We now explain the creation of institutions under the FMS that helped shape new expectations.

Federated Malay States, Pan Malay Consciousness and Growing Malay Demands

The FMS produced three main features that contributed to Malay demands in the twentieth century. First the formation of the FMS gave rise to a pan-Malay consciousness. The formation

390 Despite the gravity of the federation, the treaty document was brief, about 40 lines and ambiguous and at times contradicting. British officials, sold the idea of the federation forcefully. The four Malay rulers (Perak, Selangor, Negeri Sembilan and Pahang) were also not given ample time to look into the details of the treaty. See (Andaya 2001) p. 186

391 Despatch from Secretary of State, Joseph Chamberlain to Frank Swettenham in 1895 CO 882/10, . This was quoted in a confidential letter by Clementi to the Secretary of State in 1932, to persuade for decentralization policy in the 1930. refer to 18 Feb 1932, CO 717/88/2

392 (Emerson 1964) p. 176

of the FMS for the first time brought Malay rulers together and helped create "Malaya" as a political entity.³⁹³ Centralisation, unwittingly, encouraged Malay rulers to approach issues with a pan-Malay perspective. This unprecedented level of cooperation was expressed by Frank Swettenham, the Resident General, who said that "so far, as I am aware no Ruler of any of the four States had ever previously visited a neighbouring Sultan with peaceful and friendly intentions."³⁹⁴ The Malay rulers echoed Swettenham's sentiment. At the first meeting of the Rulers' Conference in 1897, they acknowledged the significance of the ceremony saying that

We, the Sultans of the Malay States of Selangor, Perak, Pahang and Negeri Sembilan, by the invitation of Your Majesty's High Commissioner, are met together for the first time in history to discuss the affairs of our States confederated under Your Majesty's gracious protection³⁹⁵

The FMS also created new institutions that provided for a more organised platform in articulating Malay social, political and economic interest. In its early years, the FMS created the Conference of Rulers and the Federal Council. These are two important political apparatuses that accorded Malay *de jure* power and gave a platform for Malay political expression.

The Conference of Rulers was made up of Malay rulers and members of the State Councils. The Conference was first held in 1897, a year after the formation of the FMS, and was attended by all four Malay rulers. The Conference of Rulers however did not grant the Malay rulers

393. The term Malaya was first used by Governor Frederick Weld in 1883 during a presentation to the Royal Colonial Institute. See (Roff 1967) p.91

394 Reports on the Federated Malay States for 1897 C.9108 p.3

395 Reports on the Federated Malay States for 1897 C.9108 p.4

executive power; it merely served to remind the Malay rulers of their special position within the administration. Despite its ceremonial function, the Conference of Rulers provided a platform for a more organised Malay political expression. This is evident in the coming years, when Malay rulers started to voice their apprehension concerning the new FMS arrangement. During the second Conference of Rulers in 1903, Sultan Idris, the Sultan of Perak recorded his concern over the loss of state autonomy and Malay rulers' involvement in administering the state.³⁹⁶ At the Conference, the Sultan reminded members that Residents were advisers and he reminded the house that each state should be allowed to manage its own affairs and that even under European guidance, Malay rule, "should not be nominal."³⁹⁷

In 1909, the FMS created another instrument that diminished Malay *de facto* power without compromising Malays *de jure* position - the Federal Council. The Federal Council was in effect a "council of all state councils." The composition of the Council members reflected British *de facto* rule and British need to factor Malay *de jure* power. For instance, in the Council's hierarchy, the High Commissioner was made President of the Federal Council, not the Malay rulers. In fact, below the High Commissioner was the Resident General. The four Malay rulers only came after the Resident General, and below them were four unofficial members. These unofficial members were drawn from European and Chinese business interests. What's more, these unofficial members were recommended, not by the Malay rulers, but by the High Commissioner with the approval of His Majesty, the King of England. With the Federal Council,

³⁹⁶ Minutes of the sessions of the Conference of Chiefs of the FMS held on 21 to 23 July 1903. cited in (Sidhu 1980)p. 119)

³⁹⁷ Minutes 23 July 1903 quoted in (Huessler 1981) p. 100. See also (Kennedy 1962) p. 238

policies that were deemed important to all states were now decided at federal level not at state level.³⁹⁸

Clearly the Council had emasculated Malay *de facto* rule. But if there was a fear that the Council would further diminish Malay political power, this was assuaged by the High Commissioner, John Andersen. During the opening address at the first session of the Federal Council, Anderson reaffirmed British commitment to preserving Malay *de jure* power when he reminded the council that:

...[i]t was no small sacrifice of individuality on the part of the Rulers to enter on the compact of Federation...[T]hey are confident that we will never forget that our powers are derived wholly from their gift, and that we are here in a Malay country as the advisers and councillors of its Malay sovereigns.³⁹⁹

Unplanned it may be for the colonial administration, the FMS gave resources which made it possible for Malay elites to embark on a repertoire of responses that would consolidate Malay demands.⁴⁰⁰ The Conference of Rulers and the Federal Council for instance helped expose Malay elites to modern administrative system. The Rulers' Conference and the Federal Council increased Malay capacities, generated new demands and created, in the coming years, new institutions that would give rise to a network of Malay-based institutions.⁴⁰¹ An important point to note here is that the formation of the FMS raised Malay expectations and with it British expectations on Malay and Malaya's development. We turn to this next.

398 In (Sidhu 1980) p. 119 - 120

399 Federal Council, High Commissioner address to the Council, 11 December 1909, Federal Council minutes File no 364/1910 in Arkib Negara. Archives.

400 (Pierson 2004) p.7

401 (Pierson 2004) p. 75

Rising Malay Expectations

Rising Malay expectations came from various sources. The first source was the Malay rulers.

With the formation of the FMS, Malay rulers increasingly voiced their opinion regarding the dilution of their role in the British administration. Though the demands by these rulers largely bordered on executive and legislative issues, these demands nevertheless were unified voice that sought political and legislative redress – a consolidated voice that was evidently absent before the formation of the FMS.

The second source of articulation came from a growing band of Malay-Muslim scholars. These intellectuals were beneficiaries of an improved economy and an expanded education system. Chapter five will describe how these intellectuals helped set up Malay social and political organisations and became actively involved in journalism to convey thoughts on Malay development.

But more importantly, the FMS and its attendant institutions raised expectations and set the momentum for more Malay elites to question British policies and to raise issues they deemed disadvantageous to Malays. The early years of the FMS saw Malay rulers questioning the new power arrangement and their role in it. One of the vocal critics of the Federation arrangement was the Sultan of Perak, Sultan Idris. At the second meeting of the Conference of Rulers in July 1903, the Sultan commented on the confusion on the effective power arrangement within the Federation saying:

.....A Malay proverb says that there cannot be two masters to one vessel;
neither can there be four Rulers over one country.⁴⁰²

In 1905, Sultan Idris complained that the new arrangement contravened the Treaty of the Federation as it bypassed the authority of the Resident.⁴⁰³ In a visit to London in 1924, Sultan Iskandar of Perak expressed to the King his displeasure over the FMS arrangement.⁴⁰⁴ He gave a memorandum to the Colonial Office, requesting that the original treaty (the Pangkor Engagement) be followed in its exact terms and called for a stronger state council where the Resident would carry out duties on the Sultan's behalf and with consultation with the Sultan⁴⁰⁵

The demands made by Malay rulers were taken seriously. In the year after Sultan Iskandar's visit to London in 1924, Governor Guillemard made major changes to the federation arrangement. The new arrangement provided more decision-making powers to Residents and State councils.⁴⁰⁶

In the coming years, growing confidence saw Malay rulers asking the British administration to withdraw their membership from the Federal Council. The rulers felt that it was unfit for a sovereign ruler to be among appointed members. An Upper House, similar to the House of

402 cited in (Sidhu 1980)p. 119)

403 High Commissioner to Resident General, 16 December 1905, in High Commissioner to CO, Confidential Desp., 10 February 1906, CO 273/1906

404 Sultan Idris is an example of Malay elites who benefitted from an improved economy. He was educated in Oxford, fluent in English and was the most outstanding among Malay elites in making political redress. Read (Huessler 1981) p. 240

405 See (Huessler 1981) p. 240. Also (Roff 1967) p. 198. In CO 717/39, 2 August 1924 CO 717/39. Also CO 717/34, 1 October 1924. .

406 The new arrangement was prompted by the disagreement between Governor Guillemard and Resident General Maxwell, on the proper role of the Resident General with respect to his relationship with the Governor. As a result of the tussle between scope of power between Resident General and the High Commissioner, Governor Andersen, changed the name Resident General to Chief Secretary to reflect a more subordinate role. This appointment was abandoned after 1936.

Lords, was designed to accommodate Malay rulers. And in place of the Malay rulers in the Federal Council, three unofficial Malay members were appointed to the house in 1927. In later years, the Malay members like Raja Chulan and Dato Abdullah Dahan were active in voicing Malay issues especially those pertaining to education and Malay appointment in the civil service.⁴⁰⁷

Equally interesting is that in managing Malay expectations, the British administration ended up becoming accidental flag bearer of Malay nationalism. British policies in fact precipitated the creation of Malay-based institutions and raised Malay expectations. The centralising effect of the FMS, British continued recognition of Malay Sultans as heads of state, the continued honouring of treaties with individual Malay States and the formation of the Federal Council and the Conference of Malay Rulers were all forms that improved Malay capacity and entrenched Malay *de jure* position. The twentieth century would also see British officers like Governor Andersen, W.H. Treacher, Wilkinson, Windstedt, Cecil Smith, Guillemard raising and promoting issues of Malay development which, in no small measure, contributed to Malay capacity building and raised Malay expectations. These expectations were manifested in the creation of institutions like Malay education, Malay appointment in the civil service and the provision of land to Malays. We look now at three of these “pro-Malay” policies to demonstrate how British policies created a dense Malay institutional network that in aggregate resulted in Malay political expression.

407 Proceedings of the Federal Council, 1926, B55. Also in CO 717/55/7457, 13 May 1927.

Malay Land Policy

The Malay Reservation Enactment of 1913 was a landmark policy because it is a clear signal of British twentieth century “pro-Malay” policy.⁴⁰⁸ The need for a Malay reservation land policy was first mooted in 1908 during the Conference of British Residents. At the conference the Residents raised concerns that Malays were selling their lands at attractive prices to commercial enterprises. This was the time when there was heavy land speculation brought on by a surge in the demand for rubber. The idea was given increased attention after a Federal Secretariat Paper raised further concerns at the rate of sale of Malay lands to non-Malays.⁴⁰⁹ Two years later, in 1910, the Perak Resident E W Birch also suggested measures be taken to safeguard Malay interest, pointing out that not doing so would be “to forget that these are Malay States and that the people have only taken from us a document to evidence title.”⁴¹⁰

The concerns were justifiable. Between 1896 and the First World War the growth of the rubber industry during the period was nothing short of phenomenal. In slightly over ten years, rubber acreage in the FMS grew from a low of 345 acres in 1897 to 196, 953 in 1909, an increase of nearly 60,000 percent! (see Figure 4B). And by 1913, European planters occupied some 685,000 acres of land in Malaya, a marked rise from the 100,000 acres of land occupied in 1906.⁴¹¹

408 In 1891, there was an attempt at safeguarding Malay land under the Selangor Land Code. Under this code, no other community could buy or have rights over such lands.

However, this code, was repealed and the amended code had none of the protective clause of the initial code. See(Lim 1977) p. 18

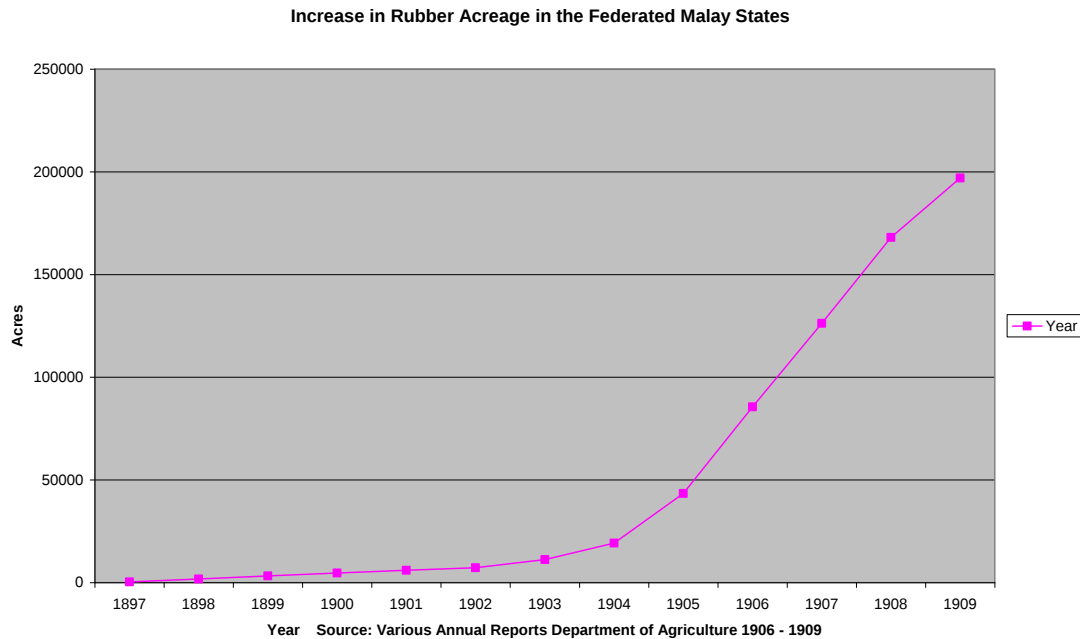
409 In 1908, a Selangor Committee tasked to look into the problem, pointed out that about 7,567 acres had been sold by Malays to non-Malays.

410 Minute by Resident Perak to Acting Resident General, 7 September 1910 cited in (Lim 1977) p.108

411 (Akers 1914) pp 171 - 173

Figure 4B

Increase in Rubber Acreage in the Federated Malay States



Source:

Various Annual Reports , Department of Agriculture 1906 - 1909

The Malay Land Reservation Enactment of 1913 clearly safeguarded Malay interest and contravened the spirit of liberalism, a value highly guarded by nineteenth - century British policy makers.⁴¹² The Enactment gave states the right to reserve land for the exclusive ownership of Malays, to restrict land sales in areas reserved for Malays, and to allow non-Malays to only lease the land for a maximum period of three years. In justifying the Enactment,

⁴¹² The colonial authorities employed liberal land policy before the rubber boom, offering lands and encouraging planters to explore rubber plantations. See (Lim 1977) pp 34 -

the Legal Adviser of the FMS Frederick Belfied, acknowledged that despite contradiction “ [i]t appears to me that the end here is of such importance that it justifies the means.” ⁴¹³

The significance of the Malay Reservation Enactment is that it helped ease the way for more demands for Malay-based institutions in later years as it raised expectations and contributed to a series of Malay-based institutions, consistent with the logic of increasing returns. The Enactment of 1913 for instance was followed by the Rice Land Enactment of 1917, where certain Malay lands were not allowed to be used other than for rice plantation. In 1921 the Federal Cooperative Societies Department was formed to assist Malay peasants with credit facilities. In 1931, the Malay Reservation Enactment was fine-tuned to put further restrictions on the use and sale of Malay lands. To take the self-reinforcing effect further, in 1950 the colonial administration set up the Rural and Industrial Development Agency (RIDA) to encourage Malays to partake in activities like rubber and rice production. In 1956, the Federal Land Development Authority (FELDA) was established to provide agricultural lands mainly to Malays. Given the self-reinforcing logic, it is not surprising that modern Malaysia still retains such institutions.

The Enactment is also significant because the manner in which it was discussed and approved in the Federal Council reflects the nascent stage of Malaya’s plural society at the time. Despite its controversial nature, the Enactment was met with no resistance from the non-Malay members

⁴¹³ Federal Council Minutes, 9th July 1913

of the Federal Council. The non-Malay representatives, like Eu Tong Sen, for instance did not object to the bill and only posted a cautionary note saying:

“... [Now] under this Bill, they[Malays] cannot mortgage their land except to a Malay and I think it is rather hard for Malay owners because some of them have no capital to open up their land.” ⁴¹⁴

The muted response from council members reflects the newness of Malaya’s plural society. Such affirmative action was tolerated or met with little concern by non-Malays because of the largely unsettled nature of these communities. Such an enactment would potentially invite acrimonious debate in modern Malaysia given the entrenched presence of non-Malays and Malays in the Malaysian polity.

Besides the Malay Reservation Enactment, there were other British policies in the twentieth century that were “pro-Malay” that served to stir up Malay nationalism. One other example is in the area of education, which we will turn to next.

Education Policy

In the early years of British rule, education was not among the top priorities. The British administration was more concerned with advancing its economic agenda than focusing on Malaya’s social development. Until the 1920s, only about 1.5 percent of total state revenue was

⁴¹⁴ Federal Council Minutes, 9th July 1913

allotted to education.⁴¹⁵ Only in 1890 that Selangor and Perak had their first Inspector of Schools; Pahang and Negeri Sembilan even did not have full-time trained education officers until the early twentieth century.⁴¹⁶

However it was the formation of the FMS that gave attention to Malay education. The FMS gave Malay rulers and British officers the platform to raise concerns on developing Malay capacities and encouraging Malay employability in the modern economy. The second Conference of Rulers in 1903 saw Malay rulers expressing their concern that the formation of the FMS had encouraged an “increasingly alien and non-Malay character of government” and hence saw the need for the British administration to address Malay development, specifically education.⁴¹⁷

The rulers’ remarks prompted the colonial administration to address Malay education and to provide “special facilities to instruct Malays to become useful public servants.”⁴¹⁸ The conference gave rise to a report, which was the first comprehensive initiative that attempted to address Malay education. Prepared by the Director of Education, R J Wilkinson, the report proposed the setting up of “a residential school for the education of Malays of good family, and for training of Malay boys for admission to certain branches of the Government service.”⁴¹⁹ Wilkinson’s proposal however was not met with enthusiasm by the new High Commissioner,

415 Various Annual Reports

416 Selangor State Secretariat 108/80; Perak Annual Report 1883, Selangor State Secretariat 1880 – 1887, 2123/87 cited in (Sadka 1968) p. 289

417 (Roff 1967) p. 97

418 Federated Malay States Annual Report on Education for 1903 p.5 cited in (Roff 1967) p. 100

419 Wilkinson to Resident General February 24, 1904, printed under para 18 of the Minutes of the Conference of Residents, March 1904, R-G File No. 422 of 1904 cited in (Roff 1967) p. 100

John Andersen. Andersen said that he had "some doubts as to the ultimate success of the scheme", but later agreed to build a school in 1905 but only "as an experiment for three years".⁴²⁰ Anderson's initial reservation proved unfounded. In the next few years, the school – despite being highly under-funded – performed exceedingly well.⁴²¹

The school's unexpected achievement convinced British authority to establish a permanent school. In 1909 a Malay College was established in Kuala Kangsar. The college not only prepared Malay boys for administrative roles but also produced graduates who would later serve in the Malay nationalistic struggle. Some of its famous graduates include Ishak Mohd who was instrumental in setting up the left-wing political party, the *Kesatuan Melayu Muda* (KMM), Tengku Ismail Tengku Yasin who set up the Selangor Malay Association and Onn Jaafar who would later found the United Malay National Organisation (UMNO).

However British priority on Malay education went only as far as meeting Malay immediate demands without the risk of upsetting British economic arrangement. Until the 1920s, the colonial administration provided for Malay education but only enough to achieve literacy.⁴²² One oft-quoted remark that typifies the British attitude towards Malay education is the one made by the Director of Education in the 1920s, where he pointed out that

"...[T]he aim of the government is not to turn out a few well educated youths, nor a number of less well-educated boys: rather it is to improve the bulk of the

420 (Roff 1967) p.104

421 (Treacher 1907) pp 503-504

422 Federal Council Proceedings 1919, p. B45

people, and to make the son of the fisherman or peasant a more intelligent fisherman or peasant than his father had been, and a man whose education will enable him to understand how his lot in life fits in with the scheme of life around him.”⁴²³

Despite British reluctance to “overeducate” the Malays, it is also apparent that British provision of Malay education helped raise Malay expectations. Provision of Malay education and the success of the Malay College paved the way for more demands for Malay education. In the coming years, the Malay College was followed by the setting up of the Sultan Idris Training College (SITC) in 1922.

The SITC, however, was meant to be a vocational school. The justification for a vocational education came from Richard Windstedt, whose report recommended that “the bulk of the inhabitants must turn to agriculture and other industries.” The report further suggested that if “(a)ny ideal of education, not adjusted to local wants, must lead to economic dislocation and social unrest.”⁴²⁴ The Windstedt report then called for a revamp of Malay vernacular education. It suggested to curb Malay “over education” and called for the removal of the fifth standard in Malay schools and replacing it with modules in drawing, horticulture, and basket making so as to teach Malays the “dignity of manual labour.”⁴²⁵

⁴²³ Director of Education, Annual Report on the Federated Malay States 1920 p.13

⁴²⁴ Education in Malaya, British Empire Exhibition: Malayan Series (London, 1924) p.15, taken from (Roff 1967) p. 141

⁴²⁵ In the Report Windstedt states that Education for Malays had far exceeded what was required of them but “we can hardly come down from the position we have taken.” Windstedt Report 1917 cited from (Roff 1967) p. 140.

The outcome of the college, however, surpassed Windstedt's humble expectations. As Roff (1967) puts it, with the setting up of the SITC "many of the most important effects of the 'new education' were felt" but they were "mostly not in ways envisaged by either Windstedt or other British administrators."⁴²⁶

The SITC produced more than just vocational graduates. Instead of producing horticulturalists, the college became a centre for Malay literary activity. The college drew Malay students from across the Peninsula and quickly became a meeting ground for bright Malay youths. In fact, the collegial atmosphere created a common Malay consciousness and a Malay intelligentsia, some of whom became leading scholars and personalities in Malay nationalist movements in the 1930s and 1940s.⁴²⁷ Prominent Malay personalities associated with the college include Zainal Abidin Ahmad or Zaaba, a well known writer and scholar who headed the Translation Bureau at the college until 1939. Another SITC famous graduate is Ibrahim Yaacob who later formed the *Kesatuan Melayu Muda* (KMM), a Malaya radical nationalist party in 1938.⁴²⁸ During the Japanese occupation, Ibrahim was made Commander-in-Chief of the Malay Militia, sanctioned by the Japanese.⁴²⁹

The above examples demonstrated that British policy was meant to achieve modest outcomes; that of meeting the demands of Malay elites and preserving Malay *de jure* power without

⁴²⁶ (Roff 1967) p. 142.

⁴²⁷ The college curriculum went beyond what Windstedt had in mind. Rather than just train teachers in agriculture, handicrafts and gardening, the college introduced literary education on Malay language and culture.. (Roff 1967) p. 147

⁴²⁸ The KMM was inspired by the Indonesian nationalist struggle and went underground to subvert the British colonial administration (Noor 2004) p. 30

⁴²⁹ (Noor 2004) p. 30

diluting British *de facto* rule. British officers, like Anderson and Windstedt, clearly saw the provision of education as a means to appease Malay power centres but this was kept within the bounds of British expectations. The colonial administration, however, did not anticipate that its rational short-term policies would create new expectations and institutions far in excess of the initial policy objective. Besides education, the twentieth century also saw growing calls by Malay elites and British officers for Malay participation in the civil service to which we turn now.

Civil Service

The twentieth century would see Malay elites demanding the colonial administration for more participation in the civil service that would in turn improve Malay administrative capacity and create more expectations. The recruitment of Malays into the civil service came on the heels of a conjuncture of events; the formation of the FMS, the increased calls by Malay rulers for more Malay administrators, the demand for education and the events of the First World War that forced the colonial administration to reduce the number of British officers.

Recruitment of trained Malays into the civil service started in earnest only in 1910 with the introduction of the Malay Administrative Service (MAS).⁴³⁰ Together with the MAS, a Malay Probationer Scheme (MPS) was also introduced. The MPS was a recruitment scheme where Malay boys were handpicked by Residents and put through a three-year course at the Malay

430 In the early years after the Pangkor Treaty, appointment of Malays into state administration was minimal. They involved Malay rulers and chiefs who were co-opted into State functionaries as members of the State Councils and as officers such Assistant District Officers, tax collectors and village headmen.(Puthucheary 1978) p. 10

College to undergo courses in correspondence, finance and basic administration.⁴³¹ The best of these graduates would then be placed under the Malay Administrative Service (MAS).

The MAS however was never an equal to the elite Malayan Civil Service (MCS), a “very junior branch of the Malayan Civil Service.”⁴³² To begin with, the training of the Malay officers did not come close to the training of the lowest rank of the MCS, the cadet rank. Given the inferior training, Malay officers played ancillary roles in the British administration where they were involved in routine administrative tasks and confined to duties in rural areas as settlement officers to the land office or as Malay assistant secretaries.⁴³³

However despite Malays “junior” role, the introduction of the MAS raised Malay expectations and paved the way for more Malay involvement in the civil service. In the coming years, Malays officers began to demand more from the civil service. They expressed their unhappiness with the scheme, complaining that promotion was slow, remuneration was unattractive, and access to the prestigious MCS impossible. In 1917, a British official recorded Malay grievances of the MAS in a memo to the High Commissioner. The memo raised concerns over the practice of relegating Malay officers to the work of a third-class clerk, which created “...[n]ot unnaturally, a sense of dissatisfaction or even a distaste for further service with the government.”⁴³⁴

⁴³¹ The prime objectives of the Malay College was to prepare young Malay aristocrats for the civil service.

⁴³² (Roff 1967) p. 105

⁴³³ Officers given training in “official Correspondence”, treasury work and promotion to the MCS involved several stages which could take a minimum of ten years. Read (Puthucherry 1978) p. 11

⁴³⁴ Memorandum enclosed in Despatch, High Commissioner to Colonial Office, June 18, 1917, quoted in (Roff 1967) p. 107

Malay concerns were heeded. In 1919, the High Commissioner pointed the need to have more Malays in the civil service, saying that the Malays should “take their proper place in the administration and commercial life of these states.”⁴³⁵ In 1921, qualified Malays were allowed entry to the MCS directly. In 1922 there was a major overhaul of Malay civil service recruitment. In that year, the Retrenchment Commission came up with wide-ranging policies that included an affirmative policy proposing that the proportion of Malays to local-born non-Malays be ultimately kept to the ratio of seven Malays to three non-Malays.⁴³⁶ Between 1921 and 1931 ten posts were reserved for Malay officers in the prestigious Malayan Civil Service.⁴³⁷ British Residents of the FMS also urged the government to include more Malays on the Railway and the Postal and Telegraph Department.⁴³⁸ In fact the General Orders for the FMS specified that “Malays must receive preference in filling all vacancies in the subordinate ranks of government employment.”⁴³⁹ Indeed more was to come as Malays demanded more participation in the civil service. In a Federal Council proceeding in 1934, Abdullah Dahan, a council member, called for the government to provide Malays with higher administrative tasks.⁴⁴⁰

Indeed, Malay participation in the civil service follows the path-dependent argument. As Roff (1967) puts it, entry to the MCS provided the “principal avenue by which Malays might acquire in the modern world the authority that was slipping from them in the old” and brought about

435 Annual address of the high commissioner, Federal Council Proceedings (1920) p. B65 cited in (Roff 1967) p. 114

436 See (Roff 1967) p. 116

437 Still, the appointment of Malay officer to the top scale of the MCS, the Class 1, would prove difficult. See (Puthucherry 1978) p. 11

438 In (Roff 1967) p. 117 -119

439 Clause 12 (viii) of the General Orders for FMS Government Establishments, as amended in 1923, provided that for posts requiring a knowledge of Malay but of no other language, preference should be given to Malays. Cited in (Roff 1967) p. 118

440 Federal Council Proceedings 1934, p. B58

the “emergence of a new Malay leadership group, English-educated and increasingly influenced by Western ideas of government and social organisation.”⁴⁴¹

It would have been obvious by now that institutions created by the colonial authority to manage the expectation of Malays would also end up being instruments that improved Malay political, economic and social capacities. Put differently, the creation of institutions - the FMS, the Federal Council, education, land and civil service - make the British administration accidental flag-bearers of Malay nationalism.

But if the twentieth century saw the rise of Malay nationalism, the century also saw the rise of Chinese politics of a different kind. If Malay political expression was introspective in nature and centred on Malay development, the twentieth century would also see a Chinese political expression that was increasingly influenced by China’s political struggle. We turn next to the rise of Chinese transnationalism.

Chinese Transnationalism

Although this is not the place to discuss transnationalism at length, the discussion on Chinese transnational politics raises a few questions. Was Chinese politics in Malaya during the late nineteenth and early twentieth century that of Chinese transnational politics? If so, why did the British administration tolerate the growth of Chinese transnational politics? Also, was Chinese transnational politics in Malaya representative of the larger Chinese society? Finally, if there

441 (Roff 1967) p. 109

was indeed Chinese transnational politics, how did it create institutions that contributed to the growth of a powerful Chinese community? These are important questions, answers to which will help us distinguish different types of political expression present in Malaya during the twentieth century that led to the formation of Malaya's two exclusive communities.

The term "transnationalism" gained attention in the 1990s and, thus far, studies on transnationalism have largely centred on issues of the formation of transnational social and political organizations involving migrant communities in North America. These works provide a useful framework to help us understand the issue of transnationalism in nineteenth and twentieth century Malaya.

Transnationalism refers to "multiple ties and interactions linking people or institutions, across the borders of nation states."⁴⁴² It is also defined as the set of processes by which immigrants build social fields that link together their country of origin and their country of settlement.⁴⁴³ Immigrants who develop such social fields are called "transmigrants". Put differently, transnationalism involves immigrants who have their feet in two or more places. They choose to live their lives across borders but make efforts at maintaining their ties to the country of their origin by developing identities and social networks that bind them to their birthplace.⁴⁴⁴ These social networks and relationships could come in the form of economic, social, religious and political organisations. Itzigsohn's (2000) work on the existence of transnationalism

442 (Vertovec 1999) provides a comprehensive discussion on the different clusters or subthemes of transnationalism

443 (Schiller et al. 1992a) p. 2

444 For a good introduction on transnationalism please read (Schiller et al. 1992b)

among immigrants from the Dominican Republic, Haiti and El Salvador in the United States for instance, describes the various political, social and economic networks that transmigrants employ to maintain their links with their country of origin. He identifies three forms of linkages, which came in the form of institutional arrangements, that exist between the diasporas and their states of origins. Some of these institutional arrangements include: the extension of the idea of citizenship by the mother country to migrants; the promotion of non-party immigrant organisations to allow migrants to participate politically in the affairs of their mother country; and the promotion by the mother country for migrants to participate in the socioeconomic life of their place of origin.

What then motivates transmigrants to establish social networks and develop identities that would bind them to their place of origin? One probable answer is that transmigrants are usually proletariats in the place of their host and in their country of origin. As such, their transnational tendencies could be due to the difficulty they face in constructing a secure cultural, social and economic base within their new setting as a result of economic and social dislocation.⁴⁴⁵ In negotiating their new social and economic environment the transnational migrant “acts and reacts in ways that emphasize, reinforce, or create cultural differentiation and separate identities.”⁴⁴⁶

Was Chinese politics in Malaya during the late nineteenth and early twentieth centuries that of Chinese transnational politics? No existing literature on the Chinese community in Malaya has

445 (Schiller et al. 1992b) p. 13

446 (Schiller et al. 1992b) p. 12

described Chinese political activities as transnational in nature. This is understandably so, given that the term “transnationalism” only gained currency in the 1990s. However, even though no reference is made to transnationalism, the activities of the Chinese community in Malaya had imprints of transnational politics. Take the work by Wang(1970) on Chinese politics in Malaya. Wang describes how the Chinese in Malaya can be divided into three political groups which he defines as “Chinese A which maintains links with the politics of China and concerned with China’s political destiny; Chinese B which consists of the majority of the Chinese who are more concerned with the low-posture and indirect politics of trade and community associations; and Chinese C , which is the small group who is uncertain of itself because it is uncertain of its own identity, but generally committed to some sort of Malayan identity.”⁴⁴⁷ Wang contends that the majority of the Chinese fall into the Group B category saying that they “seldom openly engage in issues of national or international power” and that they “are usually content to work through established hierarchies, whether they be Chinese, Malay or British.”⁴⁴⁸

Despite describing the majority of the Chinese (Chinese B) as pragmatic, Wang (1970) elaborates that this group were not apathetic regarding development in China when this was called for. Even though in the early part of his article Wang mentions that Chinese B “restricted themselves to a few discreet subscriptions to causes in China when hard-pressed by their enthusiastic compatriots”⁴⁴⁹ in the later part of the same article Wang suggests that Chinese B took an active interest in China’s politics saying that

447 (Wang 1970) p. 5

448 (Wang 1970) p.5

449 (Wang 1970) p. 12

there is ample evidence that they were moved greatly by events in China...that they engaged radical editors, paid for new schools and accepted radical teachers; most of them did not hesitate to help these editors and teachers when they ran foul of the colonial authorities, nor did they hesitate to send their children to study in their politically slanted schools.⁴⁵⁰

Wang's (1970) description of the Chinese in Malaya concurs with Yen's (1982b) description of overseas Chinese. His description of the Chinese community again bears the imprint of transnationalism:

It is natural for emigrants to feel attached to their mother countries, and Chinese emigrants were no exception. What appears to have been exceptional was their utmost devotion to their families in China...They expressed their feelings by contributing to economic, social and educational developments in their home districts. They raise funds for flood and famine relief, donated large sums of money to establish schools and colleges, and invested in railways, mining and industry."⁴⁵¹

The works by Yong and McKenna (1990), Yen (1982a) and Shoza (2009) also confirm the existence of Chinese transnational links such as the importation of China's Kuomintang movement, the extension of Chinese citizenship by the Manchu regime, the setting up of

450 (Wang 1970) p. 12

451 (Yen 1982b) p. 398 see also (Godley 1973)

political and non-political organizations, and the appointment of overseas Chinese to official posts in China.⁴⁵²

The above clearly demonstrates that Chinese politics in Malaya in the nineteenth and twentieth century had transnational characteristics where there existed “intervention by the states of origins in the politics of the country of reception” and that there also existed “systematic forms of intervention by immigrants in their country of origin.”⁴⁵³ Indeed, Malaya’s Chinese community, in the nineteenth and twentieth century saw the need to maintain transnational links with China. The nature of such transnational linkages will be elaborated below.

Why did the colonial administration allow for the setting up of Chinese transnational organisations in Malaya? Several reasons can be put to this. First, the colonial administration tolerated the growth of Chinese transnationalism because doing otherwise would have been a costly activity. Curbing Chinese transnational politics by restricting or repatriating the Chinese was not an option given the economy’s need for cheap capital and labour. British tolerance for Chinese transnational activities could also be due to the need to assuage Chinese businesses which were badly affected by the restructuring of the economy at the time. As will be mentioned below, Chinese transnational activities afforded Chinese *taukehs* to invest in China, especially in rail and tin mining. There were occasions when the British authorities attempted to repatriate Chinese political activists, but these were exceptions rather than the rule.

452 (Itzigsohn 2000) description is consistent with the claims made by (Yong and McKenna 1990) pg. 6 though the latter never use the term transnational politics.

453 (Itzigsohn 2000) pg 1427

The colonial administration tolerated Chinese transnational politics in Malaya because they posed little danger to the administration. Chinese transnational politics kept the exclusive nature of the Chinese community and hence impose no threat to the administration. Also, British officials still held the view that the majority of Chinese were sojourners and it was only proper for the Chinese community to be concerned with the politics of China. As mentioned earlier, in 1902, British officials like Hugh Clifford, made light work of the impact of the Chinese population, seeing them as mere transients, when he said that “that the bulk of the Chinese inhabitants cannot be regarded as belonging to the permanent population of the states...”⁴⁵⁴

Hugh Clifford’s assessment is unsurprising given the statistics at the time. In the population census of 1911, local-born Chinese made up only 23 percent of the population in the Straits Settlement, and in the Malay States the figure was marginally lower, only 8 percent of Chinese were local-born.⁴⁵⁵ Hugh Clifford’s assessment reflects the views of the colonial administration even up to the 1930s. Even as late as the twentieth century, British officials never thought of the repercussion of the growing permanence of the Chinese population.

British officials however overlooked the long- term consequences of Chinese transnationalism. By not interfering in the affairs of the different communities in Malaya, British management of Chinese expectations allowed the growth of Chinese transnational politics that gave rise to exclusive institutions which acted as platforms for an organized Chinese political expression.

454 (Krstoka 1982) pp 268 - 269

455 In 1911 census, only 23 percent of Chinese in the Straits Settlements were local born; in the Malay States, only 8 percent of Chinese were local born. See (Nathan 1922) and also(Heng 1988) p. 10.

We now detail now, the series of China based social, political and economic institutions that had a hand in developing nationalism of a different kind – Chinese transnationalism.

The Manchu Regime and the Start of Chinese Transnationalism

Transnational links between mainland China's political organisations and overseas Chinese in Malaya started at the end of the nineteenth century when the Chinese Manchu regime began to establish an interest in the affairs of overseas Chinese. Up until the last quarter of the nineteenth century, official transnational links did not exist because the Manchu regime deemed overseas Chinese as traitors. Given the case, there was also no reason for overseas Chinese to maintain official links since returnees would often face heavy punishment.⁴⁵⁶

The Manchu regime official stance, however, changed towards the end of the nineteenth century. Impressed by the wealth of the overseas Chinese, the regime started to court wealthy overseas Chinese due to the need to bring in investment to resuscitate China's economy and, at the same time prop the regime's waning legitimacy. In 1877, a Ch'ing consulate was established in Singapore to seek the support of the overseas Chinese. The first Consul General was Hoo Ah Kay, also known as Whampoa, a rich Singapore Chinese merchant.⁴⁵⁷

China's development interest was actively promoted after the appointment of Tso Ping-Lung and Huang Tsun Hsien as Consul General in the late nineteenth century.⁴⁵⁸ Consul offices were

⁴⁵⁶ See works by (Yen 1982a) and (Godley 1973). There are other works that cite harsh punishment being meted out to returnees..

⁴⁵⁷ Hoo Ah Kay was also known as Whampoa named after a village in KwangTung where he was born.

⁴⁵⁸ (Yong and McKenna 1990) p. 6

also set up in the other Malay States. Up until 1896, there were frequent visits by Ch'ing (Manchu) officials in the form of diplomats and special envoys. These visits involved maintaining contact with local Chinese communities, conducting fact-finding missions, maintaining links with the business communities and selling official titles and honours to Chinese business leaders.⁴⁵⁹ Between 1890 and 1911, there were six major visits by Ch'ing imperial envoys to Malaya. These visits by imperial envoys were often greeted by rich Chinese merchants, some of whom now assumed Ch'ing brevet titles, signifying their position as Ching officials.⁴⁶⁰ Gaining a brevet title was a coveted prize, for Chinese businessmen, as the title allowed them to get lucrative business contracts in China.⁴⁶¹ One example was Foo Chee Choon, a well-known Chinese millionaire in Perak and dubbed the 'King of tin mining'. Foo was conferred the third-class official title and he was frequently called on by the Manchu government for consultation on the tin-mining business. He was also made the Superintendent of Hainan Mining and Agriculture in China.⁴⁶²

Other efforts by the Manchu regime at maintaining transnational links included the promotion of education and promotion of Chinese literature. In 1882, the Consul General set up a literary society, the first in Singapore and Malaya. There were also transnational efforts that included mobilising overseas Chinese support to raise funds to help famine victims. Southern China's provincial governments, for instance, sent missions to Malaya to ask for financial support from

459(Yong and McKenna 1990) p. 7

460 In 1894, for instance, the visit by an Imperial envoy, Ting Ju-Ch'ang was accompanied by four warships. What's interesting is that Straits Chinese merchants were known officials in the colonial administration who also pledged loyalty to the Ch'ing government. See (Yen 1982a) p. 413

461 (Yen 1982b) p. 411

462 After China's defeat in the first Sino-Japanese war in 1895, efforts were made by the Ching government to raise capital from overseas and efforts were made through Chinese diplomats, overseas Chinese leaders and special missions. Read (Yen 1982a) p. 221 (Zheng 1997) p. 81

overseas Chinese, many of whom came from the southern provinces of Fukien and Kwangtung.⁴⁶³

Transnational linkages were further boosted when the Manchu Consul General, Huang Tsun Shie, issued *ju-tan* (passport) to all Chinese who applied regardless of their place of birth. Huang Tsun Shie's move was not well received by the British authority, which saw the policy as an attempt to dilute Chinese interest in the Straits Settlements. The Assistant Protector of Chinese, G.T Hare, expressed his displeasure at Huang's move as it would disturb "the harmonious relations that have up till now obtained between the Chinese colonists and the local government."⁴⁶⁴ In a quid pro quo move, the Straits Settlements authority granted Straits-born Chinese the status of British subjects based on the principle of *jus soli*. But despite the move, Chinese transnational ties moved apace.

However, among the many initiatives by the Manchu government, the most significant perhaps was the setting up of the Chinese Chamber of Commerce in 1906, meant to allow Manchu regime to attract investment and raise funds in Malaya. The Chinese Chambers occupied a special status in the Manchu regime. All Chinese Chambers of Commerce in Malaya for instance received the official seal from the Manchu government that allowed the Malayan Chamber of Commerce to communicate directly with China's Department of Agriculture, Industry and Commerce.⁴⁶⁵ First set up in Singapore, the Chinese Chamber of Commerce later expanded to

463 (Yen 1976) p. 33

464 10th of June 1896, CO 273/218. No. 464

465 (Yen 1982b) p. 414

Penang and Malacca and later to the urban cities of the Malay States – in Kuala Lumpur, Ipoh and Seremban.⁴⁶⁶

Over time, the Chinese Chamber of Commerce became focal points for Chinese across dialect groups to negotiate and settle trade disputes. The chambers also assumed social duties and set up social welfare units, which included the Selangor Chinese Assembly Hall, the Perak Chinese Association and the Johore Bahru Chinese Association.⁴⁶⁷ It is not surprising that the Chinese Chamber of Commerce produced prominent Chinese leaders who would play a significant role in the rise of China-based nationalism in the twentieth century. Some of the prominent personalities included Tan Kah Kee, Lee Kong Chian, Lim Keng Lian, Ho Pao Jin, Lau Pak Kuan, H S Lee or Lee Hau Shik, Ong Keng Seng and Saw Seng Kiew⁴⁶⁸ some of whom would later be members of the Malayan-centred, Malayan Chinese Association (MCA).

To put in perspective, the late nineteenth century saw the start of Chinese transnational political activities triggered initially by the Manchu regime's aggressive policies at building transnational ties.⁴⁶⁹ Of greater import is that the inroads made by the Manchu regime in establishing Chinese transnational ties, helped lay the groundwork for the establishment of more of China's transnational political organisations in Malaya in the coming years.

466 (Yen 1982b)

467 (Heng 1988) read pp 19 - 20

468 (Heng 1988) p.21 cited from (Leong 1976)

469 (Zheng 1997) p. 90

The Reform Movement and the Kuomintang

Malaya started to become a political theatre for other China- based political movements in the twentieth century. This was the period where China's Reformist Movement and Kuomintang (KMT) nationalist movement started to make forays into British Malaya; these movements came on the heels of a severe political flux that was enveloping in Ch'ing China.⁴⁷⁰

The Reformist Movement was led by K'ang Yu Wei. At the turn of the twentieth century, K'ang went on a road tour to Southeast Asia to garner support from overseas Chinese to highlight the political uncertainty of the Ch'ing dynasty and the need for reform.⁴⁷¹ K'ang found ready support from Chinese in the Straits Settlements and the Malay States. Some of the leading personalities who supported the reform movement included Khoo Seok-wan, son of a wealthy rice merchant and Dr Lim Boon Keng. Khoo Seok Wan, in fact donated some \$250,000 in 1900 to the revolt movement in China that attempted to oust the Emperor Dowager.⁴⁷²

To promote his reform agenda, K'ang found the *Thien Nan Shin Pao*, a Chinese news publication.⁴⁷³ Kang Yu-wei also set up the Emperor Protection Society or *Pao Huang Hui* in Singapore with the help of rich Chinese merchants led by Khoo Seok Wan. Though the *Pao Huang Hui's* was not registered as a society it managed to promote its transnational activities

470 At the time, China was suffering from the effects of the Sino-Japanese War of 1894 – 5, the palace coup in China where the Empress Dowager Tz'u-s took control from Emperor Kuang-hsu and the failure of the Hundred Days Reform.

471 See (Yong and McKenna 1990) p 8 and (Yen 1982b) p. 416

472 (Yen 1982b) p. 420. Khoo donated the amount in support of the reform movement but a year later when the coup failed, he was disheartened and stayed away from the reform movement and in fact pledged his support for the Ch'ing dynasty.

473 Besides the reform agenda, the Thien Nan Shin Pao also provided a platform to the Confucian Revival movement which was led by Dr Lim Boon Keng. (Yen 1982b) p. 406

by setting up a front organisation called the *Hao Hsueh Hui* (Chinese Philomatic Society) in 1889⁴⁷⁴

Besides K'ang's royalist Reform Movement, Malaya also became the political theatre for another of China's political movement — the republican Kuomintang movement (KMT) which initially went by another name, the *T'ung Meng Hui*.

The *T'ung Meng Hui* was established in 1906 in Malaya and came on the back of anti- Manchu or republican efforts in China that had begun in 1901. This republican movement was promoted by revolutionaries like China's Sun Yat Sen and Yu Lieh. Yu Lieh in fact fled China for Malaya in early 1901, where his political cause found sympathy with rich Chinese merchants in Malaya like Lim Nee Soon and Tan Chor Nam, all Straits-born Chinese. Yu Lieh and his political sympathizers in Malaya then founded an underground political party called the *Chung Ho T'ang*.⁴⁷⁵ Lim Nee Soon and Tan Chor Nam also founded the *Thoe Lam Jit Poh*, a publication meant to promote the anti-Manchu revolutionary cause.

Malaya was instrumental to Sun Yat Sen's revolutionary movement.⁴⁷⁶ Sun's movement found currency with a large segment of the Chinese population. Sun found ready support from wealthy Chinese leaders which included well-known Chinese personalities like Lim Boon Keng,

474 For a full account please read (Yong and McKenna 1990) pp 7 - 8

475 (Yong and McKenna 1990) p. 9

476 See Yong and McKenna

Tan Boo Liat, son of Tan Kim Cheng and Lim Nee Soon.⁴⁷⁷ Not all of the overseas Chinese, however, identified with Sun Yat Sen's revolutionary cause. In 1906, Sun's effort to raise fund from wealthy Chinese businessman in urban centres like Kuala Lumpur and Ipoh failed and understandably so. These Chinese businessmen held brevet titles awarded by the Ch'ing dynasty and did not want to be seen as aiding the revolutionary movement.⁴⁷⁸ One wealthy tin merchant in Perak, Foo Chee Choon did not entertain Sun Yat Sen's request. Foo's reaction is understandable; being the Superintendent of Hainan Ministry of Agriculture and Mining of the Manchu government he certainly did not want to jeopardize his position by supporting Sun's revolutionary cause.⁴⁷⁹

Nonetheless, a high degree of Chinese support made Malaya a focal point of Sun Yat Sen's efforts at promoting anti-Manchu movement. The Singapore branch of the *T'ung Meng Hui*, for instance, helped spread similar branches in Siam, Burma and Indonesia. The Malayan branches also provided a refuge for Chinese who fled from China. In 1907, 400 Chinese soldiers found refuge in Malaya after the revolutionary movement failed to topple the government.⁴⁸⁰

Support for the revolutionary movement grew with time. Between 1906 and 1910, there were 20 T'ung Meng Hui branches throughout Malaya (see Table 4H). Though the official T'ung Meng Hui branches numbered only twenty, the movement took on various guises by using front

477 (Yong and McKenna 1990) p. 12

478 (Zheng 1997) p. 208

479 (Zheng 1997) p. 208

480 See (Yong and McKenna 1990) p. 9

organisations like the reading rooms or *Shu Pao Sheh*.⁴⁸¹ These reading rooms acted as recruitment centres and conducted lectures to propagate anti-Manchu revolutionary cause. Between 1908 and 1911, there were 58 *Shu Pao Sheh* in Malaya. Besides reading rooms, Chinese publications became vehicles to promote the anti-Manchu cause. These included publications like *Chong Shing Yit Pao* (1907 – 1910), the *Yang Ming Pao* (1908), the *Nam Kew Poo* (1911 – 1914), and the *Chi-lung-po Jih Pao* (1909 – 1910).⁴⁸² The proliferation of organizations that supported the anti-Manchu cause consolidated the KMT movement and by the 1920s, the KMT became a formidable organisation.

The KMT activity did draw the attention of the British government. In 1925 the British authority took steps to curtail the growth of the KMT with the British cabinet deciding that the “Governor of the Straits Settlements should be authorised to take the necessary steps for the suppression of the Malayan branches of the Society of Kuo Min Tang.”⁴⁸³ The colonial administration dissolved all KMT branches and sub-branches and prosecuted and imprisoned two KMT branch leaders.⁴⁸⁴ However, the British clampdown on KMT branches did little to stop Chinese transnational sentiment. In fact, the KMT movement took on another form, this time using various proxy organisations that made British efforts at eliminating Chinese transnationalism difficult.⁴⁸⁵

481 (Ting 1976) p. 135

482 (Yong and McKenna 1990) pp 14 - 15

483 1st July 1925, CO 717/45 File 30039. in (Yong C F 1984b) p. 91

484 (Yong C F 1984a) p. 91

485 (Yong C F 1984a) p. 91

The above examples demonstrate that Chinese politics in the early twentieth century were not directed towards a Malayan cause but one that was transnational in nature and directed toward China's political development. Such transnational tendencies are to be expected from a largely migrant population. As Wang (1970) points out, the Chinese in Malaya "were primarily transient sojourners before 1900, increasingly settled after that, and almost entirely a settled population after 1945."⁴⁸⁶

Conclusion

The period between 1874 and 1930 is an important one as it sets the tone for Malaya's political and economic complexion in the years to come. The chapter has reiterated a consistent British policy in Malaya; the management of Malaya's significant actors to serve an overriding British economic objective without incurring unnecessary political and economic costs. It has demonstrated that in managing the expectations of Malaya's two communities and its own expectations, the colonial administration employed policies that created self-reinforcing institutions that led to the formation of two autonomous communities with exclusive sets of institutions. In managing Malay expectations, the chapter has described how the British failure to fully dismantle the Malay feudal arrangement led to British policies that ensured British *de facto* rule without injuring Malay *de jure* power. This less-than-complete retrenchment of Malay political power set off processes that helped raise Malay expectations, increased Malay capacity and created a repertoire of Malay-based institutions. At the other end of the scale, the administration continued dependence on Chinese labour and capital and avoidance of

486 (Wang 1970) p. 6

unnecessary measures that would result in upsetting such a resource saw it co-opting Chinese business interests into the political and legislative structure of the Malay States. The twentieth century also saw the administration's tolerance of Chinese transnational political activities. This tolerance of Chinese transnational politics would then see the perpetuation of Chinese political and social organisations and the development of an autonomous Chinese polity.

It is obvious, that by the 1930s, Malaya was seeing the firm formation of two autonomous groups, each with its own set of political and economic expectations. British policies that attempted to manage the expectations of Malaya's two communities had resulted in the formation of self-reinforcing mutually exclusive institutions that would prove difficult to unwind. In short, Malaya in the 1930s was a far different place than at the time of the Pangkor Treaty in 1874. This is set to change further in the coming years. We turn to this in the next chapter.

Appendix

Table 4A Composition of Straits Trade: 1870 – 1915		
Year	Pre-Modern	Modern
1870	57.6	42.4
1900	58.9	41.2
1915	41.2	59.3
Pre-modern: Rice, gutta percah, opium, pepper, rattans, gambier, fish, copra, sugar, tapioca, arecanut, sago, coffee, hides, tobacco, sarongs Modern: Coal,tin, petroleum, rubber, cotton, textiles		
Source: (Drabble 2000) p. 36		

Table 4B Distribution of trade of Straits Settlements merchandise								
	Imports from				Exports To			
Year	Malaya	British Borneo	Netherlands East Indies	Other SE Asia	Malaya	British Borneo	Netherlands East Indies	Other SE Asia
1870	10	1.9	16.6	16	4.3	1.1	18.2	19.3
1900	22.4	1.7	18.7	15.1	10.6	1.4	18.4	9.8
1915	30	1.5	16.3	20	14.2	1	14.9	5.7
Source: (Drabble 2000) p.37								

Table 4C GDP Per Capita: Selected Asian Countries, 1900 - 1990 (1985 International Dollars)				
	1900	1929	1950	1973
Burma	523	651	304	446
Thailand	594	623	652	1559
Malaya/Malaysia	600 ^a	1910	1828	3088
Singapore	NA	NA	2276 ^b	5372
Indonesia	617	1009	727	1253
Philippines	735	1106	943	1629
South Korea	568	945	565	1782
Japan	724	1192	1208	7133
^a Guestimate, ^b 1960				
Source: Drabble (2000) Table 7.2				

Table 4D Malayan Production of Tin Vs World Production			
Year	Malayan Production	World Production	% of World Production
1851 – 60	6.5	18	36.1
1861-1870	8.5	24	35.4
1871 – 1880	7.2	37	19.5
1881 – 1890	19.6	53	37
1891 – 1900	41.7	77	54.1
1901 – 1910	48.8	97	50.3
1911 – 1915	49.8	118	42.2
1916	47.2	119	39.7
1917	42.9	119	36.1
1918	40.1	116	34.6
1919	39.2	113	34.7
1920	36.9	112	33
1921	36.2	110	32.9
1922	37.2	114	32.7
1923	39.4	118	33.4
1924	46.9	135	34.8
1925	48.1	137	35.1
1926	47.8	137	34.9
1927	54.4	153	35.5
1928	64.5	171	37.7
1929	70	189	37
1930	65	172	37.8
Source: adapted from Yip (1969) Appendix I			

Table 4E Number of Chinese Emigrants Arriving at and Immigrants Leaving Singapore and Penang			
Year	No. Arrived at Singapore	No. Arrived at Penang	Total Number of Arrivals in Penang and Singapore
1877	10000	NA	NA
1878	34000	NA	NA
1879	35000	NA	NA
1880	47000	NA	NA
1881	48000	42000	9000
1882	56000	45000	101000
1883	61000	48000	109000
1884	69000	38000	107000
1885	69000	42000	111000
1886	87000	57000	144000
1887	101000	65000	166000
1888	10000	63000	163000
1889	99000	44000	143000
1890	96000	37000	133000
1891	94000	49000	143000
1892	93000	45000	138000
1893	145000	68000	213000
1894	107000	46000	153000
1895	150000	61000	211000
1896	142000	57000	19900
1897	91000	41000	132000
1898	107000	45000	152000
1899	118000	51000	169000
Source: Compiled from Annual Reports, Straits Settlements, cited in Yip (Yip 1969) p. 68			

Table 4F Chinese Population in the Federated Malay States and Straits Settlements, 1891 and 1901		
Federated Malay States	1891	1901
Perak	94000	149000
Selangor	51000	109000
Negeri Sembilan	15000	33000
Pahang	3000	9000
Source: Report on the Census of the Straits Settlements, 1891, Singapore 1891; J.R.Innes, Report on the Census of the Straits Settlement,1901, Singapore,1901;H.Marriot, Report on the Census of the Colony of the Straits Settlement, 1911, Singapore, 1911; and A.M Pountney, The Census of the Federated Malay States, 1911, London, 1911 cited in Yip (1969) p. 68		

Table 4G Revenue from Opium			
Year	Total Revenue of Colony	Revenue from Opium	Percentage
1898	5071281	2332186	45.9
1899	5200025	233426	44.8
1900	5386556	2333300	43.3
1901	7041685	3747269	53.2
1902	7754733	3745536	48.3
1903	7958496	3746659	47.1
1904	10746517	6357727	59.1
1905	11657423	5368939	46.0
1906	9618312	5125506	53.3
Source: Purcell (1948) p. 188			

5: The Years of Divided Affiliations (1930 – c.1942)

The chapter is divided into three parts. The first part describes the nature of the Malayan economy during the period 1930 – 1942. The purpose is to provide an overview of Malaya's political economy and to highlight British policies and their impact on Malaya's communities. The second and third parts of the chapter will describe the continued formation of two autonomous groups manifested by the presence of a dense network of institutions. The second part of the chapter will describe the increasing momentum of Malay political expression. It will describe the growing number of Malay intellectuals - beneficiaries of British policies in the early part of the twentieth century – who were pivotal to the growth of Malay social and political organisations⁴⁸⁷ and the development of a pan-Malay consciousness. The third part of the chapter will describe the entrenchment of Chinese transnational politics that gathered further momentum during the run-up to the Sino-Japanese war of 1938 and during the Japanese occupation of Malaya. This period saw a dense formation of Chinese political and social organisations, buoyed by the consolidation of the Kuomintang (KMT) activities and the increasing influence of the Malayan Communist Party (MCP), two organisations that made special efforts to court the support of the Chinese community. Before we describe the events that unfold in this period, it is best that we address some counterfactuals that might have brought a different character to Malaya's political economy.

487 (Emmanuel 2010)

Dealing with Counterfactuals

One major feature of the 1930s was the emergence of alternative forms of leadership honed by leftist organisations and progressive voices that increasingly questioned Malaya's conservative form of leadership. The twentieth century for instance saw a more eclectic Malay leadership and a burgeoning number of Malay intellectuals who increasingly challenged traditional Malay authority and feudal practices. On occasions these voices became increasingly republican, challenging Malays' blind allegiance to the aristocracy. This period also saw the emergence of the Malayan Communist Party (MCP) as an alternative political force. The 1930s saw the MCP making efforts at challenging British imperialism mainly by mobilising working class agitation and orchestrating industrial unrests.

The emergence of the class imperative begs an important question: Can we offer a class argument to explain Malaya's political and economic character? Why didn't a pan-Malayan class struggle emerge as the preferred political and economic arrangement in Malaya? Clearly a pan-Malayan class struggle would have paved the way for a different political arrangement and would have rendered ethnic politics and the consociational logic irrelevant.

Two factors however made the possibility of a pan Malayan class struggle remote. First, class struggle in Malaya took on a distinctive form; Malaya's class struggle took place within ethnic silos and only added to the repertoire of ethnic-based institutions and the emergence of autonomous parallel communities. These ethnic-based institutions were a result of years of

British policies that afforded the growth of dense network of Malay and Chinese based institutions.

Second, and this is heavily linked to the point above is that any British policies at negating the growth of ethnic-related political organisation was a case of “too little too late.” Increasing returns made it difficult, perhaps impossible, for Malaya’s communities to unwind the dense growth of ethnic-based institutions. The growth of Chinese transnational organisations, for instance, had taken its own momentum. The increasing returns nature of these organisations meant that any British attempts to limit transnational political activities were met with equally creative attempts at nullifying British policies. The KMT and the MCP for instance, used proxy organisations to circumvent British surveillance. Both these organisations were also aggressively mobilising Chinese support for the impending Sino—Japan war in 1938 and it would be obvious that attempts at crushing the build-up of a dense network of KMT and MCP-led organisations at this point would have been politically and financially costly. There were attempts, by the administration to stem the rise of Chinese transnational organisations. This include enacting various immigration ordinances to limit migration, especially Chinese migration,⁴⁸⁸ repatriating MCP members, banning the KMT activities and attempting to co-opt the Chinese into Malaya by canvassing the possibility of granting citizenship to non-Malays. These attempts, however, were uncoordinated and half-hearted. There was a lack of resolve on the part of the colonial administration mainly because the administration understood that these organisations presented no direct threat to the administration as they remained China-

488 (Stenson 1970) p. 11

centred and kept exclusively Chinese. And in the case of granting citizenship to non-Malays, the attempts failed due to existing laws in the Malay States. The chapter will describe this in detail.

At the other end of the spectrum, eradicating the growth of Malay social and political organisations would also not make sense for the British administration because the growth of Malay organisations came at no or little costs to the administration. Demands made by these organisations were not about subverting existing colonial rule but rather demands for more Malay privileges within the bounds of the current administration. The chapter will describe that the benign nature of Malay demands could be due to fact that these organisations were headed by Malay bureaucrats who formed an integral part of the colonial administration.

There are evidences to support the thesis that Malaya's class struggle existed within ethnic silos. Chapter Two for instance have discussed various literatures on the class argument in which all of them found it hard not to associate Malaya's class struggle with ethnic imperative. Adding to the evidence, this chapter will describe the growth of Malay left organisations. It will describe the emergence of Malay-Muslim intellectuals (*Kaum Muda*). It will demonstrate how the issues raised by the *Kaum Muda* bordered on Malay-centred issues; issues that touched on Malay underdevelopment, Malay adherence to traditional Islamic teachings and the community's blind allegiance to traditional authorities. This chapter and Chapter six will also describe the establishment of the *Kesatuan Melayu Muda* (KMM) and later the Malay Nationalist Party (MNP), two leftist organisations led by non-aristocratic, Malay-educated intellectuals. Again the class struggle took on ethnic considerations. The KMM and the MNP for

instance harboured hopes of an eventual merger with Indonesia to form a larger Malay polity and the preservation of Malay political dominance.

There are also other pieces of evidence to demonstrate that Malaya's class struggle existed within ethnic silos. For instance, major works on Malayan history struggle to provide a pan-Malayan narrative to describe Malaya's class struggle; they end up conveniently sectioning their work by categorising leftist organisations along ethnic concerns. Cheah's (2012) book for instance is neatly divided into chapters that identify class struggle with ethnic concerns: the book is divided into "the MCP and the Anti-Japanese movement", "the Malay Independence Movement" and "the Malay/MCP/Chinese Conflict." Harper's (1999) impressive account of Malaya's left/progressive organisations, also reemphasise the ethnic imperatives to Malaya's class struggle compartmentalising his chapter on "the revolt in the periphery" along ethnic imperatives.⁴⁸⁹ In his recent work titled "Patriots and Pretenders" Kua Kia Soong also struggles to delink Malaya's class struggle from ethnic dimension when he sections his work on class struggle along ethnic headlines. And in describing his work Kua (2011) reemphasises the ethnic dimension when he explains that the book tries to provide "a class analysis of the anti-colonial struggle [by]...acknowledging the patriotic forces in all the ethnic communities to independence (sic)."⁴⁹⁰

Besides the above there is also evidence that Malaya's class struggle struggled to get out of ethnic silos. The MCP for instance struggled to adopt a pan-Malayan class struggle and shed its

⁴⁸⁹ It was obvious that Harper's (1999) chapter deals initially with the struggle of the non-Malays after the war (see pp 95 -114) and the Malays (114 – 128)

⁴⁹⁰ (Kua 2011) p. 2.

Chinese image. MCP's inability to remove its identity with the Chinese community came from its own doing: its founding members were communist agents from China; its leaders were predominantly Chinese and its medium of instruction was in Chinese. Also, in its haste to gain legitimacy, the MCP pandered towards the Chinese community for support, establishing societies and organisations that catered to the Chinese community's focus on China's political struggle. MCP's identification with the Chinese community's cause was palpable. Even the MCP's supreme leader, Chin Peng, admitted in his latest memoir that the MCP was only strong among the Chinese and not among the Malays.⁴⁹¹ Hack (2001) also explains that the MCP's "predominantly Chinese nature alienated Malays."⁴⁹² Opposed by most Malays, and with the Chinese deeply divided, the MCP suffered from a narrow support base.⁴⁹³

Indeed, if there was any hope of a pan-Malayan class struggle, it took the form of tie-up between the MCP and the Malay leftist group, the MNP. The MCP-MNP alliance in the post war period however collapsed, reaffirming the complexity of Malaya's class struggle. In his description of the MCP-MNP alliance Cheah (2012) acknowledges that "it is difficult to see how the MCP could reconcile its own long-term aims with those of the MNP. There is no evidence to show that the predominantly Chinese MCP had given any support to the idea of a proposed union with Indonesia."⁴⁹⁴

491 Read (Chin 2003) pp 119-25;128-9 cited in (Cheah 2012) p. 149

492 (Hack 2001) p.114

493 (Hack 2001) p. 114

494 Read (Cheah 2012) p. 279

In sum, the twentieth century saw an emerging class struggle in Malaya, but this class struggle failed to develop into a pan-Malayan class struggle and took place within ethnic silos. The next chapter will also describe how even trade unions became concentration points for Malaya's particular ethnic communities.⁴⁹⁵ But more importantly, these class struggles only added to the pool of ethnic-based institutions reinforcing the emergence of two autonomous communities with mutually-exclusive institutions and with different expectations.

This chapter sets the stage for the next, which will describe how the war period exposed the consequences of British policies that had thus far nurtured two autonomous communities with exclusive sets of institutions. At the onset of the Japanese Occupation, Malaya was seeing the firm formation of two autonomous communities. We turn now to provide a brief overview of the Malayan economy and British development policies, which played no small a role in shaping Malaya's political economy.

The Malayan Economy

The global economic depression in the 1930s served as a serious blow to Malaya's economic growth as slower demand led to a sharp drop in commodity prices. Between 1930 and 1940, Malaya's exports grew the least when compared to its Southeast Asian neighbours,⁴⁹⁶ struck by reduced demand for Malaya's two largest exports, tin and rubber.⁴⁹⁷

⁴⁹⁵ See (Slater 2010) pp 79-81; see also (Gamba 1962) p. 242

⁴⁹⁶ (Drabble 2000) pg. 125. Refer to Table 8.1

⁴⁹⁷ The great depression brought down the price of tin from a high of £289 per ton to a low of £142 – the lowest price registered since 1909. (Yip 1969) p. 264

The sharp drop in global demand for tin prompted the drafting of the International Tin Agreement. To eliminate a production glut, the agreement required tin-producing countries to impose quotas and restrict exports. The 1930s then saw three International Tin Agreements: 1931 – 1933, 1934 – 36 and 1937 – 41, where export quotas were imposed to limit tin production.⁴⁹⁸ Tin output in Malaya fell by 66 percent in the period 1929 – 1933, and the drop in output also saw the number of mining companies shrink by 25 percent. More importantly, employment fell by a massive 60 percent⁴⁹⁹ (See Table 5A).

Most affected by the production restrictions were small tin - mining enterprises especially small Chinese mining companies.⁵⁰⁰ Given a high fixed and variable costs, the imposition of quota restrictions raised production costs for small mining operations, making it more lucrative for small companies to sell their quotas rather than continue production. Companies that benefitted greatly from the selling of quotas were large European mining companies.⁵⁰¹ By 1941, European mining companies dominated tin production, accounting for 72 percent of the total mining output.⁵⁰²

The Great Depression also affected another of Malaya's important commodity, rubber. Before the depression the Malayan rubber industry enjoyed huge global demand. Malaya was

⁴⁹⁸ It took fifteen months for Malaya to clear its tin surplus after the first agreement.

⁴⁹⁹ (Yip 1969) pp 206 - 208

⁵⁰⁰ Given the tin industry's large cost fixed cost, the restraint in production would only increase cost of production

⁵⁰¹ (Yip 1969) p. 208

⁵⁰² (Drabble 2000) p. 131

producing between 315,000 to 480, 000 tonnes of rubber in the late 1920s. The period also saw the growth of small rubber holdings.⁵⁰³ (See Table 5B).

The sharp drop in rubber price in the 1930s created a glut in rubber supply. Similar to the case of tin, the drop in global demand led to the International Rubber Regulation Agreement (IRRA) where rubber producing countries agreed to impose restrictions on production and impose production quotas. The agreement stabilised rubber prices but it restructured the Malayan rubber industry by favouring large scale operators and forcing small rubber holdings to shut down.⁵⁰⁴

The closure of small tin mines and rubber holdings created massive unemployment that particularly affected Chinese labour. For the first time, the fear of job redundancies and prolonged depression forced the colonial administration to revise British liberal immigration policy, which had been the main feature of British colonial administration. We turn now to British immigration policy and the repercussion it had on Malaya's demography and political economy.

The Great Depression and Immigration Policy

In 1928, the British enacted the Immigration Restriction Ordinance (IRO), in response to Malaya's changing political economy. The economic depression required that the colonial

503 (Drabble 2000) p. 129 cites these figures for Malaya as well as Sabah and Sarawak, but since 96 percent of production came from Malaya itself, the figures reflect rubber production in Malaya.

504 Small rubber holders complained that the formula for the distribution of production gave unfair advantage to large scale European firms. These rubber restrictions are discussed in great detail in (Lim 1977), (Yip 1969) and (Drabble 2000)

administration impose restrictions on foreign labour “whenever the influx of immigrants threatened unemployment, economic distress or was not in the public interest.”⁵⁰⁵ The Ordinance was a watershed of sorts because it marked, for the first time, British effort at rolling back liberal immigration policy which had been a centrepiece of British development policies in Malaya. The immigration policy imposed quotas on adult male immigration and the repatriation of unemployed Chinese and Indians, with the cost of transportation being absorbed by the British authority. The IRO, however, was only fully enforced in August 1930, after it became clear that the global depression was taking its effects on the Malayan economy.

The IRO was later replaced by the Aliens Ordinance (AO) in 1933 which placed further restrictions on immigration. Under the AO, aliens were allowed entry only “in accordance with the immediate political, social and economic needs”⁵⁰⁶. The AO especially targeted the Chinese population. Under the new law, Chinese immigration would now come under the jurisdiction of the Immigration department, not the Chinese Protectorate Office. Registration of Chinese “alien” residents was also imposed to track their movements. Any Chinese who wanted to leave Malaya with the intention of returning needed to obtain a certificate to avoid being subjected to quota restrictions.⁵⁰⁷

The AO however only imposed restrictions on adult male Chinese; there was no restriction on female migration. Given the case, the movement of Chinese female into Malaya continued in

505 (Parmer 1960) p. 92

506 In (Parmer 1960) p. 93

507 See (Kaur 2006) p. 14

the 1930s. In fact, Chinese female migration to Malaya was helped by several push factors, viz. the continuing civil war in China, the ensuing Sino-Japanese war in the mid 1930s, the economic depression and the slump in the Chinese silk industry, which left many women unemployed.

British restrictions on only male migration brought repercussions to Malaya. Non-restriction on female immigration changed the demographic profile of the Chinese community and created, in the long run, a more rooted Chinese population. This is because the influx of female Chinese lessened the need for Chinese male to return home to set up a family. Over time, British policies on Chinese immigration changed ratio of Chinese male and female to near parity and led to a stable Chinese population. In 1921, the ratio of Chinese women to Chinese men was about 3: 10. But by 1957, almost thirty years after the AO was introduced, the ratio was about equal (see Table 5D). More interestingly, by 1947 the number of locally born Chinese jumped to 64 percent of the total Chinese population, a two-fold increase from the 1931 figure. (See Table 5C). It would be obvious that by the late 1940s, there was little incentive for the large part of Malaya's Chinese population to return to China. The stability of family life, the continuing political uncertainty in China, the morphing of Chinese transnational political activities into Malayan-centred ones after the world war, and the start of the Chinese Communist Party rule in 1949 which imposed tighter entry into China gave ample reasons for Chinese to treat Malaya as home.

To sum up, the imposition of quota restrictions on tin and rubber production and British new immigration policies that restricted Chinese labour are consistent with the argument put

forward in this thesis; that British policies were rational but with short - term horizons. The IRO and the AO for instance were rational policy decisions meant to address Malaya's immediate economic conditions. But they did not cater to the long-term impact of slow social processes like migration. By allowing Chinese female immigration, British policy gave rise to significant demographic changes.

When viewed from a timeline - after almost sixty years of British official rule in the Malay States (1874) - British policy had irrevocably changed the complexion of the Malayan polity. British colonial policies had created a more settled rather than a transient Chinese population. The Chinese community however remained autonomous, caught up with Chinese transnational politics prevalent at the time. The effect of the great depression also meant that the Chinese community was also a separate and largely displaced group as they negotiated their terms in Malaya, especially with regards to citizenship and land issues. The next chapter will discuss how the colonial administration in the late 1930s attempted to negotiate the issue of granting non-Malays citizenship rights, which was another major policy step to incorporate the non-Malay community into Malaya's political economy. Before that, we turn now to another development in the 1930s that contributed to the change in Malaya – the rise of Malay nationalism.

Malay Nationalism in the 1930s

Malay nationalism, at least in the first half of the twentieth century, was unlike the usual nationalism displayed by many colonial societies. Malay nationalism in the early twentieth century did not call for the removal of colonial administration. Instead of attempting to dismantle the existing colonial system, Malay elites chose to work within the existing Anglo-

Malay power structure by employing political apparatuses. Malay demands then centred on fine-tuning existing British policies to take into account Malay concerns.

Such was the nature of Malay political expression that some scholars view Malay nationalism as “Malayism” or “Malay awareness”, not nationalism. Smith (2006) however argues that nationalism should be viewed as more than just an adoption of an anti-colonial stance because one should not discount the “ideological turbulence within Malay political thinking within this period.”⁵⁰⁸ Omar (1993) puts “Malayism” as the belief that the interest of the *bangsa Melayu* (Malays) supersedes anything else.”⁵⁰⁹ In much the same way Amri (1997) describes Malay political expression as one that “revolves around the politico-ideological problem of resolving what constitutes ‘Malayness’ and the vision and nature of the Malay nation.”⁵¹⁰ Khoo (1974) also suggests that Malay nationalism in the early twentieth century should be better termed as “Malay awareness.”⁵¹¹ As well, Silcock (1953) describes Malay nationalism as “a defensive reaction against the virtual extinction of Malay culture” and the object of Malay organisations was really “to struggle against the economic and educational backwardness of the Malay race and enable it to hold its own against the immigrants.”⁵¹²

At any rate, it is this peculiar nature of Malay nationalism – the absence of a vehement display of anti-colonialism and elites’ willingness to work within the existing Anglo-Malay power arrangement – that gave little reason for the colonial administrators not to accede to Malays’

508 (Smith 2006) p. 124

509 In (Omar 1993) pg. 191

510 (Amri 1997) pg. 242

511 (Khoo 1974) pp 189-190 See (Smith 2006) p. 124

512 (T.H. Silcock 1953) pg. 285

political and economic demands. In fact, doing otherwise might potentially incur more costs. Malay demands – for education, land policy, civil service appointments – for instance were all made using colonial-designed political apparatuses by elites who were part of the colonial bureaucracy.

Growth of Malay nationalism and Malay-based institutions was also aided by a British administration that continued to be guided by the need to preserve Malay *de jure* rule. Such built-in expectations meant that the administration had little reason to reject Malay demands, especially when these demands were clearly not targeted at removing British rule. Little did the administration realise that by acceding to Malay demands, the colonial administration contributed to the active growth of a dense Malay institutional network.

Important questions arise: How could a dense institutional network translate to a cogent expression of Malay nationalism? How is it possible that disparate institutions could act in unison to give Malay political voice? To answer these questions we revisit Pierson's (2004) view that institutions generate new capacities as they create material, technological, organisational and ideational changes over time.⁵¹³ In other words, institutions trigger several outcomes: they create new capacities and investments on the part of actors, provide actors with a systematic way of organising and articulating ideas and help create mental maps that would lead to other expectations and the creation of other institutions. In the case of Malay nationalism, the provision of Malay education and improvement in capacity led to more

513 (Pierson 2004) p. 74

expectations and the creation of other institutions. British provision for Malay education led to more demands for access to education and greater Malay participation in the civil service. The Malay land reservation policy of 1913, discussed in the previous chapter, is one example of how institutions conjure up mental maps that create further expectations. The Malay Land Reservation Enactment of 1913 paved the way for more demands. It is not hard to see that the Smallholdings (Restriction of Sale) Enactment of 1931⁵¹⁴ which was then followed by another Enactment in 1933 had a precedent in the Malay Land Reservation Enactment of 1913; all of which imposed further restriction on land sales involving Malay land.

The creation of a dense network of Malay-based institutions was also helped by the fact that Malay elites at the time held multiple appointments throughout their careers. Such multiple appointments allowed for a sustained and consistent transmission of ideas that encouraged the self-reinforcement mechanism. The founder of the KMS, Eunos Abdullah, for instance held several positions. Eunos was the editor of the newspaper *Lembaga Melayu*. He was later appointed Justice of the Peace. He was then made a municipal commissioner and later the first Malay member of the Straits Settlements Legislative council in 1924. Another Malay personality who held multiple appointments throughout his career was Onn Jaafar. Onn was a Johor State Council Member in 1936. Before his appointment as state legislator, he was the editor of the newspaper *Warta Malaya* and *Lembaga*. He was also involved in the first Malay Conference in 1939 and later founded a Peninsula Malay Movement in Johor in 1946 before he established

⁵¹⁴ The enactment protected Malay land owners and helped them restructure their debts as it "granted a twelve month stay of execution of a court order for sale, provided that payment of at least 75 percent of the interest owed was maintained in (Gibson 1934) There is a further clause to the bill which states that "any sale, at the insistence of creditors of lands comprised in a small holding can only take place with the consent of the Ruler of the State in Council." For more details Federal Council Proceedings B17-18 and in (Gibson 1934) Enactment No.8 of 1931

the UMNO. Ibrahim Yaacob was another Malay nationalist leader who took on leadership roles in different Malay organisations. Ibrahim headed the left-wing *Kesatuan Melayu Muda* (KMM) in 1939, and would also become the editor of the newspapers *Majlis* and *Warta Malaya*. This multiple appointment of influential Malay leaders across various organisations meant the diffusion and consistent articulation of Malay demands across institutions that would, in turn, contribute to the creation of more expectations.

Given such argument, the chapter will elaborate upon how the increase in capacities and the success of existing institutions raised expectations and led to the creation of more Malay organisations, which contributed to a coherent Malay political expression. We turn now to discuss an important product of Malay capacity- building in the twentieth century which would play a pivotal role in the development of Malay political expression – the growth of Malay elites.

The Malay Elites

The creation of a dense network of Malay institutions that gave voice to Malay political expression would not have been possible without the input of a Malay intelligentsia. The emergence of various forms of Malay leadership came at the turn of the twentieth century. Though this chapter details the period after 1930, the author has decided to describe early Malay leadership here for the sake of continuity and to demonstrate the change in Malay political expression.

In the early twentieth century Malay leadership became more eclectic, not just confined to the aristocratic class. Malay leaders now comprised of Malay-Muslim intellectuals who were trained in Islamic schools and were graduates of learning centres in Saudi Arabia and Egypt. These scholars became involved in journalism, using publications as vehicle to express issues dealing with Malay developmental needs and Islamic practices.⁵¹⁵ They include the likes of Syakh Mohd. Tahir Jalaluddin Al-Azhari, Sayyid Shaykh Ahmad Al Hadi, Haji Abbas Mohd Taha and Shaykh Mohd Salim Al-Kalali, all of whom played leading role in the newspaper *Al-Imam*, an influential weekly publication that started in 1906. The views articulated by these scholars were not only about political change but toward puritan Islamic practices. These intellectuals urged Malays to rid themselves of unIslamic practices in order to make progress, arguing that Malays were holding on to archaic Islamic beliefs and practices that had a mixed of Buddhist and Hindu traditions.

In the coming years, the rise of a more eclectic Malay leadership led to an intellectual tussle between *Kaum Muda* (Young Reformist) and *Kaum Tua* (Traditionalist). It was a tussle between modern and traditional forms of authority. The *Kaum Muda* in the likes of Syakh Mohd Tahir Jalaluddin Al-Azhari, Sayyid Shaykh Ahmad Al Hadi, Haji Abbas Mohd Taha and Shaykh Mohd Salim Al-Kalali had strong reformist ideas. They believed that one should not hold blind allegiance to traditional practices and accept traditional dictates without the use of *akal* or reason. One main flag bearer in propagating *Kaum Muda* ideas was the *Al-Ikwan*. This weekly newspaper fashioned itself after the Egyptian newspaper *Al-Manar*, a newspaper known for its

515 The first Malay Muslim publication was the *Jawi Peranakan*, established in Singapore in 1876. . The *Jawi Peranakan* was followed by 16 other Malay publications by the end of the nineteenth century.. (Roff 1967) pp 49-50

modernist and reformist ideas.⁵¹⁶ The *Al-Ikwan* was scathing in his attack on Malay backwardness. In one of its publication, a writer lamented that

in other parts of the Islamic world...[the] *Kaum Muda* become the instrument of progress, shaking the *Kaum Tua* out of their senility and stupidity.....(In Malaya) the ulama desire, like Saint Peter of the Roman Church, to hold the key to the gates of heaven.⁵¹⁷

The *Kaum Muda* was insistent on the need for Malays to do away with the *adat* (customs) which it deemed unacceptable in Islam. Some of its other contentions with traditional practices included, the practice of interest payments which it regarded usurious. *Kaum Muda* also advocated a more inclusive society where women could participate in education and social affairs. It also criticised the monarchy for their lack of leadership in helping Malays cope with political and social flux. The *Kaum Muda* distaste of Malay traditional authority is best described by the comment made by Haji Karim Abdullah, one of the leading scholars of *Kaum Muda*. Karim took a snipe at the office of the Mufti (State's Chief Religious Officer) saying that

To become a government Mufti in Malaya is a great glory. You have an official uniform, with a whole banana-comb of epaulettes on the shoulder, a jubbah embroidered with gold thread, a silk turban and a car. The ra'ayat fear and obey you, eat the scraps from your table...⁵¹⁸

516 In fact, one of its editor, Syakh Mohd Tahir b. Jaluddin was a close friend of Mohamad Rashid Ridha who founded the Al-Manar. Syakh Mohd Tahir also made frequent contribution to Al-Manar. (Roff 1967) pg.61

517 Abu Al-Murtadzi, "Kaum Muda dan Kaum Tua: Dunia Islam" Al Ikhwan 3 October 1928 cited in (Roff 1967) pg. 78

518 (Hamka 1950) pg. 59 cited in (Roff 1967) pg. 67

The aggressive stance of *Kaum Muda* against traditional authority was matched by *Kaum Tua* who - being part of the establishment - employed state apparatuses to limit the influence of the *Kaum Muda*. Through the use of authority, the *Kaum Tua* imposed sanctions by issuing *fatwas* (religious dictates) forbidding Muslims to take in to *Kaum Muda's* ideas and branding *Kaum Muda* as *kafir* (infidels). In states like Kelantan, *Kaum Muda's* views were countered by state-sponsored publication called *Pengasoh*. Kelantan also censured publications deemed to be sympathetic to *Kaum Muda's* cause and banned *Kaum Muda* religious scholars from conducting religious lectures.⁵¹⁹ Besides the prominence of young reformist Islamic scholars, twentieth century Malaya also gave birth to a more radical Malay educated intelligentsia. We will discuss this below

New Forms of Malay Elites

The late 1920s saw more strident Malay demands for political and economic resources and this was articulated by a growing band of Malay professionals and elites. These educated elites, came from aristocratic and non-aristocratic backgrounds. They were beneficiaries of British policies that gave them access to education and employment in the civil service. It is not surprising that the majority of Malay leaders at the time were members of the elite Malay Administrative Service and graduates of the Malay College and the Sultan Idris Training College.

The new Malay elites were unlike the early Malay leaders. In contrast to the passive role assumed by Malay rulers in the early years of British rule, these new Malay elites were more

519 (Roff 1967) provides a comprehensive account of the several measures taken by *Kaum Tua* in restricting *Kaum Muda* teaching. For instance the works by Ahmad Nawawi Mohd Ali were refused permits by the religious authorities of Perak and that the states of Perak, Negeri Sembilan and Selangor invoke Mohamedan law enactment to curb the propagation of *Kaum Muda's* teaching.

assertive in championing Malay issues. Early figures of Malay leadership other than the Malay Sultans were Raja Chulan, the son of the exiled Sultan Abdullah of Perak, Tengku Musa'eddin, Dato' Abdullah Dahan and Tengku Suleiman. All four were the first batch of Malay members elected to the Federal Council to replace the Malay Sultans after the rulers withdrew from council membership to take up membership of the newly set-up Upper House called the Durbar of Rulers. All of them, except Tengku Suleiman, were graduates of the Malay College.

Out of the four Malay Federal Council members at the time, two members – Raja Chulan, and Dato' Abdullah Haji Dahan – were especially active in articulating the concerns of the Malays. They were in their element when it came to issues of Malay access to civil service appointment and Malay education. In response to recommendations put forward by the Retrenchment Committee in 1932, which sought ways to reduce spending given the depression, Dato' Abdullah Dahan wanted an assurance from the British government that Malays would be the last to be laid off. The request was heeded. Between July 1930 and December 1932, 4,100 foreign-born officers were retrenched and 1,198 local-born officers were laid off, out of which Malays made up only 541.⁵²⁰

In the federal council proceedings in 1932, Raja Chulan pointed to the lack of new Malay officers in the elite level of the Malayan Civil Service. He said that there had been only one Malay appointment annually, which paled in comparison to the numbers of foreign officers recruited during this period. Raja Chulan argued that the depression period would present the

520 (Roff 1967) pg. 203. See also footnote.

best “opportunity for government to take advantage of local ‘cheap labour’ which my countrymen can supply.”⁵²¹ He was given assurance from the Chief Secretary of the FMS that Malays employment in the elite service would improve.⁵²²

There are also other personalities who were prominent figures in Malay nationalist movement. One of them was Onn Jaafar, who would later lead a pan-Malay movement against the British-proposed Malayan Union. Onn took on various roles in his career. In the 1930s, Onn became editor of *Warta Malaya* and, under his leadership the paper’s editorial line was clearly pro-Malay. The publication discussed issues such as Malay underachievement and urged British authority to provide Malay access to top administrative positions in the civil service and better access to education.⁵²³ Onn was later made a Johor State Council member and in 1936 he accepted an offer to become an unofficial member of the Federal Council in 1936, on condition that he could exercise freedom of expression. In 1940 he made a cutting remark in the Federal Council, rebuking the British officials of double standards in their treatment of Malays in the government service saying

“After twenty six years, we see not the equality of terms as between the Malays and Europeans in the service...[I]n matter of salary, housing, sitting of quarters, there is a complete disregard for equality of terms.”⁵²⁴

521 Federal Council Proceedings 1932. p. B16 and B57

522 (Roff 1967) p. 203

523 (Roff 1967) p. 170

524 In *Hidop Melayu* (Ipoh) p. 27 cited in (Soenarno 1960) p. 13

There were other Malay elites that stood out during this period and who led various Malay social and political organisations. These include: Dato' Hussain Mohd, a Malay college graduate and a senior administrative officer in the Malayan Civil service who founded the Pahang Malay Association; Ibrahim Yaacob, a graduate of the Sultan Idris Training College and founder of the left wing organisation, the Kesatuan Melayu Muda (KMM); Ishak Mohamed, also a graduate of the Malay College and active in the KMM and Tengku Ismail who founded the Selangor Malay Association, and was a graduate of the Malay College.

What is apparent is that, the late 1930s saw the product of British capacity-building policies in the twentieth century – British policies that promoted Malay access to education and employment in the civil service. Over time, this growing number of educated Malays would give rise to a visible display of Malay nationalism. These new Malay elites became an active voice in promoting Malay development as they fronted Malay social and political organisations. We discuss now the growth of Malay social and political organisations and Malay nationalism.

Malay Political and Social Organisations

The late 1920s and the 1930s saw the growth of Malay political and social organisations. The growth was due to a number of factors: the dismantling of the feudal economy that led to a less stratified society, the increasing size of the Malay intelligentsia, the expansion of the modern economy, and a changed political and economic landscape that was beginning to affect Malay life.

Not surprisingly, the first Malay political/social organisation, the *Kesatuan Melayu Singapura* (KMS) or the Singapore Malay Union, was formed in Singapore, a place where Malays experienced the most intense challenge to their traditional lifestyle.⁵²⁵ Formed in 1926 by Eunos Abdullah, the KMS' objectives were: to pursue Malay social, political and economic interest by making representations to the British administration; to advance Malay progress in the political, economic and social fields; and to encourage Malay education.⁵²⁶ In making their demands, the KMS pursued a centrist policy, preferring to work with the British government to further Malay interests rather than adopting a provocative stance. The arrangement proved effective. One of the KMS's achievements was its ability to convince the Straits government to set up a Malay Settlement in Singapore in 1929 similar to the Malay Settlement (Kampong Bahru) in Kuala Lumpur.⁵²⁷

More importantly, the KMS set the pace for the formation of other Malay quasi-political organisations in the Malay States. KMS's success raised expectations, resulting in the setting up of KMS branches in Penang and Malacca in 1937. In September 1937, a group of Malay professionals set up the *Persatuan Melayu Perak* (Perak Malay Association, PMA).⁵²⁸ The PMA was followed by the establishment of the *Persatuan Melayu Pahang* (Pahang Malay Association) on March 1938. In the same year, the *Persatuan Melayu Selangor* (PMS) was formed by Tengku Ismail, a member of the Selangor aristocracy. The PMS mooted various initiatives. A notable one was the setting up of an educational fund to sponsor students for

525 (T.H. Silcock 1953) p. 285

526 (Soenarno 1960) p. 10. Read also (Weiss 2005)

527 Eunos request was initially turned down in 1927. In 1929 the colonial administration eventually gave in to Eunos' request, granting the establishment of Kampong Melayu. Legislative Council Proceedings, 1927 pp B24 – B25, B35

528 Read (Roff 1968) p. 117

education in the Middle East and Europe. The PMS also requested the establishment of a Malay university and the expansion of Malay educational opportunities. It also made demands for the formation of a Malay Regiment and a Malay air force. It also demanded a restriction on migration from outside the Malay Archipelago.⁵²⁹

The 1930s also saw the establishment of a Malay left-wing movement in the form of *Kesatuan Melayu Muda* (KMM). Founded in 1938 by Ibrahim Yaacob, a graduate of the Sultan Idris Training College (SITC), the KMM was an outgrowth of the *Belia Malaya* (Malaya Youth), which was a group established by students of SITC in the early 1930s.⁵³⁰ Unlike the more centrist Malay organisations, the KMM took on a more provocative stance. It was both anti-colonialist and republican in outlook and made scathing attacks on the Malay ruling class, claiming that Malay elites had gained much from British colonial presence at the expense of the peasantry. Ibrahim Yaacob saw KMM's struggle as one that "neither professed loyalty to the Sultans and the British nor spoke of non-cooperation". To Ibrahim, the KMM was a movement that worked towards nationalist feelings where its strength lay with the lower classes.⁵³¹ KMM was deeply influenced by Indonesia's (Dutch East Indies) independence struggle and attempted to emulate Indonesia's independence movements such as the *Djong Djawa* and *Jong Sumatra*.⁵³² It is no surprise that the party held thoughts of a political union with Indonesia to form Indonesia Raya

529 (Roff 1967) pp 239 - 242

530 (Soenarno 1960)

531 Ibrahim Yaacob, *Nusa dan Bangsa Melayu* (Malay Country and People), Djakarta, 1957 pp 59 – 60 cited in (Roff 1967) p. 222

532 (Soenarno 1960) p. 18

and proposed an even more ambitious union that would encompass the Borneo States, the Dutch East Indies and the Philippines, collectively called Malaya-Raya.⁵³³

The KMM was clearly an outlier and gained little traction from the Malayan public. Very little is known of the movement and the KMM did not seem to have a coherent policy. William Roff (1967), who interviewed KMM members, describes that members were often confused as to the direction that the KMM was taking.⁵³⁴ Even its famous founding member, Ishak Mohd, gave conflicting remarks concerning the KMM's struggle. In contrast to Ibrahim Yaacob's more anti-colonial stance, Ishak said that the KMM had no desire to remove the British colonialists but served to "stop Malays being exploited by other races."⁵³⁵ Given its inchoate ideas, KMM's political struggle obtained little appeal from the larger Malay population who may have also found KMM's anti-imperialist and republican stance difficult to digest. KMM membership was reported to be only of a few hundred and confined to Kuala Lumpur. In fact, it had neither the skills nor the money to extend membership beyond Kuala Lumpur.⁵³⁶

Although the KMM did not make headway in mobilising mass Malay support, the movement is important for several reasons. The KMM along with establishment of other Malay social and political organisations represented what Smith (2006) describes as the "the ideological turbulence within Malay political thinking within this period."⁵³⁷ The KMM's republican and anti-colonial stance represented the ideological battle that the Malays were going through as a

533 (Noor 2004) pp 32 - 33

534 (Roff 1967) p. 232

535 (Roff 1967) p. 232

536 (Roff 1967) p.234

537 (Smith 2006) p. 124

result of the rapid political, social and economic changes. The establishment of the KMM and other left-wing parties in the coming years also reflects more eclectic Malay political expressions.

To put into perspective the setting up of Malay social and political organisations marked for the first time the creation of modern forms of Malay organisations. These new Malay organisations were inclusive in nature; not appendages of the Malay royal houses and ran along strictly feudal lines. These organisations provided for a more egalitarian leadership, even if, in the early years, leaders often came from aristocratic families. The KMS for instance brought new forms of Malay leadership that came from non-aristocratic class.⁵³⁸ The KMM leadership also came from non-traditional backgrounds; its leaders like Ibrahim Yaacob and Ishak Mohamad both came from non-aristocratic backgrounds.⁵³⁹

Such was the momentum of the formation of Malay political and social organisations that in 1939 a first pan-Malay National Congress was held. The novelty of the congress encouraged delegates to make fervent initiatives. Among the initiatives included the setting up of a Pan-Malayan Malay association called the *Persekutuan Persatuan Persatuan Melayu Semenanjung Tanah Melayu* (Union of Malay Associations of the Malay Peninsula). The congress also agreed to declare the 6 August the Malay National Day or “*Hari Kebangsaan Melayu*”.

⁵³⁸ The KMS founding fathers like Eunus Abdullah, Yusof Ishak and Embuk Suloh all came from non-aristocratic families.

⁵³⁹ (Roff 1967) pp 236 - 238

The success of the first congress prompted the organisation of another in 1940. The second congress was a bigger meeting that involved delegates from the Borneo states of Brunei and Sarawak. The congress made an even greater demand on the colonial administration. Some of its resolutions included the demand to preserve the Malay culture and for the Malays to take an active role in the running of the colonial administration. The congress also raised the necessity of having a Malay to be appointed as Assistant Director of Education to give attention to Malay education. The congress also urged the colonial government to appoint Malay representatives in its entire external mission and to make English education available to Malays.⁵⁴⁰

Besides Malay organisations, the changed political and economic landscape also saw the growth of Malay publications, which acted as tools to voice Malay development. In the 1930s, Malay publications became the best gauge of growing Malay nationalism. We turn now to various important Malay publications during the period.

Malay Publications

Malay publications gave an added voice to Malay nationalism. Malay newspapers in the twentieth century were more than just newspapers. As Emmanuel (2010) describes, Malay newspapers were really “views papers” as they became sites for the articulation of pan-Malay developmental concerns and Malay nationalism. During this period, Malay publications carried “new forms of public opinion-making like the editorial, increased participation in the media

540 (T.H. Silcock 1953) p. 285

through letters to the editor and contributors' articles, public readings of newspapers, and the extension of newspapers into classrooms."⁵⁴¹

An interesting observation is that from the 1920s, Malay "*views papers*" started to gravitate towards the Malay States, rather than Singapore and Penang; about the time when mass education in the Malay States started to produce more Malay professionals. The growth of Malay publication in the Malay States was startling. Between 1904 and 1917, for instance, there were no Malay publications in the Malay States.⁵⁴² However between the years 1920 – 1930, out of 34 new vernacular newspapers, twenty were published in the Malay States.⁵⁴³ Malay publications grew even during the great depression years. From 1930 to 1941, there were eighty-one new Malay periodicals and journals. In the period 1935 - 1936, alone, there were 25 new Malay publications.⁵⁴⁴ Some of the prominent publications were the *Saudara* (1926- 1941), the *Warta Malaya* (1930 – 1941), the *Lembaga* (1935 – 41) and the *Utusan Melayu* (1939 – 41).

These publications served to whip up Malay nationalism by indulging in a fair amount of self-introspection on Malay underdevelopment. Well-known Malay scholar Zainal Abidin Ahmad, better known as Za'aba, epitomises the mood at the time when he criticised Malays for failing to keep up with the changed environment. His article "The Poverty of Malays" criticised the Malays saying:

⁵⁴¹ (Emmanuel) p. 1

⁵⁴² (Roff 1961) pp 1 - 6

⁵⁴³ Roff, 1961 #369} pp 1 - 6

⁵⁴⁴ (Roff 1967) p. 166

“[T]hey are not naturally of poor intellect, or incapable of high morals. Potentially, they possess such qualities as much as do any other people. But the actualised part of this potentiality is still poor to bear comparison with what we find in other progressive peoples in the country.” ⁵⁴⁵

Again, most of the views did not espouse the removal of the colonial administration, but rather made demands for the administration to design ways to remedy the Malays’ political and economic deprivation. To drive the message across, comparisons were often made between Malays and non-Malays. One publication, the *Saudara*, highlights the advances made by the so-called “*bangsa bangsa asing*” (alien population) saying that :

“...[T]he rate of economic progress of the alien population is in sharp contrast to the progress made by Malays who are still poor, backward and weak. These qualities should never be a part of the Malays, in their own land.” ⁵⁴⁶

Throughout the 1930s, Malay publications rode on the theme of Malay economic deprivation vis a vis the non-Malays which had now formed a large part of Malay public opinion.⁵⁴⁷ Another influential publication in the 1930s was the *Majlis*. Under Abdul Rahim Kajai - one of *Majlis*’ prominent editors - the *Majlis* was aggressive in rallying Malay issues, adopting the view that British authority had the obligation to look after Malay interest no matter how discomfiting this may be to the other communities. Abdul Rahim Kajai had fixed ideas about Malay political and

⁵⁴⁵ Malay Mail, December 1st 1923

⁵⁴⁶ Saudara, 15th October 1932

⁵⁴⁷ Saudara 9 May 1931, cited in (Khoo 1981) p. 101

economic development and Malaya's emerging plural society. In one of his editorials, Rahim Kajai wrote:

"If they're still dissatisfied, the government can inform these foreigners that the "protection" of the Malays isn't like the protection of the deer in the forest by the game warden, who sees to it that the deer isn't killed by hunters but allows it to be preyed upon by other enemies such as the tiger and other carnivorous animals living in the same forest."⁵⁴⁸

In the 1930s, Malay publications also fed on Malay fear of political and economic obsolescence. Malay publications were never short of ideas when it came to reminding Malays of their marginal role in the political economy. The *Majallah Guru*, for instance, carried a review of the book by British writer A J Toynbee. Toynbee was convinced of Chinese dominance in Malaya's political economy stating that:

[T]he race for wealth and power remains between the British and the Chinese... But I have not the slightest doubt of the conclusion of this peaceful race: the Chinese will win.[....A] truly significant mark that the British Empire can leave in Malaya when she withdraws is the transformation of this country into the Nineteenth Province of China "⁵⁴⁹

The role of Malay publications and Malay elites in rallying Malay nationalism would not be complete without mentioning the *Utusan Melayu*. The *Utusan Melayu* was formed in 1939 by a

548 Majlis, 17 December 1931

549 Majallah Guru, March 1930 pp 47 – 48, cited in (Soernarno 1960) p. 12. Also in (Toynbee 1931) p. 156 . Also cited in (Emerson 1964)

group of Malay journalists, personalities who would later take on important political roles. Its founding fathers wanted a publication that “would be owned and financed as well as staffed by Malays of the Archipelago.”⁵⁵⁰ Its founding fathers include Rahim Kajai, Haji Embok Suloh, Daud Shah, Yusoff Ishak (who would later become the first *Yang diPertuan Negara* or President of Singapore) and Ishak Mohamed, who was one of the founding fathers of the Kesatuan Melayu Muda (KMM).⁵⁵¹

In its early years, the *Utusan Melayu*’s articles did not veer too much from other mainstream Malay newspapers, touching on issues of Malay underdevelopment and the need for Malays to invest in education and to take an active role in Malaya’s economic development. At times, the paper made pungent remarks on non-Malays, particularly the Chinese. Some of its more scathing articles include “*Orang Melayu di-perbuat seperti lembu*” (*Malays treated like cattle*) and “*Negeri Besar – Rakyat Miskin*” (*Great Country – Poor People*).⁵⁵²

The above description yet again demonstrates how the formation of the FMS, far from emasculating Malay political dominance, contributed to a series of institutions that led to the growth of a pan-Malay consciousness and a more cogent Malay political expression. In summary a perfectly rational British policy of preserving Malay *de jure* power had created self-reinforcing mechanisms that over time consolidated Malay political expression and created Malay-based institutions. These institutions came in the form of Malay political and social

⁵⁵⁰ (Roff 1967) p. 174

⁵⁵¹ The *Utusan Melayu* was founded in 1939 after a group of Malay activists wanted a publication that “would be owned and financed as well as staffed by Malays of the Archipelago.” They raised \$12,5000 mainly from ordinary Malays – taxi drivers, hawkers and small farmers. See (Roff 1967) pp 174-176

⁵⁵² 31 May 1939 and 1 June 1939

organisations and the growth of Malay elites, and they were supplemented by a plethora of active Malay publications.

The rise of Malay nationalism in the 1930s also coincided with a period where new actors – who had for a long time been incorporated into the political and economic structure – were also starting to make greater demands for economic and political resources. The 1930s also saw increased politicisation of the Chinese community. This politicisation gained further ground with the active promotion of transnational Chinese politics by the Kuomintang and the Malayan Communist Party. Such politicisation of the Chinese masses would play a big role in defining Malaya's future development trajectory, as we shall see in the next section.

Chinese and Chinese Transnationalism

The 1930s witnessed the continued promotion of Chinese transnational politics in Malaya. The continued growth of Chinese transnational politics during this period was due to a number of factors. First, transnational politics in the 1930s rode on the momentum gained during the early twentieth century. As mentioned before, Chinese transnational politics in the early twentieth century was aided by the colonial administration's tolerance of the promotion of Chinese political activities in Malaya, first by the Manchu government and then by the Kuomintang (KMT) movement. It was only in the late 1920s that the colonial administration imposed tighter measures to curb Chinese transnational political activities. This late intervention, however, proved ineffective as transnational political organizations had already developed deep operational networks in the Malay states. Any British effort to curtail Chinese transnational

politics would be met with creative ways at circumventing restrictive colonial policies. For instance, the British authority's crackdown on the KMT activities in 1925 that resulted in the formal dissolution of all KMT branches and sub-branches did little to stop KMT activities⁵⁵³. To avoid the authority's detection, the KMT used proxy organisations such as reading rooms, night schools and cultural bodies to promote their propaganda. In fact, in the years after the British clampdown, the KMT activities in Malaya became more pronounced and even more so after the formation of the Kuomintang government in China in the late 1920s.⁵⁵⁴

Second, the economic uncertainties of the 1930s made transnational politics especially appealing to the Chinese community. During this period, the Chinese remained largely an unsettled population and the economic uncertainties made it more difficult for the community to treat Malaya as home. The depression years, for instance, left many Chinese unemployed, which prompted the introduction of the Immigration Restriction Ordinance (IRO) in 1928 and the Aliens Ordinance (AO) in 1931 to limit the number of Chinese migrants. While some Chinese chose to go back to China, others remained in Malaya, staying on the fringes of mining towns by setting up squatter settlements. For those who remained in Malaya, economic desperation drew many towards China's political struggle and as Ratnam (1965) put it, "one is struck by the complete domination of the community's political life by external issues."⁵⁵⁵

553 CO 717/45 File 30039, Cabinet 32(25): Extract from Conclusions of a meeting held on a Wednesday July 1st 1925 p. 256.

554 The KMT's Northern Expedition aimed at China unification, saw the arrival of Chinese emissaries like Tshui Kwong Siu to Malaya in 1926. Tshui was tasked to encourage KMT activists to revive KMT branches and to garner Chinese support.. In 1927, KMT branches in Malaya sent 49 delegates to China to attend the First Delegates Conference of the Nanyang Head Branch to discuss the future course of KMT branches in Southeast Asia. (Yong C F 1984a) p. 95

555 (Ratnam 1965) p. 12

Given the social and economic difficulties of the time, it is no surprise that in the depression years of the 1930s, Chinese squatter settlements became fertile ground for Chinese transnational political organizations, particularly the Malayan Communist Party (MCP). In fact, Chinese squatter settlements became such good grounds for the MCP to recruit members and gain sympathisers that it prompted the British authority in the 1950s to set up *Kampong Bahru* (New villages) during the Malayan Emergency to alienate rural Chinese from MCP's influence.

Finally, Chinese transnational politics was given a further boost by a Chinese government that continued to encourage overseas Chinese to support China's political and economic cause. In 1929, China's Kuomintang-led government issued a law on Chinese nationality that stipulated that persons of Chinese race, wherever they were born, were considered as Chinese nationals. Although there was the possibility of "denationalisation", there was reluctance to "denationalise" on the part of overseas Chinese. This reluctance was due to the uncertainty of their residential status in Malaya at the time. Also, the strict set of regulations imposed by the Chinese government for those who wanted to "denationalise" served only to discourage overseas Chinese intentions to so.⁵⁵⁶

In the aggregate, Chinese transnational activities grew more pronounced in the 1930s. In fact, Chinese transnational politics picked up momentum during the years of the Sino-Japanese War of 1938. During the KMT movement in Malaya became an important arm in the KMT's

⁵⁵⁶ To "denationalize" the Chinese government impose conditions that the applicant must give the complete details of the place his ancestors were born in China. On top that he had to secure two mercantile guarantors to testify that he had no military service liabilities. Denationalisation was not allowed for Chinese "who has attained military age, is not exempted from military service, and has not yet served in the army" Minute by Edward Gent, 7 October 1941, CO 323/1626 no. 2255/3 cited in (Lau 1989) p. 218

Nationalist Salvation Movement.⁵⁵⁷ We turn now to describe the KMT's activities during this period.

Consolidation and Control of Chinese Transnational Politics

It was apparent that by the 1930s, the British authority had problems curbing the growth of Chinese transnational activities. The colonial administration did make attempts to limit Chinese transnational activities. In 1925, the administration dissolved all KMT branches and prosecuted KMT leaders.⁵⁵⁸ But the measures did little to limit KMT activities as the KMT turned to proxy organisations to promote its activities. In fact, in 1930, the British government was forced to soften its policy on the KMT after the formation of the Kuomintang government in China. In that year, the British government came under strong diplomatic pressure from the KMT government to lift the ban on KMT activities in Malaya and to allow the resumption of KMT branches in Malaya. The KMT government argued that it would be wrong to ban the KMT activities as the Chinese in Malaya still had deep affiliation to China's political development. In return, the Chinese government gave the assurance that the KMT branches in Malaya would not have extremist elements that could pose a threat to the British administration. Under diplomatic pressure, the British government decided to lift its ban on KMT membership in Malaya but it still refused to allow KMT branches to be re-established in Malaya.⁵⁵⁹ Despite the

557 (Yong 1977) p. 198

558 1st July 1925, CO 717/45 File 30039. in (Yong C F 1984b) p. 91

559 (Ratnam 1965) pg. 12

closure of KMT branches, the KMT activities were far from over, even when a report by the Secretary of Chinese Affairs suggested a decline.⁵⁶⁰

Transnational organisations employed various methods to sustain overseas Chinese interest towards development in China. In the 1920s and 1930s, for example, an increasing number of Chinese schools came under the influence of the KMT. Textbooks were imported from China. Schools had curricula that mirrored those of China and covered subjects such as Chinese literature, history and geography. In the coming years, Britain's tacit "endorsement" of transnational political organizations not only fostered Chinese nationalism but further contributed to a segregated educational system that remained a feature of Malaya. In fact, vernacular education became a British legacy issue, as present-day Malaysia continues to employ a dual education system: a national school system and a vernacular system.

Containing Chinese transnational politics was made more difficult by the presence of a number of key personalities, who had both a great deal of influence in the British administration and links with Chinese transnational political organizations. These personalities straddled both sides of the political divide and made it difficult for the British administration to take a clear position on Chinese transnational politics. Take the example of prominent Straits businessman Tan Kah Kee, who was well known to the British administration as a philanthropist. He was a leader of the Chinese Chamber of Commerce and was also highly involved in the KMT movement. Between 1929 and 1936, he was made an Honorary Adviser to the Overseas Affairs Committee

⁵⁶⁰ See *Monthly Review of Chinese Affairs*, August 1934 in CO 273/597

at Nanking, the new capital of the Kuomintang government. In fact, Tan was conferred the Order of the Brilliant Jade, Second Class, for his services in China. But Tan's affiliation was clearly multifaceted. In December 1941, he was appointed by the British government to head the Chinese community in the government's war efforts against Japanese invasion. Another example is Teo Eng Hock. Teo was a wealthy Straits merchant who also founded a KMT branch in Singapore. Despite his links with the KMT, in 1925, Teo was appointed Justice of the Peace by the British authority. And between the years 1926 – 1927 Teo went back to Kwangtung province and became the Mayor of Swatow.⁵⁶¹

The almost untrammelled growth of Chinese transnationalism and the self-reinforcing nature of Chinese transnational political activities in the 1930s made its removal difficult. Besides the KMT, the 1930s saw the presence of another movement that was attractive to the Chinese community - the Malayan Communist Party (MCP). In the period between 1930 and 1950, the MCP became an important political factor, one which British administration could not discount in its policy calculation of Malaya. We turn to this next.

Communism in Malaya

Was the Communist movement in Malaya in the 1930s transnational in character? Why was the Communist movement in Malaya especially appealing to the Chinese community? Why did the MCP fail to develop into a class struggle movement?

⁵⁶¹ (Yong and McKenna 1990)

It is true that, unlike the KMT movement in Malaya, which imported China's KMT political struggle into Malaya, there are no documents explicitly linking the Malayan Communist Party (MCP) as an external arm of the Chinese Communist Party (CCP). However historical evidence suggests that there was a close link between the MCP, the Chinese community and the communist political struggle in China. There is evidence that early communism in Malaya drew its inspiration from China's political struggle and that membership of the MCP, including its top leadership, came almost exclusively from the Chinese community. And its efforts to obtain support, the MCP targeted the Chinese community by appealing to their concerns about China.

Communism started in Malaya in 1925, as a result of the Soviet-Kuomintang collaboration in 1923, which encouraged the spread of communism to the *Nanyang* (Southeast Asia). In 1925, Chinese communist agents were sent to Malaya and used Chinese *Hailam* night schools, trade unions and youth movements to propagate communist ideology. The purging of the communists by the KMT leader Sun Yat Sen in China, and the breakdown in the Soviet-KMT alliance in 1927, led to a reorganisation of the communist movement in Malaya. In 1927, five Chinese Communist Party agents were sent to Malaya for the purpose of establishing the Nanyang Communist Party in 1927, which, at the time, came under the control of the Chinese Communist Party. There was further reorganisation of the movement in later years. In 1930, the Nanyang Communist Party was dissolved and replaced by the Malayan Communist Party (MCP). ⁵⁶²

562 (Brimmel 1956) provides a good account of the origins of the communist party in Malaya.

In the early 1930s, however, the MCP made little headway in garnering broad support. Unlike the KMT, which had wealthy Chinese *towkays* in its ranks, the MCP could not tap the influential Chinese business organisations for support. It drew its support mainly from Chinese youth movements and labour unions. Only in the second half of the 1930s did the MCP manage to mobilize significant support using labour unions to stir up support and stage mass agitation. In 1936, it took advantage of a recovering economy and high tin and rubber prices by organizing labour agitation to demand wage increase using its labour arm, the Malayan General Labour Union.⁵⁶³ The strikes were sporadic and carried out in various strategic locations in Perak and several tin- mining areas in Selangor.⁵⁶⁴ The MCP's efforts, however, failed to trigger wider unrest. The failure was due to two reasons: first, the MCP's lack of organisation and control over the unions and second, a nascent labour-union movement that saw little reason to support the movement at a time when the economy was recovering. The MCP's militant posture and involvement in the labour unrests, however, moved the British authority to crack down on its activities. In the period 1930 - 1938, nearly thirty of MCP's top party officials were deported to China under the Banishment Ordinance.⁵⁶⁵

The Sino-Japanese war in China, however, gave the MCP the much-needed platform to raise its profile.⁵⁶⁶ The MCP used overseas Chinese concerns about China's political development to

563 (Pye 1956) p. 60 see also (Brimmel 1956) p. 12

564 (Pye 1956) p. 60

565 Monthly Review of Chinese Affairs, 96 (August 1938) in CO 273/646. Also see CO 273/646, File no. 50500/38, the Governor SS to Malcolm Macdonald, Colonial Office, 5 Oct 1938 cited in (Yong 1977) p. 200

566 Monthly Review of Chinese Affairs, 96 (August 1938) in CO 273/646. Also see CO 273/646, File no. 50500/38, the Governor SS to Malcolm Macdonald, Colonial Office, 5 Oct 1938 cited in (Yong 1977) p. 200

great advantage.⁵⁶⁷ In 1935 the MCP established an anti-Japanese movement in Malaya prompted by initiatives made at the Seventh Comintern Congress in China that year. In 1936, seven communist agents from China were sent to Malaya to help establish the anti-Japanese movement. In 1937 the MCP set up the Overseas Chinese Anti-Japanese National Salvation Association, an exclusive movement open to Chinese of all political views, to aid China's war with Japan.⁵⁶⁸ The MCP also set up the Overseas Chinese Anti-Enemy Backing Up Society (AEBUS) to rival that of Tan Kah Kee's KMT-linked China Relief Fund Committee.⁵⁶⁹ The setting up of AEBUS led to the establishment of numerous other Backing-Up Societies linked to the MCP. These were Chinese organisations ranging from shopkeepers' associations to youth movements (see Table 5E). During the years 1937 – 1941 these organizations became part of the movement that stirred up mass agitation, which included industrial unrest, active propagation of communist ideology to the working class and aggressive recruitment of new members. One of the MCP's moves at stirring up support included calls to boycott Japanese goods, which gained wide appeal from Chinese businesses and the Chinese community. In the years leading up to the Sino-Japanese war, the MCP organised tours to Chinese schools and brought in speakers from China to talk about China's current struggle in Shanghai and parts of China. It also set up branches in areas with large concentrations of Chinese, with these branches doubling up as a form of social organisation for the Chinese community.⁵⁷⁰

567 The late 1930s saw the MCP raising its "ideological level" which helped to raise its appeal (Pye 1956) p. 59

568 (Brimmel 1956) p. 12

569 (Yong 1977) p. 201

570 (Pye 1956) pp 63 – 64

The above example shows that the MCP appealed to Chinese transnational tendencies to gain wide membership, and it realised that the best way to do this was to ride on overseas Chinese anti-Japanese sentiment. The MCP efforts paid off as the party saw growing membership. Its members however were largely China-born and Chinese-educated comprising of workers, union leaders, shopkeepers, teachers and journalists. The party was especially appealing to Chinese-educated scholars who left China after they had failed to secure administrative positions in China. The MCP was also attractive to Chinese workers, the group most affected by the depression and who saw in the MCP an organisation that was capable of providing them with support, akin to earlier Chinese organisations, the *kongsis*.⁵⁷¹

The MCP's disproportionate preoccupation to build-up support from the Chinese community would however come at a political cost in the future. The party's zealousness in championing Chinese transnational politics meant that it gave little priority to obtaining membership from Malaya's other communities. The MCP's wide appeal to the Chinese community "increased the tendency of all racial groups to consider the MCP a Chinese activity"⁵⁷² and "created a racial barrier that made it increasingly difficult for Indians and Malays to accept the idea of joining a predominantly Chinese party."⁵⁷³

The MCP's image as a Chinese party was entrenched by the expectations of its own members. MCP members saw little need to appoint non-Chinese into leadership roles because they "came

571 See Lucian Pye pp 53 - 54

572 (Pye 1956) p.57

573 (Pye 1956) p.57

to recognise that those Indians and Malays who joined them were outcasts from their racial communities and generally misfits with extremely limited abilities.”⁵⁷⁴ Such expectations reinforced future expectations as even the mode of communication within the MCP was in Chinese because, as Pye (1956) points out

“Efficiency required that the language used in the party be Chinese, and since good communications were maintained with the Chinese Communist Party, the great bulk of Communist literature available in Malaya was in Chinese.”⁵⁷⁵

The MCP’s lack of foresight to recruit non-Chinese proved costly. Its exclusive priority towards the Chinese community merely ended up in the MCP being part of a repertoire of exclusive Chinese institutions. Increasingly, the conduct of the MCP was seen by the Malayan public not as an “ideological”, a “Malayan” or a class movement, but as a movement that strongly identified itself in furthering a “Chinese” interest. This would have consequences when the MCP attempted to negotiate across the institutional divide that existed between Malaya’s autonomous communities in the post-war years. We will turn to this in the next chapter.

Increasing returns suggest that unwinding Chinese transnational links would be difficult. Understandably, it was also during this period that the colonial administration started to tinker on the possibility of weaning off Chinese community’s transnational ties by looking at the possibility of granting Chinese Malayan citizenship. This was a major step as it symbolises for

574 (Pye 1956) p.57

575 (Pye 1956) pp 57-58

the first time, British concern on the need for Malaya to reconcile the presence of autonomous communities with exclusive institutions. We turn to this next.

Transnationalism and Citizenship

The 1930s also saw the colonial administration exploring ways to curb Chinese transnational politics. In the 1930s, the British authority mulled over the idea of a Malayan citizenship for Chinese. In 1931, British wanted to declare all Chinese born in Malaya as “British Protected Persons” and to effectively nullify overseas Chinese status as Chinese nationals. The plan, however, was abandoned because such a policy would have contravened International Law.⁵⁷⁶

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In 1935, the colonial administration revisited the idea. This time, the British Foreign Office tinkered with the possibility that “pressure could be applied on the rulers to approve the necessary legislation (and to make) local-born Chinese their subjects.”⁵⁷⁷ This plan did not take off.

Noting the difficulty of convincing Malay rulers to implement such legislation, the Colonial office came up with another plan: to convince the Malay rulers to allow the British government a limited grant of jurisdiction that would allow the British authority to declare Chinese born in or resident in Malaya as British Protected Persons.⁵⁷⁸ In 1936, the Colonial Office instructed

⁵⁷⁶ Clementi to Cinliffe-Lister, 3 Mar 1932, CO 323/1177 no. 90297 ; also G R Warner (FO) to R V Vernon, 1 Jun 1933 no. 90297) cited in (Lau 1989) p. 218.

⁵⁷⁷ Cowell to Beckett, 20 th February 1936, CO 323/1262 no. 30330/3)

⁵⁷⁸ (Lau 1989) p. 219

Shenton Thomas to discuss issues of nationality with Malay rulers including the possibility of changing state nationality legislation.⁵⁷⁹ In 1939, Shenton Thomas reported that there might be difficulty as the laws in the Malay State stipulated that nationals must be of the Malay race and that in the case of the Chinese community it was “not easy to see anyone can prove that he-or she- is of Malay race.”⁵⁸⁰

Clearly, the move to grant Chinese Malayan citizenship was the quickest option to delink Chinese transnational affiliation. But the road block to granting citizenship, given the existing laws in the Malay States, made the issue of Chinese transnational politics a continuing challenge to the colonial administration during this period.

The British proposal to grant Malayan citizenship to the Chinese in the 1930s is consistent with this thesis’ path-dependent argument. The political and economic dominance of the Chinese community gave rise to new expectations and necessitated the need to further incorporate and engage the Chinese into Malaya’s political structure. In the coming years - after the Japanese war – the British authority again attempted to grant citizenship to Chinese. The Malayan Union and the various negotiations that culminated in the Federal Constitution were all efforts to negate transnational ties and to grant citizenship to non-Malays.

579 10 August 1936, Ormsby-Gore to Thomas Shenton, CO 323/1364 no. 2255/3

580 28th Jun 1939, Shenton Thomas to Malcolm Macdonald CO 323/1626 no. 2255/3

Conclusion

Up until now the thesis has attempted to paint a coherent picture of the formation of two autonomous groups, with mutually exclusive sets of institutions. It has described how rational British policy (given the institutionally short-term horizons of British administrators) that attempted to preserve Malay *de jure* power (because it would have been overwhelmingly costly to use force to dismantle it) had subsequently created a Malay nationalism with its own set of institutions and expectations. It has also described how British policies in the 1930s that continued to incorporate the Chinese into the political economy (also the consequence of perfectly rational British strategy of earlier periods) gave rise to the formation of a powerful Chinese autonomous community that had institutions with strong transnational linkages. The chapter also later explained how the institutions of both communities were reinforced over time in a fashion that would in turn give rise to dense institutional networks that further consolidated exclusive sets of institutions.

These two sets of autonomous groups, which had been made to function thus far by a colonial manager, would find themselves facing the challenge of attempting to find an arrangement that could best reconcile the presence of their mutually exclusive set of institutions. The post war years would see, for the first time, Malaya's two autonomous groups seeking various institutional permutations that could best distribute political and economic resources and bridge the institutional divide. As it turned out, these attempts were far from smooth and would set the tone of Malaysia's political and economic character. We turn to this in the next chapter.

Appendix

Table 5A
Tin Production and Employment

	Average Tin Price		Production		Employment	
Year	£Per Ton	% Change	Tons	% Change	Number	% Change
1929	204		70,000		104,000	
1930	142	-30.4	65,000	- 7.1	81,000	-22.1
1931	119	-16.2	53,000	- 18.5	57,000	-29.6
1932	136	+12.5	28,000	- 47.2	44,000	-22.8
1933	195	+30.3	24,000	- 14.3	43,000	-2.3
Source : Adapted from Yip (1969) Appendix 1						

Table 5B
Rubber Prices and Output

Year	Rubber Prices (cents/lbs)	Output
1918	64.3	NA
1919	80.7	NA
1920	75.7	105,557
1921	31.1	NA
1922	28.8	NA
1923	51.2	66,685
1924	49	54,077
1925	114	65,158
1926	80.5	112,547
1927	64.3	92,289
1928	36.8	100,233
1929	34.6	144,578
1930	19.1	140,789
1931	9.8	141,457
1932	7	140,525
1933	10.2	137,363
1934	20.6	147,417
1935	20.2	133,067
1936	27	125,005
1937	32.1	166,255
1938	24.1	129,728
1939	31	243,000
Source: Jomo K S (1986), Table 6.1, pp 158 -160		

Table 5C
Chinese - locally born (Percent)

1921	20.9
1931	29.9
1947	63.5
1957	74.5

Source: (Ratnam 1965) pg.9

Table 5D
Chinese - Females per thousand males

1911	215
1921	371
1931	486
1947	815
1957	926

Source: Ratnam (1965) pg. 8

Table 5E List of MCP-led front organisation
The Chung Hwa National salvation Society
The Chung Hwa National Salvation Backing-up Society
The Singapore Overseas Chinese Anti-Japanese Mobilisation Society
Resist - the- Enemy and Exterminate the Traitors Volunteer Corps
The Singapore Shop Assistants Resist-the-Enemy Backing up Society
The overseas Chinese Youths National Salvation and Exterminate the Traitors Volunteer Corps
The Singapore overseas Chinese all circles resist-the-enemy Backing society
Malayan Chinese vocational workers' anti-enemy Backing Society
Malayan labourers anti Japanese corps
The Malayan Chinese national salvation corps
Exterminate the traitors corps and mobile troops
The iron and blood corps
The racial revival corps
The Chinese-anti enemy national salvation traitor removing corps
The Malayan overseas Chinese students' anti-enemy Backing- up Society
Singapore Chinese various trades shop assistants Anti-Enemy Backing up society
Overseas Chinese anti-enemy national salvation society
Singapore Chinese national salvation service corps
Youth national salvation union
Sources: various issues of Monthly Review of Chinese affairs from August 1937 to May 1939. The last three organisations on this list were founded in 1940 after the claimed destruction of various branches of AEBUS. For this information see CO 273/666, File No. 503336/41.Extract from the Malaya Combined Intelligence Summary, 9 (1 November to 30 November 1940) cited in (Yong 1977) pg. 201.

6: The Post-war years and the Consociational Logic

This chapter captures the post war period that brought further complications to Malaya's political scene. The end of the war saw a different Malaya, much troubled by the political, social and economic upheavals that the war had brought. It was a Malaya that saw its significant actors re-evaluating the political arrangement of the pre-war years. To Malaya's actors it was increasingly obvious that the old rules of engagement, where Britain stood as the prime arbiter in distributing resources would have to make way for a new political arrangement. This would then see the formation of an independent Malaya with its own institutional arrangements.

The chapter is divided into two main parts. The first part will describe the period between the end of the war and the abandonment of the Malayan Union proposal. This period laid bare the potency of the presence of autonomous communities with exclusive institutions. This period saw the radicalisation of ideas and the precipitation of political clashes along communal lines. The early post-war years saw Malaya experiencing its first ethnic clash with the MCP at the centre of the strife. This period also saw Malay nationalism hit a crescendo given the Malayan Union episode. The period would also see the proliferation of social and political organisations, a period in which Harper (1999) describes as the "Malayan Spring" which was brought on Britain's aim to relax rules of association and promote of a civil society.

The second and final part of the chapter will describe how Malaya's two autonomous communities attempted to negotiate their competing political and economic demands and to

find the best option to distribute resources given the prevalence of exclusive institutions. This period saw various institutional arrangements or permutations being put up by Malaya's two communities that could best reconcile the presence of mutually-exclusive institutions. Before we deal with these events, it is best now to look at the counterfactuals and discuss events that could have put Malaya's political economy on a different path trajectory.

Dealing with Counterfactuals

The events that followed the end of war invite few questions. First, why didn't a class struggle promoted by the likes of the MCP, the KMM and later the MNP, MDU, the AMCJA and PUTERA obtained broader appeal of the Malayan masses? A broad based pan-Malayan class struggle would have unsettled the colonial administration especially after leftist struggle had taken firm roots in various parts of Malaya during the war. Also a post-war Malaya that was politically and economically fragile - especially given the power vacuum soon after the Japanese withdrew - would have provided ground for mass class mobilisation. Second, why did the Malayan voters reject the non-communal political platform proposed by the Independence of Malaya Party (IMP)? A resounding vote for the IMP would be a confidence booster that could possibly spell the end of ethnic-centred politics in Malaya? Third, why did the colonial administration allow for the development of the UMNO and the MCA, which, indirectly, gave a tacit endorsement of communal politics?

As described in the last chapter, the class struggle was evident from the 1930s. In fact, the post-war period saw class imperatives taking further root in defining Malaya's political expression. It

was palpable during the period that Harper (1999) describes as the ‘Malayan Spring’, a period when Britain relaxed the pre-war laws that restricted political association and introduced new rules of engagement to encourage the formation of a civil society. The “Malayan Spring” unleashed a fervent display of leftist/progressive voices, most of which stood at the periphery of Malaya’s political economy. These voices rode on the restlessness of a post-war population which was hit by an agrarian crisis, unemployment and rural terror.

But despite the impressive range of leftist/progressive organisations, Malaya’s class struggle existed within ethnic silos and only added to the institutional density and entrenched the existence of mutually exclusive communities. The chapter will describe the proliferation of Malay left organisations in the likes of the KMM, *Angkatan Pemuda Insaf*(API) and the Malay Nationalist Party(MNP) led largely by non-aristocratic, Malay and Islamic - educated leaders like Burhanuddin Helmy, Ibrahim Yacob and Ahmad Boestamam. Along similar lines, the chapter will also describe how Chinese, mainly rural communities sought support from triads, the KMT guerrillas and the MPAJA and the Chinese Chamber of Commerce for control of economic resources, organisations that only added to Chinese-based institutions.

These organisations presented alternatives to existing leadership but they stopped short from assuming a truly Malayan struggle. Two reasons can be made of Malaya’s failure to develop into a pan- Malayan class struggle. One obvious reason is that Malaya’s organisations continued to champion the cause of specific ethnic communities in order to obtain support and legitimacy. Another reason, perhaps more important reason, is that the growth of these organisations was

stifled by the presence of a strong state. The forceful imposition of emergency laws in 1948, for instance, contributed to lack of membership and mass support for the MCP and many left organisations. The colonial administration's "resettlement programs" for squatters that took the form of "New Villages" also exhausted the membership of these organisations.

In fact the post war period saw the development of trade unions that might hold out the hope of "collective action across communal boundaries"⁵⁸¹ and act as vehicle for mass class expression. The labour movement however failed to make much of an impact for several reasons. First, labour movement's association with the MCP proved costly. As the state grew more intolerant of the MCP and ended up designing various ways that curbed the growth of the MCP, the labour movement also suffered from strong state action. Second, the imposition of a strong state through the introduction of emergency laws plus a recovering Malayan economy put to rest any thoughts of union militarism. The Emergency and a strong colonial state brought back discipline to the labour force and this is evident from the sharp drop in union membership⁵⁸². Finally, perhaps most important, trade unions were not only weak and divided, they took on ethnic dimension. Harper (1999) for instance describes how unions became focal points to serving ethnic interest, pointing out that it is "unsurprising then that the most powerful unions such as the NUPW⁵⁸³ became communal enclaves...[and] ...[t]o the advancement of a communal interest."⁵⁸⁴ Other works also support Harper's view. Dan Slater's (2010) recent work explains that "class conflict did not so much overshadow the communal

581 (Slater 2010) p. 79

582 Between December 1948 and May 1949, trade union membership dropped from 70,000 to 40,434. See also the various measures put up by the state to curb the various labour movement unrest in Malaya. see (Harper 1999) Pp 207- 209.

583 NUPW stands for National Union of Plantation Workers

584 See (Harper 1999) p. 214

frictions of 1945-1948 as it exacerbated them.”⁵⁸⁵ Gamba’s (1962) work on Malaya’s trade unionism also supports such a claim saying that Malaya’s labour unrest had a “peculiar communal flavour.”⁵⁸⁶ These works support the thesis argument that Malaya’s politics at this point were overwhelmingly coloured by the presence of autonomous communities with exclusive institutions.

Malayan public rejection of the IMP’s non-communal platform was also puzzling because by rejecting the IMP’s agenda, the Malayan public actually endorsed communal politics. The IMP’s failure to convince the Malayan public could be due to many reasons. First, IMP’s failure to impress could be due to its own unpreparedness and lack of effective election machinery. The IMP’s loss could be also be due to the lack of Chinese support after the MCA, whose leader, Tan Cheng Lock initially promised to be part of the IMP, decided not to support the IMP’s political ideas. Finally, the IMP’s failure could be due to the overwhelming dominance of Malaya’s autonomous communities with mutually exclusive institutions. As will be discussed below, choosing IMP’s non-communal politics would require a huge leap of faith. Sadly, at this point of Malaya’s history, trust between Malaya’s autonomous communities was in short supply; the presence of exclusive institutions made trust a scarce resource.

Finally, the colonial administration tolerated the development of the UMNO and the MCA because these organisations took on key roles in the Malayan Union episode and during the start of the emergency. In fact, in its attempt to stem leftist struggles in Malaya, the colonial

585 (Slater 2010) p. 79

586 (Gamba 1962) p. 225

administration became accidental promoters for the UMNO and the MCA. This chapter will describe how the British administration established the Communities Liaison Committee (CLC) that involved key would-be UMNO and MCA leaders. The colonial administration also exposed the UMNO and the MCA to the difficult task of public policy making that demanded a more realistic approach to problem solving. The administration also roped in UMNO members to draft the Federation Agreement after the collapse of the Malayan Union proposal. The administration also asked the MCA to assist in the setting up of the New Villages. As it turned out, the MCA played a crucial role to help curtail the MCP's and other leftists' influence over rural Chinese settlers. The chapters will further elaborate the UMNO's and MCA's growing importance.

To put into better perspective, post-war Malaya saw its main political actors experimenting with different political permutations, each of which could well produce a different political and economic trajectory. The chapter will describe that three arrangements were tried out viz. consociationalism, integration which involves the merging of communal interest and secession, which involves partitioning Malaya into two distinct near-homogenous states. In the end, the results of the various municipal elections and the crucial Federal election in 1955 indicate that both the Malayan public and Malayan elites realised that the dynamics of Malaya's political economy determined that competing demands could only be met by a consociational arrangement. We look now at the growth of Malay leftist organisations and how such movements only added to the continued presence of autonomous communities with exclusive institutions.

Malay Nationalism and the Malay left

Japanese rule recalibrated Anglo-Malay relations that were previously pivoted on British-Malay elite nexus. Japanese occupation gave rise to a new form of Malay nationalism and fermented ideas like “*semangat* (spirit) and *pemuda* (youth)”, that broke away from traditional elitism⁵⁸⁷. During this period, Malay political expression further developed into class lines. Malay political expression became more eclectic. Besides having English-educated aristocratic Malay elites, Malay politics began to see the emergence of Malay-educated, Islamic-trained elites like Ishak Muhammad, Samad Ismail, Ibrahim Yaacob and Burhannuddin Helmy. These personalities propagated ideas that contested traditional Malay political arrangements. Their views took on significance as these personalities were active in Malay war-time publications such as *Berita Malai*, *Semangat Asia*, *Fajar* and *Matahari Menaca*.⁵⁸⁸

The post-war years would see the Malay left-wing *Kesatuan Melayu Muda* (KMM) - headed by Ibrahim Yaacob - changing its stripes several times but without losing its brand of nationalism. During the Japanese Occupation, the KMM worked closely with the Japanese force and took the name *Giyun Gun*. It was later renamed *Pembela Tanah Ayer* (PETA), a militant outfit commanded by Ibrahim Yaacob who was made Lieutenant-Colonel. PETA's objectives mirrored those of the KMM's. PETA cooperated with the Japanese in so far as it would serve its objectives of independence and Malaya's merger with Indonesia. Ibrahim Yaacob was still convinced of the idea of merger with Indonesia, so much so that during the closing months of Japanese rule, he met briefly with Indonesia's Sukarno when the latter made a brief stopover in

587 (Harper 1999) p. 46

588 (Harper 1999) p. 46

Malaya to discuss the possibility of Malaya joining Indonesia.⁵⁸⁹ In the final days of the Japanese Occupation, Ibrahim Yaacob fronted another organisation, a new nationalist movement called the *Kesatuan Rakyat Istimewa* (KRIS). The KRIS had a similar ambition to that of PETA in seeking for independence and Malaya's merger with Indonesia, and had as its founding members known Malay personalities like Onn Jaafar, Ishak Muhammad and Burhanuddin Helmy.⁵⁹⁰

In the immediate post war years, the 'Malayan Spring' saw a proliferation of Malay proletariats organisation. As Harper puts it " this was Malaya's 'age in motion' where many Malay associations were known by dynamic acronyms of Malay words such as 'fire', 'beware', 'the plan' and their leaders sought to introduce new kinds of political language."⁵⁹¹ In the months after the Japanese surrender, there were small political organisations that identified with KMM's idea of a merger with Indonesia. Some of these organisations included Gerakan Angkatan Muda (GERAM), *Pembantoe Indonesia Merdeka* (PIM) and *Persatuan Kaum Buroh Indonesia* (PERKABIM). There were also other organisation who were more localised and directed to local issues ranging from local agricultural joint schemes, cooperatives to education. Rural communities for instance set up *sekolah rakyat* (people's schools) to help rural education. At other times these associations took on national proportion as during the Malayan Union episode where Malay school teachers and *ulamas* (religious scholars) came together to oppose the Union.

589 Read (Soernarno 1960) pp 20 - 21

590 (Harper 1999) p. 47

591 (Harper 1999) p. 116

Among the new Malay left organisations, the Malayan Nationalist Party (MNP) perhaps stood out as a counterweight to the largely English-educated aristocratic elites of the UMNO. The MNP was established in 1945 and helmed by Burhanuddin Helmy. The MNP did join the UMNO briefly during the Malayan Union episode only to leave the party in 1946 after its youth wing the *Angkatan Pemuda Insaf* (API) walked out after UMNO delegates refused to adopt the flag of Indonesia.⁵⁹² In its decision not to join UMNO, Dr Burhannuddin Helmy was damning on the UMNO's inability to mobilise the Malay masses after the end of Malayan Union episode, saying that the UMNO's calls for unity were a guise to hide its lack of vision to implement economic and social programmes.⁵⁹³ To counter UMNO's shortfall, the MNP then came out with programmes that rivalled that of the UMNO. It set up branches in its stronghold states like Perak, Pahang and Malacca. Its youth wing, the *Angkatan Pemuda Insaf* (API) set up various organisations, taking on names with specific missions. It set up the *Barisan Pemuda Merah* (The Red Youth Front) specialising in activities like scouting, guerrilla techniques, business and agriculture. It established the *Barisan Pemuda Puteh* (The White Youth Front) an organisation for sons of fishermen. It also established *Pertahanan Tanah Ayer* (PETA) which was an elite corp which acted as a vehicle to prepare Malay youths for a militant movement. The API through the MNP also established self-help initiatives; it set up the Selangor Chamber of Commerce. In Malacca the API established a Malay Trading Association. In November 1946, the MNP formed the *Barisan Tani* (Peasant Movement) to recruit Malay peasants. It also launched the *North Kedah Peasant Association* to develop communal farming in that state. By mid 1947, *Barisan*

592 (Ahmad 1979) pp 67-22

593 (Harper 1999) p. 117

Tani had some 8,700 members and became "increasingly anti-imperialist, anti-capitalist and republican in tone"⁵⁹⁴ The API's various movements in fact triggered the British administration to limit API's political activity. Its leader Ahmad Boestamam was prosecuted for sedition after he proclaimed the slogan "*Merdeka* (Independence) through blood".⁵⁹⁵ API was banned in 1947 but the ban did little to stop Malay left movements. After API there was the *Ikatan Pemuda Tanah Ayer* in 1948. The *Ikatan Pemuda Tanah Ayer* was behind the setting up Malay Peasant Union, which started a series of Malay self help organisations like *rakyat* (People's) schools and Islamic co-operative like the *Syarikat Persatuan Islam* and trading company called *Syarikat Tani*. There was also the *Barisan Pemuda* (youth front) which toured villages and provided advice on healthcare, religion and cooperation. The period also saw attempts to form a Malay Communist Party. This was initiated Sutan Djenain, an Indonesian communists who was active in Malaya. Sutan worked with Malay MCP leaders like Abdul Rashid Maidin, Kamaralzaman Teh and Abdullah Che Dat and founded several organisations, like the Malay Communist Party, the Malay Nationalist Socialist Party and the Selangor Malay Labour Union. The partnership between Sutan and the Malay MCP leaders however broke down, putting paid to any prospect of a Malay communist movement.⁵⁹⁶

The Malayan spring also saw leadership from Muslim religious scholars or *ulamas*. Just like the early twentieth century the muslim scholars were highly critical of the Malay aristocracy and Malay royalties. A famous organisation that carried these ideas was the religious school *Ehya*

594 (Harper 1999) p. 119

595 (Harper 1999) pp 118-119

596 See (Harper 1999) for a full account.

al-Sharif at Gunong Semanggol in Perak. The school was led by Dr Burhannuddin Helmy, the leader of the *Kesatuan Melayu Muda* (KMM) and MNP. Over time, the school produced Islamic scholars and teachers who were sympathetic to the KMM's cause. In 1947, a group of religious scholars set up the *Majlis Agama Tertinggi* (MATA) or supreme religious council. MATA later called on Malay rulers to divest their religious authority to MATA. MATA also started the *Pusat Perekonomian Islam* (PERKIM) or the Centre for Islamic Economics at Gunong Semanggol which was the equivalent of the Malay chamber of commerce. PERKIM undertook efforts to improve Malay economic well being, calling on the government "to introduce special protective rights to safeguard the economic stability of the Malay people."⁵⁹⁷ The fascination over MATA and the dissatisfaction over the MNP's inability led to the formation of the *Hizbul Muslimim*, or Muslim Party in 1948 whose aim was to found an Islamic state.⁵⁹⁸ The *Hizbul Muslimin* did not last, but some of its leaders then formed the Pan Malayan Islamic Party in the 1950s which is now called *Parti Islam Se-Malaysia* or PAS.

Why did the Malay left fail to take root in Malaya's politics? One obvious reason is the presence of a strong colonial state. The Malayan Security Service at the time took on a series of moves to stamp out communism from the Malay masses. Left organisations were dealt hard. The MNP members for instance were harassed by local Malay chiefs, the Malay Rajas and the special branch.⁵⁹⁹ Ahmad Boestamam, one of the chief architects of the MNP was arrested. Another reason why the left movement failed to take root in Malaya was that these organisations

⁵⁹⁷ (Harper 1999) p.123

⁵⁹⁸The "MCP connection was the kiss of death to the MNP" that led to MNP losing legitimacy among the Malay peasantry. See (Harper 1999) p.121

⁵⁹⁹ (Harper 1999) p. 125

suffered from weak leadership and organisation. The MNP congress in 1948 revealed that the MNP was in debt worth about \$2,000 and that only 40 percent of its members paid membership fees. Another reason why the left movement failed to take hold among the Malay masses was because these organisations had links with the MCP. At that time Malays still held widespread suspicion of the MCP especially after the inter-ethnic clash after the war, which will be described below. The MCP did attempt to court the Malay ground by attempting a tie-up with *the Ikatan Pemuda Tanah Ayer* (PETA), whose members were also members of the defunct API. However, on knowing PETA's association with the MCP, PETA's congress which was held in 1948, only managed to get a mere 350 out of an estimated 10,000 API members.⁶⁰⁰ Malay leftist organisations also suffered from a lack of membership because a large portion of Malay school teachers and conservative *ulamas* were still giving support to the UMNO.⁶⁰¹

The growth of Malay leftist organisations proves an important point of the thesis; that Malaya's class struggle existed within ethnic silos. The description above proves that the proliferation of Malay-based organisation served only to add to the density of Malay-based organisations and only contributed to the growth of exclusive Malay based institutions. While it is true that the MCP managed to rope in Malay leaders, the organisation on the whole failed to develop mass Malay support despite various attempts to align itself with the MNP.⁶⁰² Such was the pull of ethnicity and traditional Malay leadership, that in a desperate measure to gain support, the MNP had to pander to the force of traditional Malay authority and as Stockwell (1979) points

600 (Harper 1999) p. 125

601 (Harper 1999) p. 127

602 MCP's Chin Peng own admission. See (Cheah 2012) p. 149

out “disguised their connection with the Communist Party and dallied with the feudal elite.”⁶⁰³

So desperate was the MNP to gain Malay support that in July 1947 Malays saw “the anomaly of the communist Abdul Rashid Maideen demanding the return of full power to the Sultan”⁶⁰⁴ in Kedah. If the war years saw the hardening of Malay nationalism and the proliferation of Malay leftist organisation, the Malayan Spring also raised the profile of numerous Chinese organisations. We turn to them now.

Chinese Politics and the Chinese Lefts

The war years raised the profile of the MCP and the KMT and contributed to the consolidation of Chinese political role in the coming years. If during the pre-war years, the MCP and KMT were at the periphery, at times irritants of the British administration, the Japanese Occupation and the post-war years brought these organisations to the centre of British policy consideration as they collaborated with the British administration during the war period. .

The war years gave a military dimension to the MCP after it offered to work closely with the British administration during the war. Days before the fall of Singapore, the MCP approached the British administration offering a guerrilla resistance army under British command in exchange for Britain providing the MCP with arms. The resistance army was named the Malayan People’s Anti-Japanese Army (MPAJA). This British-trained MCP outfit was deployed to parts of Malaya to offer resistance. Though the operation, was halted midway after rapid advances made by the Japanese army, it resumed in 1943. This time the British made further

603 (Stockwell 1979) p. 76

604 Malayan Security Service, Political Intelligence Journal no.12/47

improvement of the deal, agreeing not only to provide the MPAJA with ammunition but also financed the MPAJA operational costs by providing 150 taels of gold every month.⁶⁰⁵

The KMT also established its own resistance army to fight the war. It formed a Chinese resistance group, called the Dalforce or Force 136 which offered the British authority the last line of defence against Japanese attack. This 1000 - member resistance squad was put together by philanthropist Tan Kah Kee, the Chinese Chamber of Commerce, and the KMT-linked China Distress Relief Fund.⁶⁰⁶ Force 136 was headed by Lim Bo Seng, a Chinese Government (KMT) representative in Malaya.⁶⁰⁷ Lim put together this band of 1000men - all KMT sympathisers - soon after getting approval from General Chiang Kai Shek. Besides Force 136, the war also saw a Kuomintang-led anti-Japanese guerrilla force called the Overseas Chinese Anti-Japanese Army (OCAJA). This “One Star” KMT force, as against the “Three Star” MPAJA (MCP) force was concentrated in the north-west region of the Malay peninsula and by February 1945 had a total force of 2,000 members.⁶⁰⁸

During the war, both the KMT’s OCAJA and MCP’s MPAJA forces became the backbone of British resistance in Malaya. The MPAJA had about eight independent regiments spanning the Malay Peninsula. Even at this stage of its involvement in Malaya, the MCP held transnational ties. The MPAJA’s fifth regiment in Perak and its sixth regiment in Pahang, for instance, included

605 For the collaboration between the MPAJA and the British government read (Purcell 1948) p. 259

606 The China Distress Relief Fund was to raise money among overseas Chinese to help fund China’s war effort., Malaya was the largest contributor to the fund. (Purcell 1948) p. 263

607 Read (Purcell 1967) p. 258 and (Cheah 1977) pp 54 - 56

608 For a full account of the MCP and KMT involvement read (Harper 1999) pp 48 – 50.

veterans of the Chinese Communist Party's (CCP) 8th route army. And, out of the 1,225 MPAJA members who were killed in the war, 661 had homes in China, or an unknown place of origin.⁶⁰⁹

Despite collaborating with the KMT, the British were suspicious of the KMT's transnational links. In May 1945, the Supreme Allied Commander Mountbatten saw the KMT's struggle as that of China's not Malaya's struggle, saying that:

“[...] as members of the Kuomintang, they are affiliated with China proper and may well be used as a nucleus to spread in Malaya the strong Chinese nationalism which is manifesting itself in China.”⁶¹⁰

Mountbatten however had a different opinion of the MCP. In August 1945, Mountbatten granted the Chief of Staff full authorisation to cooperate fully with the MPAJA and to provide the unit with sufficient funds, arms and logistical support.⁶¹¹

But despite Mountbatten's confidence in the MPAJA, he knew nothing of the MCP's bigger plan for Malaya, a plan in which Britain would play no part. In 1943, the MCP came up with a nine-point programme, which underlined the MCP's intention to establish a Malayan Republic governed by a “representative national organisation”, where the MPAJA would be turned into the National Defence Army and the new Republic be allied with China and Soviet Russia.⁶¹² That message was reiterated during the “Second Enlarged Meeting” of the MCP Central Executive

609 (Harper 1999) p.48

610 Mountbatten to Chiefs of Staff, 12 May 1945 War Office, 203/2967 cited in (Cheah 1977) p. 58

611 (Cheah 1977) p. 58

612 (Brimmel 1956) p. 15

Committee, where members agreed to overthrow the Malayan government and to set up a “People’s Republic”.

The Japanese Occupation sharpened the distinction between Malaya’s autonomous communities; importantly, political and economic struggle was kept within communal silos. The post war years for instance saw various Chinese organisations riding on the fears of the Chinese community. Soon after the Japanese surrendered, Malaya saw the MPAJA, Chinese Secret Societies and the KMT carving out their control of Malayan Chinese communities. The MCP for instance kept, even strengthened, its link with Chinese community. Such a link is best captured by Purcell, the Secretary of Chinese Affairs. In describing the celebration following the Japanese surrender, Purcell wrote:

“Flags, especially Chinese flags, were flying from shops and upper stories and there was an occasional Union Jack[...].The fact was that the Chinese, especially the Communists, had expected that Malaya would be reoccupied by a Chinese army[...].Up country, it was later seen, the accent was almost entirely on the war effort of the Chinese guerrillas, the AJA and the triumphal arches and inscriptions were mostly in their honour.”⁶¹³

Besides the MCP, the KMT was also carving out control in parts of Malaya. In Kelantan, 170 KMT guerrillas managed to occupy the capital city Kota Bahru, after clashes with the MPAJA. A report which mistook the KMT control of Kota Bahru with that of the MPAJA, state that

613 (Purcell 1967) p. 263 - 264

In Kota Bahru....[t]he Chinese guerrilla occupied the town and proclaimed themselves masters. They terrorised the local peoples, robbed them, and looted their homes.⁶¹⁴

Besides the MCP and the KMT, Chinese secret societies also began to stake claims on various rural areas in Malaya. In Perak, for instance, several *Bagans* (fishing village) came under the control of the *Ang Bun Tua Kongs*i or secret society. At times rural areas were contested by numerous parties. The MPAJA for instance had control over several areas in Perak but at times their stake in these areas was challenged by other Chinese secret societies and the KMT's OCAJA guerrillas

In hindsight, these organisations worked on a Chinese community which was in need of clear leadership. The war years broke the Chinese economy, forcing Chinese businessman to flee abroad and stopped small Chinese *towkays* from operating. More importantly, the post war years saw more restless rural Chinese communities, communities that were displaced from the plantations and the tin mines and forced to settle at the periphery of towns, occupying large tracts of forest reserves.⁶¹⁵ Perak, for instance had the largest number of such squatters numbering more than 130,000.⁶¹⁶

With the squatters taking up lands on the fringe of towns and forest reserves, land became a contentious issue. It became even more so after the colonial state started to reclaim large

614 (Miller 1954) p. 51

615 (Harper 1999) p. 95

616 (Harper 1999) p. 174

tracts of land for timber revenue, to bring control to these fringe settlements and to address industries' concern on illegal occupation of land.⁶¹⁷ Existing land laws also did little to help solve the land issue as existing state laws "were not able and unwilling to alienate areas of land largely enough to satisfy the Chinese."⁶¹⁸ The inability to provide land for the squatter communities was also not helped by pressures put on the state by Malay associations which were increasingly urging the authorities to 'reverse the encroachments by non-Malays on Malay reserved lands.'⁶¹⁹ These came on the back of cases where squatter settlements encroached on Malay kampongs on the fringes of forest reserves that raised ethnic tensions. In Kedah, Malay settlers complained that Chinese settlers at the fringe of forest reserves were causing soil erosions and hurting their paddy plantations.⁶²⁰ Even when the state did relieve the squatters' demand for land, issuing about 20,000 Temporary Occupation Licenses (TOL) which was largely mining lands⁶²¹, the state was not able to provide comprehensive solutions to the squatter problems.⁶²²

In these uncertain times the KMT and the MCP with the help of competing secret societies competed for leadership of Chinese communities by carving out territorial control.⁶²³ Chinese settlements - during the post war years - were described as "state within a state" as they came under the influence of competing Chinese groups. A Force 136 official stated that "there were

617 (Harper 1999) pp 98-99

618 see(Harper 1999) p. 104

619 (Harper 1999) p. 99

620 (Harper 1999) p. 98

621 (Harper 1999) p. 102

622 . Besides Selangor, in Perak, for example, no land could be granted, except those for forest reserves or Malay reservation (Harper 1999) p. 104; "Chinese squatter settlement: summary of replies from states/settlements". FS/2318/48

623 (Harper 1999) p. 5

in the Malayan jungle all sorts of camps of Chinese who were under no sort of authority, and would have been classified as gang robbers.”⁶²⁴ The KMT (OCAJA) for instance ruled the jungle in the north of the Malay Peninsula in areas like Grik, Sungei Golok and Betong. The MCP on the other hand had control in Perak, for instance Sungei Siput and some areas in Johore. The MPAJA had control in the rural areas, while the KMT mainly took control of urban areas. At times, the KMT challenged the MCP’s stronghold in the countryside, for instance, setting up branches in urban areas like Batu Arang and Singapore. In 1948, British intelligence report suggested that 60 percent of Chinese clubs in Singapore as well as Chinese Chamber of Commerce came under the influence of the KMT.⁶²⁵ There were also a mixture of KMT and MPAJA armies in Perak and *Ulu Kelantan*. The conflicts between the MCP and the KMT to win over Chinese communities are made complicated by their links with Chinese triad societies; the KMT was affiliated with the Hung triad while the MCP had affiliation with the Han. In Setiawan and Pangkor in Perak where the MCP had a stronghold, there was all out battle by the KMT – Hung societies to reclaim these areas from MCP domination.⁶²⁶

The leadership provided by the MCP and the KMT along with secret societies, during these times were extensive. In Selangor, the KMT, acted on behalf of Chinese settlers to demand the state to take in outside settlers. Squatters were also drawn to “Peasants Union” as a platform to get their demands heard. The New Democratic Youth League, a conduit of the MCP, formed cooperative stores in Endau in Perak and Jemalang and Rompin in Pahang. The Ipoh Labour

624 (Harper 1999) p. 108

625 (Harper 1999) pp 110-111

626 See (Harper 1999) p.111

Union, under the influence of the MCP, demanded that all trees felling be done by “democratic workmen.” At Tronoh, in Perak, labour cooperative were claimed to be responsible in encouraging about 200 Chinese to attack Malays and burn them alive. In Perak, Sungkai district, Malays fled after Chinese settlers under the influence of the resistance army (MCP or OCAJA) began large scale work.⁶²⁷

It will not be right to assume that all rural Chinese communities were under the influence of the MCP, the KMT and the triad societies. But, equally, it is not wrong either to suggest that rural Chinese communities were influenced by these organizations. As Hack(2001), describes Chinese squatters supplied the MCP’s “invisible army” and that during the war Chinese looked towards the MPAJA as a “hidden force of moral power.”⁶²⁸ British Military intelligence reports also suggested that Chinese demands for access to lands had similar pattern, not random acts, hinting that there was organisation. As Harper (1999) points out “these demands were presented in a similar form and this indicated that the squatters were drawn into wider solidarities.”⁶²⁹ This is not surprising because as Harper (1999) explains the cultivators had been in contact with various militant organisations and had forged links with the resistance army during the war.⁶³⁰ The MCP for instance had a sizeable contribution to Chinese peasants’ resistance movement. In Jelebu, Negeri Sembilan, the MCP destroyed land office records.⁶³¹. The MCP also ran an article “The peasants’ struggles in Perak” in its communist periodical where it lauded the resistance shown by Sungei Siput’s peasants after they confronted forest

627 For a full description see (Harper 1999) pp 107 - 114

628 (Hack 2001) p. 114

629 (Harper 1999) p. 107

630 (Harper 1999) p. 107

631 See (Harper 1999) p. 114

workers.⁶³² There were also series of violence in areas where Chinese employers called on the KMT and the secret societies to enforce economic dominance.⁶³³ A memo by one Mr Rich of Tronoh Mines Company in December 1945 to the Colonial Office encapsulates how in parts of Malaya, the MCP's influence, still captured the imagination of Chinese communities.⁶³⁴

It seems evident from the cases above that the KMT, the MCP and the triad societies rode on the restlessness of the Chinese peasantry, hoping to mobilise the peasantry against the state. As late as 1947, an MCP publication, the "Freedom News" quoted one MCP member as saying that the role of the MCP was to remove British power and its "feudalist" Malay allies. In its place there will be a "democratic socialist Republic of Malaya, with a broad united middle class and "under the vanguard leadership of Chinese working classes" and the Communist Party.⁶³⁵ But, as Harper (1999) points out, these resistance movements failed to develop into a broad based rural revolution movement. He laments that "that this tension on the periphery could only develop into a more general challenge to the colonial state if there were ways in which this solidarity could express itself more widely."⁶³⁶ More importantly, the episode reiterates the point that Malaya's class struggle existed within ethnic silos that only enhanced ethnic-based institutions and reinforced the formation of exclusive parallel communities.

The class struggle that Malaya experienced in the post war years happened at a time when the British administration attempted to provide a more inclusive Malayan community coined aptly

632 MCP Review, No.2, May 1948, reported in MSS/PIJ/10/1948 cited in (Harper 1999) p. 114

633 see(Harper 1999) p. 114

634 Memo from Mr Rich to Colonial Office, Tronoh Mines Ltd, Kempas Section, 30 December 1945, CO 537/1533

635 (Hack 2001) p. 115; (Chin 1976) pp 117- 120

636 See (Harper 1999) p. 114

by Harper as the “Malayan Spring” - a British effort to encourage active citizenry by lifting pre-war restrictions on the formation of associations and assembly.⁶³⁷ But despite British best intentions, the “Malayan Spring” unearthed new forms of democratisation and exposed the potency of mutually exclusive institutions harnessed in the pre-war years. Put differently, the “Malayan Spring” in fact further exposed the stark differences and the competing demands of Malaya’s autonomous communities. We turn now to two events that took place in the immediate months after the end of the war that capture the change in Malaya’s political dynamic – the ethnic riots and the Malayan Union proposal.

The Post-war years: Ethnic Riots and the MCP

The post-war period unearthed the consequence of the institutionalisation process of the pre-war years. It revealed the gravity of Chinese transnational politics that had been in the works since the early part of the twentieth century. The power vacuum left in the days after the Japanese Occupation saw the MCP at the centre of Malaya’s worst ethnic strife.

The MCP and its association with Chinese politics need clarification. Even though the MCP was an ideological movement, the MCP’s class struggle was fought along ethnic lines. From the start, the MCP had problems dissociating its class struggle from Chinese political struggle. The MCP had always accepted a Chinese outlook. Its origin was Chinese, having been set up by Chinese communist agents. Its top leadership were exclusively Chinese. Prior to the Japanese War, the MCP sought Chinese support by setting up Chinese organisations. During the war, the

637 (Harper 1999) p. 56 and p.307. Also Read (Caine 1958) p. 262

MCP (through the MPAJA) had in its ranks veterans of the Chinese Communist Party (CCP). After the war, the MCP's posture suggested to the Malayan public that it was promoting a "Chinese" agenda.⁶³⁸

If anything, the MCP suffered from a perception problem. But, in moments of crisis, perception rules sentiment. To the Malay public, rightly or wrongly, the MCP was another vehicle of Chinese politics. To them, the MCP's actions in the interregnum period⁶³⁹ were not simply an ideological struggle but one that had ethnic dimensions.

The MCP's post-war power display did little to instil confidence in the Malayan public. The MCP wasted no time in filling the power vacuum in Malaya in the three weeks before an interim British Military Administration (BMA) was put in place.⁶⁴⁰ During this period, the MCP conducted its own "people's court" which saw them targeting a disproportionate number of Malays and Indians. These were suspected Japanese collaborators who were rounded up, given trial and, if found guilty, summarily executed.⁶⁴¹ Given such behaviour it would not be a surprise that the public perceived MCP's actions as pitting non-Chinese against Chinese. As Pye (1956) describes, "the fear of the MPAJA became fear of the Chinese" and many Malays "lost sight of the distinction between Chinese who were Communist and Chinese in general."⁶⁴²

638 (Purcell 1967) p. 263 - 264

639 This was the period after the Japanese surrendered and before the establishment of the British Military Administration (BMA). (14 August 1945 – 3 September 1945)

640. In days before the war ended, a secret memo was sent to MCP members that the MPAJA was a "liberation army" in the struggle to form People's Democratic Republic." In December 1945, during the "Second Enlarged Meeting" of the MCP Central Executive Committee, the Secretary General Lai Teck called for the overthrow of the Malayan government. Read (Brimmel 1956) pp 15 - 18

641 The large number of Malays and Indians was not surprising as Malays and Indians served under the Japanese administration. (Cheah 1977) p. 70

642 (Pye 1956) p. 71

In the immediate weeks after the post-war years, the MPAJA's behaviour sparked off unprecedented clashes between Chinese and Malays.⁶⁴³ Ethnic skirmishes which started in Johor soon spread to the rest of the Malay States. In the period September 1945 - March 1946, almost 400 people were killed in ethnic conflicts. The British Military Administration (BMA) reported that, during this period, 1000 people were displaced in Muar and another 4,000 in Batu Pahat, both districts in the state of Johor. There were also reported killings by the MPAJA of a Malay District Officer and Police Chief in Kluang, in the state of Johor. The British Military Authority (BMA) report in March 1946 starkly describes the extent of the racial strife:

“[T]here were later outbreaks in various parts of the country, especially in Lower Perak where in the first three weeks of January, the death toll amounted to approximately sixty Chinese and thirty Malays, and in the Raub districts of Pahang where on the 11th of February the Malays made a sudden attack on the Chinese and killed thirty and wounded sixteen, two of themselves being killed and ten wounded. The first big incident in which the Chinese were the aggressors was at Bekor, on the Perak River, on the 2nd of March when seventy-six Malays were massacred in a surprise attack made at dawn.”⁶⁴⁴

It would be obvious that the ethnic flare-up triggered by the MCP's post-war actions is a manifestation of Malaya's deep institutionalisation process in the pre-war years that had created parallel communities with mutually exclusive institutions. The ethnic strife exposed Malaya's actors of the consequences of having exclusive institutions. These actors held

643 For a full account read (Cheah 1977). The MPAJA and elements of the KMT refused to disarm.

644 H.R. Hone, Report on the British Military Administration in Malaya, September 1945 – March 1946, cited in (Cheah 1981) p. 115

different expectations of Malaya's political future which - at least in the initial years after the war - proved difficult to bridge.

The emergence of a politicised Chinese community in the post-war years was equally matched by an unprecedented display of Malay nationalism, a political expression that had been gradually honed, over the years, by British policies that catered to the preservation of Malay *de jure* power. Malay political articulation, which was mainly premised on maintaining Malay political primacy, took on fuller expression with the ill-timed British-proposed Malayan Union. We turn now to the Malayan Union proposal and Malay Nationalism.

Malayan Union and Malay Nationalism (October 1945 – June 1946)

The Malayan Union was a bold attempt at creating a unitary state by amalgamating the Federated Malay States (FMS), the Unfederated Malay States (UMS) and the Straits Settlements (with the exception of Singapore) into one political entity. Under this new arrangement, Malaya would fall under Britain's Foreign Jurisdiction Act and would "render unnecessary any further dependence on Treaties with rulers in any future revision of the constitutional arrangements."⁶⁴⁵ In other words, the Malayan Union would be a crown colony, just like the Straits Settlements. The Union would effectively replace indirect rule through the Sultans with a centralised administration headed by a Governor based in Kuala Lumpur. It would also grant non-Malays citizenship status, employ equal citizenship rights, and revoke Malay special status.

⁶⁴⁵ Draft Directive on Policy in Malaya in Appendix I of the report of War Cabinet Committee on Malaya and Borneo, CAB 98/41, dated 18 May 1941. in (Cheah 1979) p. 12

In short, the Malayan Union would do completely away with the remnants of Malay feudal arrangements and end Malay *de jure* power.

What triggered the idea of a Malayan Union? The idea for a Malayan Union or some form of British direct rule had been thought of as early as the 1930s and had the Chinese community in mind. As pointed out in chapter five, by the 1930s, the administration saw the need to grant Chinese Malayan citizenship. This was part of an effort to mute Chinese transnational links. The colonial administration also saw the need to incorporate the Chinese community into Malaya's political process given that the community had become an integral and indispensable part of Malaya's political economy.

Although earlier efforts in the 1930s to promote common citizenship hit a road block due to restrictions imposed by existing Malay States' laws, the colonial administration continued to explore ways to grant Chinese citizenship right in the years to come. In October 1941, just months before the Japanese occupation of Malaya, Edward Gent, the Head of the Eastern Department of the Colonial Office, asked Shenton Thomas, the High Commissioner, to come up with ways for the British government to annex the Malay States to resolve the problem. Gent was clear in his reason for annexation, saying that "our concern is with the Chinese"⁶⁴⁶ and that direct rule was the only way out because, unless the British administration could "clearly say

646 Minutes by Edward Gent, 11 April 1942 CO 825/35 no. 55104

H.M (His Majesty) has jurisdiction in the Malay States concerned, it [would be] impossible to make headway.”⁶⁴⁷

Gent’s idea was revisited during the war years. This time the idea took the form of the Malayan Union. Though the idea of a Malayan Union was economically appealing as centralisation of power would give Britain better control of Malaya’s economy and help resuscitate Britain’s post-war economy, it was also apparent that the British administration had the issue of Chinese citizenship in mind. Britain’s motivation for a common citizenship was all the more felt because of the war. The KMT and the MCP involvement in the war resistance efforts had made it more urgent for London to have a more inclusive Malayan citizenship.⁶⁴⁸ There was also the pressure from prominent Straits Chinese for the British administration to seek a more inclusive Malaya.

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Such was Britain’s preoccupation to grant Chinese citizenship rights, that the Colonial Office came up with a special report that dealt with proper treatment of the Chinese community in the Malaya Union. The report included provisions that persons of Chinese race in the Malayan Union would be given Malayan Union citizenship, would have the rights and privileges of a citizen and would enjoy the benefits of any British policies except British policy on Malay land reservations.⁶⁵⁰

647 Minutes by Edward Gent, 11 April 1942 CO 825/35 no. 55104

648 Gruesome accounts of how Chinese were massacred by the Japanese could have influenced British policy on the status of Chinese in Malaya.

649 Memorandum in (Allen 1967) p. 132

650 Long term Policy Directives: Chinese Policy, 27 April 1945, CO 537/1533

However, in spite of Britain's best efforts at promoting the Malayan Union, the chronology of events surrounding made the Malayan Union doomed to fail. The timing of the proposal was unfortunate coming as it did during Malaya's worst political upheaval. The Union was endorsed by the British government in September 1945. This was followed by a visit between 18 October 1945 and 21 December 1945 by Harold McMichael, the Special Representative to the British Crown, who was tasked to seek the approval of Malay rulers with regards to the Union proposal.

As mentioned earlier, the timing of McMichael's visits to the various Malay States between October and December 1945 coincided with the time when Malaya was embroiled in serious ethnic strife involving the MCP. On 20 November 1945, at the time of the McMichael visit to Johor, a telegram was issued jointly by the MCP, the KMT in Johor and the various Chinese Associations asking for British protection after Chinese had been killed in ethnic skirmishes in Padang Lebar, Johor.⁶⁵¹ In Kelantan, days before McMichael's visit, KMT elements were plotting to kill the deputy *Mentri Besar*, Datuk Nik Ahmad Kamil. It was also during this time, that the MCP/MPAJA put eleven Malays on trial and executed three Malays in Kuala Krai, Kelantan.⁶⁵² In fact, the McMichael visit to Kelantan was met with protest and ethnic violence, which ended up with three Chinese and two Malays being killed and with several more injured.⁶⁵³

651 Telegram from Johor Bahru to Supreme Allied Commander for Southeast Asia (SACSEA) 20 Nov 1945, in WO 172/1792

652 For the full account read (Cheah 1977)

653 (Lau 1989) p. 228

The Malayan Union proposal also failed to take off because of the manner in which the proposal was introduced to the Malay Sultans which provoked strong Malay reaction. Harold McMichael was nothing but blunt when he introduced the Union proposal to the Malay rulers. The rulers were not allowed to consult one another on the proposed changes nor were they briefed on the specifics of the proposal.⁶⁵⁴ McMichael criticised the Malay rulers for being punctilious. He put to good use his authority by threatening the Sultans that should they reject the union proposal he would exercise the right to appoint a new Sultan, one whom the British felt would accept the Union proposal.⁶⁵⁵ Fearing loss of appointment, the Malay rulers had little choice but to accept the Union. The Sultan of Kedah, for instance, reported how McMichael's high-handed approach gave him little option but to agree with the proposal. In lobbying for his case to Frank Swettenham, who was one of the staunchest critics of the Union, the Sultan remarked that

I was presented with a verbal ultimatum with a time limit, and in the event of my refusing to sign the new agreement, which I call the instrument of Surrender, a successor, who would sign it, would be appointed Sultan.⁶⁵⁶

In another letter to the British government, the Sultan of Selangor also complained of McMichael's haste and strong-arm tactics:

654 Details of the Malayan Union were not finalized until after McMichael visit.

655 During the Japanese occupation, there Many new Malay rulers being appointed. These Malay rulers were unsure and feared that their appointment would get the approval of the British government, hence the willingness to sign the Malayan Union document.

656 The Sultan of Kedah to Sir Frank Swettenham cited in (Allen 1967) p. 169

I replied, "I have [knowledge of the proposal], but the [the details] are not very clear to me." Sir Harold said "The object of the Union is to ensure peace and progress[...]I ask your Highness and the other Rulers to give your consent and not to be a recalcitrant[...].I shall convey Your Highness' views to higher quarters, but the sole purpose of my coming here is to obtain Your Highness' signature."⁶⁵⁷

It is apparent that the radical nature of the Malayan Union, the manner in which it was put together and presented to the Malay Sultans, and the unfortunate timing of the proposal coming as it did amid massive ethnic strife, only stoked Malay fear of further political emasculation. Taken together, the conjuncture of events – the bitter racial strife, the egalitarian nature of the Malayan Union proposal and McMichael's "high-handedness" – sparked off an unprecedented show of pan-Malay nationalism. Malays felt that their rights had been sold off by the Sultan. The *Persatuan Melayu Johor* (Johor Malay Association) for instance made clear that they no longer wanted Sultan Ibrahim of Johor to be their ruler. In late 1945, Onn Jaafar, an officer in the civil service, mobilized a mass protest against the Union in Johor, which was also the state that experienced Malaya's worst ethnic strife.⁶⁵⁸

The show of protest that started from December 1945 became more pronounced after details of the Union were released in January 1946. In March 1946, a party called the United Malays National Organisation (UMNO) was formed in Johor whose prime objective was to urge the British government to reverse the Malayan Union proposal. The UMNO made several initiatives.

⁶⁵⁷ The Sultan of Selangor to Lord Marchwood, 18 February 1946, cited in Debates on the Straits Settlements (Repeal) Bill in the House of Commons on 8 March 1946 taken from (Allen 1967) in Appendix D, excerpt D.5. pp 170 - 171

⁶⁵⁸ On 21 August 1945, there was violent Chinese-Malay skirmishes in district of Muar-Batu Pahat, in the Johor State and the BMA reported that refugees in Muar amounted to 10,000. see (Cheah 1977) p. 70

First, it pressured Malay rulers into rethinking the Malayan Union project, which the rulers subsequently did by drawing up a petition to the King of England. The UMNO also managed to lobby external support by asking former British Malayan officials to petition against the Union. The high point of UMNO's effort was its ability to galvanise Malay grassroots support and pressure Malay rulers into boycotting the ceremony that marked the installation of the new Governor General of the Malayan Union. The incessant pressure exerted by the UMNO and its supporters against the Malayan Union resulted in the project being abandoned by the end of May 1946.

In mid July 1946, the British government, the UMNO and the Malay rulers agreed to replace the Malayan Union with a Federation agreement. By 25 July 1946, a working committee had been put in place to draft the Federation Agreement. The committee, which was also made up of UMNO members, invited members of the public to provide recommendations. The Federal constitution was finalized by mid-December 1946.⁶⁵⁹

A significant point of the Malayan Union proposal is that, rather than weakened Malay *de jure* power, the Malayan Union episode produced the opposite effect. The proposal and the opposition to the Union contributed to the strengthening of Malay nationalism and the preservation of Malay *de jure* power. The episode not only restored Malay rulers, it also led to the involvement of Malays in future political process.

659 (Sopiee 1976) pp 38 - 39

It is also worth mentioning that, even though the Malayan Union had the non-Malays, specifically Chinese in mind, the proposal was surprisingly met with a muted response by the community and quite unlike the unprecedented wave of Malay opposition. In the months leading to the abandonment of the project, there was no organized non-Malay support for the Malayan Union proposal even when the proposal provided for a more inclusive Malaya which gave non-Malays citizenship rights.

One possible explanation for the muted response is that - with the possible exception of the Straits Chinese -, the bulk of the Chinese community was still overwhelmed by Chinese transnational politics. In a report to the Colonial Office, Edward Gent, the main architect of the Union, expressed his surprise at the Chinese and Indian reactions to the Malayan Union concluding that the Chinese and the Indians wanted to retain separate nationality along with the Malayan Union citizenship.⁶⁶⁰ The Malayan Security Service also supported Gent's claim reporting that:

“[...] it appears to have been generally thought that acceptance of Malayan Union Citizenship would entail renunciation of Chinese nationality and this was regarded as ridiculous by the Chinese.”⁶⁶¹

Allen (1967) also confirms Chinese concerns with the struggle in China and that “few Chinese were interested in a Malayan constitutional reform, fewer still prepared to commit

660 4 May 1946, Gent to Hall in CO 537/1529 no. 50823

661 30 April 1946 Malayan Security Service MSS/PIJ cited in (Lau 1989) p. 229

themselves.”⁶⁶² The editorial in the *Chung Hwa* publication, a Chinese newspaper publication, cogently portrays the Chinese dilemma saying:

“Malaya is the second mother country [of the Chinese] [...].If we want to have the rights of citizenship in Malaya, we must either openly declare or quietly consent that we are separated from our mother country.”⁶⁶³

It would be obvious by now that the muted reaction by the Chinese community could also be due to the lack of Malayan-centred Chinese leadership,⁶⁶⁴ as Chinese leadership, as demonstrated above, was aligned to Chinese transnational links. A Malayan-centred Chinese leadership only came after the end of war given the diminishing effect of Chinese transnational links, the growing number of settled Chinese families and the start of the Chinese Community Party rule in China that discouraged migrants from returning to mainland China.⁶⁶⁵

The events in the post war years - Malaya's bitter ethnic strife and the Malayan Union proposal - revealed the sharp expectations of Malaya's two autonomous communities and brought to bear the consequence of past British policies that had created two autonomous communities with exclusive sets of institutions. But the events of the post war years also helped change the expectations of Malaya's significant actors in the coming years. It made Malaya's new and old actors realise that a sustainable distribution of political and economic resources rested on

662 (Allen 1967) p. 70

663 Malayan Press Comment on the White Paper on Malayan Union in CO 537/1536 no. 50823/6/4

664 Leadership of the community during the war years were helmed by the MCP and the KMT. The war years discredited Chinese traditional leaders. Some fled Malaya while others who stayed behind did not join the resistance movement and were deemed as Japanese collaborators, as they helped the Japanese raised \$50 million.

665 Read Godley (Godley 1989) who describes the plight of returnees to mainland China where they were put to do hard labour and where many then escaped to HongKong and Taiwan..

efforts to bridge the sharp institutional divide between the two communities. The late 1940s and the early 1950s would see Malaya's two autonomous communities attempting to create institutions that could best distribute political and economic resources. We turn now to some of these arrangements and the shaping of Malaya's consociational logic.

The Consociational Logic and Other Options

As mentioned above the "Malayan Spring" brought forth the sharpness of the institutional divide that existed between Malaya's actors. The ethnic riots and the Malayan Union controversy for instance laid bare the deep differences between Malaya's two communities both with mutually exclusive sets of institutions. The difficult episodes however raised new expectations as well as questions amongst actors on how best to distribute Malaya's political and economic resources. And, if there was a solution, what would be the permutation?

The post-war years saw Malaya's significant actors trying out three approaches to best distribute political and economic resources. The first approach, demonstrated by the All Malaya Council for Joint Action (AMCJA)- Pusat Tenaga Rakyat (PUTERA) and the Malayan Communist Party (MCP) – Malayan Nationalist Party (MNP) alliances, the workings of the Communities Liaison Committee (CLC) and the UMNO-MCA alliance, required political constituents to come up with common terms without them surrendering their core values. This was the consociational arrangement.

The second approach, the integrationist approach, required both autonomous communities to surrender their identities and work towards having common core values. This approach demanded that political parties (that were ethnically based) be dissolved and their members subsumed within a common political platform. This was the plan put forward by Onn Jaafar when he established the Independence of Malaya Party (IMP). It was an ambitious program wrought with impediments as the nascent stage of Malaya's plural society meant the surrendering of exclusive institutions that would require a huge leap of faith.

The third option was the easiest but potentially the most fractious. It involved creating partitions that would ensure that each autonomous group retain their exclusive institutions. This method involved the sectioning of Malaya into two states; the Chinese-majority Straits Settlements of Singapore, Penang and Malacca and the Malay-majority states of Johor, Negeri Sembilan, Trengganu, Pahang, Perak, Selangor, Perlis and Kelantan. This idea was aggressively pursued by Penang and Singapore in the late 1940s and early 1950s. We turn now to the early experiments that Malaya's autonomous groups embarked on in order to best distribute political and economic resources.

The First Option: The Start of Malayan Organizations and the Shaping up of consociationalism

One of the earliest efforts at seeking a consociational arrangement was the setting up of the All Malayan Council for Joint Action (AMCJA) in December 1946, initiated by the Malayan

Democratic Union (MDU) with Tan Cheng Lock as Chairman.⁶⁶⁶ The MDU was a left-wing party, founded in Singapore in December 1945 and widely known to have links with the MCP. Its membership came mainly from more moderate English-educated Chinese with its top members known to be MCP sympathisers.⁶⁶⁷

The AMCJA prime concern was to reject the proposed Federation Agreement, on grounds that the Agreement did not grant equal opportunities to non-Malays. In fact, the AMCJA rejection in December 1946 was the first organised reaction by non-Malays on the Malayan Union issue.⁶⁶⁸ The AMCJA proposed an alternative solution: a united Malaya inclusive of Singapore; self-governance through a fully elected legislature; and equal citizenship rights to those who made Malaya their permanent home and the object of their undivided loyalty.⁶⁶⁹ In the months between December 1946 and February 1947 the AMCJA went on an aggressive publicity drive using news publications and staging demonstrations to seek public rejection of the Federation Agreement.

Imperative to this is that the AMCJA understood that its political goals would be better served by co-opting Malaya's other actors.⁶⁷⁰ One significant initiative made by the AMCJA was its

666 The MDU first set up the Council for Joint Action in Singapore on December 1946. Only later was the council extended to the Malay States with the setting up of the All Malayan Council for Joint Action.

667 Cheah claims that the MDU had links with MCP. The MCP worked on two levels to manipulate the MDU. The first level involved having MCP members as representatives on MDU's committee and the second level involved having key MCP members among MDU's top leadership. For more details read (Cheah 1979) pp 74 – 75.

668 MDU rejection of the Malayan Union was a belated reaction as until December 1946 "the colonial office had encountered little overt opposition from the non-Malays as it engaged in confidential discussions with the Malays" (Lau 1989) p. 229

669 Malay Mail, 23 December 1946 cited in (Sopiee 1976) p. 39

670 The AMCJA first asked the Chinese Chamber of Commerce (CCC) to join its ranks. The CCC initially refused, mainly due to AMCJA's links with the left-wing MDU and MCP. In later years, the CCC changed its mind after the British authority refused to concede to CCC demands of granting non-Malays citizenship right based on *jus soli* and British refusal to include Singapore in the Federation. In (Heng 1988) p. 49

courting of the Malay support. In 1947 the AMCJA partnered with a number of left-wing Malay cultural organizations collectively called the *Pusat Tenaga Rakyat* (PUTERA). In the months leading to the final drafting of the Federation Agreement, the AMCJA-PUTERA partnership went on a concerted effort to reject the Agreement. This included boycotting the government-sponsored Consultative Committee and calling on the British authority to set up a Royal Commission to draft a new Constitution. Towards the end of March 1947, the AMCJA-PUTERA coalition sent a six-point agreement to the Colonial Office to counter the Federation Agreement. The AMCJA-PUTERA even considered sending a delegation to London to be headed by Tan Cheng Lock to convey their dissatisfaction with the Federation Agreement.⁶⁷¹ One of AMCJA-PUTERA's most impressive moves was when they came up with their own version of the Federation Agreement called the People's Constitution which, among others, recommended:⁶⁷²

1. British government to end colonial rule and place real power in the hands of the people who would elect not only their state legislative Assemblies but also a Central Legislative Assembly, or Parliament, which would in turn elect the Prime Minister and his Council of Ministers.
2. The British king would be the constitutional monarch of the settlements of Singapore, Malacca and Penang...and the Sultans would become constitutional monarchs in their own states
3. Malay to be the National Language

671 The six point agreement include: a United Malaya inclusive of Singapore; a fully elected central legislature for the whole of Malaya; equal political rights for all who regard Malaya as their real home; the Malay Sultans to assume the position of fully sovereign and constitutional rulers, accepting the advice not of British advisers but of the people; matters of Islam and Malay customs to be under the sole control of the Malays; special advancement of the Malays

672 This was launched in October 1947 Read (Lau 1989) p. 241 and (Cheah 1979) p. 137

4. Citizenship of all to be “Melayu”
5. Council of Races to be formed to vet any racial discrimination

The People’s Constitution was an ambitious plan. But, more significantly, the effort bore the imprint of a consociational logic. It reflects an effort by Malaya’s two large communities to seek common grounds to reconcile the presence of mutually exclusive political and economic interests. AMCJA-PUTERA’s effort was poignantly captured by a Straits Times report that describes the constitution as “the first attempt to put Malayan party politics on a plane higher than that of rival racial interests and also the first attempt to build a political bridge between the non-Malay communities and the Malay race.”⁶⁷³

The Straits Settlement Governor-General, however, deemed the AMCJA-PUTERA initiative as “idealistic and impracticable”. The Colonial Office saw the document as purely academic, put together by people who were

“either unaware of, or unwilling to face, the real difficulties of personal and racial animosities, and of economic activities, which make Malayan politics so confused and the problem of settling a stable constitution so intractable.”⁶⁷⁴

To put things into perspective, the AMCJA-PUTERA partnership, the six - point agreement initiative and the People’s Constitution demonstrate that Malaya’s political actors were beginning to appreciate the constraints and trade-offs that came with having different

⁶⁷³ 23 September 1947, The Straits Times

⁶⁷⁴ O.H. Morris, 13 November 1947, CO 537/2146 no. 52243/2/1 cited in (Lau 1989) pp 241 - 242

communities with exclusive institutions. On closer inspection, elements of consociationalism are written into the People's Constitution. The constitution bore attempts to seek a compromise that would be acceptable to all parties. For example, the People's Constitution states that citizenship rights must come with the non-Malays' willingness to assume the "*Melayu*" nationality and to acknowledge the Malay language. In return, Malays must be willing to give up the Sultan's special position and lose Malay privileges which they had enjoyed thus far.

The failure of the AMCJA-PUTERA coalition however illuminates the complexities that came with a consociational arrangement. To start, the AMCJA and the PUTERA exacted too much from each other and failed to appreciate the presence of highly entrenched mutually exclusive institutions. They did not fully appreciate that making compromise comes with high levels of mutual trust; that making concessions requires compromising core exclusive institutions. Trust and confidence unfortunately were scarce at that point in Malayan history; indeed the social and political upheavals at the time did little to boost trust.

The period between February 1947 – October 1947 began to see the unravelling of the AMCJA-PUTERA partnership. Cracks began to appear in the partnership and the alliance was mired with bitter and at times petty squabbles. One instance saw the AMCJA attempting to appease its non-Malay constituents by refusing to accede to PUTERA's demands for Malay to be the official language and "*Melayu*" to be the Malayan nationality. Another instance saw the AMCJA rejecting PUTERA's ultimate objective for an eventual merger with Indonesia which could lead

to political obsolescence of the Chinese community.⁶⁷⁵ PUTERA also stood by its refusal to give in to AMCJA's demands to amend the proposed adoption of the Malay language and "*Melayu*" (Malay) as the official Malayan race. PUTERA understood that giving in to such demands risked losing substantial Malay support.

The failure of the AMCJA-PUTERA partnership made clear that having idealistic solutions such as the AMCJA-PUTERA's six-point agreement and People's Constitution were not enough. The failed attempt underlined that a sustainable institutional arrangement must take into account the practical realities of competing demands. The failed partnership revealed that populist policies must be tempered with doses of political pragmatism.

The consociational stance exhibited by the AMCJA-PUTERA was in fact preceded by an earlier initiative by the MCP. In the months after the Malayan Union was floated, the MCP attempted to win Malay support by partnering the left-wing Malay Nationalist Party (MNP) which was set up in November 1945. The alliance, however, became untenable as both parties could not compromise on fundamental differences and started to adopt extreme positions. The MNP, advocated a Union of Malaya that gave all ethnic groups equal opportunities but with the ultimate aim of a merger with Indonesia. The MCP rejected such a stance, fearing that a merger with Indonesia would diminish Chinese political strength.⁶⁷⁶

675 Read (Sopiee 1976) footnotes p. 155

676 (Cheah 1979) p. 65

Having failed to make the MCP-MNP coalition work, the MCP made another attempt to court the Malay ground, realising, no doubt, that any meaningful national movement must incorporate Malay support. In August 1946, the MCP came up with a strategy to develop a Malay National Movement. The strategy included: intensifying the spread of party propaganda among Malays to entice them to join the party; to train Chinese personnel to be well-versed in Malay affairs and if need be, adopt their religion and nationality; to mobilise members to work with the Malay community; to give support to the setting up of Malay division within the MCP and to submit regular reports on Malay development.⁶⁷⁷ To demonstrate its seriousness in shedding its Chinese image and win Malay support, the fourth issue of *Freedom News*, MCP's own publication, criticised its members for clinging to transnational ties, reminding them that:

“Is it proper to love the China Communist Party and not the Malayan Communist Party...[t]he Chinese and Indian nationals have their hearts in China and India respectively...[w]e communists are internationalists...what is the communists' fatherland? It is neither China nor India, it is Malaya.”⁶⁷⁸

But despite its best efforts, the MCP failed to obtain mass Malay support. Nonetheless, the MCP's various efforts at incorporating Malay political constituents reiterate the point that the MCP understood that a sustainable political solution must lie with bridging Malaya's mutually exclusive institutions.

677 (Cheah 1979) p. 66

678 *Political Intelligence Journal MSS*, 30 April 1947 cited in (Cheah 1979) p. 67

The cases above made it apparent that, after almost 100 years of British management, *de facto* consociationalism (or at least its inevitability) had been built into Malaya's political arrangement. It was apparent that some form of consociationalism was the only feasible way to run Malaya because of the way the two communities had been developed as a result of colonial economic and political arrangements which were then taken advantage and reinforced by the two communities. This consociational arrangement became more obvious in the coming years. Another – and very important – demonstration of the consociational logic was the formation of the Communities Liaison Committee (CLC), which preceded the eventual formation of the Alliance movement and brought together Malay and Chinese political leaders who would later become core members of the UMNO and Malayan Chinese Association (MCA).

Before we turn to the detailed workings of the Communities Liaison Committee (CLC), it would be appropriate to provide a brief description of the Malayan Chinese Association (MCA).

The Malayan Chinese Association

The MCA needs special mention, because, unlike previous Chinese political organisations like the KMT and the MCP, the MCA gave a Malayan focus to Chinese politics and provided the Chinese community with a political vehicle that was amenable to British authority. The Malayan Chinese Association was formed on 27 February 1949, ten days after High Commissioner Henry Gurney had floated the idea for a Malayan Chinese organisation. Gurney's proposal was part of the British effort to court the Chinese middle ground and to cancel out the influence of Chinese transnational and left-wing political organisations which at the time were courting Chinese

support. Gurney wanted an association that could help the colonial administration resolve the Chinese squatter problems and restore “contact between isolated Chinese communities and the authorities.”⁶⁷⁹

Gurney’s initiative came at a time when Britain’s old method of curtailing Chinese political activism had little effect. The option of deporting Chinese political activists under the Banishment Ordinance became increasingly unrealistic after the victorious Chinese Community Party closed all its ports and restricted entry of political deportees. Also, the presence of a more settled Chinese community by the late 1940s meant that repatriation became increasingly, a non-option.

Given the changed political scenario, Gurney approached the influential Chinese *towkay*, HS Lee - who was then a member of the Federal Council and the Chairman of the Selangor Chinese Chamber of Commerce (CCC) - to look into the possibility of setting up a Chinese political association that could provide an alternative to left-wing Chinese political movements. It was an astute political move because, even though the British authority knew that some Chinese leaders like H S Lee and Leong Yew Koh had links with the KMT the British felt these wealthy Chinese and their control of the CCC would provide the best countervailing force against the MCP.⁶⁸⁰

679 Henry Gurney, Federal Legislative Council Proceedings, 17 February 1949, B 771 cited in (Heng 1988) p. 55

680 During the Malayan Emergency, Leong Yew Koh proposed to the High Commissioner Henry Gurney that he could recruit 10,000 KMT soldiers based in Taiwan.

The forming of the MCA in the post-war years also saw the merging of two Chinese leaderships - the Straits-born English educated Chinese and the wealthy Chinese *towkays* who at the time held control of the KMT-influenced Chinese Chamber of Commerce or *Huay Kuan*.⁶⁸¹

The merging of leadership of Straits Chinese and the larger Chinese-educated community was made possible because of the convergence of political and economic interests between the two Chinese groups. Both groups understood that having a common Chinese association would serve the long term interest of the Chinese community. For the Straits Chinese, their exclusive relations with British officials started to diminish in the first half of the twentieth century.⁶⁸² For the most of the nineteenth century and early twentieth century the Straits Chinese community held special relations with the colonial administration. They had their own exclusive Straits Chinese Business Association(SCBA) as a vehicle to promote business interests. They were English-educated, spoke little or no Chinese dialect and saw themselves as British subjects and separate from the rest of the Chinese new immigrants. For the larger Chinese community political developments in the 1940s made it obvious that they needed to treat Malaya as their home country. The start of the Chinese Communist Party rule in China has increased the cost of returning to China. Transnational activities were also waning as a result of the end of the war.⁶⁸³ Also, there were growing numbers of settled Chinese families that now regarded Malaya as home.

⁶⁸¹ One of the wealthy towkays was HS Lee who was a member of the KMT. This is known to the British administration. Read (Heng 1988) pp 87 – 89

⁶⁸² This exclusive attitude however started to change in the second quarter of the twentieth century after British policies placed less emphasis on Chinese business and increasingly promoted Malay interests

⁶⁸³ Read Godley (1989)

The merging of interest between the Straits Chinese and the larger Chinese community and the subsequent marriage between the Straits Chinese and Chinese-educated elites in the formation of the MCA proved to be a brilliant move. For the Straits Chinese, the merging of interest regained their political and economic influence. For the Chinese *towkays* co-opting the English-educated Straits Chinese enabled them to better articulate their demands with the British administration.⁶⁸⁴ Increasingly the Chinese-educated community needed spokespersons that were known to the colonial administration to articulate their political and economic concerns. It found them in the likes of Straits Chinese like Tan Cheng Lock from Malacca and Lim Chee Yan from Penang who were among the few who were actively calling for the administration to provide equal treatment for the Chinese. Needless, for both the Straits Chinese leaders and the Chinese *towkays*, the MCA provided the perfect political platform that would incorporate Chinese business interests in Malaya's policy calculation.⁶⁸⁵

Structurally, the MCA leadership mirrors this symbiotic relation. The MCA comprised of a mix of Straits-born Chinese with Chinese leaders who headed the various Chinese Chambers of Commerce. The MCA Central Working Committee (CWC), MCA's highest decision-making body was headed by Tan Cheng Lock, a Straits Chinese who had close links with the British authority. Tan was aided by a group of Chinese-educated wealthy *towkays* who also headed various Chinese Chamber of Commerce branches. The next highest level was also headed by Chinese-

684 MCA leaders were linked with the KMT. Some of the prominent KMT leaders in the MCA were Lau Pak Kuan, Leong Yew Koh, Ong Chin Seong, Peh Seng Koon, H S Lee, Ong Keng Seng and Goh Chee Yan. Read (Heng 1988) p. 84

685 There are various works that describe the MCA. Read (Heng 1988) pp 56 – 60, (Wang 1970) and (Yong 1977)

educated leaders who provided the much-needed grassroots link with the Chinese community. The CWC leaders were also co-opted into the British administration where they held appointments in various federal bodies and local boards.⁶⁸⁶

Given the predominant number of Chinese-educated members in the MCA's top tier decision structure, it is obvious that Straits Chinese like Tan Cheng Lock had little leverage in making decisions. Even though Tan Cheng Lock assumed the role as President, real power rested with rich Chinese *towkays*.⁶⁸⁷ These *towkays*, who were also heading the various Chinese Chamber of Commerce offices, also had control over local Chinese community leaders. In fact, relations between Chinese *towkays* and local grassroots leaders rested on a patron-client relationship; the local community leaders needed Chinese *towkays* for access to business and the Chinese *towkays* needed the community leaders to gain Chinese grassroots support for political access.

The dominance of the Chinese *towkays* in the decision-making process became evident in the later years when Tan Cheng Lock, despite being the President of the MCA, failed to convince the MCA leadership into joining Onn Jaafar's non-communal Independence of Malaya Party (IMP). Tan also failed to stop H S Lee from going ahead with his plan for the MCA to partner the UMNO in the Malaya's various elections.

Regardless, the formation of the MCA was instrumental in helping the British authority win over the Chinese community. The MCA made use of its access to the Chinese Chamber of Commerce

⁶⁸⁶ (Heng 1988) p. 62

⁶⁸⁷ (Wang 1970) provides a lucid description how it was in the interest of the wealthy Chinese to bring in Straits Chinese leaders into their ranks.

to obtain broad grassroots support. In various states, for instance, members of the MCA Central Working Committee (CWC) headed the Chinese Chamber of Commerce. The MCA CWC members were also involved in Chinese schools heading the board of governors of several prominent Chinese schools and playing a large part in helping these schools raise funds.⁶⁸⁸

Indeed, the MCA proved to be an effective British partner in cancelling leftist influence among the rural Chinese community. During the Malayan Emergency that lasted between 1948 until 1960, the MCA performed the role of an “ideal broker” between the British authority and the Chinese community. It helped blunt the development of a communist organised Chinese working class by assisting the British authority to resettle Chinese squatters into new villages.⁶⁸⁹

It won over the Chinese support through a number of ways. First, the MCA set up branches in the new villages. Out of 444 new villages that were built in the period 1949 – 60, the MCA had branches in 314 of these.⁶⁹⁰ MCA members also headed local organisations and schools in these villages and mediated disputes between residents. The MCA’s also raised funds to improve the infrastructure of new villages. The MCA operated a lottery to raise money for the villages, besides banking on wealthy Chinese *towkays*. The lottery was a roaring success. Between 1950 and 1953, the lottery raised 4 million dollars where the bulk of the proceeds went to fund resettlement activities in the new villages.⁶⁹¹ These activities included supporting welfare programmes, promoting small agricultural and livestock holdings for resettled families, and funding educational programmes. The lottery also helped the MCA gained new membership. By

688 (Heng 1983) p. 298

689 (Heng 1983) p 299

690 Read (Heng 1988) pp 78 - 79

691 (Heng 1988) p. 109

1957, at the time of Malaya's independence MCA membership grew to about 300, 000, with a large portion of its members coming from rural areas.⁶⁹²

Indeed the MCA gave the British authority the much-needed Chinese leadership to quell Malaya's post-war political flux. The MCA was the instrument that saw the morphing of Chinese politics from transnational into a Malayan –centred one and from potentially left-wing into a pro-business orientation. By bringing together two influential segments of the Chinese community – the wealthy *towkays* and the Straits Chinese the colonial administration managed to bring about a more centrist and Malayan-centred Chinese politics. Co-opting the MCA in public policy making was an important step because in the coming years such an arrangement contributed to a workable power sharing agreement between Malaya's important political actors. Another British initiative that contributed to the power sharing arrangement was the setting up of the Communities Liaison Committee which will now be discussed

Communities Liaison Committee and Consociational Arrangement

The Communities Liaison Committee (CLC), formed in 1949, came on the back of the failed power-sharing attempts by the MCP – the MNP in 1946 and the AMCJA-PUTERA partnership in 1947. The CLC was a discussion group involving the UMNO president, Onn Jaafar and twenty members, most of whom were members of the Federal Council. Onn was initially prodded by Malcolm MacDonald, the Commissioner General for Southeast Asia, into forming some kind of loose forum involving Malaya's various leaders. MacDonald's initiative was perhaps prompted

692 (Heng 1983) p. 300

by the British need to respond to Malaya's political development given the ethnic clashes, the Malayan Union episode and the strong leftist movements couched by the MCP-MNP and the AMCJA-PUTERA partnership.

The founding members of the CLC included Tan Cheng Lock and HS Lee who would later become core members of the MCA. The first meeting was held in December 1948 at Onn Jaafar's residence. Unlike the AMCJA-PUTERA and the MCP-MCP partnership, the CLC meetings and negotiations were informal, wrapped in secrecy and away from the public glare. The modus operandi of the CLC was geared towards finding a broad consensus and minimising friction. Such was the arrangement that, at times, issues raised in the CLC were not discussed at individual party level to prevent unwanted "noise". It was only after decisions had been reached between the Malay and Chinese leaders that the agreed matter would be forwarded to the Federal Council for deliberation.⁶⁹³

Away from public scrutiny, the CLC managed to tackle thorny issues involving non-Malay citizenship rights and Malay political and economic privileges. With regard to the non-Malay citizenship rights, the committee acknowledged the presence of the Chinese transnational attachment, but argued that to continue alienating the non-Malays by not granting them Malayan citizenship would be detrimental to Malaya's long-term political development. In his memo to the Secretary of State for the Colonies, Tan Cheng Lock pointed out that

⁶⁹³ The above description is largely gathered from (Heng 1988) p. 149 and (Sopiee 1976)

The only effective way of weaning the China-born Chinese from being concerned with Chinese national politics is to make a generous offer to them...[W]e cannot have it both ways, i.e. prevent the Chinese from embracing the Kuomintang or any other Chinese National Party or object thereto and at the same time place obstacles to their becoming Malayan citizens.⁶⁹⁴

In the coming years, the call to grant more liberal citizenship rights to non-Malays became a focal issue in the CLC. Using the CLC platform, Malcolm MacDonald convinced the UMNO leaders that failure to grant citizenship to non-Malays would run the risk of encouraging the Chinese population to take on extreme position and force them to align with the MCP and left-wing politics.

In exchange for granting more liberal citizenship rights to non-Malays, the CLC also agreed that Malay special rights treatment in the Federation of Malaya Agreement remained non-negotiable. The UMNO leaders in the CLC also wanted economic privileges to be given to Malays. This led to the setting up of the Rural and Industrial Development Authority (RIDA), the provision of government subsidies to Malay businesses and granting of access to Malays in certain industries. Other Malay demands raised in the CLC included providing employment for Malays in the public sector, greater access to education and quota allocation for Malays in non-Malay business setups. In negotiating the various demands, the UMNO leaders, however, did

⁶⁹⁴ Tan Cheng Lock Confidential Memorandum on Malaya submitted to the right honourable James Griffiths, Secretary of State for the Colonies, 19 May 1950, Tan Cheng Lock Papers, SP 13, Item 169, Arkib Negara cited in (Heng 1988) p. 149

not take a provocative stance. Rather, the party reiterated the idea of trust and voluntary cooperation on the part of non-Malays to assist Malays economically.⁶⁹⁵

There were occasions when one side found it difficult to accede to the request of the other. On one occasion a Chinese businessman refused to give his approval of the special provision provided to Malays for the setting up of a bus company. This non-cooperation provoked a reaction by Malcolm Macdonald who pointed out on the need to maintain the Sino-Malay business cooperation saying:

....[T]he position of the Malays must be safeguarded in Malaya, that all sorts of steps should be taken and that the High Commissioner is charged with the responsibility of seeing that they are taken, to safeguard the Malays, so economically they have a proper share in the wealth of Malaya.⁶⁹⁶

But, on the whole, the CLC provided a platform that allowed Malayan leaders to negotiate difficult issues and seek realistic political solutions. The CLC's modus operandi that emphasised elite negotiation without public scrutiny was tactically astute; it allowed CLC members to find politically workable solutions without much public distraction. This proved to be important as the CLC negotiations concerning Malay privileges and non-Malay citizenship were carried out at a time of much political volatility and an uncertain post-war economic environment.

695 In (Heng 1988) p. 149 - 151

696 Notes of Discussion of the Communities Liaison Committee held on the 13 August 1949

The decision by Malaya's elites to form the CLC reemphasises the point that Malaya's political and economic trajectory had taken on board the consociational logic. In hindsight, the CLC was a nursery for Malayan leaders to work out deals on acceptable institutions amidst the prevalence of exclusive ones. The success of the CLC paved the way for an eventual formation of the Alliance party which was made up of the UMNO, the MCA and later the Malayan Indian Congress (MIC). Besides the communal based partnerships portrayed by the CLC, the AMCJA-PUTERA and the MCP-MNP partnership, there were other political arrangements that attempted to do away with the consociational logic. We turn now to the integrationist approach.

The Second Option – The Integrationist Approach

In 1951, Onn Jaafar the founding father of UMNO attempted an alternative to the consociational logic when he established the Independence of Malaya Party (IMP). If the CLC, AMCJA-PUTERA and the MCP-MNP alliances were attempts to reconcile the institutional differences between Malaya's two significant actors by searching for a common platform, Onn Jaafar's IMP was integrationist in nature that required Malaya's autonomous communities to surrender their core values and work towards having common ones. It demanded that political parties (that were ethnically based) be dissolved and its members subsumed within a common political platform.

Onn Jaafar's decision to set up a non-communal party like the IMP was prompted by several reasons. First, there continued to be doubts amongst Malaya's major constituents about the

workability of the newly-minted Federation Agreement. The Agreement raised nagging issues regarding non-Malay citizenship and matters regarding Malays' and non-Malays' political and economic rights. It was felt that a way out of this conundrum was to do away completely with ethnic politics. Second, there was dissatisfaction among some quarters on the British decision to exclude Singapore from the Federation. For these interest parties especially members of the Chinese Chamber of Commerce in Singapore and Penang, there should be no fear that Singapore's Chinese majority would overwhelm Malay political dominance. Onn Jaafar felt that a non-communal party like the IMP could erase such a fear.⁶⁹⁷ Finally, Onn's decision to set up a non-communal party was also probably due to his desire to convince the colonial administration that Malaya was ready for Independence. He was of the belief that Malaya would be granted independence by Britain only when it could resolve its ethnic-based political challenges; hence the name Independence of Malaya Party.⁶⁹⁸

The IMP was established in 1951 after Onn Jaafar failed to convince the UMNO to allow non-Malays into the party's ranks. As President of the UMNO, Onn wanted to rename UMNO the "United Malayan National Organisation" and called on UMNO members to replace the slogan *Hidup Melayu* (Long Live the Malays) to a more inclusive slogan *Merdeka* (Independence). Onn also reiterated his ambition to work towards a possible merger with Singapore in response to calls especially from business interests in Penang and Malacca.⁶⁹⁹ Having failed to convince UMNO members to allow non-Malays membership of UMNO, Onn then relinquished his post as

697 Read (Sopiee 1976) p. 101

698 Inter-ethnic cooperation was a prerequisite set by the British for the transfer of power to Malaysians. The colonial authorities believed that the races needed to work together to counter the Malayan Communist Party's. see (Lee 2010)

699 The Singapore Free Press, 6 June 1951

President of UMNO on 5 June 1951 and set up the Independence of Malaya Party (IMP). On 16 September of that year, he together with Tan Cheng Lock, who was then the President of the MCA, and S Thuraisingham⁷⁰⁰, presided over the first meeting of the IMP.⁷⁰¹ The party passed a number of resolutions. One of IMP's main objectives was to establish a sovereign independent state of Malaya that would provide equality of opportunity and provide Malaysians equal political, social and economic rights.⁷⁰²

Onn Jaafar's moves to establish the IMP turned out to be a political gamble that would eventually lead him into a political wilderness. Though Onn was confident that his non-communal stance would get him ample support, he soon found that support for the IMP was in short supply. Chinese leaders, like Tan Cheng Lock, who had previously shown his intention to support Onn's political plan began to distance himself from IMP's activities and started to have reservations on Onn's non-communal political gambit. Unlike Onn Jaafar who gave up his post as president of the UMNO, Cheng Lock - despite presiding the first meeting of the IMP - held on to his MCA party post. Months before the setting up of the IMP on the 16 September 1951, Cheng Lock wrote to George Maxwell, a former Resident General, showing his support for Onn's proposal, but in words which fell short of a full commitment to join the IMP.⁷⁰³

Tan's move made it apparent to Onn Jaafar that the IMP's non-communal politics would not get much support from the MCA leadership. To be fair, Tan Cheng Lock did try to raise the issue of

700 Tan Cheng Lock and Thuraisingham were both keen to form a political organization free from ethnic affiliation.

701 (Sopiee 1976) p. 101

702 In (Vasil 1971b) p. 50

703 12 July 1951, Letters from Tan Cheng Lock to Sir George Maxwell, Tan Cheng Lock Papers, TCL/V/148

non-communalism in the MCA. Tan, for instance mooted the idea to the MCA's Central Working Committee (CWC) to allow non-Chinese to take up party appointments and to have voting rights. This, however, was roundly rejected by MCA members. Strongest opposition to Tan's proposal came from the MCA Selangor and Perak branches, both strongholds of the influential Chinese Chamber of Commerce.⁷⁰⁴

Tan's failure to convince the MCA leadership echoed the general sentiment of the larger Chinese community that Malaya, at the time, was not prepared for an integrationist approach. In fact, Tan Cheng Lock's deputy, the wealthy businessman, H S Lee, who headed the influential Selangor Chinese Chamber of Commerce, felt that "Tan Cheng Lock's vision of a political utopia in Malaya – symbolised by harmonious multiracial coexistence under the leadership of the IMP or other such multiracial organisations – was mere wishful thinking."⁷⁰⁵ HS Lee together with other members of the MCA's central working committee felt that the time was not ripe for the IMP's non-communal politics.⁷⁰⁶ More importantly, instead of advocating that the MCA join the IMP coalition, H S Lee surprisingly wrote to Tan Cheng Lock urging him to consider a possible UMNO-MCA alliance for the Kuala Lumpur Municipal election in February 1952, suggesting that "if the UMNO-MCA could be established in other parts of the country, it would go a long way to achieve a united Malaya".⁷⁰⁷ Despite Tan's earlier promise to Onn Jaafar, Tan Cheng Lock could

704 (Heng 1988) p. 158

705 (Heng 1988) p. 161

706 The MCA state working committee felt that Tan Cheng Lock's idea of an alliance with the IMP and to allow MCA to be non-communal was premature as they were convinced that Malaya's politics was still dominated by ethnic consideration.

707 Letter from H S Lee to Tan Cheng Lock dated 18 February 1952, Tan Cheng Lock Papers, TCL /9/33

do nothing to dissuade H S Lee from arranging an MCA-UMNO alliance.⁷⁰⁸ During the ensuing municipal election, Tan Cheng Lock chose not to comment on the MCA's decision to partner the UMNO, and stayed away from IMP activities during the Kuala Lumpur election.⁷⁰⁹

HS Lee and the MCA's decision to join the UMNO proved to be a well taken gamble. Despite Onn's initial confidence, the IMP's integrationist non-communal formula failed to live up to expectation in the elections. The party fared poorly in Malaya's first municipal election in Kuala Lumpur in February 1952. Out of twelve seats the IMP only managed to win two, both in the Indian-dominated constituency of Bangsar. The remaining 10 seats were won by the UMNO-MCA alliance. The pull of communal politics and the attractiveness of a consociational arrangement under the UMNO-MCA ticket were evident when all six MCA candidates won the seats they contested. UMNO candidates won three out of the five seats contested.

IMP's heavy loss could well be due to its unpreparedness in facing the election. Having being formed five months before the first municipal elections, some argued that the IMP could not match the well-organised election machinery of the UMNO and the MCA. However the election results could also reflect the premature nature of Onn Jaafar's experiment with non-communal politics. Onn Jaafar's IMP overlooked the presence of mutually exclusive institutions present in Malaya's two dominant communities which warranted a different solution. For Malaya's communities, choosing the IMP demanded a huge leap of faith which required them to give up

708 MCA decision to join UMNO put Tan Cheng Lock in a difficult position. Tan Cheng Lock was also hesitant to involve himself in the setting up of an IMP branch in Malacca despite his earlier promise, preferring instead to allow Tan Siew Sin, his son to write to Onn Jaafar assuring the latter of the active support of Tan Cheng Lock. Tan Siew Sin to Dato Onn Jaafar, 18 January 1952, Tan Cheng Lock Papers, TCL/9/38

709 (Vasil 1971b) p. 64

some or all of their exclusive institutions. The “regrettable conclusions” of the election as pointed out by a newspaper is that “is that by and large it was, however, a communal vote.”⁷¹⁰

In the months following the election the IMP found it increasingly hard to detach itself from the realities of Malaya’s communal politics. Unsurprisingly, the IMP began to relinquish its non-communal stance and started to veer towards a more consociational stance. Take, for instance, the report by IMP election agent, Yong Pung How. In a confidential memorandum to the IMP leadership, Yong pointed out that the present structure of Chinese society “necessitated the setting up of a Chinese community liaison committee.”⁷¹¹ A month after the election, the IMP set up a Chinese Advisory Committee “with powers to advise and implement party policies in so far as they affected the Chinese”.⁷¹² Though the committee was never formed, the proposal indicates the IMP’s recognition that their non-communal political stance needed to be changed to take into account communal considerations.

Besides the appeal to the Chinese community, the IMP leadership also realised the need to address the Malay problem. In a surprising overture, the party’s founding member E C Thuraisingham wrote to Onn Jaafar, telling him that the IMP’s non-communal stance and idealism must be tempered with realism. In the letter, Thuraisingham wrote of the need to promote pro-Malay affirmative action to gain Malay support, arguing that “equality for all communities is an ideal but how can there be real equality when there is so much of inequality

710 The Straits Times, 17 February 1952 cited in (Vasil 1971b) p. 60

711 Memorandum to the Kuala Lumpur Branch Committee from the former election agent, Petaling Ward, Kuala Lumpur, Yong Pung How cited in (Vasil 1971b) pp 61-62

712 Minutes of Branch Committee Meeting, Kuala Lumpur, 11 March 1952 cited in (Vasil 1971b) p. 62

in practically all fields of human endeavour?”⁷¹³ In fact, Thuraisingham proposed affirmative action policy for Malays, suggesting that “a percentage of employees in non-Malays concerns should be federal citizens, at all levels of employment, and that at least a minimum of 50% of such federal citizens should be Malays.”⁷¹⁴ In the coming months, Onn Jaafar also increasingly realised the challenge of establishing a non-communal political platform. He aptly captured Malaya’s political complex and the prevalence of mutually exclusive institutions when he said:

We have one community that desires to control the destiny of this country on the ground that they are sons and daughters of the soil. We have, on the other hand, another community which also desires to control the destiny of this country on the ground of its economic and financial influence.⁷¹⁵

Despite attempts to resuscitate its image, the IMP political relevance began to wane, no doubt aided by its vacillation from non-communal politics. In fact, in the coming years, Onn Jaafar began to take on a more communal posture. Onn was visibly disenchanted by the non-committal stance of Tan Cheng Lock and the MCA. He began to pander towards winning the Malay support and using the MCA and its leadership as a convenient target. Onn Jaafar raised the issue of the MCA being allowed to run a lottery which he said gave the MCA an unfair financial advantage. He also maintained that the MCA had transnational political linkages, saying that there remained strong links between MCA leaders and Taiwan’s Kuomintang government :

713 Personal letter dated 2 July 1952 to Dato Onn Jaafar by EEC Thuraisingham cited in (Vasil 1971b) pp 67-68

714 Personal letter dated 2 July 1952 to Dato Onn Jaafar by EEC Thuraisingham cited in (Vasil 1971b) pp 67-68

715 Sunday Times 18 September 1952

I would remind you of the delegation of the Chinese Chamber of Commerce to General Chiang Kai Shek pleading the allegiance of 98% of the Chinese in Malaya to him. I have noted with some interest that moves and demands on behalf of the Chinese population have invariably been initiated by the Chinese Chamber of Commerce and then endorsed by the MCA.⁷¹⁶

Over time, Onn Jaafar's incessant attacks on Chinese politics, particularly the MCA, made the IMP increasingly irrelevant. The party was now perceived as no better than that of other communal political parties, perhaps even a party that exhibited an extreme form of communal politics.

In the coming years, the IMP's inchoate political philosophy saw it suffering a series of heavy election losses. In the period 1952 – 1953, out of 134 local government seats, the IMP only won 3. This was in sharp contrast to the UMNO-MCA performance. In 1952, the UMNO-MCA alliance won 32 out of the 43 contested seats in the various municipal and town elections. In 1953, the UMNO-MCA alliance won 64 out the 92 seats contested in local government elections. In 1954 the Alliance chalked up 69 out of the 76 seats contested. In 1955, in the landmark Federal election, the UMNO-MCA alliance won all but one of the 52 contested seats.

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716 The Malay Mail, 26 March 1953

717 See (Heng 1988) p. 168

Given its waning political currency, the IMP ceased operation on February 1954. In its place, Onn Jaafar set up the *Parti Negara*, which presumably was intended as a multiracial party but increasingly took on a more Malay outlook and relied less on non-Malays for support.⁷¹⁸

In sum, it is apparent that the non-communal political vision set out by idealists like Onn Jaafar was ahead of its time. The idea came at a time where Malaya's two dominant communities still held deeply entrenched mutually exclusive expectations. The IMP leaders failed to appreciate that for Malaya's two communities to renounce exclusive institutions and to opt for integration would require huge trust, which at the time was evidently wanting. There is yet a third approach that attempted to best distribute political and economic resources. We turn to this next.

The Third Option - Partition

The third option is the neatest yet potentially most fractious. It involved creating partitions that aimed to ensure the maintenance of exclusive institutions without the difficulty of a consociational or power-sharing arrangement. This method involved the sectioning of Malaya into two parts; separating the majority-Chinese Straits Settlements of Singapore, Penang and Malacca from the rest of the Malay States.

The partition idea was aggressively pursued in the period 1948 – 1957 where efforts were made in Penang, Singapore and Malacca. There were also efforts made by Kelantan and Johor, both

718. Many non-Malays were kept out as *Parti Negara* as the party refused applicants who had stayed in Malaya for the past ten years but chose to remain non citizens. Over time *Parti Negara* took on a more Malay outlook. .

with large Malay majorities, to break away from the Federation.⁷¹⁹ But the Penang secessionist attempt was the more serious and sustained. There was a natural tendency for Penang to reject the Federation arrangement, given its predominant Chinese population and having had the experience of being under direct British control. The demands to stay outside the Federation were made by business interests and headed, among others, by the Penang Chamber of Commerce, the Penang Chinese Chamber of Commerce, the Straits Chinese Business Association and the Penang Indian Chamber of Commerce. In the early months after the formation of the Federation, there were emotional responses, specifically from Chinese business interests in Penang, who refused to give up their British citizenship and take on Malayan citizenship. Heah Joo Seang, who at the time headed Penang's Straits Chinese Business Association (SCBA), remarked

“I really cannot understand the desirability of donning the mantle of Malayan citizenship unless I am forced to....It is below my dignity to do so.”⁷²⁰

The secessionist movement proposed various initiatives. In late 1946, this movement proposed that Penang be allowed to stay as a crown colony and for Britain to retain the Straits Settlements arrangement comprising Malacca, Penang and Singapore. They felt that, by being part of the Malay federation, Penang would have to give up its free-port status that would erode its competitiveness when compared to Singapore. They also feared that Penang's developmental interest would be compromised as “the needs and claims of Penang are likely to

⁷¹⁹ These were sporadic, disorganized demands. It was a knee jerk reaction to the Federation agreement. For more see (Sopiee 1976) pp 61-67

⁷²⁰ ("Federal Misgiving of the Straits -born" 1948) cited in (Sopiee 1976) p. 61

be drowned in the clamour of the ten other members of the Federation for their own particular needs and claims...”⁷²¹

The calls for an alternative arrangement for Penang intensified in 1948. For Penang business interests, the economic slowdown in that year put further fear that besides losing its free-port status, Penang’s revenue would now have to go towards subsidising poorer Malay States. The Straits Chinese were particularly apprehensive about Penang’s change of status. For the Straits Chinese, joining the Malay federation would mean losing their political status, which they enjoyed as British subjects, as they would now have to accept Malay special rights which meant *inter alia* having reduced access to civil-service appointments. These fears were underlined by the remark made by the President of Penang Straits Chinese Business Association, Koh Sin Hock. In reaction to the question of Chinese loyalty and Malay special rights he said:

“I can claim to be more anak Pulau Pinang (a son of Penang) than 99 percent of the Malays living here today”⁷²²

The most vocal demand for Penang secession came from T W Ong, the President of the Straits Chinese Business Association (SCBA) in Singapore. On November 1948, Ong wrote to the Presidents of the SCBA in Penang and Malacca, urging them to restore the Straits Settlements and seek a referendum. Ong’s proposal was taken up by the Penang Chamber of Commerce, the Penang Chinese Chamber of Commerce and the Penang Indian Chamber of Commerce. It

⁷²¹ Straits Echo, 30 December 1946

⁷²² (1948)

led them to set up an interim Secession Committee which was made up of several Straits and Federal Legislative council members. The committee held its first public meeting on 13 December 1948. This was followed by another meeting on 2 January 1949 when the Secession Committee members met with Governor Malcolm Macdonald, now Governor of Malaya, to seek a referendum for partition. The request however was turned down. On 9 February 1949 the committee proceeded to seek for a vote in the Straits Settlement Legislative Council. Again their proposal was defeated as only 10 of the 25 members of the council voted for secession.⁷²³ Having failed to secure a vote of approval in the Straits Settlement Legislative Council, the Secession Committee members recognised that seeking the approval from the Federal Council would be an uphill task. The committee then decided to make a direct appeal to the Colonial Secretary on 15 February 1949. Again the response was negative. London, in fact, procrastinated on the request, not replying until September 1949. This series of rejections eventually made it clear to the committee that the odds were heavily stacked against them. With the lack of leadership and no mass support, the Committee knew that, short of a revolution, secession was not politically feasible.⁷²⁴

The issue of secession, however, resurfaced in the period 1953 – 1957. This time the interested parties called for the reinstatement of the Straits Settlement arrangement comprising Singapore, Malacca and Penang. Again, this was proposed by T W Ong, the President of the Singapore Straits Chinese Business Association (SCBA). There was also another call from the

⁷²³ There was a string of dramatic move carried out by the secessionist committee. After their request was rejected by Malcolm Macdonald, the Committee then made the decision to table its motion for a separation in the Straits Legislative council and Federal council which was due to meet in February. When the committee tabled its proposal in the legislative council, three members of the council who were having a Sino-Malay Goodwill Committee meeting in Johor rushed to Penang in time for the council meeting where the council voted overwhelming against the proposal. Read (Sopiee 1976) pp 65 -67

⁷²⁴ (Sopiee 1976) pp 65 - 67

President of the Penang SCBA, Koh Sin Hock, for the island to be a separate state and to be placed under the jurisdiction of the British crown. However this second wave of secessionist demands was more muted and disorganised as the Straits Chinese had greater reservation with regard to Penang breaking away from the Federation.⁷²⁵ The demands were also ill-timed coming as it did when Malaya was preparing for independence. The colonial administration's preoccupation with Malaya's independence effectively drowned out the secessionist movement's request for a separate state.⁷²⁶

In sum, the Penang secessionist movement failed because it was far from unanimous as well as being ill-timed. The call to partition Malaya proved daunting for various reasons. First, partition required near homogenous divisions of population, failing which it would only add to political and financial costs and an unsustainable political solution. Second, the secessionist calls were ill timed, coming as they did at a time when Malaya was still recuperating from bitter ethnic strife and heightened Malay nationalism following the Malayan Union proposal. Third, the demands fell on deaf ears because they were made during the Emergency in 1948, a time when the British authority was preoccupied with containing the MCP's influence over the rural Chinese community. Finally, the British administration was highly involved in the Communities Liaison Committee (CLC) which was working towards a sustainable political solution; entertaining the partition request would only add to the complication. In fact, Governor Malcolm Macdonald saw the separation demand as an impediment to his Malayan cause as he felt that every effort should go into ensuring that the Federation Agreement be allowed time to work. Macdonald's

⁷²⁵ Read (Sopiee 1976) p 67

⁷²⁶ (Sopiee 1976) provides a detailed account of why the movement failed to convince the British government for Penang to be separate from the Federation. Pp 70 - 74

refusal to accede to the request put up by the secessionist committee on 2 January 1949 and the rejection by the Penang Resident Commissioner made clear that the demands to separate Penang from the Federation was a “proposition that the Federation Government [could not] accept.”⁷²⁷

In the later years, there was little reason for the British administration to attend to secessionist demands as the Federation arrangement was showing stability and positive results. Indeed, the increasing realisation of the consociational nature of Malayan politics and the ability of the UMNO-MCA alliance to provide a common Malayan voice led some prominent Straits Chinese like Heah Joo Seang, who headed the Penang SCBA, to join the alliance ranks. It was evident that Malaya was heading towards consociational politics. We now briefly discuss the emergence of the consociational logic.

The Consociational Arrangement and the UMNO – MCA Alliance

Even though the UMNO-MCA alliance was formally hatched only months before Malaya’s first Municipal elections in 1952, the arrangement turned out to be the most workable of political solutions. In the 1952 Kuala Lumpur election, the first election which saw joint UMNO-MCA representation, the alliance won nine out of the twelve seats. In the various municipal elections held in 1952 and 1953, the UMNO-MCA alliance won 92 out of the 124 seats.⁷²⁸ Mass acceptance of the UMNO-MCA pact gained further ground in the coming years when during Malaya’s first Federal election in 1955, the Alliance registered an impressive mandate securing

⁷²⁷ (1949) cited in (Sopiee 1976) p. 67

⁷²⁸ (Ting 1976) p. 171

51 out of 52 seats contested. And to indicate the Alliance's commitment to consociationalism the 1955 Federal election also saw for the first time the participation of the Malayan Indian Congress (MIC) under the Alliance ticket. Such a rousing acceptance of the alliance arrangement was aptly captured by the Straits Times. Even when the article did not use the term consociationalism, the article encapsulates the qualities of a consociational arrangement:

"A curious feature of the Alliance is that it exists by virtue of a gentleman's agreement between three political parties – the UMNO, the MCA and the MIC. This political marriage has never been regularised to define the precise relationship between these partners. To press the analogy, the partners never became one. Each retained its identity and its freedom of action. The Alliance has been no more than a voluntary subordination of the identities of the individual parties for cooperative action in the common objective of winning independence and fighting the elections last year."⁷²⁹

The alliance was indeed a gentleman's agreement where both the UMNO and MCA agreed to work together, initially, under a loose political partnership. However the UMNO-MCA alliance invites interesting questions. First, when other institutional arrangements – like the AMCA-PUTERA, the MCP-MNP partnership, the IMP and the Partition movement – failed what could explain the success of the UMNO – MCA consociational pact? Second, why did the MCA choose the UMNO over the IMP, when it was clear that the IMP had the backing of the British administration? Besides, the IMP's attractive non-communal stance would have meant that the Chinese community would be able to leverage more by being part of the IMP. Third, why didn't

⁷²⁹ The Straits Times, 12 July 1956 cited in (Vasil 1971b) p. 13

the UMNO choose to go alone especially when more than 80 percent of eligible voters were Malays?

Several reasons can be put for the Alliance's success at striking the right power-sharing arrangement. First, the UMNO-MCA alliance worked because both parties understood the dynamics of Malaya's politics at the time. The MCA chose UMNO over the IMP because of economic pragmatism. MCA's overriding objective was to ensure that Chinese business interests would continue to have access to Malaya's political resources. Given Britain's imminent withdrawal and realising that political resources in post-independent Malaya would rest with the Malays, the MCA's *towkays* like H S Lee were realistic to accept that at this stage of Malaya's politics, it was premature to assume that Malaya's two communities would be prepared to give up their exclusive identities. Despite the IMP's attractive non-communal agenda, HS Lee understood that an alliance with the UMNO was the best bet as it he thought that the UMNO still held broad Malay support. And when over 80 percent of eligible voters were Malays, it would be foolish for the MCA not to go with the UMNO partnership. For the UMNO, the MCA partnership offered them much needed funds. In July 1952, the MCA used part of its lottery proceedings to set up a Malay welfare fund.⁷³⁰ H S Lee also assured Datuk Yahya, a key figure in the UMNO, that the MCA would provide UMNO with funds as part of the coalition agreement. UMNO also partnered the MCA, because it wanted to reassure the British government that it was willing to form an inter-ethnic alliance, without which independence would be more difficult.

730 (Heng 1988) p. 164

Second, the UMNO-MCA alliance worked because, unlike the previous consociational arrangement (AMCJA-PUTERA, MCP-MNP), the alliance constituted inter-elite cooperation. As Lijphart (1968) argues, one of the conditions for a successful consociational democracy is the presence of a mixed arrangement or joint representation at the elite level that cuts across cleavages and promotes moderation.⁷³¹ Indeed, joint-involvement in policy-making process moderated the expectations of the UMNO and MCA members in the coming years and gave rise to increased inter-elite cooperation. Months after registering a convincing win in the Kuala Lumpur municipal election in 1952, the UMNO-MCA coalition set up the Alliance Roundtable which was fashioned after the Communities Liaison Committee (CLC). The Roundtable acted as a decision-making body for the UMNO-MCA alliance. It was responsible for the setting up of the UMNO-MCA branches throughout the peninsula. The Roundtable was also instrumental in setting up UMNO-MCA State Liaison Committees in the various states. Each UMNO-MCA State Liaison Committee would comprise of 12 members, six members each from the UMNO and MCA. Besides carrying out decisions at state level, the liaison committees doubled up as coordinating bodies during elections.⁷³² These UMNO-MCA State Liaison Committees then set up similar liaison committees at district, town and village levels.

Third, the UMNO – MCA alliance worked because the UMNO – MCA elites understood the need to maintain a permanent system and prevent political fragmentation at critical moments. This

731 Read (Lijphart 2008) pp 25 - 39

732 Minutes of the fifth MCA cabinet meeting held on 3 October 1952, p. 10; minutes of the seventh MCA cabinet meeting held on 9 March 1953, p. 12; and T H Tan, Secretary to Alliance, "Memorandum on Alliance Organization, Election Machinery and Finance", mimeo, 26 October 1954. Also by 1954, thirty UMNO-MCA Liaison Committees were established at the state, district, town and village levels. cited in (Heng 1988) p. 169

commitment was evident during moments when trust and goodwill were urgently called for. In the local government election in Johor Bahru in 1952, the UMNO allowed the MCA to contest in areas where the Chinese were in the minority. In the Johor Bahru election, the UMNO agreed to give the MCA three of the nine contested seats, even when Malays comprised 80.8 percent of the electorate and the Chinese only 13 percent of eligible voters. The goodwill and trust were also exhibited during the crucial Federal election in 1955. In this election the MCA was given 15 seats out of the 52 contested or 28.8 percent of the total seats. This was well in excess of the percentage of Chinese voters who made up only 11.2 percent. In the Federal election the UMNO contested 35 seats, with the Malayan Indian Congress taking the remaining 2.

Fourth, the UMNO-MCA alliance worked because its members cooperated when it mattered. The Alliance's resolve was tested when the British administration imposed numerous road blocks to stop the alliance's popularity after their convincing wins in municipal elections. In 1953, General Gerald Templer, the High Commissioner called for the UMNO and the MCA to participate in the National Conference. The National Conference was part of a British effort to force the UMNO and MCA members to allow non-elected officials to form the majority of members in the federal council⁷³³ which - if approved - would delay the UMNO-MCA bid for Malaya's independence. The UMNO-MCA members boycotted the conference and UMNO-MCA and instead organised its own conventions between 1953 and 1954.⁷³⁴ In these conventions the Alliance put pressure on the British authority calling for the administration to

⁷³³ The Conference was called to get UMNO-MCA to agree for British-appointed unofficial members to make up the majority of the members of the federal legislative council (48 nominated versus 44 elected members). This meant that the UMNO-MCA would have a minority voice despite winning the elections. This meant that postponing Independence as one of the conditions for independence was for the legislative council to have majority of elected members. (Heng 1988) p. 182

⁷³⁴ This convention was held on 23 August 1953, 11 October 1953 and 14 February 1954.

allow elected members to form three – fifths of the Federal Council.⁷³⁵ In fact, so convinced were the UMNO and MCA leaders of the long-run viability of the partnership, that despite British effort to stem the alliance movement, Tunku Abdul Rahman, Abdul Razak Husin and Tan T.H. went to London to meet the Colonial Secretary Oliver Lyttleton in 1954. The visit was to request the British government to accede to the Alliance demands for an elected majority in the Federal Council and to have a Federal election that would prepare Malaya for an eventual independence. The requests were initially turned down by the Colonial Office. This then prompted the Alliance to ask its members to boycott all state apparatuses, namely, the Federal legislative and executive council, state, municipal and town councils but excluding local councils in the New Villages due to the Emergency.⁷³⁶ Besides the boycott, the Alliance also staged rallies throughout the Peninsula between June and July 1954 demanding the British authority to accede to its requests.⁷³⁷ In July 1954, the High Commissioner of Malaya, Donald McGillivray held talks with key Alliance leaders, Tunku Abdul Rahman, H S Lee and Abdul Razak Husin, in which he assured the UMNO and MCA leaders of the British intention to agree to the Alliance's request for a Federal election with a view of possible independence.

Fifth, the UMNO-Alliance worked because the British administration became the accidental promoter of the Alliance's consociational arrangement. British policies in the late 1940s, in fact, provided a nursery that nurtured the Alliance movement. Two British policies are worth

735 The Election Working Committee preferred to take on board IMP leaders, including Onn Jaafar, as members of the committee. During the conventions, plans were put together to seek ways for an eventual Malayan independence. Some of the important resolutions passed by the conventions included the call for an elected majority in the reconstituted Federal Council, to allow civil servants to stand for elections and to hold the important Federal Elections no later than November 1954, which was eventually held in April 1955. Also, non elected membership will be phased out gradually. p.183

736 See (Heng 1988) p. 186

737 Malayan Mirror, Vol. 2, No. 13, 15 July 1954 p. 186

mentioning. First, British endorsement of the Communities Liaison Committee (CLC) brought together two communities with exclusive institutions to seek common ground and make moderate claims that would be acceptable to all. The CLC facilitated the consociational arrangement as it provided Malaya's political elites, Malay elites as well as wealthy Chinese *towkays*, the opportunity to establish personal relations and to be sensitized to the reality of Malaya's plural society. By bringing together personalities like Tan Cheng Lock, Onn Jaafar, H S Lee and Yahya and Abdul Razak Hussain - who (with the exception of Onn Jaafar) would play key roles in the tie-up between the MCA and the UMNO - the CLC exposed elites to the divergent interests and complexities of Malaya's problems. The CLC helped elites realise the need to build common institutions and forced them to seek an agreeable political solution and avoid fragmentation. Second, the colonial administration's decision to incorporate elites in the policy process also aided the consociational logic. By involving the UMNO in the drafting of the Federation Agreement and the MCA in the setting up of new Chinese villages, the British authority exposed these two parties to the demands of a plural society and to the rigours of public policy making. Exposures to public policy making certainly helped temper the expectations of the UMNO and MCA leadership, preventing them from making unrealistic demands. It is obvious that, even when the British authority attempted to promote a non-communal platform through the CLC and various forms of elites' involvement in public policy the capacity-building exercise provided by the British authority to UMNO and MCA members had in fact given further traction to the consociational arrangement.⁷³⁸

⁷³⁸ It was apparent that British officials and High Commissioner like General Templer and Malcolm Macdonald were more comfortable with the IMP, and wanted it to work. This was evident because despite the UMNO-MCA success in local elections in 1952 and 1953, the British administration still nominated more IMP leaders compared to the UMNO-MCA leaders. See (Heng 1988) p. 181

Finally, the UMNO-MCA consociational formula worked because it had the mandate of the Malayan public at the time. The consensus reached at the elite level was reciprocated at the mass level. The Alliance victories in the various municipal elections between 1952 and 1954 and its convincing victory in the crucial Federal Election, which would determine Malaya's readiness for independence, showed the Malayan public overwhelming acceptance of the Alliance's consociational logic.

It became increasingly apparent to the colonial administration that support for the Alliance and its brand of consociational politics was gaining good ground. The success of the Alliance National Conventions, the Alliance's convincing victory in the 1955 election and the Alliance resolute demand for independence gave a clear enough impression to the British authority that the Malayan public at the time saw the UMNO-MCA alliance as attractive and workable - an endorsement of consociationalism. The Alliance's broad acceptance among the Malayan public indicated to the British authority that it would be more sensible to pursue the Alliance's consociational formula than to place its bet on Onn Jaafar's IMP non-communal politics.

The above demonstrates that the political scenario in Malaya at the time was an inevitable product of Malaya's unique political and economic trajectory; that trajectory had created two powerful and separately organised communities which benefitted greatly from mutual cooperation and this necessitated a power-sharing arrangement. The UMNO-MCA alliance in fact adheres to Lijphart's (1969) view that for consociational democracy to work, the different

political communities and their elites must understand the dangers of political fragmentation which will then encourage a commitment to cooperate. Indeed judging from their conduct in the elections and the formation of state-liaison committees, the UMNO and the MCA understood the perils of fragmentation thus reinforcing their cooperation and imposing moderation. The consociational arrangement embodied in the UMNO-MCA Alliance was thus much more than a marriage of political convenience hatched on the eve of elections.

Conclusion

The chapter demonstrated several key points. First, it elaborated on the path dependent nature of Malaya's political economy, by demonstrating how British colonial policies over the years had brought about the maturing of Malaya's plural society manifested, of course by the presence of two autonomous communities with exclusive sets of institutions and expectations.

Second, the chapter also demonstrated how the war and post-war period forced Malaya's two communities to interact, which exposed their competing interests and expectations. The war and post-war period consolidated exclusive institutions and at the same time sharpened expectations; at the same time this period witnessed the intermeshing of ideas and expectations between Malaya's communities and laid bare the potency of mutually exclusive institutions. Such clash of expectations is manifested in the ethnic strife, the Malayan Union episode and the "Malayan Spring". They exposed the painful adjustments that Malaya's communities had to make in bridging the deep institutional divide and competing expectations.

But more importantly, the chapter revealed how past British colonial policies influenced the form of political arrangement that Malaya would inherit in its post Independence years. The period saw Malaya's two autonomous communities making various attempts at finding institutional option that can best negotiate mutually-exclusive institutions and reconcile political and economic expectations. Three institutional arrangements were tried: consociationalism; integration; and partition. IMP's integrationist approach failed. At a time when Malayan communities feared doing away with exclusive institutions, the IMP's call for Malaysians to drop their ethnic concerns and promote a pan-Malayan outlook was indeed ambitious. The partition movement was also a non-starter. It was unsustainable and would – potentially - prove political and financially costly. The Indian partition and the partition plan for Palestine both in 1947 might have taught the colonial administration on the high cost of such ventures. The consociational arrangement however stood out. In fact, out of the several political permutations that Malaya saw during this period, four exhibited some form of a power sharing arrangement (the AMCJA-PUTERA, the MCP-MNP partnership, the CLC and the UMNO-MCA Alliance). This higher number of power sharing arrangement testifies that Malaya's political constituents understood the consociational logic. The failure of the AMCJA-PUTERA and the MCP-MNP experiment lay both in their rigidity and in their ambitious demand that required parties to give up "core" values, something which would prove difficult.

On another front, the failures of the AMCJA-PUTERA and the MCP-MNP alliance and the IMP initiatives could be due to the fact that the demands made by them required large doses of trust, something that proved difficult at a time when the Malayan society was still entrenched

in preserving exclusive institutions. When measured against Lijphart's (2008) consociational design, the failure of these initiatives was the result of a number of factors; the elites' inability to accommodate divergent interests of constituent actors, their inability to transcend the schism and form a real partnership, their lack of commitment to maintain the system and to work towards improving cohesion and stability, and their inability to fully understand the aftermath of political fragmentation.⁷³⁹

The consociational logic however worked with the UMNO-MCA alliance. The UMNO-MCA coalition worked because its members - who were already highly exposed to public policy making - took into account the sharpness of the institutional divide and attempted to bridge the divide by forming an institutional arrangement that encouraged moderation.⁷⁴⁰ More importantly, it was increasingly apparent to the Malayan elites and the Malayan public at the time that the nature of Malaya's political economy dictated that competing demands could only be met by a consociational arrangement.

To put things into perspective, by applying the historical institutional argument, the chapter - and indeed the thesis - has demonstrated that Malaya's political and economic development had necessitated a particular institutional logic, the consociational logic, which has remained with Malaysia ever since Independence in 1957. The consociational arrangement is of course a product of incremental, piecemeal steps that Malaya went through during the colonial period. These piecemeal steps however proved to be no short of transformational when taken from a

739 (Lijphart 2008) provides four guidelines for a successful consociational democracy. P.32

740 Read (Lijphart 2008) pp 25 - 39

long term perspective. Indeed, the incremental, perhaps unexciting, political and economic changes that Malaya experienced as a result of British colonial rule had evidently made Malaya in 1957 a different place from what it had been at the start of British official rule in 1874.

7: Malaysia: Where to Now?

How can one explain Malaya's consociational logic? What guided British colonial policies in Malaya? Did the colonial administration not see the coming of a consociational arrangement? Why was the Malayan public so convinced of the UMNO-MCA alliance? Were British policies in Malaya in fact working towards the formation of two well-organised and autonomous groups with a mutual set of institutions? These are questions posed at the beginning of this thesis. In answering them, the thesis has demonstrated that Malaya's consociational logic was a result of a historical process; that Malaya's consociationalism was not a contrived act, hatched on the eve of its Independence in 1957.⁷⁴¹ Rather, the arrangement was a product of British colonial policies that had encouraged the growth of two autonomous communities with mutually exclusive institutions. The growth of these communities was a result of British management of the expectations of Malaya's two communities, in line with its overarching objectives of economic growth with minimal costs. Managing the expectations of Malaya's two communities, however, was by no means uniform. Different policies were catered to the different communities, depending on each community's political, social and economic role.

In treating Malay actors, the colonial administration had the constant task of negotiating with Malay *de jure* power without diluting British *de facto* rule. The Naning war of 1831, the unrest in Perak in 1875 and the Malayan Union were all attempts by Britain to remove Malay *de jure* power and to assume both *de facto* and *de jure* rule over the Malay States. The costly failure of these attempts reminded the British administration of the need to manage existing Malay

⁷⁴¹ See (Milne 1967) and (Ramasamy 1980)

political arrangement without putting at risk British overriding objectives. It led to British policies that needed to take into account Malay *de jure* power. However British policies that helped preserve Malay *de jure* power contributed to the build-up of Malay administrative capacities, set off processes that reinforced Malay expectations and gave rise to Malay-based institutions and Malay political expression. In the aggregate, Britain's less-than-full retrenchment of Malay political dominance served to accentuate, over time, the formation of Malay-based institutions.

British policy toward the Chinese community was however different. Unlike its treatment of Malay actors, there was no need for the British administration to manage Chinese *de jure* power. However, the colonial administration needed Chinese capital and labour which meant having to design policies that would facilitate the continued supply of Chinese labour and capital. It is not a surprise that nineteenth century Malaya would see a strong state –Chinese business nexus. The colonial administration tolerated and indeed endorsed Chinese secret societies, which were primarily a form of organised Chinese capital and labour. Other British policies that favoured Chinese capital and labour included: the incorporation of Chinese business interests into the state's political and legislative structures, the establishment of the Chinese Protectorate Office, the employment of liberal immigration policies, and various state provisions that allowed Chinese monopoly of tax farming and mining businesses. Such incorporation of Chinese interest in the political economy of the Malay States set off a path-dependent process that consolidated Chinese economic and political presence in Malaya's political economy. The increasing returns nature of such incorporation became apparent in the

twentieth century because even when British policies were less favourable to Chinese businesses, the increasing stake of the Chinese community in Malaya's political economy made it costly, even impossible, for the British to unwind the Chinese economic and increasingly political role. Also, even when the twentieth century saw the colonial administration retrenching some of its policies that facilitated Chinese capital and labour, the retrenchment was not complete. The administration still needed Chinese labour. And such dependence on Chinese labour meant British tolerance for Chinese transnational political activities in Malaya. Chinese transnationalism which started with the setting up of the Manchu Consul in the late nineteenth century set off processes that led to the intensification of Chinese transnational political linkages and the creation of dense Chinese transnational organisations. In aggregate, British tolerance for Chinese transnational linkages contributed to the creation of an autonomous Chinese community with exclusive sets of institutions.

In sum, British attempts at achieving economic objectives and mitigating financial and political costs preserved a Malay polity, while at the same time helped incorporate Chinese economic and political presence in Malaya. This accumulation of small policy steps led to the consolidation of two large autonomous communities with competing access to political and economic resources that would then force these two communities to search for mutually compatible institutional arrangements in the years prior to Independence.

The search for a mutually agreeable institutional arrangement was apparent in the years after the Second World War. The post war years saw Malaya's significant actors attempting to find

an institutional framework to reconcile the existence of mutually exclusive institutions. The promotion of an integrationist political platform by Onn Jaafar through the IMP, the equally creative bidding by Penang interest groups to partition Malaya into two ethnically -convenient parts, and the initial power-sharing arrangement hatched by the MCP-MNP and the AMCJA-PUTERA, were all post-war attempts at seeking solutions to best bridge the overwhelming existence of mutually exclusive institutions. Needless to say, the British – endorsed, centrist Communities Liaison Committee (CLC) and the formation of UMNO-MCA coalition and later the Alliance party were also preliminary steps in establishing a common institutional arrangement. Indeed, the post-war political flux and the outcome of the various municipal elections indicate the painful efforts taken by Malaya's autonomous groups to search for a mutually accommodating institutional arrangement that could best mitigate the central problematic of mutually exclusive institutions.

As we have shown in the previous chapter, it became clear to Malaya's elites and non-elites that consociationalism was the most compelling logic.⁷⁴² The early efforts shown by the MCP-MNP and the AMCJA-PUTERA partnerships and the formation of the CLC indicate the desire on the part of Malayan actors for some form of a consociational pact that could best bridge the institutional divide. The result of the various municipal elections and the UMNO-MCA's convincing wins in Malaya's first federal election in 1955 also demonstrate that the Malayan public and Malayan elites were convinced of the UMNO-MCA power sharing/consociational formula. The results also reiterated that in spite of British's best efforts to promote a non-

742 (Lijphart 2008) p. 277

communal political arrangement and play down the consociational formula, the consociational logic had gained traction.

Even when critics would argue that the Federal election of 1955 was a “Malay rather a Malayan victory given that the voters were overwhelming Malays”⁷⁴³, the same argument also poses a more interesting fact; that despite the large majority of Malay voters (84 percent of eligible voters) Malays chose to settle for a power sharing consociational arrangement⁷⁴⁴ rather than adopt a hard-line communal stance. Indeed, Malay voters could have adopted a more parochial stance in the 1955 election and voted for Onn Jaafar’s Parti Negara which, at the time, adopted a strong Malay nationalist rhetoric. The UMNO too, being a Malay nationalist party, could have opted to go alone rather than partner the MCA (and the Indian MIC) given the large number of Malay voters. Instead the UMNO stepped down to allow the MCA to contest and win constituencies that had Malay majorities. It seems clear that despite the attractiveness of preserving mutually exclusive institutions, the outcomes of all Malaya’s elections during the 1950s show that the consociational logic was firmly rooted not only among elites but also among the Malayan public.

Malaya on the eve of its independence in 1957 was a different place from the Malaya at the start of British official rule. Malaya’s consociational logic could hardly have been imagined by British administrators in 1874 when British officials signed the Pangkor Treaty with the Malay

743 Of the 1.2 million voters, 84 percent were Malays, 11 per cent Chinese and about 5 percent Indians. See (Mills 1958) p. 94

744 For the election in 1955, 600,000 Chinese adults had the franchise, but those who took the trouble to register numbered only 143,000. For the Indian voters, only 49,000 registered out of an estimated 22,000 federal citizens. See (Mills 1958) p.95. In Straits Times, February 16th and March 9th 1955. Also Straits Times Jan 3rd 1956.

rulers. It is evident that the consociational arrangement was the consequence of the accumulation of small social, economic and political processes that Malaya experienced under British colonial administration.

In explaining Malaya's consociational logic, this thesis is peppered with terms like "expectations", "processes", "consolidation", "entrenchment" and "institutions." These terms are nonetheless tied to the concepts of path dependence, the self-reinforcement mechanism and timing. The thesis has shown that British policies- from migration, the incorporation of new actors to the preservation of Malay political dominance are subject to a path-dependent process. The various chapters have demonstrated how British policies set off social, political and economic processes, where change could be seen as incremental or unexciting in the short term but would prove to be transformational in the long run.

This thesis does not claim to be the sole explanation of Malaysia's political economy. Rather, it wishes to add to the repertoire of works that attempt to make sense of Malaysia's political economy by giving the historical institutionalist perspective. The thesis believes that the attractiveness of the historical institutionalist argument lies in its ability to reconcile various works on Malaya and, in the process, help make better sense of Malaya's historical and political development. There are many themes in Malaysia's political economy to which a historical institutional perspective can offer an alternative explanation, themes that include nationalism, Malay political dominance, affirmative action and the persistence of institutions, particularly the consociational arrangement.

Indeed the thesis, has managed to address some lacunae in existing works on Malayan/Malaysian history. For instance, the thesis has distinguished “nationalism’ from “transnationalism” when existing works - while agreeing that there are different types of nationalism – have failed to identify the source of these differences. Mills (1958) for example acknowledges that there were “three antagonistic nationalisms, only one of which, Malay, took Malaya as the focus of its loyalty.”⁷⁴⁵ In another work, Milne (1967) acknowledges a different form of Chinese nationalism saying that with regard to Chinese nationalism, “the fear was that the Western impact had produced two nations in one country, Malaya, one of which was merely an extension of the Chinese nation in China itself.”⁷⁴⁶ Van Vory(1975) and Arasaratnam (1970) also identify different forms of nationalism among Malaya’s actors. In describing Indian nationalism, Van Vory (1975) state that “the various Indian communities were drawn together, but their common cause had little or no relevance to Malaya.”⁷⁴⁷ It is apparent that these works fail to distinguish nationalism from transnationalism. Understanding this distinction is important because these different forms of “nationalism” would give a better understanding on the existence of mutually exclusive institutions which are pivotal if we are to appreciate Malaya’s consociational arrangement. In fact, these exclusive institutions continue to be at the root of the political construction of modern Malaysian society.

The historical institutional argument can also help us account for the persistence of Malay political dominance in Malaysian politics. The thesis has demonstrated that the continued

745 (Mills 1958) p. 89

746 (Milne 1967) p. 26

747 (Van Vorys 1975) p. 58, also (Arasaratnam 1970) p. 109

Malay political dominance resulted from the British inability to fully dismantle the Malay *de jure* power. This inability led to the building up of Malay capacities that raised expectations and reinforced the creation of Malay-based institutions over time. The acknowledgement of Malay *de jure* power led to the British affirmative action policy that created institutions (education, civil service, land policy) that kept intact Malays' political dominance in Malaya and now in modern Malaysia.

The historical institutional argument can also help us understand the persistence of Malaysia's power-sharing arrangement, even after more than 50 years of independence. Malaysia continues to see consociationalism as the most rational choice, given the prevalence of and the need to preserve mutually exclusive institutions. Stafford (1997), Edwards (2005) and Horowitz (1993) have testified to the persistence of ethnic-based institutions (ethnic-based political parties, vernacular schools, a dominant Malay bureaucracy, economic policy) that continue to define Malaysia's political economy, even when the state attempts to enlarge common institutions. Consociationalism or a variant of it seems to be an imprint of Malaysia's political economy even as it goes through changes. Not only has the UMNO-MCA coalition managed to hold for 55 years, the alliance has got bigger over time with more parties joining it. But more interestingly, Malaysia's opposition parties are also getting into the habit of forming a coalition. The General Election in 1990 for instance saw opposition parties banding together to form the Gagasan Rakyat (People's Coalition).⁷⁴⁸ In the November 1999 General Election, Malaysia's

⁷⁴⁸ see(Singh 1991)

opposition parties banded together to form the Barisan Alternatif (Alternative Front).⁷⁴⁹ In the most recent 2008 election, the opposition parties formed the Pakatan Rakyat (People's Pact).

Finally, the historical institutional argument put forward here has also helped reconcile the many works on the impact of colonialism on the character of post-colonial states. One of the most illuminating works done on the impact of colonisation and the post-colonial state character is the one carried out by Acemoglu and Robinson's (2001). Acemoglu and Robinson's work tallies with the historical institutional framework adopted here as far as it demonstrates how short-term rational decisions produce long-term consequences and gave rise to divergent economic performance.⁷⁵⁰

Where will this work go from here? The thesis firmly believes that there is a need to look at the institutional changes that Malaysia has experienced in dealing with consociationalism after its independence. Though the thesis believes that consociationalism is a systemic feature of Malaysia's political, social and economic life, institutions are never in stasis; they are not set in stone. Without being overly presumptuous, the author believes that the Malaysian state is undergoing change, albeit slow or incremental in nature. Recent works have helped shed light on the prospect of Malaysia's institutional changes. The works by Edwards (2005), Stafford (1997) and Horowitz (1989a) all confirm that Malaysia continues to experience institutional

749 See (Saravanamuttu 2009) p. 148 and read (Lim et al. 2009)

750 Acemoglu and Robinson's (2001) highlights that the difference in economic performance in post-colonial states was due to the difference in institutional qualities. The work argues that states that perform better economically are those that possess institutions that mirror those of their European colonisers. In places that were conducive to European settlements (Australia, New Zealand, and Canada), where the climate was favourable and posed fewer hazards of disease, European colonisers "imported" home institutions. In contrast, in places areas where it was less favourable for large European settlements, European colonisers adopted variants of indigenous institutions for extractive purposes. In the long run, these different sets of institutions produce divergent economic performance.

changes even though the tenor of consociationalism remains intact. To understand these changes, works by Mahoney and Thelen (2010) Streeck and Thelen (2005), Pierson(2004) and Mahoney (2006) could help make sense of Malaysia's institutional changes as these works have come up with different typologies of institutional change that may prove useful in helping us understand the nature of change in Malaysia's political economy.

Conclusion

At the point of Malaya's independence many were sceptical that the consociational arrangement could work in a highly plural society. It has indeed been a surprise to many that despite deep institutional cleavages, post-colonial Malaysia has managed to produce relative social and political peace and register respectable economic growth. Such reservations were understandable given the continued existence of mutually exclusive institutions that served only to perpetuate distinction and make Malaysia's consociational arrangement seemingly fragile. Despite the success, Malaysia's different communities are still coming to grips with mutually exclusive institutions that make trust a scarce commodity. Malaysia's political, economic and social life remains fraught with paradoxes and anomalies. These paradoxes and anomalies are in fact manifestations of the state's attempt to maintain exclusive institutions, while at the same time, attempting to create common ones.

On 31 August 1957, on the eve of British rule in Malaya, the Duke of Gloucester, representing the Queen, gave his vote of confidence that "Malaya will respond worthily to the challenging tasks of independence" and "will continue to show to the world the example of moderation and

goodwill between all races that has been so marked a feature of her history.”⁷⁵¹ The Malaysian state is still holding up as a state that sees logic in sharing power, but the rigours of nation-building continue to test its ability to deal with moderation and goodwill.

751 (Miller 1965) p. 201

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