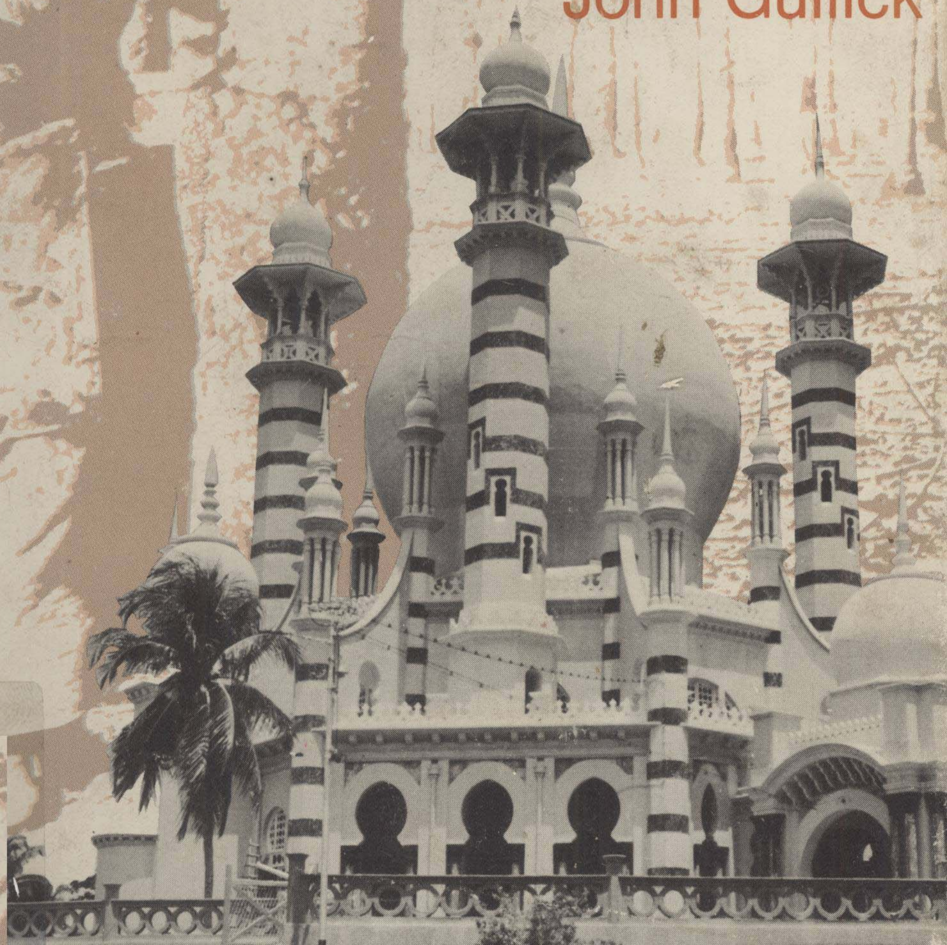
Nations of the Modern World

Malaysia

Economic Expansion and National Unity

John Gullick



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Preface

In the preface to a revised edition the author has usually to do no more than invite attention to selected passages of the latest version which differ from those of the previous one. In this case, however, I have to explain why a revised edition, which covers the same range of topics, has been completely rewritten so that practically nothing of the text of the 1969 edition is repeated.

This is not to disparage the 1969 edition, which still appears to me to have been adequate for its purpose at the time when it was written. But 1969, as it turned out, was the end of an era for Malaysia. The euphoria of independence and of the successful formation of Malaysia in 1963 had passed. The British connection, preserved so harmoniously in the liquidation of the colonial regime, had begun to fade and Malaysia with the formation of ASEAN had sought to find her place in a regional Southeast Asian context. Above all, the upheaval and bloodshed of 13 May 1969 led to a suspension of the constitution and of normal political life for almost two years. It was not, as was predicted at the time, the death of a democracy. But the restored democracy of 1971 was subject to guidance and oriented towards objectives which were new. Since then Malaysia has successfully completed almost a decade of progress under new policies. It is in many respects a quite different society from that of a few years before. These themes will be developed in their place later in this book.

There are other and less unusual reasons for attempting a fresh appraisal of a country and a society which has been of absorbing interest to me since I first joined its civil service thirty-five years ago. A study of the current political, economic, and social aspects of a developing country must give special emphasis to the immediate past. In a situation of rapid change today is still the child of yesterday. But as time's winged chariot moves on, yesterday soon becomes the day before yesterday and the grandparent of today. The 1950s, which took up so much of the 1969 edition (and still more of the 1963 and 1965 editions of *Malaya* in this series), have now receded into the background and so deserve more condensed treatment—important as they still are.

A third reason for wholesale rewriting is the continuing flood of published work about Malaysia, old and new, written by scholars in many academic disciplines, historians, political scientists, economists, and sociologists. After eleven years (1945-56) as a working civil servant in Malaya I have had a quarter of a century of working association with one of the historic British businesses in Malaysia, founded in 1821. But whatever insights one's own experience may yield, the author of a general, synoptic study such as this owes an immense debt to the many specialists whose books and articles, many of them of outstanding quality, help him to develop his understanding and knowledge of the subject so that he can express his own views and conclusions on the basis of a body of knowledge in depth. This edition has a much longer Bibliography and more notes than its predecessor. I hope that I have thus acknowledged my debt—as I certainly wish to do—to so many scholars, contemporary writers, and journalists (in particular here the contributors to the invaluable *Far Eastern Economic Review*). In compiling the Bibliography I have included the books, etc., to which I have referred in collecting material and also—as an aid to the further reading of readers of this book—a number of studies of particular topics which in my opinion help to an understanding of modern Malaysia. Limited space has compelled me to omit from the list some excellent general studies of Malaysia and also the considerable corpus of autobiography, reminiscence, and the like which so often give the flavour of personal experience to one's understanding of the subject. The reader will have no difficulty in finding this sort of material if he has need of it.

It only remains to explain some points of structure and terminology. The past decade has made it clear that for this generation at least the exclusion of Singapore from Malaysia in 1965 is irreversible. I have in this edition dealt with Singapore only as an historical and marginal element of the Malaysian scene. The official term for the Malay Peninsula (and Penang island) is now—after a number of changes—'Peninsular Malaysia' (in contrast to the Borneo states of Malaysia). I find Peninsular Malaysia cumbersome and have preferred to refer to 'Malaya' to denote the peninsula. Unless the context indicates the contrary, 'Malaya' does not include Singapore. Malaysia now publishes its statistics in metric units. I have used metric measures in Appendix 2 (Selected

Statistics), but I felt that in the main text of the book it would be anachronistic to convert what were pounds and acres at the time of recording into kilograms and hectares. A rather similar problem arises over the spelling of Malay words, including place names. In reaching an agreed Malaysian–Indonesian romanized spelling of the same words Malaysia some years ago modified the standard spelling of Malay words which had stood unaltered since it was introduced early in the colonial period. In time we shall perhaps become familiar with 'Melaka' instead of 'Malacca', 'Aceh' instead of 'Acheh'—and so on. I have generally used the new spelling of common words such as *kampung* (formerly *kampong*) because these are readily recognizable to those familiar with the old style. But for proper nouns I have retained the old spelling which is found in books published up to the 1960s.

For sixty years down to 1967 the Straits (or Malayan) dollar had a fixed parity with the pound sterling, i.e., $1 = 2s./4d. (9 dollars to the guinea was the convenient mnemonic). But this is no longer so and the British pound is divided into new metric pence. In the recent period of fluctuating exchange rates sterling has fallen to a lower value against the Malaysian *ringgit* (dollar) so that at most times the rate has been about 4 or 5 dollars to the pound. Back in the last years of the nineteenth century, before the fixed rate was established in 1906, the pound could buy as many as 10 dollars at some times. There is no way of adjusting for these fluctuations in any historical sequence of values. For that reason I have omitted the series of rubber and tin prices which appeared in the earlier edition. Wherever a dollar figure appears, this denotes the Malaysian dollar.

I have had much valuable help from my colleagues of The Guthrie Corporation Limited, in particular from its joint managing directors, Mark Gent and Ian Coates. For this I am most grateful—in particular to Mark Gent who found time in the busy working life of a chairman of a large international company to read a considerable part of the manuscript and make some valuable comments on it. If the reader finds mistakes or prejudices (I hope neither), the fault is entirely mine and the views expressed are my own.

February 1980 J. M. Gullick

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1 Introduction

Malaysia is a modern state established in 1963. It is a parliamentary democracy which functions within the framework of ancient kingdoms adapted and federated to become constitutional monarchies. In its constitution and in its economic and social system Malaysia bears the mark of British colonial rule to which every part of the country was subject for a long period of years. It is one of the most prosperous among developing countries. But its wealth has been obtained by undue specialization in the past in the production of raw materials, rubber and tin, for export. To develop its export economy it imported immigrant labour which has settled in the country. Hence Malaysia is a society of distinct communities with the contrast and tensions which must result from ethnic and cultural cleavage. It is a country rich in its traditions as much as in its gross national product, complex in its contrasts.

Certain dominant themes run through this study of Malaysia as it now is. The first of these is the multi-racial character of Malaysia and, in particular, the existence of two major communities, the Malays and the Chinese, whose interests and influence must remain roughly in balance if stability and harmony are to be preserved. A second major theme is the contrast between the cities and large towns with their westernized middle class and sophisticated economy and the millions of peasants who live a simpler and more traditional life in the villages of the countryside. This second theme overlaps with the first in that the Malays are predominantly villagers and the Chinese townsmen. It also has a regional significance within Malaysia because of the great concentration of urban population and of economic development on the west-coast side of the Malay Peninsula. The east-coast side of Malaya and the Borneo territories are entirely agricultural and conscious of their backwardness.

Yet there is here a danger of oversimplification which can put the picture out of perspective. To be a Malay or a Chinese or an Iban is of much importance to the individual. It identifies the group to which he belongs and marks out the others as different. But within each community there are also differences of status, economic interest, and education which by subdivision diminish the solidarity of the group. Since the upheaval of 1945-48 the major communities of Malaya have accepted the inevitability of accepting each other. It is not the existence of a multi-racial society which is usually in question but only the terms of the inter-communal bargain. Deliberate policies of evening-up and of assimilation work slowly like a leaven through the system. Whether this process will in time create a more united nation is an open question. Malaysia until now has had good government and prosperity. A regime which delivers the goods is thereby assured of a fair degree of acquiescence if not support. But the struggle for stability, tolerance, and a better standard of living is unending.

The story of a nation is a study of people working out their destiny in the physical environment of their territory. The land and the people are therefore the themes of the remainder of this chapter.

In the course of world history Malaya was first a land-bridge by which migrant peoples of the prehistoric period moved southwards from the Asian land-mass to Indonesia and Australasia. In the depths of Malaya's central jungles or along the fringe there are still some 40,000 aborigines, many of whom are descended from those earliest migrants. They live a primitive existence, remote from modern life—as they wish to be. Next came the Malays who reached Malaya and Sumatra about 2000 B.C. using the same overland route from the north.

Thereafter the Malay Peninsula became an obstacle to be crossed or circumnavigated by voyagers who approached from the east or west in ships. There were in antiquity two main routes between Europe and the Far East. The overland route across central Asia is relevant here only to the extent that many travellers avoided it because of the incessant wars which made it dangerous. The sea-route began at the Red Sea or in the Persian Gulf and went by way of western India to the region of Malaya. Here the earliest travellers crossed the narrow neck of land (the Kra isthmus of southern Thailand) at the northern end of the Malay Peninsula and took ship again in the Gulf of Siam. Later voyagers (from about 1000 A.D. onwards) braved the dangers of piracy in narrow seas and sailed on round Malaya, using either the Straits of Malacca between Sumatra and Malaya or passing west of Sumatra to enter the Straits of Sunda between Sumatra and Java. Once past the barrier of these land masses they sailed on to China or to the Spice Islands of eastern Indonesia. There was also traffic by the same routes from east to west.

Until steam replaced sail as the motive power of ships, the prevailing wind was the all-important factor. This is the region of the half-yearly monsoon winds. With the north-east monsoon, ships could sail westwards from China or Indonesia as far as Malaya and also from Malaya to India. The south-west monsoon carried them in a reverse direction. Few traders made complete journeys between India and China or vice versa. Instead they made a crossing to Malaya where they could exchange cargoes with mechants coming in the opposite direction. In this way various ports in the region of the Straits of Malacca became trade centres for the transhipment of cargoes from distant places and also for the collection of local produce and the distribution of imported goods within the Straits region. This entrepôt pattern of regional trade radiating from major sea-ports persists to this day.

The sea-borne traffic moved along the coasts of Southeast Asia. Until a hundred years ago few travellers penetrated into the interior of Malaya which was difficult of access and almost uninhabited. Mangrove swamps along the west coast were the first barrier. Then came the tangled thorns, the hungry leeches, the steamy heat and the mud of the lowland jungle belt. Beyond lay the blue mountain ranges of the central watershed. The prudent traveller, especially if laden with goods, preferred to pole a boat along the winding reaches of the rivers rather than hack his floundering way overland. So the rivers were the only practicable line of communication between coast and interior. The central ranges formed a barrier or division, not because they were difficult to climb, but because they were a watershed dividing river basins. The Malay Peninsula was thus divided into an east-coast and a west-coast zone, each approached from the river mouths by travelling up the rivers as far as the boats could go.

These geographical factors determined both the political divisions and the economic development of Malaya. Malay villages were sited along the banks of rivers because these were the only lines of communication. A Malay Ruler who established a stockade with a few brass cannon at the mouth of a river could control—and tax—all people and goods moving in and out of the inland river basin which was therefore his territory. Hence many Malay States bear the name of their principal river and have their boundaries at its watershed and their capital at the river mouth.

In the second quarter of the nineteenth century world demand for tin exceeded Malay capacity to produce it by simple methods. Immigrant groups of Chinese miners moved inland along the rivers into the empty interior in search of alluvial tin deposits in the valleys at the base of the central range, especially on the west-coast side. In time railway and road communications were built to replace the winding and silted rivers as communications between the interior and the coast. When the second wave of economic development began in the decade 1900-10 with the widespread planting of rubber, the planters naturally selected land which had been made accessible by the communications to the mines.

From this sequence of development two consequences followed. The alien economy of mine and plantation filled up the empty lands between the west coast and the watershed. It bypassed the older areas of Malay settlement but did not mingle with them. Later on the Malays took up land for rubber smallholdings in the same zone as the plantations but still apart from them. Secondly, development was concentrated on the west side of the Malay Peninsula and, because of the situation of the main tin deposits, in the centre of that strip of territory (and later to the south in Johor). As a result Malaya has two economic systems and two types of settlement. In the north-east and north-west regions are large and fairly compact areas of Malay settlement, based on rice cultivation and fishing. Here the traditional Malay way of life sets the pattern. Much of the rest of the developed area of Malaya (three-quarters is still under rain forest) is a patchwork of smaller zones of Malay and non-Malay populations and economic systems.[1] The development of oil-palm cultivation and of manufacturing industry in recent times has also occurred mainly in the west-coast area.

Agriculture is still the main prop of the Malayan economy. In the estuaries, valleys, and swamps there is fertile soil which when cleared and drained will support permanent rice cultivation and also coconut and oil-palm culture. Most of the fertile areas of this type, other than some relatively inaccessible parts, have already been brought into use. The greater part of the cultivated land—and the area to be developed as the population grows—is undulating or hilly country. Such land in its natural state grows luxuriant rain forest from which excellent hardwood timber can be extracted. But this kind of land, if it is completely cleared of its natural forest cover, quickly deteriorates by erosion and leaching of the topsoil under the heavy rain. For this reason it is suitable only for permanent tree crops and by good fortune the rubber-tree, imported from South America, and the oil-palm, imported from West Africa, have proved well suited to Malaysian conditions.

Up to a hundred inches a year fall in Malaya and even more in Borneo. The rain falls throughout the year, though especially heavily at the change of the monsoon in the second and fourth quarters. The shade temperature is in the daily range 20°-32° C at all seasons. This is the humid, monotonous, somewhat enervating climate of the wet tropics. Until malaria came under effective control in the twentieth century Malayan mortality from that disease, especially on newly opened mines and plantations, was heavy.

Northern Borneo has always been more remote from the mainstream of movement in Southeast Asia. But because it flanks the sea-route to China, the Chinese themselves and then the Malays and a succession of European powers impinged upon its coasts. As in Malaya, 'the land divides and the sea unites'[2] and so the two coasts of northern Borneo, north-west and north-east, are to this day separate zones of settlement. Like Malaya there is a sequence of coastal flats, then further inland a belt of low hills and undulations, rather steeper than in Malaya, and in the interior ranges of up to 8,000 feet with the majestic Kinabalu towering to 13,000 feet. Owing to the rapids and to the sandbars at their estuaries the rivers of northern Borneo were less useful as means of access to the interior and owing to the absence of tin deposts there was no inducement to nineteenth-century pioneers to penetrate inland. Hence when the rubber boom began, Borneo could not offer the same inducement of developed communications as Malaya, nor was the climate as well suited to rubber. Borneo remained sparsely inhabited and economically backward.

The Malaysians tend to think of each other (as communities) in stereotypes.[3] In fact there is much variety within each group. The 'Malay peasant' comprehends the rubber smallholder of central Malaya, who may be either a proprietor or a landless sharecropper, the tenant rice farmer of the north and east, and the fisherman of the east coast as well as many whose mixed economy partakes of more than one crop. The traditional picture of the people of Borneo envisages longhuts and headhunting, both institutions which are on the wane if not extinct. The Chinese are not only traders and labourers working for a wage but include peasant